

**THE RELATIONSHIP BETWEEN SOCIAL ENTREPRENEURSHIP AND
PERFORMANCE OF SOCIAL ENTERPRISES IN NAIROBI COUNTY**

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DECLARATION

This thesis is my original work and has not been submitted for a degree award in any University.

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DEDICATION

This research is dedicated to my entire loving family for their encouragement and support throughout the whole period of my master's education.

ABSTRACT

The purpose of social entrepreneurship in the country remains closely related to minimizing communal challenges and consequently reducing poverty levels. Social entrepreneurship has been recognized as an approach to responding to social challenges such as unemployment, deprivation, and social division, to attain widespread social justice. Social enterprises generate positive development in the larger society by engaging the marginalized people in society. The general objective of the study was to investigate the relationship between social entrepreneurship and the performance of social enterprises in Nairobi County. The study specific objectives were to determine the influence of access to social capital on the performance of social enterprises; to examine the influence of entrepreneur intention on the performance of social enterprises; to determine the influence of social innovation capabilities on the performance of social enterprises and to assess the influence of entrepreneurship risks on performance of social enterprises. Theories informing the study included social capital, social enterprise, social innovation, and stewardship theory. The study employed a descriptive study approach targeting 216 middle-level managers of 36 social enterprises in Nairobi County. The sampling size was made up of 138 participants selected through stratified and random sampling approaches. Questionnaires were administered both online as well hand delivered. Quantitative techniques were employed to analyze data by SPSS 23.0 on both descriptive and inferential analysis. The presentation of findings was through frequency tables that were interpreted narratively. The study revealed a ($\beta = 0.280$, $t=3.215$ on the access to social capital, which was associated with a p-value of 0.002 implying a positive and significant influence on performance. On entrepreneur intention and performance, a ($\beta = 0.071$, $t=0.622$ associated with a p-value of 0.535 was revealed. On the social innovation capabilities and performance, the study revealed a ($\beta =0.120$, $t= 1.161$ and a p-value of 0.248. Finally, the study revealed that entrepreneurship risk and performance had a ($\beta = 0.411$, $t=4.290$, and a p-value of $<.001$). The study concluded that access to social capital and entrepreneurship risk had a positive and significant relationship with performance. However, performance had insignificant relationship with entrepreneur intention and social innovation capabilities. The study recommended for social enterprises to create sufficient marketing networks with financial institutions and credit partners for social capital support and come up with strategies to set long-term and short-term goals for the enterprises through business plans. Further, the study recommended for social enterprises to innovatively create new and attractive products in the market. Lastly, social enterprises come up with measures such as cyber firewalls and risk management plans for the enterprises to enhance better performance and also, entrepreneurs to take moderate risk to avoid adverse business performance.

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ABBREVIATIONS AND ACRONYMS

ASC	Access to social capital
EI	Entrepreneur intention
ER	Entrepreneurship Risk
GDP	Gross Domestic Product
KNBS	Kenya National Bureau of Statistics
NGOs	Non-governmental organizations
ROK	Republic of Kenya
SEAA	Social Enterprise Academy Africa
SIC	Social Innovation Capabilities
SMEs	Small and Medium Enterprises
SE	Social Enterprises
USA	United States of America
USD	US Dollar

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Social Entrepreneurship is significant to any economy across the globe, and it is considered as the country's economic engine needed to achieve economic development, employment creation, and alleviating poverty (Smith & Tendai, 2014). The Social Enterprise UK stated that in order to achieve the UN new Sustainable Development Goals (SDGs), social enterprises have a major role to play (Littlewood & Holt, 2018).

Betts *et al.* (2018) described social entrepreneurship as a basic manner of resolving communal challenges dominantly under the state's authority. Kreitmeyr (2019) stated that social entrepreneurship plays a significant role in the social and economic development of a nation and in the same way entrepreneurs can transform the aspects of a company, social entrepreneurs on the other hand function as change agents for the community, by seeing opportunities that others fail to see while refining the systems, and the invention of new approaches, as well as offering solutions that better the society (Faruk *et al.*, 2016).

Adnan *et al.* (2018) asserted that entrepreneurship is recognized as an approach to help solve social problems such as poverty, joblessness, hunger, social disintegration, the growing chronic, and attaining widespread social justice. Social entrepreneurship aims at creation of social enterprises that are managed by the society to solve social problems. Yunus (2010) explained social entrepreneurship as a new kind of business movement centered on a new type of human-focused entrepreneurship that serves the people's very demanding challenges (Cheah, 2018).

The role of Social enterprise in exploiting the unexplored market cannot be disputed. They are frequently involved in resolving social issues and this enables them to explore new the

markets. The Non-Governmental organizations also promote social entrepreneurship to generate awareness among people about the role and relevance of these economic players (Borzaga *et al.*, 2020). Despite their commitment, they face many challenges such as high costs due to limited experience in developing a good market foundation, difficulties in accessing funding, which leads to market failure challenges, bad infrastructure and non-functional organizations that affect their intentions. Social entrepreneurs are inspired to enhance the society by embracing skills that incorporate social capital and social innovation to social goals. Social entrepreneurs establish links through their social networks that benefit the society and boost trust and relationships among themselves.

Global Perspective on Social Entrepreneurship

Various studies have been conducted in developed countries. Kati (2014) opined that in the USA, small and medium-sized business acts as the mainstay of the economy constituting up to 99 percent of all companies, with the private sector creating two-thirds of brand-new private jobs in the marketplace. The commitment to this has impacted more than a hundred million lives of the less fortunate people for the better as compared to developing countries (Ozaralli & Rivenburgh, 2016). According to (Social Enterprise UK, 2012), the social enterprise main objective is secured on supporting social and environmental impact in the community.

Germany's national government offers both direct as well as indirect assistance to social entrepreneurs. Normally, social entrepreneurship is seen as a vocational institutional development of individual commitment to the public good and for that reason since 2010 an essential segment of National Engagement, however, financing social enterprises remains an obstacle for numerous social entrepreneurs. A study by Peeva (2015) on German social enterprises established that setting up accessibility to social capital is important and helps in realizing social goals. Lack of sufficient financing remains the major

threat to an organization's growth rate and its development, as well as its survival (Zimmer & Brauer, 2014).

In Vietnam, social entrepreneurship has grown because of the support from the international donor community, however, the attention to the idea was also spurred by the variations in the international donor activities inspired by the tendency of the national government to discourage the donor community. The Hindustan Unilever's Project Shakti in India is another ideal case of the social enterprise structure. In the place of the traditional wholesaler- to retailer chain of distribution to access distant areas, the firm employs women and offers credit facilities to start small investments in retailing detergents and related cleaning door-to-door (Smith & Darko, 2015).

Regional Perspective of social Entrepreneurship

Santos (2014) opined that in developing nations in sub-Saharan Africa unmet social wants are rampant and have been worsened by inadequate resources and weak governance. The outcome of these challenges avails opportunity for the development of social enterprises.

In South Africa, according to Gem report, only 2% of adults are involved in entrepreneurship activities (Bosma *et al.*, 2015). Social entrepreneurship potential has a critical role to play in development, because governments are not able to meet vast social needs of the population (Littlewood & Halt, 2015).

Social enterprise ownership in Ethiopia is youthful, with 48% of those operating social enterprises aged between 25 and 34 years old. No clear policies are supporting social enterprises in Ethiopia and as such, they compete with commercial businesses. According to British Council (2017a), on the state of social enterprise in Ethiopia, four sectors in Ethiopia focus on social enterprises namely: retail, business development services, fisheries, and agriculture. However, lack of access to capital is the biggest barrier social enterprises face in Ethiopia

In Sudan, many enterprises are engaged in social entrepreneurial activities with many social enterprises being well established. As reported by British Council (2020), on the state of social enterprise in Sudan, the number of social enterprises in Sudan grew by 65% since 2013, standing at 55,000 social enterprises by March 2020. Despite the growth, there are no clear laws or legislations relating to social enterprise, nor is there a definite registration or legal form for social enterprise.

In Tanzania, Calvo and Morales's (2013) study, opined that no data is reliable about the present-day spread of the social enterprise segment and social enterprises are registered as Companies Limited by Guarantee or as Societies under the Ministry of Home Affairs. According to Makwi (2019), lack of enough capital impacts the growth of microfinance institutions and food sector in Tanzania. Poor food technology is a setback on the economy growth as well. Isaga and Musabila (2019) investigated the challenges affecting entrepreneurship development in Tanzania. The outcome of the study found that self-determination, innovation, desire, and respect for enterprise resulted in the success of the business. The findings further indicated that the lack of access to finance, global competition and low-cost imports, a challenging corporate ecosystem, inconsistent power supply, and weak infrastructure were among key factors impacting entrepreneurship in Tanzania.

Local Perspective on Social Entrepreneurship

Social entrepreneurship in Kenya plays an important role in job creation, which complements the government and private segment. Smith and Darko (2015) report on social enterprises pointed out that social enterprise activity within Kenya began during the economic reforms started in the 1980s after comprehensive economic reforms in Kenya. This enabled the government to significantly decrease expenditure on social services, as

well as foster an increase in service delivery by external actors among them Non-governmental organizations (NGOs) and commercial players. This resulted to the burden of financial constraints being shifted towards NGOs and consequently, they had to develop into social enterprises forcing them to act as entrepreneurs in order to increase income in order to maintain their businesses.

The Kenyan government too established vision 2030 program with ambitious targets for the expansion within the framework of complete growth that acknowledges critical role the private sector plays. Although the vision does not clearly refer to social enterprise, officials within the vision 2030 organization believe that if social enterprise could be well-defined and if the enterprise could arrange to interact collectively with the government, there could be a room for engagement. The vision 2030 blueprint has three key pillars namely, The Economic pillar, the Social pillar, and the Political pillar (Government of Kenya, 2007). Through the economic pillar objective of Vision 2030, the government aims to improve the lives of Kenyans throughout the country, at attaining economic growth of 10% Gross Domestic Product (GDP) growth percentage. Chege (2014) added that social enterprises in Kenya focused on helping to solve social problems such as poverty, unemployment, and marginalization while preserving a better environment, promoting equal distribution of resources, and improving the standards of living in a society in line with Kenya Vision 2030. Despite the important role played by the social enterprises in solving social needs in the community, social enterprise studies in Kenya are few and this restricts sources of information on their activities in transforming the society. As such, there is need to underline the performance of social enterprises to create impact in achieving the objectives of 2030 vision.

KNBS (2020) indicated that the private sector in Kenya was vibrant, with SMEs constituting to 98% of all businesses and creating 30% of the jobs annually as well as

contributing 3% to the GDP, therefore, social enterprises are viewed as organizations that strategically contribute to the economy and fill in the gap. However, in a 2018 survey, KNBS reported that approximately 400,000 SMEs do not celebrate their second birthday and just a few celebrated their fifth birthday, leaving a growing concern about the viability of this important segment. Dupas and Robinson (2013) added that when it comes to the performance of social enterprises in Kenya, the country is surrounded by an inadequate supply of products and services, fiscal liabilities, and losses arising from inefficiency. This results in inadequate creation of employment and an increase in poverty level as well as inequalities in most sectors of the society. Thisted and Hansen (2014) study, focused on narratives of six successful enterprises in Kenya which defined the path that social enterprises take to accomplish social impact using available methods in the country. This study sought to investigate the relationship between social entrepreneurship and performance of social enterprises in the Kenyan context.

1.2 Statement of the Problem

The present-day situation requires social enterprises to become innovative, as well as their goals designed to achieve results that portray efficiency and effectiveness. Social enterprises play a significant role in the growth of developing economies. They embark on creating lasting community developments, while creating employment opportunities to the most vulnerable groups as well as providing services where the government and private markets fail. The benefits of social enterprises are elevated when supported by the policies. The creation of social enterprises is the solution to addressing the persistence of poverty and unemployment among the vulnerable groups in our society which has not yet been fully tackled by public institutions (Kumar & Gupta, 2013).

Even though social enterprises play a huge role in Kenya in addressing social gaps throughout the country, the environment of doing business has suffered due to inadequate

supporting framework and policies that impact the social enterprises. For instance, British Council (2017b) report on the state of social enterprises in Kenya, revealed alarming statistics; 3 among every 10 social enterprises run by women or youth failed before their fifth anniversary; 30% of these firms lacked important stewardship and innovation capabilities to meet the needs of the customers they served. The situation has attracted the attention of scholars and research institutions to help revive a sector that has created decent jobs for Kenyans.

Local studies on entrepreneurship and performance included Kiprotich (2018) who determined the influence of social capital on the growth of SMEs in Nairobi County. The findings of the study established that social capital significantly and positively influenced the growth of SMEs; Kaliti (2015) undertook an analysis of the impact of risk management on the performance of companies in the hospitality segment in Nairobi County. The study revealed that risk management did not significantly influence performance. Whereas some scholars presented that social entrepreneurship components had a positive and significant effect on performance (Kiprotich, 2018), others presented insignificant relationships (Kaliti, 2015). From the contradicting and inconsistent findings, it is clear that different sectors of the economy presented their unique findings. Therefore, the current study sought to answer the question: what is the relationship between social entrepreneurship and the performance of social enterprises in Nairobi County?

1.3 Research Objective

1.3.1 General Objective

The general objective of the study was to investigate the relationship between social entrepreneurship and performance of social enterprises in Nairobi County.

1.3.2 Specific Objectives

- i) To determine the influence of access to social capital on performance of social enterprises in Nairobi County.
- ii) To examine the influence of entrepreneur intention on performance of social enterprises in Nairobi County.
- iii) To determine the influence of social innovation capabilities on performance of social enterprises in Nairobi County.
- iv) To assess the influence of entrepreneurship risk on performance of social enterprises in Nairobi County.

1.4 Hypothesis of the Study

H₀₁: There is no significant positive relationship between access to social capital and performance of social enterprises in Nairobi County.

H₀₂: There is no significant positive relationship between entrepreneur intention and performance of social enterprises in Nairobi County.

H₀₃: There is no significant positive relationship between social innovation capabilities and performance of social enterprises in Nairobi County.

H₀₄: There is no significant positive relationship between entrepreneurship risk and performance of social enterprises in Nairobi County.

1.5 Significance of the Study

Entrepreneurs

The research identified new grounds for probable future studies that may be considered by other investigators to contribute to the current scope of knowledge on social entrepreneurship.

Researchers

This analysis will be of excellent value addition to scholars or investigators intending to examine the same area. The study will be a source of secondary information.

Policy Makers

The deductions from the study in the future may be used to advocate for plans to improve social entrepreneurship. Terminations from the study as well as the proposals may aid the policy formulators in developing policies that better social entrepreneurship.

1.6 Justification of the Study

The creation of social enterprises provides the solution to addressing the persistence of poverty and unemployment among the vulnerable groups in our society, which has not yet been fully tackled by public institutions. Theories on social entrepreneurship such as social capital theory and innovation diffusion theory pointed out that there exists a relationship between access to capital, innovation capabilities, and the performance of institutions. It was, therefore, worth investigating whether the findings support the theory that is provided on this subject or contradict them. The scholars also found it necessary to undertake this study to establish the kind of relationship that social entrepreneurship provides with the performance of social enterprises because, different scholars have given contradicting findings in their areas of study.

1.7 Scope of the Study

The scope of the research was limited to investigating the relationship between social entrepreneurship and performance of social enterprises in Nairobi County. The study was centered on four objectives which comprised of access to social capital, entrepreneur intention, social innovation capabilities, and entrepreneurship risk. The study was undertaken from June 2021 to September 2021. The study targeted a population of thirty-six (36) social enterprises in Nairobi County, Kenya.

1.8 Limitations and Delimitations

The study anticipated that the respondents would not be willing to provide data for the study because respondents may think that some of the questions sought by the study would have been used to the advantage of the competitors. However, the researcher overcame this limitation by assuring the respondents that the data sought was only for academic purposes and that information would be confidentially kept. The researcher also affirmed the position by presenting the university authorization letter to undertake the research as well as the NACOSTI letter.

The study was only carried out using a questionnaire as the tool for data collection, no interviews were conducted among the owners of the enterprises to have an in-depth position on the state of entrepreneurship in the social enterprises. However, the researcher designed the questionnaires in such a way that the middle-level managers in the organization could give the state of entrepreneurship because they are the ones who would come up with daily decisions to manage the institutions, so they would be knowing when a particular skill in entrepreneurship would be required or the innovation there is.

The study was also conducted during a time when the world was grappling with COVID-19 effects. People were asked to stay at home or even minimized interaction as well as keep social distance.

The researcher managed to access the respondents by observing COVI-19 rules such as maintaining social distance and wearing masks when near the respondents. The researcher also used an online questionnaire for those respondents who were not willing to take a hard copy questionnaire. With that, the researcher enhanced the response rate.

The study was only carried out on four independent variables that were investigated on the direct relationship they had with the dependent variable. The relationship was not

moderated by any variable, which could explain why the coefficient of determination (R-squared was at 54.1%).

1.9 Assumptions of the study

- i. The researcher assumed that the respondents would provide data for the study to complete the thesis work.
- ii. The researcher assumed that the variables identified in the study were the ones that identified the relationship between social entrepreneurship and performance of social enterprises in Nairobi County.

1.10 Definition of Key Terms

Social Capital: The term was used in the study to refer to the ethics in the society as well as connections that have an impact on the varied groups within the community impacting trust levels and collaborations in day-to-day living (International Labor Organization [ILO], 2017; Koitamet, 2016).

Social entrepreneurship Refers to the activities undertaken by the entrepreneurs in the society to solve problems such as job creation as well as financing projects with impacts on the socio-economic and environmental setups in the society (McAnay, 2012).

Entrepreneur Intention: Refers to the stable and continuous desire by an entrepreneur to establish enterprises (Ozaralli & Rivenburgh, 2016).

Social Innovation Capabilities: Refers to better and more efficient procedures and practices of doing things in a social enterprise that creates value for the business (Coughlan, 2014).

Entrepreneurship Risk:	Refers to the environmental, political, or financial variables which can derail or inhibit the achievement of a particular goal (Antoncic <i>et al.</i> , 2018).
Social Enterprises:	Social enterprise is a purpose-inspired investment with a fundamental role in improving communal desires and serving the common good (Sebikari, 2014).
Performance of Social Enterprise	Refers to the observable measures that include Revenues base, Number of employees, Approval of customer services, and Client base (Rekarti & Doktoralina, 2017).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section details the investigations of the current literature to establish what other scholars have documented regarding the study topic in discussion. The first portion of the study examines the theoretical establishment of social entrepreneurship by placing arguments by different authors while focusing on variables used in this study. The second part of the study delves into and reviews existing empirical literature capturing the study variables, which includes social capital accessibility, entrepreneur intention, social innovation capabilities, and entrepreneurship risk. The researcher establishes a conceptual and operationalization of the study variables while using the variables defined to guide the research.

2.2 Theoretical Review

The study in this section focuses on expounding on the origin of the theories of social entrepreneurship. The study was informed on various theories: Social Capital Theory (1988), Social Enterprise Theory (1985), Social Innovation Theory (1943), and Stewardship Theory (1997).

Social Capital Theory

Pierre Bourdieu (1985) defined social capital as the “aggregate of all the resources that enable a firm to possess durable networks”. Coleman (1988) was among the proponents of social capital theory. He described the social capital theory as a capital that is expressed in the form of reciprocity, cognition as well as the collaborations that institutions develop over time. The social capital theory is made up of thoughts on the manner the community and humanity alter environments and improve approaches by engagements, abilities on sharing power, gender, tribe, and civilization (Menike, 2020).

Putnam (1993) promoted the term amongst social scientist and drew the attention of scholars as well as policy formulators. Putnam further described social capital as the feature of social structure, like beliefs, standards, as well as connections with the ability to improve the success of the society by enabling planned roles and processes. Additionally, Putnam (1993) asserts that, whereas physical capital is connected to tangible and human capital relates to individual assets, social capital entails the associations among individuals, their connections, norms of reciprocity, and the trust resulting from it as stated by (Bhandari & Yasunobu, 2009).

Kanini and Muathe (2019) explained social capital as a theory secured on the concept of norms, trust, or beliefs and stated that social associations are valuable resources. The social capital theory concept is based on principles of moral values, informal connections, and trust; with social relations being valuable utilities. Therefore, social capital can be viewed as a source of information and the efficiency and effectiveness of activities that can be improved through social capital (Menike, 2020).

Akintimehin *et al.* (2019) added that the objective of social capital theory aimed to recognize trust, relations, and in turn reciprocity. They also added that physical capital was connected to tangible and human capital which related to individual assets, and social capital entailed the associations among individuals, their connections, norms of reciprocity, and the trust resulting from it (Yani *et al.*, 2020). Bhandari and Yasunobu (2009) promoted the term amongst social scientists and drew the attention of scholars as well as policy formulators and further described social capital as the feature of social structure, like beliefs, standards, as well as connections with the ability to improve the success of the society by enabling planned roles and processes.

Fukuyama and Grotto (2020) emphasized the role of this capital as that an organization accumulates through building close ties and trust to earn mutual benefits in doing business.

As such, an organization could obtain goods on credit through suppliers that an organization trades with. Besides, Sobel (2002) argued that social capital was the source of financing from close association with local financing institutions such as the banking sector which enables an organization to use facilities in the production or provision of services. Unlike physical capital, social capital has its uniqueness of not depreciating over time.

The stated theory was of value to this study by underlining the role of social capital in the performance of enterprise of which social enterprises rely on social capital inform of networks, and financial institutions to enhance their performance like revenue base, recruiting and maintaining a large pool of staff in the organization.

Social Enterprise Theory

Drucker (1985) advocated for social enterprise theory and noted that social entrepreneurship revolves around public as well as social services. Noraida *et al.* (2017) pointed out the thinking behind the social enterprise school of thought focused beyond not-for-profit organizations by doing business and may exist in different forms like public enterprise, community business, co-operatives, consumers and workers, social business purpose venture, and equally socially responsible such as Corporate Social Responsibility (CSR).

Dees and Anderson (2006) found that the school of social enterprise considered social entrepreneurs as the individual that managed and conducted a business that provided support for a social objective, whether the business was in profitability or not. Zappalla (2001) stated that social entrepreneurship was a platform for non-profitable organizations to increase their purpose-based goals by the creation of new establishments or reorganization plans to boost productivity. Hoogendoorn, Pennings, *et al.* (2010) portrayed the social enterprise school of thought as an enterprise that is entrepreneurial and offers solutions to societal challenges and a business that is also non-profit. An organization

should be able to be sustainable for operations to continue and remain competitive, the enterprise school of thought focused on growth to realize more profits rather than depending exclusively on donations.

This theory was significant in this study by explaining the foundation of social enterprises, and the structures, and features of social enterprises. Social entrepreneurship is associated with certain risks to earning positive outcomes or achieving a particular target. In this study, social enterprises are viewed as more likely to innovate, empower, and make a positive difference for social benefit and establishment as well as improve the business performance while certainly overcoming certain risks which could be financial: reputation risks, financial risk, environmental risks, or monetary risk. The present study objective was to investigate the relationship between social entrepreneurship and performance of social enterprises in Nairobi County.

Social Innovation Theory

The social innovation theory originates from the industrial revolution to curb the increasing pressure that emanated from the mass exodus into the cities. It emerged in the onset of the 20th century forward in 1903 by Ward, a sociologist, before gaining its popularity in the Second World War (McGowan & Westley, 2015). In its inception, the theory was concerned for the need of social action and social policy to address the work-place challenge (McGowan & Westley, 2015).

The entrepreneurship theory by Schumpeter (1943) led to an increase in the available awareness of economic growth. Some of the proponents of social theory include Groot and Dankbaar (2014), who describes the need for equity in the workplace. The authors describe the importance of social innovation in creating the right organizational culture for firms to thrive. For instance, firms can use the social theory to ensure all employees are treated equally regardless of their cultures. Social innovation theory also ensures diversity and

inclusivity in the workplace which are critical for creativity and innovation (Groot & Dankbaar, 2014).

Nikolov (2017) described an entrepreneur as one who is innovative, capable of driving changes, and drives the economy in a positive direction. Al-Nsour (2019) added that the entrepreneur would be responsible for combating the natural entropy of the economic cycles, by promoting a new rise and preventing the decline of wealth generation. Dobeles (2015) opined that innovation is a modern blend of contemporary components such as the introduction of the modern technique of production, the introduction of a new good, expansion into new markets, identifying new suppliers to supply raw materials, and expansion to other industries, which have not been observed in the prior economic systems. The presence of the newest element distinguishes innovation from regular development programs.

Defourny and Nyssens (2014) hold that the thinking behind social innovation deals with the practices of social entrepreneurs when viewed as change agents with the ability of trading commodities, activities, concepts, and investments with better ideas. Besides, social entrepreneurs often think of initiatives to create both profitable and non-profitable institutions (Smith & Tendai, 2014).

According to Ikwaye (2019) the social innovation school views social entrepreneurship as initiatives in the field of innovators engaging in the social transformation to mitigate a certain social challenge. As such, the focus is more on social outcomes as opposed to wealth creation. The present study sought to adopt the explanation presented by the social innovation school, which underlined the social revolution and variations to lessening social challenges. The theory on social innovation, therefore, explained the importance of social capabilities in the development of new products, new processes in production as well as the creation of high-value products that enhance social enterprises' performance.

Stewardship Theory

Donaldson and Davis (1989) introduced the stewardship theory to address the gaps in agency theory (Subramanian, 2018). Donaldson and Davis explained need for Stewardship to ensure managers are good custodians of an organization's assets. It describes how principles and agents can act responsibly to ensure the common good of an Organization.

According to the theory, leaders strive to achieve organizational goals rather than individual goals (Subramanian, 2018). The theory further notes that managers are intrinsically motivated, they are pro-organizations and strive to achieve group, societal as well as organizational goals because doing so enhances personal satisfaction which to them is an achievement (Glinkowska & Kaczmarek, 2015).

According to stewardship theory, business leaders take the responsibility of caring for others by showing them the direction or sharing the vision they have without necessarily owing the ones they lead; therefore, leaders must be accountable for their actions. Leaders, therefore, seek and accept responsibilities when given to them with intense ambition or vision to achieve both short-term as well as long-term goals of the organization (Chrisman, 2019).

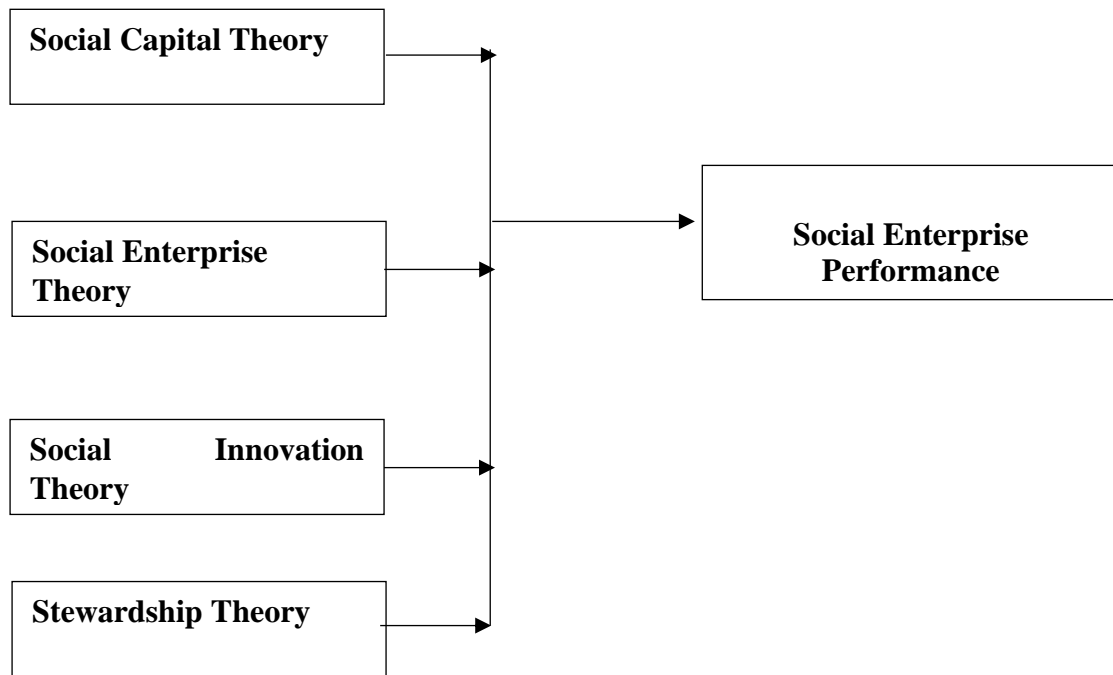
In line with Schillemans and Bjurstrøm (2020), business stewards need to possess core – competencies that enable an entrepreneur to be an effective leader such qualities include good communication skills to explain the plan they have to the other staff they also need to be good negotiators in solving conflicts. Leaders must also know how to work with others in teams and recruit as many members as possible to accomplish set targets.

In accordance with the stewardship theory, assessment of the needs of the other people on board is important to compensate them fairly and train them where possible. The theory of stewardship was useful in the study as it viewed an entrepreneur as an individual who should be personally responsible with a clear entrepreneurial intention for organizing

factors of products to bring about business growth by coming up with marketing plans, and goals as well as being ambitious in coming up with a venture that addresses a particular need in the society.

Figure 2.1:

Theoretical Framework



Source; Researcher (2022)

2.3 Empirical Review

The study presented an empirical review of the relationships between the independent and dependent variables of the study; including the influence of access to social capital and performance of social enterprise; entrepreneur intention and performance of social enterprise; social innovation capabilities and performance of social enterprise; entrepreneurship risk and performance of social enterprise.

Access to Social Capital and Performance of Social Enterprise

Beck and Levine (2018) studied the accessibility to financial services and the impact that it had on the performance of small and medium enterprises in European firms. The study was conducted by sending online survey questions to owners of the firms. Data for the

study was analyzed through cause-effect research design through the use of correlation analysis on regression models. The results of the study noted most importantly that those entrepreneurs who cannot access credit services from banks and insurances are classified as unbanked and had a hard time achieving better business performance. The study noted a positive and significant relationship between firm performance and capital base. The study concluded that these firms had failed to access the credit facilities through their lack of proper record keeping as well as lacking a proper business plan of what they needed to achieve.

Weerakoon *et al.* (2019) studied the effect that social capital has on the innovation of social enterprises in Australia. The study relationship was moderated by motivation and knowledge creation. The study data was collected through pre-tests and piloted questionnaires given to middle managers among 112 social enterprises. The study analysis was conducted through structural equation modeling with SPSS AMOS version 25, the study revealed the relationship social capital and social innovation was moderated by motivation and knowledge creation. The study, therefore, recommended for top managers to allocate more financing to the projects on innovation. The study revealed an important connection between social capital and innovation. The study also introduced a moderator in the study to show that the variables had a significant moderation effect on the relation between the key variable. The study however, had a different dependent study variable from the current study which looked at the social performance of enterprises with different sub-variables. The study was also carried out in a developed country where the social enterprise's sector is affected by different macro and the micro-environment from the Kenyan case, it was, therefore, important to carry out a local study with measures on the dependent variable that is the performance of social enterprises to give more insight on the relationship between social capital and performance of social enterprises.

An analysis by Kumar and Francisco (2005) in Brazil on business size, financing trend, and constraints of credit accessibility determined the existence of an association between finance accessibility and business size. The study revealed that small and upcoming businesses encounter many problems because of the absence of audits and their reduced collateral ability in comparison with big organizations. The small and upcoming businesses have access to just 30% of the funding available while the bigger ones have access to 48% of the funding. There is increased challenge by small firms in accessing credit facilities compared to the established ones because of exiting banking institutions, market setting that is not suitable, and an increase in the cost of production from lack of economies of scale.

Waithaka (2016) studied the accessibility of credit facilities and growth among companies in Nyandarua County. The study involved 97 firms that were purposefully selected to participate through the study. Data analysis for the study was descriptive analysis from the data collected using questionnaires. The respondents who were owners of the firms and top managers revealed that challenges faced in accessing credit are accredited to various issues such as lack of collateral, bias by commercial banks, and the high-risk profile of SMEs.

Aritenang (2021) carried out a study on the role that was played by social capital in the growth and general performance of rural firms in Indonesia. The study was premised on government economic programs aimed at uplifting the status of the rural poor. The study was a case study research design that applied qualitative research where data for the study comprised of interviews, focused group discussions, observation, and perusal of policy documents. The study data was analyzed through content analysis. The findings of the study revealed that the impact of the rural enterprises was not felt, the study also emphasized the importance of enhancing the human capital through continuous training of the rural enterprises as well as enhancing marketing skills for their product. This study emphasized

the importance of components of social capital that include networks, and human capital. The study, however, was carried out premised on government interjection through the provision of social capital support programs. These projects are different from the ones that the current study focused on where the entrepreneur is the founder and financier of the ideas. This study was also qualitative and did not test for the hypothesis to establish the relationship of the study variables it was, therefore, hard to critique existing theories on social capital.

Ozigi (2018) did a study on social capital and the performance of enterprises in Nigeria among SMEs. The study was conducted among 1250 SMEs in Lagos, Nigeria. Owners and top managers were given questionnaires to respond to three important variables in the study: mutual trust, social networks, and reciprocity. The study was guided by the theory of social capital. Inferential analysis by the study made a hypothesis that social capital had no significant influence on performance of the enterprises. In carrying out the study, the study revealed that the three components of capital had a strong positive and significant influence on the performance of SMEs in Lagos. The study was a contribution to the existing debate on the role of social capital which is a new concept in accounting literature and too general, especially in Nigeria about accessing financing business information as well as creating a network among institutions.

Balogun *et al.* (2016) studied factors that predicted the accessibility of credit among firms in the construction industry in the South African construction sector. The study was a cross-sectional survey involving 78 firms that topped performance in the construction sector. Interviews and focused group discussions were done among top managers and finance managers in the firms. The analysis method involved correlation and regression analysis carried out between collateral value and performance. No significant correlation was presented among the study variables.

Hongyun *et al.* (2019) examined the impact of social capital on social enterprise performance in Ghana. The target population was 787 SMEs. A cross-sectional research design was used in the study. Data was collected through telephone interviews. The study findings revealed that firm performance is directly influenced by access to social capital. The study also revealed that the connection between firm performance and access to social capital was mediated by dynamic capabilities.

Sinyolo and Mudhara (2018) explored the influence of social capital on entrepreneurship amongst small farmers in Rural South Africa. The target population was 513 households. The research results showed that the ability to access social capital was motivated by factors such as education, asset values, age, mindsets towards groups, market availability, water supply for irrigation, training, and the availability and distance to the nearby extension office. The study outcome suggested that encouraging participation and memberships in community associations or clubs could play part in a constructive role in encouraging entrepreneurship amongst small agriculturalists in countryside regions of South Africa.

Mendonca and Siqueira (2016) carried out a study to compare accessibility between women-owned enterprises as well as businesses owned by their male counterparts. The study was carried out in Uganda. The study was descriptive and used pivotal tables to compare the data from the two sectors. Results of the study revealed that female entrepreneurs had more hardship obtaining capital for their startups than their male counterparts. Tiwari *et al.* (2019) concurred in certain nations in Africa, loaning activities are controlled by societal barriers like the demand for spousal endorsement of signature before approval. It translates to a man approving a woman's endeavor of securing business financing. Lack of financing continues to be a leading aspect limiting the growth of enterprises in a manner that they can fully meet their clients' demands. Further, turnover margins in women-owned enterprises are low to complement growth and expansion plans.

World bank 2017 global financial inclusion report highlighted that only 65% of women own bank accounts and this gap widens in poorer countries. Two thirds of women in Kenya are unbanked.

Wega (2018) investigated the influence of social capital components on the general performance of SMEs. Descriptive research and questionnaires were mailed to 105 staff in the SMEs. The findings of the study through inferential analysis carried out revealed that both cognitive social capital and relational social capital did not significantly affect the performance of SMEs in Nairobi County. The study also noted a weak but significant correlation between the structural social capital and the performance of SMEs in Nairobi County. The study was important in providing measures of social capital that were validated and reliable in studies on social capital measures. However, the study focused on general SMEs in Nairobi County and not specifically on social enterprises. The study also was narrowed down to one component of social entrepreneurship which is social capital, the current study investigated broadly the effect that four components of social entrepreneurship: social capital, entrepreneur intention, entrepreneurship risk, and social innovation capabilities had on the performance of social enterprises in Nairobi County.

Entrepreneur Intention and Performance of Social Enterprise

Jayalakshmi and Saranya (2015) evaluated entrepreneurial intention for Arts and Science learners in Chennai. The study revealed that there is a significant contribution by entrepreneurship in enabling economic development through the innovative approaches adopted in the production of commodities. Based on the findings, risk-taking character, as well as an entrepreneurial attitude, supports entrepreneurial intent.

Bandera and Passerini (2020) compared the traditional entrepreneur with the modern entrepreneur to find out if they are the same thing. The study personality traits of the study under consideration were the big five personality traits (Agreeable, open, stable,

conscientious, and extroverted). The study revealed that the digital entrepreneurs dealt with digital products and are less concerned with the future they prefer renting rather than owning. On the five personality traits, the research revealed that the traditional entrepreneurs were more stable though less innovative, and traditional entrepreneurs were both less open and less agreeable, whereas the digital entrepreneurs were more extroverted and were more willing to try out new things in innovation. The study was important in defining the intention of both the digital and the traditional entrepreneurs as well as identifying the big five traits of the traditional and the digital entrepreneurs, however, the study did not relate the variable to the performance, it was a descriptive study to differentiate qualities of entrepreneurs in the two sectors. The current study examined different intentions of the entrepreneur and the effects that they had on the performance of the social enterprises in Nairobi County.

Ahn *et al.* (2019) studied the effects that the entrepreneur characteristics had on the performance of start-ups which was also moderated by the start-up support. The study was a casual-effect study carried out on 361 enterprises started not more than 7 years by 2018 in Jeollabuk-do. The study data was collected through online questionnaires and analyzed through SPSS version 21 and AMOS 21 for structural equation modeling. The study revealed a positive and significant effect of the moderating variable (support system) on the performance of the start-up. The study revealed that the effect of entrepreneurial competencies and start-up performance was mediated by the support system. The study also identified entrepreneurial capacity, and technical and management qualifications as important concepts in entrepreneurial intention. The study proved therefore, that increasing the support of the start-up led to better performance and survival rates for the start-ups. However, the study was carried outside Kenya where firms face different macro and micro-environments, besides, the study was conducted on general firms and not necessarily on

social enterprises. It was, therefore, important to conduct a holistic study that includes other variables under social entrepreneurship including entrepreneurship risk, access to social capital, entrepreneur intention, and social innovation capabilities, and relate that to performance of social enterprises in Nairobi County.

Essel *et al.* (2019) investigated jointly the effect of entrepreneur characteristics, the firm characteristics, and institutional characteristics on the performance of 200 small enterprises in Ghana, Sunyani municipal, selected through multi-stage sampling techniques, the study involved inferential analysis through the SPSS version 23. Revelations of the study were that the entrepreneur characteristics (gender and education levels), firm characteristics (artisan or craft), and institutional characteristics (whether banking or training levels) had a joint significant effect on the performance of small firms in Ghana through an increase in sales and the number of employees hired. The study recommended for introduction of formal training on entrepreneurship in schools. The study was important in the identification of education or training as important variables for identifying entrepreneur intentions. The study, however, was conducted on a single variable under investigation by the current study which is entrepreneur intention on performance. The study was also carried out from a regional and not local perspective, it was, therefore, important to conduct a local study where the relationship between entrepreneur intentions and other components of social entrepreneurship are investigated jointly rather than separately.

Klongthong *et al.* (2020) studied the effect of self-efficacy and innovation on the performance of digital start-ups in Nigeria. The study involved four leading digital start-ups in Nigeria, Lagos. The study data was collected through interviews to complete data from qualitative questionnaires. The study noted importantly that self-efficacy impacted innovation which in turn led to better performance of the digital start-ups. The study further revealed important findings that the variation in the performance among the enterprises was

by the age of the firms. The study was an important contribution to how self-efficacy influenced the performance indirectly. The study advocated for policies that advanced more innovation to enhance the performance of digital start-ups. The study, however, studied the indirect connection between the entrepreneur efficacy on performance, the current study focused on the direct examination of influence of entrepreneur intention on the performance of social enterprises in Nairobi County, which also had other variables in the study on social entrepreneurship components: entrepreneurship risk, social innovation capabilities and access to social capital on performance of social enterprises, in Nairobi County, which differs from the case mentioned here of in Nigeria.

Iskamto *et al.* (2020) studied the entrepreneur's competencies (organizational, conceptual, commitment, and opportunities) and the entrepreneur's performance. The study involved small and medium enterprises (SMEs) in Indonesia. The study was carried out among 1234 entrepreneurs, the study data was collected through interview questionnaires done face-to-face interviews. The study revealed a strong relationship between the four Cs and the performance of entrepreneurs. However, on the introduction of gender which was a moderating variable with analysis carried out through structural equation modeling on SPSS AMOS, the study revealed that gender did not moderate the relationship between entrepreneur competencies and the performance of the entrepreneurs. The study advocated for increased efficacy of the Indonesian entrepreneurs to boost entrepreneurs' performance. Though the study was conducted on the entrepreneur's intention, it was conducted in a location that was different from the local setting with different macro and micro dynamics. The study was also a univariate study between entrepreneur competencies and the performance, the current study sought to establish a multivariate relationship between (entrepreneur intention, entrepreneurship risk, social innovation capabilities, and access to social capital) on performance of social enterprises in Nairobi County.

Novari (2020) studied the influence of market orientation on the performance of SMEs in Indonesia. The goal of the study was to establish whether ambitious entrepreneurs moderated the relationship. Study data was collected among 133 respondents through questionnaires. Collected data was analyzed through panel analysis by Smart PLS. The results of the study revealed market orientation behaviors had a significant effect on the ambitious entrepreneur, and ambitious entrepreneurs also significantly affected the performance of the SMEs. However, market orientation human resource behaviors did not affect performance significantly, but with the moderator (ambitious entrepreneur) the joint effect was significant. The study recommended the policies and strategies of the ambitious entrepreneur in influencing the performance of the SMEs. The study was an indication that entrepreneur intention had a significant and positive effect on the performance of the enterprises. However, the study did not clarify which enterprises were considered, there are different categories of enterprises, in manufacturing, construction, metal and allied, pharmaceutical, food, processing, or even social enterprise. Therefore, it was important to conduct a study that examined the relationship between entrepreneur intention and performance specifically in the social enterprises' sector which was covered by this study. In addition, a study was needed to include more variables of social entrepreneurship.

Fatoki (2019) explored the determinants of the social entrepreneurial intention of university students in South Africa. The participants were 675 final year undergraduate students of the department of Business Management of two South African Universities. The study used online questionnaires. The study data was quantitative, and it was therefore, analyzed through inferential analysis. The study outcome was that moral obligation, self-starting spirit, and entrepreneurial self-efficacy were not significant predictors of social entrepreneurial intentions though had a positive effect on business performance. However, the study was the case in South Africa involving students, it was important to carry out a

study that looked into the other components of entrepreneurship and the influence on business performance.

Rapando (2016) examined the aspects of impacting social entrepreneurship in Kariobangi, Kenya among three social enterprises. The study targeted three CBOs in Kariobangi operating under Raslimali Enterprises Limited, with 15 managers acting as the participants. Data for the study was obtained through focused group discussions. The study revealed that the respondents considered individual attitude and social entrepreneurial intention as important factors in enhancing performance. The study concluded that entrepreneurial environmental factors affected social entrepreneurial intention. The current study sought to establish the influence social entrepreneurship in the Nairobi County had, on social enterprises' performance through both descriptive and regression analysis to refer to the level of significance of entrepreneur intention on performance of social enterprises in Nairobi County.

Social Innovation Capabilities and Performance of Social Enterprise

Dobele (2015) conducted an analysis in Latvia examining aspects contributing to social innovation development. The study aimed to undertake an exploration of aspects impacting social innovation in the country. The study hypothesized environmental, institutional, personal abilities, environmental, organizational, and information technology, as factors with an influence on social innovation. The mentioned study revealed that personal capabilities and integration of information communication and technology had a positive effect on innovation capability among the firms. However, the study did not focus on how innovation capabilities impacted social enterprise performance, which was covered by the current study.

Divisekera and Nguyen (2018) studied the innovation capabilities among Australian tourism firms. The study involved 1231 firms. The study applied longitudinal data that was

analyzed through binary regression analysis. The determinants were established through setting output innovation capabilities market and service innovation whereas innovation inputs were defined by information technology, funding human capital, and collaboration. The study opined that human capital, collaboration, and information technology were significant determinants of innovation capabilities that were also moderated by the size of the firm, type of ownership as well as the type of environment. The study was able to identify determinants of the innovation capabilities, however, the study did not look at the relationship that existed between the innovation capabilities and the performance of SMEs themselves, which left a gap that was filled by the current study which considered the social innovation capabilities and performance of social enterprises in Nairobi County. The study also applied a binary logistic model to predict the odds of innovation being in the market or service sector, the current study was premised on a multi-linear regression model that covered the four social entrepreneurship variables (social innovation capabilities, entrepreneurship risk, entrepreneur intention, and access to social capital) and performance of social enterprises in Nairobi County, which was a local study that contributed to existing local knowledge.

Ganguly *et al.* (2019) study was on the effect of knowledge sharing and the innovation capabilities among respondents through the collection of primary data in India. The researcher's goal was to establish whether the relationship between knowledge sharing, and innovation capabilities was moderated by social capital (relational, cognitive, and structural). The study used structural equation modeling in the analysis using SPSS AMOS version 26. The study revealed that knowledge sharing was significant in achieving innovation capabilities. The study further revealed that quality of information and reciprocity were also important in innovation capabilities. The study besides revealed that social capital played a major and significant role in enhancing innovation capabilities

through knowledge sharing, therefore, social capital moderated the relationship. The study added knowledge to the gaps in knowledge sharing and innovation capabilities by involving constructs on social capital. The study, however, only considered social capital as a moderator in the model, the current study presented social capital as one of the independent variables of social entrepreneurship. In addition, the study did not consider performance as a dependent variable instead it considered innovation capabilities. The study was carried out also in India with different regulators and macro-economic environments of the social enterprises, it was, therefore, important to conduct a study on the social entrepreneurship components (entrepreneurship risk, access to social capital, entrepreneur intention, and social innovation capabilities) and the influence it has on performance of social enterprises in Nairobi County.

Phillips *et al.* (2015) investigated the connection between social innovation and social entrepreneurship among firms in Germany. The study utilized stratified sampling to sample 1236 social firms in three provinces in Germany. The study used an electronic questionnaire that was emailed to the firm owners and top managers in the firms. The study revealed an association between social innovation and the performance of businesses, utilization of ICT in the development of marketing APPs as well as the use of social media in offering services were considered the most significant innovation that positively impacted business performance.

De Benedicto and Rodrigues (2018) examined determinants of social innovation among non-profit making organizations through descriptive research design on a population of 671 that provided data through questionnaires. The study sought to assess the innovation capability of social enterprises in the education sector in Brazil. The study findings revealed that social innovation was positively and significantly influenced by business foundations and associations, as well as open social innovation.

Koitamet (2016) undertook an analysis of the determinants of the performance of social entrepreneurship firms in Kenya. The study involved 448 working staff of Iko toilet and Care Kenya, with the sample size comprising 79 workers. The study found that even with social entrepreneurship having related to current social concerns, there is still the absence of this type of entrepreneurship as well as the usual challenges limiting their scope. The study was purely descriptive and did not establish the connection between social innovation and performance, which the current study will focus on by establishing the influence of social innovation on performance of social enterprises in Nairobi County.

Entrepreneur ship Risk and Performance of Social Enterprise

Hoogendoorn, van der Zwan, *et al.* (2019) undertook an analysis of Netherlands entrepreneurship risk and performance of SMEs. Attention was on the manner and context social entrepreneurship is hindered. The data collection was made up of around 26,000 participants. The study evaluated the impact of risk perceived environmental concerns and the likelihood of settling for social entrepreneurship. The study's findings indicated that social entrepreneurship encounters numerous challenges during the early stages of the investment including financial risks, marketing risks, and the risk of competitors edging out new entrants from the industry. The study was only descriptive, and the significance level of study variables was not considered. The study was also conducted in a first-world country with a different regulatory environment from the local setup.

Shad *et al.* (2019) studied the relationship between enterprise risk management and the business performance of petroleum and gas companies in Nigeria, the study sought to establish the moderating role of the sustainability reporting framework that was ignored by previous scholars, 126 firms were involved in the study, inferential analysis was conducted through structured equation modeling. Results of the study revealed that enterprise risk management was significant in influencing the performance of the oil and gas companies,

the study besides established that sustainability reporting moderated the influence of enterprise risk management on the business performance. The study was a contribution to existing studies on the relationship between enterprise risk management and business performance. The moderating role of sustainability was therefore an important variable that builds on existing literature. The study was, however, carried out on one component of entrepreneurship while ignoring variables such as social capital accessibility, entrepreneur intention, and social innovation capabilities which were covered by the present study.

Al-Nsour (2019) also carried out studies in Jordan on the risk and the performance of enterprises that have been listed with the Amman stock exchange with over 600 firms, with over \$2 billion in annual returns. Sampling for the study was through random sampling techniques. R-square of 56.78% was given by the results indicating that entrepreneurship risk caused up to 56.78 in the variations of performance. However, the scope of the study was for firms that are not even considered firms in Kenya but large-sized companies because across the globe SMEs are classified differently. Our current study looked at firms that have at least 50 employees and below, classified as social enterprises. The study further only considered the component of social entrepreneurship, it was, therefore, worth carrying out a study with a model that encompasses several variables to ascertain the extent to which they explain performance.

Kaliti (2015) undertook an analysis of the impact of risk management traditions on the performance of companies in the hospitality segment. The study observed the post-election period of conflict in 2008 and 2009 and terrorist threats from Al-Shabab as having brought challenges to businesses. From the research outcome, it was established that environmental risks had a significant effect on business performance. Present study assessed the influence of entrepreneurship risk on performance of social enterprises in Nairobi County. The study revealed that risk accounts for 34% of the changes in business performance and did not

significantly influence performance. Current investigation however, added more variables to the model to establish whether the explanatory variables in the current study would increase the predictability of social enterprises' performance.

2.4 Conceptual Framework

According to Asenahabi (2019), a conceptual framework is a diagram showing the parameters being studied and the linkage between the dependent and independent variables.

Its role is to capture the association among the study parameters and present it in a diagram.

Figure 2.2:

Conceptual Framework

Independent Variables

Access to Social Capital

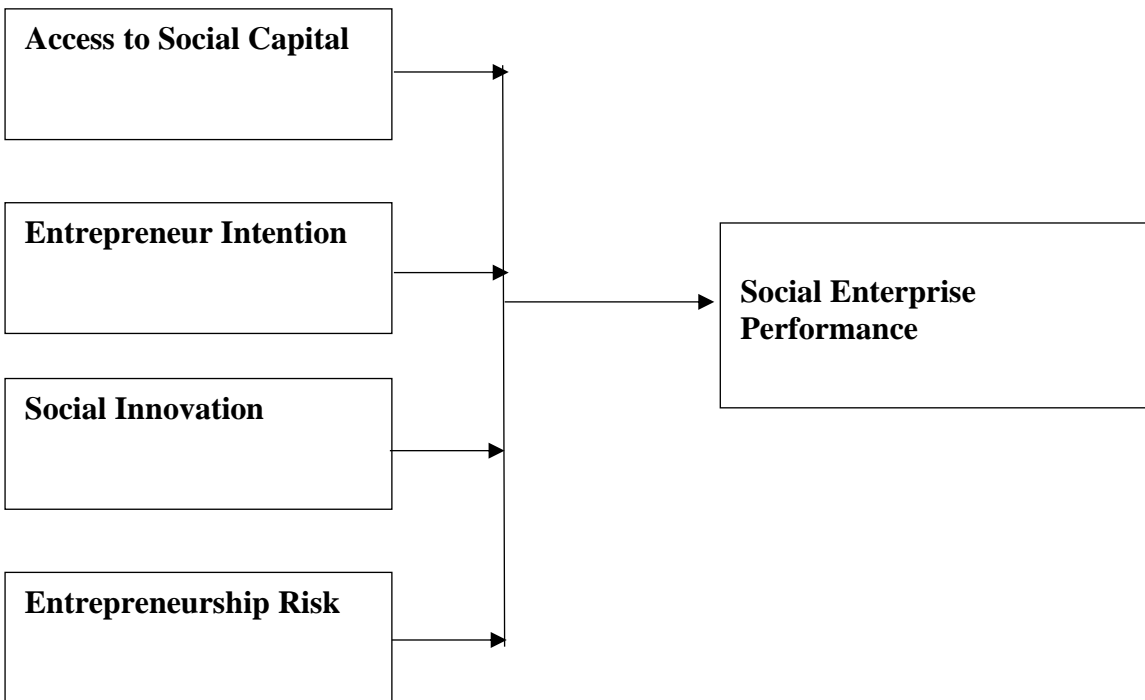
Entrepreneur Intention

Social Innovation

Entrepreneurship Risk

Dependent Variable

Social Enterprise Performance

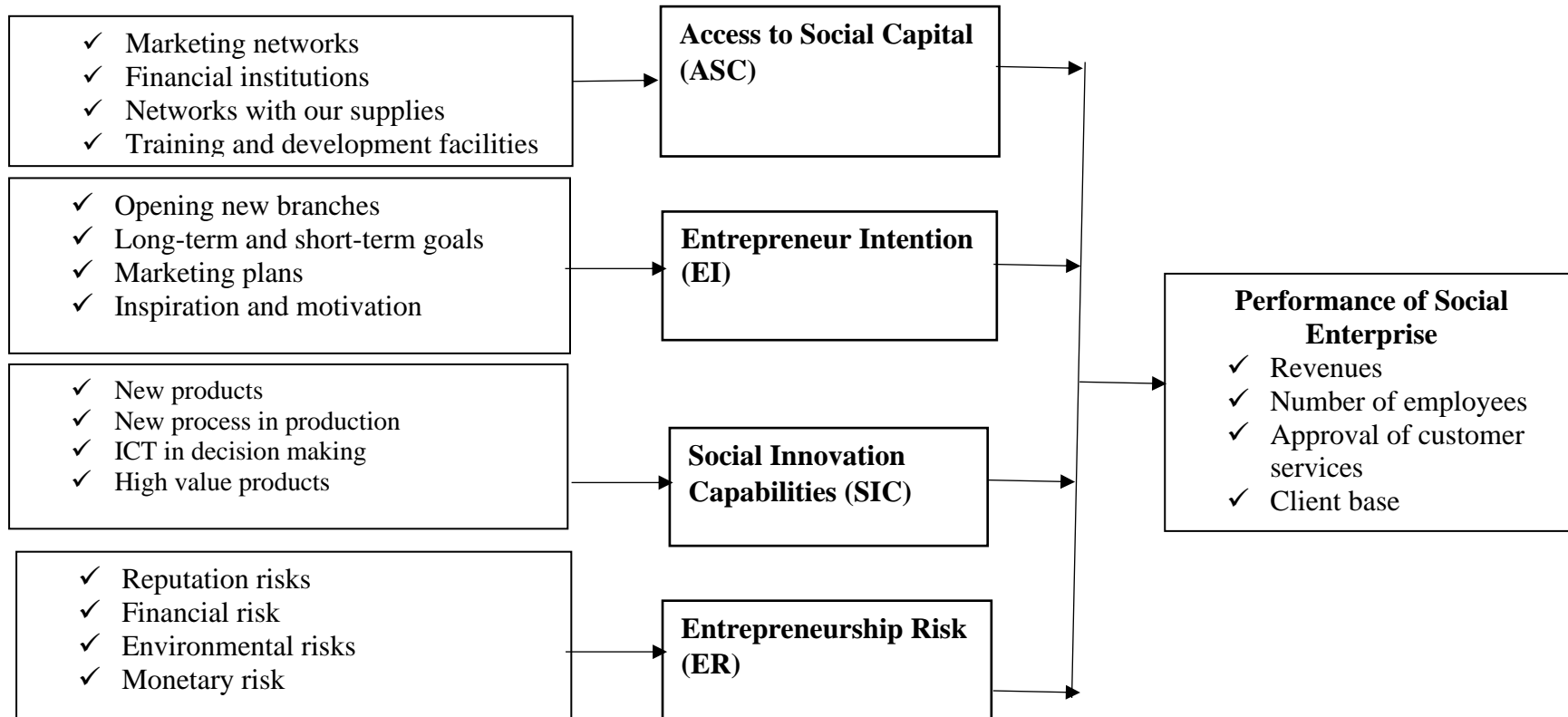


Source; Researcher (2022)

Figure 2.3:

Operational Framework

2.5 Operationalization of Variables



Parameters

Independent Variables

Dependent Variable

Source; Researcher (2022)

2.6 Review of Variables

Access to Social Capital

Social capital is seen as being a set of social norms, attitudes and trust, standards and responsibilities, connection, association, and information dissemination and groups that support teamwork and cooperation geared to shared values while supporting the socio-economic development of the actors (Kanini & Muathe, 2019). Schleppehorst *et al.* (2020) defined social capital as the amount of actual and potential resources available through a network of relationships owned by individuals or social units (Yani *et al.*, 2020). Social capital demonstrates how people work together, the impact of human collaboration while in the relationship and also how people relate to their network or relations (Muniady *et al.*, 2015).

Entrepreneur Intention

According to Yitshaki and Kropp (2016), social entrepreneurship varies based on personal social entrepreneurs' willingness to create the specific strategies to engage in this enterprise like undertaking a marketing plan, willingness to undertake risk, or creating a new project (Yani *et al.*, 2020).

Fatoki (2019) argued that social entrepreneurial intentions (SEI) refer to an individual intending to start a new social enterprise. Sankar and Sutha (2016) opined that the understanding of aspects that foresee the entrepreneurial intention is essential since entrepreneurial conduct is a result of intention (Weda, 2017).

Social Innovation

According to Cajaiba-Santana (2014), innovation aims to satisfy market demand through development of new technologies, including interest of improved productivity and profitability of an enterprise (Derbez, 2019). Innovation is the practice of creating a new product or new ways of doing things to serve a particular or different market and customer

needs (Hoogendoorn, van der Zwan, *et al.*, 2019). Innovators may take advantage of technology to build processes in production that result in creating effectiveness or efficiency in the production process. Besides, an innovator may come up with products that are differentiated from what a particular market usually offers. The innovation practice may also entail getting into completely new markets that have not been tapped before with differentiated products (Weda, 2017).

The practice of innovation involves creativity and is extremely rewarding to businesses at any stage whether at start-up or when in maturing stage. Innovation is also crucial despite the sector that is in question be it in the services or the production sector (Weerakoon *et al.*, 2019).

Entrepreneurship Risk

An entrepreneurship risk can be defined as a factor that can attribute to loss in an enterprise. Capital required to begin a business is sourced from different sources such as loans and to sustain the business, the entrepreneur must have the adequate financial education to budget for the expenditure otherwise the business will be bankrupt (financial risk) and may face insolvency. A business has to have a near-flawless business plan to be successful. The business plan ensures proper allocation of resources, as well. A poor business strategy is a recipe for failure thus giving rise to the strategic risk.

In the current era of technological advancements, an entrepreneur must stay up to date with the new advancements. Adopting new technologies can be an absolute game-changer, especially in competitive fields since they ease out complex tasks, therefore, saving on labor. The market as a factor can affect an entrepreneur's enterprise. Take the example of the demand for petrol in the country which has increased due to hyper-inflation thus driving the cost of petrol up. This is beneficial to the enterprises dealing in petrol but take the

instance whereby there is deflation then the prices go down and the businesses suffer huge losses (Weerakoon *et al.*, 2019).

Competition is an external business environment such that an entrepreneur has no power over the level of competition. In a case competition is high the risks of incurring a loss if he/she cannot compete favorably. It is like survival for the fittest where the small enterprises go out of business. An entrepreneur has to meet the cost of production (operational cost) otherwise risks making a loss. The entrepreneur has to monitor and ensure that the returns are higher than the expenditure. The reputation is the image of the business to the public. If the business image is ruined the entrepreneur is bound to incur loss since it deters the customers from purchasing the entrepreneur's product or service. Every company has to abide by the laws of the land and that is where compliance risk comes in. If the company fails to comply with the law, (evading taxes), the company may end up being sued. This can be destructive as it can lead to the dissolution of the company. Antoncic *et al.* (2018) noted that the propensity to take risks is one component that defines whether a business will prevail or not. People who are willing to take moderate risks find their business able to push through a hard time, especially during startups, and thrive (Caliendo *et al.*, 2010). The tendency of taking a risk may be related positively to entrepreneurship. Uncertainty of future effects results in business risks; social entrepreneurs may face difficult encounters when putting up enterprises, specifically concerning human resources and financial mobilization as likened to commercial entrepreneurs. According to Al-Nsour (2019), risk occurs when a huge number of resources are invested into an enterprise with uncertain results and high risks of collapse.

Performance of Social Enterprise

Universally, performance has been looked at as a way of attaining specific commitments, and this is seen in terms of the successes realized. According to Abbas *et al.* (2019),

organizational performance refers to the realization of positive results by an institution concerning the set goals and targets. Often, it is an important element of institutional plans. Wardani and Eliyana (2020) defined performance as the outcome of task accomplishment representing the desired level of success of each job and fulfilling policies and prospects as well as the obligations for a legitimate role of the firm. Performance is construed as the yield which can provide quality, quantity, and input of work to allow a high-performance in the enterprise (Yani *et al.*, 2020).

Rekarti and Doktoralina (2017) posited that performance is the organization’s ability to adapt to the environment that surrounds the company, together with any transformations in the market environment that consists of new entrants, customers, and those that may impact business operations (Yani *et al.*, 2020). Kendall *et al.* (2019) evaluation of business performance in SMEs may include the marketplace, production as well as profitability where an institution would create productivity in the company’s achievements in its entrepreneurship to meet the workforce productivity and clients’ wishes (Yani *et al.*, 2020).

2.7 Research Gaps

Table 2.1:

Research Gaps

Author and Year	Focus of study	Variables	Findings	Gaps Identified
Global Research Gaps				
Weerakoon <i>et al.</i> (2019)	The effect of social capital on the innovation of social enterprises in Australia.	<ul style="list-style-type: none"> ✓ Marketing networks ✓ Moderating effect of motivation 	<ul style="list-style-type: none"> -Marketing networks significantly and positively affected the innovation of social enterprises -Motivation did not significantly moderate social capital on the 	<ul style="list-style-type: none"> -The study, however, had a different dependent study variable from the current study. -The study was also carried out in a developed country where the social enterprise sector

				innovation of social enterprises	is affected by different macro and the micro-environment from the Kenyan case
Aritenang (2021)	The role played by social capital in the growth and general performance of rural firms in Indonesia.	<ul style="list-style-type: none"> ✓ Financial institutions ✓ Suppliers network 		The study found that the study variables played a significant role in the performance of rural firms	The study however was premised on government interjection through the provision of social capital support programs.
Ahn <i>et al.</i> (2019)	Effect of entrepreneur characteristics on the performance of start-ups in Jeollabuk-do	<ul style="list-style-type: none"> ✓ Entrepreneurial capacity ✓ technical qualifications ✓ moderation of the support system 		The study found no significant effect of entrepreneurial and technical qualifications on the performance of start-ups	-The study was carried out in a country with a different regulatory environment on entrepreneurship that has different macro and micro policies. -The study findings were inconsistent with previous scholars' findings.
Jayalakshmi and Saranya (2015)	Role of entrepreneurship in enabling economic development in Arts and Science learners in Chennai	<ul style="list-style-type: none"> ✓ Entrepreneurial intention 		A significant contribution by entrepreneurship in enabling economic development	The study was not focused on the business performance but on the performance of the economy which was too general.
Al-Nsour (2019)	Investigated the connection between entrepreneurship, innovation, and business results of production firms listed on the Amman stock exchange (ASE).	<ul style="list-style-type: none"> ✓ Entrepreneurship ✓ Innovation 		Risk-taking had the most significant impact, on the performance of the business.	The study was focused on large companies that were even not classified as social enterprises but as general commercial firms. The study was conducted outside Kenya where macro and micro-set-up are different
Regional Research Gaps					
Essel <i>et al.</i> (2019)	Investigation of the effect of	<ul style="list-style-type: none"> ✓ Entrepreneur characteristics 		The study found a significant and	-The study, however, was

	entrepreneur characteristics on the performance of 200 small enterprises in Ghana, Sunyani municipal,	✓ ✓	(gender and education levels) Moderating effect of firm characteristics (artisan or craft)	positive relationship between Entrepreneur characteristics and the performance of the firms.	conducted on a single variable (entrepreneur intention). -The study was also carried out from a regional and not local perspective with different micro and macro environment in Kenya.
Fatoki (2019)	The determinants of the social entrepreneurial intention of university students in South Africa	✓ ✓ ✓	moral obligation self-starting spirit entrepreneurial self-efficacy	The study outcome was that moral obligation, self-starting spirit, and entrepreneurial self-efficacy were not significant predictors of social entrepreneurial intentions though had a positive effect on business performance.	-The results show contradiction and inconsistency in the debate on the influence of social entrepreneurship on the performance of enterprises.
Mendonca and Siqueira (2016)	A comparison of accessibility between women-owned enterprises as well as a business owned by their male counterparts in Uganda.	✓ ✓	Financial networks Suppliers' networks	The study found that male owned enterprises had more accessibility to capital than their counterparts	The study was only carried out descriptive while ignoring inferential analysis.
Local Research Gaps					
Kiprotich (2018)	Determined the influence of social capital on the growth of SMEs in Nairobi County.	✓	social capital	The findings of the research established that social capital influences the growth of SMEs	-The study was conducted on general SMEs and not social enterprises. Findings from the general sector cannot be specific to the social set-up. -The findings were contradicting and inconsistent with other local studies by Rapando (2016) and

				Kaliti (2015) found significant findings
Rapando (2016)	Examined the impact of social entrepreneurship in Kariobangi.	✓ entrepreneurial environmental factors	The study revealed that the respondents considered individual attitudes and social entrepreneurial intention as important factors in enhancing performance.	-Kariobangi was a narrow sector compared to Nairobi county. Entrepreneurial environmental factors. -The findings were contradicting and inconsistent with other local studies by Kiprotich (2018) and Kaliti (2015) found significant findings
Kaliti (2015)	The impact of risk management traditions on the performance of companies in the hospitality segment in Nairobi County. The study revealed that risk accounts for 34% of the changes in business performance and did not significantly influence performance.	✓ risk management traditions	The study revealed that risk accounts for 34% of the changes in business performance and did not significantly influence performance.	-The findings were contradicting and inconsistent with other local studies by Kiprotich (2018) and Rapando (2016) found significant findings

2.7 Chapter Summary

Chapter two presented the theories that guided the study: Social Capital Theory, Social Enterprise Theory, Social Innovation Theory, and Stewardship Theory which pointed out that access to social capital, innovation, and willingness of the entrepreneur to undertake risks enhanced business performance (Nikolov, 2017).

Chapter two also presented the conceptual framework showing the relationship between the independent and the dependent variables. Measures for access to social capital included:

Marketing networks, financial institutions, networks with our supplies, and Training and development facilities. Measures for Entrepreneur Intention included: Opening new branches, Long-term and short-term goals, Marketing plans, and Inspiration & Motivation. Social innovation indicators included: New products, New processes in production, ICT in decision making, High-value products. Entrepreneurship Risk indicators identified by the study included: Reputation risks, Financial risks, Environmental risks, and Monetary risks, Finally, measures of Performance of Social Enterprise include revenues, number of employees, approval of customer service and client base.

Chapter two also presented the empirical findings of past scholars who carried out studies on entrepreneurship and business performance. The different findings and the methodologies applied by the scholars from global studies, regional studies, and local studies were presented. Finally, the chapter presented research gaps and the limitations of past scholars.

There exist so many inconsistencies and contradictions in the influence of entrepreneurship and the performance of organizations. Few of the studies carried out posed that there exists a positive and significant relationship (Al-Nsour, 2019; Beck & Lavine, 2018; Jayalakshmi & Saranya, 2015; Menike, 2020). However, others presented that there does not exist a significant relationship between entrepreneurship and performance (Fatoki, 2019). Theories on social entrepreneurship such as social capital theory and innovation diffusion theory point out that there exists a relationship between access to capital, innovation capabilities, and the performance of institutions. It was, therefore, worth it for the school to research to establish whether the findings support the theory that is provided on this subject or contradicts them. The scholars also found it necessary to undertake this study to establish the kind of relationship that social entrepreneurship provides with the performance of social enterprises because different scholars have given contradicting

findings in their areas of study. The research, therefore, aided in forming a hypothesis that improved on the predictability of the theories given in explaining the phenomenon of social entrepreneurship and the performance of social enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research design, the target population for the study, the sampling procedures that were applied in the study as well as the sample size. The study also comprises the instruments that were used to collect data. Piloting was conducted to test for validity and reliability. Data collection and analysis techniques are also presented.

3.2 Research Design

Bell (2018) defined research design as the game plan adopted by a study to facilitate the study to provide answers effectively to research questions and allay any problems faced in the study. Creswell and Creswell (2017) described a research design as the desired framework and inquiry intended to use in answering questions identified in a study and reaching a determination. A great research design describes its objective and consistency among research questions and suggested research methods. The study applied a descriptive research design to investigate the relationship of the study variables, due to its ability to capture the perception of respondents by answering the questions that relate to how? Where? and what?, among others. The descriptive research design also borrowed heavily from positivism theory which holds that research can improve the predictability of theories by the development of hypothesis to the relationship between variables through the creation of quantitative data and testing of the relationship between the quantitative data (Sekaran & Bougie, 2016). The study used a descriptive research design because the Likert questions were able to answer the questions on how? where? and what? about the research variables quantitatively. Likert's responses were also computed for composite means of each variable and the researcher was also able to test the hypothesis of the relationship of the variables. Descriptive research design states things as they are without manipulation, which also

explains further why the researcher choose a descriptive research design to state exactly the responses given by the respondents (Asenahabi, 2019).

3.3 Study Population

Population in research refers to a collection of persons or items of study from which the investigator intends to examine survey data that are to be used to make assumptions (Greener & Martelli, 2013). The study unit target population was 36 social enterprises in Nairobi County, which constituted the target population. The unit of analysis were the middle-level managers who included Human resource managers, Finance manager, Procurement managers and their assistants, as well as technical managers and their assistants. The study selected the middle-level managers as they are the ones who are highly involved in the management activities in their enterprises. Target population in the study was 216 employees licensed of social enterprises in Nairobi County. This target population was tasked with the responsibility of overseeing the entrepreneurial activities in these businesses and also making entrepreneur decisions in the undertaking of their business to enhance better performance. Their decision-making is part of the important entrepreneur decisions that add value to the shareholders of the business enterprises.

Table 3.1:

Target Population

Category	Target Population
Human resource Managers	36
Procurement Managers	36
Procurement assistant	36
Technical Managers	36
Technical assistant	36
Finance department Managers	36
Total	216

Source: Nairobi County (2017)

3.4 Sample size and Sampling Techniques

According to Bell (2018), a sample refers to the number of individuals, objects, or observation that shares similar characteristics with the entire population. Appropriate sample size should be economical to obtain as well as being representative of the entire population. The sample size was 138 middle-level managers in Nairobi County.

The primary goal of sampling is to identify a representative of the targeted group where the investigator intends to collect information. The study used stratified random sampling. The research used a stratified random sampling design across the strata after applying the probabilistic sampling formula proposed by Taro Yamane to get a more representative sample size. The stratified random sampling procedure was preferred due to its ability to give a representative sample size across the strata (Kothari, 2004).

The sample size was determined by using *Yamane's* formula.

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

Whereby:

N = population size, n =sample size, and e =level of precision.

At 95% confidence level which is $p = 0.05$ and $N = 216$. The sample size was as follows:

$$\text{Sample size } n = 216 / [1 + 216 (0.05)^2]$$

Sample size $n = 138$. The sample of 138 was randomly identified from the strata. Table 3.2 showed the sample size from the strata that were randomly identified, to have a representative sample the study used a computerized number generation using Microsoft excel with a population of 216 numbered employees according to the department and run actual random number generation for each stratum to have a representative sample.

Table 3.2:*Sample Size*

Category	Population	Proportion	Sample size
Human resource Managers	36	36/216*138	23
Procurement Managers	36	36/216*138	23
Procurement assistant	36	36/216*138	23
Technical Managers	36	36/216*138	23
Technical assistants	36	36/216*138	23
Finance department Managers	36	36/216*138	23
Total	216	1	138

Source: Researcher (2022)

3.5 Data Collection Instruments and Procedures

Asenahabi (2019) defined data collection as a method of collecting information within stipulated topics of interest. Data collection includes procedures laid down for a specific study, which includes collecting data through structured or unstructured interviews, observation, or documents. The collection of primary data in this analysis was by questionnaires. Questionnaires were chosen due to their ability to collect a large amount of data within a short time, especially on perception questions (Dikko, 2016).

The questionnaire comprised of two sections. The first section dealt with general information and the second section dealt with the objectives of the study, social capital, followed by entrepreneur intention, social innovation capabilities, entrepreneurship risk and lastly questions on performance.

The data collection exercise was carried out within a period of three weeks with the help of two research assistants. The data collection exercise was either through physically administering the questionnaire to the respondents in the study or online or through online way. Because the data collection exercise was done during a time when the whole world was grappling with COVID-19 the guidelines given by the ministry of health (MOH) as

well as the World Health Organization (WHO) were followed strictly during the data collection exercise: hands were always sanitized as well as the researcher keeping a social distance of about 1.5 meters during handing over of the physical questionnaire or seeking consent to administer the questionnaire at the place of work of the respondents.

The questionnaires were administered to the respondents physically by the research assistants and the researcher, while observing the COVID-19 guidelines set by the Ministry of Health and World Health Organization. To boost the data collection outcome, the researcher also used online questionnaires. The physical questionnaires were collected after three weeks. The filled questionnaires were collected for the next stage of data entry and analysis. According to Dikko (2016), online questionnaires are less costly to administer and also give the researcher an easy time because the researcher does not have to do data entry again.

3.6 Pilot Testing

Piloting was done to test both the validity and reliability of the research instrument. Dikko (2016) provided the following formula for determining pilot size. $np = e(N-n)$. Where np was the pilot sample size, e was the margin of error as a percentage, N was the population of the study whereas n was the sample size for the study. Therefore, with a margin error of 10% allowed, the following was the pilot sample size (np): $np = 10\% (216-138) = 7.8$, which was 8-line managers. Pre-testing of the suitability of the study instrument was carried out in Machakos and Kiambu Counties on available social enterprises in finance, agriculture environment, and manufacturing, among others. Pre-testing also enabled the researcher to clarify and amend areas that were vague in the questionnaire.

Validity of the Research Instrument

In research, validity is the ability of a research instrument to capture data that is useful to the study. Dikko (2016) explained validity as the data instrument's capability about how

well collected data would cover the study. Two ways of achieving this are through both content and construct validity. Content validity refers to the wording in the questionnaire as to whether they are grammatically correct, they are non-ambiguous, and also are friendly to the user and they have no jargon. On the other hand, the construct validity refers to the actual factor/items as to whether their measure score on a scale of Kaiser-Meyer-Olkin Measure of Sampling Adequacy achieves at least 0.7 scores. Besides, the Bartlett's test was used to establish construct validity at a p-value of 0.05, the values that were lower than 0.7 Bartlett's test scale were considered fit for further analysis as valid measures. Besides KMO values that were above 0.7 were considered appropriate for further analysis (Kothari, 2004). The researcher also adopted variables that were found valid by future scholars in the same area of study to achieve reliability.

Reliability of Research Instrument

Cronbach's Alpha at 0.7 was used to evaluate the study instruments' internal consistency amongst research instruments. The results were used to establish the research instrument reliability of the questionnaire. A reliable instrument is one that according to Asenahabi (2019), you can use during two-time intervals and yield similar results. Cronbach alpha higher than 0.7 for the respective variables was treated as reliable. The researcher also used a test-retest method whereby the same respondents were asked the same questions in one week. However, the responses by the pilot respondents were not included in the final report, they were only used to improve the constructs by eliminating measures that were weak or improving language in the questionnaire. Similarly, Dikko (2016), tested reliability using Cronbach's Alpha and affirmed that a reliability coefficient greater than 0.7 was reliable. The researcher also relied of expert guidance of the supervisors, who gave their support on the tools and affirmed that instruments were reliable as per the set criteria by the University for carrying out academic study.

3.7 Data Analysis and Presentation

The study carried out descriptive, diagnostic tests as well as inferential analysis. The content was described in the following sub-headings.

Descriptive Analysis

After collection of the raw data from both online and physical administration, data was entered for analysis using SPSS (23.0). Results were summarized in tables and interpreted narratively. Data for the study was quantitative and therefore, quantitative analyses were conducted. The descriptive analysis involved the use of; frequencies, standard deviation, and mean and other central tendency.

Diagnostic Tests

Assumptions of linear regression were conducted including multi-collinearity tests, correlation analysis, tests for autocorrelation, tests of homoscedasticity as well as Normality tests, and linearity tests before the actual regression was carried out. Schmidt and Finan (2018) supported these tests and postulated that any violation in the assumptions implied that the researcher should instead consider a non-linear regression model or remedy the situation in order to fit the status for linear regression.

According to Wang and Chow (2018), multi-collinearity is a serious problem when carrying out multi-linear regression analysis and shows serious problems with the independence of the independent variables. Linear regression assumes that all the independent variables are indeed independent and there is no multi-collinearity between the independent variables. The test that was conducted to check for multi-collinearity was through Value Inflation Factor (VIF) and tolerance, tolerance is the inverse of VIF. Acceptable values of VIF values run between 1 and 10. Values that are either higher than 10 or lower than 1 indicate serious multi-collinearity. Another method to check for multi-collinearity is through correlation analysis between the independent variables. If the

correlation is too high, that is, above 0.8 between the independent variables, then there is a problem of multi-collinearity. To address multi-collinearity one of the variables that are highly correlated is deleted and the other is left in the model (Schmidt & Finan, 2018).

Auto-correlation is also another problem in linear regression analysis because it indicates that residuals from previous observations affect the measurement of a variable in its current state, especially for panel data. To determine if auto-correlation is present Durbin Watson was used; Durbin Watson has a scale that runs between 1 and 4. If the values of Durbin Watson are closer to 2 then there are no problems with autocorrelation. However, where values are below 2 it shows positive autocorrelation of the residuals, and values for Durbin Watson that are above 2 show negative autocorrelation (Schmidt & Finan, 2018).

The other assumption of Normality in multi-linear regression is that the sample data used in the study has been obtained from a population whose data was normally distributed. The hypothesis set was that sample data was not obtained from a population with normally distributed data. To test for the normality Shapiro-Wilk test was used, the rule was to treat the data as normal if the p-value observed was higher than 0.05, these tests were also used by (Schmidt & Finan, 2018).

The other test carried out before regression analysis was the Homoscedasticity test. The linear regression model assumes that there is equal variance in the residuals of the independent variable (Schmidt & Finan, 2018). Instances, where there is no equality in the residuals among the independent variable, is referred to as heteroscedasticity situation. To test for homoscedasticity assumption, Breusch-Pagan test was applied, where the p-value was greater than 0.05 level of significance, then the data was considered to be in a homoscedasticity situation. Schmidt and Finan (2018) also preferred the use of the Breusch-Pagan test in testing for the violation of the Homoscedasticity test in multi-linear regression analysis.

Finally, the test of linearity was important to check whether there was a significant correlation between study's variables, study variables are supposed to be linearly associated. Violation of linearity affects the assumption of linearity. To test for linearity in multi-linear regression analysis the Schmidt and Finan (2018), advocated for the use of scatter plots to view if there are variables with the relationship even before conducting actual regression analysis. The scatter plots were observed as to whether they showed the pattern of relationship.

Inferential Analysis

The inferential analysis included the use of analysis to test the hypothesis at a significance level of 0.05 or 95 confidence level. Data for the study was presented on tables and figures with the interpretation. The mean score and standard deviation were used to analyse the Likert-scale questions.

Following model was applied.

$$Y = \alpha + \beta_1 ASC + \beta_2 EI + \beta_3 SIC + \beta_4 ER + \epsilon$$

Whereby.

Y=Performance of Social Enterprise

α =Constant term

ASC = Access to social capital

EI= Entrepreneur intention

SIC= Social innovation capabilities

ER= Entrepreneurship risk

ϵ = is the error term

3.8 Ethical Considerations

The researcher used language in the questionnaire that did not cause psychological harm to the respondents. Besides, the researcher assured the respondents that the data that was

collected was strictly going to be used for purpose of writing an academic thesis. The researcher, therefore, assured them that apart from the academician no other party would get the data without first getting the respondents' permission. Both authorization letters from the University and NACOSTI letters were presented during the administration of the questionnaire whether online or physically to ascertain to the respondents that the questions were solely for academic purposes.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS, AND DISCUSSION

4.1 Introduction

This chapter comprises of data analysis, its findings, and discussions. The study presents response rate as given by the research, validity as well as reliability results. Descriptive statistics, diagnostic statistics for the linear regression assumptions and inferential statistics are also presented. Current findings contrasted with past scholars' findings, are also analyzed.

Response Rate

The targeted respondents were middle-level managers working in social enterprises in Nairobi County as finance managers, procurement managers and their assistants, human resource managers, and technical managers as well as their assistants. 138 questionnaires were administered to respondents either physically or through online way. Out of the 138 questionnaires administered 125 managed to respond which represented a response rate of 90.58%. The high response rate was realized as a result of the researcher reminding the respondents through text messages to respond to the questionnaire. According to Fowler (2017), a response rate of above 70% is considered excellent and the responses can be used in carrying out important statistics.

Table 4.1:

Response Rate

Response	Frequency	Percentage (%)
Responded	125	90.58
Unfilled/unreturned questionnaires	13	9.42
Total	138	100

Source; Researcher (2022)

Validity and Reliability Analysis

Validity tests on KMO and Bartlett's tests were presented on the variables of the study.

Table 4.2:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.882
Bartlett's Test of Sphericity	Approx. Chi-Square	2385.533
	Df	465
	Sig.	<.001

Source; Researcher (2022)

A KMO value of 0.882 was revealed indicating that the overall tool was appropriate for further analysis, therefore, the constructs in the questionnaire were adequate for further analysis. The sample was also adequate for further analysis. The Bartlett's Test revealed a p-value of <.001 which indicated that the items were adequate for analysis. Additional results for the constructs validity were given in appendix V on Exploratory Factor analysis (EFA) where the individual measure was shown.

The researcher further established the research instrument reliability through Cronbach's α , the study was to treat measures above 0.7 as reliable for analysis whereas measures whose score was below 0.7 was considered inappropriate. Results of the reliability score through Cronbach's alpha on the overall questionnaire score are presented in table 4.3.

Table 4.3:

Reliability Analysis

Determinant	No of items	Cronbach's Alpha	Decision
Access to social capital	5	.818	Reliable
Entrepreneur intention	6	.885	Reliable
Social innovation capabilities	7	.789	Reliable
Entrepreneurship risk	7	.869	Reliable
Performance of social enterprise	6	.872	Reliable

Results in Table 4.3 shows that the overall questionnaire was internally consistent as all the constructs achieved reliability scores that were above 0.7, this implied that the research instrument was important for additional analysis. One such example was a question under social innovation capabilities was the extent to which the respondents agreed with the statement 'we have come up with new ways in our production process.' From the final Cronbach's alpha scores, it was evident that the study's data collection tools met the consistency test since the values were 0.7 and above.

4.4 Demographic Information

Demographic information including gender, working experience, and the highest level of education of the middle-level managers working in the social enterprises in Nairobi County were analyzed.

Gender Distribution of the Respondents

The respondents' gender is given in Table 4.4.

Table 4.4:

Gender of the Respondents

Gender	Frequency	Percentage
Male	76	60.8
Female	49	39.2
Total	125	100

Source; Research Data (2022)

Table 4.4 showed that 60.8% were male respondents while 39.2% were female respondents. This indicated that male workers dominated the social enterprises in Nairobi County, although due to changes in cultural set-up and contemporary campaigns on gender equality more women are now working.

4.5 Time the respondents had worked in the Company

The researcher wanted to establish the work experience of the respondents in the company to establish how well experienced they were. Table 4.5 presented the summary.

Table 4.5:

Working Experience in the Company

Working Experience in years	Frequency	Percentage
< 5 years	0	-
Between 6 - 10	47	37.6
Between 11 – 15	60	48.0
Between 16 – 20	13	10.4
21 >	5	4.0
Total	125	100

Source; Research Data (2022)

The majority of the staff as given in Table 4.5 had worked in the enterprises for a period that ranged between 11 and 15 years as shown by 48.0%, followed by 37.6%, who had

working experience of (6-10 years). Those who followed at 10.4% had working experience of (16-20 years) and finally, 4% had worked for 21 years and above for their respective social enterprises. The findings showed that the respondents had good working experience in their organization therefore, they were able to answer questions that pertained to social entrepreneurship and the performance of social enterprises, consequently, the information provided by the respondents was valuable.

4.6 Sector of operation of the Social Enterprise

The research study sought to establish the category in which the social enterprise operated. Table 4.6 summarized the different sectors.

Table 4.6:

Enterprise Sector

Sector	Frequency	Percentage
Finance	7	19.4
Environment	11	30.6
Education	4	11.1
Agriculture	3	8.3
Health	1	2.8
Technology/Manufacturers	6	16.7
Others (construction, consultancy)	4	11.1
Total	36	100.0

Source; Research Data (2022)

The results findings revealed that the majority of the firms operated in the environmental sector as shown by 30.6%; followed by 19.4% of the firms in the finance sector, 16.7% of the firms were in the technology/manufacturing sector, followed by 11.1% of the firms operated in the education sector, only 2.8% of the social enterprises were in the health sector. Different firms served different social needs in the community.

4.3 Descriptive Analysis

The descriptive analysis findings on independent variables, Access to Social Capital, Entrepreneur Intention, Social Innovation Capabilities, and Entrepreneurship Risk and dependent variable Performance of Social Enterprise. A 5-point Likert-scale questions was used with (1) = Strongly Disagree, (2) = Disagree, (3) = Undecided, (4) = Agree, (5) = Strongly Agree. The mean values were being used to interpret the results as presented below.

Descriptive statistics on Access to Social Capital

For the study to achieve its objective, this study aimed to determine the influence of access to social capital on performance of social enterprises. A five-point Likert-Scale was used to determine the rate of the level of significance on of the statements below, and ranked from 1 to 5, with (1) - strongly disagreed, (2)- disagree, (3)- undecided, (4)- agree and (5) - strongly agree.

Table 4.7:

Descriptive Statistics on Access to Social Capital

Statement on Descriptive statistics on Access to Social Capital	N	Mean	Standard deviation
Our enterprise has sufficient marketing networks for social enterprises	125	4.05	.876
We receive technical advice from formal institutions including financial institutions and consulting agencies	125	4.14	.734
We have a non-governmental organization that supports us with capital	125	4.49	.932
We have built networks with our suppliers	125	4.65	.961
We have training and development facilities on social entrepreneurship	125	3.96	1.071
Composite Mean	125	4.26	

Source; Researcher (2022)

The first objective of the study was to determine the influence of access to social capital on performance of social enterprises. Respondents were in agreement as shown by Table 4.7 that, they had sufficient marketing networks for social enterprises which was provided by a mean of 4.05; asked on the extent to which they received technical advice from formal institutions including financial institutions and consulting agencies, they were also in agreement as given by a mean of 4.14; as to whether they had received non-governmental organization that supported them with capital, they were in agreement as shown by a mean of 4.49; and finally, asked whether they had built networks with suppliers as well as having training and development facilities they were also in agreement as revealed through a mean score of 4.65 and 3.96 respectively.

The findings of the study agreed with Beck and Levine (2018), who revealed that through access to credit, a business or investment can receive both financial support as well as technical support. They further supported the study findings when they revealed that access to credit is dependent and has a role to play in the performance of an enterprise.

Descriptive Statistics on Entrepreneur Intention

The second objective was to assess the influence of entrepreneur intention on the performance of social enterprise. The researcher applied a five-point Likert-scale to determine the rate of the level of significance on of the statements below. The scale was: strongly disagree = (1), disagree = (2), undecided =(3), agree =(4) and strongly agree =(5).

Table 4.8:***Descriptive statistics on Entrepreneur Intention***

Statement on Entrepreneurs Intention	N	Mean	Standard deviation
We have already set both long-term and short-term goals for the enterprise	125	4.03	1.076
We have technical and networking skills to run the enterprise	125	4.45	1.079
We are working on starting new branch(s)	125	4.15	.918
Our business has had its share of success and challenges which has given us vast experience	125	3.99	1.107
We are inspired by the daily activities of finding solutions for our clients/customers	125	3.95	1.002
We have established marketing plans for the enterprises	125	4.07	1.307
Composite Mean	125	4.10	

Source: Researcher (2022)

As revealed in Table 4.8; asked whether they had set both long-term and short-term goals for the enterprise the respondents were in agreement as given by a mean of 4.03; further asked whether they had the technical knowledge to run their business, they were in agreement as given through a mean of 4.45; as to whether the respondents were intending to open new branch(s), they were in agreement a given by a mean of 4.15. The respondents also agreed that they were inspired by finding solutions to problems facing their customers as well as coming up with new market plans for the businesses as given by a mean of 3.95 and 4.07, respectively.

Jayalakshmi and Saranya (2015) study concurred with the findings when he argued that there is a significant contribution by entrepreneurship in enabling economic development through the innovative approaches adopted in the production of commodities. Based on the findings, a risk-taking character, as well as an entrepreneurial attitude, supports entrepreneurial intent.

Descriptive Statistics on Social Innovation Capabilities

Social innovation capabilities were the third objective of the study, and its objective was to determine the influence of social innovation capabilities on performance of social enterprises. Likert-Scale scale of five point was applied to rank the scales from 1 to 5 with 1 strongly disagree and 5 strongly agree to measure the statements on table 4.9.

Table 4.9:

Descriptive Statistics on Social Innovation Capabilities

Statement on Social Innovation Capabilities	N	Mean	Standard deviation
We have come up with a unique product in the market	125	4.16	1.066
Customers have derived great value from our new products and services launched in the market	125	4.37	0.954
We have a real-time customer interaction feedback platform for handling customers' questions or complaints	125	4.26	1.072
We have come up with new ways in our production process	125	4.12	0.889
We have integrated ICT into decision making	125	4.31	0.83
We have an App for reaching our customers	125	4.41	0.974
We have a virtual/digital platform where we can offer our products	125	4.26	1.002
Composite Mean	125	4.27	

Source: Researcher (2022)

Results in Table 4.9 revealed that the respondents were in agreement that they had introduced new products in the market as given by a mean of 4.16; asked whether they had a real-time customer feedback platform respondents were in agreement as shown through a mean of 4.26; respondents were also in agreement that they had come up with new processes of production which was given through a mean of 4.12; asked whether they had an App for reaching customers as well as ways of digitally serving the customers, they agreed as given by a mean of 4.41 and 4.26 respectively.

The verdicts agreed with those of Dobele (2015) who undertook an exploration of aspects impacting social innovation, his study revealed that companies have come up with cultures that support innovation by using ICTs in product design and development, use of statistical and analysis in marketing to determine demand as well as using ICT to reach global customers through You-tube and other social media.

Descriptive Statistics on Entrepreneurship Risk

The fourth objective of the study was to assess the influence of entrepreneurship risk on performance. The researcher used a Likert-Scale ranging from (1) - strongly disagree, (2) - disagree, (3) - undecided, (4) - agree (5) strongly agree to measure the statements on Table 4.10.

Table 4.10:

Descriptive Statistics on Entrepreneurship Risk

Statement on Entrepreneurship Risk	N	Mean	Standard deviation
We are facing stiff competition from our competitors	125	3.83	.917
We face uncertainty during election time-political risks	124	3.66	0.01
We are working in an environment that is not conducive and poses environmental hazards	125	3.22	1.031
We are currently unable to access finances to run the business	121	3.65	0.967
We are facing harsh cyberbullying that is adversely affecting the reputation	125	3.61	1.205
We are faced with economic hardships	125	3.92	1.030
We are not able to seal financial loopholes which have at some point led to the loss of money in our business	125	2.19	0.927
Composite Mean	125	3.44	

Source: Researcher (2022)

As revealed in Table 4.10 the respondents agreed that their firms were facing stiff competition from their competitors as shown by a mean of 3.83; the respondents were also neutral on the statement that they also faced political uncertainty during the electioneering

period as shown by a mean of 3.66; the respondents were also neutral on the issue of operating in an environment that posed to their businesses hazards as shown by a mean of 3.22; at a mean of 3.65 they agreed with the statement that we are currently unable to access finances to run the business; the respondents were undecided on the statement that they were facing cyberbullying that was hurting their reputation at 3.61; faced with hard economic times the mean was 3.92. Finally, the respondents disagreed that they were unable to seal financial loopholes which have at some point led to the loss of money in our business as shown by a mean of 2.19.

In Antoncic *et al.* (2018) study, the conclusion of the findings agreed with present study that entrepreneurs face all manner of risks posed by the environment, the regulating bodies, and risks in the market posed by competitors or demand as well, but the most important is that an entrepreneur as a risk-taker should make moderate risk and stay unbowed by the pressure posed by risks to grow their business.

Social Enterprises Performance

The researcher also ranked the perceptions of the respondents on the extent they either agreed or disagreed with the statements provided on the social enterprises' performance for the enterprises. The Likert-Scale was 1 to 5, with 1=strongly disagree, 2= disagree, 3= undecided, 4=agree and 5= strongly agree. The statements on performance of social enterprise are explained on Table 4.11.

Table 4.11:*Descriptive Statistics for Performance of Social Enterprise*

Statement on Performance of Social Enterprise	N	Mean	Std. Deviation
We have gained a higher market share	125	4.67	1.030
Our sales and revenues have increased	125	4.09	1.016
We have increased our profits	125	4.18	1.083
We have increased the average number of customers coming to our business annually	125	4.07	0.959
We have increased our employees' numbers	125	3.01	0.847
We have received more positive feedback from our satisfied customers	125	4.51	1.406
Composite Mean	125	4.08	

Source; Researcher (2022)

As revealed in Table 4.11 the respondents agreed that they had their revenues increased as shown by a mean score of 4.67; the respondents also agreed that their average number of clients coming to business annually have increased as shown by a mean score of 4.09; the respondents also agreed that their employees had increased as shown by a mean of 4.18; the respondents further agreed with the statement that they had received more positive feedback from our satisfied customers as shown by a mean of 4.07. The results agreed with Rekarti and Doktoralina (2017), who argued that the performance of the organization is its ability to adapt to the environment that surrounds it, together with any transformations in the market environment that consists of new entrants, customers, and those that may impact business operations.

4.4 Diagnostic Tests

Multi-Collinearity

The first test that was conducted was on the assumption of independence of linear regression variables was multi-collinearity test to ascertain that the independent variables were not highly correlated.

Table 4.12:

Test for Multi-collinearity

Variable (Constant)	Collinearity Statistics	
	Tolerance	VIF
ASC	.535	1.871
EI	.586	1.707
SIC	.376	2.661
ER	.413	2.419

Source; Researcher (2022)

Table 4.12 revealed that all the independent variables had Value Inflation Factor (VIF) values that were between 1 and 10 and therefore, there was no multi-correlation between the independent variables. Access to social capital (ASC) revealed a VIF value of 1.871, entrepreneur intention (EI) showed a VIF value of 1.707; social innovation capabilities (SIC) also had a VIF value of 2.661, and finally, a VIF of (2.419) on entrepreneurship risk (ER). All the measures had VIF values that did not have multi-collinearity.

Correlation Analysis

Another test done to test for independence was Pearson correlation analysis. The results are presented in Table 4.13.

Table 4.13:*Correlations Analysis*

		ASC	EI	SIC	ER
ASC	Pearson Correlation	1			
	Sig.(2-tailed)				
	N	125			
EI	Pearson Correlation	.583**	1		
	Sig. (2-tailed)	<.001			
	N	125	125		
SIC	Pearson Correlation	.605**	.554**	1	
	Sig. (2-tailed)	<.001	<.001		
	N	125	125	125	
ER	Pearson Correlation	.559**	.522**	.750**	1
	Sig. (2-tailed)	<.001	<.001	<.001	
	N	125	125	125	125

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher (2022)

Table 4.13 revealed that no variables had Pearson correlation coefficients (r) that was higher than 0.8 therefore, there was no multi-correlation problem. Research showed that, Access to social capital correlated Entrepreneur intention at Pearson correlation (r) of .583, at significance level of <0.01 (two tailed). The number that responded was 125 and the outcome was no multi-correlation since the P(r) was less than (P<0.8). Access to social capital correlated with social innovation capability at Pearson correlation (r) of .605, and at significance level of <0.01 (two tailed). 125 responded and therefore, there was no multi-correlation as the P(r) was less than (P<0.8). Finally, access to social capital correlated Entrepreneurship risk at .559 at significance level of <0.01 (two tailed). The number that responded to this statement was 125 and whose outcome was no multi-correlation since the P(r) was less than (P< 0.8).

Test for Autocorrelation

The other test that was carried out was Autocorrelation. Results were presented on the Durbin Watson whose scale ranges between 1 and 4. Results were presented in Table 4.14.

Table 4.14:

Test for Autocorrelation

Model	Durbin-Watson
1	2.228

- a. Predictors: (Constant), ER, EI, ASC, SIC
- b. Dependent Variable: SEP

Source; Researcher (2022)

Results in Table 4.14 revealed Durbin Watson value of 2.228 which is still around the required 2 therefore, there was no problem with serial-autocorrelation in the data.

Tests for Normality

A test for normality was conducted to ascertain that the data in the sample was obtained from a population with normally distributed data through Kolmogorov-Smirnov^a and Shapiro-Wilk tests. The rule was to treat the data as normal if the p-value observed was higher than 0.05.

Table 4.15:

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
SEP	.184	125	.831	.878	125	.902
ASC	.160	125	.551	.899	125	.656
EI	.163	125	.408	.928	125	.568
SIC	.180	125	.407	.855	125	.677
ER	.203	125	.511	.829	125	.567

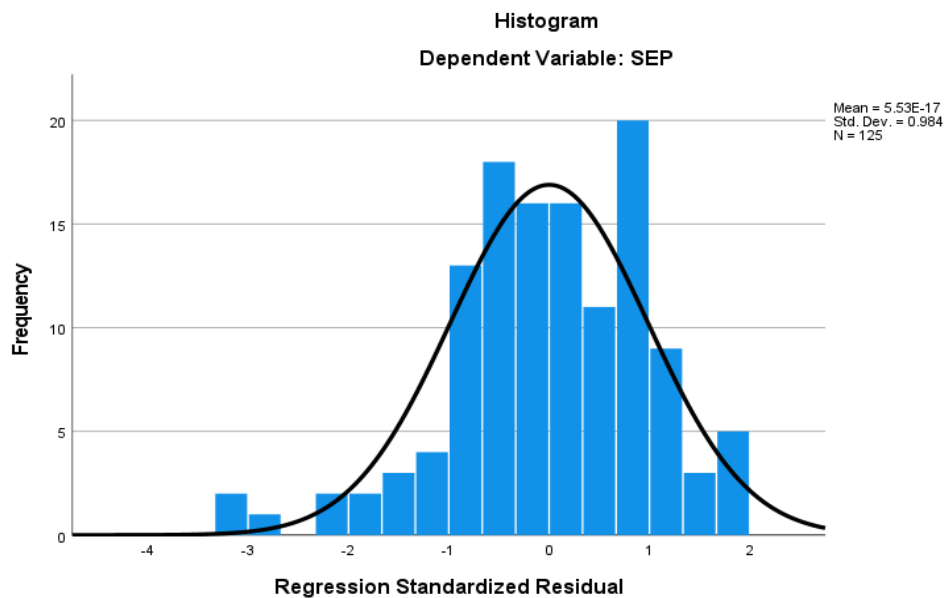
a. Lilliefors Significance Correction

Source; Researcher (2022)

Results in Table 4.15 on Shapiro-Wilk show that, p-values on all the variables that were greater than 0.05 which implied that sample data was obtained from a population with normally distributed data. Social enterprise performance (SEP= 0.902> 0.05) Access to social capital (ASC= 656>0.05), Entrepreneur intention (EI= 0.568> 0.05), Social innovation capabilities (SIC=0.667> 0.05), and Entrepreneurship risk (ER=0.567> 0.05) respectively. Results in figure 4.1 confirmed that there was a normal distribution of data for the study.

Figure 4.1:

Normality Tests



Homoscedasticity Test

The test for homoscedasticity was to establish whether there was a violation of the rule on the equality of variation in the residuals among the independent variable. The rule for the Breusch-Pagan test is to consider homoscedasticity present (that is no variation of the residuals) if the p-value is greater than 0.05. The null hypothesis, therefore, was that there was no homoscedasticity or there was no variation of the residuals.

Table 4.16:

Homoscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.302	.237		1.275	.205
ASC	.022	.055	.051	.410	.683
EI	-.057	.072	-.093	-.786	.434
SIC	.044	.065	.101	.683	.496
ER	-.048	.060	-.114	-.805	.423

a. Dependent Variable: Unstandardized residuals squared

Source; Researcher (2022)

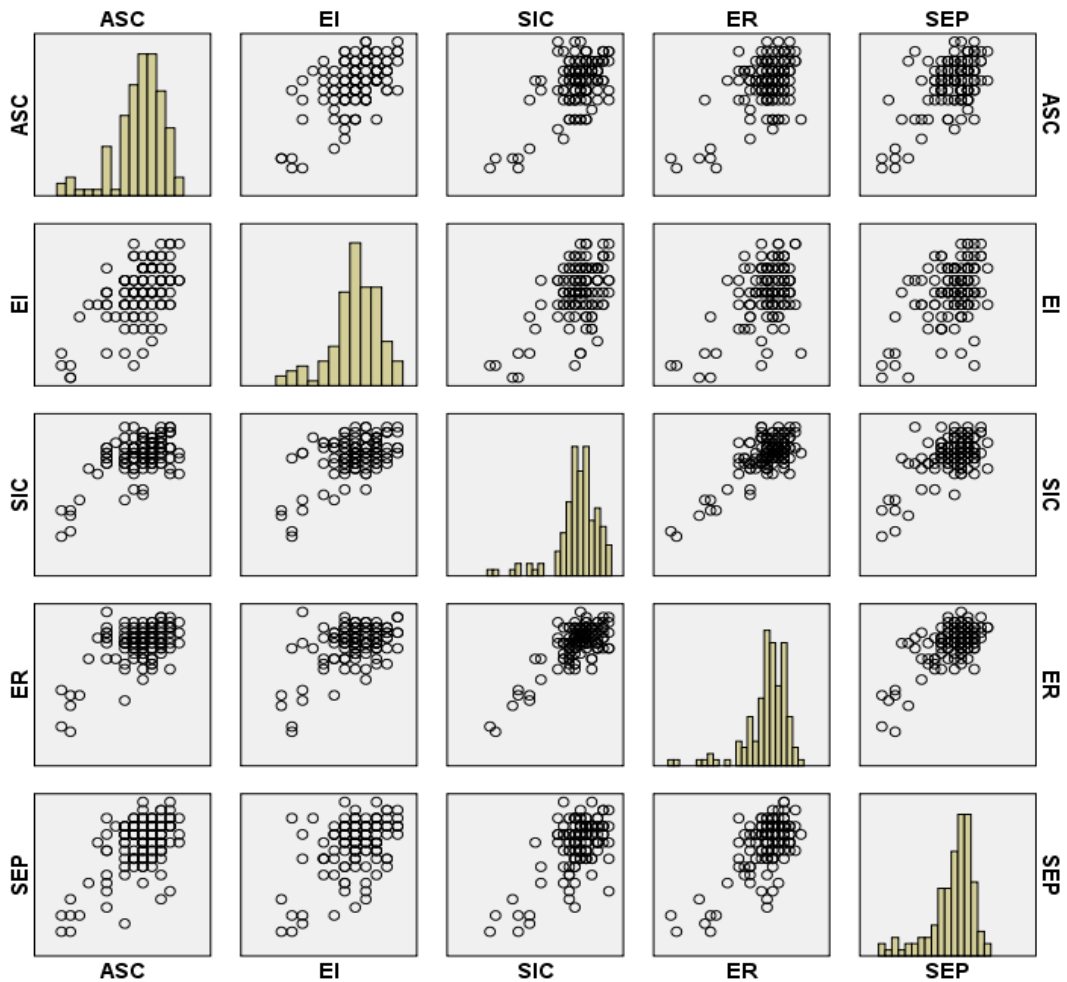
Table 4.16 revealed that the *p-value* for all the independent variables (ASC= 0.683>0.05, EI=0.434> 0.05, SIC= 0.496> 0.05, ER= 0.423>0.05). All the independent variables were greater than 0.05 and therefore, the study revealed that there was homoscedasticity or there was no variation of the residuals in the independent variables.

4.6.5 Linearity Test

To test for linearity as advocated by Schmidt and Finan (2018), the study used scatter plots of all the variables in the study to observe if they were observable relationships between the study variables. The diagonal spread of the dots indicates some relationship between variables, however, if the plot shows that the data is held in a ball or flat line it shows no linearity. This task was realized by coming up with graph board templates for the main variables in the study. The results are presented in Figure 4.2.

Figure 4.2:

Linearity Test



Source: Researcher (2022)

The observations from Figure 4.2 are that the independent variables had some relationship (linearity) with the dependent variable because the pattern appears to be diagonal. The study also observed that even the independent variables themselves also showed linearity. However, the significance level of the linearity or association can only be established

through correlation analysis or even regression analysis either through analysis of variance or the regression coefficient table.

4.7 Inferential Statistics

After the researcher was satisfied that the data for the variables were suitable for regression analysis, the researcher run a multi-linear regression model. Results were discussed under Model Summary, analysis of Variance (ANOVA), and regression coefficients.

Model Summary

The model summary presented the correlation of determination which revealed the extent to which the four independent variables explained the changes in the performance of enterprises.

Table 4.17:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.736 ^a	.541	.526	.38125	2.228

a. Predictors: (Constant), ER, EI, ASC, SIC

b. Dependent Variable: SEP

Source; Researcher (2022)

The R-square as shown in Table 4.17 was at .541 (54.1%), which implied that all the independent variables in the model could explain 54.1% variations or changes in the dependent variable. Other variables not included in the model explained about 45.9% of the changes in the performance.

Analysis of Variance

To establish the goodness in the fit of the model used in the study the F-ratio and the associated significance level was determined. Results for the ANOVA were presented in Table 4.18.

Table 4.18:*Analysis of Variance*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.559	4	5.140	35.360	<.001 ^b
	Residual	17.443	120	.145		
	Total	38.001	124			

a. Dependent Variable: SEP

b. Predictors: (Constant), ER, EI, ASC, SIC

Source; Researcher (2022)

Results in Table 4.18 revealed a $df = (4, 124)$, F-ratio of 35.360 and a p-value of <.001. The results are an indication that the model proposed had a good fit because the p-value of <.001 was significant in the prediction of performance.

Regression Coefficients

The regression model was run to establish whether the variables in the model were significant predictors of performance.

Table 4.19:*Regression Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.473	.377		1.255	.212		
ASC	.280	.087	.272	3.215	.002	.535	1.871
EI	.071	.115	.050	.622	.535	.586	1.707
SIC	.120	.104	.117	1.161	.248	.376	2.661
ER	.411	.096	.413	4.290	<.001	.413	2.419

a. Dependent Variable: SEP

Source: Researcher (2022)

Results in Table 4.19 revealed a β of 0.473, $t = 1.255$ on the constant which was associated with a p-value of 0.212 which implied that the constant was not a significant predictor of performance of social enterprises in Nairobi County.

The results in the table also revealed a β of 0.280, $t=3.215$ on the access to social capital that was associated with a *p-value* of .002 which implied that access to social capital positively and significantly influenced performance of social enterprises in Nairobi County. Ozigi (2018) study agreed with the findings in analyzing the effect of social capital and the performance of enterprises in Nigeria among SMEs. The study revealed that the three components of capital (mutual trust, social networks, and reciprocity) had a strong positive and significant influence on the performance of SMEs in Lagos.

The results presented on entrepreneur intention revealed a β of 0.071, $t=0.622$ which was associated with a *p-value* of 0.535 which implied that entrepreneur intention positively but insignificantly influenced performance of social enterprises in Nairobi County.

Essel *et al.* (2019) agreed with the current study findings when they investigated jointly the effect of entrepreneur characteristics, the firm characteristics, and institutional characteristics on the performance of 200 small enterprises in Ghana, Sunyani municipal. The study revealed that entrepreneur characteristics did not significantly influence business performance, however, on the introduction of the firm and institutional characteristics, the study revealed the entrepreneur characteristics (gender and education levels), firm characteristics (artisan or craft), institutional characteristics (whether banking or training levels) had a joint significant effect on the performance of small firms in Ghana through the increase in sales and the number of employees hired.

The contradictions in the findings of our current study may have been because of not having a moderating variable that should be investigated by future studies.

Ahn *et al.* (2019) found contradicting findings when they studied the effect that the entrepreneur characteristics had on the performance of start-ups among 361 enterprises started not more than 7 years by 2018 in Jeollabuk-do, South Korea. The study revealed

that entrepreneur competencies had a positive and significant effect on the performance of the start-ups.

Further contradicting findings were given by Iskanto *et al.* (2020), who studied the entrepreneur competencies (organizational, conceptual, commitment, and opportunities) and the entrepreneur performance. The study involved small and medium enterprises in Indonesia. The study revealed a strong relationship between the four Cs and the performance of the entrepreneur.

On the social innovation capabilities, the study revealed a β of 0.120, $t= 1.161$ that was associated with a *p-value* of 0.248 which implied that social innovation positively but insignificantly influenced performance of social enterprises in Nairobi County.

However, the findings by Al-Nsour (2019), who conducted a study on innovation and performance contradicted the current study where the scholar noted that innovation has a positive and significant impact on performance.

Finally, the study revealed entrepreneurship risk a β of 0.411, $t=4.290$ that was associated with a *p-value* of $<.001$, the results implied that entrepreneurship risk positively and significantly influences performance of social enterprises in Nairobi County.

Shad *et al.* (2019) agreed with the current study findings when they studied the relationship between enterprise risk management and the business performance of petroleum and gas companies in Nigeria. Results of the study revealed that enterprise risk management was significant in influencing the performance of the oil and gas companies.

Findings were also in agreement with those by Al-Nsour (2019), in Jordan investigating the connection between risk and performance of firms listed in the Amman the results revealed that risk-taking, activeness, and autonomy are all components of entrepreneurship positively impacted performance. Risk-taking had the greatest impact, followed by autonomy, and lastly pro-activeness.

The regression model with the significant variables in the model was as follows

$$Y = 0.473 + 0.280ASC + 0.411ER + \epsilon$$

The findings are in support of a social capital theory which argued for capital as an important component that determines the performance of enterprises. Findings are also a contribution to the current discussion on the influence of social entrepreneurship and performance. The previous scholars found contradicting findings from what the current study revealed, some found the relationship between capital accessibility and performance to have no significant association, others also found positive association on entrepreneur intention and the performance, and the current study found the association to be insignificant. The survey revealed that no association between innovation and the performance of social enterprises, which was a contradiction to other scholars who found innovation to be a significant variable in the performance of firms. These findings are quite a contradiction; however, this is a new knowledge in entrepreneurship which can be attributed to differences in the sizes of firms under classification by past scholars as well as the sector of social entrepreneurship being unique. The current study finally found entrepreneurship to have a significant association with the performance which also contradicted past studies that argued for risk as non-significant and a variable with a negative association with business performance. The present study appreciated that undertaking moderate risk is important in enhancing business performance. The results presented by the current study were a revelation that every sector is different and can pose different and unique findings. Classification of the enterprises also need to put into perspective the sizes of forms under scrutiny, mixing firms with different capital base or asset base brings contradicting results. Therefore, the study established that variation in findings could be a result of not having a moderator such as firm characteristics moderating the relationship.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of the study summary, its findings, conclusions, and recommendations based on the study outcome. This section also presents the implications, suggestions, and areas for further research.

5.2 Summary of the Findings

The aim of the study as discussed in the first chapter was to investigate the relationship between social entrepreneurship and performance of social enterprises in Nairobi County, Kenya. Specifically, the research sought to fill in the gaps in the literature and the study focused on the relationship between a wide range of aspect such access to social capital, entrepreneur intention, social innovation capabilities and entrepreneurship risk, and their influence on performance of social enterprises in Nairobi County.

This chapter further analyzes the demographic information of the of the middle-level managers, which includes gender, and working experience. Descriptive research design was used by the study to the survey and the target population was 36 social enterprises who were the respondents. The research sample size was 138 Middle-level managers.

Primary data from the respondents was collected by use of a questionnaires, both online and physical administration, and thereafter analyzed quantitatively, through descriptive and inferential analysis.

Access to Social Capital on Performance of Social Enterprises

The study's first objective was to determine the influence of access to social capital on performance of social enterprises within the Nairobi County. The study found that access to social capital and social enterprise performance had a positive and significant relationship.

Entrepreneur Intention and Performance of Social Enterprises

The study's second objective was to examine the influence of entrepreneur intention on performance of social enterprise in Nairobi County. The finding from the analysis were that entrepreneurial intention and social enterprise performance had a positive though insignificant relationship.

Social Innovation Capabilities and Performance of Social Enterprises

The study's third objective was to determine the influence of social innovation capabilities on performance of social enterprise in Nairobi County. The study found that social innovation capabilities had a positive though insignificant relationship on social enterprise performance.

Entrepreneurship Risk and Performance of Social Enterprises

The study's last objective was to assess the influence of entrepreneurship risk on performance of social enterprises in Nairobi County. The findings presented that entrepreneurship risk positively and significantly influenced social enterprises' performance.

5.3 Conclusions of the study

The predictor variables were access to social capital, entrepreneur intention, social innovation capabilities and entrepreneurship risk.

The first specific objective was to determine the influence of access to social capital on performance of social enterprises. It was concluded that access to social capital positively and significantly influenced performance of social enterprises in Nairobi County. Therefore, the study rejected the hypothesis that stated, H_{01} : There is no significant positive relationship between access to social capital and performance of social enterprises in Nairobi County. The conclusions made by the study were, therefore, a contribution to the existing body of knowledge on the theory of social capital, and this study, therefore,

emphasized the role of social capital theory by explaining the very foundations of social capital theory, and how they relate and have characteristics such as norms, trustworthiness, and transfer of information.

Entrepreneur Intention and Performance of Social Enterprises

Further, the research examined the second specific objective which was to examine the influence of entrepreneur intention on performance of social enterprises. Study indicated that there was a positive though insignificant influence on entrepreneur intention and performance of social enterprises in Nairobi County. Therefore, the study, **fail to reject** the null hypothesis that stated that: **H0₂: There is no significant positive relationship between entrepreneur intention and performance of social enterprises in Nairobi County.** Further, the findings were, therefore, in support of the stewardship theory that in business there must be a leader who guides where the business should go by coming up with plans and goals.

Social Innovation Capabilities and Performance of Social Enterprises

The study's third specific objective was to determine the influence of social innovation capabilities on performance of social enterprises. Study also concluded that there was a positive though insignificant influence of social innovation capabilities on performance of social enterprises in Nairobi County. Therefore, the study **fails to reject** the null hypothesis that stated that: **H0₃: There is no significant positive relationship between social innovation capabilities and performance of social enterprises in Nairobi County.**

The theory on the innovation of entrepreneurship by Schumpeter (1943), argued that an entrepreneur is an innovator who creates value or innovation of product, processes, and services that are of value and promotes business performance. However, the conclusions of the study criticize the theory of innovation by Schumpeter (1943) that not all innovations

to business bring about an overall improvement of business performance, some are just created for creating convenience for the businesses and not always about performance.

Entrepreneurship Risk and Performance of Social Enterprises

The last specific objective was to assess the influence of entrepreneurship risk on performance of social enterprises, whose results concluded that there was a positive and significant influence of entrepreneurship risk on performance of social enterprises in Nairobi County. Thus, the research **rejected** the hypothesis that stated that: **H04: There is no significant positive relationship between entrepreneurship risk and performance of social enterprises in Nairobi County.** The study supported stewardship theory that businesses need to pursue moderate risk by having entrepreneurs come up with strategies that tame risks.

5.4 Recommendations of the Study

Access to social capital had a positive and significant influence of social enterprises, therefore, the study recommends that social enterprises in Nairobi County, through the finance managers and marketing managers of the social enterprises to come up with ways of obtaining finances by creating sufficient marketing networks as well as attending seminars organized by financial institutions to obtain technical knowledge.

The organization managers and finance managers to try and seek financing from alternative sources especially networking with suppliers to enhance the building up of social capital, since the study found that, social capital significantly influenced the performance of social enterprises in Nairobi County. Through capital increase, social enterprises can hire more employees as well as open up more branches.

Entrepreneur intention positively though insignificantly influenced the performance of social enterprises. Therefore, the study recommends that the top management to come up with strategies such as coming up with ambitious and realistic market plans and coming up

with short-term and long-term goals by giving responsibilities to the technical managers. These practices could have been ignored leading to entrepreneur intention not significantly influencing the performance of social enterprises. Through quality entrepreneur intentions such as realistic market plans, social enterprises can get more customers and build a client base.

Social innovation capabilities had a positive though insignificant influence of social innovation capabilities on performance of social enterprises. The study further recommends for social enterprises; create unique and attractive products in the market, develop new ways of carrying out the processing of products, integrate ICT into the business operations as well as use technology to reach customers. The ICT department with the marketing department can be given the assignment of finding out what customers' needs are and enable the ICT department to design the product as well as services that effectively and efficiently meets the customers' needs. The social enterprises may not be doing enough on innovation which can be the reason innovation capabilities did not significantly influence the performance of social enterprises in Nairobi County. Though innovation capabilities did not positively and significantly influence performance there is every need for businesses in these modern times to adopt technology in product development and design, product promotion, for example, use of social media and distribution of the product. The top management should come up with policies that enhance innovation culture in the business undertaking. By undertaking more innovation, social enterprises can increase their revenues and customer base as well as hire more employees from society.

Entrepreneurship risk was found to have a positive and significant influence of social enterprises and as such, the study additionally recommends that financial experts and risk managers in the social enterprises should come up with measures that offset the risks that the business is facing, and the entrepreneurs should also be willing to undertake moderate

risks to avoid adverse business performance because entrepreneurship risk was found to be a significant factor influencing the performance of the social enterprise in Nairobi County. Spearheaded by the public relations managers, social enterprises should also have a public relations department to address cyberattacks involving adverse reputations. Finally, the businesses need to contain loss of finances by engaging internal control managers or an internal audit team to prevent frauds and errors because entrepreneurship risks had a significant influence on performance of social enterprises in Nairobi County. By managing risks, the social enterprises can sustain the businesses, ensuring that staff remain employed and not out of work which has the benefit of reducing poverty in society.

5.5 Suggestions for Future Studies

With the study covering 36 social enterprises based in Nairobi County, and a sample of 138 participants, future studies can include another level of management such as top management where other research instruments such as interviews are conducted to deepen findings. The study can also be extended to include all the social enterprises in Kenya to have a wider view of the relationship between social entrepreneurship and performance of social enterprises in Kenya.

With the analysis focusing on just four parameters, impacting social enterprises performance; there should be additional variables in the study to widen the methodological scope where a moderating variable such as (firm size) or an intervening variable such as (risk management) is included in the model/study. The current study variables could only explain about 54.1% of the variations in performance of social enterprises in Nairobi County, which meant that other variables in the model account for about 45.9% of the variation in performance of social enterprises in Nairobi County.

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APPENDICES

Appendix I: Questionnaire

The information provided will be only for academic purposes. Read carefully and give appropriate answers by ticking or filling the blank spaces. The information will be treated confidentially.

PART I: GENERAL INFORMATION

1. Indicate your gender (Tick () Male [] Female []

2. Working experience

5 years and below []

6 - 10 years []

11-15 years []

16- 20 years []

21 years and over []

3. Highest level of education

Diploma []

Undergraduate []

Masters []

PHD []

SECTION A: ACCESS TO SOCIAL CAPITAL

To what extent do you agree with the following statements on influence of access to social capital on performance of social enterprises? Key: 5=Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree, 1= Strongly Disagree (Tick (as appropriate).

	Statement on Access to Social Capital	1	2	3	4	5
4	Our enterprise has sufficient marketing networks for social enterprises					
5	We receive technical advice from formal institutions including financial institutions and consulting agencies					
6	We have NGO that supports us financially					
7	We have built networks with our supplies					

8	We have training and development facilities on social entrepreneurship					
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SECTION B: ENTREPRENEUR INTENTION

To what extent do you agree with the following statements on influence of entrepreneur intention on the performance of social enterprises? Key: 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree, 1=Strongly Disagree (Tick (as appropriate).

S/N	Statement on Entrepreneur Intention	1	2	3	4	5
9	We have already set both long-term and short-term goals for the enterprise					
10	We have technical and networking skills to run the enterprise					
11	We are working on starting new branches(s)					
12	Our business has had its share of success and challenges which has given us vast experience					
13	We are inspired by the daily activities of finding solutions for our clients/customers					
14	We have established marketing plans for the enterprises					

SECTION C: SOCIAL INNOVATION CAPABILITIES

To what extent do you agree with the following statements on the influence of social innovation capabilities on the performance of social enterprises? Key: 5=Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree, 1= Strongly Disagree (Tick (as appropriate).

S/N	Social Innovation Capabilities	1	2	3	4	5
15	We have come up with a unique product in the market					
16	Our customers have derived great value from our newly launched products and services.					
17	We have a real-time customer interaction feedback platform for handling customers' questions or complaints					
18	We have come up with new ways in our production process					
19	we have integrated ICT into decision making					
20	We have an app for reaching our customers					
21	We have a virtual/digital platform where we can offer our products					

S/N	Social Innovation Capabilities	1	2	3	4	5
15	We have come up with a unique product in the market					
16	Our customers have derived great value from our newly launched products and services.					
17	We have a real-time customer interaction feedback platform for handling customers' questions or complaints					
18	We have come up with new ways in our production process					
19	we have integrated ICT into decision making					
20	We have an app for reaching our customers					
21	We have a virtual/digital platform where we can offer our products					

SECTION D: ENTREPRENEURSHIP RISK

To what extent do you agree with the following statements on the influence of entrepreneurship risk on social enterprise performance? Key: 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree, 1- Strongly Disagree (Tick (as appropriate).

S/N	Statement on Entrepreneurship Risk	1	2	3	4	5
22	We are faced with economic hardships					
23	We are facing stiff competition from our competitors					
24	We are face uncertainty during election time-political risks					
25	We are working in an environment that is not conducive and poses environmental hazards					
26	We are currently unable to access finances to run the business					
27	We are facing harsh cyberbullying that is tarnishing our reputation					
28	We are not able to seal financial loopholes which have at some point led to the loss of money in our business					

SECTION E: Social Entrepreneurship Performance

To what extent do you agree with the following statements on social enterprise performance? Key: 5= Strongly Agree, 4= Agree, 3= Undecided, 2= Disagree, 1=Strongly Disagree (Tick (as appropriate).

S/N	Social Entrepreneurship Performance	1	2	3	4	5
29	Our revenues have increased					

30	We have increased the average number of clients coming to our business annually					
31	We have increased our employees' numbers					
32	we have received more positive feedback from our satisfied customers					

Thank You for Your Participation

Appendix II: A List of Social Enterprises in Nairobi County, Kenya

1. African Homestay and Safaris
2. Adranie Business Consultants
3. Bridge International
4. Banana Box Company Limited
5. Basecamp Maasai Brand
6. BELIEVE – (Beekeeping as a Livelihood in Extremely Vulnerable Environments, Kenya)
7. Alive and Kicking Kenya
8. Crafts Village
9. African Women Development Network
10. Faulu Kenya Deposit Taking Microfinance Limited
11. Give- directly in Kenya
12. GPower
13. GDC – Geothermal Development Company
14. Honeycare Africa
15. Jamii Bora Trust
16. Juhudi Kilimo LLC
17. Plant a Fruit
18. Kazuri Beads Limited
19. Kenya Agency to Development of Enterprise and technology
20. Kenya Ecumenical Church Loan Fund
21. Kenya Productivity Institute
22. Kenya Young Mens' Christian Association (YMCA)
23. Kibera Paper Kenya
24. Kartech Engineering Limited
25. Leekung Construction
26. Multi-Link Group
27. Nyumbani
28. Path International
29. Renewable Energy Ventures (K) Ltd
30. SISDO
31. Trueways Enterprises Limited
32. Toto Knits

33. Trinity Jewellery Crafts


34. Ufanisi Africa


35. Paddy Micro Investments Limited, Jasmine Centre, Westlands, Nairobi, Kenya

36. African Solar designs - Energy Audit, System Design and Consulting Services


Source: Nairobi County (2017)

Appendix IV: Research Permit


REPUBLIC OF KENYA
National Commission for Science, Technology and Innovation
Ref No: 452235


NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Date of Issue: 22/June/2021


RESEARCH LICENSE




This is to Certify that Ms. ROSE MBULÁ MASAKU of Kenya Methodist University, has been licensed to conduct research in Nairobi on the topic: THE RELATIONSHIP BETWEEN SOCIAL ENTREPRENEURSHIP AND PERFORMANCE OF SOCIAL ENTERPRISES IN NAIROBI COUNTY for the period ending : 22/June/2022.

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Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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Appendix V: Exploratory Factor Analysis

Table 1: Communalities

	Initial	Extraction
Our enterprise has sufficient marketing networks for social enterprises	1.000	.569
We receive technical advice from formal institutions including financial institutions and consulting agencies	1.000	.733
There are non-governmental organizations that assist social entrepreneurs' access support.	1.000	.490
We have built networks with our supplies	1.000	.588
We have training and development facilities on social entrepreneurship	1.000	.855
We have already set both long-term and short-term goals for the enterprise	1.000	.865
We have technical and networking skills to run the enterprise	1.000	.637
We are working on starting new branches(s)	1.000	.699
Our business has had its share of success and challenges which has given us vast experience	1.000	.589
We are inspired by the daily activities of finding solutions for our clients/customers	1.000	.600
We have established marketing plans for the enterprises	1.000	.685
We have come up with a unique product in the market	1.000	.690
Our enterprise products and services are of immense value that benefits our consumers	1.000	.686
We have a real-time customer interaction feedback platform for handling customers' questions or complaints	1.000	.633
We have come up with new ways in our production process	1.000	.688
we have integrated ICT into decision making	1.000	.707
We have an app for reaching our customers	1.000	.543
We have a virtual/digital platform where we can offer our products	1.000	.855
We are faced with economic hardships	1.000	.865
We are facing stiff competition from our competitors	1.000	.686
We are face uncertainty during election time-political risks	1.000	.726
We are working in an environment that is not conducive and poses environmental hazards	1.000	.653
We are currently unable to access finances to run the business	1.000	.693
We are facing harsh cyberbullying that is tarnishing our reputation	1.000	.331
We have not been able to seal financial loopholes which have at some point led to the loss of money in our business	1.000	.647
We have gained a higher market share	1.000	.626
Our sales and revenues have increased	1.000	.728

We have increased our profits	1.000	.767
We have increased the average number of customers coming to our business annually	1.000	.827
We have increased our employees' numbers	1.000	.587
we have received more positive feedback from our satisfied customers	1.000	.631

Extraction Method: Principal Component Analysis.

Table 2: Total Variance Explained

Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.984	38.658	38.658	11.984	38.658	38.658
2	1.938	6.250	44.908	1.938	6.250	44.908
3	1.921	6.198	51.106	1.921	6.198	51.106
4	1.441	4.648	55.754	1.441	4.648	55.754
5	1.313	4.237	59.991	1.313	4.237	59.991
6	1.231	3.970	63.961	1.231	3.970	63.961
7	1.052	3.392	67.353	1.052	3.392	67.353
8	.989	3.191	70.544			
9	.938	3.025	73.569			
10	.820	2.645	76.213			
11	.741	2.391	78.604			
12	.700	2.260	80.864			
13	.662	2.135	82.999			
14	.587	1.894	84.893			
15	.507	1.635	86.528			
16	.475	1.534	88.062			
17	.441	1.423	89.485			
18	.408	1.316	90.800			
19	.375	1.209	92.009			
20	.331	1.067	93.076			
21	.310	.999	94.076			
22	.275	.886	94.962			
23	.259	.837	95.798			
24	.231	.744	96.542			
25	.223	.718	97.260			
26	.178	.575	97.835			
27	.173	.557	98.392			
28	.163	.525	98.917			
29	.138	.445	99.362			
30	.120	.388	99.749			
31	.078	.251	100.000			

Extraction Method: Principal Component Analysis.

Table 3: Component Matrix

	Component Matrix						
	Component						
	1	2	3	4	5	6	7
Our enterprise has sufficient marketing networks for social enterprises	.719	.028	.176	-.068	.114	.009	.037
We receive technical advice from formal institutions including financial institutions and consulting agencies	.700	-.118	-.035	-.187	.082	-.349	.252
There are non-governmental organizations that assist social entrepreneurs' access support.	.621	-.066	.044	.006	.165	-.243	.106
We have built networks with our supplies	.754	-.068	.056	-.075	.003	-.071	.029
We have training and development facilities on social entrepreneurship	-.103	-.452	.695	.338	.130	.056	.150
We have already set both long-term and short-term goals for the enterprise	-.131	-.325	.785	.342	.005	.019	.093
We have technical and networking skill to run the enterprise	-.093	.145	-.129	-.052	.474	.435	.417
We are working on starting new branch(s)	.004	.057	-.265	.441	.306	.579	.039
Our business has had its share of success and challenges which has given us vast experience	.679	-.124	-.083	.088	.010	-.181	.256
We are inspired by the daily activities of finding solutions to our clients/customers	.693	-.081	-.177	.024	.207	-.123	.149
We have established marketing plans for the enterprises	.776	-.006	-.042	.004	-.199	.011	.202
We have come up with unique product in the market	.778	-.038	-.076	.095	-.097	.006	.243
Customers have derived great value from our new products and services launched in the market	.727	-.101	-.197	.241	-.129	-.077	.166
We have a real-time customer interaction feedback platform for handling customers questions or complaints	.029	-.198	.087	.125	-.694	.297	-.024

We have come up with new ways in our production process	.816	.068	.005	-.008	-	.019	.050
We have integrated ICT into decision making	.837	-.024	.037	.039	.004	.023	-.044
We have an app for reaching to our customers	.725	.048	.017	-.069	.050	-.002	-.089
We have a virtual/digital platform where we can offer our products	-.052	.795	.246	.208	-	-.039	.298
We are faced with economic hardships	-.131	.848	.213	.252	-	-.114	.064
We are facing stiff competition from our competitors	.764	.092	.155	-.021	.092	.162	-.184
We are face uncertainty during election time-political risks	.789	.025	-.154	.122	-	.039	-.048
We are working in an environment that is no conducive and pose environmental hazards	.795	.044	-.053	.100	-	.015	-.084
We are currently unable to access finances to run the business	.769	-.041	-.083	.196	-	.127	.069
We are facing harsh cyber bullying that is tarnishing our reputation	.075	.007	-.356	.352	-	.055	-.175
We have not been able to seal financial loopholes which have at some point led to a loss of money in our business	.751	.048	.063	.114	.055	.122	-.216
We have gained a higher market share	.782	-.005	.016	-.034	.071	.029	.084
Our sales and revenues have increased	.770	.065	.202	-.170	.052	.129	-.204
We have increased our profits	.798	.144	.105	-.113	.134	.056	-.254
We have increased the average number of customers coming to our business annually	.733	.172	.286	-.064	.183	.127	-.354
We have increased our employees' numbers	-.060	-.244	-.420	.512	.225	-.132	-.129
We have received more positive feedback from our satisfied customers	-.111	.140	.015	.502	.192	-.493	-.259

Extraction Method: Principal Component Analysis.

a. 7 components extracted.