

**INFLUENCE OF ENTREPRENEURIAL DETERMINANTS
ON THE PERFORMANCE OF SOCIAL ENTERPRISES IN
NAIROBI CITY COUNTY, KENYA**

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**Influence of Entrepreneurial Determinants on the Performance of
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DECLARATION

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

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DEDICATION

I dedicate this thesis to God almighty, my source of inspiration, wisdom and knowledge and understanding. He has enabled me through this long academic journey, to God be the glory, praise and honor. I also dedicate to my late father, God rest his soul peace and he had great hope in me and always prayed that I would be able to complete the task. God rest his soul in peace I also dedicate to Ken, my husband and my daughters Carolyne Kari and Catherine Kabui for your love, prayers and encouragement .They believed in me and relentlessly supported my dream in all ways.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
EASEN	East African Social Enterprise Network
EGEE	Expert Group "Education for Entrepreneurship"
ET	Entrepreneurial Training
ETPo	Entrepreneurship Training–Potential Entrepreneurs
EMES	EMergence des Entreprises Sociales
IES-SBS	Social Entrepreneurship Institute - Social Business School
KSIX	Kenya Social Investment Exchange
MFI's	Micro-Financing Institutions
NGO's	Non-Governmental Organizations
NPO's	Not For-Profit Organizations
OECD	Organization for Economic Co-operation and Development
PSE	Level of performancen of social enterprise
ROA	Research Opportunity Award
ROK	Republic of Kenya
RSC	Relational social capital ,

SACCOs	Savings and Credit Co-operatives
SHG	Self Help Group
SIO	Social innovation outcomes,
SIS	Social innovation strategies,
SPSS	Statistical Package for Social Sciences
SROI	Social return on investment
SSC	Structural social capital
CBO	Community Based Organization
IRISS	Institute of Research & Innovation in Social Services
BOP	Bottom Of the Pyramid

DEFINITION OF TERMS

- Entrepreneurship:** A process that utilizes creativity and innovation as a means of revolutionizing or reforming means of production in an attempt to spur economic growth (Dees, 1998; Humbert, 2012).
- Entrepreneurial Determinants:** These are individual characteristics that make an individual more inclined to entrepreneurial activity; economic characteristics of the area where an individual lives that may affect the income from entrepreneurial activity and the decision whether to become an entrepreneur; and cultural values of the community where an individual lives (Giannetti & Simonov, 2003).
- Social Activism:** The act of influencing others to provide social services. Organized activities and approach geared towards improvement of social welfare (Bornstein, 2004; Humbert, 2012).
- Social Capital:** The actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition (Amin, 2011).
- Social Entrepreneur:** A person who uses entrepreneurship skills an economic/business approach to solve social problems (Humbert, 2012; Nagler, 2007).

Social Enterprise: An organization that utilizes entrepreneurship skills to meet social objectives. It is an organization whose surpluses are reinvested with the objective of maximizing social objective as opposed to profit for the stakeholders or members of the organization (Humbert, 2012; Nagler, 2007).

Social Innovation: Social innovation refers to creation of both tangible and intangible assets which include production of goods and services for society and enhancing the community's capacity to act (Mort & Weerwardena, 2006; European Commission, 2012).

Social innovation strategies:- involves the organizational processes that generate the innovations e.g. the individual's creativity, the structural entities of the organization, new production factors and the social economic factors (Phills, Deiglmeier & Miller, 2009).

Social Innovation Outcomes:- The approach that looks at innovation from the perspective of the novelty and new products/services, new productions technologies and tools, new markets and new organizational models (Phills, Deiglmeier & Miller, 2009).

Social entrepreneurship: This is an approach that aims at addressing neglected or unmet societal problems by challenging the status quo and capitalizing on sub- optimal conditions through innovative business models that ultimately empower marginalized groups in the society by creating and delivering replicable sustainable solutions which impact people's lives through multiplier effect (Dees, 1998; Ernst 2011).

Structural social capital: This is external capital that enhances the acquisition of diverse and non redundant information that improves the firms information acquisition process and consequent interpretation of the same (William, Nukhet, Amir, 2010).

Relational social capital: This is social capital internal to the firm which is comprised of support acquired from within family and the society based on cultural context of believe, values, close ties, trust which is already developed and which is a source of information and capacity that is needed to support firm activities especially at the start up (Burt, 1992; Tihula Huovinen, 2010).

Entrepreneurial training: It is the process of acquiring task related skills, knowledge and attitude in order to perform efficiently and effectively to promote entrepreneurial culture in an organization (Alberti, Sciascia & Poli, 2010; Ogudede, Akingbade, Akinlabi, 2012).

Social enterprise performance:- it is the capacity to contribute to employment and wealth creation through enterprise start-up, growth and survival where capacity of a social enterprise to accomplish social mission effectively by means of income growth realised by reinvesting profits earned to meet operational costs and growth(Sandberg, Vinberg, & Pan, 2002).

ABSTRACT

The purpose of this research was to assess the influence of entrepreneurial determinants on the performance of social enterprises in Nairobi City County. The main objective of this study was to evaluate the influence of entrepreneurial determinants, social capital, social innovation, and entrepreneurial training on performance of social enterprises in Nairobi County. The study evaluated the independent variable influence of social capital, social innovation and entrepreneurial training on the dependent variable performance of social enterprises. The study was guided by cross-sectional research design with a mix of qualitative and quantitative analysis. The target population comprises of 300 registered social enterprises in Nairobi County. A simple random sampling technique was used to draw a sample of 107 registered social enterprises in Nairobi City County and purposive sampling for the Management representatives for the selected Social Enterprises. A self-administered questionnaire was used as the main data collection instruments. A pilot study was conducted to test validity and reliability of the questionnaire. Data was analysed by use of both descriptive and inferential statistics. On multiple regression analysis the R^2 value was 45.2% which explained the combined effect of independent variables on the dependent variable. Regression coefficient, Pearson's product moment correlation and Chi-square were used to test for significant associations between independent and dependent variables. The study found out that social capital, social innovation and entrepreneurial training has a positive influence on the performance of social enterprises. The study concludes that most of the social entrepreneurs utilized networks, trust, reciprocity, collaborations & partnerships to a large extent as a means for social value creation making social capital significance on the social enterprise performance. Entrepreneurial training and education largely influences how the enterprises achieve the social mission. Social innovations is instrumental when applied through modern organisational models and processes as a driver for scaling performance and achieving more sustainable outcomes. The study

found that there are many unaccounted for or unregistered social enterprises actively engaging in social value creation necessitating a fresh mapping and consultative investigation on their contribution to the economy of the country. Social entrepreneurs need to apply social innovation in order to grow their social enterprises and create sustainable solutions, better business models and also adopt social capital as a reliable means to enhance capacity and resource acquisition. Entrepreneurial training programmes should also be reviewed to address the needs of social entrepreneurs. The government should create an enabling environment through policy development with a framework for promoting and guiding the social entrepreneurship sector in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Social entrepreneurship has been identified as an imperative driver of social change with lasting benefits to the community as a whole (Humbert, 2012). The definition of what constitutes a social enterprise, or who is a social entrepreneur, is still being debated on both academic circles to date (Humbert, 2012). Nagler (2007) argued that analysis of majority of available literature and empirical research studies' definitions approach social entrepreneurship from four conceptual dimensions:

First, social entrepreneurship is a discipline that adopts economically-viable business models for the benefit of meeting societal needs. Second; it is a field that adopts innovation and creation of goods and services often for unmet social needs (Humbert, 2012). Third, as a platform of equity promotion to the extent that it focuses on the marginalized and disadvantaged groups and Lastly, as opposed to mainstream entrepreneurship, social entrepreneurship encompasses review of social capital and social value creation as a panacea for sustained social and economic development in the society (Phills *et al.*, 2009; Sabarwal *et al.*, 2009).

Contrary to the mindset that governs philanthropy and Not-for-profit institutions in developing countries; social entrepreneurship approach is more likely to facilitate sustained growth of social and material welfare because social entrepreneurs recognize potentiality and/or opportunity where people only see challenges. They perceive the common village dwellers as the solution and not the inactive beneficiary. They commence from the point of transformation through ingenuity and competence in order

to unleash potential of the society they're serving." (Bornstein, 2004; LePoutre *et al*, 2011; Cherly, 2012; Humbert, 2012).

In this regard, social entrepreneurship has gained acceptance among researcher and practitioners as a sustainable development conduit not only for vulnerable groupings but also as a sustainable way of catapulting the society towards improved social economic welfare in the long run. Contrary to social activism and philanthropy, its popularity stems from the three main attributes which have been encompassed in the definition aforementioned (Bornstein, 2004; Humbert, 2012). First, social enterprises, while pursuing social goals, embrace economic systems by pursuing income generating activities which emphasis on efficiency, return on investment and ultimately; self-reliance and self-sustenance. Adoption of market based approach means that social enterprises emphasise on earning income independent from subsidies, aid and grants (Humbert, 2012).

Second, entrepreneurship primarily focuses on creation of self-initiated and self-directed enterprises by the society members or concerned parties. This primarily translates to "development of the people by the people". In this regard, for sustainability to be achieved, social enterprise whether founded by external philanthropists or society members themselves emphasizes and involve direct entrepreneurial action by local society members who face and understand the social problems facing them (Kenya Social Investment Exchange, 2011; Martin & Osberg, 2007; Lepoutre *et al*, 2011).

Third, as an alternative, social entrepreneurship by definition has the ability to provide long run and holistic solutions. This premise is supported by the fact that social entrepreneurs need to consistently find creative and innovative ways to survive as a going concern and meet social objectives (Humbert, 2012; Nagler, 2007). According to Martin and Osberg (2007) social entrepreneurs may improve social welfare by

introducing innovative ways that aim at elevating the society from one sub-optimal level to the next and empowering the actors and society in the process. Given that social enterprises are self-sustaining enterprises, they provide a platform for holistic change and desired development through reinventing and transforming themselves to meet foreseen and unforeseen challenges

In summation, the definitive role of social entrepreneurship is best captured by Martin and Osberg (2007), Bornstein (2004) and Humbert (2012) who noted that social entrepreneurship approach aims at addressing neglected or unmet societal problems by challenging the status quo and capitalizing on sub-optimal conditions through innovative business models that ultimately empower marginalized groups in the society by creating and delivering replicable sustainable solutions which impact people's lives through multiplier effect.

Social entrepreneurs are motivated to improve the community by adopting competencies that include social capital and social innovation to social objectives. They must possess both personal and technical competencies that help them carry out their responsibilities effectively (Cheryl, 2012; Humbert, 2012). Social entrepreneurs forge relationships communities, donors and other social entrepreneurs' by building a sense of belonging, trust and tolerance. Social networks bring great benefits to people in the community and is regarded as a resource because networks facilitates sharing or exchange of information, enhances cooperation and learning, influence interpersonal relationships, realize objectives and get access to resources (Cheryl, 2012).

1.1.1 Global perspective of Social Enterprise Development

As a new and developing global concept, consolidated information on global trends in social entrepreneurship is still a challenge. This notwithstanding, inception of global

social entrepreneurship is closely linked to Muhammed Yunus banking model. Muhammed Yunus, a pioneering social entrepreneur in India and the founder of Grameen Bank, dedicated 50 percent of social projects to funding poor women (Cherly, 2012). Cheryl, (2012) noted that given the economic development goals which include reducing poverty, creating dignified employment opportunities, improvement of communities' standard of living and reducing inequality, then it is natural to invest and work with women.

From a social entrepreneurial perspective, Mohammed Yunus' banking model revolutionized the banking industry to the extent that conventional wisdom that dismissed poor women as unprofessional and charitable cases and characterized them as unproductive, inefficient, high default risk clients and therefore not creditworthy. However, not only did the poor women have higher repayment rates but it was discovered that small businesses had relatively higher rate of return, the women adopted social capital through group saving and credit, and more importantly, the loans helped in uplifting the whole community (Mayoux, 2005).

Current trends have shown that social entrepreneurship is identified as the Key driver of the third sector together with the public and private sector. Majority of industrialized nations recognize and incorporate social enterprises as part of government policies or programs in a bid to create legal and structural platforms that will help in growth and development of the third sector. As of 2006, the United Kingdom (UK) estimates that there are approximately 55,000 social enterprises which is approximately 1.2 percent of all enterprises in the UK. This sector contributes a turnover of £27 billion and £8 billion to the national income annually. Globally a survey by global entrepreneurship monitor across 49 countries in 2009 revealed that approximately 2.8 percent of the adult working population are explicitly employed in the third sector.

Basu (2006) notes third sector is fundamental to development countries to the extent that it complements the two sectors in allocation of resources to quasi-public goods and services. For example, UK government's social enterprise action plan holds that the third sector challenges private sector to adopt more ethical and social based objective while at the same time challenges the public sector to adopt more sustainable measures in delivering public goods.

1.1.2 Concept of Social Entrepreneurship in Developing Countries

Developing countries in Africa, and particularly Kenya, have deep-seated social welfare issues -such as health, poverty and environment-related problems that are complex, ongoing and endemic in the society. Due to meagre resources, government institutions meant to provide, oversee, enhance and or facilitate social agenda in the community are in most cases overwhelmed (Moyo, 2010). Social activists' programs spearheaded by foreign and domestic Non-governmental organizations (NGO's) play a critical role in complementing the government initiatives in enhancing social welfare among vulnerable groups in the community. However, the role of NGO's as drivers of sustainable change and facilitators of social-economic posterity among communities in developing countries is wanting (Cheryl, 2012; Moyo, 2010).

First, the quantity and quality of foreign aid is dependent on the economic conditions in developed countries (Fowler, 2000; Martin & Osberg, 2007). For example, recent economic problems facing developed countries such as fiscal cliff in the US and the overburdening financial debt owed by Greece, Spain and Italy has led to a constriction of foreign aid to developing countries as the US and the E.U-the two largest international aid donors- shift their attention to economic problems at home. More importantly, overreliance on foreign aid not only leaves developing countries' social change agenda on the will and ability of foreign donors but also makes the sustainable

improvement of social welfare among vulnerable groups untenable (Moyo, 2010; Fowler, 2000).

Therefore, from a developmental perspective, social entrepreneurship is identified as a libertarian alternative and suitable alternative to government effort and foreign aid in addressing social upheaval in developing countries (Sabarwal *et al*, 2009; Kenya Social Investment Exchange, 2011). According to Bornstein, (2012) and Cheryl (2012) social entrepreneurship, in a bid to survive, creates sustainable solutions through constant reinvention and transformation to tackle social needs. A survey by (Smith & Darko, 2014) in Kenya and Vietnam, developing countries, examined the constraints and opportunities experienced by social enterprises in agriculture and health sector. It was found that the two sectors experienced unique challenges related to their contextual definition. The found out that social enterprises provide opportunities that allow creation of new processes to develop models and products for meeting social needs, however a myriad of constrains related to hybrid nature of social enterprise and lack of clear-cut definition, markets, legal framework, lack of capacity, skills, finances .

1.1.3 Social Entrepreneurship Development in Kenya

In Kenya, social investment commenced in 1990's with emergence of micro-financing institutions (MFI's). The main objective of MFI's was to provide financial services to low income groups and bottom of the pyramid groups with no access to mainstream financial market. Though the initiatives relied on foreign donors, there was significant reduction of donor funds during the period led to reinvention of the institutions into self-sufficient and more efficient commercial outfits. According to Mayoux, (2005), MFI's combined business ideals with their social mission of providing loans to bottom of the pyramid goals by utilizing social capital and social innovation. For example, MFI's effectively explore existence of social capital from grassroots networks, values and

norms as a substitute of financial collateral in selection of loan beneficiaries and disbursement among the low income and poor in the community

Growth of MFI's in Kenya is an important indicator of the potentiality of social entrepreneurship in the country. By embracing social entrepreneurship best practices, MFI's managed to transform themselves into profit-oriented organization a fact that has significantly led to penetration of MFI's to rural communities in the country. However, studies in Kenya have shown that despite the strategic role that women and the youth play in the society. Over and above financial discrimination, women and the youth have limited access to social networks, information and business networks in the mainstream markets. There exist systemic prejudices and social constructs present in legal, political and business environment are biased against the aforementioned marginalized groups (Mwobobia, 2012; Mungai & Ogot, 2011).

As the third sector, social entrepreneurship has a significant role to play in complementing the government and private sectors. Kenya is slowly embracing social entrepreneurship especially in enhancing financial and investment capabilities in the country. Under the platform of social entrepreneurship, the government has introduced several programs including the *Uwezo fund* and other programs that specifically target women and the youth. According to recent research on social enterprises in Kenya and Vietnam on constraints and opportunities (Smith .W, Darko.E,2014) it was discovered that in Kenya Support organizations established towards supporting social enterprise are more prominent and active than in Vietnam. For example Ashoka, the Acumen Fund and the Schwab Foundation have been active in Kenya since the early 2000's, providing financial support, mentoring and advocacy support primarily on behalf of individual social entrepreneurs.

There is evidence of social enterprises in Kenya based on the existence of the indigenous organizations founded, is the East African Social Enterprise Network (EASEN) in 2010, hosted by the KCA University in Nairobi. This was crucial for networking, information sharing and establishing an identity for social enterprise. Various pivotal organization have been established in Nairobi since then which includes in Nairobi e.g. SocEntLab started in 2011, The Kenyan Social Investment Exchange (KSIX) founded in 2011, Incubators, often focusing on ICT, e.g. iHub, iLabAfrica in Strathmore, UniBRAIN in JKUAT that supports technological innovation development, Climate Innovation Centre (CIC) with a social impact focus, among others that focus on social enterprise (Smith .W, Darko.E,2014) . However, it is worth noting that formal recognition of both government and non-governmental social-entrepreneurial programs is at the infancy stage and thereby largely underdeveloped (KSIX, 2012).

In Kenya, studies on social entrepreneurship are not only scanty and descriptive but have either focused on the highlighting the inadequacy of governmental programs (Chege, 2009; KSIX, 2011) or business entrepreneurship to social-economic growth (Mwobobia, 2012; Mungai & Ogot, 2009). A study by Panum. and Hansen (2014) focused on narratives of six successful social enterprises, outlined the route taken by the BOP social enterprises to achieve social impact while utilising commercially feasible methods in the Kenya. Other research done earlier include Leadership and Operational qualities by Caroline, H, (2011), Challenges affecting growth (Rono, 2014; Chege, .2009), Survey on Social Investments (KSIX, 2011) and on very few enterprises.

To this end, despite the fundamental role played by social enterprises in improving unmet social needs on the ground, there exists limited literature focusing attention to their contribution in driving social change. There is need to understand how social enterprises activation and performance will be made instrumental in achieving stable and sustainable solutions that will contribute to achieving vision 2030 goals, the Kenya

development blueprint. While there lacks local studies on entrepreneurial determinants of social nature, alot has been done in developed countries on socially inclined factors contribute to social enterprise growth and sustainability of social solutions (Humbert, 2012; Phills *et al.*, 2009; Cheryl, 2012). Utilization of socially driven measures as social capital, entrepreneurial training and social innovation factors such as community engagement, innovation, use of indigenous networks, norms and value systems to facilitate community growth (Ernst, 2011; Humbert, 2012).

1.2 Statement of the problem

Social entrepreneurs target social needs unmet by the government and other institutions, including NGOs private and non-private institutions, by applying market based approaches and innovative methods in an attempt to introduce sustainable solutions (Ernst, 2011; Humbert, 2012; Sabarwal, Terrell & Bardasi, 2009). Intentions to adopt the third sector and increase its productivity will certainly hasten achievement of vision 2030. Lack of information and policy based support, Poor structures for fostering effective ecosystems for social enterprises, poor optimization of resource allocation and lack of organizational sustainability leads to weakening of infrastructure which empowers and uplifts the society from disadvantaged status.

Social entrepreneurs are motivated to improve the community by adopting competencies that include social capital and social innovation to achieve social objectives. They must possess both personal and technical competencies that help them carry out their responsibilities effectively (Cheryl, 2012; Humbert, 2012). Social networks bring great benefits to people in the community on the basis of networks that facilitates sharing or exchange of information, enhances cooperation and learning, influence interpersonal relationships, realize objectives and get access to economic resources (Cheryl, 2012). Absence of social innovation negates organizational sustainability, a mechanism through

which social value is continuously being created and perfected in order to optimize resource allocation, address social and environmental challenges facing social entities and ultimately transforms the society (Alter, 2004; Humbert, 2012). Ngugi (2014) recommended that training of firm operators as an aspect for improving components of internal control in business firms Capacity building for driving social change in social enterprises, through, social innovation and was evident in researches done in developed countries (Spear & Roger, 2012).

In Kenya, studies on social entrepreneurship are not only scanty and descriptive but have either focused on the highlighting the inadequacy of governmental programs (Chege, 2009; KSIX, 2011). A study by Panum and Hansen (2014) focused on narratives of six successful social enterprises, outlined the route taken by the BOP social enterprises to achieve social impact while utilising commercially feasible methods in the Kenya. Other studies related to social enterprises done earlier include, Leadership & Operational qualities by Caroline, H, (2011), Challenges affecting growth (Rono, 2014; Chege, 2009), Survey On Social Investments (KSIX, 2011) and on very few enterprises. These few studies limit sources of information on how to build an aggressive third sector which together with other sectors will fast track development goals. The study by (Chege, 2009) suggested besides finance, a mix of “other factors “were responsible for social enterprises’ success, (Rono, 2014) study suggested a gap in training aspect of social enterprises staff to build unique capacity for the social enterprises growth. There exists a knowledge gap on other entrepreneurial determinants when studied and applied will most likely contribute to the sustainability and success of social enterprises and influence the way social enterprises function in order to improve performance while meeting the social goals intended. To bridge the knowledge gap on practical and scalable means by which the social enterprises can benefit the society, the

current study sought to assess entrepreneurial determinants and their influence on the performance of registered social enterprise in Kenya

1.3 Research Objectives

1.3.1 General Objectives

The general objective of the study was to assess the influence of entrepreneurial determinants on the performance of social enterprises in Nairobi City County, Kenya.

1.3.2 Specific Objectives

The study is guided by the following specific objectives

1. To evaluate the influence of Relational Social Capital on performance of social enterprises in Nairobi City County, Kenya
2. To examine Structural Social Capital influence on performance of social enterprises in Nairobi City County, Kenya
3. To establish the influence of social innovation strategies on the performance of social enterprises in Nairobi City County, Kenya.
4. To determine the effect of social innovation outcomes on the performance of social enterprises in Nairobi City County, Kenya
5. To investigate the influence of entrepreneurial training on the performance of social enterprises in Nairobi City County, Kenya

1.4 Research Hypotheses

1. H₀: Relational Social Capital has no significant influence on performance of social enterprise in Nairobi City County, Kenya.

H_A: Relational Social Capital has significant influence on performance of social enterprise in Nairobi City County, Kenya.

2. H₀: Structural Social Capital has no significant influence on the performance of social enterprise in Nairobi City County, Kenya.

H_A: Structural Social Capital has significant influence on the performance of social enterprise in Nairobi City County, Kenya.

3. H₀: Social innovation strategies have no significant influence on the performance of social enterprises in Nairobi city county, Kenya

H_A: Social innovation strategies have significant influence on performance of social enterprises in Nairobi City County, Kenya.

4. H₀: Social innovation outcomes have no significant on the performance of social enterprises in Nairobi City County, Kenya.

H_A: Social innovation outcomes have significant on the performance of social enterprises in Nairobi City County, Kenya.

5. H₀: Entrepreneurial training has no significant influence on the performance of social enterprises in Nairobi City County, Kenya.

H_A: Entrepreneurial training has significant influence on the performance of social enterprises in Nairobi City County, Kenya.

1.5 Significance and Justification of the Study

1.5.1 Significance of the study

This study will be significant to the following stakeholders. First, given that social entrepreneurship is a relatively new field, the findings will help the government in formulating policies that may guide regulatory and legal framework that may assist in development of social enterprises.

Secondly, the findings will assist social entrepreneurs in identifying critical success factors that may promote efficiency and sustainability in the sector. This will be critical for social entrepreneurship bodies such as KSIX and EASEN in formulating models that may help in promotion of social enterprise development in the region.

The community that social enterprises in Nairobi City County serve will be able to perform better through understanding determinants role and therefore give more sustainable solutions for the current and future challenges. Thirdly, given that studies focusing on social enterprises are limited, the study will also add knowledge to the area and be of value to scholars as a basis for future conceptual and empirical research. The paper contributes to such an analysis by studying the determinants influencing the performance of social enterprises in an emerging economy: social innovation, social capital and entrepreneurship training

1.5.2 Justification of the study

The uniqueness and contribution of this study is twofold: First, unlike previous studies which focus on established social enterprises, this study decomposes and studies the impact of social entrepreneurial determinants into various forms; Social capital and Social innovation. It is worth noting, understanding the unique factors that influence social enterprise performance is vital for sustainable growth of social enterprises and the economy at large. Second, the study adopts both analytic and descriptive methodology in an attempt to conduct an in depth investigation on causal relationship between social entrepreneurship competencies and growth of social enterprises in an attempt to understand entrepreneurial determinants as drivers of social change.

1.6 Scope of the study

The research was carried in 107 registered social enterprises in Nairobi county Kenya. It concentrated on all the social entrepreneurship activities with reference to the performance parameters, levels of sustainability, social innovations outcomes, the increase in the scale of business the level of social impact to the stakeholders. Limiting the scope to Nairobi country is based on the fact that majority of social entrepreneurial entities are based in Nairobi and its environs. The research was carried out in social enterprises that had been in existence from one year onwards. This will give adequate information of the performance data that will be collected, taking into consideration the operational period beyond start-up.

1.7 Limitations and Delimitations of the study

Some management representatives who were the formants had problem with disclosure at the beginning of data collection resulted in much time being spent. The researcher explained to them the importance of the study which yielded positive response. However, with explanation and more time given to the process the data was collected. The collection of data process took a long time than anticipated, a few social entrepreneurs required explanation while filling questionnaires. A letter of introduction was found ethical and helpful as an entry point. The letter of request for permission to collect data from respondents from the university was quit helpful. The researcher chose not to ask questions on financial matters as this was not part of the selected objective for the study constraints.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature relevant to the subject of the study. The chapter focused on several definitions of social entrepreneurship in a bid to identify who is a social entrepreneur in the context of this study. The study reviewed several theories highlighting core elements under study. A conceptual framework based on study objectives was developed, with parameters relevant to each objective being reviewed.. Empirical literature related to the study was reviewed. Gaps were identified and summary of the literature review.

The exact definition of social entrepreneurship is still elusive especially in academic circles. A broad definition that is widely accepted defines social entrepreneurship as pursuance of social goals using market based or business approach. According to Mair and Marti (2004) view social entrepreneurship as “a process consisting of the innovative use and combination of resources to explore and exploit opportunities, that aims at catalysing social change by catering to basic human needs in a sustainable manner”. Mair and Marti (2006) redefined social entrepreneurship as Innovative models of providing products and services that cater to basic needs, unmet by political or economic institutions. According to Mort *et al.* (2003) social entrepreneurship is “a multidimensional construct involving the expression of entrepreneurially virtuous behaviour to achieve the social mission, the ability to recognise social value-creating opportunities and key decision-making characteristics of innovativeness, pro activeness and risk-taking”. Dees (2001) Social entrepreneurs play the role of change agents in the social sector, by adoption of a mission to create and sustain social value, recognizing

and relentlessly pursuing new opportunities to serve that mission and engaging in a process of continuous innovation, adaptation, and learning, acting boldly without being limited by resources currently in hand while exhibiting heightened accountability to the constituencies served and for the outcomes created. A social entrepreneur is one who uses entrepreneurship as a catalyst or innovative platform that seeking to improve social and material welfare of the society (Dees, 2001; Ernst, 2011, Kenya Social Investment Exchange, 2011).

For the purpose of this study social entrepreneurship is defined broadly as businesses that marry social mission with competitive value creation and value appropriation goals. The primary mission of social entrepreneurs is to eliminate poverty, inequality and other social vices affecting the most vulnerable in the society using sustainable market based approaches (Santos, 2011; Ernst, 2011). In this regard, it is important to review theories explaining social entrepreneurship activities in order to define the concept and identify causal relationship between entrepreneurial determinants and sustainable economic growth

2.2 Theoretical Framework Review

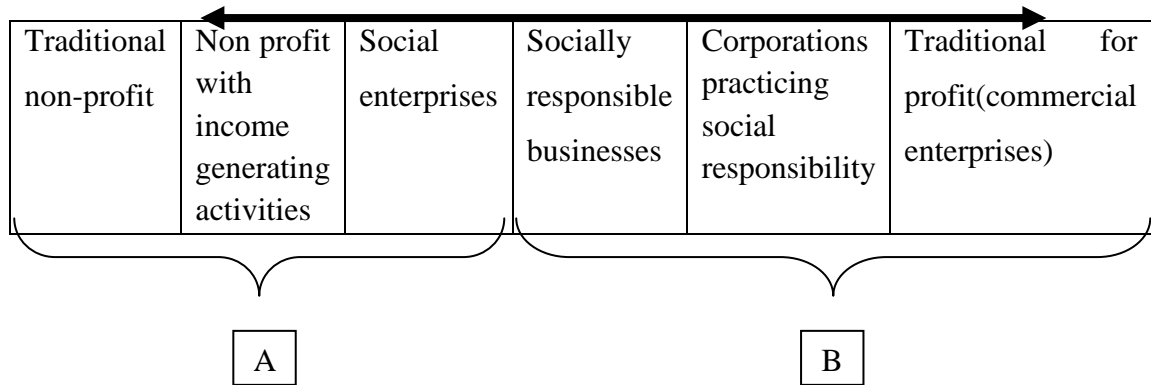
Not only has the definition of social entrepreneurship remained elusive but as an emerging field, Social entrepreneurship is a multidimensional concept that has been approached from various disciplines including but not limited to economic, social, psychological, typological discourses (Mort *et al*, 2006; Lepoutre, 2011; Ernst, 2012). Multiple theories on the subject attempt to understand the concept of social entrepreneurship by exploring its nature as collective versus individual phenomenon, whether it is shaped by economic and/or social values, whether it qualifies as profit or not-for-profit sector and last but not least whether it aim at introducing radical

transformation or incremental changes in the society. Several theories attempt to answer one or a combination of these questions (OECD, 2010)

2.2.1 Social Entrepreneurship Theory

Social entrepreneurship theory was proposed as proposed by Gregory and Dees (2001) focuses on the typology. The theory looks at social entrepreneurs as agents who marry financial independence and social mission. This theory uses two extreme ends to define social entrepreneurship as a hybrid organization that lies between not-for-profit organizations and traditional business enterprises. The theory identified social entrepreneurship as a continuum which pursues both financial and social goals with the latter being the most dominant objective. This theory can best be captured using a spectrum defining the typology between the two extreme organizations aforementioned.

Hybrid spectrum



A. Mission motive, stakeholder accountability Income re invested in operational costs

B. Profit making motive, Shareholder accountability, profit redistributed to shareholder.

Figure 2.1: Social Enterprise Continuum (Alter, 2006; Dees, 1998)

Social enterprises lie at the crossroads between non-profit and business organization as shown in Fig 2.1 above of the spectrum of hybrid organizations that includes key features of different types of enterprises (Alter, 2006; Dees, 1998). Within the hybrid organization, Alter (2006) substantiates between social enterprises and socially responsible businesses since the later focuses more on profit making as opposed to social mission. The more modern definition of social entrepreneurship incorporates the enterprise orientation with social objectives and social ownership, which means that the social enterprise is typically accountable to community stakeholders rather than financial investment shareholders (Alter, 2006) “A social enterprise is any business venture created for a social purpose mitigating/reducing a social problem or a market failure and to generate social value while operating with the financial discipline, innovation and determination of a private sector business (Alter, 2006; Burns, 2011) argues that there will always be a gap in the market as public agencies would never be able to fulfil whole

society's needs in different social aspects such as education, healthcare, social security, etc. Consequently, there will always be a space for social entrepreneurs. To this end, within the hybrid spectrum the degree to which enterprises blend social and commercial goals, create social and economic values, measure social and economic impact and meet financial goals in a way that contributes to the public good are more important when identifying social entrepreneurs in the society.

2.2.2 Social Capital Theory

Social capital refers to a system of interpersonal networks (Dasgupta, 2005) which enhances cooperation and collaboration that also helps to create the economic opportunities. The basic instinct of social capital theory lies on the social ties that include one's family, friends and associates as an important asset that can be utilized for its own sake, during crisis and as leverage for financial and social growth (Woolcock & Narayan, 2000). Social capital is a multitude of pieces that together are called social capital each piece reflects a set of interpersonal connections. The value of social capital is dependent on the kind of activities that members of the web engage in (Dasgupta, 2005) the theoretical review is based on social capital theory by Putnam (1993) In an early definition where social capital was identified with those features of social organization , such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions". According to this theory voluntary associations across individuals in networks enable a horizontal linking which produce trust, a norm that produces interpersonal bonding. This trust leads to reciprocity which is an essential component of social capital and which increases with use and decreases with disuse. Social capital embodies the coordination and cooperation for mutual benefits in organizational setup and which extends to the larger community. Later while in the article "bowling alone" Putnam (2000), proposed that social capital is a universal lubricant of social relations by which functioning of modern communities operate. The

social capital plays the role of expanding and increasing cohesion amongst the players in a group, which results from connections among individuals' social networks and the norms of reciprocity and trustworthiness that arise from them. He further argues that institutions are generated and sustained by beliefs members have about one another and the rest of the world. The beliefs or faith is the core link between social capital and institutions. Economic agents are able to realize benefits by virtue of membership in social networks and structures available in the community. The theoretical proposition shows there exists a positive association between trust, networks, interactions, within individuals, groups (elements of social capital) and institutions. The factors form the basis for conceptualising how the relational social capital may influence the activities in the social enterprises that lead to success or performance of the social enterprises,

There are two main views used to evaluate social capital, the relational view and structural view (Nahapiet & Ghosal, 1998). The relational view is embedded at community level where informal social ties are fostered by trust within the same order or community. Relational aspect focuses on this kind of social capital. Relational Social capital is also defined in terms of bonding, bridging and linking social capital. Bonding social capital is also symbolized by strong intra-community networks defined by shared values and norms, strong ties and high level of trust within family members and close-knit groups (Woolcock & Narayan, 2000). Bridging social capital refers to extra-community ties portrayed by weak and thin trust that connect different groups in one or more communities (Woolcock & Narayan, 2000; Basu, 2012).these two forms of social capital are related to the relational view of social capital. On the other hand, structural view refers to formation of vertical and/or formal networks with procedures and collective action. Structural aspect focuses on the number or amount of direct and indirect networks. Structural Social capital is also defined in terms of external linkages. The linking social capital symbolizes the network between a community or groups in a

community with institutions and groups of higher order and is therefore associated with structural social capital.

The extent to which relational and structural aspect of social capital benefits the society is dependent upon active and/or high participation in linking, bridging and bonding capital by members of the community (Ernst, 2012; Basu, 2012). The social enterprise benefits accrued are dependent on the utilization of social capital. Increased social capital is likely to scale risk sharing potential of members as they provide an informal safety net. From social entrepreneurial perspective social capital is viewed as network, group ties and institutions that support social entrepreneurial activity and the level of perceived benefits and resources available from social ties (Ernst, 2012, Narayan & Pritchett, 1997). Studies have shown that social capital is a strong and consistent asset especially during initial stages of business creation and among micro and small enterprises. Social entrepreneurship intention model explain that high bridging and bonding social capital among a society heightens the perceived behaviour of control or the probability of succeeding. Social capital is viewed as an enabler as it is used as a source of information, frame of reference, access to resources, source of potential suppliers and customers among others. .

2.2.3 Social Innovation Model.

Social innovation is defined as new products, services, organizational models and/or production methods that concurrently and effectively meet social needs and create new social relationship and collaborations. Social innovation refers to creation of both tangible and intangible assets which include production of goods and services for society and enhancing the community's capacity to act (Bornstein, 2004; Social Innovation Exchange, 2010). Innovation is both a process and outcome. As an outcome it manifests itself in new production technology, improved quality or new products. On the other

hand, innovation processes introduce new product innovation, individual creativity, organizational structure, and improvement of social, economic and environmental factors.

Whether a process or outcome, innovation must meet three main criteria. First, innovation must be novelty; it must not necessarily be original but must be new to a user, application, context or environment. Secondly, innovation must bring about improvement or value addition. It can either be more effective or improve efficiency relative to pre existing applications. Thirdly, innovation must be sustainable which means that it must introduce solutions that are environmentally and structurally sustainable. The SIX and the Young Foundation (2010), a problem existing in the societies is the origin of an innovative idea, which leads systematic stages, through which social innovation follows through over time and advances towards institutionalisation which is a must for any invention to be adopted as social innovation, With the underlying purpose of long lasting solution or impact on the social challenges. SIX and the Young Foundation (2010), six stages Model chronologically explain process of social innovation from inception to materialization in the society. The first stage entails factor that *prompts* innovation, e.g necessity factors such as crisis or poor performance to new evidence or inspiration. The problem facing society is identified. The second stage is *project* which entails idea generation. Creativity and formulation of designs or strategies that may solve the problem effectively and efficiently are established with information from holders for idea generation. The third stage is *prototyping* where the ideas are tested through practice. Pilot studies are conducted where key factors such as cost efficiency, viability, effectiveness and other elements are observed. A feedback mechanism must be in place. The fourth stage is *sustaining* which includes review of resources availability e.g. income streams, cost benefit analysis in an attempt to evaluate its long term financial sustainability. The fifth stage is *scaling* and

involves formulation of strategies and methods that will facilitate growth, consumption and diffusion of the new innovation into practice. The last stage is *systematic change* which is the basic goal of social innovation. It usually involves the interaction synergy of multi factors from social movements, business models, laws and regulations, cultural changes, support infrastructure and adoption of new ways of taking action, wherefore the need for all stakeholders to participate, business, government, civil society, consumers

Therefore, social innovation theories hold that the impact of social innovation depends on whether social innovation strategically fits the needs of the society, the degree to which the outcomes of the innovation directly or indirectly achieve the goals intended, how current and future impact of efficiency in the innovation is and how realistic the implementation of the project is with regards to strength and weaknesses of implementation and assimilation of the innovation to the society (European Commission, 2012). As a catalyst to social transformation, the degree to which social entrepreneurship benefits society depends upon the degree to which social entrepreneurs apply social innovation as a core factor that may drive sustainable change in the society. Social innovation outcomes and impacts as common goods to a large extent influences how demand is perceived and met. In summary social needs are identified by the civil society, they also play role in suggesting how to address them, where they encourage volunteerism. They however lack mechanisms of scaling the social innovations for example capital, organisational capacity and market models, which calls for the synergetic effort between the stakeholders, business enterprises, the government and consumers.

2.2.4 Need for Achievement Theory

This theory proposes that the drive to excel, to achieve in relation to a set of standards, to strive to succeed is inherent in human beings. McClelland theory of needs (1961) asserts that individual's trait and specific needs are acquired over time and may be shaped by one life's experience, education and training. The need for achievement theory holds that human beings have desire to excel, as such. they seek personal responsibility for finding solutions to problems and are driven to set goals that are realistic and achievable. In their quest to satisfy their needs and achieve they take calculated risks, and also think and act innovatively (Brockhaus, 2008). They want to receive rapid feedback on their performance so they can tell easily whether they are improving or not. There exist evidence that there is a relationship between achievement motivation and entrepreneurship (Brinckerhoff, 2009).

The study of entrepreneurship involves learning the value of the innovative approaches and business model that may enhance growth and profitability. Learning improves Innovativeness and risk taking propensity which prepares the entrepreneur in problem solving, adapting to changes in the business and social environment, developing creativity and operating a sustainable business.

2.2.5 Theory of Planned Behaviour

According to the Theory of Planned Behaviour (Ajzen, 1991) the main barriers, as perceived by students who had yet to start their own venture, would appear to be the lack of awareness or information/knowledge. Of those who claimed that they would be interested in setting up a social enterprise, most indicated that they would need support/encouragement, particularly training and mentoring. Ajzen's (1991) Theory of Planned Behavior, and research by Krueger and Carsrud (1993), for example, has

demonstrated the applicability of the theory to new venture creation. In essence, the theory states that intentions depend on attitudes towards the attractiveness of the behaviour, social expectation, and associated competencies. The theory recommends that a person's intention to perform the behaviour will increase with his/her perceived behavioural control. This suggests that people will try to start a business if they believe they have the ability to do so and the activity is deemed to be socially acceptable. Clearly, not everyone is capable of being either an entrepreneur or a social entrepreneur but the findings suggest that if students were equipped with the appropriate knowledge and skills, it is possible that more social enterprises could be created, especially if ongoing support were made available. Training increases the develops capacity in terms of competencies, technical, managerial skills and interpersonal skills, entrepreneurial skills, and attitudes (Miettinen, 2007).

2.3 Conceptual Framework

A conceptual framework provided a broad definition that is systematically organized to provide a rationale or causal relationship between variables of interest (Creswell, 2003). It facilitated conceptualization of the relationship between variables in the study by diagrammatically showing the causal relationships. The hypothesized model identified the concepts under study and their relationship. Figure 2.2 displayed the conceptual framework and the relationship between the independent variables namely social capital, social innovation, and entrepreneurial training and dependent variable captured by social enterprise performance. Within each variable, subvariables which measured the respective variables were identified from theoretical literature and included in the model. Subvariables were useful in measuring each of the variable and further guided in formulation of data collection instruments.

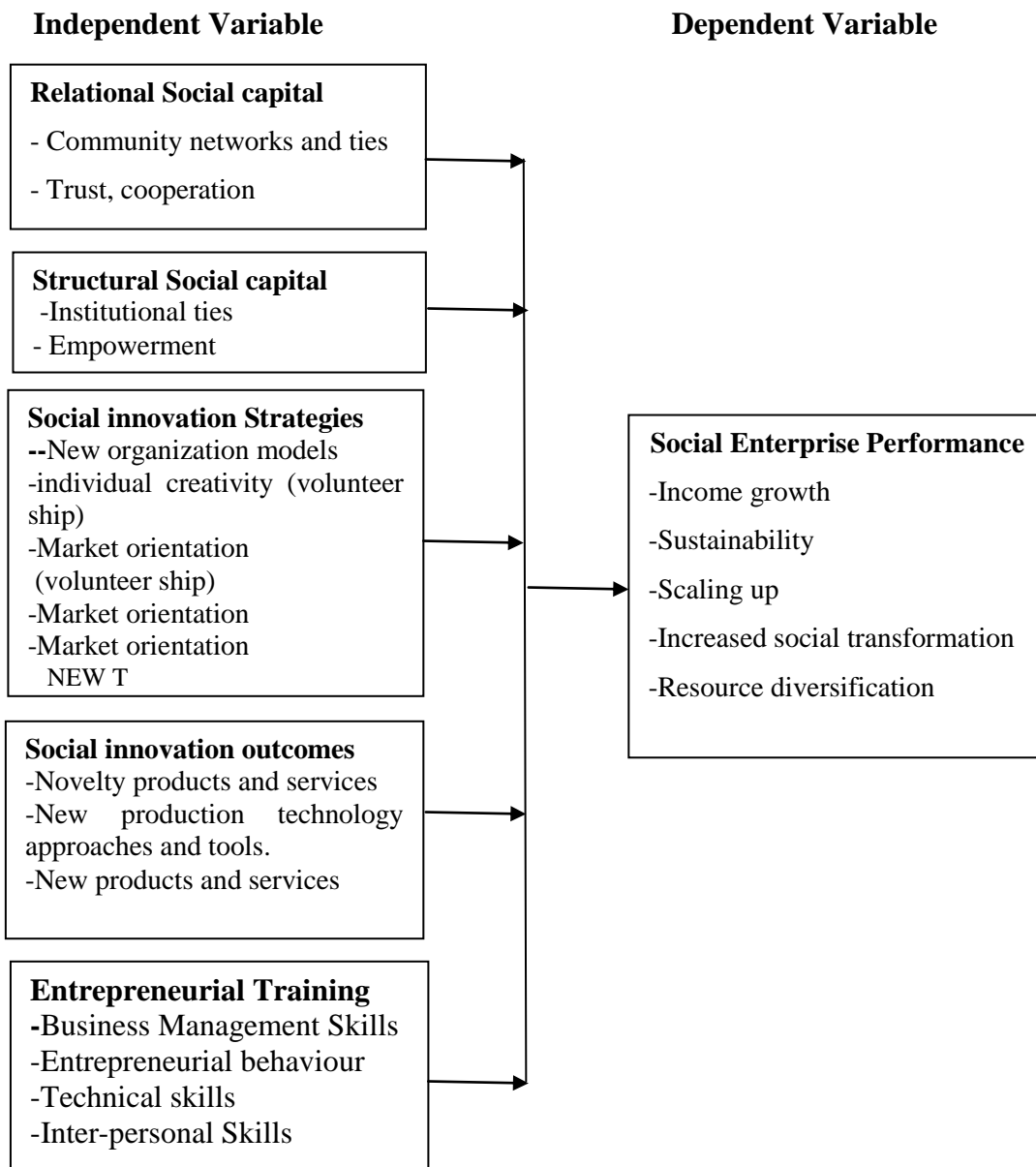


Figure 2. 2: Conceptual Framework

2.4 Review of literature on variables

2.4.1 Relational Social Capital

Social capital is defined in a broad term containing the social networks and norms that generate shared understandings, trust and reciprocity, which underpin cooperation and collective action for mutual benefits and creates the base for economic prosperity (Soumyananda, 2012). Social capital is the ability of social entrepreneurs to benefit from creation, identification and utilization social networks and structures in the community. For the purpose of this study two types of social capital are identified; one the relational and two the structural social capital. Relational social capital comprises of bonding or the intra-community networks between family members and close-knit groups and Bridging social capital which refers to extra-community ties characterized by association different groups in one or more communities. Relational Social capital describes the social networks and norms that generate shared understandings, trust and reciprocity. The ties between individuals and groups in the community generate cooperation and collective action for mutual benefits which creates the base for economic prosperity. It is on this premise that relational Social capital acts as a driver of economic growth. Social capital is enhanced by schooling which shapes the much needed human capital. Educated individuals are interested in dialogue and conversation. People interact in a purposeful manner with each other in families, workplaces, neighbourhoods, associations (local, national or international) and range of informal and formal meeting places. Interaction enables people to build trust, confidence and cooperation, to commit themselves to each other (i.e. *reciprocity*), and thereby to knit the social fabric

Recognizing that the groups and networks enable people to access resources and collaborate to achieve shared goals is an important part of the concept of social capital. Informal networks are manifested in spontaneous, informal, and unregulated exchanges

of information and resources within communities, as well as efforts at cooperation, coordination, and mutual assistance that help maximize the utilization of available resources. Informal networks can be connected through horizontal and vertical relationships which are dependent on the contextual factors including the market, kinship, and friendship (Dudwick, Kuehnast, Jones & Woolcock, 2006).

(Dudwick *et al.*, 2006) Cooperation is closely related to the dimension of trust and solidarity, it reveals how people work with others in their community on joint projects and/or in response to a problem or crisis. It also considers the consequences of violating community expectations regarding participation norms (*ibid*). The Trust dimension of social capital refers to the extent to which rural people feel they can rely on relatives, neighbours, colleagues, acquaintances, key service providers, and even strangers, either to assist them or do them no harm. While trust is a choice it reflects how interdependent of established contacts or familiar networks is mandatory to address community challenges

2.4.2 Structural Social Capital

Structural or linking social capital reflects the network between a community and groups in a community with vertical institutions. Linking social capital is the vertical connections that connect the basic individual groups with institutions (World Bank, 2002). It is vertical by nature as the different institutions influence policies or resources acquisition (Pretty, 2003). Structural social capital involves vertical interactions with individuals who are influential in positions of political or financial power and whose linkages are critical for leveraging resources (Côté & Healy, 2001; Woolcock, 2001) . Through institutional ties that may be pre existing or are developed, social entrepreneurs access the most needed resources inclusive of information, ideas, commercial opportunities, financial capital, power and influence, emotional supports and even

goodwill, confidence and cooperation which blend together to create success of an enterprise from formal institutions and which are beyond the local community horizontal networks. The degree to which social capital is beneficial depends on how well structural capital in terms of linkages between members of community and formal institutions, are utilized by members of the community (World Bank, 2002; Grootaert, 2003). Trust and cooperation within firm, industry, market and the state is as a result of social capital and it is critical for economic development. The Social cohesion and inclusion, and empowerment and political action are strategic tools of social capital, that focus specifically on the tenacity of social bonds and their dual potential to include or exclude members of community. Cohesion can be demonstrated through community events or through activities that increase solidarity, strengthen social cohesion, improve communication, for coordinated activities, promote civic-mindedness and altruistic behaviour, and develop a sense of collective consciousness while empowerment displays how Individuals are legitimate to the extent that they have a measure of control over the institutions and processes that directly affect their well-being (World Bank, 2002a). It is the increase of satisfaction personal efficacy, and capacity of network and group members to influence both local events and broader political outcomes that measures the structural capital dimension of empowerment. The study seeks to explore whether structural social capital is applied and the influence on the performance of the social enterprises.

2.4.3 Social Innovation Strategies

For the purpose of this study, social innovation refers to creation of tangible and intangible asset with the view of enhancing the society's capacity to act or react to emerging opportunities and challenges (Mort *et al*, 2006; European Commission, 2012). It is measured by tangible assets such as products and tools created or intangible assets such as method of production, adoption of strategic plans among others and the extent to

which identified assets solve social and environmental problems facing the entities. social innovation as the broader umbrella term under which social entrepreneurship, as well as other novel public and third sector initiatives located outside the market, can be affiliated (Mulgan *et al.* 2007; Phillips *et al.* 2008). Social innovation is the tool that social entrepreneurs use to create and develop social enterprises. It is therefore important to investigate the variables influence the performance of the enterprise taking into consideration that other factors may influence its capacity positively or negatively either by promoting or hindering how the social enterprise performance (Defourny & Nyssens 2008b; Mair & Marti 2006). According to (Nicholls, 2006b; Thompson, 2008) social enterprises are a part of all the activities used by commercial model to create social value. The push factor for supply of innovation is indispensable for any change to take place. This emanates from generation and crystallization of new ideas into new products or ways of doing things on one hand and, communication and dissemination of the innovation on the other.

There are two approaches to innovations. The first involves the organizational processes that generate the innovations e.g. the individual's creativity, the structural entities of the organization, the environment and the social economic factors. Policy development that creates an enabling environment for social innovation strategies with the framework of operations will significantly impact on success the inventions (Leadbeater, 2007; Westall, 2007). The investigated how social innovations strategies when employed by social entrepreneurs influence the performance of the social enterprises in Nairobi City County,

2.4.4 Social Innovation Outcomes

The second approach looks at innovation from the outcomes perspective of the new products, productions methods and designs (Phillips, Deiglmeier & Miller, 2009). To be

considered an innovation the process and outcomes must be unique, effective and efficient and sustainable both environmentally and in terms of organizational resources. Social innovations therefore must bear the social value as the primary objective for them to be true. The social innovation will identify the challenges or needs, seek solutions that are feasible and sustainable and produce results that create benefits like reduction of costs, employment, increased productivity, advocacy for humanity, health solutions, and economic growth to the society as a whole. Innovation needs to grow in scale to enable systematic recognition of the need for such technology. Social innovation strives to change the way a system operates (standard) and sometimes they are radical, bringing totally new products, old elements in new ways (novel) (Antadze & Wesley, 2010). Successful innovations must be viewed within the larger setting of the organizational structure and environment where they take place (Marhdon *et al.*, 2010). The study proposes to determine how social innovation outcomes, when employed by social entrepreneurs, influence the performance of the social enterprises in Nairobi City County,

2.4.5 Entrepreneurial Training

Firstly, the definition of social entrepreneurship has an important bearing on the practice of training as entrepreneurial competencies cannot be gained through administration of general knowledge. Training is defined as programs aimed directly at stimulating entrepreneurship mindset, competencies for opportunity-seeking entrepreneurial activity of small business owners (Bryne, 2010; Cho, 2013; Bornstein, 2007). Evaluation of entrepreneurial training programmes found that, training is fundamental in promotion of business practices, with several program evaluations indicating improved record keeping, formal registration, access to new loans, and a more strategic orientation of the businesses concerned (Alexandria *et al.*, 2014).

Entrepreneurship training is indispensable in the effort to create and foster any form of entrepreneurship. Entrepreneurship education and training helps to shape the individuals innovative and entrepreneurial character, while intensifying potential for successful venture creation (Henry, Hill & Leitch, 2005).

The multi-skills will foster technical aspect, business management and personal entrepreneurial skills of the entrepreneur (Osuagwu, 2006; Ogundele *et al.*, 2012). Moreover the entrepreneurship training and education creates a philosophy of self reliance as far as new ideas, promoting new mind-set and culture of undertaking future challenges successfully. The educational process starts in a school that produces generally more informed individuals who promote social interactions and share the social responsibilities. Educated individuals have a better understanding of the positive impacts of associational activities and collective action on society or interpersonal skills than do those with less education (Rupasingha *et al.*, 2006). Universally, it is accepted that education generates positive influence and improves overall productivity in the economy. Social capital is embedded in human capital and education fosters its accumulation. Benefits accrued in the economy through social capital are developed. The improvements of social trust, reciprocity and cooperation are the basis for formation of social capital (Lucas, 1988) .the research found it necessary to assess the extent to which entrepreneurial training inculcates and affect the social entrepreneur behaviour in the process of creating and operating the social enterprise. Creativity, skills, competencies, entrepreneurial behaviour and enterprise culture are developed through training, but how there is hardly any empirical literature on how ET influences the social enterprise performance in the Kenyan context.

2.4.6 Measurement of Social Enterprise Performance

Firm performance is influenced by a multitude of factors where the effects may be positive or negative. Sandberg *et al*, 2002 defined performance as the ability to contribute the employment and wealth creation through the initiating, growth and sustainability of an enterprise

According to Mort *et al.* (2006) over and above representation of the members' business interest, the associations adopt social objectives that benefit both the members and non-members within their locality. Therefore, the social mission or self-identification met or fulfilled effectively is the main indicator of a social entrepreneurship, income growth is realised by how much the social enterprise reinvests profits earned to meet operational costs and spurn the growth of the enterprise. Scale of business is measured by increase in provision of goods and services to the community while increasing the level of satisfaction. Increased numbers of clients and consumers of goods and services is an indication of good performance. Increased opportunities for employment of staff than the social entrepreneur is also a positive aspect of the enterprise performance particularly where skill and competences are concerned as the social enterprise continue to exist, The sustainability of the social good is a clear indicator of the success on performance. Reduction of financial vulnerability in the social enterprise indicates a likelihood of sustainability. Increase in the numerical value of beneficiaries and institutions shall also be parameters indicative of the performance. Market orientation expressed in terms of commercial activities that are mission driven ensure sustainability of an efficient entrepreneurial activity in social the enterprise through supply of products and services. This study focuses on the characteristic of the social entrepreneur who is focused on achieving social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable in Kenya and operating in Nairobi County.

2.5 Empirical Literature Review

2.5.1 Relational Social Capital

A case study on three volunteering organizations in India Basu (2012) shows that social economic contest is poor in India. However, social entrepreneurship, social capital and innovation as an important driver that can reproduce entrepreneurial activity and facilitate sustainable business enterprises if entrepreneurs are well trained on management and leadership styles.

According to (Dinda & Soumyananda, 2013) Social capital contributes to economic growth by focusing the importance of trust and cooperation within firm, industry, market and the state and that social capital lubricates the wheels that allow nations to advance smoothly and creates the base for economic prosperity. (Dinda, 2012) in an earlier study proposes that economic development of country/region depends on the impact of social capital which includes social culture, social norms and regulations that promote economic reforms and development activities.

According to Dudwick, Kuehnast, Jones, and Woolcock, (2006) in a guide “Analyzing social capital in context : *a guide to using qualitative methods and data*” for developing countries that outlines tools and strategies for gauging the nature and extent of peoples interaction with each other and in private ,public and civic institutions the document suggests how to apply the tools of social capital namely groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment and political action. e first focuses on how social relationships act as a means These dimensions reflect two different ways of thinking about social capital. The first focuses on how social relationships act as a means through which individuals, households, or small groups secure (or are denied) access to

resources. On this premise, individuals, households, or small groups who have access to important resources, or who occupy key strategic positions in a network, are said to have more social capital than others, because their social relationships and position in these networks give them better access to and control over valued resources. The implication of this is that the distribution of social capital within any given community is unequal and often stratified, meaning that social capital can function as a mechanism of exclusion as well as inclusion.

Woolcock and Narayan (2000) in their research on social capital emphasize the importance of social capital to the poor in their attempt to alleviate livelihood challenges in the world. And that the level of social cohesion is evident they agreed that social capital is indeed relevant to communities and the fact that the social capital structure and networks sizes can be adopted as a means of successful social enterprise creation.

Dees (1998) note that social entrepreneurs must possess the commitment, personality and determination as their traditional counterparts plus a profound passion for achievement of social goals without expectations of significant financial reward. Therefore over and above entrepreneurial personality, social entrepreneurial personality includes pro-social personality which includes empathy, sense of social responsibility, ethical principles among others.

According to Witte (2013) in the study on an explorative account of the cultural determinants of social entrepreneurship by using nine hypothesis concerning cultural factors Data from the 2009 Global Entrepreneurship Monitor, the first harmonized global dataset including social entrepreneurship measurements, and the World and European Value survey are combined, resulting in approximately 122.000 individual data points for a total of 34 countries. Social entrepreneurs were compared with both their commercial counterparts and the non-entrepreneurial population. The results

showed that culture has a considerable influence on the probability that an individual engages in social entrepreneurship relative to no entrepreneurship. Specifically, there is evidence that confidence in public institutions, self-expression orientated values, prominence of religion, generalized trust and risk-aversion are significantly related to social entrepreneurial activity.

Roomi (2009) studied the impact of social capital on social entrepreneurship growth among women in England. The study found out that the utilization of networks and interpersonal relationship (bonding capital) by women was an important catalyst of growth as it enhanced information gathering and spreading word of mouth. Both bonding social capital and bridging social capital –especially across gender - were also found to be useful in survival, ‘take-off and success of women enterprises.

2.5.2 Structural Social Capital

According to Côté and Healy (2001); Woolcock (2001) this stratified form of social capital involves vertical interactions with individuals who are influential in positions of political or financial power and whose linkages are critical for leveraging resources. Through institutional ties that may be pre existing or are developed, social entrepreneurs access the most needed resources inclusive of information, ideas, commercial opportunities, financial capital, power and influence, emotional supports and even goodwill, confidence and cooperation which blend together to create success of an enterprise from formal institutions and which are beyond the local community horizontal networks .

Olabisi (2013) used social action theory to examine how Yoruba women textile traders sought for and access resources. It was established that women engage multiple avenues within their social systems to source finance and generate income. It was also showed

that women's collective approach and action have an impact on entrepreneurial development of the society.

Datta (2012) case studied the extent to which social inclusion and empowerment breed entrepreneurial activity among women in India. The study found out that collective approach to entrepreneurial action empowers women through advancing their economic security, entrepreneurial behaviour and increasing their income contribution in the family.

Karimzadeh, Ahmad and Karimzadeh (2013), in the research on Impact of Social Capital on Quality of Life: Evidence from India , where a survey was conducted in different households found that there exist a strong relationship between social capital and the quality of life, accordingly social capital refers to the extent to which communities provide members with openings through supportive relationship, trustworthiness and active involvement of local and social activities to increase their resources and decrease their social expenditure.

According to Ali, Saeid and Mohsen (2012) Social capital is a modern concept that is used extensively nowadays in sociology, economy and recently in management and organization. It refers the existing resources inside and among the personal and commercial network. These resources include information, ideas, commercial opportunities, financial capital, power and influence, emotional supports and even goodwill, confidence and cooperation which blend together to create success of an enterprise.

Ounagh and Ounagh (2011) conducted a comparative research about social capital and quality of life in Delhi and Tehran. The results of multiple regressions in this study indicated that in both societies there is a significant relationship between social capital and quality of life. In addition, the study found that there is significant difference in impact of social capital

on quality of life in Delhi and finally the multiple regressions indicated that all five indicators of social capital are accepted as predictors of quality of life in Delhi, whereas in Tehran excluding communication the rest of the four indicators viz. view towards locality, social participation, social trust, and local solidarity are entered in the model as predictors of quality of life.

Allahdadi (2011) in the study “Building Social Capital for Poverty Reduction in Rural Areas of Marvdasht, Iran” where 250 households were surveyed, found that social capital is instrumental in poverty reduction. However, levels of social capital in cooperation, network, trust and empowerment, have low scores as compared to communication and social cohesion. Generally, the findings reveal that the level of social capital in rural areas of Marvdasht for poverty reduction is low which meant that most people are not involved in the decision-making process for poverty reduction. For successful poverty reduction the rural people should collaborate with the government organizations. This will create inclusivity in decision making process which affects their lives and communities. It was concluded that Since social capital has impacts upon the way how rural development policies are implemented in each community, the central government could design relevant policies to cultivate the social capital that has positive effects on poverty policies.

2.5.3 Social innovation strategies

Social innovation is a key aspect of social entrepreneurship that enhances the degree to which an enterprise effectively responds to emerging opportunities and challenges in the market, by providing a practical tools through which social value is continuously being created and perfected to facilitate optimization of resources and environmental challenges facing social entity and create organizational sustainability (Mort *et al.*, 2006; Humbert, 2012).

Austin *et al.* (2006b) define innovation in social entrepreneurship as an “innovative, social value creating activity that can occur within or across the non-profit, business, or government sectors”.

Zahra, Gedajlovic, Neubaum and Shulman (2009) suggest that innovation in social entrepreneurship encompasses “activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner”.

According to Gichana, Mukulu, and Odhiambo (2014) in their study on Effect of innovations on Enterprise Growth of Small and Medium electrical machinery enterprises in Nairobi County, Kenya it was found out that effect of innovations on enterprise growth is insignificant. The research study concluded that innovations were being practiced though at a low level of novelty and that innovation is very critical for growth and competitiveness. The study recommended that in order to mitigate the insignificance effect entrepreneurs should develop entrepreneurial and technical skills to up-scale the innovations.

Olawoye, Namusonge and Muturi (2016) in their study on The role of innovation on performance of firms on Nigerian stock exchange, found that the relationship between entrepreneurial Orientation dimension –Innovation, and performance of firms listed in the Nigerian Stock Exchange, with returns on assets and returns on equity as proxy revealed a negative relationship between innovation and returns on assets and innovation and returns on equity.

OECD (2010.a; 2010.b) recognize four areas important for innovation: empowering people to innovate, which is captured by educational and human resources related indicators, unleashing innovation in firms, measured by indicators concerning the entry

and exit of firms, policy environment as well as the existence and activities of young, innovative firms; investing in innovation, where the importance of government funding is stressed and the ability to reap returns from innovation, where measurement is approached through the quantity of scientific collaborations, knowledge clusters, science and industry linkages and the like.

According to Jim Phil's, (2009) Social innovations is "a novel and useful solution to a social need or problem, which is better than pre-existing approaches". Social innovation should be more effective, efficient and sustainable and its benefits should solve prioritize society problems. Social innovation is an important aspect in social enterprises which enhances the degree to which an enterprise effectively responds to emerging opportunities and challenges in the market. In an earlier research.

Among models of innovations identified by Bwisa, (2011) is the social deterministic school which contends that innovations are a combination of external social factors and influences like the demographic changes, economic influences, and cultural factors, organizational factors .e.g. Innovation strategies, level of contribution of products to satisfaction, methods of managing information and distributing it, use of social media ,introducing novelty resource use and management to increase reliability of products and services e.g. recycling, reuse etc.

According to Barroso (2009) financial and economic crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable growth, secure jobs and boost competitiveness ,also the strategy for social innovation needs to identify, Priority fields for action, Priority tools for action (investment, capacity, networks, procurement). Policy development that creates an enabling environment for social innovation strategies with the framework of operations will significantly impact on success the inventions (Leadbeater, 2007; Westall, 2007).

2.5.4 Social Innovation Outcomes

According to Phil's *et al.* (2008) noted that social innovations benefit the society through increasing employment, increasing productivity and some may even create social value over and above the economic impact originally intended. This notwithstanding, innovation is truly social if the balance tilts towards social benefits where value created benefits the society as a whole. Market failure is a crucial and vital status that generates opportunities to create value or provide solutions that would otherwise not be invented.

Bunt and Harris (2009) in the study of Exploring the relationships between evidence and Innovation in the Context of Scotland's Social Services emphasize on the importance of innovation in solving social problems and the impact on revolutionizing practice, improving the long term outcomes and cost effectiveness in the private sector. The study found out that; Practitioners do not have the necessary resources to try new things out in their practice. This includes having insufficient time to read and engage with evidence, and to put it into practice (IRISS, 2010).

According to Martin and Osberg (2007) Mulgan, Tucker, Ali and Sanders (2007). Social innovation, broadly defined as new solutions to social needs, is not necessarily market-based and can be found in any sector Mulgan, Tucker, Ali, and Sanders (2007). Social innovation was viewed as the broader umbrella term under which social entrepreneurship, as well as other novel public and third sector initiatives located outside the market, can be affiliated

Nicholls and Cho (2006) identified innovation as a major building block of social entrepreneurship and has similar models of operations with commercial entrepreneurship. For example, in some cases, Schumpeter's idea of "creative

destruction” processes that change systems and realign markets to suit prevailing economic situation is present in social entrepreneurship initiatives, either through incremental changes at the micro-level or through disruptive interventions at the systems level (Martin & Osberg, 2007).

Mair and Marti (2004) view innovation in social entrepreneurship as “a process consisting of the innovative use and combination of resources to explore and exploit opportunities that aims at catalysing social change by catering to basic human needs in a sustainable manner”.

2.5.5 Entrepreneurial training

Training is defined as programs aimed directly at stimulating entrepreneurship mindset, competencies for opportunity-seeking entrepreneurial activity of small business owners (Byrne, 2010; Cho, 2013; Bornstein, 2007).

According to a study by Alexandria *et al.* (2014) on Entrepreneurship Education and Training Programs around the World Dimensions for Success identified and examined a total of 16 ET programs targeted at potential entrepreneurs. Of these 16 programs, impact evaluations and review were conducted on 7 programs. One such review indicated that some of the stronger effects of Entrepreneurship Training–Potential Entrepreneurs (ETPo) programs relate to helping potential owners launch new businesses more quickly. The targeted outcomes of the other evaluated ETPo programs concentrated in the entrepreneurial status domain and to a lesser extent in the entrepreneurial performance, capabilities, and mind-sets domains. With regard to entrepreneurial status, several of the evaluations demonstrate mixed but promising results around the capacity of these programs to improve employment, income, and savings for beneficiaries. While few evaluations looked explicitly at rates of new

business start-ups, many used proxies for business start-up, such as self-employment and increased business income. Among the most promising results in the firm performance domain was the enhancing of business practices, with several program evaluations indicating improved record keeping, formal registration, access to new loans, and a more strategic orientation of the businesses concerned. Nonetheless, there was little evidence that training fostered the creation of high-revenue or high-employment firms in the long run.

Spear *et al.* (2012) opines that training and educating community leaders and managers of socially driven enterprises is crucial to development of social enterprises. Further to this they emphasized that training in schools, training managers of social enterprises is key to success of the social enterprise as it instils creative skills, social skills, entrepreneurial skills, management skills, to perform tasks which are key to achieve sustainability and growth of the social enterprise. According to a study conducted in Nigeria a developing African country by Ogundele *et al.* (2012) entrepreneurship training helps to empower individuals and to escape social problems like poverty by providing the knowledge, skills and competences to understand the environment, realize opportunities and raise their outcome.

A study done by Kirby *et al.* (2011) "The case for (social) entrepreneurship education in Egyptian universities" bases its argument on the theoretical premise that if young people are made aware of the concept of social entrepreneurship, recognize its role and importance to society and believe they have the ability to create a new venture, they will do so. Its aim, then, was to explore Egyptian student awareness of entrepreneurship in general and social entrepreneurship in particular, and to consider how the education system might need to be adapted to help encourage more students start their own (social) ventures on graduation. They used the Theory of Planned Behaviour as a framework to guide both the study and subsequent analysis and interpretation. The study suggested

that if Egypt is keen to promote a more socially aware, sustainable economy where the issues of society are addressed, there was a need to pay attention not just to the quality of the education system but to its purpose and process (Kirby & Ibrahim, 2010). Students need not just to learn about social entrepreneurship and entrepreneurs, but be equipped with the skills, abilities and, importantly, attitudes to create a social enterprise.

Ogundele (2011) contends that entrepreneurial training inculcates the culture of self-reliance by promoting new sets of attitude and ability to face future challenges. This increases the development of entrepreneurial activity and the consequent development of a society,. Further this reduces the social economic challenges eg unemployment and increased affordable goods in the market place. Further to this Ogundele *et al.* (2012) contends that entrepreneurial training promotes behavioural change that encourages innovative ideas which are transformed to profitable activities. Concepts, skills and knowledge gained through training leads to creation of new ventures. Application of management and financial skills gained during entrepreneurial training contributes largely to the success of new business and growth of the already existing ventures. Through entrepreneurial training sustainable economic activities are born, new jobs are created, allocation of resources.

According to Mullins (2010) training gradually transforms an individual by inculcating job related skills, knowledge and attitudes that are enabling factors in efficient and effective task performance.

Noruzi, Westover and Rahimi (2010) in the study on Exploration of Social Entrepreneurship in the Entrepreneurial Era in Iran outlines models of improving social entrepreneurship by using education. The study contends that for developing a good and professional social entrepreneurship in a country, government officials and public policy makers should use elements of an effective entrepreneurship education system for

educating citizens about the attributes and benefits of quality social entrepreneurship. The model of European Expert Group agreed about five objectives of Entrepreneurship Education:

Expert group: Education for Entrepreneurship: Objectives of teaching about entrepreneurship

"Promoting the development of **personal qualities** that are relevant to entrepreneurship, such as creativity, spirit of initiative, risk-taking and responsibility;

Offering **early knowledge** of and **contact** with the world of business, and some understanding of the role of entrepreneurs in the community;

Raising students' **awareness of self-employment** as a career option (the message being that you can become not only an employee, but also an entrepreneur);

Organizing activities based on **learning by doing** — for example by means of students running mini-companies or virtual firms;

Providing **specific training** on how to start a business (especially in vocational or technical schools and at

University level)."

Source; (EGEE 2004: 12)

2.5.6 Performance of social enterprises

For the purpose of this study while there are many definitions of social enterprises the definition by (Alter, 2006) “A social enterprise is any business venture created for a social purpose – mitigating/reducing a social problem or a market failure and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” is highly favoured.

A study by Giorgi (2013) on Sustainability of Social Enterprises in Sweden on the relative financial sustainability, assessing patterns on employment and involvement statistics of work integration social ventures of social enterprises by examining their exit and entry rates in comparison with commercial ventures figures revealed that though newly founded social ventures have better survival rates compared to the commercial businesses, social enterprise was relatively a new field defined by threats of exit and entry. Additionally, social enterprises that have established themselves on the market are more likely to employ and reach more people as well as create social value.

Otieno, Bwisa and Kihoro (2012) Influence of Entrepreneurial Orientation on Kenya’s Manufacturing Firms Operating under East African Regional Integration The study findings revealed that performance of Kenya’s manufacturing firms operating under the East African Community regional integration, are significantly influenced by entrepreneurial orientation, in terms of Sales, Profits and Employment as measures of firm performance and that significant influence is more pronounced in terms of Sales for manufacturing firms which are integrated or operate within the regional integration.

Olawoye, Namusonge and Muturi (2016) in their study on The role of innovation on performance of firms on Nigerian stock exchange, found that the relationship between entrepreneurial Orientation dimension –Innovation, and performance of firms listed in

the Nigerian Stock Exchange, with returns on assets and returns on equity as proxy revealed a negative relationship between innovation and returns on assets and innovation and returns on equity.

According to Dees (2011) the existence of non-destructive entrepreneurship is especially important. This view is contrasted to Schumpeter's famous concept of creative destruction. In Dees' opinion, creation of long-term value should be based on combination of fewer resources and far less disruptive actions. Such kind of innovation is highly relevant to social and environmental problems, creating space for social entrepreneurs. To Dees (2011) social entrepreneurship is a crucial instrument on the way to the era of inclusive prosperity, social ventures present learning laboratories where innovative solutions to social problems are generated. However, a number of experiments have to be conducted to come up with viable and scalable solutions. And it is noteworthy that social entrepreneurs have that kind of flexibility to experiment as they mostly run small and low-cost ventures. The ability to identify the right combination of under-utilized resources is one of the challenges for social entrepreneurs (Leadbeater, 2007). The social entrepreneurs bear the responsibility to create and organise practical business models that form basis for more scalable and sustainable solutions. Dees thinks that commercial strategies may not be appropriate for all social ventures. The reason is that social enterprise business models range from philanthropy and government subsidized ventures to more commercial ones.

According to Akinruwa, Awolusi and Ibojo (2013) in the study Determinants of Small and Medium Enterprises (SMEs) Performance in Ekiti State, Nigeria conclusion drawn from the studies was that for business to continue achieving it expected performance all determinants must be readily available to complement each other.

According to Mort *et al.* (2006) over and above representation of the members' business interest, the associations adopt social objectives that benefit both the members and non-members within their locality. Therefore, the social mission or self-identification met or fulfilled effectively is the main indicator of a social entrepreneurship, income growth is realised by how much the social enterprise reinvests profits earned to meet operational costs and spurn the growth of the enterprise. Dees, (2001) opines that, while it is hard to find the social value being created at the beginning by the social enterprise, survival and growth of social enterprise does not show the effectiveness.

Performance metrics is regarded as one of the main challenges that surround the topic of measurement of social enterprise success and sustainability. Social enterprises attempt to measure Social return on investment (SROI) but there still exist challenges in evaluation of the social impact generated by the enterprise since pressures from different stakeholders may lead organizations to compromise on either social or commercial aims (Girija, 2008).

Burkett (2010) contend that social enterprises have two sides of sustainability. First aspect is a financial sustainability that shows endurance over time. Second side is related to the impact social enterprise generates with regards to its social mission. Maintenance and deepening of social enterprise's impact is an important factor to be considered.

According to (Nicholls & Cho, 2006; Alter, 2006) there are various building blocks of social entrepreneurship among them market orientation which manifest in a variety of ways in social entrepreneurship, most obviously in the for-profit social enterprise form, which operates in commercial markets and generates profits to plough back to their social mission. Nicholls *et al.*, (2006) identify other features that extend the market orientation dimension, notably a clear focus on continuous performance improvement

and metrics, increased accountability, and a relentless focus on achieving their mission that permeates the entire organizational culture.

Orwa.*et al*, (2014) in their study on empirical analysis of entrepreneurship scorecard and performance of small scale women enterprises concluded that technology plays key role in performance of business enterprise and that networking as supported by technology is critical for performance of the enterprise., also that age, education level, are individual predictors of performance, technology and innovation, business planning and entrepreneurial skills. Examples of organizations displaying the three building blocks of innovation in social entrepreneurship (sociality, innovation and market orientation) can be found throughout traditional and across geographical settings. Examples include Robert Owen a of the fathers of the co-operative movement, and Jean-Baptiste André Godin, a French entrepreneur who provided extensive and innovative social welfare services to his workers are typical figures of 19th century social entrepreneurs .

Woolcook and Defourny (2001) and other authors from the EMES network contends that social enterprises, unlike traditional NGOs and nonprofits, have a continuous production of goods and/or services and take economic risks – bankruptcy is always a possible outcome. A minimum amount of paid work, a workforce not only composed of volunteers, is also advocates an element differentiating social enterprise from commercial enterprise. The extent to which the social enterprise survives surrounded by the challenges while creating social value for the citizens is positive indicator of performance.

According to Alzharani, Ahmad and Aljaaidi (2012) in their study that investigated the relations between agency cost variables (firm size, leverage and auditor type) and the firm performance of 392 listed companies in the Saudi Stock Exchange (Tadawul) during 2007-2010 the likelihood a firm performance (ROA) is significantly affected by

increases with the firm size and On the other hand, leverage and auditor type have no influence on the firm performance

According to Abdullah, Abubakar, Aliyu and Umar (2015) Study in which fifty articles were reviewed from different academic journals, different variables or factors that influences or affects firm performance in developing countries were revealed. This study suggests that future researchers should make use of variables that serves as the determinants of firm performance in developing countries.

Pasanen, (2003) in the study it was concluded that success is often associated with the accomplishment of specific and measurable goals or objectives in all sectors of human life, which may be of subjective (Non-financial nature) as well as objective (Financial nature). Firm performance is substantially influenced by so many factors (Elizabeth & Baines, 1998).In business, there are two major streams on the determinants of firm performance. One is based primarily upon an economic tradition, emphasizing the importance of external market factors in determining firm success. The other line of study the sociological and behavioural paradigm or factors and sees organizational factors and their environment as the major determinants of firm success. Many researchers (Hawawini, Subramanian, & Verdin, 2003) indicated that industry or external firm factors play significant roles in determining the effect of firm success.

2.5 Critique of existing literature

2.5.1 Social capital

Social capital is evidently an important aspect of survival for social enterprises. Fukuyama (1995) proposes that interpersonal trust is critical for social relationship to thrive and influence economic growth. Where mutual trust is enjoyed transactional costs are low and therefore the cost of business. It enhances collaboration, mutual support due

to the shared norms and values. Where trust thrives reciprocity is enjoyed and this will have a positive impact in the social enterprises performance in terms of acceptability of goods and services.

However, like other forms of capital, social capital is also associated with maintenance costs for example trust that is usually stated as the main form of social capital, do not remain automatically. This form of capital must be cultivated for in order to sustain it. Social capital does not depreciate like other forms of capital with utilization, the more its utilized the higher the value increases. Social capital is unlike physical capital in that it 'does not wear out with use but rather with disuse'. Where social capital application is recognized there is likelihood of significant correlation with organizational growth. There exists differentiating characteristics of social capital from other forms of capital, namely, in order to evolve; social capital needs at least two people, which are not necessarily required in other forms of capital. A number of other authors in the literature, such as Putnam *et al.* (1993), and Narayan and Cassidy (2001), reiterate presence of social capital is dependent on how extensively it's shared. In conclusion, to create social capital one must invest time and resources to sustain social interactions. It should be noted that social capital is an important factor that explains economic growth. The marginal productivity of social capital, is positive and thereby it has definite returns or/and incentives to grow social capital through widening social network.

For developing a good and professional social entrepreneurship in a country, government officials and public policy makers should use elements of an effective quality social entrepreneurship training .The entire population should be sensitized about the importance of the compulsory minimum education as a prime policy to develop face-to-face interaction among individuals and setting the norms for development of trust among themselves which will which build a new level of social trust that acts as collateral and solve the problems of poor people in the collective action. Our education

curriculum should include social entrepreneurship in the formative stages of mindset in the school and particularly in secondary schools as an option for career choice.

2.5.2 Social innovation

Social innovation is an important aspect of social entrepreneurship as it enhances the degree to which an enterprise effectively responds to emerging opportunities and challenges in the market. It should facilitate organizational sustainability by providing a mechanism through which social value is continuously being created and perfected in order to facilitate optimization of resources.

Arguably the models of social innovation guiding this research have clearly identified with fact that a social innovation becomes relevant by being able to starts with an innovative idea initiated by the challenges facing the society, either caused by failure of the market to meet the needs and advances towards institutionalisation which is a must for any invention to be adopted as social innovation, Market failure is a crucial and vital status that generates opportunities to create value or provide solutions that would otherwise not be invented, making it necessary for social innovation process to begin, With the underlying purpose of long lasting solution or impact on the social challenges. The outcome of social innovation manifests itself in new production technology, improved quality or new products, Social innovations benefit the society through increasing employment, increasing productivity and some may even create social value over and above the economic impact originally intended. This notwithstanding, innovation is truly social if the balance tilts towards social benefits where value created benefits the society as a whole. Innovation strategies and methods for scaling facilitate growth, consumption and diffusion of the new innovation into practice. Individual creativity, organizational structure, and improvement of social, economic and environmental factors are crucial as a response to ensure that the social innovation is

institutionalized. Mair and Marti (2004; Jim Phil's, 2009; Phil's *et al.* 2008 view innovation in social entrepreneurship as process consisting of the innovative use and combination of resources to explore and exploit opportunities that aims at catalysing social change by catering to basic human needs to meet the criteria for sustainable social change

Social innovation usually involves the interaction synergy of multi factors from social movements, business models, laws and regulations, cultural changes, support infrastructure and adoption of new ways of taking action, wherefore the need for all stakeholders to participate, business, government, civil society, consumers . Clearly social innovation is about satisfying new needs not provided by the market or creating, new and better ways of operations in term of creating employment, adding social value by proving services and product that are otherwise not affordable or available to the marginalized in the society. while business innovation is about introducing new type of production or exploiting new markets for the sake of exploiting them for individuals profitability

Social innovation should be more effective, efficient and sustainable and its benefits should solve prioritize society problems. The dissemination and final stage depends on the dimension to the problem. When the problem affects a large number of people in society, proceeding with the dissemination stage makes full sense. However, a crucial factor to diffuse the social innovation involves ensuring its appropriateness to the locally prevailing reality and, that calls for involving all new beneficiaries so that the solution is jointly adapted to the new local diversity. If the process of engagement is not being applied, the entire systemic change fails, wasting resources and potentially corrupting an already consistently proven social innovation.

In some instances as noted by Bunt & Harris, 2009; while Exploring the relationships between evidence and Innovation in the Context of Scotland's Social Services while social innovation emphasize and focus on in solving social problems and the impact on revolutionizing practice, improving the long term outcomes and cost effectiveness practitioners do not have the necessary resources to try new things out in their practice. This includes having insufficient time to read and engage with evidence, and to put it into practice. (IRISS, 2010).

2.5.3 Entrepreneurship training

Ajzen's (1991) Theory of Planned Behavior, and research by Krueger and Carsrud (1993), demonstrated the applicability of the theory to new venture creation. In essence, the theory states that intentions depend on attitudes on how attractive the behaviour, (social expectation) and perceived behavioural control (perceived ability), and it proposes that a person's intention to exercise and display character will increase with his/her perceived behavioural control. The proposal here is that people will try to start a business if they believe they have the ability to do so and the activity is deemed to be socially acceptable. This therefore Concurs with the findings of Alberti, Sciascia & Poli, 2010; Ogudede, Akingbade & Akinlabi, 2012) that training is the process of acquiring task related skills, knowledge and attitude in order to perform efficiently and effectively in the organization. There is a higher chance to be attracted toward social enterprise initiative based on the confidence in ability to perform

A consensus by various studies Ogundele *et al.* (2010, 2012), Mullins, (2010), and Ajzen, (1991) reveals that entrepreneurship education is critical in promoting a new set of attitudes and ability to face future challenges. This nurtures an entrepreneurial culture which scales the consequent development of a society, Further it reduces the social economic challenges e.g. unemployment and increased affordable goods in the market

place. The behavioural change fosters innovative ideas which are transformed to profitable activities. Concepts, skills and knowledge gained through training leads to creation of new ventures. It is learning during entrepreneurial training how to apply management and financial skills gained that contributes immensely to the success of new business and growth of the already existing ventures. Through entrepreneurial training sustainable economic activities are born, new jobs are created, allocation of resources, social challenges are addressed successfully with sustainable solutions. The fact that not everyone is capable of being either an entrepreneur or a social entrepreneur training will endow students with the appropriate knowledge and skills, which will attract more social enterprises especially if ongoing support were made available. Miettinen (2007), However, proposes debate whether the relationship between entrepreneurship education and new venture creation is, in fact, positive.

The model by model of European Expert Group outlines about five objectives of Entrepreneurship Education: Promoting the development of personal qualities that are relevant to entrepreneurship, offering early knowledge of and contact with the world of business, and some understanding of the role of entrepreneurs in the community, raising students' awareness of self-employment as a career option, Organizing activities based on learning by doing and Providing specific training on how to start a business ,especially in vocational or technical schools and at University level *EGEE .2004*. The logical truth is that while the model is good hardly do policy makers provide adequate resources to achieve the objectives, the system of education is more about academic papers and not the practical orientation for stimulating the desired results, further our school curriculum does not have the facilities and capacity to meet the requirements. Some action is currently taking place as the policy makers are driven by the demand for applicable knowledge as opposed to acquisition of academic transcripts.

2.5.4 Performance of social enterprises

Sandberg *et al.* (2002) underscores that performance is the capacity to contribute to job and wealth creation through firm start-up, growth, and survival. In social enterprise the social mission or self-identification met or fulfilled effectively is the main indicator of a social entrepreneurship, income growth is realised by how much the social enterprise reinvests profits earned to meet operational costs and spurn the growth of the enterprise. There continues to be a need for more and better work on tracking the impacts and outcomes associated with social entrepreneurship. Such a programme of work would encompass not only an investigation of the mechanisms by which social impact is measured, but also the broader context of such metrics including a consideration of their governance and accountability implications. It is also a matter of credibility for social entrepreneurs and the people who support and research not to exaggerate their contribution and locate it in the broader societal context. Learning from socially entrepreneurial failures, including instances of negative social impacts and externalities, is also crucial to strike a balance between ardent expectation and clear-sighted benefits.

2.6 Research Gap

Theoretical and empirical literature shows that social value creation facilitated by social entrepreneurship, social innovation strategies and outcomes and the different forms of social capital benefits both the society and individual businesses (Dees, 1998; Ernst, 2012; KSIX, 2011; Humbert, 2012; Bornstein, 2004). Therefore, there is an interdependent relationship between social value creation and entrepreneurial performance because entrepreneurial firms may generate value by shifting resources to and focusing on social value creation. This notwithstanding, focus has been given to the role of community based organization and established social enterprises neglecting the grassroots enterprises owned by the vulnerable in the society. In addition, studies

focusing on social entrepreneurship are few in Kenya. There is a huge knowledge gap in empirical analysis on the link between social entrepreneurial determinants and their impact on performance of social enterprises in Kenya and other developing countries. Understanding key factors driving social entrepreneurship is critical in developing social economic context. Developing policy framework will contribute to the building an ecosystem for social enterprise. This will stimulate adoption of social enterprises as viable means of addressing social economic challenges facing many communities in Kenya.

2.7 Summary

Theoretical and empirical literature identifies social entrepreneurship as a hybrid that adopts economic models to pursue social objectives. Though the definition of social entrepreneurship is elusive, scholars generally agree that these organizations adopt market based methods of income generation to pursue social objective in an aim to sustainably improve the status quo in the society. Theoretical literature revealed that social capital and social innovation have a positive influence on performance of social enterprises. Evidently, social capital aspects including bonding and bridging capital facilitate horizontal networking while linking capital facilitate vertical network associations which are used to expand the market and source information and resources needed to meet social enterprises objectives. Secondly, social innovation and training affect the degree to which social enterprises respond to challenges and emerging opportunities that facilitating growth and sustainable development of the enterprises.

Empirical review especially in Africa suggests that social enterprises play a critical role in the grassroots organizations. Evidence of social entrepreneurship factors' role among social suggests that social networks and innovation are important catalysts of growth of grassroots organization and social enterprises in general. Social entrepreneurship is

critical for economic development as it creates social value through employment development for the disadvantaged in the society, initiates innovations in new products and services to fulfil unmet social needs, introduces the much needed social capital as a resource linked to possession of networks and ties which are critical to the sustainability of economic development and lastly, equity promotion for addressing social deficits and ensuring sustainable impact through social mission activities that are not addressed by existing economic mainstream (Jurgen, 2007).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was used to address the objectives herein stated. Creswell (2003) identified research methodology as guideline which provides the rationale and techniques that may be used to suitably and critically address the research questions or hypothesis formulated in a study. The chapter is organized as follows: first, the research research design was articulated in order to provide the guide and structure adopted in the analysis. Secondly, population, samping and sampling techniques will be discussed. Thereafter, an account on data collection instruments, collection procedures and pilot were presented.

3.2 Research Design

Dawson (2002) defines a research design as a plan, structure and methodology that guides the conduct of scientific research. Sekeran, (2010) states that a good research design should not only provide a rationale of choosing methods and techniques of analysis but should also be defined logical, clearly defined andexhaustive. For the purpose of this study, logical positivism research philosophy was used as the basis of methodological formulation. Creswell (2003) holds that logical positivism holds that true knowledge is derived from objective analysis of factual or historical accounts using scientific systems of analysis.

This study employed descriptive cross-sectional research design. According to Creswell (2002), descriptive research design is used when collecting information about people's attitude, opinions and habits and is appropriate for analyzing social behavior and patterns. On the other hand, nonexperimental research design is suitable when observing phenomena in their natural state. It is more applicable in social sciences because understanding the natural environment under which social agents operate is more realistic and practical for policy formulation (Mugenda and Mugenda, 2003). Cross sectional data was collected and quantitative methods of analysis employed in the study

3.3 Target Population

Mugenda and Mugenda (2003) defined target population as the total number of objects/individuals having common observable characteristics of interest to the researcher. Target population consists of the total number of individuals or objects from which samples are taken for analysis (Mugenda & Mugenda, 2003). Therefore, the target population should be well based on a distinguishable trait or attribute that clearly identifies individual or objects in the target population set.

Given the nature of this inquiry, the population of interest included all enterprises directly or indirectly involved in social entrepreneurial activity. Given the complexity of observing the later attribute (social entrepreneurship), the population of interest was specified as 300 social enterprises that were officially registered by KSIX, and EASEN social enterprises bodies in Nairobi County. From the population 107 social enterprises were sampled for the study, where the management representative were the key respondents.

3.4. Sampling Frame

According to Babin (2012), a sampling frame (Table 3.1 below) is a set of information used to identify a sample population for statistical treatment. A sampling frame includes a numerical identifier for each individual, plus other identifying information about characteristics of the individuals, to aid in analysis and allow for division into further frames for more in-depth analysis. The sampling frame for the study included social enterprises registered by EASEN and KSIX (Appendix 3) in Nairobi county and which has been in operation for more than one year .

Table 3.1: Sampling Frame

	Target Population	Sample
Enterprise Owners	300	107
Total	300	107

Source; (EASEN and KSIX 2015)

3.5 Sample and Sampling Technique

Sampling technique provides the respondents who have information for indepth analysis of the subject being studied (Kombo & Tomp, 2006). According to Mugenda and Mugenda (2003) simple random sampling is the most representative when the sample is homogenous and a list of all target population is known. Simple random sampling helps to eliminate bias and it is highly suitable probability sampling (Schidler, 2006).

Nasiuma (2000) provides an appropriate scientific formula of choosing the sample size.

The sample size is given as:

$$S = \frac{NC}{c^2 + (N - 1)e^2}$$

Where N :- target population size

S^s :- sample size

C :- coefficient of variation

e :- precision

Nasiuma (2000) explains that coefficient of variation of less than or equal to 30 percent and a standard error of less than or equal to 5 percent are acceptable to ensure that the sample size is large enough to represent the population. Therefore, given the definition of the target population of 300 social enterprises in Nairobi.

Estimated social enterprises in Nairobi Sample size $S = \frac{300 \times 0.3}{0.3^2 + (300 - 1)0.05^2} = 107$ enterprises.

The list social enterprises (Appendix 3) composed one hundred and seven (107) social enterprises that were selected randomly.

3.6 Data Collection Instruments

The researcher developed questionnaires to collect data. Creswell (2003) defines data collection instruments as tools used to obtain relevant data that maybe manipulated to obtain information. For the pupose of this analysis, each social enterprise formed the

unit of analysis. The primary data was collected from management representatives of the enterprise using questionnaires. Questionnaire were administered to minimize variation in data collection procedures and ensure consistency (Mugenda and Mugenda, 2003; Nasiuma, 2000). The questionnaire designed in this study comprised of three sections. The questionnaire is constructed based on studies conducted by Mort *et al.* (2006), Basu (2006), Chege (2009) Lepourte (2011) and Ernst (2012). The first part included the Bio data which captured the social economic information of the respondents and other personal characteristics designed to determine fundamental issues including the demographic characteristics of the respondent. The second part comprised of questions or items design to measure performance and social value creation. Quantitative data was collected using the questionnaires to measure scale of the variables.

The third part comprised of ordinal data where a 5-point Likert scale was used to measure social entrepreneurship, social capital, social innovation and entrepreneurial training. Respondents were asked to indicate their level of agreement with a given statement by way of an ordinal scale ranging from “Strongly Disagree” on one end to “Strongly Agree” (Nasiuma, 2000; Creswell, 2003).

3.7 Pilot Study

A pilot study was undertaken to pre-test data collection instrument for validity and reliability. According (Orodho, 2003) a pilot study is necessary for testing the reliability of data collection instruments. (Cooper & Schindler, 2001) explains reliability of research as determining whether the research truly measures that which it was intended to measure or how truthful the research results are. Pilot study is thus conducted to detect weakness in design and instrumentation and to provide accurate data for selection of a sample (Young, 2009).A pilot study was conducted before the main study. For this study, ten social enterprises that were not registered with EASEN & KSIX were

targeted. According to Mugenda (2003) the pre-test sample is between 1-10% of the target population. The coefficient of the data gathered from the pilot study (Table 3.2) was computed with assistance of Statistical Package for Social Sciences (SPSS). A coefficient of above 0.7 was obtained and this indicated that the data collection instruments were valid (Kothari, 2005). Data validity played an important role towards generalization of the gathered data to reflect the true characteristics of the study problem.

Table 3.2: Reliability Analysis

Reliability Statistics	No. of Items	Cronbach's Alpha value
Relational Social Capital	14	0.756
Structural Social Capital	12	0.764
Social innovation strategies	19	0.783
Social Innovations Outcomes	13	0.745
Entrepreneurial Training	15	0.729

3.7.1 Validity of Data collection instruments

Validity is the degree to which the instrument measures what it was designed to measure (Sekaran & Baugie, 2009). In other words, validity is the degree to which the tests employed are accurate, meaningful and suitable given the nature of analysis and problem to be addressed. A research study has internal validity if the outcome is dependent upon the variables specifically under study. One form of internal validity to be studied in the current study is content validity. Content validity is the extent to which the content of the instrument in terms of the statements, questions or indicators represents the property being measured (Frankfort-Nachmias & Nachmias, 1996). According to Gall and Borg

(2003), content validity of an instrument is established by expert judgement. Data collection instrument found to adequately address all the issues relevant for the study is assumed to have good content validity. According to (Mugenda, 2003) Construct validity is the degree to which test measures an intended hypothetical construct. Using a panel of “experts” familiar with the construct is a way in which this type of validity can be assessed; the experts can examine the items and decide what that specific item is intended to measure (Mugenda, 2003). Any problems detected during the pilot was remedied before actual data is collected (Mugenda & Mugenda, 2003). The researcher consulted the supervisors and peers to approve the content of the instruments. The experts were required to assess if the questionnaires helps in determining the influence of entrepreneurial determinants on the performance of social enterprises in Nairobi County, Kenya

3.7.2 Reliability

Reliability refers to the degree to which data collection instruments provide consistent results after repeated trials (Bauman, 2012). The reliability of the questionnaires was determined using test retest method. A reliable measurement is one that if repeated a second time gives the same results as it did the first time (Mugenda & Mugenda, 2003). Test-retest reliability is a measure of reliability obtained by administering the same test twice over a period of time to a group of individuals (Klein & Ford, 2003). The scores from time 1 and time 2 can then be correlated in order to evaluate the test for stability over time (Klein & Ford, 2003). Test-retest reliability is the degree to which scores are consistent over time; it indicates score variation that occurs from testing session to testing session as a result of errors of measurement (Kothari, 2005). The experts were asked to review the instrument and to make recommendations for improving its validity. These recommendations were then being incorporated into another copy of the instrument which was then given to a small sample of relevant professions. This pilot

sample was asked to comment on the ease with which they understood and completed tests items. Where relevant, these comments were incorporated into a final copy of the test instrument. This last copy was then constitute the final test instrument where the open-ended questions on the survey instrument were analyzed qualitatively; that is, they were simply reported for each of the three groups of the respondents. The reliability of the instrument was tested during the pilot study, conducted in March 2015. The pilot study contained responses from 10 management representatives who work for social enterprises. An internal consistency technique using Cronbach's alpha was then be applied to measure the reliability of all the questionnaires issued to different group of pilot respondents. According to (Kothari, 2005) Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability. An alpha coefficient higher than 0.7 indicates that the gathered data has a relatively high internal consistency and could be generalized to reflect opinions of all respondents in the target population (Mandrish & Schaffer, 2005). Data reliability played an important role towards generalization of the gathered data to reflect the true characteristics of the study problem (Klein & Ford, 2003). Bryman (2011) holds that this instrument can be used to identify items that can be used to measure a particular scale variable and those that should be eliminated. As a rule of thumb, test score of 0.7 was used as a cut off or benchmark for items to be included in the study (Cronbach ,1951).

Table 3.3: Cronbach's alpha

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent (High-Stakes testing)
$0.7 \leq \alpha < 0.9$	Good (Low-Stakes testing)
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

3.8 Data Collection procedure

The researcher acquired an introductory letter from JKUAT, to enable me to collect data and to enable the researcher to obtain authorization from the National Commission for Science and Innovation.

The sampled enterprises (Table 3.1) were visited for introduction and after establishing a rapport with the management representatives, the key informants in the data, and the purpose of the study was explained. The questionnaires were administered by the researcher and two assistants who were recruited and given necessary training to collect the data using drop and pick method. Other questionnaires were administered online. A time frame of two months was allowed to fill the questionnaires after which the questionnaires were collected. An extension was given to those who had not completed filling the questionnaires to increase the response rate

3.9 Data analysis and presentation

Data analyses involve reducing the accumulated data to dummy variables developing summaries and applying statistical techniques (Hosner & Stanley, 2002). The data analyses provides the goodness for fit or normality, testing of hypothesis and the feel of

how well the respondents reacted to items in the questionnaire and whether the items and measures were good. goodness of fit led to credibility to all the subsequent analyses and findings. The data was checked for violations of assumptions and outliers were checked and cleaned. The coded data was analysed using the Statistical Package for Social Sciences (SPSS) version 21.

3.9.1 Descriptive Analysis

Descriptive statistics was used in the analysis of the data. According to Copper and Schindler (2003) descriptive study seeks to answer who, what, where and sometimes how questions. Lind *et al.* (2008) indicates that descriptive statistics are used to explain data which included frequencies distribution, histograms, various types of charts, percentages, and measure of central tendency such as means, mode and measure of dispersion which includes standard deviations was derived. Descriptive statistics was analysed in order to provide detailed information about the characteristic of each variable of interest.

Qualitative data was derived from open-ended questions in the questionnaire. The responses were organized in relation to the themes or research objectives and from this information. The results of data analysed were presented in form of tables that show numerical values in rows and columns and percentages. Results from descriptive analysis were presented both in text and frequencies form. The text information analyse describe in percentage form was used in content analysis.

3.9.2 Hypothesis testing

Inferential statistics were used to analyse data and to summarize finding and describe the population sample involved in hypotheses testing and making of inferences. The general guideline that was used is the significance value (p or sig.) that represent the percentage

or the probability the results are due to chance. The convention used is that results must be equal or less than 5 % to chance. That is p must be smaller or equals to 0.05 in order to claim the relationship to be truly significant (Seward, 2007).

One-way analysis of variance was used to test the hypothesis and this test was preferred because it is capable of comparing the means of three or more groups on a given attribute. The ANOVA test statistic generated F test statistic. The null hypothesis was to be rejected if the F test statistic (calculated value) exceeds the critical value. The null hypothesis was also to be rejected if p value is less than .05. Pearson Correlation analysis was used to evaluate association between social capital, social innovation, entrepreneurial training, social entrepreneurship, social value creation and performance of social enterprises. The Pearson's Coefficient of Correlation was applied to measure the linear relationship between independent and dependent variables. A correlation was found to exist between two variables when one was found to relate to another in some way (Triola, 2008). This measure varies from -1 to +1, with zero indicating no linear association.

3.9.3 Multiple regression models

To measure the influence of entrepreneurial determinants of social enterprises performance, multiple regression model was used in the study. From the conceptual framework specified in section 2.6, Performance of social enterprises is a function of social capital, social innovation and entrepreneurial training. The equation that is estimated is given as follows:

$$PSE_i = \beta_0 + \beta_1 RSC_i + \beta_2 SSC_i + \beta_3 SIS_i + \beta_4 SIO_i + \beta_5 ET_i + \varepsilon$$

Where:

PSE_i : *level of performancen of social enterprise i*

RSC_i : *Relational social capital ,*

SSC_i : *Structural social capital ,*

SIS_i : *Social innovation strategies,*

SIO_i : *Social innovation outcomes,*

ET_i : *entrepreneurial Training ,*

ε *is the error term ,*

B_0 *is the y-intercept (constant)*

$\beta_i ; i = 1, 2, 3....$ *represents the coefficients to be estimated*

Multiple regressions attempted to determine whether a group of variables together predict a given dependent variable (Orodho, 2005). The overall fit of multiple regressions was based on the F-test. The basis of F-test is based on ANOVA test. The measure used in the current study was coefficient of determination or R^2 , which is based on ANOVA table's sum of squares. The coefficient of determination R^2 was also used in the context of statistical models whose main purpose was to predict future outcomes on the basis of other related information. The level of significance used was 0.05. The obtained p value was less or equal to 0.05 indicating the relationship between the independent and dependent variable was significant.

3.9.4 Chi-Square Test of Independence

Chi-square test of independence was used to test possible association between categorical variables (Orodho, 2005). The chi-square test procedure tabulates a variable into categories and computes a chi-square statistic (χ^2), degrees of freedom (df) and significant values (p). One of the assumptions of a chi-square is the use of data that is ordered or numeric categorical variables (ordinal or nominal levels). The rule of the thumb is that when the p value is equal or less than .05, then the results is significant (Woolridge, 2003; Mugenda & Mugenda, 2003).

3.9.5 Diagnostic tests

Three diagnostic tests were relevant to minimize errors associated with the collected data. First, normality of data was tested using Kolmogorov Smirnov Test. The level of significance was $\alpha = .05$. For p value less than 0.05 normality was assumed. ANOVA was used to check whether regression was suitable for analyses of the data. If the p-value<0.05, regression analysis at 5% levels of significance is applicable for the study. ANOVA is useful for comparing (testing) three or more means (groups or variables) for significance (Winer, Brown, & Michels, 1991).

3.9.6 Variable Measurement

The summary of the study variables (Table 3.4) indicating the nature of data as well as data analysis methods and results presentation.

Table 3.4: Operationalization of Study Variable Matrix

Variables	Type	Data Type	Analysis Type	Results Presentation
Relational Social Capital	Independent	Qualitative	Content Analysis	Percentage and narrations.
Structural Social Capital		Quantitative	Descriptive Statistics	Percentage tables and charts.
Social Innovation Strategies				
Social Innovation Outcomes				
Entrepreneurial Training				
Performance of Social Enterprises	Dependent	Quantitative	Inferential statistics	Correlation, regression and Chi-Square

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The chapter presents analyses, interpretations and findings of the results. The aim of this section was concurrent with the realistic data collected according to the delimitation and its sample selection criteria. The study adopted different statistical approaches to examine the entrepreneurial determinants on the performance of social enterprises in Nairobi County, Kenya and presents an in-depth description of the data analysis and results within the framework of the research questions, objectives and hypothesis. The chapter presents descriptive data analyses followed by qualitative analyses. Descriptive statistics was presented inform of frequencies and percentages. Diagnostic tests on all independent variables and dependent variable were conducted using Kolmogorov Smirnov test. Hypothesis testing was done through inferential statistics. Karl Pearson Correlation Analysis, Regression analysis and Chi square were employed for inferential statistics as displayed. The discussions of the descriptive and inferential results were also presented in this Chapter.

4.2. Response Rate

The data was collected from the social enterprise management representatives in Nairobi County, Kenya which are registered with East African Social Enterprises network (EASEN). The sample of the study consisted of 107 respondents. A total of self administered 98 questionnaires were filled out of the 107 yielding a response rate of 91.6% as displayed on Table 4.1. This data was considered sufficient for analysis since its above 80% of total expectation according to (Babbie, 1995) who considers 70 percent response rate and above to be very good.

According to bailey (1987) the adequacy rate is 75%. This insinuates that based on the above argument the response rate is very good.

Table 4. 1: Response rate

Items	Respondents	Response Rate
Filled questionnaires	98	91.6%
Non Filled questionnaires	9	8.4%
Total	107	100

4.2.1 The number of years the Organization has been in existence

For each enterprise sampled the number of years of existence was also sought. A range of years were given which were categorized to come up with various range for easy presentation.

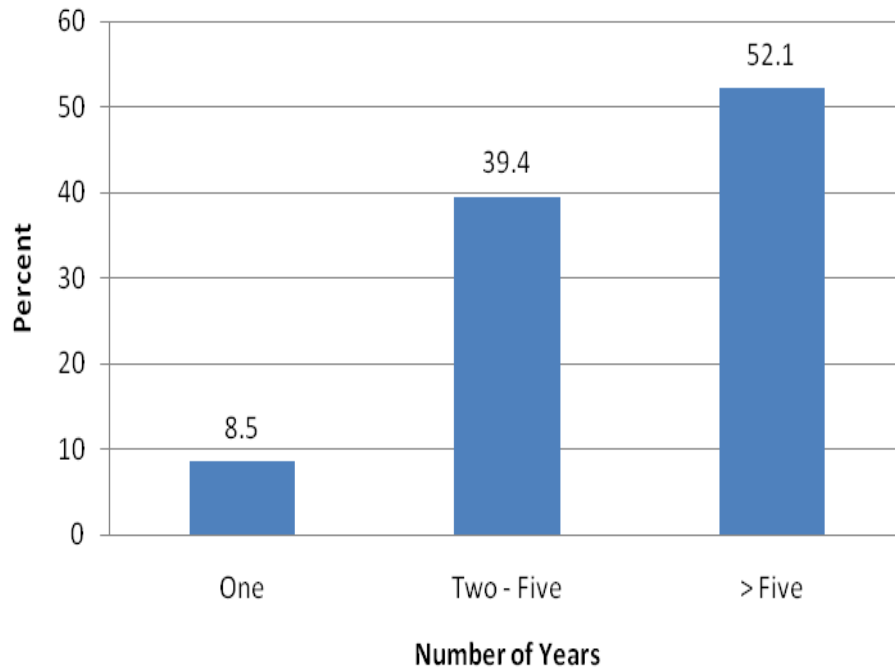


Figure 4.1: No. of years the organization has been in existence

A simple majority (52.1%) of the respondents gave their organization have been in existence for more than 5 years, 39.4% indicated between 2 to 5 years, and another 8.5% gave less than 1 years as shown in figure 4.1. While some organizations were relatively old on average, majority (52.1%) of the corporations have existed for over 5 years. This was important because it is long duration which can allow the organization to build adequate memory and knowledge database and therefore offer a good profile for study. The finding agree with Antoncic (2009) contends that the age of the firm is related to the success of the business. These findings concur with Woolcock & Defourmy,(2001) who argue that the extent of survival by the social enterprise while creating value for its citizen is an indicator of performance

4.4 Demographic Information

This section of the research analyzes the participants' information. The characteristics discussion in this section include age of participants, level of education, area of specialization, experience work at the respective offices. The results of these major demographic variables are presented in figure 4.2

4.4.1 Age of respondents

Age plays a role in gaining experience and skills in entrepreneurial work.

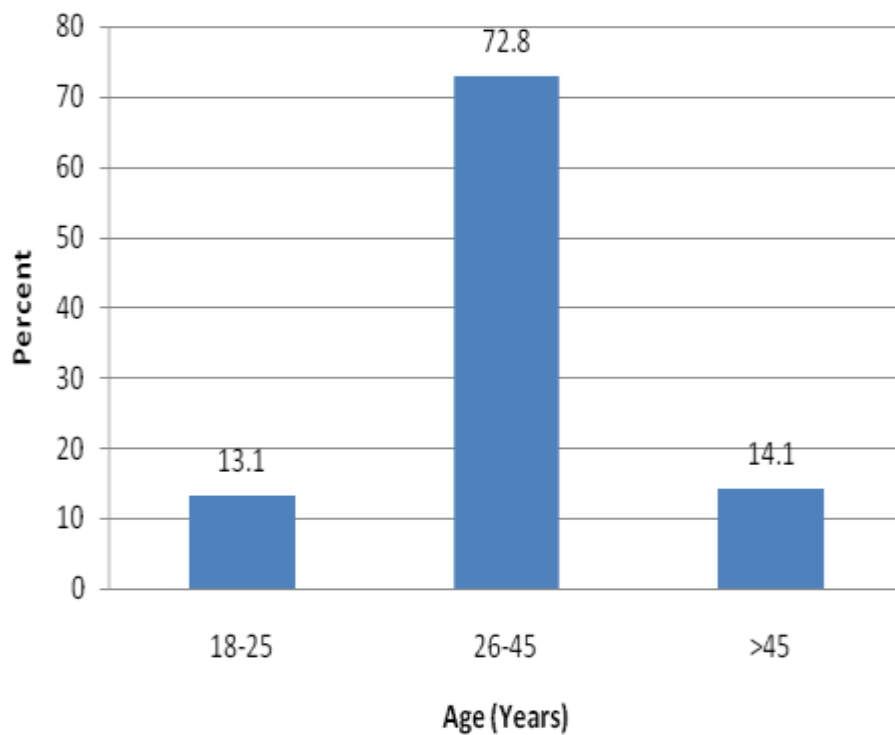


Figure 4.2: Age of Respondents

From the findings, 72.8% of the participants were between 26 and 45 years of age, 13.1% of the participants were 46 and above in age and 14.1% of the participants were 18 to 25 years of age. This means that a large number of those interviewed were old enough to give accurate information. Age is paramount in individual's efficiency as it goes with experience. This agrees with other study by (Welmilla *et al.*, 2011) which argues that the skills of people might improve with the age, because they learn to manage time effectively

.The age of the respondents is crucial in decision making and entrepreneurial performance. Majority of the respondents are aged between 26 and 45 years hence a prime age for energetic and industrious work force. The findings correlate with other studies (Reynolds et al 2000; Kristiansen et al 2003; Sinha, 1996) which found that there exist significant relationships between the age of entrepreneur and business success. Previous research highlighted that most active entrepreneurship is over the age of 25 (Lévesque & Minniti, 2006; Reynolds, 1997). Rose et al., 2006 has positively related the age of an individual and the success of the business, while Bosma et al.,2000 opines that age relates positively to knowledge and knowledge makes the business successful.

4.4.2 Highest Level of Education

Education is paramount in enabling the participants to conceptualize issues related to entrepreneurial management.

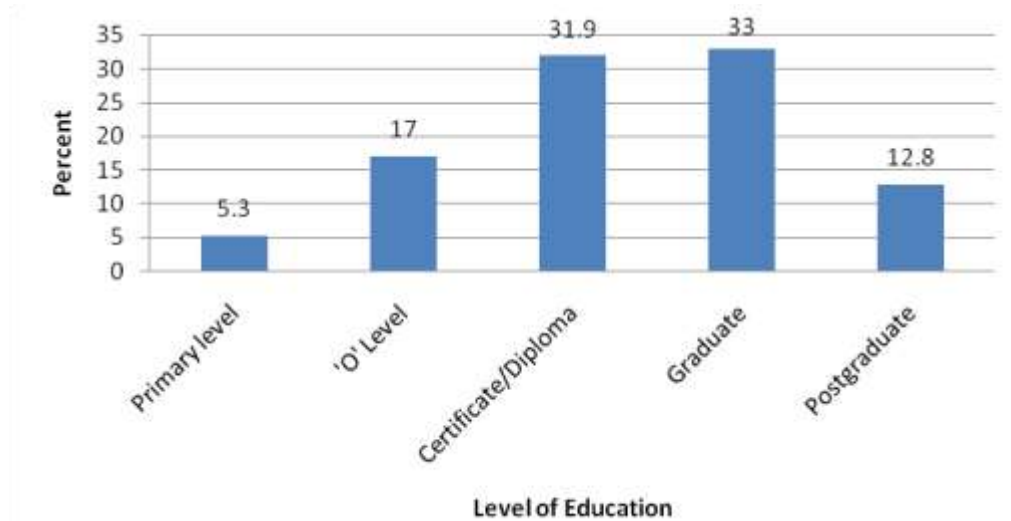


Figure 4.3: Level of education

From the findings (Figure 4.3) 33.0% of the respondent indicated their highest education level as graduates (bachelors' degree), 31.9% of the respondent indicated their highest education level as certificate/diploma, 17% of the respondents indicated their highest education level as 'O' level, 12.8% of the respondents indicated their highest education level as postgraduates whereas 5.3% of the respondents indicated Primary level as their highest level of education. This is an indication that most of the respondents engaged in this study were graduates. This therefore means that since a majority of the respondents, which is a representation of the area of study, having attained a minimal of primary education, they were in a position to attain sustainable development, mainly through

their engagement in social entrepreneurial activities. Education in general is meant to promote human dignity in the distribution of wealth. An increase in access and quality of education relative to national population is critical to socioeconomic growth and productivity, increased individual earnings and subsequently reduced income inequalities and reduction of poverty. It contributes significantly to improved health, enhanced democracy, good governance and effective leadership (Ministry of Education and Technology, 2007).

4.4.3 Respondents' Years of Experience

The study sought to find out the period the respondents' have managed the organization (Figure4.4). This is likely to be an indicator of experience which may influence the entrepreneurial performance.

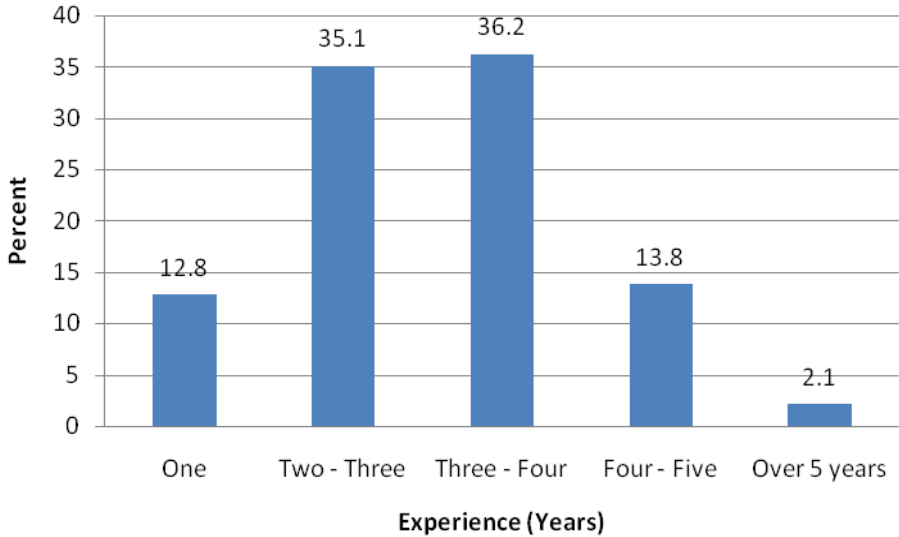


Figure 4.4: Years of Experience

It was established from the study that 36.2 % have worked for a period between 4 to 5 years, 35.1% between 2 and 3 years, 13.8% between 3 to 4 years and 12.8% worked for a period less than 1 year while just 2.1% of the participants had worked in the organizations for a period over 5 years as shown in figure.4 below. This indicates that most of the participants of this study had worked for an ample time thus they were very familiar with information that the study sought on the entrepreneurial determinants on the performance of social enterprises. The findings concur with other research by Bosma, *et al.* (2000) that has related knowledge rather than age to the success of business the success of business

4.5 Descriptive analysis of relational social capital on the performance of social enterprises.

This section discusses descriptive statistics of the study variables on the influence of relational social capital on the performance of social enterprises in Nairobi county Kenya. the test for normality was first presented then the empirical data on respondents and the qualitative data followed by discussion and content analysis.

Objective 1: To investigate the influence of Relational Social Capital component on performance of social enterprises in Nairobi City County, Kenya

4.5.1 Diagnostics Test for Relational Social Capital

The study sought to test suitability of the data collected (Table 4.3) on the relation social capital among the social enterprises in Nairobi City County, Kenya. This was done by testing whether the data was normally distributed by performing Kolmogorov-Smirnov Test.

Table 4.3: Kolmogorov-Smirnov Test for Relational Social Capital

	Relational Social Capital	
Normal Parameters ^{a,b}	N	94
	Mean	3.71
	Std. Deviation	0.633
Most Extreme Differences	Absolute	0.377
	Positive	0.272
	Negative	-0.377
Kolmogorov-Smirnov Z-value		3.657
<i>p</i> -value		0.000

The results as represented in Table 4.3 indicate that the Kolmogorov-Smirnov Z-value for relational social capital was 3.657 with a *p*-value of $0.000 < 0.05$ which signifies that the variable relational social capital data that was collected is normally distributed. This shows the data as presented is suitable for further analysis.

4.5.2 Respondents Opinions towards Relational Social Capital

Table 4.4 depicts the results of the level at which respondents agreed with statements relating to relational social capital on performance of social enterprises. A Likert Scale of 1-5 was used to represent the response in categories comprising of Strongly Disagree, Disagree, Not Sure, Agree and Strongly Agree respectively.

Table 4.4: Extent of agreement on statement regarding Relational Social Capital associated to Social Enterprises

Statements	Percent				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Reliable and trustworthy networks	3.2	5.3	6.4	56.4	28.7
Members consult community leaders and when in the need of personal advice and moral support	4.3	9.6	34.0	35.1	17.0
The level of trust and solidarity has gotten better over the last five years	4.3	8.5	26.6	37.2	23.4
Engagement in a lot of community activities with other organizations	3.2	3.2	22.3	40.4	30.9
Reliable interaction with other organizations if they need a small emergency loan	4.3	11.7	16.0	39.4	28.7
Strong feeling of togetherness or closeness to other businesses	3.2	5.3	23.4	38.3	29.8
Decision making is influenced by other groups outside the immediate community setup	8.5	33.0	24.5	24.5	9.6

The findings revealed that majority of the respondents (85.1%) considered the services rendered by CBOs and SGs to be trustworthy as well as reliable. According to 52.1% of the respondents, members are considered to consult community leaders when in the need of personal advice and moral support. The SGs and CBOs were to actively engage in community activities with other organizations by 71.3%. However, a significant proportion of the respondents (41.5%) considered the SGs and CBOs not to consider other groups outside the immediate community setup when making decisions.

With regard to synergy and togetherness in the way SHGs and CBOs operate, 60.6% of the respondents considered the levels of trust and solidarity to have gotten better within the duration of five years at the time of the study. Similarly, 68.1% of the respondents were of the opinion that there is a reliable interaction between organizations if they need a small emergency loan with the same proportion manifesting a strong feeling of togetherness or closeness among businesses. The results reveal that Interaction enables people to build trust, confidence and cooperation, to commit themselves to each other (i.e. *reciprocity*), and thereby to knit the social fabric (Dinda. S, 2012). The results agree with an earlier study by Woolcock & Narayan, (2000) which concluded that Social capital is a strong intra-community network symbolized by shared values and norms, strong ties and high level of trust within family members and close-knit groups. The component of extra-community ties features weak and thin trust that connects different groups in one or more communities (Woolcock & Narayan, 2012).

4.5.2 Respondents Opinions towards External dependence

Further analysis as displayed in (Figure 4.5) on the relational social capital was conducted so as to establish the extent of external dependence among social enterprises in Nairobi City County, Kenya.

Table 4.5: Extent of agreement on statements regarding External dependence

Statements	Percent				
	Not at All	Small Extent	Moderate Extent	Large Extent	Very Large Extent
Collaboration or partnership with similar enterprises whenever community and social development issues arise	3.3	15.2	30.4	26.1	25.0
Seeking advice and information from community leaders and other members when in need of assistance	5.6	14.4	18.9	35.6	25.6
Engagement with other neighbourhood enterprises for information and business opportunities	8.6	6.5	19.4	36.6	29.0
Engagement with neighbourhood committee when dealing with community issues (Education, water waste management, security etc)	4.3	11.8	16.1	34.4	33.3

The findings indicate that majority of the respondents (51.1%) had the opinion that there is collaboration or partnership among similar enterprises whenever community and social development issues arise. In a similar way, 61.2% stated that SGs and CBOs seeking advice and information from community leaders and other members when in need of assistance.

Majority, 65.6%, pointed out that there exist engagement among neighbourhood enterprises for information and business opportunities. This engagement is beneficial especially among neighbourhood committee when dealing with community issues (Education, water waste management, security among others) as it was indicated by 67.7% of the respondents. These findings agree with Ali *et al* (2012) who consider social capital to be an important component of business since benefits businesses through resources that include information, ideas, commercial opportunities, financial capital, power and influence, emotional supports and even goodwill, confidence and cooperation which blend together to create success of an enterprise .

4.5.3 Intra community and Extra Community Ties

The researcher asked the respondents to comment on the level of trust in other communities outside the immediate social set up in an open ended question whose response was analysed using content analysis. Out of the responses that were gathered, dominating opinion was trust according the majority (39.47%), followed by reciprocity that recorded a 31.58% response while the rest of comments were on networks.

4.5.4 Enhancement of Social Capital

The researcher asked the respondents to comment on the ways relational social capital can be enhanced which gathered qualitative data that was analysed using content analysis. The suggested way forward as recorded by 52.63% of the opinions was the use

of community meetings and collaborations with other institutions. Others (47.37%) pointed out that the utilization of social enterprises should be increased so as to empower them. The degree to which social capital acts as an enabler in social enterprise depends on the degree to which social entrepreneurs utilize bridging, bonding and linking social capital (Ernst, 2012; Basu, 2012)

4.6 Descriptive analysis of structural social capital on the performance of social enterprises.

This section discusses descriptive statistics of the study variables on the influence of structural social capital on the performance of social enterprises in Nairobi county Kenya. the test for normality was first presented then the empirical data on respondents and the qualitative data followed by discussion and content analysis.

Objective 2: To examine Structural Social Capital influence on performance of social enterprises in Nairobi City County, Kenya

4.6.1 Diagnostics Test for Structural Social Capital

The researcher sought to test suitability of the data collected (Table 4.6) for structural social capital among the social enterprises in Nairobi City County, Kenya. This was done by testing whether the data was normally distributed by performing Kolmogorov-Smirnov Test.

Table 4.6: Kolmogorov-Smirnov Test for Structural Social Capital

	Structural Social Capital	
Normal Parameters ^{a,b}	N	92
	Mean	3.75
	Std. Deviation	0.807
Most Extreme Differences	Absolute	0.263
	Positive	0.215
	Negative	-0.263
Kolmogorov-Smirnov Z-value		2.522
<i>p</i> -value		0.000

The results as represented in Table 4.6 indicate that the Kolmogorov-Smirnov Z-value for structural social capital was 2.522 with a *p*-value of $0.000 < 0.05$ which signifies that the variable structural social capital data that was collected is normally distributed. This shows the data as presented is suitable for further analysis.

4.6.2 Respondents Opinions towards Structural Social Capital

In an attempt to examine extent of structural social capital manifested by social enterprises in Nairobi City County, Kenya, the response categories (Table 4.7) were structured into a five Likert Scale measure comprising of Not at All, Small Extent, Moderate Extent, Large Extent as well as Very Large Extent.

Table 4.7: Extent of agreement on statements regarding Structural Social Capital for Social Enterprises

Statements	Percent				
	Not at All	Small Extent	Moderate Extent	Large Extent	Very Large Extent
Access to information related to education and training facilities	4.4	17.6	23.1	26.4	28.6
Access to health services, water supply, waste management etc	8.7	10.9	15.2	34.8	30.4
Helps in seeking information and access to business loans	3.3	6.5	32.6	29.3	28.3
Availability of advice from formal institutions (Banks, credit Sacco's, Government)	5.4	10.9	19.6	40.2	23.9
Helps in soliciting help from government officials NGOs and politicians.	4.4	12.1	19.8	34.1	29.7
Helps in access to information about current government and non-governmental programs that may be beneficial to our community	4.4	6.7	16.7	38.9	33.3
Enables the establishment and accessibility of linkages for markets	6.7	9.0	34.8	29.2	20.2
Through the potential linkages, customers and suppliers are easily acquired.	3.4	10.1	14.6	43.8	28.1

From the study, it was established that majority of the respondents (55.0%) believes that through social enterprises, it is easier to access information related to education and training facilities. Majority, 65.2%, pointed out that they help in accessing health services, water supply and waste management among other important services to members. Similarly, 57.6% indicated that through social enterprises, it becomes easier to seek information and access to business loans thus enhances the potential of doing business among members. The results agree that linking social capital is the vertical connections that connect the basic individual groups with institutions (World Bank,2002). The degree to which social capital is beneficial depends on how well structural capital in terms of linking social capital is exploited. From social entrepreneurial perspective social capital is viewed as network, group ties and institutions that support social entrepreneurial activity and the level of perceived benefits and resources available from social ties (Ernst, 2012).

The coming together was considered to be of great importance by majority, at 64.1%, since it makes available adequate advice from formal institutions that include Banks, credit Sacco's, and Government. They also help in soliciting help from government officials NGOs and politicians as it was stated by 63.8%.The findings also subscribes to the study by Côté, and Healy (2001), Woolcock (2001), Pretty (2003) which found that social capital involves vertical interactions with individuals who are influential in positions in institutions of political or financial power and whose linkages are critical for leveraging resources accessing most needed ideas, policies from formal institutions and which are beyond the local community horizontal networks. As the majority (72.2%) indicated, social enterprises help in access to information about current government and non-governmental programs that may be beneficial to our community. The networking established by the enterprises, enable the establishment and accessibility of linkages for

markets according to 49.4% of the respondents. Through the potential linkages, 71.9% argued that customers and suppliers are easily acquired.

4.6.3 Institutional Support Strength and Viability

The researcher asked the respondents to comment on the strength of institutional support accessed by the social enterprise using an open ended question whose response was analysed using content analysis. The social capital support was considered to be in the form of information acquisition, partnership and financing. The findings indicates that 76.92% of respondents considered the support to be high while 23.07% found it to be moderate. As for the viability of the support, 86.67% considered the support to be highly viable while 13.33% stated that it was moderately viable. This shows that the social enterprises are adequately supported in terms of information, partnership and was financing.

4.7 Descriptive analysis of social innovation strategies on the performance of social enterprises.

This section discusses descriptive statistics of the study variables on the influence of social innovation strategies on the performance of social enterprises in nairobi county kenya. the test for normality was first presented then the empirical data on respondents and the qualitative data followed by discussion and content analysis.

Objective 3: To investigate the influence of social innovation strategies on the performance of social enterprises in Nairobi City County, Kenya.

4.7.1 Diagnostics Test for Social Innovation Strategies

The researcher sought to test suitability of the data collected (Table 4.8) for social innovation strategies among the social enterprises in Nairobi City County, Kenya. This was done by testing whether the data was normally distributed using Kolmogorov-Smirnov.

Table 4.8: Kolmogorov-Smirnov Test for Social Innovation Strategies

Social Innovation Strategies		
	N	93
Normal Parameters ^{a,b}	Mean	4.05
	Std. Deviation	0.596
	Most Extreme Differences	
	Absolute	0.332
	Positive	0.332
	Negative	-0.314
Kolmogorov-Smirnov Z-value		3.198
<i>p</i> -value		0.000

The results as represented in Table 4.8 indicate that the Kolmogorov-Smirnov Z-value for structural social capital was 3.198 with a *p*-value of $0.000 < 0.05$ which signifies that the variable social innovation strategies data that was collected is normally distributed. This shows the data as presented is suitable for further analysis.

4.7.2 Respondents Opinions towards Social Innovation Strategies

In an attempt to examine extent of structural social capital manifested by social enterprises in Nairobi City County, Kenya, the response categories were structured into a five Likert Scale measure (Table 4.9) comprising of Not at All, Small Extent, Moderate Extent, Large Extent as well as Very Large Extent.

Table 4.9: Extent of agreement on statements regarding Social Innovation Strategies for Social Enterprises

Statements	Percent				
	Not at All	Small Extent	Moderate Extent	Large Extent	Very Large Extent
Led to community development	1.1	2.2	9.8	22.8	64.1
Led to growth of social enterprise using social platforms	0.0	2.2	2.2	41.3	54.3
Introduction of better, quality and valuable products and services	0.0	2.2	21.7	42.4	33.7
Provision of adequate social and public services	2.2	5.4	33.7	32.6	26.1
Learning and adoption of new approaches to production or service delivery	2.2	2.2	20.4	45.2	30.1
Initiation of community based approaches in projects and income generating activities	2.2	13.0	15.2	35.9	33.7
Adoption of new production approaches, raw materials that improve productivity	1.1	9.8	28.3	40.2	20.7
Effective and collective risks mitigation measures through cluster decision making	3.3	6.5	29.3	32.6	28.3
Acquisition, reinvention of adequate resources	3.3	5.4	15.2	41.3	34.8
Commitment to sustainable solutions as demand arises	1.1	8.7	18.5	41.3	30.4
Creative methods of reaching markets, enhancing services and products	2.2	2.2	8.7	50.0	37.0
Framework for talent and competences documentation	0.0	10.9	16.3	44.6	28.3

The findings indicate that majority (86.9%) of the respondents stated that innovation strategies is an important factor that is considered to develop the community. Almost all the respondents according to the unilateral response recorded by 95.6% agreed that applying innovative strategies play an important role in to growth of social enterprise using social platforms. A total of 76.1% respondents revealed that their enterprise had introduced better, quality and valuable products and services that benefit community members as well as other consumers. It was evident that 58.7% considers their group to have played an important role in providing social services such as waste management, security lights among others.

According to the study findings, 75.3% claimed to have learned and adopted new methods of production or service delivery through group meetings and collective action. The groups as indicated by 69.6% are considered to have initiated community based approaches in projects and income generating activities. The social enterprises, as indicated by 60.9%, have been able to acquire and adopt new production approaches, service offering and raw materials that improve productivity. The social enterprises were considered to establish effective and collective risk mitigation measures for the enterprises as per the opinion of 60.9%. According to 76.1%, group formation has led to better acquisition of resources, for instance, finances, information, equipment, land, premises among others. The social enterprises were considered to be committed to sustainable solutions for social challenges as demand arises according to 71.7% of the respondents. 87.0% of the respondents revealed that Creative methods of reaching markets, enhancing services and products attributed to innovative strategies were employed in the social enterprises. As indicated by 72.9%, social enterprises are able to document a frame work for talent and competences documentation related to tasks, which were borrowed or volunteered in most enterprises. These findings indicate effective strategies that were based on restructuring operations through collective action

that enjoyed community based approaches, social platforms of information acquisition and clustered decision making. The expression of creativity and willingness to volunteer was evidenced by the identification of talents and individual competences which were cited to have been utilised in the social enterprises. New Market orientation was proved in the social enterprises as the innovation strategies were driven by the desire to mitigate the community needs and challenges due to market failures and complete lack of or deficiency of the products and services. Raw material diversification was strongly identified as a means of enhancing productivity. Creative approaches to production and service delivery, commitment to sustainable solutions focused on social challenges, enhancing services and products in the social enterprises implied the desire to create social value for the community hence meeting the Six and Young Foundation model (2010) yardstick of a social innovation. According to this model social innovation is informed by the inadequacy in the markets place which prompt the need for creative ideas which are escalated to projects which when piloted and proved feasible both in social value creation and cost effectiveness, diverse resources are sought to enhance sustainability the value creation is scaled by utilizing innovative strategies, and methods that facilitate the expansion, consumption and diffusion in the market. The findings illustrated the occurrence of change as the a synergy of multi factors were expressed to be in place the social groupings ,need for support infrastructure and the adoption of unique and dynamic ways of taking action. This is implied by (Bwisa, 2011) model of innovations which posits that innovations are a combination of external social factors and influences like demographic changes, culture, organization, economy, e.g. innovation strategies, levels of consumers satisfaction, methods of managing information and distributing it by use of social media and the introduction of novelty resources while increasing satisfaction. The results of the findings comply with a former research by (Bornstein, 2004; Social Innovation Exchange, 2010) who proposed that Social innovation is about creation of both tangible and intangible assets which include

production of goods and services for society and enhancing the community's capacity to act. Findings correlate with earlier proposition that the organizational processes and strategies generate the innovations e.g. the individual's creativity, the structural entities of the organization, the environment and the social economic factors (Phills, Deiglmeier, & Miller, 2009). These findings correlate positively with the study conducted in manufacturing firms, by (Noruzy, Dalfard, Azhdari, Nazari Shirkouhi, & Rezazadeh, 2013) in which it was concluded that organizational innovation has a positive effect on business performance. In a study conducted in logistics companies in Malaysia, and Samad (2012) has also concluded that innovativeness has a positive effect on business performance.

4.7.3 Applications of Social Innovation Strategies

The researcher went ahead soliciting information on the respondents' opinions on application of social innovation strategies in the social enterprise that yielded qualitative data that was analysed using content analysis. A big proportion (73.33%) of opinions revealed that social innovation strategies are highly used in creating social value. The indicators were the collective decision making with community members, use of social media, mobilisation of neighbours for projects and volunteerism. In regards to the use of evolving technologies for resources and information acquisition, all those who responded indicated that it is highly used. All the respondents unilaterally agreed that the use of innovative strategies is highly beneficial to the social enterprises. The innovative strategies were also found to enhance interactivity in the enterprises. Despite 91.67% indicating that innovation awards are important in the social enterprises, 54.55% stated that innovation awards systems were not available in their enterprises. From the opinions given by the respondents, other innovative strategies were suggested. These include, policy framework for support of social enterprises ecosystem, production approaches, new market linkages, networking, award system, collective power, outreach

programmes, group lending, enhancement of social platforms for Information accessibility, incubations and technology hubs. This suggestion agrees with earlier study by (Leadbeater ,2007; Westall, 2007) who proposed that policy development should widely be cognizant of strategies of social innovation and that the framework of operations will significantly impact on success the inventions. In the study conducted in manufacturing firms, Noruzy *et al.* (2013) have concluded that organizational innovation has a positive effect on business performance. In a study conducted in logistics companies in Malaysia, Samad (2012) has also concluded that innovativeness has a positive effect on business performance.

4.8 Descriptive analysis of social innovation outcomes on the performance of social enterprises.

This section discusses descriptive statistics of the study variables on the influence of structural social innovation outcomes on the performance of social enterprises in nairobi county kenya. the test for normality was first presented then the empirical data on respondents and the qualitative data followed by discussion and content analysis.

Objective 4: To assess the effect of social innovation outcomes on the performance of social enterprises in Nairobi City County, Kenya

4.8.1 Diagnostics Test for Social Innovation Outcomes

The researcher sought to test suitability of the data collected on social innovation outcomes (Table 4.10) among the social enterprises in Nairobi City County, Kenya. This was done by testing whether the data was normally distributed using Kolmogorov-Smirnov

Table 4.10: Kolmogorov-Smirnov Test for Social Innovation Outcomes

Social Innovation Outcomes		
Normal Parameters ^{a,b}	N	93
	Mean	3.80
	Std. Deviation	0.916
Most Extreme Differences	Absolute	0.287
	Positive	0.207
	Negative	-0.287
Kolmogorov-Smirnov Z-value		2.770
<i>p</i> -value		0.000

The results as represented in Table 4.10 indicate that the Kolmogorov-Smirnov Z-value for social innovation outcomes was 2.770 with a *p*-value of $0.000 < 0.05$ which signifies that the variable social innovation outcomes data that was collected is normally distributed. This shows the data as presented is suitable for further analysis.

4.8.2 Respondents Opinions towards Social Innovation Outcomes

The researcher sought to assess the extent of agreement to the social innovation outcomes manifested by social enterprises in Nairobi City County, Kenya. The response (Table 4.11) was structured into a five Likert Scale measure comprising of Not at All, Small Extent, Moderate Extent, Large Extent as well as Very Large Extent.

Table 4.11: Extent of agreement on statements regarding Social Innovation Outcomes

Statements	Percent				
	Not at All	Small Extent	Moderate Extent	Large Extent	Very Large Extent
New products or services that benefit consumers	5.4	5.4	22.6	40.9	25.8
Provision of social services	9.7	5.4	21.5	37.6	25.8
Beneficial to business and community	2.2	7.5	11.8	41.8	36.6
New methods of production	3.2	5.4	22.7	42.9	25.7
Entering new markets	6.5	6.5	17.4	34.8	33.7
Income generating projects	1.1	7.6	17.4	44.6	29.3
Desirable and affordable products	6.5	5.4	22.8	27.2	38.0
New services/products accessible	3.3	4.4	19.8	40.7	31.9
Availability of new products and services the social enterprise and community	7.7	9.9	9.9	38.5	34.1

Majority of the respondents (66.7%) agreed that their enterprises have introduced new products and or services that fulfilled the needs of consumers. The enterprises were considered by a big proportion of 63.4% to have played an important role in providing social services such as waste management and security lights among others. Through group meetings and collective action of the social enterprises, 78.4% claimed to have learnt and incorporated service provision that has benefited individuals business and

community. Through group meetings and collective action, a proportion of 68.2% stated that new methods of production that has achieved characterized with increased access to products by the community. According to majority of the respondents (68.5%), group initiatives within the social enterprises had enabled them enter new markets.

It was evident that 73.9% considered their groups to have initiated community projects and activities that have led to income generation. Similarly 65.2% pointed out that they were able to produce and supply products with desired features that were initially not affordable to their consumers. The findings indicate that 72.6% confirms that from the social enterprises, there is consumption of services/products previously unavailable to the community members as well as observable new products and services. According to the findings social networks were found to exist in the social enterprises management, cohesive association and interactions had influenced the success of the social enterprises through consumption of the new products and services. The social innovations outcomes identified were new products which previously were unavailable, new social services provision e.g. water, security lights and environmental management services networks for social enterprises engagements. New production technologies was found to be the means by which they now enjoyed product with satisfactory feature, affordable products and availability of services which were previously not available. New markets for products and services were one feature which was evident with many social enterprises and which was claimed to ensure flow of income and sustainability of the social enterprises. The findings relate to the social innovation Model (Six & Young, 2010) when social solutions happen and there is systematic change in the society, the finding relate to the (OECD, 2010a, 2010b) report in which it was argued that entry and exit of firms, linkages and collaborations were indicators of social innovations. These findings agree with (Phills. *et al*, 2009) who contend that social innovations outcomes should provide more efficient ,effective and sustainable solution to social challenges, and that

through the social innovations social value is realised through employment, increased productivity (Phils. *et al*, 2008).The conclusions related to innovativeness show similarities with studies of (Erdem, Gökdeniz, & Met, 2011), the conclusions differ from the study of (Santos, Basso, Kimura, & Kayo, 2014). As a conclusion, sense of innovativeness depending on the sector is suggested to be institutionalized to sustainability of the competitive advantage in fierce competition environment.

4.8.3 Impacts of Social Innovation outcomes

The researcher sought to establish whether there were new services related to the social enterprise in the community as a result of social innovation. From the qualitative data, it was evident that 88.24% of those who responded to the question stated that new services and new products were available to the society and there was demand of the same. These services were believed to have brought changes in terms of consumer acceptability according to 73.68% of the respondent while 26.32% cited high satisfaction. The respondents suggested that social innovations sustainability could be attributed to dependability on types of product, reception by community, cooperation, improved infrastructure, high returns, employment creation as well as government support. Systematic change had evidently occurred meeting the criteria for social innovation model (Six & Young, 2010). These findings agree with (Phills *et al*, 2009) who contend that social innovations outcomes should provide more efficient ,effective and sustainable solution to social challenges, and that through the social innovations social value is realised through employment, increased productivity (Phils *et al*, 2008).the findings of this study are congruent with (Bunt & harris, 2009) in which social innovations were found to solve social problems, revolutionize practice and improve long term outcomes and cost effectiveness. These findings are in agreement with the study conducted in hotel managements, by Erdem *et al*. (2011) in which it was concluded in that innovativeness has a positive effect on business performance. In a

study conducted in Spain, Aragon -Correa *et al.* (2007) have concluded that innovativeness has a positive effect on business performance

4.9 Descriptive analysis of entrepreneurial training on the performance of social enterprises.

This section discusses descriptive statistics of the study variables on the influence of entrepreneurial training on the performance of social enterprises in Nairobi county Kenya. The test for normality was first presented then the empirical data on respondents and the qualitative data followed by discussion and content analysis.

Objective 5: To explore the influence of entrepreneurial training on the performance of social enterprises in Nairobi City County, Kenya

4.9.1 Diagnostics Test for Entrepreneurial Training

The researcher sought to test suitability of the data collected (Table 4.12) on individual entrepreneurial training among the social enterprises in Nairobi City County, Kenya. This was done by testing whether the data was normally distributed using Kolmogorov-Smirnov.

Table 4.12: Kolmogorov-Smirnov Test for Entrepreneurial Training

	Individual Entrepreneurial Training	
Normal Parameters ^{a,b}	N	92
	Mean	4.30
	Std. Deviation	0.808
Most Extreme Differences	Absolute	0.295
	Positive	0.198
	Negative	-0.294
Kolmogorov-Smirnov Z-value		2.823
<i>p</i> -value		0.000

The results as represented in Table 4.12 indicate that the Kolmogorov-Smirnov Z-value entrepreneurial training was 2.823 with a *p*-value of $0.000 < 0.05$ which signifies that the data for entrepreneurial training as a variable is normally distributed. This shows the data as presented is suitable for further analysis.

4.9.2 Respondents Opinions towards Entrepreneurial Training

The researcher sought to assess the extent of agreement by the respondents with regard to the entrepreneurial training by social enterprises in Nairobi City County, Kenya. The response (Table 4.13) was structured into a five Likert Scale measure comprising of Not at All, Small Extent, Moderate Extent, Large Extent as well as Very Large Extent.

Table 4.13: Extent of agreement on statements regarding Entrepreneurial Training

Statements	Percent				
	Not at All	Small Extent	Moderate Extent	Large Extent	Very Large Extent
Formal training on business related issues	7.6	8.7	5.4	35.9	42.4
Importance of contributing to the society and self- efficacy.	6.5	1.1	5.4	32.6	54.3
Relations with customers and other stakeholders improves	1.1	1.1	4.4	27.5	65.9
Skills and competencies	1.1	2.2	6.6	30.8	59.3
Cohesiveness among members of the social enterprise	3.3	2.2	16.5	29.7	48.4
Response to risks	6.6	4.4	11.0	29.7	48.4
Managerial skills	3.3	0.0	12.1	31.9	52.7
Leadership style	1.1	3.3	5.6	38.9	51.1
Networking skills	7.8	0.0	12.2	38.9	41.1
Information accessibility	8.0	0.0	10.2	40.9	40.9
Access to resources	7.9	4.5	18.0	33.7	36.0

The study findings indicate that 78.3% of the respondents had attended one formal training on business related issues. Majority of the respondents (86.9%) claimed that the training has helped them understand the importance of contributing to the society as well as their self efficacy. From the findings, a unilateral opinion according to 93.4% of respondents who stated that the individual training has improved their relations with customers and other stakeholders. Provision of entrepreneurship training was considered by 90.1% to be important in improving entrepreneur skills and competencies.

Training was argued to be important in development of cohesiveness as well as increased response to risks in the social enterprise according to 78.1% of the respondents. Majority of respondents (84.6%) attributed their managerial skills to training programs they had attended. Entrepreneurship training was considered by 85.7% to increase adaptation to changes in environment for instance technology, economic situation and social aspects. In an account to individual entrepreneurial trainings attended by social enterprises member, 90.0% of the respondents confirmed to have improved their leadership style openness to new ideas.

Majority of the respondents (80.0%) stated that group training has facilitated their networking skills. Members were considered to be able to gain access to financial aid and services as well as acquiring and sharing information better as a result of group training as indicated by 81.8% of the respondents. With regards to resources, majority of the respondents 69.7% pointed out that group entrepreneur training ensures access to resources, optimization in resources acquisition as a group as well as improving risk mitigation amongst members. Through the findings (Table 4.13) it is evident that entrepreneurial training was accessed and was essential for performance of social enterprises.. The results indicate that managerial skills in terms of leadership, coordination of the business, managerial skills and net working skills had been acquired. Entrepreneurial behaviour was displayed by the existence of self efficacy increased risk

responsiveness, ability to network with others. Technical skills for social enterprise operations were also exhibited as most respondents cited ability to negotiate and increased resource acquisition. Interpersonal skills improvements were found to rate highly within the respondents. The collaborations and partnerships had led to better information acquisition from the networks and institutions of high order, e.g banks, cooperatives incubations and social enterprises agents. These factors combined were found to contribute to the success of the social enterprises. The findings are supported by Needs Theory (McClelland, 1961) which proposed that individual's attributes were developed over a long time and shaped by the individuals contextual settings and life's experience, education and training, further supported by the Theory of Planned Behaviour (Ajzen,1991) which posit that intentions depend on attitudes towards behaviour attractiveness, social expectation and competencies. The findings are congruent with those of (Ogundele, 2012; Henry *et al*, 2005) in which it was concluded that entrepreneurship education and training helps to shape the individuals innovative and entrepreneurial character, while intensifying potential for successful venture creation, further The results of this study also concur with Mohammad *et.al*, (2010) , that for developing a good and professional social entrepreneurship in a country, government officials and public policy makers should use elements of an effective entrepreneurship education system for educating citizens about the attributes and benefits of quality social entrepreneurship.

4.9.3 Role played by Entrepreneurial Training

The respondents unilaterally considered the training to be effective as majority 86.5% stating that group and individual training bring a significant difference. Majority (45.0%) of the employees stated to have been trained thrice, 40 % twice and only 15% having been trained once. This shows that social enterprises take entrepreneurial training seriously according to their regular sequence of training that enable the members receive

multiple trainings. According to the opinions, some of skills found to have been acquired by the respondents include; technical, managerial, networking (cooperation and interpersonal skills), negotiation, creativity, behaviour change, decision making, time management, problem solving, record keeping and finance management among others among others. However, 45% of respondents felt training programmes are not evolving they are always offering same types of training.the findings agree with those of earlier studies by Alexandria *et al.*(2014), Osuagwo (2006) which posits that entrepreneurial training was essential for promotion of enterprise operations as it built multi skills which fostered technical aspect, business skills and personal entrepreneurial aspect. The findings collaborate with other studies done earlier (Arogundele, 2011; Mullins, 2010), which agrees that entrepreneurial training inculcates the culture of self-reliance by promoting new sets of attitude and ability to face future challenges. This increases of entrepreneurial activity and the consequent development of a society, further to this reducing the social economic challenges e.g. unemployment and increased affordable goods in the market place. The findings are congruent with those of (Henry *et al*, 2005) in which it was concluded that entrepreneurship education and training helps to shape the individuals innovative and entrepreneurial character, while intensifying potential for successful venture creation, further training gradually transforms an individual by inculcating job related skills, knowledge and attitudes that are enabling factors in efficient and effective task performance which are crucial for the success of business.

4.10 Performance of Social Enterprise

The researcher sought to test suitability of the data collected (Table 4.14) on individual entrepreneurial training among the social enterprises in Nairobi City County, Kenya. This was done by testing whether the data was normally distributed using Kolmogorov-Smirnov.

4.10.1 Diagnostics Test for Performance of Social Enterprise

The researcher sought to test suitability of the data collected on performance of social enterprise (Table 4.14) by testing whether the data was normally distributed using Kolmogorov-Smirnov.

Table 4.14: Kolmogorov-Smirnov Test for Performance of Social Enterprise

Performance of Social Enterprise		
Normal Parameters ^{a,b}	N	92
	Mean	3.59
	Std. Deviation	1.08
Most Extreme Differences	Absolute	0.277
	Positive	0.190
	Negative	-0.277
Kolmogorov-Smirnov Z-value		2.658
<i>p</i> -value		0.000

The results as represented in Table 4.14 indicate that the Kolmogorov-Smirnov Z-value for performance of social enterprise was 2.658 with a *p*-value of $0.000 < 0.05$ which signifies that the data for group entrepreneurial training as a variable is normally distributed. This shows the data as presented is suitable for further analysis.

4.10.2 Respondents Opinions towards Performance of Social Enterprise

The response for the respondent opinions (Table 4.15) was structured into a five Likert Scale measure comprising of Not at All, Small Extent, Moderate Extent, Large Extent as well as Very Large Extent.

Table 4.15: Extent of agreement on statements regarding performance of Social Enterprises

Statements	Percent				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Increased Capital investment over the years	6.5	4.3	15.2	51.1	22.8
Increased sales volume over the years	9.8	5.4	8.7	45.7	22.8
Increased customers over the years	7.6	6.5	9.8	40.2	35.9
Opening other outlets	15.2	10.9	18.5	32.6	22.8
Planning to open other businesses	5.4	5.4	21.7	39.1	28.3
Annual profit increment for the last 3years	8.7	1.1	19.6	29.3	28.3
Revenue generated reliable to sustain business	12.1	23.1	13.2	26.4	24.2
Creating new jobs openings	5.4	9.8	13.0	37.0	34.8
Increased business support from other stakeholders over the year	7.6	6.5	15.2	41.3	29.3

The study revealed that capital investment has increased over the years according to 73.9%. Remarkable increment in sales volume and number of customers over the years a claimed by a majority of 68.5% and 76.1% of the respondents. The social enterprises were considered to have expanded according to 55.4%, 67.4% and 71.8% who pointed out that the enterprises have opened other outlets, still planning to open more businesses as well as creating new job opportunities respectively. With to regards to financial performance of the social enterprises, 57.6% indicated that their social enterprises recorded annual profit increment for a 3 years period. The generated revenue was considered to sustain the enterprise's business affairs reliably according to 50.6% of the respondents. A majority of 70.6% was considers that their enterprise had increased business support from other stakeholders over the year.

From the open ended question seeking the respondents' opinions on percieved success factors for their enterprises, content analysis was conducted. Majority cited increased consumption (43.24%), efficiency and innovativeness (38.65%) as well as financial support (18.11%).the efficiency and innovativeness was indicated by exploitation of underutilized resources locally available in the community ranging from social networks, waste materials, agricultural land and talents and technical skills that had been lying idle prior the existence of the social enterprises. All the respondents suggested that most profits ploughed back to business and the rest committed to the improvement of the social welfare of the stakeholders. The findings displayed on (Table 4.15) indicate that income growth confirmed by the capital investment increase, profits increase over the period that the social enterprises were operational and the increase in sales volume. The aspect of sustainability was indicated by the acquired revenues collected and profits being ploughed back to the business. Social transformation was exhibited by the increase of consumption of the goods and services by the customers whose satisfaction rating was evidenced by the stakeholders support for the social enterprise, creation of employment

rated highly at 71.8% which is an expression of social value creation. The result of this study coincides with other earlier studies by (Mort *et al.* 2006; Nicholls & Cho, 2006; Alter, 2006) which found that enterprises embrace social objectives that benefit both the members and non-members in their social set up, besides the stakeholders' interests, further, the social mission effectively fulfilled is the main indicator of a social value creation, income growth dependent on re- investment of earned profits to meet operational costs and spurn the growth of the enterprise. For sustainability this study agree with (Burkett, 2010) who proposed that social capital has two aspects of sustainability, the financial sustainability that shows endurance over time and the impact social enterprise generates with regards to its social mission. Maintenance and deepening of social enterprise's impact is an important factor to be considered.

4.10.3 Expression of the perceived Business Growth.

The study sought to find out how the managers perceive the growth of their businesses since inception. The results were descriptively presented in APPENDIX 2 (Figure 4.5: Business growth, Figure 4.6: Number of outlets opened and Figure 4.7: Number of employees).The study findings on business growth (App. 2, Fig 4.5) showed that majority 67.4% of the respondents indicated their businesses have grown gradually, a highly positive indication of social value impact. 23.9% of the respondents indicated their businesses have grown rapidly, hence making substantial social impact 5.4% of the respondents indicated decline while 3.3% of the respondents indicated their businesses have not really expanded. The findings indicate most social enterprises displayed gradual growth, which agrees with (Dees, 2001) who opines that while it is hard to find social value being created at the beginning by social enterprises, survival and growth may not show effectiveness. The success of social enterprise may only be measured by the extent of social value creation (Jamburia, 2013).

4.10.4 Outlets Opened

The researcher was interested in finding the extent of expansion through opening other outlets over the period of operation (App.2, Fig 4.6). From the findings 34.8% of the respondents indicated they have one outlet, 26.% of the respondents indicated that it is not applicable to them, 19.6% of the respondents indicated they have two outlets and 19.6% of the respondents indicated three or more.

4.10.5 Number of Employees

The study also sought to establish the number of employees that were currently working in the social enterprises (App.2, Fig 4.7).From the findings, 46.8% of the respondents indicated between 6 and 20, 22.3% indicated between 2 and 5, 8.5% indicated less than 2 years while 18.1% indicated between 20 and 50 and 1.1% of the respondents indicated 50 and above. The findings indicate that there was a gradual growth which is evidenced the fact that new outlets for the social enterprises were in place as well as the increase in the number of employees the finding are in agreement with (Woolcock & Defourny, 2001) who argued that the extent to which social enterprises survives and creates social value, while surrounded by challenges is an indicator of performance.

4.11 Hypothesis testing for the Entrepreneurial Determinants influence on the Performance of Social Enterprises

The researcher conducted inferential statistical to test hypothesis (Triola, 2008) that comprised of Pearson Correlation of coefficient, Multiple Regression and Chi-square.

A correlation exists between two variables when one of them is related to the other in some way (Triola, 2008).Where more than one independent variables exists in the study multiple regression models are used (Lind *et al*, 2008). Chi-square statistics is also used

for confirming whether a variable in a sample represents the actual relationship between the variables under observation. Therefore the three statistics were conducted to proof the existence of a relationship nature of the relationship and the extent of the relationship between the Entrepreneurial Determinants and the Performance of Social enterprises

4.11.1 Karl Pearson Correlation Analysis

The researcher used Karl Pearson Correlation analysis (Table 4.16) to test the relationships between the following study variable; Performance of Social Enterprise (PSE), Relational Social Capital (RSC), Structural Social Capital (SSC), Social Innovation Strategies (SIS), Social Innovation Outcomes (SIO) and Entrepreneurial Training (ET). The nature of the relationship is determined by the coefficient of correlation while the significance of the relationship at 5% levels of significance is explained by the p-value.

Table 4.16: Karl Pearson Correlation of Entrepreneurial Determinants and the PSE

		PSE	RSC	SSC	SIS	SIO	ET
Karl Pearson Correlation (r)	PSE	1	0.135	0.491	0.397	0.387	0.625
	RSC	0.638	1	0.354	0.271	0.065	0.212
	SSC	0.491	0.354	1	0.414	0.363	0.502
	SIS	0.397	0.271	0.414	1	0.527	0.532
	SIO	0.387	0.065	0.363	0.527	1	0.463
	ET	0.625	0.212	0.502	0.532	0.463	1
	<i>p</i> -value	PSE	.	0.1	0.00	0.00	0.00
RSC		0.00	.	0.00	0.004	0.268	0.021
SSC		0.00	0.00	.	0.00	0.00	0.00
SIS		0.00	0.004	0.00	.	0.00	0.00
SIO		0.00	0.268	0.00	0.00	.	0.00
ET		0.00	0.021	0.00	0.00	0.00	.
N=92, $\alpha=0.05$							

The results from Karl Pearson Correlation of Entrepreneurial Determinants and the PSE (Table 4.16), the correlation between the relational social capital and social enterprise performance and Relational Social Capital, the coefficient of correlation was $r(92)=0.638$, $p\text{-value}=0.000<0.05$. This implies that the variables have a strong positive relationship that is significant at 5% levels of significance. As for correlation between Structural Social Capital and Performance of Social Enterprise, the coefficient of correlation was $r(92)=0.491$, $p=0.000<0.05$. This implies that the variables have a strong positive relationship that is significant at 5% levels of significance. The Social Innovation Strategies and Performance of Social Enterprise, the coefficient of correlation was $r(92)=0.397$, $p=0.00<0.05$. This implies that the variables have a moderate positive relationship that is significant at 5% levels of significance. As for Social Innovation outcomes and Performance of Social Enterprise, the coefficient of correlation was $r(92)=0.387$, $p=0.00<0.05$. This implies that the variables have a moderate positive relationship that is significant at 5% levels of significance. As for Entrepreneurial Training and Performance of Social Enterprise, the coefficient of correlation was $r(92)=0.625$, $p=0.00<0.05$. This implies that the variables have a strong positive relationship that is significant at 5% levels of significance. From the results (Table 4.16) social capital relational social capital had the best correlation of ($r=0.638$) followed by entrepreneurial training ($r=0.625$), structural social capital= (0.491), social innovation strategy ($r=0.397$) and last social innovation outcome ($r=0.387$).

4.11.2 Regression Analysis of Performance of Social Enterprise on the Entrepreneurial Determinants

The researcher conducted further inferential statistical test using regression analysis (Table 4.18 & Table 4.19) to explain the influence of Relational Social Capital (RSC), Structural Social Capital (SSC), Social Innovation Strategies (SIS), Social Innovation Outcomes (SIO), and Entrepreneurial Training (ET) on Performance of Social Enterprise (PSE).

First the data was tested to determine its suitability of the data for regression analysis as explained by the regression ANOVA (Table 4.17). The data should be accurate complete and suitable for further analysis (Sekeran & Bougie, 2010).

Table 4.17: Regression ANOVA

	Sum of Squares	df	Mean Square	F	p-value
Regression	41.265	6	6.878	11.295	.000 ^b
Residual	49.93	82	0.609		
Total	91.195	88			

a Dependent Variable: PSE

b Predictors: (Constant), RSC, SIO, SSC, SIS, ET

Since the p-value=0.000<0.05 as displayed in the Regression ANOVA, this implies that regression analysis at 5% levels of significance is applicable for the study.

The Model summary (Table 4.18) explains the combined influence of the independent variables on the dependent variable.

Table 4.18: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.673a	0.452	0.412	0.78	1.643
a Predictors: (Constant), RSC, SIO, SSC, SIS, ET				
b Dependent Variable: PSE				

Table 4.18 shows that the $R=0.673$, $R^2 = 0.452$ as presented in model summary. The value of R^2 indicates the combined influence of all the independent variables, the entrepreneurial determinants on the dependent variable social enterprise performance.

This means that the combined effect of Relational Social Capital (RSC), Structural Social Capital (SSC), Social Innovation Strategies (SIS), Social Innovation Outcomes (SIO), and Entrepreneurial Training (ET) recorded a total of 45.2% of the dependent variable that is Performance of Social Enterprise (PSE) with the rest proportion explained by extraneous variables which were not studied.

Then the regression coefficients in Table 4.19 were adopted to construct the multiple regression models as well as displaying the p-values for testing the significance of the variables influence at 5% levels of significance.

Table 4.19: Regression analysis on determinants of social enterprise performance

	Un standardized Coefficients (B)	Std. Error	Standardized Coefficients (β)	t	<i>p</i> -value
(Constant)	-0.258	0.686		-0.376	0.708
RSC	0.585	0.144	0.053	0.592	0.025
SSC	0.262	0.132	0.208	1.993	0.049
SIS	0.034	0.183	0.02	0.185	0.854
SIO	0.088	0.113	0.079	0.784	0.435
ET	0.520	0.144	0.413	3.6	0.001

a Dependent Variable: PSE

The regression coefficients displayed in Table 4.19 were used to construct the regression model for this study. From the results, the constant value was found to be -0.258. The following equation summarizes the model,

$$\text{PSE} = -0.258 + 0.585 \text{ RSC} + 0.262 \text{ SSC} + 0.034 \text{ SIS} + 0.088 \text{ SIO} + 0.52 \text{ ET} \dots \text{Equation 1}$$

The relationship between the independent and dependent variables in the regression model showed that relational social capital had the highest beta value (B=0.585) followed by entrepreneurial training (B=0.520), then structural social capital (B=0.262) an, the social innovation was trailing.

In Table 4.19, the Relational Social Capital recorded a coefficient of regression of 0.585, and a p value =0.025. This implies that the Relational Social Capital was statistically significant ($p = 0.025 < 0.05$, $B=0.585$) at 5% level is of significance. This implies that for a 1point increase in relational social capital performance of social enterprises has an increase of 0.585; holding all other factors constant. Therefore the relational social capital has a strong positive influence on social enterprise performance

$$\text{PSE} = -0.258 + 0.585 \text{ RSC} \dots \dots \dots \text{Equation 2}$$

For Structural Social Capital, the coefficient of regression was 0.262, at p value =0.049. This implies that structural social capital was statistically significant ($p = 0.045 < 0.05$, $B=0.262$). This implies that for a 1point increase in structural social capital the performance of social enterprises has an increase of 0.0.262; holding all other factors constant. Therefore the relational social capital has a moderate positive influence on social enterprise performance.

$$\text{PSE} = -0.258 + 0.262 \text{ SSC} \dots \dots \dots \text{Equation 3}$$

As For social innovation strategies, the coefficient of regression was 0.034, at p value =0.0.854. This implies that social innovation strategies was not statistically significant ($p = 0.854 > 0.05$, $B=0.034$). According to the result the relationship between social innovation outcome and social enterprise performance is insignificant at 5% level of significance. As for Social Innovation outcomes the coefficient of regression was 0.088, and the p value =0.435>0.05. This implies that the Social Innovation outcomes was not statistically significant ($p = 0.435 > 0.05$, $B=0.034$). According to the regression result social innovation outcome has no relationship on social enterprise performance.

For Entrepreneurial Training, the coefficient of regression was 0.520, at p value =0.001. This implies that Entrepreneurial Training was statistically significant ($p = 0.001 < 0.05$, $B = 0.520$). This implies that for a 1point increase in Entrepreneurial Training the performance of social enterprises has an increase of 0.520; holding all other factors constant. The findings the entrepreneurial training has a strong positive influence on social enterprise performance.

$$\text{PSE} = -0.258 + 0.520\text{ET} \dots\dots\dots \text{Equation 4}$$

From the results of the findings the effect of relational social capital was found to be higher than the other determinants, it was followed by entrepreneurial training effect, the structural social capital. Social innovation contribution trailed in the social enterprises studied.

4.11.3 Chi-Square Analysis on the Influence of Entrepreneurial Determinants on Performance of Social Enterprises

Further analyses were conducted for confirmatory purposes using Chi-Square analysis. The chi square tests (Table 4.20) results are indicated in terms of the Pearson Chi-Square Values, degrees of freedom and p-value at 5% levels of significance. Large value of χ^2 statistics means a small probability by chance alone ($p < 0.05$) hence there exist a relationship between the variables under assumption of no association.

Table 4.20: Chi-Square Results

Determinants	Pearson Chi-Square	Degrees of Freedom	p-value
RSC	75.632	12	0.000
SSC	47.16	16	0.000
SIS	31.617	8	0.000
SIO	48.725	16	0.000
IET	58.000	12	0.000

The chi square results (Table 4.20) illustrate that the influence of Relational Social Capital on Performance of Social Enterprises yielded a $\chi^2 (12, N = 92) = 75.632$, $p=0.000<0.05$. This implies that relational social capital has a significant influence on the performance of the social enterprises which is significant at 5% levels of significance. The influence of Structural Social Capital on Performance of Social Enterprises yielded a $\chi^2 (16, N = 92) = 47.16$, $p=0.00 < 0.05$. This implies that the influence of structural social capital on social enterprise performance is significant at 5% levels of significance. The influence of Social Innovation Strategies on Performance of Social Enterprises yielded a $\chi^2 (8, N = 92) = 31.617$, $p=0.00 < 0.05$. This implies that influence of social innovation strategies on social enterprise performance is significant at 5% level of significance. The influence of Social Innovation Outcomes on Performance of Social Enterprises yielded a $\chi^2 (16, N = 92) = 48.725$, $p=0.00 < 0.05$. This implies social innovation outcomes influence is significant at 5% levels of significance. The influence of Entrepreneurial Training on Performance of Social Enterprises yielded a $\chi^2 (12, N = 92) = 58.000$, $p=0.00 < 0.05$. This implies that entrepreneurial training influence on the performance of social enterprises is significant at 5% levels of significance.

4.11.4 Hypothesis testing based on the inferential analysis results.

1. H_0 : Relational Social Capital has no significant influence on performance of social enterprise in Nairobi City County, Kenya.

H_A : Relational Social Capital has significant influence on performance of social enterprise in Nairobi City County, Kenya.

The results from Pearson Correlation of Entrepreneurial Determinants and the PSE (Table 4.16), the relationship between relational social capital and Performance of Social Enterprise the coefficient of correlation was $r(92)=0.638$, at a p -value=0.000. Which indicates that the ($p=0.000<0.05$) this implied that there exists a strong and positive correlation that is a significant at 5% levels of significance.

The results from (table 4.19) indicate the Relational Social Capital recorded a coefficient of regression of 0.585, and a p value =0.025. This implies that the Relational Social Capital was statistically significant ($p =0.025<0.05$, $B=0.585$) at 5% level is of significance. This implies that there exists a strong and positive correlation between structural social capital and social enterprise performance that is significant at 5% levels of significance.

The chi square results (Table 4.20) illustrate that the influence of Relational Social Capital on Performance of Social Enterprises yielded a $\chi^2 (12, N = 92) = 75.632$, $p=0.000<0.05$. This implies that relational social capital has a significant influence on the performance of the social enterprises which is significant at 5% levels of significance.

This implies H_0 ; Relational Social Capital has no significant influence on performance of social enterprise in Nairobi City County, Kenya fails. Upon rejecting the null

hypothesis, H_A ; Relational Social Capital has significant influence on performance of social enterprise in Nairobi City County, Kenya is accepted. This implies that structural Social Capital have a positive influence on Performance of Social Enterprise

2. H_0 : Structural Social Capital has no significant influence on the performance of social enterprise in Nairobi City County, Kenya.

H_A : Structural Social Capital has significant influence on the performance of social enterprise in Nairobi City County, Kenya.

The results from Pearson Correlation (Table 4.16), indicate that Structural Social Capital, coefficient of correlation was $r(92)=0.491$, $p=0.000<0.05$. at a p -value= 0.000 . Which indicates that the ($p=0.000<0.05$). This implied that there exists a strong and positive correlation between the structural social capital and social enterprise performance that is a significant at 5% levels of significance.

From Table 4.19 on the Structural Social Capital, the coefficient of regression was 0.262, at p value = 0.049 . This implies that structural social capital was statistically significant ($p =0.045<0.05$, $B=0.262$). Therefore the relational social capital has a moderate positive influence on social enterprise performance.

The chi square results (Table 4.20) show that Structural Social Capital on Performance of Social Enterprises yielded a $\chi^2 (16, N = 92) = 47.16$, $p=0.00< 0.05$. From these results the influence of Structural Social Capital on Performance of Social Enterprises was found significant at 5% levels of significance. This implies H_0 ; structural Social Capital has no significant influence on performance of social enterprise in Nairobi City County, Kenya fails. Upon rejecting the null hypothesis, H_A ; structural Social Capital has significant influence on performance of social enterprise in Nairobi City County, Kenya

is accepted. This implies that structural Social Capital have a positive influence on Performance of Social Enterprise.

3. H₀: There is no relationship between social innovation strategies and performance of social enterprises in Kenya

H_A: There is a relationship between social innovation strategies and performance of social enterprises in Nairobi City County, Kenya.

The results from Pearson Correlation (Table 4.16), indicate that social innovation strategies, coefficient of correlation was the coefficient of correlation was $r(92)=0.397$, $p=0.00<0.05$.at a p-value=0.000.This implied that there exists a moderate and positive correlation between the social innovation strategies and social enterprise performance that is a significant at 5% levels of significance.

From Table 4.19, social innovation strategies, the coefficient of regression was 0.034, at p value =0.0.854. This implies that social innovation strategies was not statistically significant ($p =0.854>0.05$, $B=0.034$). According to the result the relationship between social innovation outcome and social enterprise performance is insignificant at 5% level of significance.

The chi square results (Table 4.20) illustrate that the influence of Social Innovation Strategies on Performance of Social Enterprises yielded a $\chi^2 (8, N = 92) = 31.617$, $p=0.00 < 0.05$. From this confirmatory chi square test, the implication is that Social Innovation Strategies influence is significant at 5% levels of significance.

From these results two tests agree the influence of social innovation strategies on Performance of Social Enterprises was found to be significant at 5% levels of significance. This implies H_0 ; social innovation strategies have no significant influence on performance of social enterprise in Nairobi City County, Kenya fails. Upon rejecting the null hypothesis, H_A ; social innovation strategies has significant influence on performance of social enterprise in Nairobi City County, Kenya is accepted. This implies that social innovation strategies have a positive influence on Performance of Social Enterprise.

4. H_0 : Social innovation outcomes have no significant value on the performance of social enterprises in Nairobi City County, Kenya.

H_A : Social innovation outcomes have significant value on the performance of social enterprises in Nairobi City County, Kenya.

The results from Pearson Correlation (Table 4.16), indicate that Social Innovation outcomes coefficient of correlation was $r(92)=0.387, p\text{-value}=0.000, p=0.000<0.05$. This implied that there exists a moderately positive correlation between the social Innovation outcomes and social enterprise performance that is a significant at 5% levels of significance. From Table 4.19, on the social innovation outcomes, the coefficient of regression was 0.088, at p value =0.435. This implies that social innovation strategies was not statistically significant ($p =0.435>0.05, B=0.088$). According to the regression results the relationship between social innovation outcome and social enterprise performance is not significant at 5% level of significance. The chi square results (Table 4.20) illustrate that the influence of Social Innovation outcomes on Performance of Social Enterprises yielded a $\chi^2 (16, N = 92) = 48.725, p=0.00 < 0.05$. From this confirmatory chi square test, the implication is that Social Innovation outcomes influence on social enterprise performance is significant at 5% levels of significance. From these results, two inferential tests agree the influence of Structural Social Capital

on Performance of Social Enterprises was found significant at 5% levels of significance. This implies H_0 ; social innovation outcomes have no significant influence on performance of social enterprise in Nairobi City County, Kenya fails. Upon rejecting the null hypothesis, H_A ; social innovation outcomes has significant influence on performance of social enterprise in Nairobi City County, Kenya is accepted. This implies that social innovation outcomes have a positive influence on Performance of Social Enterprise.

5. H_0 : Entrepreneurial training has no significant influence on the performance of social enterprises in Nairobi City County, Kenya.

H_A : Entrepreneurial training has significant influence on the performance of social enterprises in Nairobi City County, Kenya.

The results from Pearson Correlation (Table 4.16), reveal that Entrepreneurial Training coefficient of correlation was $r(92)=0.625$, $p=0.00$, $p=0.00<0.05$ This implies that there exists a strong positive correlation between the social Innovation outcomes and social enterprise performance that is a significant at 5% levels of significance.

From Table 4.19 for Entrepreneurial Training, the coefficient of regression was 0.520, at p value $=0.001$. This implies that Entrepreneurial Training was statistically significant ($p=0.001<0.05$, $B=0.520$). The findings the entrepreneurial training has a strong positive influence on social enterprise performance. The influence of Entrepreneurial Training on Performance of Social Enterprises yielded a $\chi^2(12, N = 92) = 58.000$, $p=0.00 < 0.05$. This implies that entrepreneurial training influence on the performance of social enterprises is significant at 5% levels of significance.

The chi square results (Table 4.20) show that entrepreneurial training association with Performance of Social Enterprises yielded a $\chi^2 (16, N = 92) = 47.16, p=0.00 < 0.05$. From these results, the influence of entrepreneurial training on Performance of Social Enterprises was found significant at 5% levels of significance. This implies H_0 ; entrepreneurial training has no significant influence on performance of social enterprise in Nairobi City County, Kenya fails. Upon rejecting the null hypothesis, H_A ; entrepreneurial training has significant influence on performance of social enterprise in Nairobi City County, Kenya is accepted. This implies that entrepreneurial training have a positive influence on Performance of Social Enterprises in Nairobi county Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter is to presents the summary of the study findings, conclusion of the study and recommendations drawn from the study findings. The chapter is based on the study objectives which were used to assess the influence of entrepreneurial determinants on the performance of social enterprises in Nairobi City County, Kenya.

5.2 Summary of findings

5.2.1 To evaluate the influence of Relational Social Capital on performance of social enterprises in Nairobi City County, Kenya

From the majority of respondents on Relational social capital, it was found out that various aspects of relational social capital had different rating majority were dependent on the networks established within the community where the enterprises operated. The results reveal that Interaction enables people to build trust, confidence and cooperation, to commit themselves to each other (i.e. reciprocity), and thereby to engage collectively in communal activities towards addressing social challenges the social which concluded that Social capital is a strong intra-community networks symbolized by shared values and norms, strong ties and high level of trust within family members and close-knit groups. The component of extra-community ties features weak and thin trust. There was collaboration or partnership among similar enterprises whenever community and social development issues arise.

Collective action with neighbourhood enterprises for information and business opportunities .was found to be prevalent. This collective engagement was found to be beneficial especially among neighbourhood community when dealing with community issues (Education, water waste management, security among others. Trust and solidarity had increased with years of operation. Out of the responses that were gathered, dominating opinion was trust according the followed by reciprocity while the rest of comments were on networks. The services rendered by the community groups were largely informed by collective decision making and actions this generated trust among the members and became a reliable resource in accessing information, opportunities and marketing the service and products from the enterprises. The levels of trust and solidarity were better within the duration of five years at the time of the study.

Similarly there was a reliable interaction between organizations especially during crises when sourcing for funds with the same proportion manifesting a strong feeling of togetherness or closeness among businesses. Social inclusion was found to present as the social enterprises were considered to engage in community activities with other organizations. Cohesion rated highly among the members of the community and the social enterprises. However extra community ties (outside the immediate community setup) were found to be weak compared to the immediate family, neighbours when making decisions. There existed presence of collaboration or partnership among social enterprises whenever community and social development issues arose. There exists engagement among neighbourhood enterprises for information and business opportunities. Social networks led to strong cooperation among the members of networks who were found to have benefits that fostered successful operations. According to the suggestions of the respondents relational social capital would be enhanced by use of community meetings and collaborations with other institutions. Others favoured utilization of social activities for to empowerment .Social inclusion

which meant that the social entrepreneurs accommodated other members of the community where the social enterprises were operating played big role in enhancing relational social capital. In the findings social capital was displayed by is a strong intra-community networks symbolized by shared values and norms, strong ties and high level of trust within family members and close-knit groups. The component of extra-community ties features weak and thin trust.

These findings agree with Ali *et al*, (2012) who consider social capital to be an important component of business since benefits businesses through resources that include information, ideas, commercial opportunities, financial capital, power and influence, emotional supports and even goodwill, confidence and cooperation which blend together to create success of an enterprise . Reciprocity was evidenced where the respondent cited ability to enjoy inclusion in resources acquisition. The interactions were crucial to the success of the social enterprises business opportunities The degree to which social capital acts as an enabler in social enterprise depends on the degree to which social entrepreneurs utilize bridging, bonding and linking social capital (Ernst, 2012; Basu, 2012).

5.2.2 To examine Structural Social Capital influence on performance of social enterprises in Nairobi City County, Kenya

From the findings, it revealed that Structural Social Capital aspects considered the vertical or linkages instrumental in operations of the enterprises. Structural social capital aspect focuses on the number or amount of direct and indirect networks. The structural or the linking social capital symbolizes the network between a community or groups in a community with institutions and groups of higher order and is therefore associated with structural social capital. Institutional ties made it easier to access information related to education and training facilities, health services, water supply and waste management

among other important services to members. Similarly it considered being easy to seek information and access to business loans thus enhancing the potential of doing business among members. The collective action of social entrepreneurs in seeking solutions to the challenges was considered crucial since it makes available adequate advice from formal institutions that include Banks, credit Sacco's, and Government and which resulted to empowerment of the social entrepreneurs. Majority of the respondent indicated that the vertical associations with institutions outside the community set up were crucial in soliciting help from government officials, community leaders and financing institutions. Social enterprises were able to access information about current government and non-governmental programs that may be beneficial to the social enterprises owners and managers e.g. training. The networking established by the enterprises operators, enabled the establishment and accessibility of linkages for markets, finances, training and empowerment and suppliers. Content analysis of the structural social capital revealed that the institutional support and viability strong in the form of information acquisition, partnership and financing. As for the viability of the support, in terms of presence and social transformation encountered it was considered the support to be highly viable. This shows that the social enterprises are adequately supported in terms of information, partnership and was financing.

5.2.3 To establish the influence of social innovation strategies on the performance of social enterprises in Nairobi City County, Kenya.

Almost all the respondents according the unilateral response recorded agreed that applying innovative strategies play an important role in to growth of social enterprise using social platforms. New organisation procedure were evident as revealed that their enterprise had introduced innovative approaches for example better, quality and valuable products and services that benefit community members as well as other

consumers. Collective action approach to operations had played an important role in providing social services such as waste management, security lights among others.

From the findings social enterprises have learned and adopted new methods of production or service delivery through group meetings and collective action, this included community based approaches in projects and income generating activities. New production approaches, service offering and raw materials that improve productivity were found to be among the social innovation strategies in place. The social enterprises were considered to have been able to enact effective and collective risk mitigation measures for the enterprises. Collective action approach was cited to have led better acquisition of resources, for instance, finances, information, equipment, land, premises among others. The social enterprises were found to be committed to sustainable solutions for social challenges as demand arises according through Creative methods of reaching markets, enhancing services and products attributed to innovative strategies were employed in the social enterprises. A frame work for talent and competences documentation related to tasks, which were borrowed or volunteered in most enterprises. These findings indicate effective strategies that were based on restructuring operations through collective action that enjoyed community based approaches, social platforms of information acquisition and clustered decision making. The expression of creativity and willingness to volunteer was evidenced by the identification of talents and individual competences which were cited to have been utilised in the social enterprises. New Market orientation approach to addressing social challenges was proved active in social enterprises as the innovation strategies were driven by the desire to mitigate the community needs and challenges due to market failures and complete lack of or deficiency of the products and services. Raw material diversification was strongly identified as a means of enhancing productivity. Creative approaches to production and service delivery, commitment to sustainable solutions focused on social challenges,

enhancing services and products in the social enterprises. Social enterprises are able to document a frame work that establishes tasks and competences necessary in the field leading to new services and products attributed to innovation.

5.2.4 To determine the effect of social innovation outcomes on the performance of social enterprises in Nairobi City County, Kenya

From the finding social innovation outcomes has significant influence on performance of social enterprise in Nairobi City County, Kenya a majority of the respondents agreed that their enterprises have introduced new products and or services that fulfilled the needs of consumers. The social enterprises were considered to have played an important role in providing social services to the community that led to social welfare improvement. This highly contributed to increase in scale of business and increased social satisfaction which is the ultimate goal of the social innovations according to Six & Young, (2010 model of social innovation. Collective action adoption in the social enterprises was found to be operational benefitting individuals business and community through new methods of production which was characterized by the increased access to products by the community, entry to new markets and acquiring customers and competences. Majority of the respondents agreed that their enterprises have introduced new products and or services that fulfilled the needs of consumers.

The social enterprises were considered to have played an important role in providing social services to the community that led to social welfare improvement at individual at community level. Creation of employment, income generation activities they were able to produce and supply products with desired features that were initially not affordable to their consumers. Presence of services and products previously unavailable to the community members as well as products those were affordable. Cohesion and increased social networks were found be a visible outcome driven by the collective action of the

social entrepreneurs', and which had positive influence on the success of the social enterprises through consumption of the new products and services. The conclusions related to innovativeness show similarities with studies of (Erdem, B., Gökdeniz, A. and Met, Ö. 2011), the conclusions differ from the study of (Santos, D., Basso, L., Kimura, H. and Kayo, E.K. 2014). As a conclusion, sense of innovativeness depending on the sector is suggested to be institutionalized to sustainability of the competitive advantage in fierce competition environment.

5.2.5 To investigate the influence of entrepreneurial training on the performance of social enterprises in Nairobi City County, Kenya

From the findings most of the respondents stated that the entrepreneurial training aspects had a high extent of occurrence. Most respondents had attended a formal training on business related issues. The training equipped them with social skills the importance of contributing to the society as well as their empowerment. Training done improved their relations with customers and other stakeholders. Provision of individual entrepreneurship training was considered to be important in improving entrepreneur skills and competencies. Training was argued to be important in development of cohesiveness as well as increased response to risks in the social enterprise.

Competent managerial skills were attributed to training programs they had attended. Entrepreneurship training was considered to increase adaptation to changes in environment for instance technology, economic situation and social aspects. In an account to individual entrepreneurial trainings attended by social enterprises member confirmed to have improved their leadership style openness to new ideas. Group training had facilitated their networking skills. Members were considered to be able to gain access to financial aid and services as well as acquiring and sharing information better as a result of group training. With regards to resources entrepreneur training ensures

access to resources, optimization in resources acquisition as a group as well as improving risk mitigation amongst members. From demographics indications a majority of the respondents engaged in this study were graduates, while others had attained a minimal of primary education, they were in a position to foster sustainable development, mainly through their engagement in social entrepreneurial activities. This meant that an increase in access and quality education relative to national population is critical to socioeconomic growth and productivity, increased individual earnings and subsequently reduced income inequalities and reduction of poverty. It contributes significantly to improved health, enhanced democracy, good governance and effective leadership (Ministry of Education and Technology, 2007).

5.3 Conclusions

The general objective of the study was to assess the influence of entrepreneurial determinants on the performance of social enterprises in Nairobi city county Kenya. The study specifically sought to investigate the influence of relational social capital, structural social capita, social innovation strategies social innovation outcomes and entrepreneurial training on the performance of social enterprises in Nairobi city county, Kenya.

5.3.1 To evaluate the influence of Relational Social Capital on performance of social enterprises in Nairobi City County, Kenya

The study revealed that Relational Social Capital has a positive significant influence on performance of social enterprise in Nairobi City County, Kenya Social networks were found trustworthy and reliable as an investment for social action, Reciprocity highly recognized as leverage during crises in the social enterprise. Cohesion and inclusion displayed through collaboration among similar enterprises, as evidence of strong ties

within the same order of network was heavily utilized for enterprise resources acquisition. The study found that most of the social entrepreneurs depend on second party opinions to get things done, an indication of social capital significance on the social enterprise performance. The social enterprises were highly dependent on relational social capital as per the indications from the respondents. The aspects of community networks and intra-community and extra community ties, trust and cooperation and reciprocity enabled collective action which was heavily utilised in the social enterprises for success. Interaction within networks led to collective action which was a major boost for social enterprise performance, it enables people to build trust, confidence and cooperation, to commit themselves to each other (i.e. reciprocity), the cohesive patterns were instrumental in benefiting businesses through resources that include information, ideas, commercial opportunities, financial capital, power and influence, emotional supports and even goodwill, confidence and cooperation which blend together to create success of an enterprise agrees with (Dinda, 2012) who define the social capital as social networks and norms that generate shared understandings, trust and reciprocity, which underpin cooperation and collective action for mutual benefits and creates the base for economic prosperity. The results agree with an earlier study by (Woolcock & Narayan, 2000) which concluded that Social capital is a strong intra-community networks symbolized by shared values and norms, strong ties and high level of trust within family members and close-knit groups. The age of the enterprise coupled with level of education was crucial factor in the amount of social capital enjoyed. The more the social enterprises had been in operation the higher the relational social capital which is deemed to be a result accrued utilization, which is in agreement with (Ernst, 2012; Basu, 2012) who explained that the degree to which social capital acts as an enabler in social enterprise depends on the degree to which social entrepreneurs utilize bridging, bonding and linking social capital Relational Social Capital recorded a coefficient of regression of 0.585, and a p value =0.025. This implies that for a 1point

increase in relational social capital performance of social enterprises has an increase of 0.585; holding all other factors constant. Therefore the relational social capital has a strong positive influence on social enterprise performance. Besides factors like age, the level of education and the years of experience at work also contributed to the performance of the social enterprise. The aspect of community ties as expressed in social capital was found to be a strong influence in the performance of social enterprises, it will be important to understand how this factor can be scaled in individuals and communities at large as a means of achieving social value for the social economic challenges facing Kenyans Cultural factors related to intra and extra community relationships should be given attention as entrepreneurial factors that will enhance the growth of social enterprises to reach the desired results of sustainability and social transformation

5.3.2 To examine Structural Social Capital influence on performance of social enterprises in Nairobi City County, Kenya

The findings of the study depicted that Structural Social Capital had significant influence on performance of social enterprise in Nairobi City County, Kenya. Therefore the social enterprises should invest more in structural social capital. Structural social capital enhancement is critical in acquisition of partners to support the ideas of aggressive challenges and big goals, the partners will push the boundaries of what was once thought impossible. The social entrepreneurs needed resources from institutions e.g. training, information on market linkages, support system for technology and marketing, besides the need for funds to scale the businesses. Institutional Support Strength and Viability was found essential in acquisition of government and non government support programmes for the community social entrepreneurs should invest more in vertical and institutional linkages for resources diversification and increase in scale of business which would increase the social value creation. The findings also subscribes to the study by (Côté & Healy, 2001; Woolcock, 2001; Pretty, 2003) which

found that social capital involves vertical interactions with individuals who are influential in positions in institutions of political or financial power and whose linkages are critical for leveraging resources accessing most needed ideas, policies from formal institutions and which are beyond the local community horizontal networks

5.3.3 To establish the influence of social innovation strategies on the performance of social enterprises in Nairobi City County, Kenya.

From the findings Social Innovation Strategies have significant influence on performance of social enterprise in Nairobi City County, Social innovation strategies were recognized to play a role in modern organisational models and processes as a driver for scaling performance and achieving more sustainable outcomes. Social Innovations strategies were recognized as an acceptable means of creating sustainable solutions in the social enterprises. Better technologies, strategies of marketing, adopting viable methods of production, and providing reliable consumer products and services It was evident that the utilization was lacking in capacity and also in knowledge application. The influence was minimal and needed to be scaled through incubations and establishment of a ecosystem specifically for social enterprises operations Social entrepreneurs therefore needed to link themselves with incubations and technology hubs to build capacity while testing their innovations to enhance their capacity for success social innovation strategies. Creative approaches to production and service delivery, commitment to sustainable solutions focused on social challenges, enhancing services and products in the social enterprises implied the desire to create social value for the community hence meeting the Six and Young Foundation model (2010) yardstick of a social innovation. These findings indicate effective strategies that were based on restructuring operations through collective action that enjoyed community based approaches, social platforms of information acquisition and clustered decision making. The expression of creativity and willingness to volunteer was evidenced by the

identification of talents and individual competences which were cited to have been utilised in the social enterprises. New Market orientation was proved in the social enterprises as the innovation strategies were driven by the desire to mitigate the community needs and challenges due to market failures and complete lack of or deficiency of the products and services. These findings correlate positively with the study conducted in manufacturing firms, by (Noruzy *et.al*, 2013) who concluded that organizational innovation has a positive effect on business performance and Samad, (2012) has also concluded that innovativeness has a positive effect on business performance

5.3.4 To determine the effect of social innovation outcomes on the performance of social enterprises in Nairobi City County, Kenya

The study found that Social Innovation Outcomes have significant influence on performance of social enterprise in Nairobi City County, Kenya is accepted. This implies that Social Innovation outcomes have a positive influence on Performance of Social Enterprise. Social innovations outcomes were found to influence the social transformation, Revolutionizes organizations' operations, quality products and services that were cost effective and available to consumers and employment. From the suggestions social innovations outcomes sustainability could be attributed to dependability on types of product, reception by community, cooperation, improved infrastructure, high returns, employment creation as well as government support. Systematic change had evidently occurred meeting the criteria for social innovation model (Six & Young, 2010). New production technologies was found to be the means by which they now enjoyed product with satisfactory feature, affordable products and availability of services which were previously not available. New markets for products and services were one feature which was evident with many social enterprises and which was claimed to ensure flow of income and sustainability of the social enterprises. It was

concluded that social innovation had occurred in the enterprises according to the social innovation Model (Six & Young, 2010) when social solutions happen and there is systematic change in the society, the finding relate to the (OECD, 2010a, 2010b) report in which it was argued that entry and exit of firms, linkages and collaborations were indicators of social innovations The conclusions related to innovativeness show similarities with studies of (Erdem *et al.*, 2011).Sense of innovativeness depending on the sector is suggested to be institutionalized to sustainability of the competitive advantage in fierce competition environment. Nascent social entrepreneurs should seek more assistance and support for their social innovations so as to enable fast tracking goals. Social innovation outcomes entrepreneurial determinant was found to influence the way social enterprise perform, it will be important to understand how this factor can be scaled in individuals through entrepreneurial trainings There is a need to harness social innovation as key entrepreneurial factor for social enterprises growth and sustainability, Social challenges offer enormous opportunities for social value creation and social innovations that have been sidelined by entrepreneurship studies

5.3.5 To investigate the influence of entrepreneurial training on the performance of social enterprises in Nairobi City County, Kenya

The study showed Entrepreneurial Training has significant influence on performance of social enterprise. This implies that Entrepreneurial Training has strong positive influence on Performance of Social Enterprise. Among the dependent variables the entrepreneurial training was second to relational social capital in influencing the social enterprise performance. Training was found to generate self efficacy, cohesiveness, responsiveness to crises, entrepreneurial behaviour, managerial skills, enhances attitude towards creativity & problem solving mindset which enhances the firm performance; however there was a need to tailor programmes for social enterprises. Social entrepreneurs should therefore invest in training as it enhances creativity and the aspect of innovativeness

which also enhance the social enterprise performance. The theory of planned behaviour (Ajzen, 1991) states that intentions depend on attitudes towards the attractiveness of the behaviour, social expectation, and associated competencies. Training programmes should however focus on the needs of those social enterprises which were still at infancy stage in Kenya, with a view of creating social value for the members of the community. Lack of information on Programmes offered and the cost of obtaining such services limited social entrepreneurs while high inventory cost was a major drawbacks for success in enterprises. From the findings it was also concluded that while social entrepreneur had at least some formal educations there was a need to continually access entrepreneurial training programmes which would improve their competencies considering the nature of social enterprises mission driven activities. Most programmes offered were tailored for profitability of businesses, and meant for the benefit of entrepreneurs and not the larger community. Entrepreneurial training inculcates the culture of self-reliance by promoting new sets of attitude and ability to face future challenges. The conclusions are in agreement with other scholars that entrepreneurial increases of entrepreneurial activity and the consequent development of a society, further to this reducing the social economic challenges e.g. unemployment and increased affordable goods in the market place (Arogundele, 2011; Mullins, 2010).

5.4 Recommendations

The successful performance of social enterprises is highly influenced by utilization of social capital, application of social innovations and enhancement of training for social entrepreneurs to achieve the value creation intended.

5.4.1 Entrepreneurial Recommendations

1. The aspect of community ties as expressed in social capital was found to be a strong influence in the performance of social enterprises, it will be important to understand how this factor can be scaled in individual entrepreneurs and communities at large.
2. Nascent social entrepreneurs face enormous start up barriers, policy development will assist them to gather momentum by setting up support centres inform of incubators where they can improve their new approaches towards solving social challenges.
3. Cultural integration aspect as a means of scaling the social enterprise growth should be scaled as a intangible entrepreneurial factor of achieving social value creation in social enterprises
4. 4 Social entrepreneurs need to engage deeper in structural social capital as a critical enabling factor for growth and sustainability of enterprise e.g. acquisition of finance, and procurement of other resources, this can be done by enrolling in training programmes that provide enterprise management support.
5. Structural social capital enhancement is critical in acquisition of partners to support the ideas of aggressive challenges and big goals, the partners will push the boundaries of what was once thought impossible.
6. The effect of social capital as collateral for other resources acquisition needed to significantly influence the performance of social enterprises should be appreciated and encouraged through recognition by financing institutions.
7. Nascent social entrepreneurs should seek more assistance and support for their social innovations so as to enable fast tracking goals. Social innovations entrepreneurial determinant was found to influence the way social enterprise

performs, it will be important to understand how this factor can be scaled in individuals through entrepreneurial training.

8. Social innovations strategies are crucial for growth and sustainability of social enterprises and therefore entrepreneurs need to be provided with capacity to propagate the ideas that lead to sustainable solutions.
9. To encourage the creation and growth of social entrepreneurs a award system should be initiated by government and other watchdog agencies
10. From the findings Social innovation plays a large role in modern organisational models and processes as a driver for scaling performance and achieving more sustainable outcomes creating a need for incubators and technology hubs to help improve social entrepreneurs new approaches towards solving social challenges.

5.4.2 Policy Recommendations

1. Policy makers should focus those forms of social capital, which will noticeably improve economic prosperity of distressed communities, and economic inclusion of deprived, disadvantaged and marginalized individuals.
2. Policy makers should focus on social capital forms be scaled up in political social and economic initiatives to fast track economic development of the country and as a means to help them escape the poverty trap. From the research findings, currently there exists no policy frame work for support of socially driven enterprises.
3. Most respondents indicated that motivation through awards was nonexistent, however they felt that successful social innovations and high performers would be encouraged by an award scheme which is likely to endear others towards social entrepreneurship.
4. Support systems and ecosystem should be developed, furthermore those in existence were found not to engage the small organisations with social mission

calling for public institutions and government agencies to provide information and set standards of operation, campaign for change, deliver public services, promote social enterprise and mentorship.

5. Entrepreneurial training and education largely influences how the enterprises achieve the social mission. A mechanism for rolling out training Programmes should be rolled out by the government and support agencies to stimulate more social enterprise creation and to accommodate social entrepreneurs needs in achieving their goals

5.5 Areas for further Research.

This study explored the influence of entrepreneurial determinants on the performance of social enterprises in Nairobi City County, Kenya

Social entrepreneurship is a new area of study in Kenya with scarce academic literature on history and development of social entrepreneurship, hence the need for in depth research on the subject. There is a need for an in-depth research on social capital affects the behaviour of the social entrepreneur in the Kenyan context of a developing economy faced with many social, ethnic, political challenges.

From the findings of the research social entrepreneurship seems to be growing rapidly fuelled by the endemic and ever increasing social challenges in growing population struggling with limited resources, consequently there are many unaccounted for or unregistered enterprises actively engaging in social value creation and there should be a fresh mapping for the purpose of accountability. Empirical investigation on the fast emerging social enterprises sector and its contribution to the growth the Kenyan economy should be carried out. There is a need to research on antecedent factors contribution to social enterprise emergence.

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APPENDICES

Appendix i: Questionnaire

Introduction

This questionnaire is for educational purposes only. It is intended to collect data for a student who is pursuing a Doctor of Philosophy Degree in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology (JKUAT). Nowhere in its findings will your organization or your name be mentioned.

A copy of a letter from the institution is attached upfront.

The Research is titled, “**Entrepreneurial Determinants on the Performance of Social Enterprises in Nairobi County, Kenya.**”

The Principal Researcher is **Lucy Kibe.**

INFORMED CONCENT

I am willing to participate in the study,

Yes No

If no, Please indicate the reason

Questionnaire for Managers

Part A: Demographic Information

This questionnaire is meant to acquire information on social entrepreneurial competencies and its impact on performance of social enterprises.

1. Name of the Social Enterprise (optional).....
2. No. of years the organization has been in existence

Less than a year []

Between 2 and 5 years []

More than 5 years []

Part B: Bio Data

(This part relates to the individual respondent)

1. What is your age? (Tick as appropriate)

18-25 []

26-45 []

46 and above []

2. Level of education (Tick as appropriate)

Primary Level []

'O' Level []

Certificate/Diploma []

Graduate []

Postgraduate []

3. How long have you Managed the enterprise? (Tick as appropriate)

Less than 1 years []

Between 2 and 3 years []

Between 3 and 4 years []

Between 4 and 5years []

S.No	Statement	1	2	3	4	5
1.	Social enterprises and community based organizations can be trusted and are willing to help if you need it.					
2.	Most members in social group consult community leaders and when in need of personal advice and moral support					
3.	The level of trust and solidarity among social groups and community based organizations has gotten better over the last five years					
4.	We engage in a lot of community activities with other businesses and community based organizations					
5.	People we interact with are more likely to rely on the CBO's and social group if they needed a small emergency loan					
6.	I have a strong feeling of togetherness or closeness to other businesses					
7.	Decision making is influenced by other groups outside the immediate community Setup					

PART C: RELATIONAL SOCIAL CAPITAL

a) Please indicate the extent to which you agree with the following statements relating to Relational Social Capital.

Please record your answer by ticking at the space provided, by the scale indicator measuring

(1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

Comment on the level of trust in other communities outside the immediate social set up.

What is your view on the dependence on others for enterprise success

b)Please indicate the extent to which you also agree with the following statements regarding

(1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent)

S.No	Statement	1	2	3	4	5
1.	Our enterprise actively collaborates or partners with similar enterprises whenever community and social development issues arise					
2.	Our social enterprise seek advice and information from community leaders and other members when in need of assistance					
3.	Our enterprise actively engages with other neighbourhood enterprises when seeking information and soliciting business opportunities for its members					
4.	Our enterprise actively engages with neighborhood committee when dealing with community issues (Education, water, waste management, security etc)					

Comment on the ways relational social capital can be enhanced.

PART D: STRUCTURAL SOCIAL CAPITAL .

Please indicate the extent to which you also agree with the following statements regarding

(1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent)

S.No	Statement	1	2	3	4	5
1.	Social enterprises access information related to education and training facilities.					
2.	Social enterprise enable access to health services, water supply, waste management etc					
3.	Social enterprises plays an important role when seeking information and access to business loans					
4.	The social enterprise oftenly gets advice from formal institutions (Banks, Credit SACCO's, Government).					
5.	Social enterprises plays an important role when soliciting help from government officials, NGO's and politicians.					
6.	Socialenterprises plays an important role in providing members with information about current government and non governmental programs that maybe beneficial to our community.					
7.	It is easier to establish and access linkages for markets.					
8.	Through the social enterprises potetial linkages with customers suppliers are easily acquired.					

Comment on the strength of institutional support that the social enterprises is able to access.

Comment on the extent of “Institutional support(e.g banks,reasearch institutions,colleges,cooperatives,government) towards succes of social enterprises.”
Comment...

PART E: SOCIAL INNOVATION STRATEGIES.

Please indicate the extent to which you agree with the following statements regarding social innovation strategies.

(1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent)

S.No	Statement	1	2	3	4	5
1.	Innovation is an important in community development					
2.	Applying Innovative strategies play an important role in growth of social enterprise using social platforms					
3.	Our enterprise has introduced better, quality and valuable products and services that benefit immediate and other consumers					
4.	Our group plays an important role in providing social services, (such as waste management, security lights etc)					
5.	Through group initiatives/collective action there is learning and adoption of new approaches to production or service delivery					
6.	Our group has Initiated community based approaches in projects and income generating activities .					

7.	The social enterprise has been able to adopt new production approaches, raw materials that improve productivity and service offering to improve productivity.					
8.	The social enterprise utilizes collective and selective risks mitigation measures through cluster decision making.					
9.	Social enterprise is able to Acquire, reinvent adequate resources e.g finances, information, equipment, raw materials , premises) .					
10	The social enterprise is committed to sustainable solutions as demand arises.					
11	Creative methods of reaching markets, enhancing services and products e.g volunteerism,					
12	The social enterprise has been able to document aframework for talent and competences for the tasks and competences necessary in the field of operation..					

Comment on the extent of innovative production processes in your enterprise.

Does your social enterprise use available technologies in business operations? Comment

What are the benefits of adopting social innovation strategies to social enterprise and the community?

What other innovative strategies have the social enterprise adopted by nature of being closely associated with others?

Are there award systems for successful social enterprises?-

Do you think award would play any role in fostering social enterprise performance? If so explain how -----

PART F: SOCIAL INNOVATION OUTCOMES

Please indicate the extent to which you agree with the following statements regarding

(1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent)

S.No	Statement	1	2	3	4	5
1.	Our enterprise have introduced new products or services that benefit consumers					
2.	Our social enterprise participates in role of providing social services, (such as waste management, security lights etc)					
3.	Through collective action, the social enterprise learned and incorporated quality approaches for service provision to benefit individual business and community.					
4.	Through group initiatives, new & better approaches of production, marketing that has raised access to products by community.					
5.	Profitable business activities for generating income have been initiated					
6.	Through collective action, enterprises have been able to enter new markets					
7.	We are able to produce & supply products with desired features that were previously not available and affordable to the consumers.					

8.	Consumption of previously unavailable services/products is evident to the community members					
9.	A number of novel products and services are observable in our social enterprise and community.					

Do you enjoy any new services related to the social enterprise in the community?

Are there any visible changes with the presencer of the enterprise in this region?

Comment on any other visible outcomes being enjoyed by the social entrepreneur and the community courtesy of the existence of the social enterprise.

What are the observable effects of award system if available to the individual business and community?

.....

Are there any visible changes with the presencer of the enterprise in this region?

.....

Comment on any other visible outcomes being enjoyed by the social entrepreneur and the community courtesy of the existence of the social enterprise.

What are the observable effects of award system if available to the individual business and community?. -----

Comment on the sustainability of the results of social innovations.

PART G: ENTREPRENEURIAL TRAINING.

Please indicate the extent to which you agree with the following statements regarding individual entrepreneurial training.

(1= not at all, 2 = small extent, 3 = moderate extent, 4 = large extent, 5 = very large extent)

S.No	Statement	1	2	3	4	5
1.	I have attended at least one formal training on business related issues					
2.	Training has helped me understand the importance of contributing to the society and self improvement					
3.	Training has improved relations with customers and other stakeholders					
4.	Provision of entrepreneurship training is important in improving entrepreneurs skills and competencies					
5.	Training is important in development of cohesiveness among members of the social enterprise.					
6.	Through training there is increased response to risks in the social enterprise.					

7.	I am a better manager due to training programs i have attended					
8.	Entrepreneurship Training has increased adaptation to changes in environment e.g technology ,economic situation, social aspects					
9.	Through trainings attended my leadership style is more open to new ideas.					

Has the training played any role in social enterprise performance? Comment

Has the training brought any behavioral changes? Comment

How many training sessions are likely to take place in one year? Comment

Comment on the skills gained through entrepreneurial training.

Is there any significant difference between individual and group training?

PART I: PERFORMANCE OF SOCIAL ENTERPRISE

Please indicate the extent to which you agree with the following statements relating to **PERFORMANCE OF THE ENTERPRISE** .

Please record your answer by ticking at the space provided, by the scale indicator.

(1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

S.No	Statement	1	2	3	4	5
1.	Capital Investment has increased over the years					
2.	Sales volume have increased over the years					
3.	Customers have increased over the years					
4.	We have opened other outlets since we started the enterprise					
5.	We made some progress in profits each year for the last 3 years					
6.	We depend wholly on revenue generated to sustain the business					
7.	New job openings have been created					
8.	There is increase business support from other stakeholders over the years					

Comment on perceived success factors for your enterprises.

How do the profits earned relate to the enterprise success? Comment

I perceive my business to have grown since inception (Tick as appropriate)

Rapidly []

Gradually []

stagnated []

Decline []

Number of outlets opened (Tick as appropriate)

Not applicable []

One []

Two []

Three or more []

Number of Employees (Tick as appropriate)

Less than 2 []

Between 2 and 5 []

Between 6 and 20 []

Between 20 and 50 []

THANK YOU

Appendix ii: Performance Tables

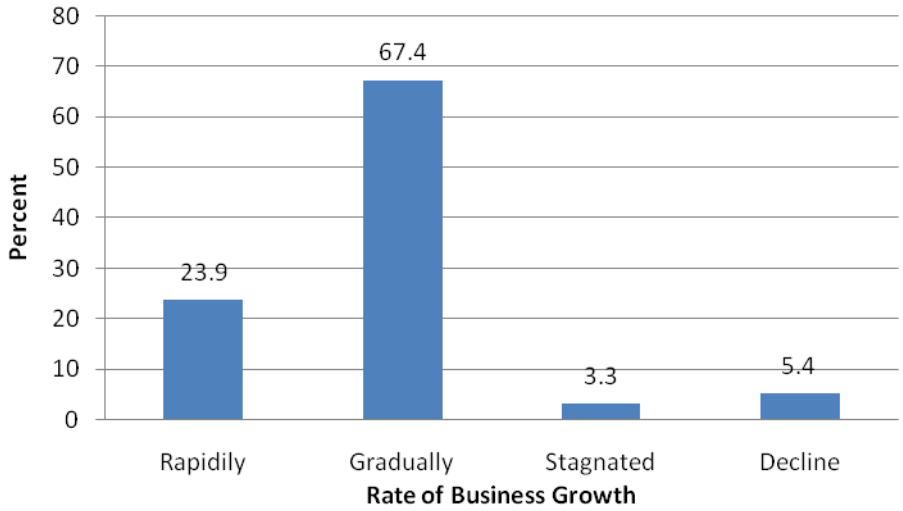


Figure 4.5: Business growth

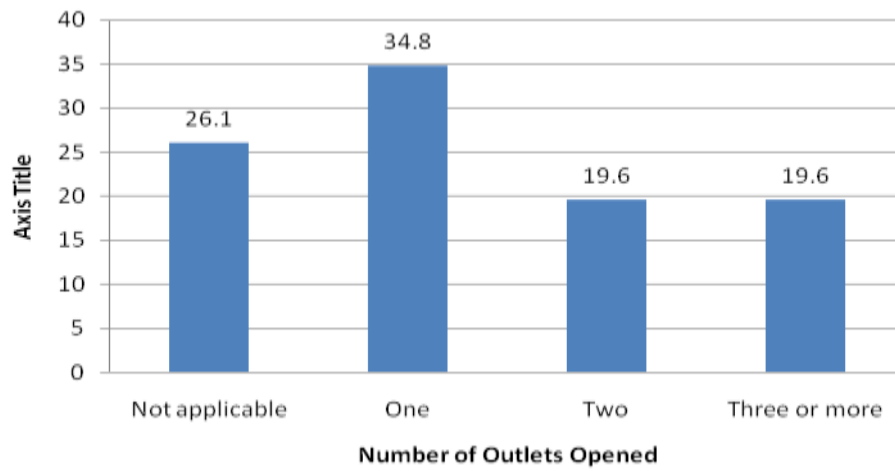


Figure 4.6: Number of outlets opened

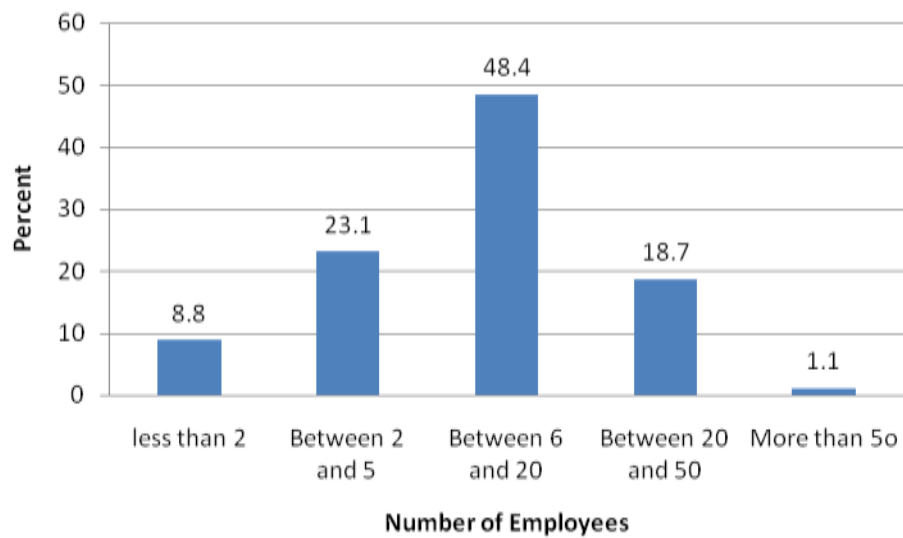


Figure 4.7: Number of employees

Appendix iii: Sampling Frame (List of Social Enterprises/ Respondents)

1. Homeview adventures
2. Uprise consultants
3. African Conservation Foundation
4. Mashariki Environmental and Management Consultancy
5. Computers For Schools Kenya
6. Environmental & Combustion Consultants
7. Gamewatchers Safaris & Porini Camps
8. Volunteers Placement Community
9. Bella Rehabilitation Centre
10. Uniqueco-Designs Ltd
11. Renewable Energy Ventures (K) Ltd
12. Homeview Adventures
13. Alive and Kicking
14. Asavari Products
15. Eos Visions
16. Wamikanda Investments
17. Men of Action Self Help Group
18. Centre For Research in Environment Kenya
19. Ego-Chique
20. Kenya Young Mens' Christian Association (YMCA)
21. Kenya Seeds Of Ecolink Services
22. Africa Now
23. Af Rican Sunlight Ltd
24. Well Told Story
25. Green Forest Social Investment Trust
26. East African Social Enterprise Network Easen

27. African Homestay and Safaris
28. Triple Bottom Line Associates
29. Abha Light Foundation
30. Academic Impact Consulting
31. Access Afya
32. Action Africa Help
33. Action Network For The Disabled
34. Academic Impact Consulting
35. Afribusines Development
36. African Enterprise
37. African Laughter
38. Asante Africa Foundation
39. Akirachix
40. Well Told Story
41. Amani Women Group
42. Aiesec
43. Azuri Health Limited
44. Bidii Kianda Self Help Group
45. Back Pack Farm
46. Balozi Productions
47. Children, Youth And Environment
48. Biashara Kwa Vijana Sacco
49. Bimas
50. Bliss Women And Children Centre
51. Books Change Lives
52. Bridge Academies
53. Brooms Limited

54. Carolina For Kibera
55. Bei Nafuu
56. Community Facilitation Empowerment Development Initiative
57. Computers For Schools
58. Creative Enterprise Centre
59. Daughters Of Africa
60. Digital Focus Communication
61. Easy Nyumba
62. Ecopencils International
63. Edom Nutritional Solutions
64. Eloquent Communications
65. Embakasi Rover Scouts
66. The Youth Banner
67. Essence Business Solutions
68. Exit Poverty
69. Faulu Advisory
70. Fintel Services
71. Ghetto Fm/Tv
72. Goodwill Women Organization
73. Green Team Initiative
74. Haki Self-Help Group
75. Honour Enterprises
76. I-Cow
77. Jamii Bora
78. Juhudi Kilimo
79. Karibu Homes
80. Katchy Kollections

81. Kenya Red Cross
82. Kickstart Africa
83. Kilimani Business Center
84. Kipepeo Designs Trust
85. Kitengela Glass
86. Living Positively Ltd
87. Maga Talk
88. Maisha Bora Nyumbani
89. Mathare Youth Sports Assosiation
90. M-Chanjo
91. Support For Addictions Prevention and Treatment In Africa
92. Nairobi Women Hospital
93. Namamuka Community Based Organization
94. Networking Action
95. Pamoja Esteem Women Group
96. Pure Health
97. Soko Kenya
98. Speak To Motivate
99. St. Johns Ambulance
100. Women Enterprise Solutions Limited
101. Starehe boys
102. Young Women's Christian Association
103. Youth Alive Kenya
104. Youth Reform SHG
105. Youths In Action
106. The Idea Works
107. Sustainable Development for All