Social Innovation Practices, Entrepreneurial Ecosystems and Sustainable Performance of Social Enterprises in Kenya

Cynthia Mbula Kyaka

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DECLARATION

I declare that work has not been submitted or authorised for a degree by any other university. Except as cited properly within the dissertation, there is no previously published or written material that might be considered part of this work.

Cynthia Mbula Kyaka

Reg No. 40674

Signature: **Date:** 20th May 2025

Approval

This dissertation was reviewed and approved by the following:

Supervisor:

Dr. Mumbi Wachira

Lecturer

Strathmore University Business School (SBS)

Signature: **Date:** 20th May 2025

ABSTRACT

Social enterprises in Kenya face growth and sustainable performance challenges with more than 50% not attaining their third birthday after inception. Besides, most social enterprises lack involvement of beneficiaries or stakeholders in decision-making, fail to serve the intended target population or marginalized groups and engage in activities that result in excessive waste production, energy consumption, or water usage without efforts to reduce or offset these negative impacts. The purpose of the research was to determine the influence of social innovation on the sustainable performance of social enterprises in Kenya. The study's objectives were to examine the influence of co-creation, impact investing, community-led development, and open innovation on the sustainable performance of social enterprises in Nairobi, Kenya. The research also assessed the moderating influence of entrepreneurial ecosystems on the association between social innovation practices and the sustainable performance of social enterprises in Nairobi, Kenya. The research was based on the social innovations' theory, cluster theory and triple bottom-line framework. This study used the post-positivism philosophy and a quantitative research design which values scope, statistical description, and generalization. The population for this study was 51,000 social enterprises in Nairobi Kenya and a sample of 394 enterprises selected using quota sampling. Data was gathered during the months of March and April 2025 using a questionnaire and analysis was through descriptive statistics, correlation, and ordinal regression analysis. The research findings determined that the main social innovations practices by social enterprises in Nairobi Kenya were impact investing, community led development, open-innovation, co-creation, and partnerships. Those that were rarely practiced included behavioural insights, collaborative consumption. crowdfunding and crowdsourcing. The findings also determined that co-creation, impact investing, community-led development and open innovation have a significant effect on the sustainable performance of social enterprises in Nairobi, Kenya. The study however, determined that entrepreneurial ecosystems have no significant moderating influence on the link between social innovation practices and the sustainable performance of social enterprises in Nairobi, Kenya. The study recommends to management in social enterprises to enhance their interaction with universities, research labs, and even rivals. Further, social enterprises should keep emphasising communities as the centre of their creations by including beneficiaries in the design and execution of solutions to guarantee relevance and ownership but also foster long-term sustainability and confidence inside the society. For policymakers, the study recommends that they should have programs for capacity-building that should concentrate on improving localised development plans and participative innovation. Further a policy framework should support knowledge sharing platforms with regular forums, innovation centres, and digital platforms which help to promote peer learning, copy-on-demand of successful models, and cross-sector alliances.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANDE	Aspen Network of Social Entrepreneurs
CIC	Community Interest Company
CSO	Civil Society Organisation
NACOSTI	National Commission for Science, Technology, and Innovation
NGO	Non-Governmental Organisation
SPSS	Statistical Package for Social Sciences
TBL	Triple Bottom-Line
UK	United Kingdom
US	United States
USIU	United States International University

DEFINITION OF TERMS

Co-creation – Collaborative method wherein two or more entities, people, companies, or communities, work together to produce something of value emphasising on shared input, ideas, and resources (Ngatse-Ipangui & Dassah, 2019).

Community-led development – A participatory method of product planning, design, and implementation whereby the community is essential in determining priorities, spotting obstacles, and putting ideas into effect (Munoz et al., 2015).

Entrepreneurial ecosystem – Network of linked components helping and encouraging entrepreneurial activity in a certain area or industry by providing resources, cooperation possibilities, and an enabling atmosphere (Audretsch et al., 2024).

Impact investing - Investment strategy intended to provide financial returns along with positive, quantifiable social and environmental effects aimed to solve urgent global issues such as poverty, climate change, access to education, and healthcare (Ichev & Valentinčič, 2025).

Open innovation – A decentralized and collaborative method of innovation where companies use external ideas, expertise, and technology in conjunction with their own resources to speed innovation, generate value, and increase the range of solutions (Wulandari & Wardani, 2024).

Social enterprise – A business using commercial techniques to achieve economic, social, environmental, or community-oriented goals (Sampaio & Sebastião, 2024).

Social innovation practices - Invention and application of innovative ideas, plans, or solutions meant to manage social, cultural, environmental, and financial problems (Hagedoorn et al., 2023).

Sustainable performance - Capability of an organization to achieve long-term economic, social, and environmental success while preserving the capacity for performance and responsibility over time (Desiana et al., 2022).

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DEDICATION

This dissertation is dedicated to my family; you have been and will continue to be my rock, and for that I am eternally grateful. This accomplishment would not have been possible without your patience, support, encouragement, and unfaltering faith in me. My deepest appreciation goes to my children, whose patience, hugs and understanding reminded me daily of what truly matters, you are my greatest motivation and the reason I strive to become better every day.

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This dissertation is as much yours as it is mine.

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Social enterprises are addressing some of the most urgent global challenges, including poverty, education, environmental sustainable performance, and healthcare through their business models (Grilo & Moreira, 2022). According to Rivera-Santos et al. (2015), social businesses worldwide are defined by their social, environmental, or ethical objectives, money generation via commercial operations, and the use of non-profit maximising business practices. Additional qualities were democratic decision-making and governance, highlighting innovation in meeting social needs, and reinvesting revenues or surpluses into the firm or for social objectives. Leading social entrepreneurs recognise that the pursuit of economic success by corporations is intricately linked to their responsibility towards the community and the environment. Social companies often have challenges in achieving growth and sustained performance, since it is usual for social entrepreneurs to grapple with balancing social objectives with economic feasibility (de Villiers, 2021).

The challenge faced by social enterprises in Asia towards sustainable performance is largely because in most instances, investment in social causes leads to intentional reduction in potential earnings resulting to reduced revenues and profitability (Kamaludin, 2023). Therefore, social enterprises must strive to establish a viable and enduring business model, fully achieve their social goal, and maximise their social impact by adopting an innovative approach to conducting business (Gigauri et al., 2022). Social enterprises must devise methodologies that provide societal benefits by proactively seeking resolutions to social issues using innovative practices that incorporate the utilization of resources and the exploration of opportunities to foster social transformation and improve their sustainable performance (Dall-Orsoletta et al., 2022).

Social enterprises diverge from conventional commercial firms by employing business-like strategies, such as taking initiative, being creative, and embracing risk in order to tackle intricate societal issues that neither the public nor private sectors have paid enough attention to (Perikangas et al., 2024). Consequently, these businesses play a crucial role in resolving social and environmental issues in a sustainable way. But according to Jayawardhana et al. (2022), social enterprises boil down to using entrepreneurial talents, skills, and resources to produce social value

to alleviate social challenges remains a naturally ambiguous activity and largely under-researched. This is because social enterprise literature is itself in an evolving stage of being conceptualized and understood. Although there is consensus among scholars that social enterprises are distinct from commercial enterprises, there is still ongoing debate regarding the precise definition and scope of social entrepreneurship (Rivera-Santos et al., 2015). Besides, there is ongoing discussion among researchers about the specific criteria and definitions that should be used to identify and study these firms (Iskandar et al., 2023).

Extant literature on social enterprises focuses on critical success factors for social enterprises, sustainable performance, motivators into social enterprises and performance. Regarding key aspects of success for social enterprises, Nepal (2024) established the implementation of a strong business strategy, innovative funding, social innovation, and supportive policies as key factors. On key motivators for individuals in establishing innovative social enterprises, Rwehumbiza and Hyun (2024) established that in Tanzania, personal backgrounds and experiences were the key drivers, whereas Iancu et al. (2021) determined that the having social problems that can be solved through entrepreneurial initiative drove individuals into social enterprises. Moreover, Jiatong et al. (2021) determined that key triggers for social entrepreneurship are strong individual experiences connected to past life events and a high accomplishment orientation aiming at improving lifestyles and generating influence. These findings regarding social enterprises indicates the increasing interest amongst scholars towards social enterprises amidst the evolving global landscape.

Sustainable performance of social enterprises is the capacity of these businesses to attain long-term economic, social, and environmental success while preserving the capacity for performance and responsibility over time. Various scholars such as Iskandar et al. (2023) established that environmental, fiscal, and social contexts, employee contributions and innovation practices were key influencers of sustainable performance. Besides, Musinguzi et al. (2023) indicated that innovation capability, supportive frameworks, training support and business planning were key in driving social enterprises' sustainable performance. Wanyoike and Maseno (2021) determined that the social enterprises' sustainable performance in Kenya is favourably correlated with social purpose and social innovation. However, although the aspect of sustainable performance is extensively examined in social enterprise research, focussing on various aspects such as achieving

lasting social impact, fostering sustainable innovations, establishing sustainable business models, as well as creating and disseminating value by social enterprises, there is limited empirical literature on the importance of entrepreneurial ecosystems in regulating the connection between social innovation practices and sustainable performance of social enterprises.

One key factor that comes up often in literature of social enterprises and their drive towards sustainable performance is entrepreneurial ecosystems. The fundamental components of an entrepreneurial ecosystem are the individuals and institutions involved, and the atmosphere of innovation and cooperation that enables them to effectively engage with one another (The World Bank Group, 2021). An ecosystem with incubators, accelerators, and support networks facilitates social entrepreneurs in promptly accessing the necessary resources at every stage of their business's development. According to Roundy (2017), social entrepreneurs are influenced by entrepreneurial ecosystems in several ways. These include the availability of learning opportunities, the culture of entrepreneurship, the infrastructure that supports it, and the varied variety of resource providers. In addition, the entrepreneurial ecosystem—which includes the entrepreneurial, financial, and institutional environment—influences the creative potential and motivation of social entrepreneurs (Carriles-Alberdi et al., 2021). This research set out to better understand how entrepreneurial ecosystems mediate the connection between social innovation practices and the long-term success of social businesses.

Social enterprises are gaining significant attention and interest in Kenya which is indicated by a growing trend in this domain, marked by a proliferation of socially conscious institutions such as social finance, incubators, and accelerators (British Council, 2022). Social business is being considered more and more by Kenyan NGOs and CSOs as a way to ensure the long-term sustainability of their mission. Kenya does not have a dedicated set of rules for social businesses; instead, those that do exist are registered under general statutes such NGOs, co-operatives, and limited companies, self-help groups and welfare associations (Social Enterprise Society of Kenya, 2023). There were an estimated 80,000 social enterprises registered in Kenya with most of them operating in major cities in Kenya such as Nairobi, Mombasa, and Kisumu (Social Enterprise Society of Kenya, 2023).

Social enterprises in Kenya face growth and sustainable performance challenges with more than 50% not attaining their third birthday after inception (British Council, 2022). Social enterprises face this low sustainable performance despite the country having various support systems and technical infrastructure for such enterprises to thrive. This is because social enterprises face various obstacles appertaining to access to funding, markets, and other vital resources. Several social enterprises in Kenya encounter difficulties in obtaining debt capital due to their size exceeding the capacity of microfinance institutions or being unable to meet the financial requirements set by commercial banks. British Council (2022) established that the absence of reliable financial information hinders the provision of loans to social enterprises. Consequently, these financial institutions impose excessively high collateral requirements to offset the risk associated with the lack of information. Besides, the Social Enterprise Society of Kenya (2023) observes that the sustainable performance of social enterprises is hampered by a lack of access to markets, limited trust from large enterprises, limited access to skilled employees, and a lack of a supportive policy framework.

To support social enterprises in Kenya, there was an elaborate social enterprise ecosystem that included organisations, actors, and networks supporting social enterprises in helping to fulfil development objectives. The ecosystem included actors and institutions for financing, infrastructure and human capital, information, and networks (The World Bank Group, 2021). In financing, institutions that provided grant funding for social enterprises included the Grassroots Business Fund and Africa Challenge Enterprise Fund. Regarding infrastructure and human capital, institutions providing social enterprise-relevant training and support in Kenya included The United States International University (USIU) and Strathmore University Business School among others (Aspen Network of Social Entrepreneurs, 2023). For information and networks, there were initiatives such as @iBizAfrica at Strathmore University, iHub and Nailab that were incubators and centres for the development of technological innovation for social enterprises. Besides, there were infrastructure and support organizations such as B Lab Africa, which provided certifications for social enterprises and provided them with tools to align their operations with green entrepreneurship. Regarding coordination and advocacy, there were social enterprise-relevant networks such as the Aspen Network of Social Entrepreneurs (ANDE) that support a diverse group of actors promoting social enterprises (The World Bank Group, 2021).

1.2 Problem Statement

More and more people are interesting in understanding how social innovation methods affect long-term organisational success (Kamaludin, 2023). Globally, there are more than 10 million social companies, according to the World Economic Forum (2024), which indicates that the number of these businesses has increased significantly in the 21st century. These social enterprises are characterised by their commitment to integrate both social/environmental and profitability objectives (Rivera-Santos et al., 2015), and they generate annual revenue of over $2 trillion. This results in over 200 million employment opportunities for individuals across diverse industries, ranging from agriculture to financial services (World Economic Forum, 2024). However, more than 47% of these enterprises generate losses and they are forced to depend on donor and other sources of investment support for their continued existence. In Kenya, the British Council (2022) notes that social enterprises have low sustainable performance as more than 50% do not operate for more than three years from inception. Besides, World Economic Forum (2024) reported that most social enterprises lack of involvement of beneficiaries or stakeholders in decision-making, fail to serve the intended target population or marginalized groups and engage in activities that result in excessive waste production, energy consumption, or water usage without efforts to reduce or offset these impacts.

Understanding the entrepreneurial activities and innovations that social businesses must undertake to achieve social sustainable performance is crucial for facilitating their sustainable performance. Although previous studies have examined social enterprises' long-term viability (e.g., de Villiers, 2021; Gali et al., 2020; Jayawardhana et al., 2022), the current investigation intends to zero in on how social innovation practices impact social entrepreneurship's long-term viability. Given the complex and ever-changing nature of the modern global environment, this study fills a gap in the literature by identifying the precise social innovation practices that social entrepreneurs must implement to ensure long-term success (Harsanto et al., 2022). This research gap brought attention to the need for scholars to present crucial empirical evidence that can offer practitioners the most appropriate social innovation practices for their social enterprises to attain sustainable performance.

1.3 Objectives of the Study

1.3.1 General Objective

The study's general objective was to establish the influence of social innovation on the sustainable performance of social enterprises in Kenya.

1.3.2 Specific Objectives

The research had the indicated specific objectives;

i) To examine the effect of co-creation on the sustainable performance of social enterprises in Nairobi, Kenya.
ii) To establish the effect of impact investing on the sustainable performance of social enterprises in Nairobi, Kenya.
iii) To determine the effect of community-led development on the sustainable performance of social enterprises in Nairobi, Kenya.
iv) To establish the effect of open innovation on the sustainable performance of social enterprises in Nairobi, Kenya.
v) To assess the moderating effect of entrepreneurial ecosystems on the relationship between social innovation practices and the sustainable performance of social enterprises in Nairobi, Kenya.

1.3.3 Research Questions

The study intended to answer the following research questions:

i) To what extent does co-creation influence the sustainable performance of social enterprises in Nairobi, Kenya?
ii) What is the effect of impact investing on the sustainable performance of social enterprises in Nairobi, Kenya?
iii) How does community-led development affect the sustainable performance of social enterprises in Nairobi, Kenya?
iv) What is the effect of open innovation on the sustainable performance of social enterprises in Nairobi, Kenya?

v) How do entrepreneurial ecosystems moderate the relationship between social innovation practices and the sustainable performance of social enterprises in Nairobi, Kenya?

1.4 Scope of the Study

Nairobi, Kenya was chosen as the site for the research due to its high concentration of social entrepreneurs per capita in the nation (Kenya National Bureau of Statistics, 2023). Additionally, the capital city of Kenya has a lot of social challenges and issues that social enterprises can apply various social innovation practices to surmount. Further, empirical evidence indicates that social enterprises face sustainable performance challenges that adversely affect their growth and attainment of their goals. Entrepreneurial ecosystems that support and foster social enterprises were studied, along with social innovation techniques and the sustainable performance of these businesses. About 51,000 of Kenya's 85,000 social businesses were located in the capital city of Nairobi. Kenya (Siemens Stiftung, 2021). The study targeted social enterprises in all sectors and all sizes to make the findings generalizable to all social enterprises. Finally, the research was cross-sectional and was undertaken in between September 2024 and March 2025.

1.5 Significance of the Study

Social enterprises offer distinct advantages to the community in several ways compared to conventional corporations and for them to effectively do so, they are inclined to integrate social innovation and experimentation. Their social innovation practices and sustainable performance are vital to enable them to address the unmet needs in services that cannot be fulfilled by the public or private sectors. In addition, they extend their reach to individuals who are socially marginalised by offering volunteer, training, and employment prospects. Furthermore, community-based social enterprises within local communities can enhance a collective sense of identity, hence fostering the personal empowerment of individuals residing in the area. Therefore, this study will be of value to various stakeholders, including policymakers, academics and social enterprises themselves.

1.5.1 Policymakers

The research findings may enable the government and authorities regulating and designing policies for social enterprises to develop policies and interventions that will enhance social innovation and

entrepreneurial ecosystems for the growth and development of social enterprises. Policymakers may use the study's findings to better understand how to foster entrepreneurial ecosystems and regulations that help social businesses thrive and develop via social innovation. Furthermore, social businesses will benefit from the study results in comprehending the advantages that have been achieved and how more benefits might be attained by utilizing the available entrepreneurial ecosystems and the various social innovation practices available.

1.5.2 Social Enterprises

Social businesses will use the study's results to enhance their implementation of social innovation strategies that positively impact their development and sustainability. Moreover, the research will aid social businesses in formulating recommendations that will enhance the efficacy of social innovation techniques, hence facilitating their growth and sustained performance. Moreover, the study will provide insights into the available entrepreneurship ecosystems that social enterprises can utilize to enhance their sustainable performance.

1.5.3 Academics

The purpose of this research was to provide light on how social innovation methods influence the long-term success of Kenyan social businesses from an economic, environmental, and social sustainability perspective. The study's findings would serve as a yardstick for future academics and a foundation for further research. Future researchers in the same or related fields will also be able to use the study's findings as a benchmark. By highlighting similar problems that need more inquiry, the study will help academics uncover new research areas on different concerns. This will be achieved by a comprehensive evaluation of the empirical literature to pinpoint gaps in existing studies.

1.6 Chapter Summary

Social innovation techniques, entrepreneurial ecosystems, and the sustainable performance of social companies have all been introduced in this chapter. The problem statement and study goals have been supplied. Included in this chapter are the research questions, the study's scope, and its relevance to academics, social entrepreneurs, and policymakers.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

Social innovation practices, entrepreneurial ecosystems, and their impact on the long-term success of social companies are the topics covered in this chapter's literature review. The chapter first presents a theoretical review that introduces three theories that will anchor the study which are social innovations theory, cluster theory and sustainability theory. In addition, the chapter provides an overview of the relevant empirical literature and highlights the areas of research that needed to be filled in by the study. The chapter also provides the conceptual framework and the variables' operationalisation.

2.2 Theoretical Review

The theoretical review that incorporates the three theories used to support this study is discussed in this section. The three theories are social innovations theory, cluster theory and triple bottom-line (TBL) framework. Discussed in this section are the advocates of the theories, their main principles, and their applicability in this research.

2.2.1 Social Innovation Theory

The social innovation theory in the field of organizational and management studies is attributed to Drucker (1987) which highlights the role of innovations on the change and development of the economy and society. The theory mentioned instances of social innovations such as research laboratories by General Electric that synthesized interdisciplinary teams and concentrated on bridging the gap between practice, science, and technology. In addition, Mulgan (2006) referenced the emergence of agricultural agents who facilitated the enhancement of productivity among United States (US) farmers as a social innovation that enabled enhanced agricultural production. Therefore, the contention of the theory is that social innovation represents a unique enhancement in the structure of society, resulting in the development of new capabilities for action and thus increasing overall levels of human welfare.

Prahalad and Hammond (2002) offers the subsequent significant acknowledgment of social innovation by praising the importance of enterprises resolving social issues and fulfilling

unfulfilled societal demands, benefiting both the firm and society. The main contention is that firms should transcend corporate social responsibility, which involves merely avoiding or minimizing negative externalities or engaging in charitable activities, and instead actively exploring social sector issues as a business opportunity. This entails transitioning from social responsibility to social innovation (Mulgan, 2006). Moreover, Moulaert et al. (2013) contend that these innovation and research and development endeavours are equivalent to strategic business investments and asserts that the private sector should have a prominent position in effecting enduring transformations to deeply rooted societal issues. An example provided by Moulaert et al. (2013) in support of the social innovation theory is a mainstream bank establishing a community bank to cater to underserved minority groups, therefore fulfilling a social need and expanding the business's clientele.

Drucker (1987) also associated social innovation with the emergence of essential cross-sector collaborations among business, government, the community, and non-profit organizations. However, these collaborations are challenging due to the distinct objectives and responsibilities of each domain, as well as variation in the criteria used to define social impact and value. The research used this theory to connect several social innovation practices—including co-creation, impact investment, open innovation, and community-led development—in addressing societal issues. The goal was to help both the community and the enterprise. These social innovation practices are applied by social enterprises to eliminate systemic obstacles to engagement in markets and obtaining financial resources for entrepreneurial endeavours. Besides, these social innovations are aimed at achieving inclusive development and which facilitate economic and social progress.

2.2.2 Cluster Theory

Marshall (1919) introduced the cluster theory which posits gathering comparable small enterprises in a certain geographic region may generate more entrepreneurial activity and profits than managing all operations under a single large organization. Further building upon Marshall's theory, Porter (1998) asserts that the rise in entrepreneurial activity and profits of specialised companies in a particular area can be attributed to their socio-cultural connection. This suggests that these connections provide resources and knowledge that enhance firms' competitive capabilities and, consequently, generate substantial returns. In cluster theory, a cluster is defined as a geographical

collection of related businesses, suppliers, service providers, and related institutions (such as trade groups, universities, and standardisation agencies) that operate in a specific domain and may work together or compete with one another (Porter, 2000). In addition, the concept of entrepreneurial ecosystems is introduced by Cohen (2006). This refers to a group of local organisations that work together to foster sustainable development via the creation of new sustainable businesses. This is related to what Porter said about clusters. Beyond that, Motoyama (2008) summarises Porter's cluster idea in two points: the cluster's components and the relationships between them that promote development and competitiveness. If this is so, then there are two main points to keep in mind while trying to summarise Cohen's idea of entrepreneurial ecosystems: first, the parts that make up the ecosystem, and second, how these parts work together to foster successful entrepreneurship.

Building upon the discussions regarding clusters and entrepreneurial ecosystems, research on entrepreneurial ecosystems may be supported by the cluster theory. Consistent with the concept by Marshall (1919) that companies consolidated in a certain region enhance their capacity to generate substantial profits through their socio-cultural interactions, entrepreneurial ecosystems can achieve greater success when the elements of the system remain interconnected and interrelated, rather than operating independently. This theory was therefore appropriate in this study to link entrepreneurial ecosystems that comprise incubators, accelerators and support networks to social innovations practices and sustainable performance of business. As Porter (2000) indicated, this is analogous to the interdependence of businesses in clusters. Cohen (2006) backs this up when he says that innovation systems, clusters, and industrial districts are all quite similar to entrepreneurial ecosystems. As a whole, the entrepreneurial ecosystem may be seen as a source of innovation for social companies, with accelerators, incubators, and support networks acting as individual parts.

2.2.3 Trible Bottom Line Framework

The triple bottom-line (TBL) framework by Elkington (1997) introduced a novel paradigm for assessing performance in corporations extending beyond conventional metrics of profit, return on investment, and shareholder value. This paradigm includes environmental and social factors in measuring performance. TBL serves as a crucial framework for advancing sustainable performance by concentrating on holistic investment outcomes, specifically on performance across

the interconnected aspects of profits, people, and the planet. Interest in TBL accounting has been increasing across for-profit, non-profit, and governmental sectors. According to Elkington (2006) numerous corporations and charitable organisations have embraced the TBL sustainability framework to assess their performance. This framework was applied in this study in measuring sustainable performance where performance was measured using the three bottom lines.

Organisational performance may be evaluated using the TBL framework, which takes into account the social, environmental, and financial aspects. The inclusion of ecological and social factors in this report departs from conventional reporting frameworks and might make it challenging to develop suitable measuring techniques (Nogueira et al., 2024). The three Ps—people, planet, and profit—are shorthand for the TBL dimensions. All of a company's stakeholders and the value it may generate for them in the now and the future are part of the people factor. Everyone from consumers to workers, suppliers, members of the local community, and those in the supply chain are considered part of this. An organization's efforts to lessen negative effects on ecosystems and the environment while simultaneously increasing positive ones constitute the planetary dimension (Hourneaux et al., 2018). This finding often motivates efforts such as evaluating the lifetime of products and developing better ways to decrease emissions of greenhouse gases. According to Nogueira et al. (2024), a company's profit factor serves as a measure of its total economic performance. Economic advantages accrue to society as a whole as a result of an organization's activities. This includes things like tax payments and the creation of jobs.

2.3 Social Innovation Practices, Entrepreneurial Ecosystems and Sustainable Performance

This section discusses the conceptual literature of the key study concepts that include social innovation practices, entrepreneurial ecosystems and sustainable performance.

2.3.1 Social Innovation Practices

Social innovation refers to the implementation of ideas aimed at improving the quality of life and promoting social change (Babu et al., 2020). Addressing economic, social, and environmental issues requires creating and executing long-term plans. According to Adham et al. (2019), social innovations are ideas that change people's and businesses' perspectives and behaviours in long-term ways while also improving society, culture, economy, and the environment. This approach

offers a more optimal, productive, fair, and enduring resolution to current issues, with the benefits extending to the entire society, rather than solely benefiting private individuals. Campopiano and Bassani (2021) contend that social innovation takes place inside the intersection of commercial, non-profit, and government organisations, where ideas and technology are created and exchanged to offer inventive resolutions to social and environmental issues.

According to Gigauri et al. (2022), social innovations are defined by their ability to generate new ideas and address social and environmental problems in a way that benefits society, the economy, and the community as a whole. Dominguez and Bhatti (2022) contend that there are various social innovation practices that social enterprises can utilize to actively promote lasting social transformation and inclusivity. These include co-creation, open innovation (Kamaludin, 2023), collaborative consumption, impact investing, and community-led development (Desiana et al., 2022). Other practices are crowdsourcing and crowdfunding, behavioural insights and partnerships with peers and other governmental and non-governmental organizations (Jiatong et al., 2021).

Co-creation is the design process for a product or service when user input is fundamental from start to finish while collaborative consumption promotes shared use of a product. Open innovation is the strategic approach where social enterprises actively seek and incorporate ideas from both internal and external sources (Kamaludin, 2023). Collaborative consumption is where a social enterprise can promote the shared use of a good or service by a group such as ride sharing. The term "impact investing" is the practice of putting money into projects that have a positive and measurable social or environmental impact and also generate a profit. Community-led development is a development strategy where social enterprises collaborate with the local community members to identify and prioritize their goals, devise and execute plans to achieve those goals, and establish cooperative relationships (Desiana et al., 2022). Behavioural insights is the study of human behaviour to inform design and marketing of social products. Crowdsourcing is the process of gathering labour, information, or views from a vast number of individuals through the social media, and other internet applications. Crowdfunding is the process of financing a social project by gathering funds from many through online platforms (Jiatong et al., 2021).

In the United States, Kamaludin (2023) established that open innovation, value co-creation, and innovative alliances are conducted by social enterprises to be socially sustainable. Open innovation welcomes group initiatives but also aggressively searches externally for ideas, technology, and knowledge. In a study in Indonesia, Desiana et al. (2022) determined that most of the social enterprises engaged in co-creation and promoted collaborative consumption to ensure the acceptability of their products and sustainable performance. Another global research by Jiatong et al. (2021) established various innovation practices employed by social enterprises including crowdsourcing, crowdfunding, impact investing, peer-partnerships, and community-led initiatives. However, the authors noted that various aspects were determining the success of these practices such as the development level of the country, the sector of the social enterprise and the support systems in place. This study will focus on co-creation, impact investing, community-led development, and open innovation.

2.3.2 Entrepreneurial Ecosystems

Entrepreneurial ecosystems are the people and institutions that provide an innovative and cooperative environment to enable enterprises to properly interact with one another. An entrepreneurial ecosystem includes incubators, accelerators, and support systems that help entrepreneurs to quickly get the required tools at every level of the growth of their company (Rey-Martí et al., 2021). Besides, Cohen (2006) defined an entrepreneurial ecosystem as a network of people, companies, tools, and environmental elements supporting and motivating entrepreneurship within a certain area or industry. Entrepreneurs in this dynamic system engage with many stakeholders, including investors, mentors, legislators, universities, and consumers, to start, expand, and grow companies (Carriles-Alberdi et al., 2021).

The essential elements of an entrepreneurial ecosystem include entrepreneurs who are the fundamental actors who see opportunities, start companies, and take risks. Another key aspect is supportive culture that honours entrepreneurial success, welcomes risk-taking, and appreciates invention. Moreover, availability of venture capital, angel investors, crowdsourcing sites, and banking institutions defines financing access and is thus another key component of entrepreneurial ecosystem (Kamaludin, 2023). Further, human capital is a vital component since a qualified and varied workforce including pools of talent from colleges and training initiatives are important for

business to thrive. Roundy (2017) further indicated that physical and digital infrastructure that include technology parks, coworking spaces, internet connectivity, and logistical networks are key part of the entrepreneurial ecosystem.

Rivera-Santos et al. (2015) further indicated that the entrepreneurial ecosystem includes institutions and initiatives offering information, mentorship, and entrepreneurial skills that help shape education and training. The system also incorporates government policies and rules supporting entrepreneurship through incentives, lower administrative obstacles, and legal assistance that are reflected in policy and regulation. In addition, Desiana et al. (2022) indicated that among entrepreneurs, investors, and other stakeholders, networks and connections provide opportunities for cooperation. Therefore, research and development centres, colleges, and laboratories encouraging intellectual property production and innovation are vital.

2.3.3 Sustainable Performance of Social Enterprises

According to Jayawardhana et al. (2022), social, economic, and environmental performance are the three main components of social businesses' sustainable performance. Attaining enterprise-level sustainability in performance is the primary focus of social companies. However, this condition necessitates their involvement in commercial activities to earn the required financial capital and therefore, social enterprises have arisen as independent entities with both social and commercial objectives (Sampaio & Sebastião, 2024). To achieve a specific degree of profitability, these organisations need to transition from operating at a level where they recoup more than their costs to being self-sustaining enterprises (Ge et al., 2019). To effectively deliver social value, social enterprises have to offer long-term benefits to society that will have a significant positive influence to achieve profitability, social and positive environmental consequences.

Aiming to become successful businesses that accomplish social and economic sustainability is the goal of social enterprises (Jiatong et al., 2021). With this strategy, social companies may succeed and benefit society. However, project drift is certain to happen with social businesses because of how different they are (Kamaludin, 2023). Therefore, social enterprises must ensure their continued corporate existence by focussing on social, environmental, and economic progress. This will enable them to consistently enhance their social influence and grow social capital (Gali et al.,

2020). There are numerous crucial determinants for safeguarding the long-term viability of social enterprises, such as social innovation, market expansion, networking, managerial expertise, and human resources.

Bartocho and Tanui (2022) suggest that social enterprises can use both monetary and non-monetary criteria to assess their success and sustainable performance. The financial aspect is a standard measure of a social enterprise's effectiveness, encompassing the advantages, investment returns, and revenue earned. Non-financial metrics require information on performance across a wider range of parameters, including employment creation, solving a societal problem, employment to marginalized groups, and other environmental-related factors (Kluza et al., 2021). To better evaluate long-term success, it may be helpful to combine financial and non-financial measures. Considering that Kenya's social entrepreneurship industry is very new, social enterprises need to consider the profit motive and the need to preserve economic sustainable performance to survive and attain the other sustainable performance metrics (Social Enterprise Society of Kenya, 2023).

2.4 Empirical Review

Social innovation practices, entrepreneurial ecosystems, and the sustainable performance of social companies are reviewed in this portion of the empirical literature. The present research is justified by the empirical review, which critiques the existing literature and investigates the gaps. The study's aims informed the provision of the empirical review.

2.4.1 Social Innovation Practices by Social Enterprises

The major goal of Kamaludin's (2023) US-based research was to examine social sustainability as it pertains to social entrepreneurship. It was the hope of the researchers that this study would shed light on how social entrepreneurs manage to achieve social sustainability. Focussing on case studies of social firms operating within the US, the research used an exploratory qualitative technique. The findings revealed a plethora of social innovation strategies used by social entrepreneurs to attain social sustainability. These practices include a wide range of activities, such as strategic partnerships, value production, impact investment, community-led development, and crowdfunding. This research fills a gap in the literature by investigating the moderating effect of

entrepreneurial ecosystems on sustainability and social innovation practices. This research confirms what Roundy (2017) had found: that entrepreneurial ecosystems and social entrepreneurship are two sides of the same coin that social companies use to tackle global problems. Contrary to what Iancu et al. (2021) found, which was that crowdsourcing and crowdfunding were not commonplace social innovation methods in Romania, Kamaludin (2023) demonstrated otherwise.

Sampaio and Sebastião (2024) conducted a thematic review of recent scholarly works published in various regions about social innovation and social entrepreneurship. The research synthesised, analysed, and evaluated the evolving context of social innovation and social entrepreneurship studies using a sliding windows method. In order to track how discussion topics changed over time, this technique split the investigated period into many periods. The results highlighted the value of resilient and adaptable tactics for social innovation and entrepreneurship. This compares with a study by Desiana et al. (2022) which determined that key social innovation practices determined over several geographical locations and time periods included co-creation, design thinking, crowdfunding, and co-design. However, the study by Sampaio and Sebastião (2024) study has a limitation because it was a systematic review and did not collect any primary data which diverges with the study by Desiana et al. (2022) which was empirical in nature.

A study by Kamaludin (2023) determined that in many of the social companies, social innovations centre on either refining current solutions or developing fresh ideas to address social issues. The study determined that social entrepreneurs often used inclusive business strategies where many social entrepreneurs concentrate on generating financial possibilities for underprivileged groups include low-income populations, refugees, or persons with disabilities. The study further determined that they did this by providing access to employment, products, or services these populations may otherwise lack. Another study by Wanyoike and Maseno (2021) established that those social entrepreneurs followed fair trade policies, thereby making sure producers, such as farmers or artists from underdeveloped nations, have just revenues for their products and services. These findings, however, contradicted the findings by Iskandar et al. (2023) which determined that social entrepreneurs employed a circular economy approach and concentrated on waste reduction

by reusing, recycling, or reinterpretation of resources. This strategy benefited the environment as well as generating fresh commercial prospects.

In Tanzania, Rwehumbiza and Hyun (2024) indicated that social enterprises used joint platforms to reduce waste and promote communal collaboration. The study also determined that some social entrepreneurs design systems allowing people to share resources such tools, automobiles, or homes, therefore lowering their impact. Often working with organisations, government agencies, and companies, these corporations created partnerships for social change to better successfully handle challenging social challenges. This contradicted with the social innovation practices established in research by Rambe and Ndofirepi (2021) in Zimbabwe where use of technology for social welfare was the most vital. The study determined that social entrepreneurs used technology to develop ideas that sustainably tackled social issues such as mobile applications for financial inclusion, healthcare, and education. This study was however, undertaken using interviews and desktop review and the outcomes may not be valid to social enterprises in Kenya due to the limitations in the methodology applied.

2.4.2 Co-creation and Sustainable Performance of Social Enterprises

According to Mathibe et al. (2023), in order to develop shared goals, co-creation—the collective endeavour of various stakeholders within an organisation to enhance the value creation process—is needed. The present trend of an ever-increasing number of massive customers has put smaller industrial suppliers in their place, reducing their goal to just staying afloat. Small and medium-sized manufacturers that offer parts or components to major corporate purchasers may greatly improve their organisational performance via co-creation, according to a study by Kim et al. (2020). Research for this research was carried out in the US and South Korea with a focus on medium and small manufacturers. Research methods included a questionnaire survey and structural equation modelling for data analysis. According to the results, small and medium-sized businesses (SMEs) must prioritise co-creation above traditional marketing strategies since it changes their relationships with bigger customers from a zero-sum game to a cooperative collaboration. Being one of the first empirical studies on the impact of co-creation on the performance of SMEs, this study offers theoretical and practical insights. The results, however, could not be applied to social companies in general as the research did not focus on them.

A focus on internal resource and skill building is crucial to the developmental processes of social companies, according to Ge et al. (2019). However, the discrepancy in growth rates across social companies remains unaddressed. Building on the concept of value co-creation, Ge et al. (2019) established a theoretical framework to examine how value co-creation influences the growth of social companies. In China, between October 2015 and March 2016, a market research firm studied 29 different provinces and municipalities. We used correlation and multiple linear regression to examine the data from the 172 usable surveys. While hierarchical regression models helped to partially confirm the positive impact of value co-creation on social business development, environmental dynamics acted as a negative moderator of the relationship between value creation and social enterprise growth. The results may not apply to a developing nation like Kenya since this study was conducted in an emerging economy, which is a research gap.

One of the two goals of the study by Mathibe et al. (2023) was to assess how social business success is related to strategic planning. Finding out how social companies' strategic planning and sustainable performance connect with value co-creation was the second goal. This study surveyed 147 social businesses to get quantitative data. The study's respondents were influential decision-makers in the social business sector, and it took place in the Eastern Cape area of South Africa. The findings pointed to a connection between long-term success, collaborative value creation, and strategic planning. According to the results of the mediation research, value co-creation somewhat and significantly mediated the relationship between strategic planning and company performance. But there's a missing piece of information here since other social innovation approaches like open innovation and community driven development were not included.

2.4.3 Impact investing and Sustainable Performance of Social Enterprises

By supporting the growth of businesses in the social sector, impact investment has the ability to greatly contribute to the SDGs' actualisation. Through a comprehensive literature review, Islam's (2022) research uncovered new information on impact investing in nonprofits. This study mapped out four areas for future research on impact investing: impact investment decision-making, impact investment effect evaluation, impact investing behavioural factors, and the impact investing ecosystem. Within these streams, the study's results identified nine main areas of focus for future

research and analysed key findings for each. According to the paper, social companies' development and sustainable performance are greatly affected by impact investing decision-making, impact investing effect evaluation, impact investing behavioural considerations, and the impact investing ecosystem. The results may not be applicable to the question of whether or not impact investment affects the social performance of Kenyan social entrepreneurs as the research was a literature review rather than an investigation into the topic.

Ichev and Valentinčič (2025) evaluated the efficacy of impact investment by private enterprises in Slovenia. The research used a sample of 7,671 unique private enterprises from 2005 to 2020 that applied for and obtained different government subsidies. This allowed the research to identify businesses planning to invest in impact and measure the long-term consequences of these investments using the staggered difference-in-difference (SDiD) technique. By allowing businesses to choose between receiving and not receiving money, SDiD may serve as an observation for either therapy or future control. Research showed that, on average, businesses that receive impact investing grants increase their workforce size the following period, generate more operational cash flows, boost value added per employee, make bigger capital investments, and have higher export levels. On the other hand, grants have a negative effect on short-term productivity. This study was on private for-profit firms and its findings may not be effectively generalized to social enterprises.

There is much promise in social entrepreneurship and social impact investing to solve world problems. Still, there is a lack of understanding among both academics and practitioners about impact investing's function in the long-term viability of social businesses, as well as the entrepreneurial process and the criteria used by investors. In their study, Fernandes et al. (2023) used a quantitative technique and a large sample size to attempt to figure out what characteristics affect social entrepreneurs in developing countries' ability to get funding from outside sources. The findings determined that the growth stage, impact sector, entrepreneurial support, company model, and technology adoption influence social entrepreneurs' access to capital. The study also demonstrated that green technologies possess superior access to capital compared to other firms, and that social impact investors exhibit heightened awareness of environmental concerns while being less focused on financial rewards. The study also determined that impact investing was

instrumental towards sustainable performance and growth of social enterprises in the different sectors studied.

2.4.4 Community-Led Development and Sustainable Performance of Social Enterprises

Through an aided community-led development strategy, Munoz et al. (2015) investigated how rural communities may be helped in launching health and care-related social enterprises. The study used a guided action research approach to thematically analyse four community case studies, illuminating the community competences and entrepreneurial abilities needed to start rural community-based service providers. In order to provide a model for an assisted development strategy, the research analysed the development processes of four different communities, looking for parallels and differences. This research shed light on the ways in which community-led development may boost performance and growth, as well as the effectiveness of rural community social businesses. Results are not applicable to a broader population since the research relied on a qualitative methodology and only looked at four case studies.

To alleviate economic and social hardship in disadvantaged communities, social entrepreneurs are in a prime position. When it comes to solving societal problems with innovative, long-term strategies, social entrepreneurs are increasingly making a mark. Even though there are a number of enterprises in the Cape Town Metropolitan Municipality, the public seldom hears about how they employ community driven development or how they impact development (Rivera-Santos et al., 2015). The benefits of community-led development social entrepreneurship on development and growth were studied and explained by Ngatse-Ipangui and Dassah (2019). The impact of community-led development on company growth and sustainability is explored in this research on social entrepreneurship. The study included qualitative and quantitative methods of data collection in Gugulethu and Khayelitsha (Harare). The margin of error method was used to choose 73 respondents from various social organisations, social entrepreneurs, and ordinary township residents. Interviews and a survey were the primary data collection instruments. Enterprise development and sustainability were both improved by community-led development strategies that included training, education, and easing community involvement in home-based care, cognitive development of children, and opportunities for people to meet their own needs. Not include

essential innovation methods like open innovation and co-creation creates a conceptual vacuum in this research.

To identify the key success factors for Bridge International Academies and to learn about the main drivers of social companies there, Njiru (2016) conducted research. Everyone employed by one of the thirty Bridge International Academies in Nairobi City County made up the study's population. A total of 36 out of 42 responders (or 85.7% of the total) were able to offer replies. Due to its exclusive emphasis on one company, this investigation followed the guidelines of a case study. Interviews were the main method of data collection for this study. According to the study, the main factors impacting the success of Bridge International Academies were their locations, the availability of funds, the leadership structures, the relationship between the academy and the community, and the focus on community led development in decision-making processes. Due to the study's exclusive emphasis on one social educational institution, its results may not be generalisable.

2.4.5 Open Innovation and Sustainable Performance of Social Enterprises

Social innovation and open innovation were examined by Hagedoorn et al. (2023) via an empirical study of UK-based social enterprise hybrids. According to Villeneuve-Smith and Temple (2015), 380 hybrid social businesses were selected from a pool of 11,000 community interest companies (CICs) for this research study, which employed a questionnaire to investigate social innovation. A combination of correlation and the ordered logit model was used to analyse the data. There were robust and statistically significant relationships found in the research between the orientation towards commercial and social goals and the success of social innovation such as open innovation and peer-partnerships. However, there was no correlation with the orientation towards environmental goals. Furthermore, the incorporation of external sources of information and innovations enhanced these interactions in a beneficial manner for both economic and social objectives, but it does not have the same effect on environmental objectives. The study provides insights into how open innovation and partnerships can spur sustainable performance of social enterprises, but it was undertaken in UK whose context is different from Kenya. This may make these findings to have limited applicability to social enterprises in Nairobi County, Kenya.

Based on their research, Hagedoorn et al. (2023) concluded that social performance was strongly and significantly correlated with social innovation strategies including open innovation and peer-partnerships. The research of Harsanto et al. (2022) on the topic of open innovation and its impact on social business sustainability is corroborated by these results. The purpose of this research was to examine the mechanisms of organisational innovation for sustainability in social enterprises and to identify the most creative sustainability strategies used by these types of firms. This research looked at four well-known social enterprises in Indonesia's education sector based in West Java using a multiple case study approach. The research team conducted in-person interviews to collect data, and then they utilised theme analysis to sift through it all. Social enterprises participate in sustainable innovation, according to the results, by providing social benefits, such paying for their employees' college tuition or providing community services. The execution of innovation varies in method depending on the specific circumstance. All the instances examined included open innovation through collaboration with external stakeholders to successfully execute sustainable innovation. The study only focussed on open innovation and did not include other key innovation aspects such as co-creation, and community-led development which were included in the current study on social enterprises in Nairobi County, Kenya.

Wulandari and Wardani (2024) conducted research to address the unresolved question of how entrepreneurial orientation enhances the financial and social performance of village-owned firms, particularly the significance of moderating the impact of open innovation. The research included 200 village-owned firms throughout 10 regencies in Central Java and Yogyakarta, Indonesia, and used a selective sample technique for data acquisition. Data analysis was performed using SEM and AMOS version 23 was applied. The findings indicated that entrepreneurial approach influences financial success and open innovation, although does not significantly impact social performance. Open innovation substantially influences both social and financial outcomes. The study further substantiates that open innovation serves as a mediator in the correlation between entrepreneurial approach and both financial and social success. This study, however, has a contextual gap as it was undertaken in Indonesia which may have contextual differences with social enterprises in Nairobi County, Kenya.

2.4.6 Social Innovation Practices, Entrepreneurial Ecosystems and Sustainable Performance of Social Enterprises

A study in Finland by Perikangas et al. (2024) investigated the process of social innovation generation through co-production in social businesses, as well as assessing how the government strengthen the enabling environments for social innovations. The research a descriptive case study and the data was collected from focus group discussions. The participants in the interviews were selected from a variety of social entrepreneurs, non-profit groups, and national financing associations. The study findings established that social enterprises in Finland generate social innovations by means of co-production, with service innovation processes, advocacy, and networking as key components. This supported the findings by Kamaludin (2023) who established that to establish a conducive entrepreneurial ecosystem, the government establishes a system to support social enterprises that entails having a public discourse, investments, cultural change, innovation policy and learning resources. These findings, however, are contradicted by Audretsch et al. (2024) who indicated that in Argentina, entrepreneurial ecosystems failed to enhance sustainability of social enterprises due to clash with the values of social businesses, which prioritize social or environmental impact over maximizing profits, limited access to appropriate funding, inadequate support structures and competition for attention, talent, or capital with more commercially appealing startups.

Rey-Martí et al. (2021) conducted research in Spain to find out how social firms, such those that integrate workers, and their impact on society, as evaluated by social sustainability, are related. Using fuzzy-set qualitative comparative analysis, the research surveyed 62 social firms in Spain that integrate employment. As a means of generating social value, the research looked at the entrepreneurial qualities shown by the organisations' founders and leaders. In addition, the research looked at their thinking, behaviour, abilities, and traits as entrepreneurs. The results showed how important it is to teach social entrepreneurs and to help them organise and build their social companies strategically. The results may not be applicable outside of the specific context of this research as it looked at only one kind of social business in Spain. Despite these caveats, the results corroborate those of Kibe et al. (2016), who discovered that social innovations had a substantial impact on social enterprises in Kenya's Nairobi County.

Every single legally recognised social enterprise in Nairobi County was the focus of the cross-sectional research by Kibe et al. (2016). The researchers selected 107 social firms in the County using a simple random selection procedure. To ensure the validity and reliability of the data collected, pilot research was conducted using self-administered questionnaires as the main data collection techniques. The data was then subjected to inferential and descriptive analyses. We tested our hypotheses using a one-way analysis of variance, and we looked for significant links between social innovations and social enterprises' success using Chi-square and Pearson's product moment correlation, two statistical tests. According to the research, social enterprises were able to increase their output when their employees actively participated in group meetings and collective action, attended and used new production technologies and/or service offerings, and actively participated in trainings, workshops, and seminars. De Villiers (2021) found that social innovation techniques and a supporting entrepreneurial environment helped to narrow the health inequality gap in South Africa, which is consistent with the results.

2.5 Summary of Research Gaps

The review of extant literature has shown significant findings about the role played by social innovation practices on sustainable performance of social enterprises and the moderating role of entrepreneurial ecosystems in the relationship. Nevertheless, certain areas need more investigation since most of the research have knowledge gaps that necessitate research on social enterprises in Kenya. Although value co-creation is becoming more and more relevant for improving organisational and social company performance, present studies neglect numerous crucial areas of concern. Although Kim et al. (2020) underlines the need of co-creation for small and medium firms, their results come from South Korea and the US and mostly fit commercial settings. Though important, these findings are not readily applicable to social enterprises, especially in African developing nations like Kenya where institutional, cultural, and commercial contexts vary. Likewise, while concentrating on social enterprises in China, the Ge et al.'s (2019) research was located in an emerging economy and did not sufficiently consider the operational settings and problems in underdeveloped nations. Mathibe et al. (2023) also looked at co-creation in South African social businesses, however their research was limited in scope by concentrating only on strategic planning, thereby excluding other innovative techniques such open innovation and community-led growth.

Though major constraints still exist, research on impact investment has also produced some insightful analysis. Although Islam (2022) offers a thorough overview of impact investment literature, its approach is theoretical and does not give empirical insights particular to Kenya or like environments. Although Ichev and Valentinčič (2025) provide actual data on the benefits of impact investment in Slovenia's commercial sector, once again the results are not readily applicable to social enterprises because of structural dynamics and varying organisational aims. Moreover, Fernandes et al. (2023) provide insightful data on social entrepreneurs' access to capital; nevertheless, their general sectoral emphasis lacks clarity on how impact investment influences the sustainable success of Kenyan social entrepreneurs.

Although most studies on community-led development are contextually and methodologically limited, current studies highlight its promise. For example, Munoz et al. (2015) and Ngatse-Ipangui and Dassah (2019) provide insightful case-based analysis from South Africa and rural community environments; yet their conclusions lack generalisability because of small sample sizes and limited geographic reach. Njiru (2016) limits the external validity of a case study from Kenya by only including one educational institution, therefore restricting its relevance.

Comparably, research on open innovation show how crucial it is for social entrepreneurs to progress sustainability. Although these studies are undertaken in the UK and Indonesia respectively, it is difficult to immediately apply their conclusions to Kenyan businesses; Hagedoorn et al. (2023) and Harsanto et al. (2022) emphasise the part of cooperative innovation in social value creation. Moreover, most of these studies separate open innovation from other complimentary strategies like co-creation and community-led development, therefore restricting a comprehensive knowledge of how various innovations integrate to affect business performance. Wulandari and Wardani (2024) highlight contextual gaps by illustrating how open innovation reduces entrepreneurial orientation in Indonesia but without extending these results to African contexts.

Finally, studies on social innovation and entrepreneurial ecosystems expose diverse and perhaps contradicting results across national boundaries. Although studies from Finland, Spain, and

Argentina (e.g., Perikangas et al., 2024; Rey-Martí et al., 2021; Audretsch et al., 2024) offer theoretical and empirical insights into the function of institutions and support systems, their results are not directly applicable to Kenya because of contextual, institutional, and cultural variances. Further, although Kibe et al. (2016) provide Kenya-specific insights, their study is somewhat old and concentrated only on Nairobi County, suggesting the necessity of more thorough and current research on social innovation practices and ecosystems in Kenya.

Table 2.1 presents the overview of the research gaps identified by the review of literature.

Table 2.1: Summary of Research Gaps

Author and year of publication	Study focus	Methodology	Findings	Research gap
Perikangas et al. (2024)	To determine process of social innovation generation through co-production in social businesses, as well as assessing how the government strengthen the enabling environments for social innovations in Finland.	Descriptive case study. The data was gathered through focus group discussions	Social businesses in Finland generate social innovations by means of co-production, with a focus on service innovation processes, advocacy, and networking. Government also provides ecosystems through innovation policy and funding	The study did not incorporate other social innovation activities such as co-creation, crowdfunding, open innovation, and partnerships that this study will incorporate
Hagedoorn et al. (2023)	Effect of social innovation on sustainable performance of CICs in UK	This research used a questionnaire to examine social innovation and gathered data from 380 hybrid social enterprises	Research outcomes revealed significant correlations between the orientation towards commercial and social goals and the success of social innovation such as open innovation and peer-partnerships. However, there was no correlation with the orientation towards environmental goals.	The study was undertaken in UK whose context is different from Kenya. This may make these findings to have limited applicability to social enterprises in Kenya.

Kamaludin (2023)	Social sustainability in the context of social entrepreneurship	Focusing on case studies of social firms in the US, the research used an in-depth qualitative technique.	The results established that strategic alliances, value generation, impact investing, community-led development and crowdfunding are used to achieve social sustainability.	The study did not explore the moderating role of entrepreneurial ecosystems which was explored in this study
Rey-Martí et al. (2021)	To assess the correlation between social companies in Spain and their social effect, as measured in terms of social sustainability.	Using fuzzy-set qualitative comparative analysis, the research surveyed 62 social firms in Spain that integrate employment.	The findings demonstrated the significance of the training provided to social entrepreneurs, along with the organization and strategic development of social businesses.	The results may not be applicable outside of the specific context of this research as it looked at only one kind of social business in Spain.
Kibe et al. (2016)	Effects of social innovations on Nairobi County, Kenya's social enterprises.	Cross-sectional design using a questionnaire to gather data	According to the research, social enterprises were able to increase their output when their employees actively participated in group meetings and collective action, attended and used new production technologies and/or service offerings, and actively participated in trainings, workshops, and seminars.	There was no investigation into how entrepreneurial ecosystems moderated the connection between social innovation and sustainability in this research.

Source: Researcher (2025).

2.6 Conceptual Framework

The theoretical structure that will guide the research is shown in Figure 2.1. With the use of social innovation theory, social innovation practices—which include co-creation, impact investing, community-led development, and open innovation. The moderating variable in the research was informed by the cluster theory and is entrepreneurial ecosystems that include incubators, accelerators, and support networks. The outcome variable in this study was informed by the TBL

framework and is sustainable performance that is indicated by economic, social, and environmental performance.

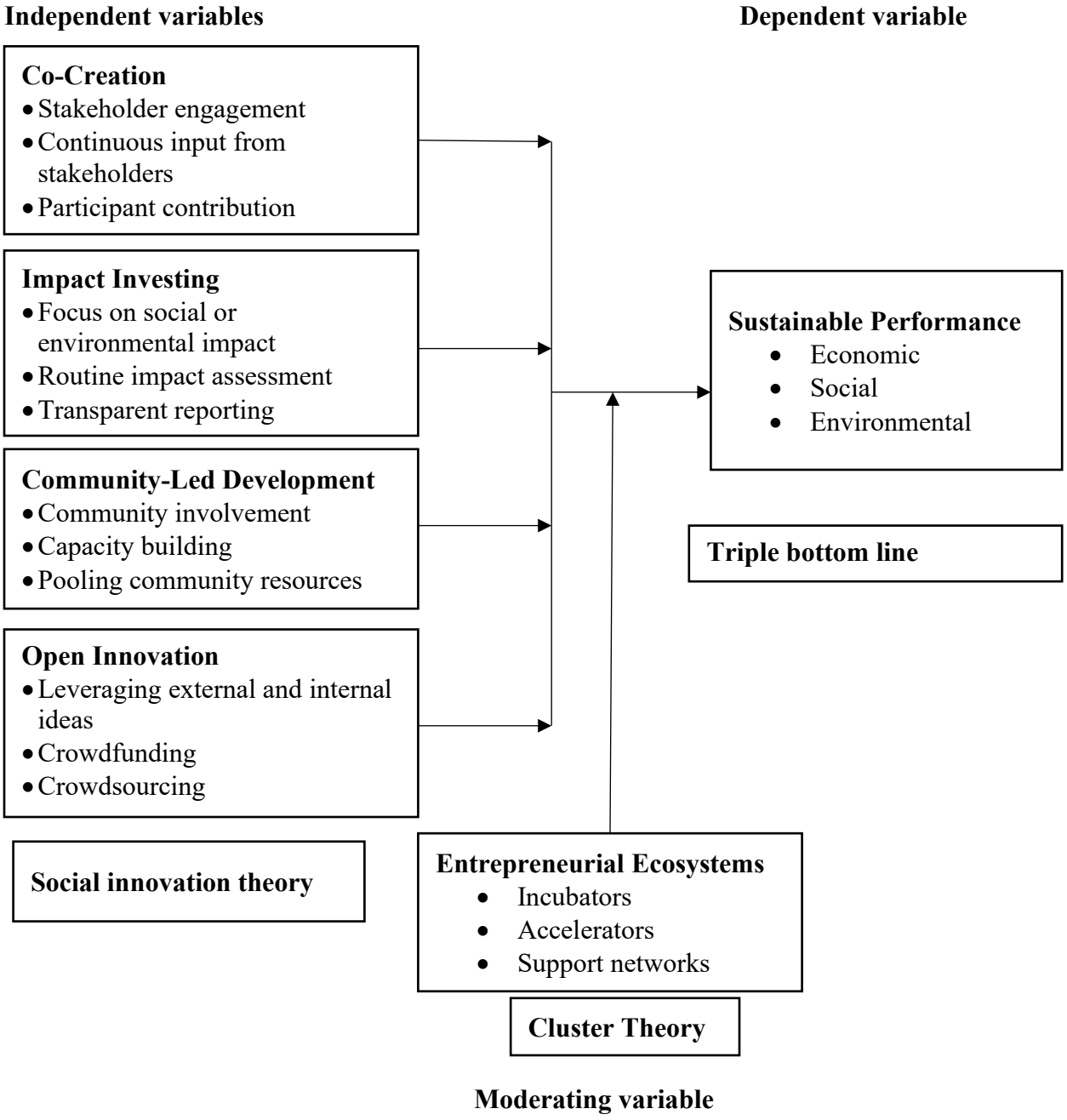

Figure 2.1: Conceptual Framework

Source: Researcher (2025).

2.7 Operationalization of Variables

Table 2.2 presents the operationalization of the research variables, along with their indicators and statistical measurements.

Table 2.2: Operationalization of Variables

Section in Questionnaire	Indicators	Type of variable	Statistical measures	Source
Co-Creation	• Stakeholder engagement • Continuous input from stakeholders • Participant contribution	• Ordinal	Descriptive • Percentages • Means • Standard deviation Inferential • Correlation • Regression	Desiana et al. (2022), Campopiano and Bassani (2021)
Impact investing	• Focus on social or environmental impact. • Routine impact assessment • Transparent reporting	• Ordinal	Descriptive • Percentages • Means • Standard deviation Inferential • Correlation Regression	Kamaludin (2023), and Desiana et al. (2022).
Community-led development	• Community involvement • Capacity building • Pooling community resources	• Ordinal	Descriptive • Percentages • Means • Standard deviation Inferential • Correlation Regression	Jiatong et al. (2021), and Campopiano and Bassani (2021),
Open innovation	• Leveraging external and internal ideas • Crowd funding • Crowdsourcing	• Ordinal	Descriptive • Percentages • Means • Standard deviation Inferential • Correlation Regression	Campopiano and Bassani (2021), and Adham et al. (2019).
Entrepreneurial ecosystems	• Incubators • Accelerators • Support networks	• Ordinal	Descriptive • Percentages • Means • Standard deviation Inferential • Correlation	Perikangas et al. (2024), British Council (2022), Rey-Martí et al. (2021) and The World Bank Group (2021).

			• Regression	
Sustainable performance	• **Economic** ○ Profitability ○ Product quality ○ Market share • **Social** ○ Employment creation for the marginalized ○ Health and safety ○ CSR • Environmental ○ Waste management ○ Energy use ○ Compliance with regulations	• Ordinal	Descriptive • Percentages • Means • Standard deviation Inferential • Correlation • Regression	Jayawardhana et al., (2022), Bartocho and Tanui (2022), Kluza et al. (2021) and Gali et al. (2020).

Source: Researcher (2025).

2.8 Chapter Summary

The theoretical foundation for the research, a survey of previous empirical investigations has all been laid forth in this chapter. Three theories—the social innovation theory, the cluster theory, and the TBL framework—formed the theoretical basis of the research. To back up the present investigation, the chapter has also included a literature assessment and an outline of the conceptual, methodological, and contextual gaps. In addition, the chapter has laid out the theoretical framework that describes the links that have been suggested between social innovation practices, entrepreneurial ecosystems, and the long-term success of social businesses. The chapter concludes with the research variables' operationalisation.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

Methods utilised to compile the study's findings are detailed in this section. This includes the study's guiding principles, its framework, and its approaches to population and sampling. This chapter delves more into the methodology and instruments used for data collecting, processing, and presentation, as well as the methods employed to assess the research instrument's reliability and validity. Ethical considerations in the study round out the chapter.

3.2 Research philosophy

Researchers Saunders et al. (2019) say that research theory is a set of views and theories about how knowledge grows. Positivism, post-positivism, interpretivism, postmodernism, and pragmatism are the five main schools of thought (Creswell & Creswell, 2022). Common in the scientific and social sciences, positivism philosophy is based on the premise that reality is objective and that scientific techniques allow one to observe and quantify it. Post positivism research philosophy was developed in response to positivist constraints. Post-positivism adopts a more critical posture and recognizes that all observation is essentially imperfect and theory-driven, therefore researchers' points of view and prejudices always affect what they see and how they understand it.

Rooted in the hermeneutics and phenomenology traditions, interpretivism sees reality as socially created and context dependent. This method seeks to investigate how people or groups understand and make sense of their environment, not objective, universal facts (Saunders et al., 2019). Post-modernism philosophy considers meaning as flexible, contextual, and shaped by power relations and discourse and posits that reality is not found but interpreted. Lastly, pragmatism emphasizes the application of concepts and the use of most efficient techniques for handling particular research problems. Pragmatism is flexible and open to employing both qualitative and quantitative approaches, depending on what best suits the study aims, unlike a single system of thinking which is bound (Creswell & Creswell, 2022).

This study used the post-positivism philosophy to determine the role played by social innovation practices and entrepreneurial ecosystems towards sustainable performance of social enterprises in Nairobi County, Kenya. The philosophical framework was chosen for this research because it suggests that knowledge is inherently provisional and open to revision, and that reality does in fact exist, although with many unknowns (Schindler, 2022). Bridging the gap between positivism's inflexibility and constructivism's focus on interpretation, this philosophy offers a balanced approach. This philosophical framework allowed us to collect first-hand accounts of social innovation strategies used by Nairobi, Kenya's social entrepreneurs and to draw conclusions about how these strategies impacted the long-term viability of these businesses. Using this philosophical framework, researchers in Nairobi, Kenya were able to ascertain how entrepreneurial ecosystems moderated the connection between social innovation practices and the long-term success of social companies.

Emerging as a response to the limits of positivism, post-positivism is a research philosophy that recognizes that, especially in the social sciences, the scientific method and empirical research are neither perfect nor enough to completely comprehend complicated events even if they are useful. Particularly in social research where cultural, historical, and social elements are so important, post-positivism stresses the need of knowing events within their context. To find out how social innovation practices and entrepreneurial ecosystems affect the long-term success of social businesses in Nairobi County, Kenya, this research used quantitative methods to evaluate the study variables. Moreover, the research integrated theoretical models with real data to enable a holistic research approach as per the post-positivism philosophy.

3.3 Research Design

A researcher's strategy for addressing the study questions is outlined in the research design and it is essentially the framework within which the research is conducted and can be quantitative, qualitative, or mixed methods (Saunders et al., 2019). This study applied a quantitative research design which values scope, statistical description, and generalization. Its approach is focused on attaining objectivity, control, and exact measurement (Sekaran & Bougie, 2016). It relies on deductive approach intended at rejecting or accepting particular hypotheses or providing answers

to pre-set research questions. To address the research issues, this study used quantitative data collected using the quantitative design.

According to Kothari and Garg (2019), the two most prevalent methods of inquiry in quantitative research are survey research and experimental research. The purpose of this descriptive correlational study was to characterise, explain, and confirm the results regarding the impact of entrepreneurial ecosystems and social innovation practices on the long-term viability of social companies in Kenya's Nairobi County. The descriptive part was useful in enabling the study to attain a correct profile of the population thus enhancing the ability to describe, and explain the social innovation practices, entrepreneurial ecosystems and sustainable performance of social enterprises studied. Correlation aspect of the design helped in testing and explaining the relationships between the different social innovation practices, entrepreneurial ecosystems, and sustainable performance of social enterprises in Nairobi County, Kenya.

3.4 Population and Sampling

A population is complete collection of all elements of interest to research, having the same set of common characteristics (Creswell & Creswell, 2022). The population for this research was 51,000 social enterprises in Nairobi Kenya (Siemens Stiftung, 2021). The study targeted social enterprises in all sectors and all sizes to make the findings generalizable to all social enterprises (https://www.socialenterprise.or.ke/Current_Members.html)

Choosing a subset of a population to serve as a proxy for the whole is what sampling is all about (Creswell & Creswell, 2022). The researchers in this study used quota sampling, a non-probability sampling method that may be adjusted to ensure that certain community segments are adequately represented in research. This was applied because there lacked a complete sampling frame that incorporates all social enterprises in Nairobi County. This sampling method was advantageous because the researcher wanted efficient insights from varied social enterprises. Establishing quotas for each category empowered the investigator to get a representation that mirrors the entire population, facilitating the analysis and generalisation of results (Schindler, 2022).

The study applied the sample calculation formula by Yamane (1967) to select the sample size. The formula is;

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

Where: *n* is the sample size, *N* is the population size, (51,000), *e* is the margin error, five percent.

Thus:

$$n = \frac{51000}{1+51000(.05)^2} = 394$$

The study used a five percent margin of error to make the sample manageable. Kothari and Garg (2019) indicate that in business, humanities, and social sciences where high precision is not paramount as is the case on medical sciences, research can apply a five percent significance level. The study used the various available databases of social enterprises in Nairobi County and recruited the enterprises until the quota of 394 was attained. This was because there was no single database that listed all the 51,000 social enterprises. The respondents in the questionnaire survey were owners or managers of the social enterprises.

3.5 Data Collection Methods

To do research, it is necessary to gather data, which may be done via primary or secondary sources (Sekaran & Bougie, 2016). Primary sources provide information collected directly from people via techniques like surveys, interviews, or observations; secondary sources include information that already exists in recorded materials, written records, or magazines (Kothari & Garg, 2019). A structured questionnaire was employed to gather primary data for this investigation. The purpose of a questionnaire is to gather the respondent's thoughts and feelings on a certain issue via a series of questions (Saunders et al., 2019).

A structured questionnaire was used to obtain standardised answers and quantitative data from a large sample, enabling quantitative data analysis to address the research issues. The researcher reviewed the empirical and theoretical literature on sustainable performance, entrepreneurial ecosystems, and social innovation methods before developing the questionnaire. Questions on the

researcher-created survey mostly took the form of Likert scales, with answers ranging from "strongly disagree" (point 1) to "strongly agree" (5). After reviewing research on social innovation, entrepreneurial ecosystems, and the long-term success of social businesses, the investigator designed the questionnaire. The questionnaire had eight sections with Section I covering demographic information, Section II covering social innovation practices and Section III to VI covering co-creation, impact investing, community led development and open innovation. Section VII covered entrepreneurial ecosystems whereas section VIII covered sustainable performance of social enterprises.

Electronic (Google Forms) and drop-and-pick methods of questionnaire administration were both used. This took place in 2025 in the months of March and April. The survey was administered to the respondent at their place of business and then picked up at a later time using the drop-and-pick approach. The questionnaire was also turned into electronic format and administered electronically for those respondents who preferred this method.

3.6 Data Analysis

Analysing, cleansing, converting, and modelling research data is what data analysis is all about. You may use it to summarise the data, find trends, and use statistical methods once you've reduced the data to a tolerable level (Creswell & Creswell, 2022). Quantitative methods, such as descriptive and inferential statistics, were used to analyse the data in this research. Descriptive statistics were useful for summarising the data and showing how common certain social innovation practices, entrepreneurial ecosystems, and sustainable performance were among the social enterprises that took part in the study.

To find out how social innovation practices like open innovation, community-led development, impact investing, and co-creation affect the long-term success of social enterprises, researchers turned to inferential statistics and correlation and ordinal logistic regression analysis. Ordinal logistic regression was used in the research because the dependent variable, sustainable performance, was assessed on a five-point ordinal scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). In order to enter data into a regression model, the research employed the mean to aggregate the different variable indicators for each model.

A model was developed to examine the impact of social innovation practices on the long-term success of social businesses in Nairobi, Kenya. These techniques include co-creation, impact investment, community-led growth, and open innovation;

$$SP = \beta_0 + \beta_1 CC + \beta_2 II + \beta_3 CLD + \beta_4 OI + \varepsilon$$

Where; SP = Sustainable performance

β_0 = Constant

β_i = Coefficients of independent variables

CC = Co-Creation

II = Impact investing

CLD = Community-led development

OI = Open innovation

ε = Error term

To determine if entrepreneurial ecosystems moderate the connection between social innovation practices and the long-term success of social companies in Nairobi, Kenya, this research used the methodology laid forth by Baron and Kenny (1986). In this research, we used the sum of several social innovation techniques and entrepreneurial ecosystems (EE) to calculate interaction terms. To further investigate the moderating impact, the model was used;

$$SP = \beta_0 + \beta_1 CC + \beta_2 II + \beta_3 CLD + \beta_4 OI + \beta_5 EE + \beta_6 CC * EE + \beta_7 II * EE + \beta_8 CLD * EE + \beta_9 OI * EE + \varepsilon$$

Where;

EE = Entrepreneurial ecosystems

There was significant moderation if the p value of the interaction term is less than 0.05.

3.7 Diagnostic Tests for Ordinal Regression

An ordinal logistic regression model was used to ascertain the impact of social innovation methods on the sustainable performance of social firms in Nairobi, Kenya. The use of an ordinal scale from 1 to 5 to quantify the dependent variable, sustainable performance, made this model suitable for the study. The researcher ran some quick checks to make sure the ordinal logistic regression's assumptions were satisfied before fitting the model. The absence of multicollinearity, the use of

an ordinal dependent variable, and the presence of an ordinal, continuous, or categorical independent variable or variables make up these three assumptions.

First assumption was fulfilled since sustained performance, the dependent variable, was assessed using a Likert scale. Second assumption was also fulfilled since all four independent variables (open innovation, community-led development, impact investment, and co-creation) were assessed on ordinal scales. Due to the many statements assessing the independent variables, the measures employed in the model were calculated from the mean. The multicollinearity assumption was also tested to assess whether the independent variables had a high linear relationship amongst themselves. The results are provided in Table 3.1.

Table 3.1: Test of Multicollinearity of Independent Variables

	Collinearity Statistics	
Independent variables	**Tolerance**	**VIF**
Co-creation	.390	2.566
Impact investing	.379	2.637
Community led development	.350	2.857
Open innovation	.363	2.758

The research results summarized in Table 3.1 indicated that all the four predictor variables had VIFs below 5 indicating that no two independent variables had multicollinearity. The proportional odds assumption was tested using the -2-log likelihood ratio test. Therefore, all the assumptions were met, and the ordinal regression model was considered appropriate for the data.

3.8 Research Quality

Both the internal and external validity and reliability of this study were ensured. To determine whether a study is internally valid, researchers look at how well the study's methodology, data, and design answer the research questions (Schindler, 2022). To improve internal validity, the researcher ensured rigorous research design and proper quality control and execution procedures. This included ensuring effective sampling to select study participants and testing the questionnaire for construct validity before the data collection exercise. The researcher also made care to use a

scientific procedure when calculating the sample size and when analysing the data. Conversely, the question of whether study findings may be applied to other contexts is known as external validity (Creswell & Creswell, 2022). A representative sample of the population was used for this investigation, and the sampling procedure used to choose that sample was meticulous. Therefore, the findings of the research can properly be extended to the population from which the sample is collected.

The validity of the questionnaire and the research procedures were tested in a pilot study to guarantee their dependability. Saunders et al. (2019) states that before doing real study, piloting ensures that instruments are clear and efficient. The feasibility of analysing the questionnaire results in light of the stated objectives and questions was tested in a pilot study. The suitability and dependability of the data collection tool was assessed in a pilot study. This took place before to the survey itself, with the goal of getting 10 people to reply, and it served to refine or remove questions that were too general or didn't make sense to the participants. In order to reduce the possibility of bias stemming from preconceived notions, the individuals who took part in the pilot study were not included in the final analysis. In order to determine the reliability of the questionnaire, the research used the composite reliability test, which requires a value of 0.7 or above to be deemed trustworthy. Table 3.2 shows that all the variables were reliable enough to be considered.

Table 3.2: Reliability Statistics

Variable	Number of items	Cronbach's Alpha
Co-creation	6	0.726
Impact investing	6	0.817
Community-led development	6	0.823
Open innovation	6	0.791
Entrepreneurial ecosystems	19	0.920
Sustainable performance	12	0.887

3.9 Ethical Issues in Research

Study ethics include considerations on the welfare of study participants, ensuring integrity in the conduct and reporting of research, appropriately acknowledging contributions, and contemplating the application of the acquired knowledge (Saunders et al., 2019). It pertains to ethical norms that

govern the researcher's actions concerning the rights of anyone impacted by or involved in the study. This study complied with the standards of research ethics, which are essential in any research endeavour. These included respect for study participants, the assurance of informed permission, data security and confidentiality, and anonymity. The researcher guaranteed voluntary participation from respondents and got informed permission from every individual before to administering the questionnaire (Sekaran & Bougie, 2016). To get the participants' consent, the researcher provided them with relevant information that would help them decide whether or not to take part in the study. The document should outline the goals of the research, inform participants that their participation is entirely optional, and guarantee that their names and opinions would be handled with the utmost confidentiality.

The desires of the study participants regarding their identity and the secrecy of the information and data they provided were honoured. To ensure anonymity, the questionnaire did not have any personal identifiers such as addresses, phone number or names. Various steps were taken to ensure confidentiality, and these included ensuring the security of the electronic data records by using password protection for SPSS files, encryption protocols for transmitting data online, and physical security measures like closed cabinets and drawers for the filled questionnaires. Lastly, the researcher obtained requisite permission from the university as well as the government mandated authorization department. This included getting an authorization letter from the Strathmore Business School as well as a permit from National Commission for Science, Technology, and Innovation (NACOSTI).

3.10 Chapter Summary

Using a quantitative research design informed by postmodernist philosophy, this chapter lays out the steps used to conduct the study. Also included in this chapter is information on the research's population and sample size: 51,000 social businesses in Nairobi were considered for the study, with 394 being chosen using a quota sampling approach. Also covered in this chapter are the steps used to collect data (a questionnaire was used), how that data was analysed (descriptive, correlational, and ordinal regression analysis were used), how the study was quality-controlled, and what ethical issues were taken into account. What follows is a presentation of the study findings.

CHAPTER FOUR
PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The results of the descriptive, correlational, and ordinal regression analyses are presented in this chapter. Presenting the results that give insights pertinent to the study's goal, this chapter is an essential part of the research study. The purpose of this study was to investigate how social innovation strategies affect the long-term success of nonprofits and for-profits operating in Nairobi County, Kenya. The objectives of this research were as follows: (i) to look at how social enterprises in Nairobi, Kenya fare when it comes to co-creation and impact investing; (iii) to find out how community-led development fared; (iv) to find out how open innovation fared; and (v) to see how entrepreneurial ecosystems moderated the relationship between social innovation practices and the long-term success of social enterprises in Nairobi, Kenya. The results pertaining to each objective are provided in the following subsections.

4.2 Response Rate

A total of 394 people were surveyed for this study. The data collection process spanned 42 days in March and April of 2025. The survey received just 212 completed responses, but nine questionnaires were eliminated during the data cleaning process. The questionnaires were eliminated because the respondents excluded valuable information necessary for the study. The elimination of these incomplete questionnaires maintained data integrity. As shown in Table 4.1, a total of 203 questionnaires were used for data analysis, representing a response rate of 51.5%. It took two months to distribute the surveys and acquire this response rate. We deemed this response rate to be satisfactory according to the stipulation by Saunders et al. (2019) that response rate for online and paper-based surveys that ranges from 40% should be considered adequate.

Table 4.1: Response Rate

Response	Frequency	Percentage
Returned	203	51.5
Unreturned	191	48.5
Total Administered	**394**	**100.0**

(Survey Data, 2025)

4.3 Demographic Information

Background data evaluated in this research included demographic information such as respondents' age, education level, position held in the organisation, and number of years the firm had been functioning. The primary goals of gathering this context were to familiarise respondents with the survey and to identify the social companies that were able to participate in the research. The next subsections present this information.

4.3.1 Age of the Respondents

Table 4.2 displays the age of the respondents who represented the social enterprise sin the research. The findings show that 36.5% were between the age of 31 and 40 years while only 2.5% were below 20 years. These findings indicate that most of the respondents were between the ages of 31 and 60 years demonstrating that most key employees in the social enterprises were middle aged.

Table 4.2: Age of the Respondents

Age in years	Frequency	Percent
Below 20	5	2.5
20 - 30	35	17.2
31 - 40	74	36.5
41 - 50	50	24.6
51 - 60	30	14.8
Above 60 years	9	4.4
Total	**203**	**100.0**

(Survey Data, 2025)

4.3.2 Highest level of Education of the Respondents

The research findings regarding the highest level of education of the respondent, as illustrated in Table 4.3, reveals that 38.9% held diplomas as their highest education qualifications with only 3.4% having doctorate level of education. These findings portray that most senior employees in social enterprises in Nairobi had tertiary level of education which is vital in steering the business towards sustainable performance.

Table 4.3: Highest level of Education of the Respondents

Level of Education	Frequency	Percent
Diploma	79	38.9
Bachelor's Degree	75	36.9
Master's Degree	42	20.7
PHD/Doctorate	7	3.4
Total	**203**	**100.0**

(Survey Data, 2025)

4.3.3 Title in the Organization

Table 4.4 provides an overview of the positions of the respondents in the social enterprises. The findings indicates that majority (53.7%) were managers, 41.9% were owners with those who held supervisory and other positions being 4.4%. The focus of the study was on key managers or owners and the findings indicate that the study largely managed to get responses from these key figures in the social enterprises.

Table 4.4: Title in the Organization

Title	Frequency	Percent
Supervisor and other	9	4.4
Manager	109	53.7
Owner	85	41.9
Total	**203**	**100.0**

(Survey Data, 2025)

4.3.4 Years of Operation for the Social Enterprise

Table 4.5 presents the study results on the number of years that the social enterprises had been operational. A substantial proportion of participants (48.3%) indicated that their social enterprises had been operational for 10 years or more. Further, only 3.5% indicated the social enterprises to have operated for less than one year. The findings that more than 80% of the social enterprises had been operational for more than 3 years is an indication that they had managed to defy the statistics

by British Council (2022) that more than 50% of social enterprises in Kenya do not operate for more than three years from inception.

Table 4.5: Years of Operation for the Social Enterprise

Years	Frequency	Percent
Less than 1 year	7	3.5
1-3 years	11	5.4
4-6 years	36	17.7
7-9 years	51	25.1
10 years and above	98	48.3
Total	**203**	**100.0**

(Survey Data, 2025)

4.4 Descriptive Analysis

Descriptive statistics were used in the research to clearly showcase the data's properties. In particular, the descriptive analysis relied heavily on the mean and standard deviation to provide a foundation for quantitative data analysis of the research variables. Social innovation practices, impact investment, community-led development, open innovation, entrepreneurial ecosystems, sustainable performance, and co-creation are all study variables that are described in this section. To measure agreement or disagreement, we used a 5-point Likert scale: 1 for highly disagree, 2 for disagree, 3 for neutral, 4 for agree, and 5 for highly agree. The following section provides descriptive results for the social innovations practices adopted by social enterprises in Nairobi.

4.4.1 Social Innovation Practices Adopted by Social Enterprises

Table 4.6 indicates that, through a statistical analysis of the social innovation practices by social enterprises in Nairobi County, Kenya, open innovation (M = 4.25, SD = 0.784) was the social innovation practice that was mostly adopted by social enterprises. Other social innovation practices that were prevalent in social enterprises in Nairobi County were co-creation (M = 4.21, SD = 0.878), community-led development (M = 4.16, SD = 0.782), impact investing (M = 3.95, SD = 0.828) and partnerships (M = 3.65, SD = 1.020). However, social innovation practices that included behavioural insights (M = 2.73, SD = 1.215), crowdsourcing (M = 2.37, SD = 1.178),

crowdfunding (M = 2.34, SD = 1.164), and collaborative consumption (M = 2.33, SD = 1.222) were not prevalently applied by the social enterprises.

Table 4.6: Social Innovation Practices Adopted by Social Enterprises

Social Innovation Practices	Mean	Std. Deviation
Co-Creation	4.21	.878
Collaborative consumption	2.33	1.222
Impact investing	3.95	.828
Community-led development	4.16	.782
Open innovation	4.25	.784
Crowdsourcing	2.37	1.178
Crowdfunding	2.34	1.164
Behavioural Insights	2.73	1.215
Partnerships	3.64	1.020
Average	**3.33**	**1.008**

(Survey Data, 2024)

4.3.1.1 Social Innovation Practices Adopted by Social Enterprises in Nairobi, Kenya

The study sought to establish the social innovation practices adopted by social enterprises in Nairobi, Kenya and the findings revealed that the most prevalent social innovation practices employed by social enterprises in Nairobi County, Kenya included open innovation, co-creation, community-led development, impact investing, and partnerships. The average mean of 3.33 was obtained for the social innovation practices. This indicates that, on average, there is a modest degree of adoption of social innovation practices. The average standard deviation of 1.008 suggests some degree of variation mong the respondents and this indicates different viewpoints regarding the adoption of the various social innovation practices.

4.4.2 Co-Creation by Social Businesses

The descriptive findings in Table 4.7 indicate the means (M) and standard deviation for the social innovation practice of co-creation.

Table 4.7: Co-Creation by Social Enterprises

Co-creation aspects	Mean	Std. Deviation

This business engages stakeholders, such as customers and partners, in the product creation process	4.18	.670
This business encourages creativity and new ideas through diverse perspectives	4.10	.656
This business has feedback mechanisms for continuous input from stakeholders and improvement	4.01	.717
In the product development process, the business enables participants to contribute meaningfully to the process	4.02	.758
The business puts a strong emphasis on understanding the needs, preferences, and pain points of customers	3.86	.903
This business uses brainstorming sessions, workshops, and digital platforms to generate ideas collaboratively	3.92	.763
Average	**4.02**	**0.745**

(Survey Data, 2024)

The descriptive statistics for co-creation indicate that generally, respondents agreed that their enterprises engage stakeholders, such as customers and partners, in the product creation process (M = 4.18, SD = 0.670) and opined that their enterprises encourage creativity and new ideas through diverse perspectives (M = 4.10, SD = 0.656). Besides, the findings indicated that respondents were of the view that in the product development process, the businesses enable stakeholders to contribute meaningfully to the process (M = 4.02, SD = 0.758) and further agreed that the businesses have feedback mechanisms for continuous input from stakeholders and improvement (M = 4.01, SD = 0.717). Further the findings indicated that respondents opined that their businesses use brainstorming sessions, workshops, and digital platforms to generate ideas collaboratively (M = 3.92, SD = 0.763) and likewise agreed that their businesses put a strong emphasis on understanding the needs, preferences, and pain points of customers (M = 3.86, SD = 0.903), The average mean of 4.02 and the low standard deviation of 0.745 indicates a consistent opinion by the respondents regarding high adoption of various aspects of the co-creation social innovation practice by the social enterprises.

4.4.3 Impact Investing by Social Enterprises

The study assessed the prevalence of impact invest innovation practice among social enterprises in Nairobi County, Kenya. The descriptive findings in Table 4.8 indicate the means (M) and standard deviation for the various aspects of the impact investing social innovation practice.

Table 4.8: Impact Investing by Social Enterprises

Impact Investing Aspects	Mean	Std. Deviation
This business makes investments with the intention of generating positive social or environmental impacts alongside financial returns	4.04	.647
This business routinely assesses the impact of investments through metrics and frameworks to ensure accountability and transparency	4.00	.702
This business collaborates with various stakeholders, including communities, non-profits, and businesses, to maximize impact	4.01	.758
This business focuses on sustainable solutions that contribute to long-term societal benefits rather than short-term profits	4.10	.697
This firm uses public or philanthropic capital to invest in high-risk sectors	4.10	.656
The business transparently reports both financial returns and social/environmental outcomes to key stakeholders	4.17	.712
Average	**4.07**	**0.695**

(Survey Data, 2024)

The descriptive statistics for impact investing reveal that respondents generally concurred that their enterprises transparently reports both financial returns and social/environmental outcomes to key stakeholders (M = 4.17, SD = 0.712) and agreed that their firms use public or philanthropic capital to invest in high-risk sectors (M = 4.10, SD = 0.656). Additionally, respondents were of the view that their businesses focus on sustainable solutions that contribute to long-term societal benefits rather than short-term profits (M = 4.10, SD = 0.697) and had the opinion that their enterprises make investments with the intention of generating positive social or environmental impacts alongside financial returns (M = 4.04, SD = 0.647). Further, respondents opined that their

businesses collaborate with various stakeholders, including communities, non-profits, and businesses, to maximize impact (M = 4.01, SD = 0.758). Furthermore, respondents indicated that their businesses routinely assess the impact of investments through metrics and frameworks to ensure accountability and transparency (M = 4.00, SD = 0.702). The average mean score of 4.07, coupled with a low standard deviation of 0.695, suggests consensus among respondents concerning the high adoption of various elements of impact investment social innovation practice by social enterprises.

4.4.4 Community-Led Development by Social Enterprises

This study evaluated the prevalence of community led development innovation practice among social enterprises in Nairobi County, Kenya. Table 4.9 presents the means (M) and standard deviations for different dimensions of the impact investing social innovation practice.

Table 4.9: Community-Led Development by Social Enterprises

Community-Led Development Aspects	Mean	Std. Deviation
The business involves the local communities in the planning, decision-making, and implementation of development initiatives.	4.00	.741
The business ensures that all segments of the community are included in the product decision-making process, particularly marginalized groups	4.19	.658
This business builds the capacity of community members to manage and sustain innovation and product development	4.02	.847
In the product development stage, this business shifts decision-making from top-down, to local, community-driven processes	4.12	.731
This business focusses on the use of local knowledge and innovations passed down through generations	4.01	.728
The business uses resources that are pooled from the local community to reduces reliance on external funding and encourages self-sufficiency	4.07	.777
Average	4.07	0.747

(Survey Data, 2025)

The study findings provided in Table 4.9 demonstrate that respondents largely agreed that their enterprises ensure that all segments of the community are included in the product decision-making process, particularly marginalized groups (M = 4.19, SD = 0.658) and that in the product development stage, their businesses shift decision-making from top-down, to local, community-driven processes (M = 4.12, SD = 0.731). Respondents further indicated that their businesses use resources that are pooled from the local community to reduces reliance on external funding and encourage self-sufficiency (M = 4.07, SD = 0.777). They also expressed the belief that their enterprises build the capacity of community members to manage and sustain innovation and product development (M = 4.02, SD = 0.847). Respondents also indicated that their businesses focus on the use of local knowledge and innovations passed down through generations (M = 4.01, SD = 0.728). The majority of respondents (M = 4.00, SD = 0.741) said that their companies include the local community in development initiative planning, decision-making, and execution. A standard deviation of 0.747 and a mean score of 4.07 show that most respondents agree about the significant adoption of various elements of community led development innovation practice by social enterprises.

4.4.5 Open Innovation by Social Enterprises

This study assessed the extent that social enterprises in Nairobi County Kenya, adopted open innovation practice. Table 4.10 displays the means (M) and standard deviations (SD) for various dimensions of the open innovation practice.

Table 4.10: Open Innovation by Social Enterprises

Open Innovation Aspects	Mean	Std. Deviation
This company leverages external and internal ideas, technologies, and expertise to accelerate innovation and enhance problem-solving	4.10	.754
This business taps into the creativity and problem-solving skills of the general public through crowdsourcing	3.09	.772
The business has joined networks where multiple stakeholders (e.g., suppliers, customers, university, hubs, and competitors) collaborate to create new technologies or solutions	4.05	.801
The firm shares knowledge with different entities while protecting intellectual property rights	4.16	.782

The business has partnered with external entities, such as universities, research institutions, start-ups, competitors, and customers.	3.96	.843
The business has attracted external innovation funding through crowdfunding	2.15	.730
Average	**3.59**	**0.780**

(Survey Data, 2024)

The findings presented in Table 4.10 indicate a significant consensus among respondents regarding their firms' commitment towards sharing knowledge with different entities while protecting intellectual property rights (M = 4.16, SD = 0.782). Furthermore, respondents opined that their businesses leverage external and internal ideas, technologies, and expertise to accelerate innovation and enhance problem-solving (M = 4.10, SD = 0.754). Respondents also believed their businesses have joined networks where multiple stakeholders (e.g., suppliers, customers, university, hubs, and competitors) collaborate to create new technologies or solutions (M = 4.05, SD = 0.801). Respondents also indicated that their businesses had partnered with external entities, such as universities, research institutions, start-ups, competitors, and customers (M = 3.96, SD = 0.843). However, respondents had divided opinion regarding tapping into the creativity and problem-solving skills of the public through crowdsourcing (M = 3.09, SD 0.772) and disagreed that their businesses have attracted external innovation funding through crowdfunding (M = 2.15, SD = 0.730). This indicates crowdsourcing and crowdfunding were not prevalent open innovations practices by social enterprises. Despite these, the average mean score of 3.59 and a standard deviation of 0.780 suggest that respondents agreed about the notable implementation of various aspects of open innovation by social enterprises.

4.4.6 Entrepreneurial Ecosystems in Kenya

Entrepreneurial ecosystems was the moderating variable in this study. The study investigated the extent that social enterprises had benefited from the various incubators, accelerators, and support networks available. The extent was rated on a five-point liker scale (1 = Never, 2 – Rarely, 3 – Sometimes, 4 – Great extent, 5 – Very great extent). The descriptive findings are provided in Tale 4.11.

Table 4.11: Entrepreneurial Ecosystems in Kenya

Entrepreneurial Ecosystems	Mean	Std. Deviation
University-Based Incubators such as University of Nairobi Innovation Hub	1.88	.892
Impact-Focused Incubators such as Sankalp Africa Summit and Growth Africa	2.98	.777
Sector-Specific Incubators such as iHub and Villgro Kenya	3.89	.803
Startup Incubators with a Social Impact Focus such as Nailab and Mest Africa	3.03	.692
International Incubators such as Ashoka East Africa	1.97	.747
Government-Led Incubators such as Kenya Youth Employment and Opportunities Project	2.05	.702
Accelerators for Women-Led Enterprises such as She Leads Africa	2.97	.714
Corporate-Backed Accelerators such as Safaricom Spark Fund	3.83	.705
University-Linked Accelerators such as Strathmore University Business School's Institute for Social Transformation	2.15	.709
Government-Supported Accelerators such as Kenya Climate Innovation Center	2.09	.710
International accelerators such as Acumen East Africa Fellows Program	2.96	.745
Any other assistance, mentorship, funding, and networking opportunities	3.99	.761
Mentorship and Capacity-Building Organizations such as AfricAvenir	3.93	.832
Social Enterprise Networks and Communities such as Social Enterprise Society of Kenya	3.93	.756
Grant-Making and Development Organizations such as Ford Foundation East Africa	3.91	.810
Government and Policy Support Networks such as Kenya National Chamber of Commerce and Industry	2.91	.759
International Organizations and Foundations such as British Council's DICE Program	3.87	.726
Co-working Spaces and Innovation Hubs such as Nairobi Garage	2.45	.743
Professional Associations and Networks such as Kenya Private Sector Alliance	3.88	.772
Average	**3.08**	**0.756**

(Survey Data, 2025)

The findings provided in Table 4.11 show that entrepreneurial ecosystems used to a great extent included funding, and networking opportunities (M = 3.99, SD = 0.761), mentorship and capacity-building organizations such as AfricAvenir (M = 3.93, SD = 0.832), social enterprise networks and communities such as Social Enterprise Society of Kenya (M = 3.93, SD = 0.756), and Grant-making and development organizations such as Ford Foundation East Africa (M = 3.91, SD = 0.810). Others included sector-specific incubators such as iHub and Villgro Kenya (M = 3.89, SD = 0.803) and professional associations and networks such as Kenya Private Sector Alliance (M = 3.88, SD = 0.772). The other entrepreneurial ecosystems that had means scores above 3.5 were also largely also used. Those that had benefited social enterprises sometimes included those with means scores between 2.5 and 3.5 and comprised start-up Incubators with a social impact focus such as Nailab and Mest Africa (M = 3.03, SD = 0.692), impact-focused incubators such as Sankalp Africa Summit and Growth Africa (M = 2.98, SD = 0.777) and international accelerators such as Acumen East Africa Fellows Program (M = 2.96, SD = 0.745) among others. Those entrepreneurial ecosystems that were rarely used were those with means of 1.5 to 2.5 and included co-working spaces and innovation hubs such as Nairobi Garage (M = 2.45, SD = 0.743), university-linked accelerators such as Strathmore University Business School's Institute for Social Transformation (M = 2.15, SD = 0.709) and government-supported accelerators such as Kenya Climate Innovation Center (M = 2.09, SD = 0.710) among others. The average means score for entrepreneurial ecosystems was 3.08 with a standard deviation of 0.756 which indicates that social enterprises in Nairobi County, Kenya, only occasionally benefit from the various entrepreneurial ecosystems.

4.4.7 Sustainable Performance of Social Enterprises

Sustainable performance of social businesses was the dependent variable in this research. This study looked at how many social companies were able to take use of the many available accelerators, incubators, and support networks, and how well they fared in terms of economic, social, and environmental sustainability. A five-point Likert scale was used to assess the performance, with 1 representing Strongly Disagree, 2 representing Disagree, 3 representing Neither Agree nor Disagree, 4 representing Agree, and 5 representing Strongly Agree. The results are shown in Table 4.12.

Table 4.12: Sustainable Performance of Social Enterprises

Sustainable Performance Aspects	Mean	Std. Deviation
This business generates wealth for the community through sustainable and inclusive products	4.02	.694
This business has developed innovative products that maximize resource efficiency levels	4.08	.706
The business consistently provides competitive financial returns for owners	4.06	.699
The business has created jobs for the community	4.09	.676
The enterprise engages in best labour practices such as fair wages, working conditions, and employee rights	4.10	.671
The business engages in the community through volunteering, and charitable efforts	3.85	.874
The firm ensures ethical treatment of all individuals involved in the value chain	4.02	.774
This business supports diversity and inclusion through promotion of equality within the workforce	4.01	.784
This business engages in efficient use of water, energy, and raw materials	4.01	.743
The business has resulted in reduced resource use for the clients	4.05	.702
The business advocates for enhanced waste reduction, re-use, and diversion	4.01	.726
The business engages in recycling initiatives and pollution control	4.05	.707
Average	**4.03**	**0.730**

(Survey Data, 2025)

The research findings shown in Table 4.12 reveal a notable agreement among respondents concerning their organisations' dedication to best labour practices such as fair wages, working conditions, and employee rights (M = 4.10, SD = 0.671). Additionally, respondents indicated that their businesses had created jobs for the community (M = 4.09, SD = 0.676) and that the businesses had developed innovative products that maximize resource efficiency levels (M = 4.08, SD = 0.706). Respondents expressed confidence that their businesses consistently provide competitive financial returns for owners (M = 4.06, SD = 0.699) and likewise indicated that businesses had resulted in reduced resource use for the clients (M = 4.05, SD = 0.702). Study participants reported that their businesses engage in recycling initiatives and pollution control (M = 4.05, SD = 0.707) and opined that their businesses generate wealth for the community through sustainable and

inclusive products (M = 4.02, SD = 0.694). With a mean score of 4.30 and a standard deviation of 0.730, it was clear that most respondents were in agreement on the sustained success of their social businesses..

4.5 Inferential Analysis

4.5.1 Correlation Analysis Results

The research used Pearson correlation analysis to find out how social innovation methods affect the long-term success of nonprofits. There is a somewhat good link between the degree of sustainable performance of social companies and co-creation, as shown in Table 4.13 ($r = 0.673$, $p < 0.001$). According to these results, the degree of sustainable performance of the social company rises in tandem with the use of co-creation as an innovative strategy. It is anticipated that co-creation is linked to the long-term success of social firms, and this connection supports that anticipation by embedding stakeholder perspectives into the design and delivery of socially impactful solutions, thereby increasing relevance, trust, and adaptability.

The study findings also indicated that the level of sustainable performance of social enterprises is significantly and strongly correlated with impact investing innovation practice ($r = 0.704$, $p < 001$). This suggests that high focus on impact investing by social enterprises has a positive relationship with their sustainable performance. The findings demonstrate that the aspects of impact investing made with the intention of generating both financial returns and attaining positive social or environmental goals are vital for attainment of sustainable performance for the social enterprises.

Table 4.13: Correlation Analysis Results

		1	2	3	4	5	6
1. Co-creation	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	203					
2. Impact investing	Pearson Correlation	.758**	1				
	Sig. (2-tailed)	.000					
	N	203	203				
	Pearson Correlation	.635**	.657**	1			

3.	Community-led development	Sig. (2-tailed)	.000	.000				
		N	203	203	203			
4.	Open innovation	Pearson Correlation	.629**	.634**	.776**	1		
		Sig. (2-tailed)	.000	.000	.000			
		N	203	203	203	203		
5.	Entrepreneurial ecosystems	Pearson Correlation	.438**	.464**	.460**	.494**	1	
		Sig. (2-tailed)	.000	.000	.000	.000		
		N	203	203	203	203	203	
6.	Sustainable performance	Pearson Correlation	.673**	.704**	.683**	.699**	.492**	1
		Sig. (2-tailed)	.000	.000	.000	.000	.000	
		N	203	203	203	203	203	203

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

(Survey Data, 2025)

According to the results shown in Table 4.13, there is a somewhat good link between community driven development and the degree of sustainable performance of social businesses ($r = 0.683$, $p < 0.001$). Based on these facts, it is clear that improvement in adoption of community led development as an innovation practice by social enterprises relates with an improvement in sustainable performance of the social enterprise. This association supports the expectation that partnering with community members in the decision-making, planning, and developing products or initiatives that affect them has a positive association with the economic, social, and environmental performance of social enterprises.

In addition, the research determined that there is a moderate and favourable association ($r = 0.699$, $p < 0.001$) between open innovation and the sustainable performance of social companies. Open innovation is favourably correlated with sustainable performance in social companies, as shown by these findings: increased flexibility, resource efficiency, environmental responsibility, and social impact. This lends credence to the premise that social enterprises may improve their long-term viability by incorporating both internal and external information and ideas into their innovation processes. This includes collaborating with communities, firms, NGOs, and other social entrepreneurs.

Additionally, the research found that entrepreneurial ecosystems are significantly and somewhat positively correlated with the degree of sustainable performance of social companies ($r = 0.492$, p

< 0.001). This empirical evidence demonstrates that improvement in use of entrepreneurial ecosystems by social enterprises relates with an improvement in sustainable performance of the social enterprise. This association supports the expectation that making use of incubators, accelerators and support networks has a positive association with the economic, social, and environmental performance of social enterprises.

4.5.2 Ordinal Regression Results

This research examined the effects of four social innovation strategies on the long-term success of nonprofits and for-profit businesses in Nairobi County, Kenya: co-creation, impact investment, community-led development, and open innovation. The researchers used an ordered logistic regression model to get their conclusions. In this part, we provide the results of the model fitness test, parameter estimates, and R-square values for the four social innovation activities and the sustainable performance of social businesses. Table 4.14 displays the R-squared results first.

Table 4.14: R-Square Statistics

Cox and Snell	.633
Nagelkerke	.635
McFadden	.171

Table 4.14 shows that the Nagelkerke R-square value was 0.635, whose implication is that 63.5% of the variation in sustainable performance of social enterprises was explained by variations in their application of the four social innovation practices of open innovation, co-creation, community led development and impact investing.

To further assess the model's resilience, the chi-square test was used in conjunction with the -2-logarithmic probability ratio. Part of the data used to fit the model is a chi-square test that compares the ordinal logistic model to one with just the intercept, and a -2-log likelihood ratio that compares the two with and without the independent variables (impact investing, community led development, open innovation, and co-creation). Table 4.15 summarizes the findings.

Table 4.15: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	1131.817			
Final	935.269	196.548	4	.000

Link function: Logit.

Compared to the intercept alone model, the final model is much superior, as shown in Table 4.15 ($\chi 2 = 196.548$, $p < 0.05$). These results show that the model well matched the observed data. To further confirm the quality of fit, we also ran deviance chi-square tests and Pearson correlations. It was the purpose of this test to ensure that the model adequately explains the data. The essential premise of both tests is that the model provides a good fit to the data. Table 4.16 displays the findings.

Table 4.16: Goodness-of-Fit Test

	Chi-Square	Df	Sig.
Pearson	3804.338	720	.997
Deviance	920.935	720	.925

Link function: Logit.

According to the findings provided in Table 4.16, the null hypothesis was accepted because neither the Pearson Chi square test ($\chi^2 = 3804.338$, $p = 0.997$) nor the deviance chi square test ($\chi^2 = 920.935$, $p = 0.925$) were statistically significant. This indicates that the empirical data was a goof fit to the ordinal logic regression model.

To further understand the impact of the four social innovation practices strategic on the sustainable performance of social enterprises, Table 4.17 presents the fitted ordinal logistic regression model.

Table 4.17: Parameter Estimates for the Ordinal Regression Model

Predictors	Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Co-creation	1.191	.424	7.880	1	.005	.359	2.023
Impact investing	1.718	.423	16.502	1	.000	.889	2.548
Community led development	1.213	.402	9.095	1	.003	.425	2.001
Open Innovation	1.247	.396	9.906	1	.002	.470	2.023

(Survey Data, 2025)

Tabulated in Table 4.17 are the results for the various independent variables (Co-creation, Impact investing, Community led development and Open Innovation). The study's findings indicate that co-creation had a statistical significance influence on sustainable performance of social enterprises ($\beta = 1.191$, $W = 7.880$, $p = 0.005$). These results show that a social enterprise's odds of enhancing their sustainable performance were improved by engaging in co-creation innovation practice. The study's findings further demonstrated that impact investing had a statistical significance influence on sustainable performance of social enterprises ($\beta = 1.718$, $W = 16.502$, $p < 0.001$). The implication of these findings is that a social enterprise's odds of enhancing their sustainable performance were enhanced by engaging in impact investing innovation practice. Additionally, the study's results indicated that community led development significantly influenced the sustainable performance of social businesses ($\beta = 1.213$, $W = 9.095$, $p = 0.003$). These findings suggest that a social enterprise's likelihood of improving its sustainable performance is increased by practicing community led development innovation. The study's results in Table 418 also demonstrate that open innovation significantly affects the sustainable performance of social enterprises ($\beta = 1.247$, $W = 9.906$, $p = 0.002$). The results indicate that a social enterprise's likelihood of improving its sustainable performance was improved by practicing open innovation.

4.5.2.1 Co-creation and Sustainable Performance of Social Enterprises

The first objective was to analyse the data in Table 4.18 to see how co-creation affected the long-term success of Nairobi, Kenya's social businesses. There is a favourable and statistically significant correlation between co-creation and the long-term success of social companies in Nairobi County, Kenya (estimated coefficient = 1.191, $p = 0.005$). Therefore, it is anticipated that

social companies would have a 1.191 increase in sustainable performance for every unit increase in the innovative practice of co-creation.

4.5.2.2 Impact Investing and Sustainable Performance of Social Enterprises

The ordinal regression also aimed at establishing the effect of impact investing on the sustainable performance of SEs in Nairobi, Kenya. There was a predicted increase in the level of sustainable performance of 1.718 with a unit increase in the practice of impact investing. This result was also significant with a p-value less than 0,001. The p-value and the coefficient indicate that an improvement in the social innovation practice of impact investing is predicted to lead to a 1.718 increase in sustainable performance of social enterprises.

4.5.2.3 Community-led Development and Sustainable Performance of Social Enterprises

The ordinal logistic regression analysis reveals that the estimated coefficient for community led development is 1.213. According to the coefficient, social businesses in Nairobi County, Kenya should expect a 1.213-fold improvement in their sustainable performance for every one-unit increase in community-led development. With a p-value of 0.003, this finding is statistically significant. This shows that social businesses in Nairobi County, Kenya, are significantly impacted by the social innovation approach of community driven development in terms of their sustainable performance. Essentially, the results suggest that community driven development is an innovative method that social businesses in Kenya may use to improve their sustainable performance.

4.5.2.4 Open Innovation and Sustainable Performance of Social Enterprises

Finding out how open innovation affects the long-term success of social companies in Nairobi; Kenya was the study's fourth objective. The results showed that open innovation was positively associated with 1.247 ($p = 0.002$). This implies that its influence on sustainable performance is statistically significant. There is a predicted increase in the level of sustainable performance by 1.247 with a unit increase in the practice of open innovation by social enterprises.

4.5.3 Moderating Effect of Entrepreneurial Ecosystems

The research used ordinal logistic regression to examine the moderating influence of entrepreneurial ecosystems on the link between social innovation practices and the sustainable performance of social enterprises in Nairobi, Kenya.

4.5.3.1 Unmoderated Model

First, the study fitted an unmoderated model to examine the influence of the social innovation practices (Co-creation, Impact investing, Community led development and Open Innovation) on sustainable performance, while controlling entrepreneurial ecosystems. The research findings in this section provide the parameter estimates, model fitness test results, and R-square values. Table 4.18 displays the R-square results.

Table 4.18: R-Square for the Unmoderated Model

Cox and Snell	.683
Nagelkerke	.685
McFadden	.199

Table 4.18 demonstrates that 68.5% of the difference in sustainable performance across the social companies was caused by variations in social innovation strategies and the usage of entrepreneurial ecosystems. With an R-squared value of 0.685, the Nagelkerke test confirms this result. To further assess the model's robustness, the -2-logarithmic probability ratio and a chi-square test were used. The data used to train the model includes the chi-square test, which pits the ordinal logistic model against the intercept-only model in terms of fitness, and the -2-log likelihood ratio, which shows the difference between the two models when the predictor variables are co-creation, impact investing, community led development, open innovation and entrepreneurial ecosystem. Table 4.19 summarizes the findings.

Table 4.19: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	1063.417			
Final	852.027	211.390	5	.000

Link function: Logit.

The study results summarized in Table 4.19 indicate that the final model significantly outperforms the intercept alone model ($\chi2 = 211.390$, $p < 0.05$). The research also used deviation chi-square and Pearson tests to verify for goodness of fit. This test's main purpose is to verify the model's data fit. Assumption of a good model-data fit underpins both evaluations. Table 4.20 provides the outcomes.

Table 4.20: Goodness-of-Fit Test

	Chi-Square	Df	Sig.
Pearson	391.216	529	1.000
Deviance	297.853	529	1.000

Link function: Logit.

The findings in Table 4.20 indicate that the null hypothesis was accepted as there was no statistically significant result from either the Pearson Chi square test ($\chi2 = 391.216$, $p = 1.000$) or the deviance chi square test ($\chi2 = 297.853$, $p = 1.000$). This proves that the ordinal logic regression model suited the data well.

When it comes to managing entrepreneurial ecosystems, it is important to comprehend how social innovation practices affect long-term success, Table 4.21 presents the fitted ordinal logistic regression model. The findings provide the regression coefficients, which show how social innovation practices and entrepreneurial ecosystems jointly influence sustainable performance of social enterprises.

Table 4.21: Parameter Estimates for the Unmoderated Ordinal Regression Model

Predictors	Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Co-creation	.319	.451	.500	1	.479	-.565	1.204
Impact investing	2.100	.440	22.737	1	.000	1.237	2.964
Community led development	.577	.412	1.963	1	.161	-.230	1.384
Open Innovation	.451	.413	1.190	1	.275	-.359	1.260
Entrepreneurial ecosystems	3.234	.497	42.383	1	.000	2.261	4.208

(Survey Data, 2025)

The results provided in Table 4.21 demonstrate that when controlling for entrepreneurial ecosystems, only impact investing was significant in predicting sustainable performance of social enterprises ($\beta = -0.411$, $p < 0.05$). Once entrepreneurial ecosystems were accounted for, the results showed that other social innovation practices such as co-creation ($\beta = 0.319$, $p = 0.479$), community led development ($\beta = 0.577$, $p = 0.161$), and open innovation ($\beta = 0.451$, $p = 0.275$) did not significantly impact the sustainable performance of social enterprises. The results showed that entrepreneurial ecosystems significantly impacted the long-term success of social companies, even after accounting for social innovation strategies ($\beta = 3.234$, $p < 0.05$). The implication of these findings is that when considered together with other social innovation practices and entrepreneurial ecosystems, only impact investing remains significant in influencing sustainable performance of social enterprises.

4.5.3.2 Moderated Model

To determine if entrepreneurial ecosystems in Nairobi, Kenya modulate the relationship between social innovation practices and the long-term success of social companies, the study fitted a modified model. The study developed the interaction terms which were calculated by multiplying each independent variable with the moderating variable (Co-creation* Entrepreneurial ecosystems, Impact investing* Entrepreneurial ecosystems, Community led development* Entrepreneurial ecosystems and Open Innovation* Entrepreneurial ecosystems). This was undertaken to assess how entrepreneurial orientation interacted with each of the social innovation practices. The

parameter estimates, model fitness test results, and R-square values are provided in this section. Table 4.22 displays the R-square findings.

Table 4.22: R-Square for the Moderated Model

Cox and Snell	.690
Nagelkerke	.693
McFadden	.203

According to Table 4.22, the Nagelkerke R-square value is 0.693, which indicates that shifts in social innovation practices and the entrepreneurial environment accounted for 69.3% of the variance in the sustainable performance of social businesses. A 0.8% improvement in R-squared is insignificant when compared to the results of the unmoderated model (Nagelkerke R-square = 0.685), which are shown previously in Table 4.18. It seems that there is no notable moderating influence.

In addition, the model's robustness was further assessed using the chi-square test and the -2-logarithmic probability ratio. The ordinal logistic model is compared to the intercept alone model and the -2-log likelihood ratio for both the intercept only and the model with independent variables using the chi-square test to determine the model's fitness. (Co-creation, Impact investing, Community led development, and Open Innovation), the moderating variable (Entrepreneurial ecosystems) and the interaction terms (Co-creation* Entrepreneurial ecosystems, Impact investing* Entrepreneurial ecosystems, Community led development* Entrepreneurial ecosystems, and Open Innovation* Entrepreneurial ecosystems). Table 4.23 summarizes the results.

Table 4.23: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	1063.417			
Final	847.654	215.763	9	.000

Table 4.23 summarizes the research outcomes, which indicate that the final model significantly outperforms the intercept alone model ($\chi2 = 215.763$, $p < 0.05$). The investigation also assessed for goodness of fit using deviance chi-square tests and Pearson correlations. The primary goal of the test was to verify the correctness and dependability of the model's results by examining how well the model matched the data. The premise of both analyses is that the model provides a good match to the data. Table 4.24 displays the results.

Table 4.24: Goodness-of-Fit Test

	Chi-Square	df	Sig.
Pearson	372.985	528	1.000
Deviance	300.035	528	1.000

Table 4.24 shows that the null hypothesis was accepted since neither the Pearson Chi square test ($\chi2 = 372.985$, $p = 1.000$) nor the deviance chi square test ($\chi2 = 300.035$, $p = 1.000$) produced significant findings. This proves that the ordinal logic regression model suited the data well.

In order to determine if entrepreneurial ecosystems moderate the relationship between social innovation practices and the sustainable performance of social businesses in Nairobi, Kenya, Table 4.25 shows the results of an ordinal logistic regression model that was fitted. The significance of the four social innovation practices, entrepreneurial ecosystems, and the interactions terms between the entrepreneurial ecosystems and the four social innovation practices are provided.

Table 4.25: Parameter Estimates for Moderated Model

						95% Confidence Interval	
Predictors	Estimate	Std. Error	Wald	df	Sig.	Lower Bound	Upper Bound
Co-creation	.491	3.960	.015	1	.901	-7.270	8.252
Impact investing	2.808	3.951	.505	1	.477	-4.936	10.552
Community led development	5.122	4.076	1.579	1	.209	-2.866	13.111
Open Innovation	1.861	3.870	.231	1	.631	-5.724	9.447
Entrepreneurial ecosystems	9.489	3.754	6.388	1	.011	2.131	16.848

Co-creation* Entrepreneurial ecosystems	.205	.999	.042	1	.837	-1.754	2.164
Impact investing* Entrepreneurial ecosystems	-.175	.991	.031	1	.860	-2.116	1.767
Community led development* Entrepreneurial ecosystems	-1.141	1.029	1.230	1	.267	-3.157	.875
Open Innovation* Entrepreneurial ecosystems	-.365	.991	.135	1	.713	-2.307	1.577

(Survey Data, 2025)

Based on the results shown in Table 4.25, the only variable that significantly affected the long-term success of social businesses in the adjusted model was entrepreneurial ecosystems controls ($\beta = 9.489$, $p < 0.05$). In addition, the findings show that social enterprise sustainability was unaffected by the following interactions: co-creation and entrepreneurial ecosystems ($\beta = 0.205$, $p = 0.837$), impact investing and entrepreneurial ecosystems ($\beta = -0.175$, $p = 0.860$), community led development and entrepreneurial ecosystems ($\beta = -1.141$, $p = 0.267$), and open innovation and entrepreneurial ecosystems ($\beta = -0.365$, $p = 0.713$). According to these results, entrepreneurial ecosystems do not have a moderating role in the connection between social innovation techniques and the long-term success of social businesses. Therefore, social experts are not likely to use the advantages of entrepreneurial ecosystems to control the correlation between their social innovation strategies and long-term effectiveness. This could be explained by the fact that the social enterprises only benefited rarely from the entrepreneurial ecosystems. Besides, even in a strong entrepreneurial ecosystem, if the structures and incentives are not designed for the unique nature of social enterprises, those social enterprises might not benefit, and thus, the ecosystem has no real effect on their sustainable performance.

4.5.3.3 Moderating the effect of entrepreneurial ecosystems on the relationship between social innovation practices and sustainable performance.

The Nagelkerke R-square value for the moderated model was 0.693 whereas the Nagelkerke R-square for the unmoderated model was 0.685. This showed an improvement of just 0.008 or 0.8% which indicated no significant R-square change. This was evidence that entrepreneurial ecosystems had no significant moderating effect on the association between social innovation

practices and sustainable performance of social enterprises. This deduction was supported by the ordinal regression results which indicated that the interactions between co-creation and entrepreneurial ecosystems ($\beta = 0.205$, $p = 0.837$), impact investing and entrepreneurial ecosystems ($\beta = -0.175$, $p = 0.860$), community-led development and entrepreneurial ecosystems ($\beta = -1.141$, $p = 0.267$), and open innovation and entrepreneurial ecosystems ($\beta = -0.365$, $p = 0.713$) did not significantly affect the sustainable performance of social enterprises. The findings determined that entrepreneurial ecosystems do not have a significant moderating effect on the relationship between social innovation practices and the sustainable performance of social enterprises.

4.6 Chapter Summary

This chapter has presented findings which were used to accomplish all the study's objectives. The findings showed that the main social innovations practices by social enterprises in Nairobi Kenya were impact investing, community led development, open-innovation, co-creation, and partnerships. Those that were rarely practiced included behavioural insights, collaborative consumption. crowdfunding and crowdsourcing. The findings also determined that co-creation, impact investing, community-led development and open innovation have a significant effect on the sustainable performance of social enterprises in Nairobi, Kenya. The study however, determined that entrepreneurial ecosystems have no significant moderating effect on the relationship between social innovation practices and the sustainable performance of social enterprises in Nairobi, Kenya.

CHAPTER FIVE
DISCUSSION OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The study's findings, conclusions, and recommendations are presented in this chapter. First, the study objectives inform the discussion of findings. This is followed by conclusions and later in the chapter, recommendations, the limitations, and suggestions for further research are provided.

5.2 Summary of Findings

The study assessed how social companies in Nairobi, Kenya fared when it came to co-creation and its impact on their long-term viability. The results showed that social companies' sustainable performance was significantly impacted by co-creation ($\beta = 1.191$, $W = 7.880$, $p = 0.005$). These findings demonstrate that social enterprises that participated in co-creation innovation practices had a better chance of improving their sustainable performance. The findings also showed that co-creation is somewhat positively correlated with the degree of sustainable performance of social companies ($r = 0.673$, $p < 0.001$). A low standard deviation of 0.745 and an average mean of 4.02 suggest that respondents generally agree that social businesses highly embrace different parts of the co-creation social innovation process.

The second objective of the research was to find out how social entrepreneurs in Nairobi, Kenya fared in the long run after receiving investment from impact investors. Impact investment significantly impacted the sustainable performance of social companies, according to the study results ($\beta = 1.718$, $W = 16.502$, $p < 0.001$). It follows from these results that social enterprises have a better chance of improving their sustainable performance if they use impact investing innovative practices. Impact investing innovation practice is substantially and significantly connected with the degree of sustainable performance of social companies, according to the study's results ($r = 0.704$, p 001). With a mean score of 4.07 and a standard deviation of 0.695, it seems that most respondents agree that social businesses have adopted many aspects of impact investing social innovation practices.

The third objective of the research was to find out how social companies in Nairobi, Kenya fared in the long run when community-led development was in place. Results showed that community-led growth had a substantial impact on social firms' sustainable performance ($\beta = 1.213$, $W = 9.095$, $p = 0.003$). According to these results, community driven development innovation increases the chances that a social company would improve its sustainable performance. The results of the research also showed that there is a somewhat favourable link between community driven development and the degree of sustainable performance of social businesses ($r = 0.683$, $p < 0.001$). With a mean score of 4.07 and a standard deviation of 0.747, it is clear that most respondents agree that social businesses have significantly adopted several aspects of community driven development innovation approach.

The impact of open innovation on the long-term success of Nairobi, Kenya's social companies was the focus of the study's fourth objective. The results show that social companies' sustainable performance is greatly impacted by open innovation ($\beta = 1.247$, $W = 9.906$, $p = 0.002$). Open innovation increased the chances of a social company enhancing its sustainable performance, according to the research. In addition, the research determined that there is a moderate and favourable association ($r = 0.699$, $p < 0.001$) between open innovation and the sustainable performance of social companies. Respondents seemed to believe that social companies had made remarkable implementations of open innovation, with an average mean score of 3.59 and a standard deviation of 0.780.

The research sought to establish how entrepreneurial ecosystems in Nairobi, Kenya, moderated the connection between social innovation practices and the long-term success of social firms. It is shown in the results that there was no significant effect on the sustainable performance of social enterprises from the interactions between entrepreneurial ecosystems and co-creation ($\beta = 0.205$, $p = 0.837$), impact investing ($\beta = -0.175$, $p = 0.860$), community led development ($\beta = -1.141$, $p = 0.267$), and open innovation ($\beta = -0.365$, $p = 0.713$). According to these results, entrepreneurial ecosystems do not have a moderating role in the connection between social innovation techniques and the long-term success of social businesses. So, social experts shouldn't anticipate the advantages they get from entrepreneurial ecosystems to control the correlation between their social innovation strategies and long-term success. The fact that entrepreneurial ecosystems seldom

helped social companies might be a contributing factor. Furthermore, social businesses may not profit from an entrepreneurial environment that is robust in itself if its structures and incentives are not tailored to their specific needs. In this case, the ecosystem will not have any discernible impact on the long-term viability of the social companies. A considerable positive association ($r = 0.492$, $p < 0.001$) was also found between entrepreneurial ecosystems and the degree of sustainable performance of social companies in the research. Social companies in Nairobi County, Kenya, only sometimes gain from the different entrepreneurial ecosystems, according to the average means score of 3.08 with a standard deviation of 0.756.

5.3 Discussion of Findings

5.3.1 Social Innovation Practices Adopted by Social Enterprises in Nairobi, Kenya

The results on the social innovation practices by social enterprises in Nairobi Kenya, provide significant new perspectives on the acceptance trends of several practices inside this local setting. Closely followed by co-creation and community-led development, the data showed that open innovation was the most often adopted social innovation practice. Global research supports the significant inclination indicated by these high mean scores for inclusive and participatory innovation methods that support cooperation amongst various stakeholders. While Sampaio and Sebastião (2024) underlined the need of adaptive and resilient techniques like co-design, Desiana et al. (2022) found co-creation and design thinking as fundamental social innovation strategies across many regions and times. In US -based research, Kamaludin (2023) also showed that among the common approaches in attaining social sustainability were community-led development and impact investing. This convergence points to a worldwide respect for inclusive and community-based innovation strategies, strategies that are obviously reflected in the Nairobi setting.

The study further determined that among the least practices social innovation practices were crowdsourcing, crowdfunding, and collaborative consumption. This runs counter to the results of Kamaludin (2023) and Desiana et al. (2022), both of which acknowledged crowdsourcing as a major social innovation approach. The low acceptance of such approaches in Nairobi could reflect contextual factors such poor digital infrastructure, less confidence in online platforms, or ignorance of international finance sources. Likewise, the low usage of behavioural insights could

point to poor capacity or understanding among local social entrepreneurs to employ psychological and behavioural research in designing interventions, an area more established in Western settings.

Intriguingly, the high standard deviations seen in lower-ranked practices (e.g., collaborative consumption; behavioural insights) point to variability in adoption, suggesting that some businesses might still be creatively exploring these ideas even if these practices are underused. This is seen in the Tanzanian setting, where Rwehumbiza and Hyun (2024) discovered, if just selectively, cooperative consumption patterns being embraced. Although less common in Nairobi, these behaviours more fit circular economy solutions emphasised by Iskandar et al. (2023).

The current study also emphasised on the other innovation practices such as impact investing and partnerships. These particularly align to the study by Kamaludin (2023), who discovered that social sustainability depends critically on strategic alliances and impact investing. Results from Rwehumbiza and Hyun (2024), who underlined the need of multi-stakeholder cooperation as fundamental for tackling challenging societal challenges, also support the relative relevance of alliances. The findings from the current study differs greatly in the underutilisation of crowdsourcing, crowdsourcing, and collaborative consumption even while the study fits global trends in recognising co-creation, community-led development, and open innovation as central to social enterprise practice. These differences highlight the need of local context, infrastructure, and entrepreneurial ecosystems, a gap observed by Kamaludin (2023).

5.3.2 Co-Creation and Sustainable Performance

The study findings provide empirical support for the application of the social innovation theory inside the framework of social entrepreneurs. The level of sustainable performance of social enterprises and co-creation showed a significant and positive association. Moreover, the statistically significant impact of co-creation on sustainable performance imply that social enterprises are more likely to grow sustainably and inclusively the more they engage in co-creation innovation activities. These findings are quite consistent with the fundamental claims of social innovation theory as expressed by Drucker (1987) and Mulgan (2006). The notion holds that social innovation is the creation of new institutions and capacities improving society welfare. As a fundamental component of social innovation, co-creation represents this very core by encouraging

cooperation among several actors/players such as business, government, non-profits, and communities, to co-develop solutions that address difficult social issues. Drucker (1987) underlined the transforming power of multidisciplinary teamwork in producing societal value, which reflects the cooperative character of co-creation noted in the research. The statistical relevance of co-creation in determining sustainable performance emphasises the need of these cross-sector interactions despite the inherent difficulties presented by different goals and measuring of success. This is consistent with Drucker's perspective that reaching significant innovation requires breaking through such obstacles.

The results of the present research offer convincing empirical support stressing the need of co-creation in improving the sustainable performance of social entrepreneurs. Higher degrees of co-creation are linked to greater sustainability outcomes for social enterprises, according to the findings, which show a significant moderate and positive association between co-creation and sustainable performance. Moreover, the statistically significant beta coefficient of the regression analysis confirms the influence of co-creation on sustainable performance, so implying that it is not only correlated but also has a significant influence on performance results. These results are consistent with the body of current research stressing the strategic relevance of co-creation in corporate environments. Mathibe et al. (2023) claim that co-creation is a collaborative technique engaging many stakeholders to improve the value creation process, especially by means of the alignment of shared objectives. Their study in South Africa revealed a favourable mediation effect of co-creation in the link between strategic planning and sustainable performance in social enterprises. This is consistent with the focus of the present research on co-creation as a major driver of sustainable results, therefore underlining its relevance in the framework of social entrepreneurship.

Kim et al. (2020) also observed that by enhancing strategic advantages in their interactions with big corporate purchasers, co-creation notably improved the organisational performance of small and medium-sized manufacturers. Although their research concentrated on American and South Korean commercial businesses, the fundamental theory that co-creation turns conventional transactional interactions into cooperative alliances has great theoretical resonance. The present research expands this knowledge to the social enterprise sector, therefore enabling a more general

co-creation application across various business models. Emphasising its part in the development of resources and capabilities inside social enterprises, Ge et al. (2019) further helped to theoretically frame co-creation. Although environmental dynamics mitigated their empirical results in China showing a partial beneficial effect of value co-creation on social enterprise growth. Although Ge et al.'s context is geographically and economically different from that of the present research, their focus on the internal resource-building consequences of co-creation supports the conclusions of the present study that co-creation is a fundamental process for promoting sustainable performance.

5.3.3 Impact Investing and Sustainable Performance

The results of the study highlight a positive and statistically significant link between the sustainable performance of social enterprises and impact investing innovative approaches. The study specifically shows a strong positive association, meaning that using impact investment techniques significantly increases the sustainability of social businesses. Furthermore, the study shows that impact investing has a notable statistical influence on the sustainable performance of these businesses, therefore implying that such investments directly help social entrepreneurs expand and remain stable. These results fit the body of extant research, especially the work of Islam (2022), which emphasises the need of impact investing in accomplishing the Sustainable Development Goals (SDGs) by subsidising the expansion of social sector businesses. Key new perspectives on the four primary fields of impact investing research including decision-making, effect evaluation, behavioural considerations, and the larger ecosystem, are offered by Islam's thorough literature review. Understanding how impact investments affect the expansion and sustainable performance of social entrepreneurs depends on these spheres.

Comparably, the studies of Ichev and Valentinčič (2025) provide a viewpoint on the influence of private businesses participating in impact investing in Slovenia. The study found that companies getting impact investment grants saw notable positive outcomes including staff growth, better operational cash flows, and higher capital investments. The study also finds, nevertheless, that these grants temporarily reduced company production. These results highlight the possibilities of impact investment to boost development, however they mostly concentrate on private for-profit companies thus they might not be immediately relevant to the social enterprise sector. The findings

support the current study findings that impact investing has a positive influence on sustainable performance of social enterprise sin Nairobi Kenya.

Another study with similar findings to the current study that impact investing positively influence sustainable performance is by Fernandes et al. (2023) which also looked at the elements affecting social entrepreneurs in a developing nation's access to outside funding. Their research made clear how access to financing is influenced by elements such the growth stage, impact sector, entrepreneurial support, business strategy, and technology adoption. Especially, the study revealed that social impact investors are especially interested to environmental issues; green technologies get special attention in terms of cash availability. The results confirm even more the idea that, especially in the environmental sector, impact investing is essential for the sustained performance and expansion of social enterprises.

5.3.4 Community-Led Development and Sustainable Performance

The results of the study imply that improving the sustainable performance of social enterprises is influenced by their practice of community-led development. Between the degree of sustainable performance and community-led development, a significant moderate and positive association was identified. Furthermore, the findings showed that community-led development not only correlates with but also considerably influences the sustainable performance of social enterprises. These results coincide with the body of research already in publication that underlines the important part community participation plays in determining the viability and success of social businesses. Munoz et al. (2015), for example, emphasised how crucial entrepreneurial skills and community competences are for helping rural community-based service providers grow. By use of a thematic analysis comprising four rural community case studies, their study offered a paradigm for an assisted community-led development strategy. This model showed that such development initiatives might support the expansion and performance of rural social enterprises, therefore supporting the results of the present research on the favourable effect of community-led development on enterprise sustainability. Nonetheless, the small sample size of Munoz et al.'s study highlighted the lack of generalisability across many settings, a restriction applicable also to the results of this investigation.

Likewise, Rivera-Santos et al. (2015) explored the unrealised potential of community-led development in Cape Town's Metropolitan Municipality, where public conversation mostly ignores the part community involvement plays in the success of social businesses even if their presence is common. This reflects the attention of the present research on the underappreciated importance of community-driven projects in improving social enterprises' environmental performance. Ngatse-Ipangui and Dassah (2019) also investigated how community-led development affected the expansion and sustainability of social businesses in Khayelitsha (Harare) and Gugulethu, demonstrating how both individual and organisational development benefits from community involvement including training and education. According to their research, community-driven events are intimately related with the sustainable success of businesses. The results of this study show a more direct link between sustainable performance and community-led growth, therefore confirming the need of inclusive, community-oriented approaches in corporate sustainability.

Research on Bridge International Academies by Njiru (2016) on community-led development highlights even more its importance. According to his research, the success of social firms was mostly influenced by community participation in decision-making procedures together with leadership structures and resource availability. Although Njiru's study concentrated on one institution, its conclusions underscore the need of community involvement, which is also confirmed by the results of the present study. The results of the present study fit these points of view, therefore supporting the belief that effective social enterprises usually rely on active and strategic community participation in a community led development approach.

5.3.5 Open Innovation and Sustainable Performance

With a positive correlation which was statistically significant, the study offers evidence of a positive and modest association between open innovation and the sustainable performance of social companies. This result implies that social enterprises get significantly better sustainable performance results from increased participation in open innovation. With a positive beta value that is statistically significant, the study's regression analysis also shows that open innovation directly and significantly influences the sustainable performance of these companies. These results align with earlier studies including that by Hagedoorn et al. (2023), which investigated the link

between open innovation and social innovation in the framework of hybrid social entrepreneurs in the United Kingdom (UK). Though the effect on environmental goals was less clear-cut, Hagedoorn et al.'s research revealed that open innovation and peer partnerships are quite intricately linked with social performance results. Although their research was conducted in the UK setting and hence its relevance to Kenya may be restricted, it offers a strong theoretical basis supporting the idea that open innovation improves the success of social entrepreneurs, especially in reaching social goals.

The findings that open innovation positively influences sustainable performance is supported by Harsanto et al.'s (2022) study on open innovation in the context of social entrepreneurs in West Java, Indonesia, where companies used open innovation to drive sustainability. According to the results, social entrepreneurs successfully use sustainable innovations by means of outside cooperation, therefore fostering open innovation. This is in line with the results of the present research showing that sustainable performance is much enhanced by open innovation. But Harsanto et al.'s emphasis on education-related businesses and their application of open innovation provide a more industry-specific view that might not be entirely relevant to the larger spectrum of social entrepreneurs discovered in Kenya.

Furthermore, Wulandari and Wardani (2024) the impact of open innovation and entrepreneurial orientation on social and financial results in Indonesian village-owned companies. Their results show that, with a mediating function between entrepreneurial approach and these results, open innovation greatly affects both financial and social success. Although this study emphasises the value of open innovation, its concentration on Indonesian village-owned businesses presents contextual variations that might restrict direct relevance to Kenyan social entrepreneurs. The findings, however, support the findings from this study that open innovation positively influence sustainable performance of social enterprises in Nairobi Kenya. These studies taken together highlight the need of open innovation in improving the sustainable performance of social businesses since data indicates environmental, social, and commercial advantages.

5.3.6 Entrepreneurial Ecosystems, Social Innovation Practices and Sustainable Performance

The results of the research show that the relationship between social innovation practices and the sustainable performance of social companies is not significantly moderated by entrepreneurial ecosystems made of linked organisations like incubators, accelerators, and support networks. These findings do not support some of the arguments from cluster theory and entrepreneurial ecosystems. Based on the synergistic advantages resulting from the socio-cultural connections among companies, Marshall's (1919) cluster theory suggests that physical closeness of connected small businesses promotes more entrepreneurial activity and sustainability. Building on this idea, Porter (1998) emphasises that these relationships increase the competitive capacity of companies by giving access to resources and information, thereby improving performance, and so enhancing their capacity. Porter claims that groups of connected businesses, suppliers, and support organisations create a cooperative and competitive atmosphere that propels entrepreneurial success. However, these arguments are not supported by the findings from the current study which could be due to the reduced use of entrepreneurial ecosystems by social enterprises in Nairobi Kenya. This poses questions regarding the particular circumstances under which entrepreneurial ecosystems could have a more noticeable influence and implies that more study is required to investigate the specificities of how these ecosystems interact with social innovation practices to propel sustainable outcomes in social enterprises.

The results show that the relationship between social innovation practices and the sustainable performance of social businesses is not moderated by entrepreneurial ecosystems. This result differs from some of the points of view in the body of current research, which implies a more significant part for entrepreneurial ecosystems in promoting the success of social businesses. Focussing on co-production as a fundamental process, research by Perikangas et al. (2024) in Finland investigated the creation of social innovations inside social companies. Their results highlighted the need of a suitable environment supported by government backing to inspire creativity. The study specifically found that the success of social entrepreneurs was driven by advocacy, service innovation, and networking. These findings line up with Kamaludin (2023), who underlined how government policies, investments, and cultural changes help to build an enabling environment for social businesses.

On the other hand, the research done by Rey-Martí et al. (2021) in Spain, which looked at the relationship between social entrepreneurs and social sustainability, emphasises the entrepreneurial qualities and abilities of social entrepreneurs as absolutely essential for producing social value. They underlined the need of strategic development and training in improving the performance of social companies. This study supports the cluster theory that social innovation practices and entrepreneurial ecosystems interlink to enable the success of social businesses, which contradicts with the findings form the current study. Furthermore, the study by Kibe et al. (2022) in Kenya offered more proof of how social innovation and entrepreneurial ecosystems improves the operations of social enterprises. Their study using a cross-sectional methodology revealed that social entrepreneurs' output rose in response to group meetings, seminars, and new production technology adoption. This study reflects results of de Villiers (2021), which also underlined how social innovation techniques, together with a supportive entrepreneurial environment, may close gaps in important sectors such healthcare in South Africa.

Notwithstanding these results supporting the relevance of social innovation in promoting social enterprise success, the current study implies that entrepreneurial ecosystems, although important in some situations, do not significantly moderate the link between social innovation practices and sustainable performance. These findings support the findings by Audretsch et al. (2024) who indicated that in Argentina, entrepreneurial ecosystems failed to enhance sustainability of social enterprises due to clash with the values of social businesses, which prioritize social or environmental impact over maximizing profits, limited access to appropriate funding, inadequate support structures and competition for attention, talent, or capital with more commercially appealing startups. This would suggest that entrepreneurial ecosystems have more complex and context-dependent influence than first thought. Performance results may be more shaped by elements including the type of entrepreneurial ecosystems that social entrepreneurs are using, the particular innovations they are implementing, or other outside factors than by the entrepreneurial environment itself such as funding, regulations, and the skilled labour supply. Thus, even if entrepreneurial ecosystems are vital, their direct moderating influence could not be as strong as some studies imply.

5.4 Conclusions

The findings from the study on the social innovation strategies among Nairobi County's social enterprises led to the conclusion that there is a definite inclination for inclusive and cooperative methods. The most often employed innovation practices were open innovation, co-creation, and community-led development, which point clearly towards participatory, community-oriented innovation initiatives. Furthermore, underlined by the modest acceptance of impact investment and partnerships is the need of financial sustainability and strategic cooperation in propelling social enterprises towards sustainable performance. On the other hand, low acceptance rates of behavioural insights, crowdsourcing, crowdsourcing, and collaborative consumption point to more technologically driven or unusual approaches still to be popular among social enterprises in Nairobi Kenya.

The results of the study show a notable modestly favourable correlation between co-creation and the sustainable performance of social enterprises. Moreover, the regression analysis shows that co-creation has a statistically significant effect on sustainable performance, so underlining its vital function in improving the long-term viability and impact of social entrepreneurs. These findings lead to the conclusion that there is need for aggressively including stakeholders in co-creative processes to produce economic, social relevant and environmentally friendly outputs.

The results of the study show a substantial and statistically significant link between the practice of impact investing and the sustainable performance of social enterprises. The study hence concludes that impact investing innovation practice is a vital aspect in the social entrepreneurship content of Nairobi Kenya and has a significant impact on the sustainable performance of social enterprises. These results highlight the need of impact investing as a main engine of sustained results inside social businesses.

Regarding community led development, the study results lead to the conclusion that there is a noteworthy and modest positive link between the degree of sustainable performance in social enterprises and the practice of community-led development innovation approach. This implies that the sustainable performance of social businesses gets better when they engage more in community-led development approach. This emphasises the important part community involvement and

participation play in improving the long-term viability and success of social businesses. Thus, encouraging community-led growth should be considered as a fundamental approach for raising the resilience and efficiency of social enterprises.

The study concludes that there is a notable and favourable link between open innovation and the social companies' sustainable performance. The results concludes that the modest connection means that social enterprises' sustainable performance usually gets better when they employ open innovation approaches. This, open innovation has a statistically significant effect on sustainable performance, and this imply that open innovation is not only favourably correlated with but also a main driver of the social enterprises'' sustainable success.

The results imply that the link between social innovation practices and the sustainable performance of social enterprises is not significantly moderated by entrepreneurial ecosystems. The study thus concludes that the existence and features of entrepreneurial ecosystems have little bearing on the long-term viability of social businesses in relation to social innovation approaches. This suggests that the link between social innovation and sustainable performance may be more shaped by other elements that could be internal to the social enterprises or external challenges not connected to entrepreneurial ecosystems.

5.5 Recommendations

This study provides recommendations both from the lens of managerial and policy perspectives. Both are discussed in the subsections below.

5.5.1 Managerial Recommendations

Based on this study's findings, management in social enterprises in Nairobi have embraced outside cooperation and idea sharing to help to address challenging societal issues. To access larger knowledge pools, speed problem-solving, and raise the scalability of their solutions, social enterprises should enhance their interaction with universities, research labs, and even rivals like what happens in the UK where universities such as the University of Oxford's Skoll Centre for Social Entrepreneurship and the University of Cambridge's Centre for Social Innovation interact with social enterprises. Further, social enterprises should keep emphasising communities as the

centre of their creations by including beneficiaries in the design and execution of solutions to guarantee relevance and ownership but also foster long-term sustainability and confidence inside the society. Management in social enterprises in Nairobi still have great chance to vary their approaches even if they have made notable steps in implementing inclusive and cooperative innovation methods. These enterprises can increase their influence and resilience in handling challenging social challenges by investigating in underused but interesting practice such as crowdsourcing, crowdfunding, and behavioural insights, and improving current procedures. They should borrow from countries like US where platforms lime Amazon Mechanical Turk and Figure Eight enable crowdfunding and crowdsourcing for data labelling, content creation, app testing, and creative design.

Several important recommendations can be made for social businesses trying to improve their sustainability based on the findings showing a significant moderate and positive correlation between co-creation and the sustainable performance of social enterprises. Social enterprises should first and most importantly deliberately include co-creation techniques into their operational and strategic systems. This entails including stakeholders in decision-making, product or service design, and problem-solving procedures. For instance, the French law requires governance in social enterprises that includes workers, users, and sometimes local authorities. By doing this, they not only guarantee that the generated solutions are more sensitive to the genuine requirements and reality of those served but also promotes a stronger feeling of ownership and involvement. Further, management in social enterprises should foster inclusivity, openness, and teamwork among other qualities. By means of open channels of communication, participatory governance structures, and feedback systems, co-creation will be enhanced and so, sustainable results will be better.

The results of the study show that implementing creative impact investing strategies will significantly increase the long-term viability and success of social businesses. These findings lead to the recommendation to management of social enterprises to give the integration of impact investment top priority in their corporate strategies. They can learn from India whereby due to huge social needs and many social enterprises, there are various equity funds and impact investors in various sectors such as agriculture, education, healthcare, and financial inclusion. Additionally, management in social enterprises can better use financial resources by doing this to propel

enhanced sustainability as well as beneficial social effect. Furthermore, leaders should concentrate on building a culture that welcomes creative financial ideas to draw in and keep the appropriate type of investment, therefore ensuring that both social and environmental objectives are met without compromising financial viability.

The study recommends to management to emphasise community-led development since the notable favourable correlation between it and the sustainable performance of social enterprises indicates that including the community in the decision-making and execution procedures might result in more effective and sustainable results. Further, leaders in social enterprises should build solid relationships with local leaders, businesses, and other stakeholders who grasp the particular opportunities and problems inside the community which is vital in cooperative partnerships with local stakeholders. They can borrow from Bangladesh where Grameen Danone foods has deep integration with local communities, government programs, and global development organizations.

The results of the study provide some important recommendations for social entrepreneurs trying to improve their sustainable performance by means of open innovation. To enhance open innovation, these companies should make investments in the required infrastructure, knowledge, and alliances. Developing knowledge-sharing platforms, designing incentives for teamwork, and teaching staff members the ideas and techniques of open innovation could all help to accomplish this. Notable leading example is Netherlands where social enterprises like Kennisland work to promote open knowledge and innovation in education, government, and civil society.

Regarding entrepreneurial ecosystems, social entrepreneurs should keep honing and using creative ideas to solve social problems since social innovation techniques are still major forces of sustainable performance. Although the entrepreneurial ecosystem might not greatly change the connection, outside partnerships with important players (such as government agencies, organisations, or businesses) can nonetheless offer priceless resources, insights, and prospects. This is the situation in Argentina where government and private accelerators like NXTP Labs, Seedstars, and Wayra support early-stage innovation and are well resources and supported by government and private companies.

5.5.2 Policy Recommendations

The great acceptance of open innovation, co-creation, impact investing and community-led development implies these are not only relevant but also successful in the local setting. By means of grants, training, and regulatory support, government agencies, NGOs, and development partners should provide enabling conditions to scale these practices even more. Programs for capacity-building should concentrate on improving localised development plans and participative innovation. Further, practices like open innovation and co-creation flourish on teamwork, hence a policy framework should support knowledge sharing platforms whereby social entrepreneurs can grow from one another. The existing policy framework that includes the Micro and Small Enterprises Act (2012) is inadequate as it does not specifically cater for social enterprises. Therefore, policymakers should create a specific framework with blended finance models that support both conventional and alternative funding sources to enhance impact investment and enhance the limited application of crowdsourcing. For instance, the UK has a well-established legal framework for social enterprises, primarily through the Community Interest Company structure which has motivated various social innovations and sustainability of social enterprises.

The findings that co-creation positively influence sustainable performance of social enterprises leads to the recommendation that policies should be made to encourage active participation of stakeholders in social enterprises. Government agencies like the Kenya National Innovation Agency and non-governmental organisations like the Social Impact Institute can help platforms for co-creation whereby social entrepreneurs may collaborate with local communities, funders, and consumers. Besides, regulatory actions including grants, tax breaks, or financial incentives offered to social entrepreneurs implementing co-creation models could be advantageous. These incentives would inspire businesses to make investments in cooperative systems that would result in better results on sustainability. Additionally, governments and development organisations should design initiatives aiming at knowledge exchange and capacity building in social businesses, particularly in the domains of co-creation and sustainability, therefore strengthening their capability.

Regarding impact investing, the results of the research suggest that legislators should provide a conducive climate for the incorporation of impact investing innovative ideas inside the social

business sector. Policymakers should look at rewarding impact investors with tax credits, subsidies, or matching funds to help social enterprises flourish and be more sustainable. This will not only draw money for social businesses but also inspire the acceptance of creative impact investing techniques directly supporting their long-term viability. In the UK, social enterprises benefit from various tax incentives, including the Social Investment Tax Relief which has enhanced impact investing and development of the social enterprise sector in the country.

Regarding community led development, policies should inspire social entrepreneurs to actively interact with local populations to co-create solutions addressing urgent environmental and social concerns. Giving rewards to companies which actively include people of the community in project planning and decision-making will help to improve community development as well as corporate sustainability. In Netherlands, policies like the Dutch Social Enterprise give money and incentives to social entrepreneurs emphasising sustainability and social justice especially in fields like renewable energy and social inclusion, where entrepreneurs are urged to co-create solutions by collaborating directly with communities.

In terms of open innovation, policymakers should create settings to support open collaboration, information sharing, and interaction with outside stakeholders (like universities, other companies, and organisations). The governments should also design initiatives encouraging cooperation between social enterprises and other sectors. Additionally, policymakers should include open innovation as a main element of national and regional plans meant to support sustainability in the social sector into their policy frameworks. This could entail establishing rules that support information sharing, lowers obstacles to cooperation, and guarantees adequate management of intellectual property rights to enable cooperative innovation free from hindrance of competition or advancement. This model has worked in the US where there are open government data initiatives, numerous public-private research programs, such as National Science Foundation funding, and tech incubators like Silicon Valley, which thrives on collaboration.

Regarding entrepreneurial ecosystems, policymakers should give direct support for social innovation practices which can include offering focused resources including awards, financing possibilities, or specialised incubators emphasising social innovation strategies. Further, policies

should help to provide simpler access to entrepreneurial ecosystems, particularly for those emphasising social innovation. Encouragement of cross-sectoral cooperation by policies helps create fresh ideas, draw investments, and increase market possibilities. This has been operationalised in the UK trough tax relief initiatives such as social investment tax relief which encourages investors to donate money to social entrepreneurs. Moreover, through companies like social enterprise UK, the UK government provides funding, networking, and awards for social innovators among other support systems.

5.6 Theoretical Contribution

This research addresses a notable deficiency in existing literature by analysing the effect of social innovation practices on sustainable performance of social business and the moderating role of entrepreneurial ecosystem. This study enhances understanding of social innovation practices within social enterprises using the lens of cluster theory, social innovation theory and TBL framework. The findings provide insightful perspectives on the how open innovation, community led development, co-creation, and impact investing influence sustainable performance in social businesses. This study has critically examined and challenged several established findings regarding the relationship between these factors and has laid ground for farther exploration. This prompts researchers to explore the complexities of sustainable performance of social businesses within the unique socio-economic and cultural context of Kenya. Besides, the moderating role played by entrepreneurial ecosystems in the relationship between sustainable performance and social innovation practices is explored which provides a rich ground for farther studies.

5.7 Limitations

This research used self-reported questionnaires in a survey that entailed use of structured questionnaires. Consequently, there exists a potential for response bias because the study required the study participants to give account of their social enterprises based on their social innovation practices, utilization of entrepreneurial ecosystems and their sustainable performance. This also includes the potential for socially desirable bias. This could imply that survey respondents and might have offered data they believed aligned with what was anticipated by the investigator. They may have also offered responses that they considered favourable to the study. Nonetheless, the

assurance for confidentiality and privacy, and the plea to provide objective responses served to address this limitation.

5.8 Suggestions for Further Research

This study offers multiple recommendations for further research based on the findings and limitations recognised. Future studies should augment the geographical scope of the sample size and integrate other data gathering methods such as key informant interviews and focus group discussions to enhance the robustness of the findings. An expanded and more diverse sample size could enhance the generalisability of the results in Kenya by focussing on social enterprises in other regions in Kenya apart from Nairobi. Additionally, focus group discussions with a more heterogeneous array of stakeholders, including representatives from diverse social enterprises, entrepreneurial ecosystems, NGOs, donors, and government agencies, will facilitate the acquisition of a broader spectrum of perspectives and experiences. Secondly, longitudinal study tracking the evolution of sustainable performance over time would provide a dynamic perspective rather than the cross-sectional approach applied in the current study. Further, a comparative analysis of social enterprises in Kenya on their utilisation of social innovation practices and sustainable performance could provide more in-depth evidence, considering the evolving international ESG reporting standards.

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APPENDICES

Appendix I: Participant Information Sheet and Informed Consent Form

SECTION 1: INFORMATION SHEET

Investigator: Cynthia Mbula Kyaka

Institutional affiliation: Strathmore Business School (SBS)

SECTION 2: INFORMATION SHEET–THE STUDY

: Why is this study being carried out?
The study's purpose is to determine the effect of social innovation on the sustainable performance of social enterprises in Kenya.

: Do I have to take part?
No. You are under no obligation to participate in this research and are free to decline if you so want. We will collect data on social innovation practices and the sustainable performance of social enterprises in Kenya via a questionnaire that you will be asked to fill out if you want to participate. You could be required to attend an additional educational session and take the test again if you do not get all the questions right the first time. At any moment and for any reason, you are under no obligation to participate in the research.

: Who is eligible to take part in this study?

Those who will be eligible to participate in the study will be;
Owners of the social enterprises in Nairobi County, Kenya
Managers of the social enterprises in Nairobi County, Kenya

: Who is not eligible to take part in this study?

The study will not involve;
Other forms of business that are not social enterprises.
Junior employees in the social enterprises.
Social enterprises operating outside in Nairobi County, Kenya.

: What will taking part in this study involve for me?
In your workplace, someone will ask you to participate in the research. After you're sure you grasp the study's aims, we'll have you sign an informed consent form (this form) and walk you through the rest of the questionnaire.

: Are there any risks or dangers in taking part in this study?
Participation in this research does not carry any dangers. Without your explicit consent, we will not use or disclose any of the information you provide.

: Are there any benefits of taking part in this study?
The data will be used to refine policies and programs that foster entrepreneurial ecosystems and social innovation, allowing for the expansion and improvement of social businesses.

: What will happen to me if I refuse to take part in this study?
Everyone is free to choose whether or not to take part in this research. You are allowed to withdraw at any moment without providing a reason, even if you first elect to participate but then change your mind.

: Who will have access to my information during this research?
Cabinets that are both safe and lockable will house all research documents. We will ensure that any information that is transposed into our database is adequately secured and safeguarded with passwords. Disclosure of your information will be limited to those individuals directly involved with this research. Your data is secure and will not be shared with anybody..

: Who can I contact in case I have further questions?

At SBS or by email (cynthiakyaka@gmail.com), you may reach me, [Cynthia Mbula Kyaka]. Alternatively, you may get in touch with Dr. Mumbi Wachira, who supervises me, at Strathmore Business School in Nairobi.

If you want to ask someone independent anything about this research, please contact:

The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email ethicsreview@strathmore.edu

I, _____, received an explanation of the research. Everything I have read, heard, and asked about has been clarified and answered to my satisfaction. I am aware that I am free to reconsider at any point.

Mark the boxes that best describe you;

Participation in the research study

☐ I AGREE to take part in this research.

☐ I DON'T AGREE to take part in this research.

Storage of information on the completed questionnaire

☐ I AGREE to have my completed questionnaire stored for future data analysis.

☐ DON'T AGREE to have my completed questionnaire stored for future data analysis.

Participant's Signature:

_____

Date: ____/_____/_____

DD / MM / YEAR

Participant's Name:

_____

Time: ____/_____

HR / MN

I, _____(Name of investigator) attests that he or she has conveyed all relevant study information to the aforementioned study participant in accordance with the standard operating procedure (SOP), that the participant has fully grasped the research's goals and nature, and that he or she gives their informed permission to participate. They were given the chance to ask questions, and all of them were answered to their satisfaction.

Investigator's Signature:

_____

Date: ____/_____/_____

DD /MM /YEAR

Investigator's Name:

Cynthia Mbula Kyaka

_____

Time: ____/_____

HR / MN

Appendix II: Research Questionnaire

SECTION I: GENERAL INFORMATION

1. What is your age in years?

Below 20 years	[ ]
20 – 30	[ ]
31 – 40	[ ]
41 – 50	[ ]
51 - 60	[ ]
Above 60 years	[ ]

2. What is your highest level of education?

Diploma	[ ]
Bachelor's degree	[ ]
Master's degree	[ ]
PhD	[ ]

3. What is your job title in this enterprise?

Supervisor	[ ]
Manager	[ ]
Owner `	[ ]
Other _____	

4. How long that this enterprise operated?

Less than one year	[ ]
1 - 3 years	[ ]
4 – 6 years	[ ]
7 - 9 years	[ ]
10 years and above	[ ]

SECTION II: SOCIAL INNOVATION PRACTICES

Indicate the extent that this business has applied the below listed social innovation practices by putting a tick (✔) a cross (X) or any other preferred mark. Where 1 = Never, 2 – Rarely, 3 – Sometimes, 4 – Great extent, 5 – Very great extent.

Statement	**1**	**2**	**3**	**4**	**5**
Co-Creation (collaborative process where the business works with stakeholders (such as customers or the community to generate ideas, develop products, improve services, or create solutions)					
Collaborative consumption (sharing resources with other similar firms rather than owning them outright)					

Impact investing (investments made with the intention of generating both financial returns and attaining positive social or environmental goals)					
Community-led development (Partnering with community members in the decision-making, planning, and developing products or initiatives that affect them)					
Open innovation (Using both internal and external ideas, knowledge, and resources to accelerate innovation, improve processes, and expand the market reach)					
Crowdsourcing (obtaining ideas, content, or contributions from a large group of people, often an online community)					
Crowdfunding (raising capital from a large number of people, typically through online platforms)					
Behavioral Insights (application of knowledge from behavioral science, particularly psychology and behavioral economics to understand how people make decisions)					
Partnerships (collaborative relationships between the business and other entities to share resources, risks, and benefits of innovation)					

SECTION III: CO-CREATION

Indicate the extent that this business has applied the below listed co-creation innovation practices by putting a tick (✔) a cross (X) or any other preferred mark. Where 1 = Never, 2 – Rarely, 3 – Sometimes, 4 – Great extent, 5 – Very great extent.

Statement	**1**	**2**	**3**	**4**	**5**
This business engages stakeholders, such as customers and partners, in the product creation process					
This business encourages creativity and new ideas through diverse perspectives					
This business has feedback mechanisms for continuous input from stakeholders and improvement					
In the product development process, the business enables participants to contribute meaningfully to the process					
The business puts a strong emphasis on understanding the needs, preferences, and pain points of customers					
This business uses brainstorming sessions, workshops, and digital platforms to generate ideas collaboratively					

SECTION IV: IMPACT INVESTING

Indicate the extent that this business has applied the below listed impact investing innovation practices by putting a tick (✔) a cross (X) or any other preferred mark. Where 1 = Never, 2 – Rarely, 3 – Sometimes, 4 – Great extent, 5 – Very great extent.

Statement	1	2	3	4	5
This business makes investments with the intention of generating positive social or environmental impacts alongside financial returns					
This business routinely assesses the impact of investments through metrics and frameworks to ensure accountability and transparency					
This business collaborates with various stakeholders, including communities, non-profits, and businesses, to maximize impact					
This business focuses on sustainable solutions that contribute to long-term societal benefits rather than short-term profits					
This firm uses public or philanthropic capital to invest in high-risk sectors					
The business transparently reports both financial returns and social/environmental outcomes to key stakeholders					

SECTION V: COMMUNITY-LED DEVELOPMENT

Indicate the extent that this business has applied the below listed community-led development innovation practices by putting a tick (✔) a cross (X) or any other preferred mark. Where 1 = Never, 2 – Rarely, 3 – Sometimes, 4 – Great extent, 5 – Very great extent.

Statement	1	2	3	4	5
The business involves the local communities in the planning, decision-making, and implementation of development initiatives.					
The business ensures that all segments of the community are included in the product decision-making process, particularly marginalized groups					
This business builds the capacity of community members to manage and sustain innovation and product development					
In the product development stage, this business shifts decision-making from top-down, to local, community-driven processes					

This business focusses on the use of local knowledge and innovations passed down through generations					
The business uses resources that are pooled from the local community to reduces reliance on external funding and encourages self-sufficiency					

SECTION VI: OPEN INNOVATION

Indicate the extent that this business has applied the below listed open innovation practices by putting a tick (✔) a cross (X) or any other preferred mark. Where 1 = Never, 2 – Rarely, 3 – Sometimes, 4 – Great extent, 5 – Very great extent.

Statement	**1**	**2**	**3**	**4**	**5**
This company leverages external and internal ideas, technologies, and expertise to accelerate innovation and enhance problem-solving					
This business taps into the creativity and problem-solving skills of the general public through crowdsourcing					
The business has joined networks where multiple stakeholders (e.g., suppliers, customers, university, hubs, and competitors) collaborate to create new technologies or solutions					
The firm shares knowledge with different entities while protecting intellectual property rights					
The business has partnered with external entities, such as universities, research institutions, startups, competitors, and customers.					
The business has attracted external innovation funding through crowdfunding					

SECTION VII: ENTREPRENEURIAL ECOSYSTEMS

Indicate the extent that you have benefited from the various incubators, accelerators and support networks provided in the table below putting a tick (✔) a cross (X) or any other preferred mark. Where, 1 = Never, 2 – Rarely, 3 – Sometimes, 4 – Great extent, 5 – Very great extent.

Incubators	**1**	**2**	**3**	**4**	**5**
University-Based Incubators such as University of Nairobi Innovation Hub					
Impact-Focused Incubators such as Sankalp Africa Summit and Growth Africa					
Sector-Specific Incubators such as iHub and Villgro Kenya					
Startup Incubators with a Social Impact Focus such as Nailab and Mest Africa					
International Incubators such as Ashoka East Africa					

Government-Led Incubators such as Kenya Youth Employment and Opportunities Project					
Accelerators					
Accelerators for Women-Led Enterprises such as She Leads Africa					
Corporate-Backed Accelerators such as Safaricom Spark Fund					
University-Linked Accelerators such as Strathmore University Business School's Institute for Social Transformation					
Government-Supported Accelerators such as Kenya Climate Innovation Center					
International accelerators such as Acumen East Africa Fellows Program					
Any other assistance, mentorship, funding, and networking opportunities					
Support networks					
Mentorship and Capacity-Building Organizations such as AfricAvenir					
Social Enterprise Networks and Communities such as Social Enterprise Society of Kenya					
Grant-Making and Development Organizations such as Ford Foundation East Africa					
Government and Policy Support Networks such as Kenya National Chamber of Commerce and Industry					
International Organizations and Foundations such as British Council's DICE Program					
Co-Working Spaces and Innovation Hubs such as Nairobi Garage					
Professional Associations and Networks such as Kenya Private Sector Alliance					

SECTION VIII: SUSTAINABLE PERFORMANCE OF THE BUSINESS

Indicate the extent that you agree with the below-listed statements on sustainable performance of your enterprise by putting a tick (✔) a cross (X) or any other preferred mark. Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, 5 = Strongly Agree.

Economic		**1**	**2**	**3**	**4**	**5**
1	This business generates wealth for the community through sustainable and inclusive products					
2	This business has developed innovative products that maximize resource efficiency levels					

3	The business consistently provides competitive financial returns for owners					
4	The business has created jobs for the community					
Social		**1**	**2**	**3**	**4**	**5**
1	The enterprise engages in best labour practices such as fair wages, working conditions, and employee rights					
2	The business engages in the community through volunteering, and charitable efforts					
3	The firm ensures ethical treatment of all individuals involved in the value chain					
4	This business supports diversity and inclusion through promotion of equality within the workforce					
Environmental						
1	This business engages in efficient use of water, energy, and raw materials					
2	The project has resulted in reduced agricultural resource use for the project beneficiaries					
3	The business advocates for enhanced waste reduction, re-use, and diversion					
4	The business engages in recycling initiatives and pollution control					

THANK YOU FOR YOUR PARTICIPATION

Appendix III: Research Approval

Strathmore UNIVERSITY

24th March 2025

Ms Kyaka Cynthia,
cynthia.kyaka@strathmore.edu

Dear Ms Kyaka,

RE: Social Innovation Practices and Sustainable Performance of Social Enterprises in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2654/25.** The approval period is from **24th March 2025 to 23rd March 2026.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email admissions@strathmore.edu www.strathmore.edu

Appendix IV: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **813623**

Date of Issue: **27/March/2025**

RESEARCH LICENSE

This is to Certify that Ms.. Cynthia Kyaka of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Social Innovation Practices and Sustainable Performance of Social Enterprises in Kenya for the period ending : 27/March/2026.

License No: **NACOSTI/P/25/417378**

813623

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions