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## Social Entrepreneurial, Market Orientation, and Learning Orientation: Evidence from Small and Medium-sized Enterprises in Kenya

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### **Abstract:**

*This paper aimed to examine the effect of Social Entrepreneurial, Market Orientation, and Learning Orientation among small and medium-sized enterprises in Kenya. A survey research design approach was adopted. The study population consisted of all the licensed small and medium-sized enterprises in Nairobi County, Kenya. However, out of the total 10,924 small and medium-sized enterprises (SMEs), a sample of 386 was selected based on Yamane (1967) procedure. The data were collected with the aid of a self-administered questionnaire and analyzed through descriptive and inferential statistics. The hypotheses were tested through the entry regression analysis technique. Evidence obtained from the analysis confirmed moderating effect of market orientation on the relationship between social entrepreneurial behavior and learning orientation of small and medium-sized enterprises ( $p = .001$ ,  $b = -.4574$ ,  $t(296) = -4.0766$ ,  $p < .01$ ). This study had limitations. First, the study focused only on the aspects of social entrepreneurial behavior linking it to learning orientation. SE dimensions such as Entrepreneurial virtue and Judgment capacity may be studied in the future. Second, the study concentrated on the economy of Kenya, which is a developing country; thus, the result may vary in other economies. Based on the findings, the study recommends that small and medium-sized enterprises should develop social entrepreneurial behavior to enhance learning orientation and overall performance. Thus, the study contributes to the inconclusive debate on social entrepreneurial behavior (SE), market orientation, and learning orientation nexus as strategic organizational resources.*

**Keywords:** Social Entrepreneurial (SE), Learning Orientation (LO), Market Orientation (MO), Social Entrepreneurship

### **1. Introduction**

Small and medium enterprises (SMEs) are regarded as one of the country's most important economic foundations and a significant contributor to the nation's GDP. In emerging economies, SMEs make a significant contribution to the country's economic growth (Arshad & Arshad, 2018, 2019). SMEs are regarded as the industrial sector's core center in most emerging and industrialized nations (Ahmad & Pirzada, 2014; Umar et al., 2018). Small and medium firms account for 90 to 95 percent of businesses globally, and in most countries, they generate 60 to 70 percent of job possibilities (Law & Minai, 2016). In today's tough business environment, the importance of SMEs cannot be overstated. SMEs are the primary source of new job opportunities (Arshad, Khan, Arshad, Ali, Shahdan, & Ishak, 2020).

In a rapidly changing world where company rivalry is expanding, it is necessary to execute strategic orientation to cope with the situation (Arshad, M. Z., Khan, W. A., Shahdan, A. N., Asrhad, M. H., & Alsaleem, A. A. M. 2020). To compete successfully in the market and secure long-term growth, a company must be able to properly utilize its internal resources. Among these internal resources, entrepreneurial social behavior (SBE) is a well-known idea that aids firms in pursuit of economic, social, and environmental goals through entrepreneurial initiatives at the same time and identifying innovative methods to do business in order to fulfill organizational goals in the most efficient way feasible (Covin, Green, & Slevin, 2006). However, Tsoutsoura (2004) claims that social entrepreneurship improves market distinction, customer comprehension, and business financial performance. On the other hand, critics argue that corporate social entrepreneurship has little influence on a firm's competitive edge and is just done to comply with rules (Gherghina & Simionescu, 2015).

Several research on social entrepreneurship methods and competitive advantage have been conducted both locally and worldwide. Yildiz (2014) investigated social entrepreneurship techniques and competitive advantage in a

Turkish automotive firm. According to the research, power distance has a favorable influence on innovativeness. However, masculinity has a negative effect on new business ventures. Further, Sepehri and Khayati (2013) investigated the relationship between organizational culture and corporate entrepreneurship. As a result, social entrepreneurship lowers the firm's operating expenses and risks (Heal, 2005). Zare and Shakeri (2011) performed a research in Yazd province on the impact of socio-entrepreneurship on small and medium-sized businesses' performance. According to the findings, the coordination component has a negative impact on creativity and organizational self-renewal, whereas the desire to change has the greatest impact. Seifari and Amoozadeh (2014) investigated the link between social entrepreneurship and competitive advantage in sports organizations in Golestan Province. The findings demonstrated a significant positive relationship between social entrepreneurship and competitive advantage. Therefore, the study seeks to establish a link between social entrepreneurial behavior and competitive advantage among SMEs in developing countries.

## 2. Literature Review

### 2.1. Learning Orientation

The puzzle of Organizational Learning (OL) has intrigued scholars for decades. The interrelated concepts of 'learning organization' and 'learning orientation' have attracted widespread attention (Gong, Huang, & Farh, 2009; Pastor P'erez, Rodríguez Guti'érrez, & Agudob, 2019; Sun & Scott, 2003). Organizational learning is a core outcome of effective human resource management (L'opez, Pe'on, & Ord'as, 2006) and is based on the individual learning of members who make up the organization. Organizational learning focuses on the process: 'How does an organization learn?' (Ortenblad, 2001; Sun & Scott, 2003), while learning organization is about continuously changing its behavior, in which the learning processes are already abnormally effective (Reynolds & Ablett, 1998).

Therefore, learning orientation is considered by business leaders in the administrations as an essential factor. This is because it promotes the development of new skills, gives incentives to employees to learn more, instigates a curiosity for performance improvement, prefers people who enjoy a challenging job, and has a critical reflection on organizational presuppositions (Baker; Sinkula, 1999). Learning orientation can be understood as a conjunction of abilities that suggest an intensity with which an institution believes is answered by theories accepted that can line up with market ideas (Pralhad, 1995). Learning orientation embodies an organization's proclivity to learn and adjust accordingly (Mavondo, Chimhanzi, & Stewart, 2005). Learning orientation has been viewed as a cultural environment component (Nasution & Mavondo, 2008). Baker and Sinkula (1999) defined learning orientation as an organizational feature that influences a firm's proclivity to value generative and double-loop learning.

Businesses with an open mind are willing to evaluate long-held habits, assumptions, ideas, and prior lessons, as well as adapt to new conditions (Wang, 2008). However, a shared vision demonstrates a feeling of mutual purpose and direction (Baker & Sinkula, 1999; Day, 1994). Learning cannot occur without an effective and efficient information exchange system; hence, *intra-organizational* knowledge sharing is essential (Calantone *et al.*, 2002). These four dimensions of learning orientation influence an organization's readiness to value generative and double-loop learning and encourage employees to 'think beyond the box' (Nasution, Mavondo, Matanda, and Ndubisi, 2011). Organizational learning is an important component in ensuring that organizations keep a competitive edge. Therefore, firms operating in complex business environments characterized by a high level of uncertainty may rely on learning orientation as a strategic orientation to achieve organizational excellence (Eshlaghy & Maatofi, 2011).

The elements of learning orientation are outlined. A shared vision is a focus on learning by all participants, resulting in increased energy, determination, and resoluteness. A shared vision can improve learning quality while ensuring corporate cohesiveness (Eshlaghy & Maatofi, 2011). Second, an organization's commitment to learning is the extent to which the organization values learning and so makes efforts to support learning while also establishing and fostering a learning-friendly environment (Alegre & Chiva, 2008). Third, being open-minded requires doing a critical analysis of the organization's day-to-day operations and welcoming new ideas. To put it another way, it is a process used by businesses to abandon current information and redundant assumptions and habits because knowledge may be a major hindrance to organizations adopting the vision and procedures required to allow for innovation and change (Eshlaghy & Maatofi, 2011).

The acceptance of learning in organizations is referred to as learning orientation (LO), representing the underlying attitude toward organizational learning (Rhee *et al.*, 2009). In recent decades, organizational learning has been established as an essential component in ensuring that organizations can achieve a competitive edge and have the capability to learn at a faster rate than competing organizations. In a nutshell, organizational learning is the root cause of a sustained competitive edge. Learning commitment is linked to Senge's (1990) learning principles, which push firms to place axiomatic priority on learning activities. In other words, businesses must foster the ability to think and reason (Tobin, 1993) and respect the need to understand the causes and repercussions of their operations (Shaw & Perkins, 1991). Second, open-mindedness refers to the extent to which a corporation actively evaluates long-held habits, assumptions, and beliefs (Sinkula *et al.*, 1997) and is connected with the concept of 'unlearning' (Nystrom & Starbuck, 1984).

Lastly, shared vision is the third dimension which refers to the extent to which a company creates and maintains a widely understood organizational focus (Day, 1994), providing organizational members with a feeling of purpose and direction (Baker & Sinkula, 1999). Therefore, individuals who are open-minded and committed to learning are motivated to learn (Sinkula *et al.*, 1997). Therefore learning orientation was measured using the measure developed by Sinkula, Baker & Noordewier (1997). According to Egan *et al.* (2004), its first-order indicators are committed to learning, shared vision, open-mindedness, and *intra-organizational*. Each variable was measured on a five-point Likert-type scale, ranging

from 1 (strongly disagree) to 5 (strongly agree). Most items were derived from the literature. Commitment to learning was measured using four items. The shared vision was measured by a four-item scale. Open-mindedness was measured by four items. Intra-organizational (knowledge sharing) was measured with a five-item scale.

## 2.2. Social Entrepreneurship

Poverty, climate change, and social injustice are all putting pressure on organizations to find new solutions. To address these issues, a new paradigm of social entrepreneurship has emerged. As a result, over the years, several definitions have been proposed, all of which appear to have three characteristics:

- The primary goal of social entrepreneurial behavior is the creation of social value,
- The distinguishing feature of entrepreneurship is innovation, and
- Social entrepreneurship achieves its social mission through entrepreneurial behavior and activities (Alarifi et al., 2019; Syrjä, Puumalainen, Sjögrén, Soininen, & Durst, 2019)

Social entrepreneurs' contributions to a nation's social, economic, cultural, and environmental riches are becoming more acknowledged. While social entrepreneurship is not a new phenomenon, the phrase 'social entrepreneur' has lately been used to characterize the seemingly growing number of individuals who form businesses solely to accomplish social objectives rather than for personal financial gain.

However, there has been no consensus on the definition of the concept of social entrepreneurship. Researchers and stakeholders, including community and economic development agencies and politicians, have sought to identify characteristics common to social entrepreneurs (Prabhu, 1999; Thake & Zadek, 1997; Thompson *et al.*, 2000). The concept is based on the work of Ashoka (2001), a worldwide organization that discovers social entrepreneurs, gives them cash to begin their initiatives, and defines social entrepreneurs' 'ethical' aim as its defining quality. Furthermore, Ashoka suggests that social entrepreneurs be enterprising, innovative, and agenda-setting. Along with entrepreneurship research that has attempted to categorize, describe, and characterize company or 'for-profit-only' entrepreneurs (Brockhaus, 1982; Carland *et al.*, 1988; Chell *et al.*, 1991; Dunkelberg & Cooper, 1982; Kilby, 1971). As a result, the traits proposed by Ashoka imply parallels between social and corporate entrepreneurs. This viewpoint is reinforced by Community Action Network (2001), which contends that social entrepreneurs are the 'equivalent' of corporate entrepreneurs in many aspects.

Drucker (1999), Zaim (2016), and Leadbeater (1997) all agree that many characteristics and behaviors of social entrepreneurs are similar to those of entrepreneurs working solely for profit, such as drive, determination, ambition, charisma, leadership, the ability to communicate vision and inspire others, and the best use of scarce resources. However, while social and corporate entrepreneurs have many characteristics, the two can be distinguished in various ways. For starters, the ethical standards that inspire social entrepreneurs help guarantee that public funds are spent wisely, ideas are not tainted by vested interests, and they are totally devoted to the job of their firm (Ashoka, 2001).

In contrast, while business entrepreneurs may aim to take an ethical approach to business management, there is little evidence in entrepreneurship characteristic research to suggest that strong ethical principles may be used to identify business entrepreneurs. Second, social entrepreneurs are distinguished by their goals and missions (Leadbeater, 1997; Community Action Network, 2001).

While corporate entrepreneurs may be motivated by profit or shareholder value, social entrepreneurs are motivated by a desire to achieve social goals. Third, some experts believe that one of the most important characteristics of social entrepreneurs is their ability to innovate. According to Dees (1998), 'Social entrepreneurs are like reformers and revolutionaries with a social cause.' According to recent literature, two cultures are at work in the sphere of social entrepreneurship:

- A traditional culture of charity, and
- A contemporary culture of entrepreneurial problem solution

Both cultures arose through people's psychological reactions to societal requirements and were reinforced by social standards (Dees, 2012).

## 2.3. Market Orientation (MKTO)

Market Orientation is a type of corporate culture that puts customers at the center of a company's operations and demonstrates how marketing ideas may be applied practically (Kohli & Jaworski, 1990; Narver & Slater, 1990). It is ensured by regular organizational processes that stress the customer, the value of information, more collaboration across divisions, and more responsive behavior. Market Orientation has been widely discussed in the commercial sector (Deutscher *et al.*, 2016; Kharabsheh, Ensour, & Bogolybov, 2017; Tajeddini, Trueman, & Larsen, 2006). However, it has only recently been introduced in the non-profit sector, and very little research has been conducted (Glaveli & Geomas, 2018; Modi, 2012). The literature fully supports the claim that many tools and approaches used in commercial marketing activities are also useful in the non-profit sector, with the main difference being their application ethics (Chad, Kyriazis, & Motion, 2014; Hyojin, 2002). This is why there is no agreement in the literature on a single scale, and the results are so disparate. A more empirical study is needed to develop a refined scale that can be generalized. Modi's (2012) Market Orientation Non-Profit Organization (MONPO) scale, developed from Narver and Slater's (1990) MAKTOR scale, will be used in this study.

## 2.4. Social Entrepreneurship and Organizational Learning Orientation

Social Entrepreneurial Orientation is also built on innovativeness, pro-activeness, and risk-taking characteristics. The distinguishing quality of innovativeness is that it favors new ideas and changes. In contrast, pro-activeness is based on

future opportunities, working on prospective changes, and being a pioneer in introducing new products and procedures. Taking risks aids in making bold decisions to explore the unknown. All of these elements contribute to the proactive acquisition of the best and most up-to-date knowledge about the environment and competition. Such characteristics will eventually assist a firm in developing SE as a strategic resource that is imperfectly imitable and leads to a competitive advantage (Baker & Sinkula, 2009; Lisboa, Skarmeas, & Lages, 2011). Similarly, Wang (2008) believes that a corporation with a more entrepreneurial mindset will be more proactively and aggressively involved in keeping an eye on environmental changes, which will help it collect information and strategically disseminate it among all stakeholders. This SE and LOR link is also significant because an entrepreneurial mindset aids in introducing ideas that challenge conventional assumptions and cognitive frameworks. When a less entrepreneurial company encounters an issue, it usually depends on prior expertise to solve it. This results in complementary rather than novel information and double-loop learning (Sirén, Hakala, Wincent, & Grichnik, 2017). As a result, the fourth hypothesis of this study might be stated as follows:

- H0<sub>1</sub>: *The study premise is that Social Entrepreneurship is an important instrument for learning orientation.*

### 2.5. Learning Orientation and Market Orientation

Market orientation refers to responding to market conditions by generating something new or distinct (Jaworski and Kohli, 1993). That is referred to as innovation. According to Han et al. (1998) and Hurley et al. (1998), market penetration is the cause of new product innovation and success. They consider innovativeness to be an effective business medium in terms of building organizational knowledge and decision-making processes. In addition, Henard and Szymanski (2001) empirically confirmed that market orientation led to the success of a new product. Sinkula et al. (1997), on the other hand, claim that learning orientation describes the organization's understanding of the value of learning. Organizations with a strong commitment to learning will have a high level of learning (Sinkula et al., 1997). The importance of learning inside the company might represent the degree of learning orientation (Sinkula et al., 1997). The learning process is critical in new paradigm theories of competitive advantage (Hunt and Morgan, 1995).

According to Sujan et al. (1994), learning is considered an investment that will yield long-term rewards in the short term; hence organizations rarely exercise. However, between market orientation and learning orientation, learning orientation implies organizational capabilities rather than the typical market assumption. In contrast, market orientation is the organization's awareness of environmental changes that affect its ability to maximize customer pleasure (Hardley and Mavondo, 2000). The primary distinction between the two notions is that learning organizations use their market information to increase consumer pleasure (Mavondo, 2000). In 1993, Dogdson stated that a learning organization can efficiently facilitate the external trade-out process in a corporation. For example, consider customer preferences and product technology. Improving one's learning capability increases the likelihood of a corporation absorbing and implementing new knowledge (Cohen and Levinthal, 1990).

According to Hurley and Hult (1998), learning orientation is essential for developing an innovation-oriented culture. Therefore, learning orientation and market orientation are considered to be the key strategic aspects within an organization. The two are conceptualized as second-order constructs and are viewed as forms of organizational culture and firm-level resources, which are sources of sustainable competitive advantage. However, market orientation influences the scope of market activities, while learning orientation challenges the very nature of the market activities. Therefore, learning orientation is broader in scope than market orientation because it focuses not only on learning about external issues but also on internal issues (Jaworski & Kohli, 1996). According to Farrel (200) and Slater and Narver (1995), a market-oriented organization will give a cultural frame from the learning orientation that the firm will build. According to Baker and Sinkula (1999), market orientation will enable adaptive learning for businesses.

In severe conditions, organizational learning is the essential market orientation because the market-oriented strategy may develop when organizations learn to learn (Day, 1994). However, market orientation and learning organization are closely intertwined. Firms with a market orientation have a strong desire to learn from external information and incorporate it into their current expertise (Raj and Srivastava, 2016). In alliance connections, partners with comparable knowledge improve the ability to absorb knowledge (Ozdemir et al., 2017). In addition, marketing activities with a long-term commitment will influence competitiveness and profitability and become a strategic business instrument that will create long-term competitive advantage (Papadas et al., 2018). Resources should be allocated to R&D staff for the growth and acquisition of new skills so that they can successfully absorb and use local knowledge relevant to future innovation (Martinez et al., 2017).

However, the link between market orientation and company success requires a firm's capacity to acquire and assimilate knowledge from partners (Najafi-Tavani et al., 2016). Firms with a strong market orientation can better design procedures that promote product development to fulfill customers' needs (Bamgbade et al., 2017). To achieve higher performance, numerous actors must work together to build and sustain a strong market-oriented culture (Pantouvakis et al., 2017). Therefore, learning orientation is an extension of market orientation that incorporates a variety of attributes in addition to those of market orientation (Slater & Narver, 1995). According to Slater and Narver (1995), market orientation improves performance only when it is paired with a learning orientation. Similarly, Bell et al. (2002) see organizational learning as a driving force in market-oriented firms and essential to the process of creating market knowledge. Market orientation is unlikely to be sustained without a culture of learning; hence the two concepts are distinct but complimentary (Mavondo et al., 2005).

According to Farrell (2000), market-oriented organizations are adept at creating information, and this culture of knowledge creation invariably leads to knowledge challenging values. Therefore, a firm with high learning orientation may not always follow a purely market-oriented approach to new product development because they do not require direct

signals from the market to lead their new product development process. They are more likely to engage in innovative learning regardless of their market orientation. Likewise, firms with strong market orientation are likely to engage in aggressive product development regardless of their learning orientation. Firms with high market orientations and lower learning orientations are more likely to engage in imitative rather than innovative learning practices and may emphasize product-line extensions for their current customers. In addition, firms with low market orientations and high learning orientations are more likely to pursue a deep understanding of the latent needs of current and new customers and hence, innovative new products and opportunities in new markets (Slater & Narver, 1995).

Hence, Market orientation creates another orientation, and businesses require market orientation to create a learning orientation. Market orientation is a trait of an organization that establishes priorities in the marketing information process in every activity and its use in strategic processes, which enable organizations to learn (Barker and Sinkula, 1999: 194). Higher learning is required to prioritize and act on crucial market information and discard old data. Although learning orientation gives a long-term competitive advantage, market orientation serves as a cultural and behavioral foundation for learning orientation since it naturally leads to learning and interacts with it (Barker, 1999). Similarly, Keskin (2006), Eris (2006), and Ozmen (2006) gathered data from a number of previous research that looked at the relationship between market orientation and learning orientation (2012), but the results were mixed.

- H<sub>02</sub>: *The study premise is that market orientation is an important instrument for learning orientation.*

## 2.6. Social Entrepreneurial, Market Orientation, and Learning Orientation

Scholars have interpreted social enterprise and social entrepreneurship (Dees, 1998:2006, Leadbeater, 1997) as a way for social actors to answer strategically to environmental turbulence and situational challenges that non-profit organizations have to face in contemporary markets. Empirical studies have largely found that firms with a more Social Entrepreneurship behavior are more competitive than the rest (Zahra, 1991; Zahra & Covin, 1995; Wiklund, 1999). On the other hand, organizational learning bears a performance-oriented focus: a firm's ability to extract lessons from both successes and failures and generate new insights is conducive to competitive advantage (Fiol and yles, 1985; Senge, 1990; Sinkula, 1994).

Learning organizations utilize knowledgeable, interdependent human communication networks to achieve the organization's mission, goals, and objectives (Barker & Camarata, 1998). Therefore, value creation comes from learning within an organization rather than from copying the ideas of others, and value should be the primary business objective for companies to achieve profitability (Reichheld, 1996). However, the main challenge of dealing with the dynamic and changing environment is creating a culture based on learning in the organization. Therefore, organizational culture enables an organization to learn faster than rivals and to create a competitive advantage, in addition to devoting the most value to customers (Salter & Narver, 1995; Dickson, 1992). Through the process of learning orientation, organizations will be enabled to develop new knowledge and vision which is potentially effective on the behavior of individuals, and this will lead to the improvement of the organization's competitive advantage (Baker & Sinkula, 1999; Sinkula, 1994).

Therefore, a highly entrepreneurial firm stimulates the process of knowledge creation and applies such knowledge to its business activities (Zahra, Nielson & Bogner, 1999). This process is associated with the process of learning new knowledge and eliminating knowledge that is no longer relevant. This also enables a firm to possess the capability to react to market changes and create its competitive advantage. Thus, entrepreneurial behavior increases the learning orientation of the firm. Moreover, entrepreneurial behavior directly impacts the ability to collect and use information from the market (Keh, Nguyen, & Nguyen, 2007). A highly entrepreneurial-oriented firm always monitors its market to become the leader in customer service. In addition, it also focuses on responding to competitors and the macro environment (Alvarez & Busenitz, 2001), which contributes to the quality of the relationship between customers and business partners.

Therefore, entrepreneurial behavior also increases the market orientation of the firm. However, many questions remain unanswered. The existing literature has three important limitations. The first is that most previous studies have been done in developed countries. The second is that divergence among scholars, according to Bacq *et al.* (2011), lies in whether the creation of a social value proposition (non-financial goals) is the primary objective (Austin *et al.*, 2006; Haugh & Rubery, 2005; Sharir & Lerner, 2006) and, as such, the economic value creation represents a necessary but not sufficient condition (Mair & Schoen, 2007). Further, studies of mediation as an intervening factor between social entrepreneurial behavior, learning orientation, and firm competitive advantage are still not adequate and need further research to understand the causal mechanisms of social entrepreneurial behavior's effects on competitive advantage. Market orientation helps an organization correspond with its environment and develop its competitive advantage. Therefore, the more market-oriented an organization is, the more able it will be to access its goals. As a result, for a firm to obtain more success, it needs a market orientation approach more than other strategic approaches (Hammond *et al.*, 2006). However, market orientation may not encourage the willingness to take risks. Most enterprises that perceive themselves to be market-oriented lie in the 'tyranny of the served market' (Hamel & Prahalad, 1991).

However, the danger results from narrowly focusing market intelligence efforts on current customers and competitors, thus, ignoring emerging markets and/or competitors. However, firms with high market orientations and lower learning orientations may be more likely to engage in imitative rather than innovative learning practices and may emphasize product-line extensions for their current customers rather than pursue a deep understanding of the latent needs of current and new customers and hence, innovative new products and opportunities in new markets (Slater & Narver, 1995). Hence, the study will seek to establish how such organizations gain a competitive advantage. Therefore, this study will seek to fill the gap in the existing literature by studying the effect of social entrepreneurial behavior, learning

orientation, and firm competitive advantage, testing the moderating effect of market orientation of small and medium sized enterprises in Kenya.

### 2.7. Proposed Conceptual Framework

In the view of resource-based theory, strategic orientations, i.e., social entrepreneurial behavior (SEB), are a pool of internal resources that can establish a competitive edge (Barney, 1991). Therefore, these strategies are rare and vital for firms to be competitive in the market (Miller & Shamsie, 1996). The RBV is considered one of the most phenomenal theoretical perspectives in the strategic management literature (Barney, 1991; Helfat & Raubitschek, 2000). The ability of a firm to recognize, develop, employ, and maintain specific resources and differentiate them from its rivals facilitate and assist its success in sustaining competitive advantage (Carmeli & Tishler, 2004). Barney (1991) suggested that a firm has to possess critical tangible and intangible resources and strategic capabilities that are important, extraordinary, costly to imitate, and non-substitutable. RBV was first introduced by Wernerfelt (1984) and has been seen as the best research area in the last few years (Galbreath, 2005). Therefore, this study checked the relationship between SEB with a competitive advantage, which is in line with the RBV. A comprehensive literature review showed that SBE is considered the capability that creates a competitive edge. As argued by Weerawardena and Coote (2001) and echoed by Seifari and Amoozadeh (2014), they considered SEB as another source of competitive advantage.

Below is the framework, as mentioned above:

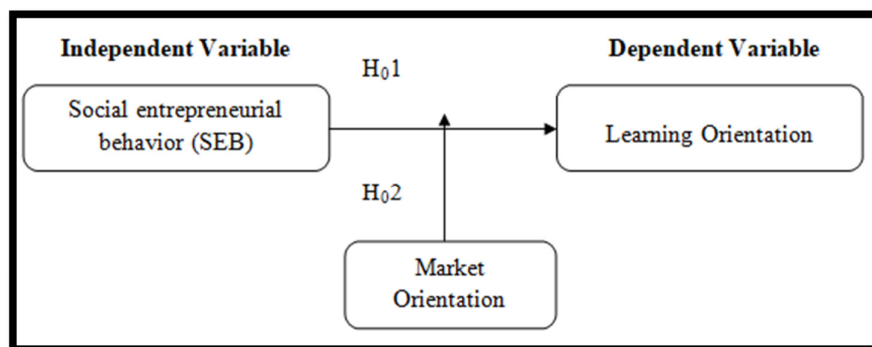


Figure 1: Proposed Conceptual Framework

### 2.8. Resource-Based View Theory

The resource-based view of strategy (RBV) emerged as the most popular theory of competitive advantage (Furrer *et al.*, 2008). Pearce and Robinson (2011) define the resource-based view (RBV) as a method of analyzing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities, and intangibles as an organization. The origins of the RBV go back to Penrose (1959), who suggested that the resources possessed, deployed, and used by organizations are more important than the industry structure. The term 'resource-based view' was coined by Wernerfelt (1984), who viewed the firm as a bundle of assets or resources which are tied semi-permanently to the firm (Wernerfelt, 1984). Each firm develops competencies from these resources, and when they are well-developed, these become the source of the firm's competitive advantages.

According to Resource Based Theory (RBT), an organization can attain a durable competitive advantage if it can use its internal resources against competitors or other market forces that may have a detrimental impact on its performance. These resources could be associated with organizational processes, assets, capabilities, information, and knowledge (Barney, 1991). Market Orientation is acknowledged as an intangible resource that is recognized as the ability to comprehend the business environment and apply this information to give an appropriate course of action (Corte, D'Andrea, & Del Gaudio, 2018). Similarly, social entrepreneurship is regarded as a strategic resource, and an organization with a proclivity for high risk and innovation will be able to generate more social and economic value for stakeholders (Day & Jean-Denis, 2016). However, empirical studies have established an interactive framework with other domains and theories, such as the dynamic capability theory presented by Teece, Pisano, and Shuen (1997), are required to broaden and better comprehend RBT.

Learning Orientation has been incorporated as a strong capacity in this model to equip organizations with a learning culture. The generation and dissemination of information through Market Orientation, as well as innovativeness, pro-activeness, and risk-taking behavior under Entrepreneurial Orientation, would be meaningless if there is no such learning culture in which it is difficult to question old values, policies, and procedures.

## 3. Methodology

The study adopted an explanatory research design of cross-sectional nature. According to Sekaran and Bougie (2009), a researcher should use more than one design to enhance the study; hence the mixed design was used to achieve the optimal results as recommended by Saunders, Lewis, and Thornhill (2009). Explanatory research design analyses the cause-effect relationship between two or more variables (Leavy, 2017; Rahi, 2017).

### 3.1. Sample and Data Collection Instrument

The study's target population was 10,924 licensed small and medium-sized enterprises in Nairobi County, Kenya (KNBS, 2018). The unit of analysis was the firm. The study sample size was computed using Yamane (1967:886) formula, which was modified by Saunders *et al.* (2003) to calculate sample sizes since the target population was known.

$$n = \frac{N}{1 + N_e^2}$$

Where:

- $n$  = sample size,
- $N$  = population size,
- $e$  = the error of sampling for the study was 0.05

Out of the total 10,924 small and medium-sized enterprises (SMEs), a sample of 386 was selected based on Yamane (1967) procedure. The study sample size was computed using Yamane (1967:886) formula, which was modified by Saunders *et al.* (2003) to calculate sample sizes since the target population was known.

Data collection instrument refers to the tools employed in collecting data for the study (Oso & Onen, 2008). The study used self-administered structured and semi-structured questionnaires to collect data for independent, moderator, mediator, and dependent variables.

The questionnaire consisted of close-ended questions because they are easier to administer and analyze since each item is followed by an alternative answer. The closed-ended questions ensure that the respondent stays focused on the study objectives (Saunders *et al.*, 2014). The study utilized questionnaires for data collection since it is considered an economical method and provides standardized and structural questions into variables for data analysis.

### 3.2. Measurement of Study Variables

**Dependent Variable – Learning orientation** was adapted from Sinkula, Baker and Noordewier (1997), which dimension learning orientation as a commitment to learning, shared vision/purpose, and open-mindedness. The higher-order learning orientation constructions included eleven variables divided into four first-order factors: commitment to learning, open-mindedness, intra-organizational, and shared vision. Commitment to learning is assessed by analyzing the extent to which organizations value organizational learning and regard learning as an investment rather than a cost (Sinkula *et al.*, 1997). Open-mindedness was tested by assessing if a company critically reflects on current assumptions and business practices (Sinkula *et al.*, 1997). The amount to which an organization attempts to share lessons and experiences, as well as organizational activities, and to widely disseminate the lessons learnt, was measured intra-organizationally. Finally, a shared vision was assessed by assessing the extent to which a company has a single aim at various levels and fosters a feeling of direction inside the business (Baker & Sinkula, 1999).

The independent variable for the study is social entrepreneurial behavior. Social entrepreneurial behavior was measured using eleven items developed by Mort, Weerawardena & Carnegie (2002). Social entrepreneurial behavior was conceptualized as giving rise to that set of organizational values that influence the propensity of the firm to create and use knowledge. The conceptualization of social entrepreneurship presented here is framed within an organizational capability model of sustained competitive advantage. On the other hand, market orientation was the study's moderating variable on the association between social entrepreneurial activity and learning orientation. However, market orientation is a second-order scale that consists of three dimensions that reflects the behavioral components of firms' market intelligence generation, information dissemination, and information responsiveness. Thus, the study used the MARKOR scale of Kohli *et al.* (1993).

The scale was adopted since it captures collaborative behavioral activities of market intelligence generation, information dissemination, and information responsiveness. Of the items, five pertain to market intelligence generation, two to intelligence dissemination, and two to responsiveness at the business unit level. Sample items for the three components were:

- 'We do a lot of market research in-house', and
- 'We get together periodically', and
- 'Collaborations with our business partners make us slow to detect fundamental shifts in our industry (competition, technology, regulation)' (reverse scored)

Further, the study utilized items from Narver and Slater (1990) (MKTOR) to examine market orientation. The scale is preferred to that of Kohli and Jaworski (1990) because it focuses on the sharing of values in an organization to create and maintain the most values for consumers while profitability has been taken into view of market orientation (Tajeddini *et al.*, 2006). Respondents were asked to provide a five-point rating of market orientation relative to its major competitors for each item, where 1 = 'Strongly Disagree', 2 = 'Disagree', 3 = 'Neutral', 4 = 'Agree' and 5 = 'Strongly Agree'. Respondents were asked to evaluate the competitive advantage of the medium size enterprises considering the series of statements.

### 3.3. Model Specification

The overall multiple linear models used to test the hypotheses for the main effect were expressed as follows:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon \dots \dots \dots (i)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 M + \varepsilon \dots \dots \dots (ii)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 M + \beta_3 X_1 * M + \varepsilon \dots \dots \dots (iii)$$

Where:

- $Y$  = Learning Orientation

- $\beta_0$  = Is the constant
- X = social entrepreneurial behavior
- M = Market Orientation
- $B_0 - \beta_3$  Coefficient regression or change induced in Y by each x
- $\varepsilon$  = error term

#### 4. Results and Discussion

The study distributed 386 questionnaires to (386 medium-sized enterprises) in Kenya. Notably, out of the total questionnaires administered, three hundred (300) questionnaires from the 300 medium enterprises were filled and returned. This represented 77.72 % of the total questionnaires administered. However, of the 300 questioners returned, a total of nine (9) questioners representing 1%, were incomplete and thus could not be used for further scrutiny of the data. Therefore, 291 questionnaires from medium-sized enterprises were realistically and sufficiently completed. Evidently, table 1 below shows that the response rate of this study was approximately 75.48%, which is way above the conventionally accepted rate of 30% (Sekaran & Bougie, 2013).

	Number of Questionnaires	Percentages
Administered Questionnaires	386	100.00
Returned Questionnaires	300	077.72
Usable Questionnaires	291	075.48

Table 1: Response Rate of Questionnaires  
Source: Survey Data, 2021

##### 4.1. Regression Results

The regression analysis was conducted to check the model fit and assess the model's predictive power, such as forced entry, hierarchical method, and stepwise methods (Field, 2009). The study used the entry regression model because it shows precisely what happens to the regression model when different predictor variables are added. Multiple linear regression analysis was carried out to regress the independent variable (social entrepreneurship behavior) with a competitive advantage. The independent Variable accounted for approximately 26.1% of the overall variance in competitive advantage ( $R^2 = .261$ , Adjusted  $R^2 = .258$ ).

The ANOVA method showed that the combined estimation of all independent variables, as shown in table 2 below, was statistically significant ( $F = 102.060$ ,  $p < 0.05$ ). The model was, thus, fit to predict competitive advantage through Social entrepreneurial behavior. To test the suitability of the research model, the distribution F-statistic test was used, using the following two testable hypotheses:

- H0: The model is not appropriate when the independent variables do not affect the dependent variables.
- H1: The model is appropriate when the independent variables affect the dependent variables.

Study findings in ANOVA table 2 indicated that the above-discussed coefficient of determination was significant, as evidenced by (Sig. F) ratio of 102.060 with p value 0.000 < 0.05 (level of significance), and the study accepted the alternative one. Therefore, the models used are appropriate. The following are the hypotheses for the direct relationship.

##### 4.2 Moderation Effect of Market Orientation on the Relationship between Social Entrepreneurial Behavior and Learning Orientation of Small and Medium-Sized Enterprises in Kenya

Table 2, presented below, shows the moderating effect of market orientation on the relationship between social entrepreneurial behavior and the learning orientation of medium-sized enterprises in Kenya. Hence, model 8 was used to establish the moderating effect of Market Orientation on the Relationship between social entrepreneurial behavior and learning orientation. Therefore, a hierarchical multiple regression analysis was conducted to test the hypothesis ( $H_{01}$ ) that learning orientation is a function of social entrepreneurial behavior and, more specifically, whether market orientation moderates the relationship between social entrepreneurial behavior and learning orientation. In the first step, two variables were included: social entrepreneurial behavior and market orientation. These variables accounted for a significant amount of variance in learning orientation,  $R^2 = .4838$ ,  $F(287.000)$ ,  $p < .001$ .

However, to avoid the potentially problematic high multicollinearity with the interaction term, the variables were centered, and an interaction term between social entrepreneurial behavior and market orientation was created (Aiken & West, 1991). Next, the interaction term between Social entrepreneurial behavior and market orientation was added to the regression model, which accounted for a significant proportion of the variance in learning orientation,  $\Delta R^2 = .0444$ ,  $\Delta F(16.618)$ ,  $p = .001$ ,  $b = -.4574$ ,  $t(296) = -4.0766$ ,  $p < .01$ .

The study concludes that the moderating effect of market orientation on the relationship between social entrepreneurial behavior and the learning orientation of small and medium-sized enterprises is significant. Hence moderation exists, and therefore, the null hypothesis was rejected. The study established that market orientation moderates the relationship between social entrepreneurial behavior and learning orientation. Therefore Hypothesis ( $H_{01}$ ) stated that there is no significant moderating effect of market orientation on the relationship between social entrepreneurial behavior and learning orientation. Therefore, the null hypothesis was rejected. This affiliation has also been recognized by scholars such as Jaworski & Kohli (1996), who completely supported the critical role of organizational learning (capabilities) in propagating market-oriented thought and behavior in an organization.



<b>MODEL 8</b>		<b>Unstandardized coefficients</b>			
	B	t	Sig.	LLCI	ULCI
(Constant)	-4.964(1.6022)	3.0980	.0021	-8.1174	-1.8101
<b>Predictor Variables</b>					
Social entrepreneurial	2.0125(.4234)	4.7535	.0000	1.1792	2.8457
Market Orientation	2.0339(.4292)	4.7392	.0000	1.1892	2.8786
Int_1	-.4574(.1122)	-4.0766	.0001	-.6783	-.2366
<b>Conditional Direct Effect</b>					
Social Entrepreneurial Behaviour → Learning Orientation					
MO	Effect	t	p	LLCI	ULCI
3.0000	.6401(.1021)	6.2673	.0000	.4391	.8412
3.8000	.2742(.0608)	4.5097	.0000	.1545	.3939
4.1579	.1105(.0768)	1.4383	.1515	-.0407	.2617
<b>Model Summary</b>					
R	.4838				
R Square	.2340				
MSE	3.000				
F Change	287.000**				
ΔR Square (X*W)	.0444				
ΔF Change (X*W)	16.6183**				
<sup>a</sup> Dependent Variable: Learning Orientation					
Note: N= 291, Level of significance, *p< .05, **p< .01. Standard errors are given in parentheses. All numbers are rounded to four decimal places, Focal predict: Social entrepreneurial (X) and Moderator variable market orientation (W) int_1= Social entrepreneurial * Market Orientation					

Table 2: Regression Result for the Moderating Effect of Market Orientation on the Relationship Social Entrepreneurial Behavior and Learning Orientation  
Source: Survey Data, 2021

Examining the interaction plot in figure 1 reveals an enhancing effect: as the level of social entrepreneurial behavior and market orientation increases, the desire to participate in learning orientation increases. This is depicted in a graph where the slope between social entrepreneurial behavior and learning orientation is steeper under a low level of market orientation. However, at higher levels of market orientation, the slope between social entrepreneurial behavior and learning orientation is less steep, evidence of a buffering effect, since an increase in market orientation results in a decrease in the effect of social entrepreneurial behavior on competitive advantage.

This is because firms with strong market orientations are likely to engage in aggressive product development regardless of their learning orientation.

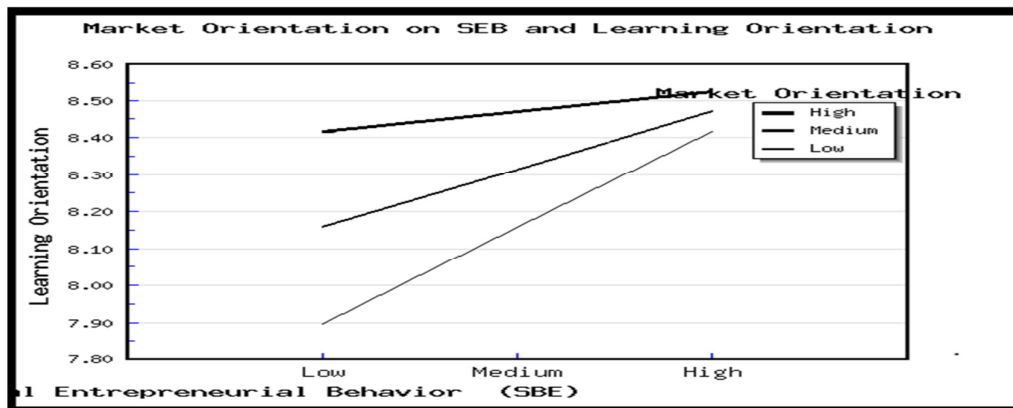


Figure 2: Mod Graph of Market Orientation on the Link between Social Entrepreneurial Behavior and Learning Orientation

This is because firms with high learning orientation may not always follow a purely market-oriented approach to new product development. After all, they do not require direct signals from the market to lead their new product development process. However, firms with high market orientation may be more likely to engage in imitative rather than innovative learning practices and may emphasize product-line extensions for its current customers rather than pursue a deep understanding of the latent needs of current and new customers and hence, innovative new products and

weaken the effect of social entrepreneurial behavior on the learning orientation of small and medium-sized enterprises in Kenya.

## 5. Conclusions

The study results reported a negative and significant moderating effect of market orientation on the relationship between social entrepreneurial behavior and Learning orientation ( $\beta = -.4574$ ,  $\rho < .05$ ), while the  $R^2$  change  $\Delta R^2 = .0444$ ,  $\Delta F(16.618)$ ,  $p = .001$ ,  $b = -.4574$ ,  $t(296) = -4.0766$ ,  $p < .01$ .

Examination of the interaction plot showed an enhancing effect: as Social Entrepreneurial Behavior and Market Orientation increased, Learning Orientation increased. The finding of the result rejected the null hypothesis and accepted that market orientation moderates the relationship between social entrepreneurial behavior and learning orientation. This infers that it positively increases learning orientation under high levels of market orientation. Generally, these findings suggest that Market Orientation influences the scope related to market dynamics, while Learning Orientation challenges the nature of market activities.

In other words, the Learning Orientation scope is broader than Market Orientation because it deals with both external and internal issues (Baker & Sinkula, 1999). Therefore, a more market-oriented organization will put more pressure on higher management to respond by developing learning-oriented culture. Lonial and Crum (2011) explained the same stance and asserted that the market always consists of a structure that is dynamic and difficult to predict, therefore demanding the company to adapt itself according to the changes identified. Therefore, market-oriented organizations need to heavily access and rely on their organizational learning capabilities, as learning capability will provide tools and techniques to collect timely information that can be used to execute strategies effectively (Zainul, Astuti, Arifin, & Utami, 2016). This leads to the conclusion that social entrepreneurship is a strategic resource that could only enhance learning orientation when it is supported by good market orientation.

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