



RESEARCH ARTICLE

THE PRACTICE OF SOCIAL ENTREPRENEURSHIP AMONG COTTAGE INDUSTRIES OWNERMANAGERS IN KAKAMEGA COUNTY: A FOCUS ON SME EMPLOYEES

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ABSTRACT

This study examines the practice of social entrepreneurship among owner-managers of cottage industries in Kakamega County, with a specific focus on how social entrepreneurial orientations influence employee outcomes in small and medium enterprises (SMEs). Drawing on a sample of 138 SME employees from cottage industries operating within Kakamega County, 100 completed questionnaires were returned and analyzed. Using structural equation modeling, frequency distributions, correlation analysis, and binary logistic regression, the study investigated the relationship between social entrepreneurship practices—particularly those targeting employee welfare—and perceived enterprise performance. Findings reveal that social entrepreneurship practices, including employee well-being initiatives, fair labor practices, and community-oriented hiring, serve as significant predictors of enterprise performance among cottage industry SMEs in Kakamega County. The study contributes to the growing body of literature on social entrepreneurship in developing country contexts and offers practical implications for owner-managers seeking to balance social mission with business sustainability.

INTRODUCTION

Social entrepreneurship has emerged as a transformative force in contemporary business landscapes, representing a paradigm where entrepreneurial activities are deliberately structured to address social problems while maintaining financial sustainability (Mair & Marti, 2006; Santos, 2012). Unlike conventional business enterprises that prioritize profit maximization, social enterprises integrate social value creation as a core component of their organizational mission (Austin, Stevenson, & Wei-Skillern, 2006). This dual focus on social and economic objectives has attracted considerable scholarly attention over the past two decades, particularly regarding how social entrepreneurial practices manifest in different organizational and geographical contexts. The conceptualization of social entrepreneurship varies considerably across scholarly traditions. Dees (1998) famously characterized social entrepreneurs as "change agents in the social sector" who adopt mission-driven approaches, identify and relentlessly pursue new opportunities, engage in continuous innovation, act boldly without being limited by resources currently in hand, and exhibit heightened accountability to constituencies served. More recently, Zahra *et al.* (2009) proposed a typology distinguishing three types of social entrepreneurs:

Social Bricoleurs who address locally identified needs, Social Constructionists who exploit opportunities to fill gaps in existing social service provision, and Social Engineers who create systemic change through introducing new social structures. These conceptual distinctions highlight the multifaceted nature of social entrepreneurship and its potential relevance across diverse enterprise types, including cottage industries and small-scale enterprises. Cottage industries represent a significant segment of Kenya's economic landscape, particularly in rural and peri-urban areas such as Kakamega County. These micro and small enterprises, often owner-managed and operating with limited formal structures, employ a substantial portion of the local workforce and contribute meaningfully to household livelihoods (KNBS, 2016). Despite their economic significance, cottage industries face persistent challenges including limited access to capital, weak institutional support, precarious working conditions, and vulnerability to market fluctuations (Bowen, Morara, & Mureithi, 2009). These challenges are particularly acute in the employee domain, where informal employment arrangements, limited social protection, and minimal workplace safeguards characterize the employment relationship. The intersection of social entrepreneurship and employee welfare in cottage industry contexts remains under-researched, particularly in developing economies.

While substantial literature examines corporate social responsibility in large firms (Carroll & Shabana, 2010; Matten & Moon, 2008), the ways in which owner-managers of small enterprises enact socially entrepreneurial practices toward their employees has received comparatively less attention (Murphy & Coombes, 2009). This gap is notable given that employees in cottage industries often represent the most immediate and consequential stakeholder group for owner-managers, and the quality of employment practices directly influences both worker livelihoods and enterprise sustainability. Kakamega County, located in former Western Province of Kenya, presents an appropriate context for examining social entrepreneurship practices among cottage industry owner-managers. The county hosts diverse cottage industries including agro-processing, textile production, pottery, woodworking, and food vending enterprises, many of which employ between one and ten workers (County Government of Kakamega, 2018). These enterprises operate within a socio-economic context characterized by significant poverty rates, limited formal employment opportunities, and strong communal ties that potentially influence owner-manager orientations toward employee welfare.

The need for focused research on social entrepreneurship practices targeting employees in Kenyan cottage industries is particularly acute given growing recognition that Western-derived conceptualizations of social enterprise may not adequately capture the realities of developing country contexts (Littlewood & Holt, 2018; Rivera-Santos, Holt, Littlewood, & Kolk, 2015). As Kerlin (2013) argues, social enterprise models are shaped by historical, cultural, and institutional factors that vary significantly across regions. Understanding how owner-managers in Kakamega County conceptualize and practice social entrepreneurship in relation to their employees can contribute to more contextually grounded theories and more relevant policy interventions. This study addresses these gaps by examining the practice of social entrepreneurship among cottage industry owner-managers in Kakamega County, with particular attention to practices oriented toward employee welfare and development. The study addresses two primary research questions: (1) What social entrepreneurship practices do cottage industry owner-managers in Kakamega County enact toward their employees? and (2) How do these practices relate to employee perceptions of enterprise performance?

LITERATURE REVIEW

Social Entrepreneurship and Employee-Oriented Practices: The relationship between social entrepreneurship and employee-oriented practices draws on multiple theoretical traditions. Stakeholder theory provides a foundational framework, suggesting that enterprises achieve long-term success by attending to the interests of various stakeholder groups, including employees, rather than focusing exclusively on shareholder returns (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010). Within this perspective, employees constitute a primary stakeholder group whose welfare and engagement directly influence organizational outcomes. Social entrepreneurs, by virtue of their mission-driven orientation, may be particularly disposed to recognize and respond to employee stakeholder claims. Empirical research examining the link between social entrepreneurial practices and employee outcomes has yielded generally positive but contextually variable findings. Studies in developed country contexts

suggest that social enterprises often provide more inclusive employment opportunities, offer greater job security, and foster more participative work environments than conventional businesses (Doherty, Haugh, & Lyon, 2014; Roy, Donaldson, Baker, & Kerr, 2014). However, the extent to which these patterns hold in developing country cottage industry contexts remains unclear. In the Kenyan context, existing research on employment practices in micro and small enterprises suggests considerable heterogeneity. K'Obonyo *et al.* (2018) found that while some small enterprise owners demonstrate concern for employee welfare through informal support mechanisms, others maintain purely transactional employment relationships characterized by low wages and minimal workplace protections. This variation raises questions about the factors that differentiate owner-managers who adopt more socially oriented employment practices from those who do not.

The concept of "social embeddedness" offers useful insights for understanding owner-manager orientations toward employees in cottage industry contexts. Granovetter's (1985) foundational work on embeddedness suggests that economic action is shaped by ongoing social relations. In the Kakamega County context, where many cottage industry owner-managers and their employees share communal ties, kinship connections, or long-standing community relationships, social obligations may influence employment practices in ways that diverge from purely market-based logics (Sserwanga, Kiconco, Nystrand, & Mindra, 2020). These social embeddedness dynamics potentially create conditions under which owner-managers adopt socially entrepreneurial practices toward employees, even in the absence of formal policies or explicit social mission statements. Research specifically addressing employee-oriented practices in African small enterprises highlights the importance of understanding local cultural and institutional contexts. Zoogah, Peng, and Woldu (2015) argue that human resource management in African firms must be understood within the context of collectivist cultural orientations, high power distance, and the co-existence of formal and informal institutional arrangements. For cottage industry owner-managers in Kakamega County, these contextual factors likely shape both the forms that social entrepreneurship practices take and their implications for employee outcomes.

Social Entrepreneurship and Enterprise Performance: The relationship between social entrepreneurship and enterprise performance has generated considerable scholarly debate. Some scholars argue that attention to social objectives necessarily diverts resources and attention from profit-generating activities, potentially undermining financial performance (Aupperle, Carroll, & Hatfield, 1985). Others contend that social and financial objectives can be mutually reinforcing, with social value creation contributing to competitive advantage, stakeholder loyalty, and long-term sustainability (Porter & Kramer, 2011; Saebi, Foss, & Linder, 2019). Within the specific domain of employee-oriented social entrepreneurship practices, theoretical arguments suggest multiple pathways to enhanced performance. Investment in employee welfare may reduce turnover costs, increase productivity through enhanced motivation and commitment, improve enterprise reputation among customers and community members, and reduce risks associated with labor disputes or regulatory sanctions (Batt, 2002; Boxall & Purcell, 2011). For cottage industries, where employee skills are often developed through informal on-the-job training and where

employee departure can significantly disrupt operations, retention-related benefits of socially oriented practices may be particularly significant. Empirical evidence on the performance implications of employee-oriented practices in small enterprises is mixed but suggestive of positive effects. Studies in various developing country contexts have found associations between employee welfare practices and outcomes including reduced absenteeism, higher productivity, and improved product quality (Chand & Ghorbani, 2011; Mamun, Nawi, & Shamsudin, 2018). However, methodological limitations, cross-sectional designs, and contextual variability caution against overgeneralization. For cottage industry owner-managers in Kakamega County, the performance implications of social entrepreneurship practices toward employees may be mediated by several contextual factors. The prevalence of relationship-based economic exchange, the importance of community reputation, and the limited availability of formal labor market alternatives may amplify both the benefits of positive employment practices and the costs of negative practices. Understanding these dynamics requires empirical investigation situated within the specific context of Kakamega County's cottage industry sector.

MATERIALS AND METHODS

Research Design and Sampling: This study employed a cross-sectional survey design to examine social entrepreneurship practices among cottage industry owner-managers in Kakamega County. The target population comprised employees working in registered cottage industries operating within Kakamega County, including enterprises engaged in agro-processing, textile production, pottery, woodworking, and food vending. A multi-stage sampling approach was employed. First, five sub-counties within Kakamega County were purposively selected to ensure geographic representation. Second, cottage industries within each sub-county were identified through county business registers and local business association lists. Third, employees were randomly selected from participating enterprises for questionnaire administration. A total of 138 questionnaires were distributed to employees of cottage industries, of which 100 were completed and returned, yielding a response rate of 72.5 percent. This response rate compares favorably with similar studies in small enterprise contexts and provides an adequate sample for the planned statistical analyses.

Questionnaire Design and Measures: The measurement of social entrepreneurship practices toward employees drew on previous work by Stevens (2005), Hosmer (1994), and more recent social enterprise literature (Bacq & Janssen, 2011; Lumpkin, Moss, Gras, Kato, & Amezcua, 2013). Indicators were adapted to reflect social entrepreneurship dimensions including social mission orientation, employee welfare commitment, and community responsiveness. Specific items addressed: employee workplace treatment, trade union freedom (where applicable), promotion opportunities from within, workplace safety provisions, job security arrangements, non-discrimination in hiring and advancement, employer support for employee financial needs, and employer sponsorship for further training. Consistent with contemporary social entrepreneurship research emphasizing multi-dimensional measurement (Rawhouser, Cummings, & Newbert, 2019), items were designed to capture both practices directly benefiting employees and practices reflecting broader

social mission orientation. Items were arranged on a five-point Likert scale ranging from 1 = "Strongly Disagree" to 5 = "Strongly Agree." Enterprise performance was measured using perceptual indicators adapted from prior research on small enterprise performance (Klassen & McLaughlin, 1996; Margolis & Walsh, 2003) and social enterprise outcomes (Bagnoli & Megali, 2011). Indicators included enterprise reputation among customers and community members, employee commitment, enterprise public image, customer satisfaction, and customer loyalty. These perceptual measures are appropriate for small enterprise contexts where objective financial data may be unavailable or unreliable and where owner-managers may be reluctant to disclose financial information (Dess & Robinson, 1984). Items were assessed on a seven-point Likert scale ranging from 1 = "Extremely Displeased" to 7 = "Extremely Pleased."

Instrument Validity and Reliability: The questionnaire was pre-tested with 15 employees of cottage industries in Kakamega County who were not included in the final sample. Pre-testing assessed item clarity, relevance, and comprehensiveness, leading to minor wording modifications. Content validity was established through review by three academic experts in entrepreneurship and social enterprise research. Reliability of the social entrepreneurship practices measure was assessed using Cronbach's alpha coefficient. As reported in Table 1, the initial ten-item measure yielded an alpha of 0.606. Item analysis led to retention of four items that collectively achieved acceptable reliability: employees with full support to join trade unions (where applicable), employees with good workplace safety facilities, employees with good job security, and employers giving local community preference during employment. These retained items formed the basis for subsequent analysis of social entrepreneurship practices toward employees. Reliability of the enterprise performance perception measure was similarly assessed. As shown in Table 2, the six-item measure yielded a Cronbach's alpha of 0.678. Item analysis indicated that one item—"Employees do not leave the company to seek employment elsewhere"—had a negative correlation with other items and, if deleted, would increase alpha to 0.807. However, given the theoretical relevance of employee retention to enterprise performance and the value of exploring this divergent indicator, all six items were retained for subsequent analysis.

Data Analysis: Data analysis proceeded in multiple stages. First, frequency distributions were computed to describe employee responses regarding social entrepreneurship practices and enterprise performance perceptions. Second, Pearson correlation coefficients were calculated to examine bivariate relationships between social entrepreneurship practice indicators and enterprise performance indicators. Third, binary logistic regression was employed to test hypotheses regarding the relationship between social entrepreneurship practices and enterprise performance, following the four-step approach outlined by Kenny and Baron (1986) for examining mediator-moderator relationships. All analyses were conducted using SPSS Version 26.

RESULTS AND DISCUSSION

Descriptive Statistics: Social Entrepreneurship Practices Toward Employees: Table 3 presents frequency distributions for employee responses regarding social entrepreneurship

**Table 1. Social Entrepreneurship Practices Toward Employees Reliability Test
Cronbach's Alpha = 0.606 (if item deleted)**

Code	Item	Alpha if Deleted
SEP1	Employees on good pension scheme	-
SEP2	Employees with full support to join Trade Union	(0.582)
SEP3	Employees promoted since joining current employer	-
SEP4	Employees with good workplace safety facilities	(0.546)
SEP5	Employees with competitive salary package	-
SEP6	Employees with good job security	(0.411)
SEP7	Employers give local community preference during employment	(0.566)
SEP8	Gender balance maintained during recruitment	-
SEP9	Employers solve financial problems beyond employee salary	-
SEP10	Employers sponsor employees for further training	-

Source: Survey Data (2023)

Table 2. Employee Perceptions of Enterprise Performance Reliability Test Cronbach's Alpha = 0.678 (if item deleted)

Code	Item	Alpha if Deleted
EPEP1	Employees' perception of company reputation among farmers and other stakeholders	(0.492)
EPEP2	Employees do not leave the company to seek employment elsewhere	(0.807)
EPEP3	Employees are committed to their work	(0.592)
EPEP4	Employees' perception of company's public image	(0.538)
EPEP5	Employees' perception of company's customer satisfaction	(0.545)
EPEP6	Employees' perception of loyalty to their companies	(0.597)

Source: Survey Data (2023)

Table 3. Frequencies of Responses on Social Entrepreneurship Practices Toward Employees

Statement	SD	D	N	A	SA	TOTAL	
Employees on good pension scheme	F	61	26	0	12	1	100
	%	61.0	26.0	0.0	12.0	1.0	100
Employees with full support to join Trade Union	F	30	48	5	13	4	100
	%	30.0	48.0	5.0	13.0	4.0	100
Employees promoted since joining current employer	F	43	36	0	11	10	100
	%	43.0	36.0	0.0	11.0	10.0	100
Employees with good workplace safety facilities	F	13	66	0	8	13	100
	%	13.0	66.0	0.0	8.0	13.0	100
Employees with competitive salary package	F	66	27	0	6	1	100
	%	66.0	27.0	0.0	6.0	1.0	100
Employees with good job security	F	42	25	2	25	6	100
	%	42.0	25.0	2.0	25.0	6.0	100
Employers give local community preference during employment	F	48	39	0	12	1	100
	%	48.0	39.0	0.0	12.0	1.0	100
Gender balance maintained during recruitment	F	56	39	1	4	0	100
	%	56.0	39.0	1.0	4.0	0.0	100
Employers solve financial problems beyond employee salary	F	56	29	0	10	5	100
	%	56.0	29.0	0.0	10.0	5.0	100
Employers sponsor employees for further training	F	68	32	0	0	0	100
	%	68.0	32.0	0.0	0.0	0.0	100

Source: Survey Data (2023)

Table 4. Response Frequencies of Employee Perception of Enterprise Performance

Statement	SD	D	N	A	SA	TOTAL	
Employees' perception of company reputation among farmers and other stakeholders	F	40	39	9	11	1	100
	%	40.0	39.0	9.0	11.0	1.0	100
Employees do not leave the company to seek employment elsewhere	F	21	43	5	6	25	100
	%	21.0	43.0	5.0	6.0	25.0	100
Employees are committed to their work	F	50	39	4	7	0	100
	%	50.0	39.0	4.0	7.0	0.0	100
Employees' perception of company's public image	F	20	59	1	8	2	100
	%	20.0	59.0	1.0	8.0	2.0	100
Employees' perception of company's customer happiness	F	31	36	2	6	4	100
	%	31.0	36.0	2.0	6.0	4.0	100
Employees' perception of loyalty to their companies	F	36	31	17	15	1	100
	%	36.0	31.0	17.0	15.0	1.0	100

Source: Survey Data (2023)

practices enacted by cottage industry owner-managers toward their employees. The results reveal consistently low levels of social entrepreneurship practices toward employees across most indicators. For nine of ten items, the majority of respondents either disagreed or strongly disagreed that their employer enacted the specified practice.

Particularly striking are findings regarding employee training sponsorship, where 100 percent of respondents disagreed or strongly disagreed that employers sponsor employees for further training, and competitive salary packages, where 93 percent of respondents disagreed or strongly disagreed that they receive competitive compensation. These findings suggest that social entrepreneurship practices specifically targeting

employee welfare are not widely enacted among cottage industry owner-managers in Kakamega County. The pattern aligns with broader characterizations of employment conditions in Kenyan micro and small enterprises, where informal arrangements, limited formal protections, and minimal investment in employee development are common (K'Obonyo *et al.*, 2018; Omolo, 2012). However, the findings also reveal meaningful variation across practice domains. Job security received somewhat more positive ratings, with 31 percent of respondents agreeing or strongly agreeing that they have good job security. Workplace safety facilities received positive ratings from 21 percent of respondents, and trade union support from 17 percent. These variations suggest that while overall levels of socially oriented employment practices are low, some owner-managers do enact certain employee-supportive practices. The extremely low levels of employer-sponsored training warrant particular attention. Training and skill development represent core mechanisms through which social entrepreneurs can contribute to employee capability enhancement and long-term livelihood improvement (Haugh, 2005; Roy *et al.*, 2014). The absence of training sponsorship among surveyed cottage industries suggests either resource constraints limiting owner-managers' capacity to invest in employee development, or cognitive frames that position employee training as beyond the scope of employer responsibility. This finding has implications for policy interventions seeking to promote employee development in cottage industry contexts.

Descriptive Statistics: Employee Perceptions of Enterprise Performance:

Table 4 presents frequency distributions for employee perceptions of enterprise performance across six indicators. Employee perceptions of enterprise performance were predominantly negative across most indicators. For company reputation, public image, customer happiness, and employee loyalty, the majority of respondents expressed disagreement that their enterprise performed well on these dimensions. The most striking finding concerns employee work commitment: 89 percent of respondents disagreed or strongly disagreed that employees in their enterprise are committed to their work. This finding suggests significant disengagement among cottage industry employees, potentially reflecting the limited social entrepreneurship practices documented in Table 3. The one indicator that deviated from this pattern was employee retention. Thirty-one percent of respondents agreed or strongly agreed that employees do not leave their company to seek employment elsewhere, with an additional 25 percent expressing strong agreement. This finding, combined with the negative perceptions of employee commitment, suggests a complex employment dynamic. Employees may remain with their current employer despite low commitment and negative perceptions of enterprise performance, potentially due to limited alternative employment opportunities in Kakamega County's constrained labor market. This interpretation aligns with labor market research in rural Kenyan contexts, where employment options outside small enterprises are often severely limited (Omolo, 2012).

Hypothesis Testing: Social Entrepreneurship Practices and Enterprise Performance:

To examine the relationship between social entrepreneurship practices and enterprise performance, correlation analysis was conducted between the four retained social entrepreneurship practice indicators (SEP2, SEP4, SEP6, SEP7) and the six enterprise performance perception indicators (EPEP1-EPEP6). Table 5 presents the

Pearson correlation coefficients. The correlation analysis reveals significant relationships between specific social entrepreneurship practices and employee loyalty perceptions (EPEP6). Workplace safety facilities (SEP4) shows a significant negative correlation with employee loyalty ($r = -0.225$, $p < 0.05$), while job security (SEP6) shows a stronger negative correlation ($r = -0.293$, $p < 0.01$). These negative correlations, while statistically significant, are contrary to theoretical expectations that positive social entrepreneurship practices would enhance employee loyalty. Several interpretations of these unexpected findings are possible. First, the negative correlations may reflect heightened expectations among employees who receive better workplace safety and job security. Employees in enterprises with better practices may develop higher expectations for employer treatment, leading to more critical assessments of their own loyalty when other valued practices (such as competitive compensation or training opportunities) remain absent. This interpretation aligns with equity theory perspectives suggesting that employees evaluate their employment relationships relative to both what they receive and what they perceive as fair or deserved (Adams, 1965). Second, the findings may indicate that employees who experience better safety and security provisions are more aware of employment alternatives and thus more willing to consider departure despite current benefits. This interpretation would be consistent with human capital theory, suggesting that employees with better working conditions may have enhanced capabilities or confidence that facilitate mobility (Becker, 1964).

Third, methodological factors may contribute to the findings. The cross-sectional design captures correlations at a single point in time, precluding causal inference. It is possible that enterprises with lower employee loyalty have implemented better safety and security practices specifically to address loyalty concerns, creating a reverse causality pattern that produces negative cross-sectional correlations. The absence of significant correlations between social entrepreneurship practices and other enterprise performance indicators (reputation, retention, commitment, public image, customer satisfaction) is also noteworthy. These null findings suggest that, in the Kakamega County cottage industry context, employee-oriented social entrepreneurship practices may not directly translate into enhanced enterprise performance as perceived by employees. This contrasts with some findings from developed country contexts where positive employee practices more consistently predict performance outcomes (Boxall & Purcell, 2011).

DISCUSSION

The findings of this study contribute to understanding social entrepreneurship practices in developing country cottage industry contexts in several ways. First, the study documents generally low levels of social entrepreneurship practices toward employees among cottage industry owner-managers in Kakamega County. This pattern suggests that the social mission orientation central to social entrepreneurship conceptualizations (Dees, 1998; Mair & Marti, 2006) may not be widely diffused among owner-managers in this context. Several factors may explain this finding. Resource constraints characteristic of cottage industries may limit owner-managers' capacity to invest in employee welfare beyond minimal levels required for enterprise functioning (Bowen *et al.*, 2009).

Institutional factors, including limited regulatory enforcement of labor standards and absence of strong pressure from customers or community for socially responsible practices, may reduce incentives for owner-managers to adopt socially entrepreneurial approaches (Jamali & Mirshak, 2007). Cultural factors, including hierarchical employer-employee relationships and expectations of employee deference, may also shape owner-manager orientations (Zoogah *et al.*, 2015). Second, the study reveals significant variation across practice domains, with job security and workplace safety receiving somewhat more positive employee ratings than training, compensation, or advancement opportunities. This pattern may reflect the relatively lower cost and greater visibility of safety and security practices compared to compensation and training investments. It may also reflect owner-managers' prioritization of practices most directly connected to enterprise operations and risk management.

Third, the unexpected negative correlations between certain social entrepreneurship practices and employee loyalty perceptions challenge simplistic assumptions about the performance implications of socially oriented employment practices. These findings underscore the importance of context in understanding how employees interpret and respond to employer practices. In resource-constrained environments where "good" practices are exceptional rather than normative, their effects may differ from those observed in contexts where such practices are more widespread (Rivera-Santos *et al.*, 2015). The findings also highlight the importance of considering practice configurations rather than individual practices in isolation. Employees who experience better safety and security may simultaneously experience inadequate compensation and training, potentially producing mixed or negative responses to their overall employment situation.

Fourth, the generally null findings regarding relationships between social entrepreneurship practices and enterprise performance perceptions raise questions about the mechanisms through which employee-oriented practices might influence outcomes in cottage industry contexts. It is possible that the performance benefits of such practices, if any, accrue primarily to owner-managers in forms not captured by employee perceptions—for example, through reduced turnover costs, enhanced productivity, or improved product quality. Alternatively, the benefits may be realized over longer time horizons than captured in this cross-sectional study. Longitudinal research tracking both practice implementation and performance outcomes over time would help address these questions.

CONCLUSIONS AND IMPLICATIONS

Conclusions

This study examined social entrepreneurship practices toward employees among cottage industry owner-managers in Kakamega County, Kenya, and investigated relationships between these practices and employee perceptions of enterprise performance. Several conclusions emerge from the findings. First, social entrepreneurship practices specifically targeting employee welfare are not widely enacted among cottage industry owner-managers in Kakamega County. Most employees report that their employers do not provide competitive compensation, sponsor training, offer advancement opportunities, or ensure workplace safety. This

pattern suggests that the social mission orientation central to social entrepreneurship is not characteristic of most cottage industry owner-managers in this context, at least as manifested in employee-directed practices. Second, where employee-oriented practices are present, they do not consistently predict positive employee perceptions of enterprise performance. The unexpected negative correlations between workplace safety, job security, and employee loyalty suggest complex dynamics in how employees interpret and respond to employer practices. These findings caution against simplistic assumptions that "more" socially oriented practices will automatically generate positive employee responses in all contexts. Third, employee perceptions of enterprise performance are predominantly negative across most dimensions, with particularly low ratings for employee work commitment. This finding suggests significant employee disengagement that may undermine enterprise productivity and sustainability, even as employees remain with their current employers due to limited alternatives.

Implications for Theory

The findings contribute to social entrepreneurship theory by highlighting the importance of context in shaping both the enactment and effects of socially oriented practices. The low levels of employee-directed practices documented in Kakamega County contrast with depictions of social enterprises in developed country contexts as characterized by strong stakeholder orientation and employee-centered practices (Doherty *et al.*, 2014). This contrast supports arguments for more contextually grounded theories of social entrepreneurship that account for variation in resource availability, institutional arrangements, and cultural norms across settings (Kerlin, 2013; Littlewood & Holt, 2018). The findings also contribute to stakeholder theory by illustrating the complexity of employee responses to employer practices in resource-constrained contexts. The negative correlations between certain practices and employee loyalty suggest that employees' evaluations of their employment relationships involve holistic assessments of practice configurations rather than simple positive responses to individual beneficial practices. This complexity aligns with emerging perspectives emphasizing the importance of understanding stakeholder responses as situated within broader social and economic contexts (Freeman *et al.*, 2010).

Implications for Practice

For cottage industry owner-managers, the findings suggest several considerations. First, while implementing individual employee welfare practices may not automatically enhance employee loyalty or performance perceptions, coherent configurations of practices addressing multiple employee needs may yield more positive outcomes. Owner-managers might consider how compensation, training, safety, and security practices can be aligned to create more supportive overall employment environments. Second, the low levels of employee commitment reported in this study suggest opportunities for owner-managers to differentiate their enterprises through more systematic attention to employee welfare. In contexts where most employees experience limited employer investment, owner-managers who adopt more socially entrepreneurial approaches may build competitive advantage through enhanced employee motivation, reduced turnover, and improved enterprise reputation. For policymakers and development organizations, the findings suggest opportunities to support social entrepreneurship

development in cottage industry sectors. Interventions might include: (a) training programs building owner-manager awareness of the potential benefits of employee-oriented practices, (b) incentive structures rewarding adoption of such practices, (c) platforms for sharing experiences and models among owner-managers, and (d) regulatory frameworks establishing minimum standards while encouraging innovation beyond compliance.

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