

EFFECT OF ENTREPRENEURIAL ORIENTATION ON THE GROWTH OF SOCIAL ENTERPRISES AMONG SMALL AND MICRO ENTERPRISES WITHIN NAIROBI CITY COUNTY, KENYA

Faith Mumbi Kinuthia

Master of Science in Entrepreneurship, Jomo Kenyatta University of Science and Technology, Kenya

Dr. Susan Were

Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya

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ABSTRACT

As part of the greater focus on the role of firms and entrepreneurship in development, spotlight has recently fallen upon so-called 'social enterprises'. The inherent purpose of social enterprises is generation of social change through commercial means which is effectuated through innovative business model hybrids. There are several success stories globally for social entrepreneurs, yet there are some barriers which still hinder social entrepreneurs from reaching their full potential. This study looked at the effect of entrepreneurial orientation on the growth of social enterprises among SMEs within Nairobi County. The study used relevant theories to both the dependent and independent variables. The study used survey research design which was helpful in indicating trends in attitudes and behaviours and enable generalization of the findings of the research study to be done (Mugenda & Mugenda 2003). The target population comprised of the directors or owners of social enterprises located within Nairobi city County as indicated by the population frame provided by the East Africa Social Enterprises Network (2016) consisting of ninety four (94) social enterprises operating within Nairobi County. The total anticipated population was 94 where in each firm 1 participants are targeted. The study adopted a census approach in arriving at the sample

respondents. A pilot study was conducted using the questionnaires on 10 clients who were not part of the sample. The purpose of the pilot testing was to establish the accuracy and appropriateness of the research design and instrumentation and therefore enhance face validity. Inferential statistics using correlation, multiple linear regression models and ANOVA analysis were undertaken using SPSS version 21. The data was presented in tables, graphs and pie charts. The findings of the study revealed a strong relationship between innovativeness, pro-activeness, risk taking and autonomy on the growth of social enterprises among SMEs. However, preference and usage of the strategies was attributed to unique products and leveraging of resources. SMEs should therefore utilize innovation and risk taking as a strategy for performance. The study revealed that there was a positive and significant relationship between entrepreneurial orientation and growth of social enterprises among SMEs within Nairobi Kenya. The study recommended that entrepreneurial orientation should enhance growth and sustainability of social enterprise.

Key Words: *entrepreneurial orientation, social enterprises, growth, risk taking, innovativeness, pro-activeness, autonomy*

INTRODUCTION

Entrepreneurship and entrepreneurial activities can contribute to economic and community development, as supported by research and community development reports throughout the world. Increased attention has been given to social entrepreneurship and social enterprises among social activists, policy makers and academics (Chellet al., 2010). Over the past decade,

social enterprises have been recognised for the contribution that they make to social, economic, cultural and environmental wealth (Shaw and Carter, 2007).

The social enterprise is a major tool in promoting the self-reliance development in local community because it assists local people to gain and utilize the necessary skills to create sustainable regeneration. It is a trading organization set up, owned and controlled by the local community and focuses on local development and ultimately creates self-supporting jobs for local people. A strong geographical focus is an important aspect in the case of social enterprise. It aims to enhance the quality of life and economic development of a particular region. Thus, the key characteristics of a social enterprise are a venture owned, led and controlled by a group of local people that has concern for economic, social and environmental problems.

In relation to growth and organizational performance, Weerawardena and Mort (2009) asserted that the aim of social entrepreneurship is to create social value that will be realized through achievement of the social mission whilst maintain the financial sustainability of the enterprise. The innovation, pro-activeness, autonomy and risk taking characteristics must be present in any social enterprise and will distinguish its entrepreneurial behaviour from other organizational behaviours. As a result, social value generated by the social enterprise will be a function of the aforementioned characteristics (Chemelik, 2012).

Theoretically, the EO - performance linkage has been posited to exhibit a positive relationship with those exhibiting high levels of EO expected to have better organizational performance (Onishi, 2013). According to Rauch, Wiklund, Lumpkin and Frese (2009), despite this presumption, the empirical evidence is mixed and varies across studies. They observed that some revealed that enterprises that have a strong EO perform, while in other studies found no significant relationship and worse in others that uncovered a negative effect. This relationship might not be as straight forward as initially postulated and therefore remains inconclusive. Notwithstanding the mixed findings in the for-profit sector, Onishi (2013) believed that the same principle of entrepreneurship could be applied in the not-for-profit sector with his justification premised on the promise of greater success in accomplishing their organizational mission.

Coombes (2008) supported the extension of the EO concept from the commercial sector by affirming that research examining the influence of entrepreneurial behaviour in non-profits and social enterprises is very limited, but is adamant that the distinctiveness of the non-profit context ought to be incorporated in such studies, specifically the hybrid nature in social entrepreneurship. He argued that organizational performance constituted two sub-dimensions measured on both financial and social objectives, but similar to the for-profit sector the definite relationship between EO and performance is still not straightforward.

Another debate has been on the usage of objective and subjective measures of performance, but Helm and Anderson (2010) affirmed that though the goal of social entrepreneurship is value creation, it is impractical to obtain an objective measure of social impact that can be applied

across the sector. Similarly, as presented by Luke, Barakket and Robyn (2013), the measurement tools formulated for SE such as social return on investment (SROI) are sophisticated and based on implicit assumptions, inconsistencies, and contradictions suggesting their role is limited. Consequently, empirical research relies heavily on subjective measures of organizational effectiveness.

In the United States, social enterprise in the form of commercial activity by non-profits saw its origins in various religious and community groups which held sales of home-made items to augment the voluntary donations they received. The emergence of social enterprise as a sector, however, began during the 1970s. The high oil prices of 1973 led to a prolonged economic downturn in the US, which consequently led to cuts in government funding for non-profit organizations by the Reagan administration.

In Western Europe, the economic downturn of the 1970s was likewise a cause leading to the emergence of the contemporary social enterprise sector. The economic downturn led to decreased economic growth and increased unemployment, which placed a major strain on the welfare state system which characterized Western Europe. Against this backdrop, civil societies developed various programs and initiatives to cope with the attendant social problems.

In particular, due to the high unemployment rates, Work Integration Social Enterprises (WISE) soon emerged throughout the region which sought to help the poorly-qualified unemployed in society to gain employment. As such, we see that social enterprises in Western Europe are often characterized by such an employment-creation focus. Government saw social enterprises as partners through which they could address the socio-economic problems brought about by the economic circumstances which their welfare states were unable to effectively address. This was achieved through both direct governmental support, as well as through the creation of a conducive institutional environment.

In Rwanda, Tanzania and Uganda international NGOs are almost gone. The respective governments, beginning the stage of socio-economic development, have indirectly decreed the NGOs death. With less poverty and more development, NGOs do not need anymore, especially those specializing in emergency. This is now the common thought of many African governments. The decline of Western NGOs in East Africa does not mean the end of social service and the need for social progress to counterbalance the classic capitalist phenomenon of increase of extremes (increasingly rich minority and the poor majority) that can be found in Nigeria, South Africa, USA or Europe. The vacuum left by Western NGOs has gradually filled with a breath of fresh air throughout Africa: the social enterprise founded and run by young unemployed Africans.

The concept idea of these social enterprises is to create profit from the welfare state by bringing real benefit to the population. They are mostly concentrated in food security, access to electricity, finance, creation of micro-businesses and franchises, education and health. A strict

rule is necessary to achieving success in this emerging evolution from Organizations Non-governmental to private: each project should create real economic improvement to the beneficiaries and make a profit to the owners of social enterprises, otherwise the office will be closed.

In Kenya, social entrepreneurship was catalysed by the government's action of reducing expenditure on social services in the latter part of the 20th century that resulted in non-governmental organizations (NGOs) bridging the gap (Smith & Darko, 2011). They also noted that these NGOs were increasingly facing financial constraints that forced them morph into SE resulting in them acting entrepreneurially to raise revenue to sustain their operations. Currently, no special legal provisions apply to SE operating in Kenya and can register as a company or NGO with distribution cutting across diverse sectors of the economy. Nairobi has a vibrant private sector, and a very large informal sector of around 1 million people, but links between the two sectors are limited. As organisations and donors began to shift their attention towards the contribution of entrepreneurial approaches to poverty alleviation, social enterprise as a concept and practice became more prevalent in Nairobi.

Globally recognised leaders in the social entrepreneurship field, such as Ashoka, the Acumen Fund, and the Schwab Foundation, established offices in Nairobi. SocEntLab – a social enterprise and think tank based in Nairobi – was started in 2011 with the aim of building an ecosystem for entrepreneurship in Africa. Incubators, often focused on information and communications technology (ICT), but with a social emphasis, also began to spring up. iHub is an incubator that supports the development and prototyping of technological innovations, many of which have a social impact focus.

Incubators for social enterprise include organisations such as the Kenya Climate Innovation Center (CIC) and Nailab. Universities are increasingly providing incubation space and social enterprise curricula for social and environmental innovation, such as Jomo Kenyatta University's UniBRAIN, KCA University's Centre for Entrepreneurship and Leadership, Strathmore University's @iLabAfrica research centre and Kenyatta University's Chandaria Business Innovation and Incubation Centre. In the same period, teaching and research of social enterprise and related fields have become more prevalent at universities.

STATEMENT OF THE PROBLEM

The growth of social enterprises in Kenya has been constrained hence they have had limited impact on both the business sectors and the society. Unfortunately if the enterprise cannot raise enough resources for its survival, it becomes too expensive to run and it eventually collapses. Consequently they are not seen as a positive force or as change agents providing leading-edge solutions to unmet social needs as is the case in other countries such as United States and Germany (Salamon et. al, 2010). This has had a great negative impact not only on the government but also the less endowed populace in the urban centres and the majority of the

people in the rural areas in terms of taxes, poverty, disease and literacy levels which would have been at least reduced if social enterprises sector would have been growing. There is therefore need to assist these organizations to not only address the social problems according to the resources they have at hand, but to do it sustainably (Koinonia Community, 2006). A need emerges therefore to identify common problems of survival facing social enterprises, their entrepreneurial interests, their capabilities, limitations and potential and thereby suggest strategies for survival through entrepreneurship. A basic assumption here is that if these organizations are helped to survive and become independent they would contribute to the improvement of the poor's welfare significantly. This research sought to fill this research gap by examining the challenges affecting the growth of social enterprises in Kenya.

GENERAL OBJECTIVE

To find out the effect of entrepreneurial orientation on the growth of social enterprises among small and macro enterprises

SPECIFIC OBJECTIVES

1. To identify the effects of risk taking on the growth of social enterprises among SMEs within Nairobi County
2. To determine the effect of innovativeness on the growth of social enterprises among SMEs within Nairobi County
3. To assess the effect of pro-activeness on the growth of social enterprises among SMEs within Nairobi County
4. To find out the effect of autonomy on the growth of social enterprises among SMEs within Nairobi County

THEORETICAL REVIEW

The theoretical review for this study was based on the relevant theories that explain the effect of innovativeness, pro-activeness, risk taking and autonomy on growth of social enterprises. The theories are: social entrepreneurship theory, theory of the growth of the firm, entrepreneurship orientation theory and entrepreneurship innovation theory.

Social Entrepreneurship Theory

Rollins (2009) developed a social entrepreneurship model for the organization. She established a social enterprise known as Boaz & Ruth through which she used as a vehicle to revitalize the area of Highland Park and serve its citizens. The area of Richmond Highland Park was characterized by high rate of unemployment, crimes and is suffering from drug problems as well as poverty. It was due to this situation that Rollins (2009) saw an opportunity to change the state for this vulnerable population. Rollins (2009) recognized the high unemployment level to be the primary problem in this area. The available jobs were few because of the few local employers

and many people could not get an available job because of the criminal system in their backgrounds.

Nevertheless, Rollins (2009) saw great potential in these individuals as she perceived them as excess labour supply that could revitalize the human capital for Highland Park. The social entrepreneurship model of Boaz & Ruth consisted of six parts: vulnerable population, Job/life training, commercial enterprises, client rehabilitation, community development and Partnership network (Rollins, 2009). Boaz & Ruth started to arrange apprenticeships for the unemployed people in order for them to enter the labour market. The organization used these people as in retail establishments and in the skilled crafts necessary to revitalize properties in the neighbourhood. The unemployed people are also offered entrepreneurship training and assistance in establishing commercial enterprises.

According to Rollins (2009) the vulnerable population can be regarded as clients that are going through a rehabilitation process, by letting them take part of job and life training 8 programs and to create commercial enterprises. In this way they are given an opportunity to empower themselves by actively taking part of the society and community development. The high crime and unemployment levels can for instance be reduced as a result of involving more people in the labour market as well as creating new job opportunities by the establishment of new commercial enterprises.

Thus, these efforts can in the long run solve many of the social problems and thereby works as a catalyst for the community development. The Boaz & Ruth organization consisted of a network of partners from different sectors of the society representing the business world, public- and voluntary sector. The partnership network involves local foundations, residents, local businesses and government officials. This network serves as a platform that produces benefits for its clients - who are rehabilitated, its community - which is developed and those providing support - who are enriched.

Rollins (2009) indicates that the three major missions of the social enterprise are to: to provide job and life training, life skills, emotional competencies and entrepreneurship opportunities for individuals seeking to move beyond poverty. Thus it is an opportunity for individuals to start commercial enterprises as shown in the model. Rollins (2009) sums up the business model for Boaz and Ruth's as helping vulnerable people through job/life training which is done by expertise and energy from the leadership and professional network, government and from the residents and businesses in the area.

Brooks (2008) notes that the purpose for a social enterprise lies in its missions and that the first thing an emerging social enterprise would do is to communicate its concept, to gain legitimacy and certify that the potential target group can get the idea behind the concept. First a clear mission will make the social entrepreneur focus on what the Enterprise intend to bring into

reality; otherwise it is shown that a lack of focus in the early stages could be very critical for the success of the mission.

The business model is a model of Boaz & Ruth's, which is a social enterprise that has a mission to "rebuild lives and communities through relationships, training, transnational jobs, and economic revitalization. According to North (2005), organizations such as firms set up by entrepreneurs will adapt their activities and strategic model to fit the opportunities and limitations provided through the formal and informal institutional framework. Social entrepreneurs are most effective when they create entrepreneurial organizations which interact with their environment in an innovative way. This theory supports growth of social enterprises by using the business model as a catalyst for community development.

Theory of the Growth of the Firm

Despite the large number of studies examining a firm's growth, there is a common belief that there is a lack of knowledge about the 'growth mode' and associated 'growth processes' within the firm growth literature (McKelvie and Wiklund 2010; Wright and Stigliani 2013). According to McKelvie and Wiklund (2010), entrepreneurship researchers have been too anxious to examine the how 'much' question without paying sufficient attention to 'how' firms use these different growth modes. Despite decades of firm growth research, we still understand very little about the growth process which, consequently, some depict it as something of a "random walk" or "coin toss" (Daunfeldt & Halvarsson, 2012).

In addition to the mode of growth, organisational factors are also receiving considerable attention as key ingredients underpinning high growth. Researchers have examined factors such as firm innovation, levels of product diversification, business models and internationalisation. In the main the evidence base relating to each of these individual factors is far from conclusive (Coad, 2009; Mason et al, 2015). Overall, however the evidence suggests that HGFs tend to innovative (especially regarding their adept use of business models) and more internationalised than non-HGFs (Brown and Mawson, 2016; Mason et al, 2015).

In sum, it is evident that firms adopt different approaches – or growth modes – towards the growth of their businesses. While there does not appear to be a single formula for organisational success, a common thread within successful firms is their underlying innovative behaviour, a strong outward focus and high levels of business internationalisation. While much less work has examined the cognitive traits of successful entrepreneurs, it appears that being growth-oriented in itself is not a strong predictor of firms who realise growth.

However, there seems some tentative evidence that more ambitious entrepreneurs (and firms) are more likely to undertake more risk-oriented modes of growth such as high levels of involvement in overseas markets, product diversification and the strategic use of acquisitions (BIS, 2010;

Brown and Mawson, 2016). This theory supports growth of social enterprises by showing how different modes of growth strategies affect rapidly growing firms.

Entrepreneurship Innovation Theory

This theory is propounded by Ebner (2011) who viewed entrepreneurship as the fourth factor of production, as the catalyst of economic growth and revitalization. He also indicated that an entrepreneur is the one who is innovative, creative and has a foresight. Innovation and enterprise are concerned mainly with producing new combinations. It is the entrepreneur who breaks the cycle of routine activity, swimming against the stream to produce new products and techniques of production, discover new markets, explore new sources of raw material and rearrange markets (Davidsson, Delmar & Wiklund, 2006) and leading to an increasing rate of the survival of small and medium scale business in the social enterprise sector (Deakins & Freel, 2009).

Technological innovations are the most visible form of innovation. Innovations are not continuously distributed in time, but proceeds by leaps which upset the existing equilibrium and generate (irregular) economic growth. He saw the innovative transformation of routine behaviour as a relatively slow and conflict-ridden process and distinguished innovation as the function of entrepreneur that is separate from the administrative function of manager. This reinterpretation helped him outline his theory of economic business cycles as reflecting the wave-form process of economic evolution under capitalism.

Innovations are materialized in new innovative firms and jobs are highly personalized. Creative accumulation is associated with institutionalized innovation by large firms. When entrepreneurs under creative destruction draw from the public domain only to place their own innovations within the reach of imitators, large firms under creative accumulation appropriate and protect a major part of their intellectual property, and build on their proprietary knowledge stock through R&D departments.

Multinationals use monopoly power in large extent, and build on proprietary knowledge stocks through big in-house R&D departments and networks of partners, including universities. Multinationals are useful partners for entrepreneurs since they can provide for their partners world-class technologies (Markusen and Venables, 2007; Loof, 2009) and the most efficient global marketing channels and logistics. Multinationals operate in all continents, and in all markets (goods, services, financing, IPRs etc).

Some writers have continued to deal with dynamic transformation process in economies driven by the introduction of innovations, for instance Freeman (1982) and Dosi (Dosi, 1982). Aghion and Howitt (1992) developed a process model of quality-improvements in sequential and stochastic R&D race. Cheng and Dinopoulos (1991) divided the quality improvement process into technological breakthroughs in terms of creative destruction, and improvements that follow

breakthroughs in terms of creative accumulation. This theory supports growth of social enterprises through providing innovative ideas to firm growth.

CONCEPTUAL FRAMEWORK

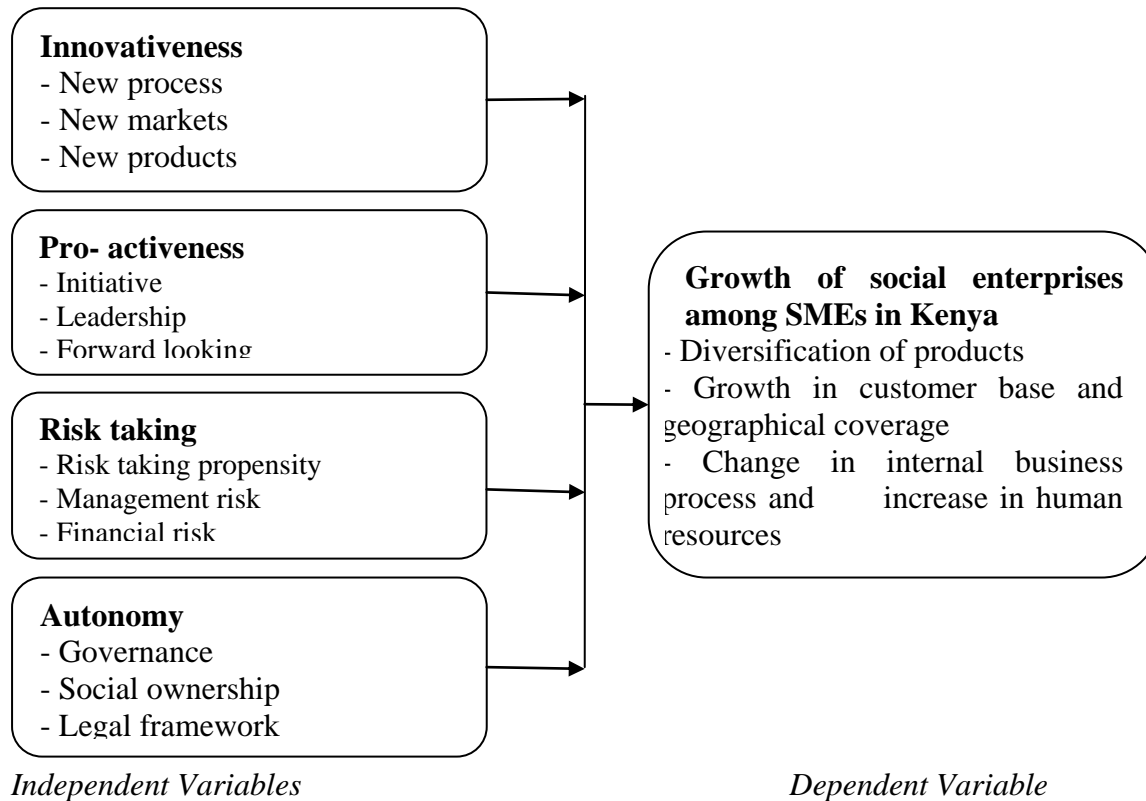


Figure 1: Conceptual Framework

EMPIRICAL REVIEW

The enterprise growth is used to describe a development process of enterprise from small to big and from weak to strong. Enterprise growth is the development process that enterprise keeps the tendencies of balanced and stable growth of total performance level (including output, sales volume, profit and asset gross) or keeps realizing the large enhancement of total performance and the stage spanning of development quality and level (Sun, 2004). Thus in the growth process, enterprise always transits from balance to unbalance, and the result is to transit from unbalance to balance and from lower balance to higher balancer through unbalance.

The enterprise growth is the unification of quantity and quality. The increase of quantity is embodied in the extension of enterprise scale such as the increases of sales volume, market share, production value, profit and employee. And the growth of quality is embodied in the enhancement of enterprise quality, which includes the technological innovation ability from immature to mature production technology, the optimal efficiency of investment and output, the organizational innovation and reform. Firm growth has been operationalized in many ways and

different measures have been used (Davidsson & Wiklund, 2005). The most frequently used measure for growth has been change in the firm's turnover (Hubbard & Bromiley, 2005).

Another typical measure for growth has been change in the number of employees. However, it has been found that these measures, which are frequently used in the SME context, are strongly intercorrelated (North & Smallbone, 2003). Such an inter-correlation may not exist among capital-intensive large companies. In fact, previous research reveals that firm growth is a multidimensional phenomenon and that there is substantial heterogeneity in a number of factors associated with firm growth. It further shows that firm growth patterns are related to the demographic characteristics of firms such as firms age. Delmar et al. (2003)

Among the factors expected to hinder the growth potential of SE is their limited access to business services (BSs) (viz., marketing information, networking, short-term training, counselling and consultancy services) (Ishengoma and Kappel 2007). Access to marketing information is expected to increase SEs' market knowledge about the behaviour of their customers, price, and the best sources of inputs. Through counselling and consultancy services, SEs can solve some of the technical problems they face. Their participation in networking activities may enable them to obtain more technical and marketing information about the behaviour of their customers, in terms of honouring their debts; new customers; and business partners.

All of the above are expected to decrease SEs' transaction costs, increase their internal sources of finance for upgrading their assets, and raise their sales levels and productivity hence leading to growth. Growth of small organisations is influenced by three major factors - the background/resource of the entrepreneur, the nature of the firm, and the strategic decisions taken by the owner/manager (Storey, 1994). The entrepreneur needs to develop both strategic and tactical skills and abilities (Kuratko et al, 2001).

An empirical research done in Sweden by Wiklund et al, (2003) concludes that contrary to the belief financial gain was not the major determinant of growth and that important determinants of growth are control, degree of independence in relation to other stakeholders, and ability to survive crises. They influence in different combinations under varied conditions. Employee well-being is the single most important attitude towards growth reported in most of the studies. Employee well-being leads to improving in working conditions for the employees for productive purposes and creates a positive climate towards growth (Wiklund et al, 2003).

RESEARCH METHODOLOGY

The study used descriptive research design. This study adopted a descriptive research design since it helps to understand the characteristics of a group in a particular situation, to aid in making certain decisions. This design was therefore in line with the philosophical direction and scope of the study. The target population was social enterprise located within Nairobi City

County as indicated by the population frame provided by the East Africa Social Enterprises Network (2016) consisting of ninety four (94) social enterprises operating within Nairobi City County. The respondents included the owners and managers of the social enterprises. The study picked either the business owner or manager totalling to 94 respondents.

The sampling frame for this study was in Nairobi region within Kenya. The study used 94 participants. The sample size chosen by the researcher should be capable of giving enough information about the population and one which can be analyzed with ease. The study used census technique to obtain a sample size. Thus the total target population of 94 enterprises consisting of owner/managers was taken as a sample. Census method of sampling is attractive for small populations (less than 200) as it eliminates sampling error and provides data on all the individuals in the population. The total number of respondents included 94 managers and owners of the social enterprises. The researcher used primary sources to collect data. Primary data was collected from social enterprises in Nairobi City County using Questionnaires. The questionnaire had both open ended and closed ended questions.

The researcher used drop and pick method in administering the questionnaire to all the respondents as it was found to be flexible and promoted respondent cooperation. A pilot study was conducted using the questionnaires on 10% of the population which is not part of the sample. The respondents were conveniently selected since statistical conditions are not necessary in the pilot. The questionnaire was hand delivered and administered at the respondents' place of work to ensure objective response and reduce non-response rate. The research instrument was pre-tested using a sample size of 9 respondents which represented 10% of the target population. A correlation coefficient of 0.7 indicated that the instrument was reliable. This study collected and analyzed data quantitatively and qualitatively. Analysis of data was done by use of Statistical Package for Social Science (SPSS Version 22) for Windows.

Data analysis was carried out using: rate counts, percentages, means, standard deviation, regression and correlation. The results were presented in form of graphs, charts and tables. The study used a multiple regression analysis to show the effect and influence of the independent variables on the dependent variable. This study applied the use of a 95% confidence level. A 95% confidence interval implies a significance level of 0.05. This connotes that for a null hypothesis to be rejected, the p-value ought to be below the significance level (0.05). Analysis of variance was used to ascertain the difference in means between various categories. Correlation analysis and multiple regression analysis were also carried out to determine the relationship between dependent variable and the four independent variables.

RESEARCH RESULTS

The study issued a total of 94 questionnaires. Out of the 94 questionnaires, 85 questionnaires were returned fully answered which represent 90.42% of the total questionnaires that were administered to the field, while 9 questionnaires which represent 9.57% were not returned.

Growth of Social Enterprises

Majority of the respondents agreed with a mean of 3.931 and a standard deviation of 0.677 that increase in products led to growth. The respondents also agreed with a mean of 4.495 and a standard deviation of 0.702 that increase in customer base led to growth. The respondents further strongly agreed with a mean of 4.521 and a standard deviation of 0.677 that increase in the number of employees led to growth of social enterprises. From the analysis it can be concluded that growth of social enterprises is reflected by introduction of new products, growing customer base and increasing number of employees in turn increasing the output. The findings confirm the observations of Davidsson and Wiklund, (2010) and Hubbard & Bromiley (2005) that the most frequently used measure for growth has been change in the firm's processes and change in products.

Influence of Innovativeness on the Growth of Social Enterprises

Most of the respondents strongly agreed with a mean of 4.564 and a standard deviation of 0.634 that new processes frequently introduced resulted to the growth of social enterprises. The respondents also agreed with a mean of 4.555 and a standard deviation of 0.700 that new markets frequently identified led to the growth of social enterprises. The respondents further agreed with a mean of 4.589 and a standard deviation of 0.732 that new products frequently introduced led to the growth of social enterprises. The results of the study support the findings of Ishengoma, (2009) who established that innovativeness as an element of entrepreneurial orientation positively affects the growth of SE.

Effect of Pro-activeness on the growth of Social Enterprises

Majority of the respondents agreed with a mean of 3.615 and a standard deviation of 1.040, that, owing to the nature of the environment, social enterprises typically require strong leadership to be able to withstand unexpected turbulence in the market. The respondents also agreed with a mean of 3.034 and a standard deviation of 0.850 that social enterprises constantly looks for new initiatives to expand its scope and source for partnership to increase impact. The respondents further agreed with a mean of 3.735 and a standard deviation of 0.986 that Social enterprises are forward looking adopting to changes in technology. The Findings of the study are in concurrence with the views expressed by Chell (2007) that there would be a significant change in growth by social enterprises if they adopted pro-activeness within their operations.

Effect of Risk Taking on the Growth of Social Enterprises

Majority of the respondents agreed with a mean of 4.427 and a standard deviation of 0.769 that social enterprises face the financial risk of introducing new products. The respondents also agreed with a mean of 4.085 and a standard deviation of 1.071 that Social enterprises face risk of borrowing/ financing. The respondents further agreed with a mean of 4.359 and a standard deviation of 0.865 that Social enterprises face some form of risk within their operations and

management in turn gaining competitive advantage. The results of the study confirms and add to the existing findings of Kreutzer and Jacobs (2011) that it is the responsibility of the management to enable the organization take risks for the purpose of growth and develop ways of managing the risk.

Influence of Autonomy on the growth of Social Enterprises

Majority of the respondents agreed with a mean of 3.726 and a standard deviation of 0.906 that autonomy makes employees feel more valued and trusted, thus increasing their output improves hence resulting to growth of social enterprises. However, the respondents were neutral on the statement indicating that social enterprises encourage employees to work more independently within a legal framework, as shown by a mean of 2.812 and a standard deviation of 0.718. In addition, the respondents were neutral on the statement that managers within social enterprises allow autonomy within the organization as a shown by a mean of 2.846 and a standard deviation of 0.847. These study finding confirms and enriches the findings of Pefia, (2004) who established that self-governance impacts entrepreneur's decision making process and thereby increasing firm's growth opportunities.

CORRELATION ANALYSIS

The study carried out correlation analysis between the variables of the study using Pearson product-moment correlation coefficient. Correlation Coefficient was used to test whether there existed interdependency between independent variables and also whether the independent variables were related to the dependent variable, employee retention. The results in table 4.10 show that all the independent variables had a positive and significant correlation with growth of social enterprises. Innovativeness ($r=0.553$, $p\text{-value}=0.000$), Pro-activeness ($r=0.519$, $p\text{-value}=0.000$), Risk taking($r=0.547$, $p\text{-value}=0.000$) and Autonomy ($r=0.591$, $p\text{-value}=0.000$) had a positive and significant relationship with growth of social enterprises.

REGRESSION ANALYSIS

Table 1: Model Summary for Entrepreneurial Orientation and Growth of SEs

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-
1	.696	.701	.701		.35818	1.833

R-squared for the relationship between entrepreneurial orientation practices (Innovativeness, Pro-activeness, Risk Taking and Autonomy) and growth of social enterprises was 0.701. This shows that the four independent variables used in this study can explain 70.1% of the dependent variable (growth of social enterprises) variation. Individually, innovativeness, pro-activeness, risk taking and autonomy could explain 30.6%, 27%, 29.9% and 34.4% of growth of social enterprises respectively. The Durbin-Watson (d) was 1.833. The acceptable Durbin Watson

range is between 1.5 and 2.5 (Bakon & Hassan, 2013). A rule of thumb is that test statistic values in the range of 1.5 and 2.5 are relatively normal. Field (2009) suggests that values under 1 or more than 3 are a definite cause of concern. In this data analysis Durbin Watson value is 1.833, which is between the acceptable ranges, it shows that there were no auto correlation problems.

Table 2: ANOVA Test Results

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2.014	4	5.037	39.261	.000
Residual	1.449	86	.128		
Total	3.463	94			

The results on ANOVA show that F-critical (4, 113) was 2.45, while the F-calculated was 39.261. This shows that the F-calculated was greater than the F-critical and hence a linear relationship existed between entrepreneurial orientation (innovativeness, pro-activeness, risk taking and autonomy) and growth of social enterprises. In addition, the p-value was 0.000, which was less than the significance level (0.05). This confirms goodness of fit of the model in predicting the influence of the four entrepreneurial orientation practices (innovativeness, pro-activeness, risk taking and autonomy) on growth of social enterprises.

Table 3: Beta Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Innovativeness	.219	.070	.238	3.129	.002
Pro-activeness	.247	.077	.271	3.202	.002
Risk taking	.211	.062	.205	3.423	.001
Autonomy	.267	.077	.285	3.456	.001

The beta coefficient was computed and t-test used to test the relationship between entrepreneurial orientation and growth of social enterprises among SMEs in Nairobi Kenya. Using the unstandardized coefficients the following equation applies:

$$Y = 0.219X_1 + 0.211X_2 + 0.247X_3 + 0.267X_4$$

The regression results, show that the relationship between innovativeness and growth of social enterprises had a coefficient (β_1) of 0.219 (p-value=0.002). The t calculated (3.129) is greater than the t critical (1.645) and hence the association is significant. This shows that a unit increase in innovativeness would lead to a 0.219 increase in growth of social enterprises in Nairobi

Kenya. In addition, the association between pro-activeness and growth of social enterprises had a regression coefficient of 0.211 (p-value=0.001). The t calculated (3.423) is greater than the t critical (1.645) and hence the association is significant. This shows that a unit increase in pro-activeness would lead to a 0.211 increase in growth of social enterprises.

Further, the results in table 4.25 show that the relationship between risk taking and growth of social enterprises had a coefficient of 0.247 (p-value=0.002). The t calculated (3.202) is greater than the t critical (1.645) and hence the association is significant. This shows that a unit increase in risk taking would lead to 0.247 increase growth of social enterprises. The findings also indicate that the relationship between autonomy and growth of social enterprises had a coefficient of 0.267 (p-value=0.001). The t calculated (3.456) is greater than the t critical (1.645) and hence the association is significant. This is a clear indication that a unit increase in autonomy would lead to a 0.267 increase in growth of social enterprises. The relationship was statistically significant because the p-value (0.001) was less than the significance level (0.05). It is evident that the strongest predictor that influenced growth of social enterprises was autonomy with a coefficient of (0.267), followed by risk taking with a coefficient of (0.247), then innovativeness with a coefficient of (0.219) and the least was pro-activeness with a coefficient of (0.211).

CONCLUSIONS

The study concludes that social enterprises operating in Nairobi agree to the fact that innovation is one of the key success factors to the growth of an enterprise. Innovation is critical to growth, particularly as the speed of business cycles continues to increase. Most enterprises understand the importance of innovation but fall short when it comes to execution and display low level of innovation.

Entrepreneurs are often known to be risk takers and possess the quality of risk taking propensity. Risk taking is widely viewed as one of the critical components to the success of any enterprise. The risk of accessing financing and being able to support the operations of the firm are some of the critical aspects to be considered as part of the growth of an enterprise. We have seen that enterprises that are willing to take risks have more growth potential.

Pro-activeness is key for the growth of an enterprise. No matter what goals an enterprise strives for, or what it would like to see changed in the future, pro-activeness is at the center of any change. There are people throughout the company who have strong leadership skills and are able to steer the organization to the direction it wants to go. Additionally new initiatives and fast adopting to changes in technology enables the enterprise to stay afloat and continually gain competitive advantage. Also enterprises need to create a culture where they concentrate on learning and not stagnate because of what did not go well.

Autonomy is one of the essential elements in building true employee engagement. Without it the enterprise may not be an enjoyable workplace for employees nor managers, by any stretch.

Autonomy does not mean employees working in isolation or doing whatever they want but rather doing something benefit to both employees and organizations is that workers who are free to make more choices are happier, more committed to their jobs, productive and less likely to leave. From the study we have seen that autonomy has a positive relationship with growth and that enterprises that practice autonomy have experienced substantial growth over the years.

RECOMMENDATIONS

There is need for management to effectively mobilize and learn more about innovation by monitoring and reviewing enterprise innovation needs through consistent monitoring and evaluation on a regular and timely basis in order to identify resource variances and inefficiencies so that corrective action can be taken to improve on enterprise growth

There is need for management of social enterprises to be pro-active and leverage on social partners assistance, opportunities for training of staff in requisite specialized competencies such as leadership, change management, communication, negotiating, team building, decision making, and problem solving with the aim of maintaining the right skill mix and enhancing enterprise growth

There is need for social enterprises to develop and implement risk taking in business so as to be able to effectively cope with business changes as they are easily affected even by smallest changes in the marketplace such as changes in customers, new moves by competitors, or fluctuations in the overall business environment can impact their cash flow and how positive risk taking can result business growth.

There is need for social enterprise to establish autonomy that fits social enterprises and tailored to enterprise needs and other structure and be dynamic to the changing needs of the organization over its lifespan. Moreover social enterprises should evaluate and modify their governance structures regularly to adopt to the changing needs and business dynamics.

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