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INFLUENCE OF ORGANIZATIONAL RESOURCES AND ENVIRONMENTAL SOCIAL ENTREPRENEURSHIP FACTORS ON PERFORMANCE OF ENTERPRISE BASED PARASTATALS IN KENYA

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ABSTRACT: *Social entrepreneurship (SE) factors are said to lead to higher sales, profits and increased productive employment of private sector enterprises in Kenya, Africa and the world in general. Despite these successes, little is known whether these factors have a relationship with the performance of commercially oriented parastatals. This study sought to determine how organizational resources and environmental factors affect the performance of enterprise based parastatals in Kenya. The study adopted a descriptive research design. The study population consisted of 55 enterprise based parastatals with a population of 495 top managers. Using stratified and simple random sampling techniques, 432 respondents were selected from amongst the 55 commercially oriented parastatals in Kenya. A questionnaire and key informant interviews were used to collect data. Secondary data was collected from financial and audited statements. Coefficients between independent variables (firm resources and environmental factors) and (firm performance) elements obtained from factor analysis were computed to explore possible strengths and direction of relationships. Binary logistic regression analysis was conducted and this was used to make interpretations and conclusions. The study established a significant relationship between organizational and environmental factors respectively with performance of enterprises based parastatals in Kenya. The study recommended that policies that integrate social entrepreneurship in enterprise based parastatals in Kenya should be formulated for the enterprises to achieve their intended objectives and for improved performance. The policies should ensure among others that prudent use of organizational resources and exploitation of environmental factors are integrated as core aspects of the management of the organizations.*

KEYWORDS: Social Entrepreneurship, Organizational Resources. Environmental Factors, Enterprise Based Parastatals, Firm Performance.

INTRODUCTION

Social enterprises are those firms that produce and sell goods and services by putting the highest priority on social purposes such as the provision of social services and jobs to the marginalized members of the society, and the enhancement of the quality of life of communities. Social enterprises can be said to be in between for-profit organizations and non-profit organizations (Defourny & Nyssens, 2010).

Studies in America, Europe and Asia indicate that social enterprises have appeared to create self-reliance among lower-income groups and finances for operating nonprofit organization. These studies indicate that the number of social enterprises in America, Europe and Asia is increasing not only in the public sector but also in the private sector as a result of government's positive support for them (Sciascia, Naldi & Hunter, 2006). Lee (2009) asserted that to create

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social value, social enterprises must have elements of entrepreneurship such as innovation, progressiveness and risk taking.

In today's business environment, where the life cycles of products and services are becoming shorter and the future profits are uncertain, it is very important for commercial oriented parastatals in Africa to take risks and to be progressive and innovative (Peredo & McLean, 2006). Social entrepreneurship and market orientation are the key success factors of today's enterprises as they make it possible for new enterprises to survive and endure (Sciascia, Naldi & Hunter, 2006).

Kwangwoo (2008) asserted that entrepreneurship and social networking are important for the continued operation of social enterprises and for increasing their social performance. In addition, systematic research on social entrepreneurship is necessary for sustainability of social enterprises. Although extensive research is being conducted on social enterprises, such research is lacking in terms of identifying the effects of social entrepreneurship factors on performance of enterprise based parastatals in Kenya.

In the emerging environment, parastatals in Kenya need entrepreneurship aspects which are innovation, progressiveness and risk-taking to redistribute and to reconcile resources to create new values (Frishammar & Horte, 2007). Existing studies have classified entrepreneurship to innovation, progressiveness and risk-taking (Frishammar & Horte, 2007). This study aims at determining the influence of organizational resources and environmental factors on the performance of enterprise based parastatals in Kenya. The study was based on two null hypotheses that stated:

Ho_1: There is no significant influence of organizational resources on the performance of enterprise based parastatals in Kenya.

Ho_2: There is no significant influence of environmental social entrepreneurship factors on the performance of enterprise based parastatals in Kenya.

LITERATURE REVIEW FIRM RESOURCES AND PERFORMANCE OF ENTERPRISE BASED PARASTATALS

The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage, which eventually leads to superior firm performance (King, 2007). Rose and Kumar (2007) examined resources and categorized them as tangible resources namely human, physical, firm and financial, and intangible resources namely reputational, regulatory, positional, functional, social and cultural.

Out of the categories of resources cited by Rose and Kumar (2007), human resources and intangible resources are deemed to be the most important and critical ones in attaining and sustaining a competitive advantage position because of their nature of not only being valuable but also hard to copy relative to the other types of tangible resources (namely physical and financial). Conceptually and empirically, resources are the foundation for attaining and sustaining competitive advantage and eventually superior firm performance (Felin & Hesterly, 2007).

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Morgan et al. (2004) predicts that certain types of resources a firm owns and controls have the potential and promise to generate competitive advantage which eventually leads to superior firm performance. Physical resources such as the plant, machinery, equipment, production technology and capacity contribute positively towards firm competitive advantage and eventually result in superior firm performance. In addition, financial resources such as cash-in-hand, bank deposits and/or savings and financial capital (e.g., stocks and shares) also help explain the level of firm competitive advantage and performance (Morgan et al., 2004; Ainuddin et al., 2007). Human resources such as top and middle management, and administrative and production employees were also able to elucidate the extent of firm competitive advantage and the resulting firm performance (Datta et al., 2005). Furthermore, experiential resources such as product reputation, manufacturing experience and brand name can account for the variation in firm competitive advantage and performance (Ainuddin et al., 2007). Firm resources are the foundation for attaining and sustaining competitive advantage.

Environmental factors and performance of enterprise based Parastatals

The effects of business environment factors on firm performance have been discussed in several theoretical contributions and empirical studies. Yoengtaak et al. (2009) in the study on the effects of environmental factors on firm performance identified that the performance of firms is positively influenced by dynamic environment, heterogeneity and competitive aggressiveness.

Khandwalla (1977) says that a dynamic environment may provide more entrepreneurial opportunities for the SE firms. Dynamism refers to the perceived instability of a firm's market because of continuity changes. Opportunities emerge from dynamism of an industry where social, political, technological and economic changes bring about new developments that can enrich a firm's niche. Dynamic environments are likely to provide many aspects such as changing conditions that displace bases for competitive advantage and provoke new explorations of sources of advantage.

Stable environments however tend to reinforce existing sources of competitive advantage, providing only few opportunities (Martin et al., 2007). SE helps to respond to these new competitive forces either through innovations or imitating competitor's practices. As a result firms that view theirs environments as dynamic emphasized SE dimension to improve financial performance of the manufacturing firms.

A hostile environment creates threats to a firm's mission through increasing rivalry in the industry or depressing demand for firm's commodities, thereby threatening the very survival of the firm. Environmental hostility is also expected to stimulate pursuit of SE (Jones, 2010). Faced with unfavorable environmental conditions, a firm may opt to differentiate its commodities through intensive marketing advertising activities segments. And if hostility continues to intensify, the firms may consider novel business ideas to replace or supplement their additional business core through internal development, internal joint venturing or diversification; hence better performances (Katz, 2010).

Environment heterogeneity is where there is existence of multiple segments, with varied characteristics and needs that are being served by the firm (Zahra, 2001). This factor refers to the number of different firmly relevant attributes or components of the environment. For instance, two firms may compete in the same industry and serve the same customer groups that will perceive the environment quite differently. One firm may perceive the environment as

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manageable (simple) while the others may view it as complex and uncontrollable. These perceptual differences arise from the experiences of firms with external environment. According to Zahra (2009), increased environment heterogeneity is predicted to be associated with greater use of SE.

Firms which do not take a new position against the increased intensity of the competition and /or become late to enter into the growing markets compute the opportunity costs and try to make alternative strategies to survive or remain in competition (Birkinshaw, Hood & Young, 2005). Firms which decide to gain share from those markets adopt competitive aggressive behaviours by employing marketing strategies such as competing on price variation promotion and or competing for the distribution channels or imitating the competitors' actions and /or products (Dess, Lumpkin & Eisher, 2007).

By acting aggressive via marketing tools, firms force relatively stronger competition to make entry barriers for the currents markets from the two points of view – either new entrants or existing firms. The purpose of these bold and aggressive behaviours is initially to remain in competition and then to make profits by fulfilling the needs of the market (Noruzi, 2010).

Performance of enterprise based Parastatals

Social enterprises have a different nature of characteristics from general profit organization and differ mainly in their goal and values. For-profit organizations are focused on profit maximization while the operational goal of social enterprises is to maximize social-oriented profits (Yang et al., 2014). Austin et al (2006) found that social enterprises do not use only non-financial aspect to determine the success of the organization, but also financial view which is a crucial aspect required in measurement of performance. Davis et al. (2010) points out that the mostly used measures of organization performance have been profitability, sales growth, return on investment and employment. Brooks (2009) describes social entrepreneurship as a process that provides added value and novelty to the enterprise, its suppliers and customers through the development of new procedures, solutions, products as services as well as methods of commercialization. He asserts that organizations institute social entrepreneurship as a process that infiltrates and spreads throughout the entire organization and tends to achieve positive results overtime in the sense of improved profitability, sales growth, return on investment and employment.

There have been no studies available from the literature in Kenya that link social entrepreneurship to an organizations performance in terms of profitability, sales growth, return on investment and employment. However, Antonic and Hisrich (2004) demonstrated that social entrepreneurship makes a difference on the organization's performance, observed by growth, profitability and new wealth creation. Other studies undertaken by Trott (2010) and Zhao et al. (2010) also found that there was a positive relationship between social entrepreneurship and organizations' performance with regard to sales growth and return on investment.

METHODOLOGY

The study used survey design with mixed approaches. According to Bazeley (2006) a mixed method research is a systematic integration of quantitative and qualitative methods in a single study for purposes of obtaining a fuller and deeper understanding of a phenomenon. Both qualitative and quantitative methods were therefore used. The research adopted quantitative

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approach because the information collected through questionnaires was analyzable using statistical tools such as ANOVA, measures of central tendency and measures of dispersion. Qualitative approach was applied to supplement and strengthen the quantitative aspect and to try and unearth answers to 'how' and 'why' questions on social entrepreneurial behavior. In this study interviews were adopted as an appropriate method for collecting qualitative data required to explore the phenomenon under consideration. The interviews were an opportunity to ignore *a priori* ideas and to draw on the knowledge of respondents without imposing bias (Nicoloni, 2002). The survey design was also desirable since it enabled the author to use questionnaires and interviews where data could be quantified (Lee et al., 2011).

Descriptive survey design was also used to describe characteristics of the independent variables. This was appropriate to obtain information concerning the current status of phenomenon that describes the current situation as it is with respect to the variables of the study.

A target population of 55 enterprise based-parastatals was considered. The study also comprised of two components: a quantitative study of top managers and a qualitative study of selected key informants in the enterprise based-parastatals. Four hundred and ninety five top managers constituted the population of subjects in the quantitative study. The subjects in the qualitative study were 14 and were studied using an in depth interview method. The study used both stratified and simple random to select the sample. The enterprise based parastatals were stratified according to the unique business they undertook. The strata included enterprise based-parastatals. There were 14 sub-sectors in total namely Manufacturing, Agriculture, Trade, Hospitality, Publishing, Finance, Housing, Energy, Water, Transport, Information, Insurance, Research and Maritime. From the population of 55 enterprise based-parastatals, the study selected 48 enterprise based-parastatals which constituted 87.2% of the targeted population. In addition, 432 top managers were selected from a population of 495.

Two research instruments were used to gather data from respondents who included top managers and senior managers in the enterprise based parastatals. This study specifically used a top manager's questionnaire and a key informant interview schedule for senior managers. The collected data was then coded to facilitate data analysis. A variety of statistical procedures were used in the analysis of the data starting with descriptive statistics followed by more complex procedures such as correlations, factor analysis and binomial logistic regression. The descriptive statistics involved measures of central tendency such as means and measures of dispersion such as standard deviation. Data entry and analysis were done with the aid of SPSS (Statistical Package for Social Sciences) Version 22. Factor analysis was carried out to examine the underlying structure among the social entrepreneurship factors. Finally, binomial logistic regression analysis was conducted to establish the influence of social entrepreneurship factors on the performance of enterprise based parastatals. The general binomial logistic regression equation is presents as:

$$\text{Logi}(Y) = a + B_1X_1 + B_2X_2 + e$$

Where Y =enterprise based - Parastatal performance

a= constant, Bi = partial regression coefficients (i = 1, 2), X_1 predictor variable associated with firm resources, X_2 = predictor variable associated with environmental factors, e = error term

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RESULTS AND DISCUSSIONS

Organizational resource factors and performance of enterprise based Parastatals

There were six issues used to study organizational resource factors and which were believed to influence the performance of enterprise based parastatals in Kenya. These are human resources, physical resources, financial resources experiential resources, effective utilization of human and physical resources, and effective and efficient use of financial and experiential resources. The top managers in enterprise based parastatals in Kenya were asked to indicate whether organizational resources factors influence the performance of enterprise based parastatals in Kenya**.** The responses were measured on a Likert Rating Scale with responses ranging from strongly Disagree to Strongly Agree. The results of findings are presented in Table 1.

Table 1: Descriptive Statistics for Firm / Organizational Resources and Firm Performance

	Statement	**Mean**	**STD**
1.	Human resource	3.67	0.929
2.	Physical resources	3.58	1.011
3.	Financial resources	3.67	0.798
4.	Experiential resources	3.4	0.889
utilization human and physical resources		3.47	0.944
effective and efficient use of financial and experiential resources		3.51	0.968
	Average	**3.55**	**0.923**

The mean for the six (6) elements ranges from 3.40 to 3.67 with an average mean of 3.55. Means greater than 2.5 and less than 3.5 implied that firm resources influenced performance to a moderate extent. Means greater than 3.5 and less than 4.5 implied that individual factors influenced performance to a very great extent. This implies that experiential resources (3.4) and continuous utilization of human and physical resources (3.47) have a moderate influence on performance of enterprise based parastatals. Conversely, effective and efficient use of financial and experiential resources (3.51), physical resources (3.58), human resource (3.67) and financial resources (3.67) influence performance to a very great extent. On a firm level, human resources including the total workforce play a more determined role when compared to the entrepreneur alone (Bottazzi & Secchi, 2005).

To establish the association between firm resources factors and firm performance, Pearson correlation was performed. Results obtained from this study show that there was a positive and significant relationship between firm resources and firm performance. This argument is supported by the p value of 0.000 which is less than recommended critical value of 0.05. In support of this, Morgan *et al.* (2004) predicts that certain types of resources a firm owns and controls have the potential and promise to generate competitive advantage which eventually leads to superior firm performance.

The results of findings were subjected to factor analysis, and to qualify for this test, measure of sampling adequacy was performed. These results of the KMO and Barlett's Test of Sphericity from this analysis of 0.660 and Chi-square = 93.273 with 15 degrees of freedom, at $p < 0.05$ respectively justified further statistical analysis to be conducted on firm resources

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variable. The KMO measure of sampling adequacy was beyond the minimum threshold indicating that the sample size was adequate for factor analysis to continue.

Factor analysis was conducted using Principal Components Method (PCM) approach and the extraction of the factors followed the Kaiser Criterion where an eigenvalue of one (1) or more indicates a unique factor. Total variance analysis indicates that the six (6) statements on firm/organizational resources and firm performance can be factored into one (1) factor. The total variance explained by the extracted factor is 50.352%.

Table 2: Firm Resources Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.021	50.352	50.352	3.021	50.352	50.352
2	1.113	18.557	68.909			
3	0.701	11.676	80.585			
4	0.223	3.721	100			
5	0.215	3.59	99.038			
6	0.058	0.962	100			

Extraction Method: Principal Component Analysis.

Table 2 shows the factor loadings for sub-constructs of firm resources. All the statements attracted coefficients of more than 0.4 hence they were all retained for analysis. According to Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. The factor loading for the sub-variables of firm resources ranges from 0.82 - 0.936 which is above the Zandi (2006) minimum recommended threshold of 0.4. The matrix with the unit factor and its loadings is presented in Table 3.

Table 3: Factor Loading for Firm Resources

Item	Factor loading
Human resource such as top and middle management and administrative functions affect enterprise based parastatals performance	0.936
Physical resources such as the plant, machinery, equipment, production technology and capacity contribute positively towards the performance of enterprise based parastatals	0.932
Financial resources such as cash-in-hand, bank deposits and/or savings and financial capital (e.g., stocks and shares) also help in improving the performance of enterprise based parastatals	0.912
Experiential resources such as product reputation, manufacturing experience and brand name account for the performance of enterprise based parastatals	0.897
The enterprise based parastatals continuously utilize human and physical resources for improving performance	0.897
The enterprise based parastatals always make effective and efficient use of financial and experiential resources for enhancing performance	0.82

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Number of Items	**6**
Observation (N)	**323**

A binary logistic regression was then performed. In this study, binary logistic regression was used to model relationship between firm resources factors and firm performance (performance or no performance).

The null hypothesis that was tested stated:

H0: *There is no significant influence of firm/organizational resources on the performance of enterprise based parastatals in Kenya.*

The logistic regression model contained independent variables, namely firm resources factors. The logistic regression model is summarized as:

Logit (performance level) = -7.419+2.242 firm resources factors

Table 4: Logistic Regression for Predicting Firm Performance from Firm Resources

Variable	Beta	S.E.	Wald	Df	Sig.	Exp (B)	95% C.I. for EXP(B)	
							Lower	Upper
Firm Resources	2.242	0.731	9.399	1	0.002	9.409	2.245	39.435
Constant	-7.419	2.573	8.312	1	0.004	0.001		

n=323, $\chi 2$=241.21, DF=11, sig=.000, Cox and Snell R Square (.392); Nagelkerke (.573), overall percentage correct prediction (58.2%)

The general model was significant at .05 level ($\chi 2$=241.21, DF=11, sig=.000, n=323) indicating that the logistic model was applicable. The explained variation in the dependent variable based on the above model is 36.1% (Cox and Snell R Square) and 39.2% (Nagelkerke) and correctly explains 58.2%) of cases.

An increase in firm resources was found to increase the probability of having higher firm performance by 9.409 times as established using Binary logistic regression to model relationship between firm resources and firm performance. The results show that firm resources were statistically associated with firm performance ($p < 0.002$). This implies that firms with high firm resources have higher chances of realizing higher performance.

The null hypothesis H_o that there is no significant influence of firm resources on the performance of enterprise based parastatals in Kenya was rejected.

These findings concur with those of King (2007) who coined the resource-based view of the firm which predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage, which eventually leads to superior firm performance. Rose and Kumar (2007) examined resources and categorized them as tangible resources (namely human, physical, firm and financial), and intangible resources (namely reputational, regulatory, positional, functional, social and cultural). However, out of the categories of resources cited by Rose and Kumar (2007), human resources and intangible resources are deemed to be the more important and critical ones in attaining and sustaining a competitive advantage position because of their nature, because they are not only valuable but also hard to copy relative to the other types of tangible resources (namely physical and financial).

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Environmental social entrepreneurship factors and performance of enterprise based Parastatals

There were six items used to study environmental factor which influenced the performance of enterprise based parastatals in Kenya. The top managers in enterprise based parastatals in Kenya were asked to indicate whether environmental social entrepreneurship factors influence the performance of enterprise based parastatals in Kenya**.** The responses were measured on a Likert Rating Scale with responses ranging from strongly Disagree to Strongly Agree. The results of findings are presented in Table 5.

Table 5: Environmental Factors and Firm Performance

	Statement	**Mean**	**STD**
1.	Dynamic environment	4.33	0.798
2.	Hostile environment	2.89	1.112
3.	Heterogeneity	3.38	1.072
4.	Competitive intensity	2.96	1.086
5.	dynamic and hostile environment	2.96	1.107
heterogeneity and competitive intensity		3.47	1.079
	Average	**3.33**	**1.042**

The mean score for responses for this section was 3.33 which indicate the majority of the respondents agreed that the environmental factors were key drivers of firm performance.

The mean for the six (6) elements ranged from 2.89 to 4.33 with an average mean of 3.33. Means ranging between 2.5 and 3.5 imply that environmental factors influenced performance to a moderate extent. Means greater than 3.5 and less than 4.5 implied that environmental factors influenced performance to a very great extent. This implies that Hostile environment (2.89), competitive intensity (2.96), consideration of dynamic and hostile environment when undertaking strategic planning (2.96), heterogeneity (3.38) and consideration of heterogeneity and competitive intensity (3.47) have a moderate influence on performance of enterprise based parastatals. Conversely, existence of a dynamic environment (4.33) influences performance to a very great extent. According to Zahra (2009), increased environment heterogeneity is predicted to be associated with greater use of SE.

To assess the nature of inter-relationships between the environmental factors and firm performance, Pearson correlation was also performed. A positive and significant relationship between the two was observed. This was evidenced by the p value of 0.000 which is less than that of critical value of 0.05. The effects of business environment factors on firm performance have been discussed in several theoretical contributions and empirical studies.

Yoengtaak et al. (2009) in the study on the effects of environmental factors on firm performance identified that the performance of firms is positively influenced by dynamic environment, heterogeneity and competitive aggressiveness.

For factor analysis to proceed, a Measure of Sampling Adequacy (MSA) of factor analytic data was undertaken. The measure obtained on environmental factors in this study is 0.615 which is consistent with the Kaiser-Meyer-Olkin Measure of Sampling Adequacy. In addition to the KMO test, the Barlett's Test of Sphericity obtained Chi-square = 169.807 with 15 degree of freedom, at $p < 0.05$ as summarized in Table 6 confirm sampling adequacy and provide an excellent justification for further statistical analysis to be conducted on the data from this study.

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Factor analysis was conducted after successful testing of data sampling adequacy. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigenvalue of one (1) or more indicates a unique factor. Total variance analysis indicates that the six (6) statements on environmental factors and firm performance can be factored into one (1) factor. The total variance explained by the extracted factor is 57.091%.

Table 6: Environmental Factors Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1.	3.425	57.091	57.091	3.425	57.091	57.091
2.	0.96	15.995	73.087			
3.	0.848	14.138	87.225			
4.	0.627	10.455	91.039			
5.	0.314	5.24	96.279			
6.	0.088	1.466	100			

Extraction Method: Principal Component Analysis

According to Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. Table 7 shows the factor loadings for sub-constructs of environmental factors in which all statements attracted coefficients of more than 0.4 hence retained for analysis. The factor loading for the sub-variables of environmental factors ranged from 0.876 - 0.959 which are above the Zandi (2006) minimum recommended threshold of 0.4.

Table 7: Factor Loading for Environmental Factors

Item	Factor loading
Dynamic environment (preference and taste of consumers, prices of products and changes in taxes) affects enterprise based parastatal performance	0.959
Hostile environment (competitive pricing, combination of marketing strategies, market niche and new methods of packaging) affects enterprise based parastatal performance	0.937
Heterogeneity (competitive aggressiveness, investing in new ventures, innovation ability and behavior of taking risk) affects enterprise based parastatal performance	0.934
Competitive intensity (new demand on existing products, sales and marketing, increase of market share, financial resources for sales promotion and improving market share) affects enterprise based parastatal performance	0.916
The enterprise based parastatal takes in consideration dynamic and hostile environment when undertaking strategic planning for enhancing performance	0.912

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The enterprise based parastatal takes in consideration heterogeneity and competitive intensity for improving performance	0.876
Number of Items	**6**
Observation (N)	**323**

A binary logistic regression was then performed and this predicts the probability that an observation falls in one or two categories of dichotomous dependent variable based on one or more independent variables that are categorical or continuous (Field, 2000).

In this study, binary logistic regression was used to model relationship between environmental factors and firm performance (performance or no performance).

The null hypothesis that was tested stated:

H0: There is no significant influence of environmental social entrepreneurship factors on the performance of enterprise based parastatals in Kenya. The logistic regression model contained independent variables, namely; environmental factors. The logistic regression model is summarized as:

Logit (performance level) = -3.331+1.119 Environmental factors

Table 8: Logistic Regression for Environmental Factors

Variable	**Beta**	**S.E.**	**Wald**	**df**	**Sig.**	**Exp (B)**	**95% C.I. for EXP(B)**	
							Lower	**Upper**
Environmental Factors	1.119	0.48	5.423		0.02	3.061	1.194	7.846
Constant	-3.331	1.652	4.066		0.044	0.036		

n=323, $\chi 2$=189.28, DF=11, sig=.000Cox and Snell R Square (.333); Nagelkerke (.384), overall percentage correct prediction (78.2%)

The general model was significant at .05 level ($\chi 2$=189.28, DF=11, sig=.000, n=323) indicating that the logistic model was applicable. The explained variation in the dependent variable based on the above model is 33.3% (Cox and Snell R Square) and 38.4 % (Nagelkerke) and correctly explains 60.3% of cases.

Table 8 shows that environmental factors were statistically related with enhanced firm performance ($p < 0.02$). An increase in environmental factors increases the probability of higher firm performance by 3.061 times. Firms with high environmental factors therefore have higher chances of realizing improved performance.

The null hypothesis Ho that there was no significant influence of environmental social entrepreneurship factors on the performance of enterprise based parastatals in Kenya was rejected.

As noted earlier the result of findings are supported by Yoengtaak et al. (2009) who conducted a study on the effects of environmental factors on firm performance and identified that the performance of firms is positively influenced by dynamic environment, heterogeneity and competitive aggressiveness. Martin et al. (2007) also identified the most prominent

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environmental factors that influence performances of firms: dynamic environment, environmental heterogeneity and competitive aggressiveness (Birkinshaw, Hood & Young, 2005).

Implication to Research and Practice

Enterprise based parastatals need to perform well in terms of sales, profits, assets and employment in Kenya which is an emerging market in Sub-Saharan Africa. One of the factors affecting this can be attributed to failure to identify the social entrepreneurship dimensions that affect their performance. This information will be useful in providing essential information for positive performance of enterprise based parastatals in terms of sales, profits and assets. The study will enable policy makers in enterprise based parastatals in various ministries in Kenya and elsewhere to justify their funding for successful performance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The findings of this paper show that a lot of emphasize is given to the importance of social entrepreneurship and performance of enterprise based enterprises especially in developing countries and those with economies in transition. However, the performance of such enterprises is influenced by many of factors. The study establishes that there is strong positive association between firm resources and environmental factors respectively on one with performance of enterprise based parastatals in Kenya. The statistical model with binary logistic regression model was significant at .05 levels indicating that the logistic model fits well i.e. it can be used to predict the influence of the variables under study on performance. The study thus concluded that performance of enterprise based parastatals can be explained by observed changes in both firm resources and environmental factors.

Recommendations

To ensure the continued growth of enterprise based parastatals, this study recommends that emphasize should be put on formulating policies that create a favorable environment for sustainable growth performance.

It was revealed that education and training are important ingredients in the performance of enterprise based parastatals. This study recommends that the government should continue to provide training, market services, market information to ensure that stakeholders meet market standards for their products.

Suggestions for Further Research

The author suggests that another study should be carried to investigate challenges affecting the performance of enterprise based parastatals in Kenya.

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