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ENTREPRENEURIAL SOCIAL CAPITAL AND PERFORMANCE OF MICRO, SMALL, AND MEDIUM ENTERPRISES

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ABSTRACT

This study aimed to establish how entrepreneurial social capital influenced the Performance of MSMEs in Mombasa so as to gain an understanding of which strategies need to be formulated so as to stimulate the performance of the MSMEs. To achieve this objective, specific objectives included assessing the extent to which structural social capital, relational social capital, and, thirdly, cognitive and social capital influence the performance of MSMEs in Mombasa County. The research was guided by theories, including Social, signaling, and Resource-based view theories. The research adopted a descriptive design, with the population targeted being drawn from MSMEs operating within Mombasa County, from which a representative sample of 353 SMEs was selected as respondents. The respondents were selected using random sampling. Data that the researcher collected was collected with the aid of structured questionnaires, and finally, data was assessed, and inferences were made through descriptive statistics that guided the researcher to draw conclusions. The researcher found that dimensions of social capital, structural, relational, and cognitive, do significantly and positively influence the performance of MSMEs in Mombasa County. The study concluded that a positive correlation exists, implying that business management has to harness social capital correctly to improve business performance and poster upward growth. The study advances the empirical findings and theoretical foundations of social capital. In further research in this field, it would be useful to compare the influence of social capital on competitiveness indicators confirmed in firms' financial reports by using a sample of enterprises with more transparent financial information.

KEYWORDS: social capital; cognitive social capital; structural social capital; relational social capital; MSMEs performance

JEL CLASSIFICATION: M15, M21, M16

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INTRODUCTION

The role and importance of Micro, Small, and Medium enterprises are key sectors to nations' economies; more so, middle-income nations have been appreciated and recorded globally. It is majorly known for creating employment, technological innovation, and GNP contributions. Entrepreneurship plays a vital role in advancing economic growth and involves more than raising per income and per capita output. It demands the construction and initiation of structural change in business and society at large. This change is often preceded by growth and maximum output, which gives way to more wealth gained by entrepreneurs (Nthuni, 2014).

Mishchuk, Bilan, Androniceanu, and Krol (2023) state that despite the relative novelty of the Social capital concept in economic research, it is gaining increasing appreciation in the system of drivers of economic development. In addition to understanding the importance of such an intangible asset at the enterprise level, social capital is increasingly one of the factors of prosperity (Legatum Institute Foundation, 2020a) and sustainable competitiveness (Solability, 2021), monitored internationally. Such assessment carried out by reputable expert organizations concludes that social capital is becoming an integral and crucial prerequisite for sustainable economic growth and development.

The concept of social capital refers to the resources that originate from and through business networks and personal networks. These are social links that relate to personal and business that give rise to resources, among them opportunities in business, information, capital in terms of finance, leads, ideas, emotional support, trust, cooperation, and goodwill (Muniady et al., 2015). The part social in the context of social capital gives an explanation of the resources that do not belong to a person, but they emphasize the network relating to relationships (Boutilier, 2017). Marbuah et al. (2021) argued that businesses that accrue high levels of achievements pertaining to social interaction and civic engagement exhibited improved management, growth of the economy, and democracy. Kirkwood (2016) expresses that structural social capital has been examined and concluded that it strongly deals with whom you will be able to reach and the means of reaching them.

The structural social dimension emphasizes facets and components of the network, among them the absence or presence relating to ties existing amongst parties, the network configurations, like the organizational hierarchy, and concepts, like relationship ties density, holes in the structure of networks, missing or presence of ties in a network for different people, informal and/or formalized configurations of the network, and finally the connectivity and density pertaining such networks (Kirkwood, 2016).

The dimension of social capital that is relational articulates the category of relationships, however personal, that people with each other have developed through a long interaction history. It comprises the individual relationship qualities and characters of these relationships. It is thus important to note that trust, friendliness, shared history, and respect are crucial (Cervone & Pervin, 2015). The dimension is thus associated with the qualities, whether bad or good, of ongoing relationships. It also comprises characteristics and qualities of the connection that exist among persons. This is often exhibited by cooperation, trust, and the identification that a specific person bears within a web of relationships (Muniady et al., 2015).

The cognitive dimension describes resources that end up in the provision of shared representation, systems, and interpretations of substance amongst parties. Out of the three dimensions, cognitive has been studied the least and entails shared interpretations and meanings among parties in a relationship (Zhao et al., 2012). It captures the norms that are shared concepts, value systems, and meanings, and as such, the cognitive dimension is directly assumed to influence the establishment of ties and thus social capital. (Karahanna & Preston, 2013). Golden (2016) underlined that when congruence exists on objectives and values as well as sharing of interpretations across partners in an organization, the cognitive capital becomes continuing, supportive in a cumulative manner, and most importantly, self-reinforcing.

Social capital contributes positively both at the individual and at the organizational level. At the personal level, networks can assist people in getting a job. Not all persons secure employment through formal methods like advertisements. Counselors and consultants advocate this method of finding placements through networking. The employees who accrue better networks are considered to have pay that is better and faster promotions (Baker, 2010). At the level of an enterprise, social capital assists in promoting venture capital as socializing through networks, whether formal and/or informal, offers not only accessibility to information and ideas on current opportunities of investment, increasing the willingness to invest (Alexy et al., 2012).

1 LITERATURE REVIEW

Social theory was used to support the study. Coleman (1998) stated that social theories refer to empirical evidence frameworks for studying and interpreting social phenomena. It includes ideas on how communities change and institute methods by way of interaction, power sharing, and the social structure, ethnicity, gender, and civilization (Murphy, 2012). The majority of upcoming and small firms are founded and co-owned by a number of people. In comparison to firms that are singly founded, firms with multiple partners are able to draw upon a wide range of social networks around business and may command a wider know-how and innovative ideas (Lewicki et al., 1998). The reasoning behind this is that ventures with wider teams are, in many cases, access resources and knowledge, which is of relevance to social capital when compared to ventures with narrower teams.

Researchers have considered social capital as a key component of improving the performance of the organization through direct influence, including inclusion in the business strategies of organizations (Marjański & Sułkowski, 2021; Nguyen et al., 2020; Perez et al., 2020), or indirectly through enterprise resource planning (Akimova et al., 2020), quality of business environment assessment (Čepel, 2019; Tarí et al., 2020), customer loyalty and purchase intentions (Khan et al., 2021), employee engagement (AlKahtani et al., 2021; Roto et al., 2018; Samoliuk et al., 2021; Smolarek & Sułkowski, 2020), financial inclusion of enterprises in business clusters (Onodugo et al., 2021), cooperation of enterprises for increased competitiveness (Kokthi et al., 2021; Matijová et al., 2019), and transparency in the business environment (Shkolnyk et al., 2020).

Similarly, a qualitative study entitled the civic engagement and the race emergence: which was done in the United States context, stated that the more youth are included in matters of public interest has increased in most areas and similar research on youth public engagement has been proliferated (Ballard, 2014) crosswise a manifold of disciplines (Morimoto, 2013). Civic engagement has been championed as a means of achieving unity and a feeling of belonging to a country can be developed and maintained. Creating rapport among stakeholders is now the most effective method to build trust and avert chaos in society. The process of establishing civic engagement has now attested to accrue potential of aiding to create a more powerful and united civic nation.

Pinho (2013) investigated the role of relational social capital play in examination of relationships of exporter and intermediary. The main goal of the paper, which was based on a model of concepts, was to synthesizes, the foundations theoretically of cooperation and social capital. The assumption was that relational network as well as the resources set that are within embedded significantly and strongly impacted the level to which cooperation's of exporter-intermediary occurs. The findings showed that out of six, five relationships that were studied were supported positively. Statistically, the assessment revealed a positive and influence that is significant of the two dimensions relating to social capital which included cognitive or value shared values and relational or trust on two of cooperation and commitment. It did not for instance promote the effect of cognitive dimension on relational dimension of social capital.

Relational dimension was emphasized by Chollet, Géraudel and Mothe (2014) in the study entitled generating referrals in a business relating to SMEs: the CEO's contingent value of their social capital. The study was based on a sample of in total 408 French SME, the study stated that this dimension is concerned with the kind of people's personal relationships developed with one another through a history of interacting. It is a dimension that encompasses the qualities as well as characteristics pertaining to individual relationships. Matters such as history that is shared, friendship, respect and trust are pertinent. The relational dimension is tied with the qualities, whether good or bad, of associations that are long-lasting. Chollet, Géraudel and Mothe (2014), further noted that it enshrines the character and qualities that exist amongst individuals and in most cases attributed by trust more of cooperation and the self-identity that a particular person has, along network of existing relationships. In order to quantify the relational social capital, this current study will therefore focus on the relationships level of quality, and most importantly the trust level exhibited by major business players.

Jordan and Audia, (2012), in the study Self-enhancement and learning from performance feedback indicated that cognitive accuracy is also a construct that involves quantification of perceptions of indicators highlighting performance, turnover volume, performance of employment, and investment in technology and capacity adoption. It was supported by Perin et al, (2016) where it was argued that businesses that change their processes to cope with new dynamics have high probability of achieving innovations that are radical from external sources. There is a need for the employees to review their operational process to ensure they address changing business environments. Perin et al, (2016) noted, Business that adopt most new practices tend to be more preferred by their customers thus facilitating the process of improvement and development of better services and products leading to better performance of the business. Networking plays a key role in postering high performance for the institutions. This is one of the means of information transfer that offers opportunities and restrictions for the firms on networks although in absence of a strong social network that is internal, all externally emanating knowledge become useless, as it limits transmission to those participate in the process of innovation.

1.1 Statement of the Problem

Studies undertaken by Global Entrepreneurship Monitor have found that entrepreneurship is a critical source for creating employment (Reynolds et al. 2012). The background of the study insinuates that SMEs are confronted by continuous danger of breakdown and most fail to progress into sizeable enterprises (World Bank, 2014). SMEs category in Kenya is typified by high mortality degree with over 60% failure every year and closely all do not outlast to their third year (Ngugi, 2013). The Kenyan conditions brings about an alarming state where 400,000 SME's fail to survive every year and do not outlive the first anniversary, 2.2 million enterprise have shut their operations between 2011 and 2016 as a consequence of operational hinderances in costs, financing, management and deficiency in innovativeness. Research conducted by Bowen et al. (2009), indicates that out of five SMEs three fail within the first few months after establishment. In recognition of the important role that small ventures play in the Kenyan economy, the central government envisages within Kenya Vision 2030 the support of MSMEs to becoming important industries through continuous improvement of innovation to increase their profitability (Ministry of Planning, National Development & Vision 2030).

Due to many dynamic conditions facing MSME, Scholar have in depth examined effect of entrepreneurial social capital on the growth and performance of SMEs. Turner (2011) , United States of America, in his writing, Social Capital: he made many conclusions with regards to the dimensions of social capital namely; structural dimension, relational and cognitive social capital. These dimensions are the basis of this study but undertaken in Kenyan context. The same Turner (2011) recommended more and in-depth study to be done in examining the cognitive dimension, to find out the means that lead to a correspondence of mindsets among related supply chain partners: ideas of distributed norms, mechanisms of meanings and standards, drilling down into the sub-constructs of respective dimension while upholding the interrelated nature of the three aspects of social capital.

Ofori and Sackey (2010) postulated that in Ghana, social capital has been realized to be an important tool in organizational life, capable of excelling the ventures to exemplify performance. To that end, this inquiry insinuated that businesses do assume an approach that tends to be proactive towards promotion, founding and maintenance of viable social networks enriched in their structures so as to maximize benefit emanating from it. It also emphasized for future research to scrutinize the exact influence imparted by the determinants of social capital on organizational performance.

1.2 Research Objectives

The main intention of this study was to determine the impact of entrepreneurial social capital on the Performance of MSMEs in Mombasa County, Kenya. The following specific objectives will guide the study:

To ascertain the extent to which structural social capital influences the Performance of MSMEs in Mombasa County.

To examine the levels to which relational social capital affects the Performance of MSMEs in Mombasa County.

To establish the influence of cognitive and social capital on the Performance of MSMEs in Mombasa County.

1.3 Research hypotheses

H_{01} Structural social capital does not have a significant influence on Performance of MSMEs in Mombasa County.

H_{02} Relational social capital does not have a significant influence on Performance of MSMEs in Mombasa County.

H_{03} Cognitive social capital does not have a significant influence on Performance of MSMEs in Mombasa County.

2 METHODOLOGY

Descriptive research design and inferential models will be used in the current study. The research technique involves observation, which is the direct observation of the behavioral occurrences of the surroundings. This design of research was appropriate for this study in terms of evaluating the impact of entrepreneurial social capital on MSMEs' performance in Mombasa County. Data that the researcher collected was collected with the aid of questionnaires that were structured, and finally, data assessed, and inferences made through descriptive statistics that guided the researcher to draw conclusions. Empirical models will be deployed to determine the relation and statistical importance of the explained and explanatory variables. The model Multiple linear regression and inferential models were used in the study to evaluate the impact of entrepreneurial social capital on MSMEs performance in Mombasa County.

The multiple linear regression model in the current research was used to determine and analyze the combined effect between variables of social capital and SMEs performance. The analysis related the dependent and the variables that are independent in this research. Here, the independent variables of the research related to the performance of MSMEs in Mombasa County. The researcher deployed linear regression to numerically find the relationship among the elements. The overall equation employed was:

$Y = \beta o + \beta 1X1 + \beta 2X2 + \beta 3\ X3 + ¢$

Where: Y =Performance
X1 = Structural Dimension,
X2 = Relational Dimension
X3 = Cognitive Dimension,

βo = the regression coefficient also known as constant,
β1, β2, and β3 =equation slopes
¢ = an error term deemed to distributed around mean of 0 and,
for purposes of the regression, the assumption of c being was held constant.

Sampling Technique

A simple random sampling design was applied into use in respondents' selection. The choice for random sampling was supported on the idea that the technique has a benefit in that it gives assurance to the entire set in the population to have a known nonzero chance of selection (Cooper & Schindler, 2014). However, according to Churchill and Brown (2014), it is a method in which each target element has a known, nonzero opportunity to sample inclusion. The reason for using this sampling technique is that the population is purely heterogeneous. This method of sampling ensured that every set derived from the population was represented in order to facilitate the achievement of statistical efficiency. The study employed the sample population of all licensed MSMEs located within Mombasa.

According to Mchopa (2021), a sample size can be termed as an element set from which data collection is based. The sample size enhances adequacy resources such as time and cost in piloting as well as in the design of the means of data collection. Cooper and Schindler (2014) also highlighted that the determinant of how large a sample ought to be is a product of population parameter variances under the current study and the accuracy and precision the researcher deems needful.

A formula originated by Slovin was deployed in this study to determine the sample size. This formulation is adopted to quantify sample size (n) in consideration of the size of the overall population (N) as well as capture the margin of error (e). This study sample was selected from the entire population using a technique known as stratified random sampling. This formula was picked by the researcher due to its capability of putting weight on population size.

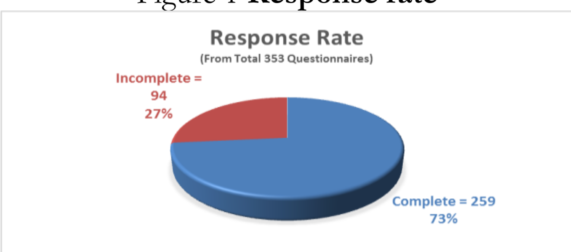
$$n = {}^{N}\!/_{(1 + Ne^2)}$$

Where:

n=number of samples,
N=entire population,
e=error margin considered as 0.05
n=5482/ (1+ 5482*0.052)
n=353

3 EMPIRICAL FINDINGS

Figure 1 **Response rate**



(*Source:* Survey Data, 2023)

353 questionnaires were distributed to sampled MSMEs. Out of those respondents that were sampled, 259 were filled in and returned while complete, totaling a 73% rate of response. 94 of the respondents either did not send back the questionnaire, returned incomplete questionnaires or failed at all to respond to the researcher. The Likert Scale was used so that it accords room for the respondents to state clearly the degree or level to which they agree/disagree with the subsequent researcher's statements. Five questions were outlined per research hypothesis. Performance was measured using the increase in turnover and profitability

3.1 Performance of MSMEs

The study applied financial performance to represent the dependent variable. From the results, the following was observed: Profitability has increased for the last five years was rated by 34.0% as strongly disagree, 10.7% as disagree, 11.3% as neutral, 34.6% agreed, and strongly agree 40.4%. Sales turnover has increased for the last five years, which was rated as 7.0% strongly disagreed, 17.3% disagreed, 18.2% neutral, 25.5% agreed, and 32.0% strongly agreed. The number of MSMEs that had risen in Mombasa County was rated as 4.0% strongly disagreed, 19.0% disagreed, 26.0% Neutral, 26.5% agreed, and 24.5% strongly agreed. Placing the outcome on a five-pointer scale, the weighted average of the responses was given as 3.39, which meant that many of the respondents agreed with the statements put across in the instrument. The standard deviation was calculated as 1.332, meaning the responses given were clustered around the weighted average.

Table 1 **Financial Performance of MSMEs**

	SD	DA	N	A	SA	Mean	Std. Deviation
Profits has increased for the last five years	34.0%	10.7%	11.3%	34.6%	40.4%	3.6	1.315
Sales Turnover have increased for the last five years	7.0%	17.3%	18.2%	25.5%	32.0%	3.7	1.348
Number of MSMEs has increased in Mombasa county	4.0%	19.0%	26.0%	26.5%	24.5%	3.1	1.302
Mean						**3.39**	**1.332**

(*Source:* Survey Data 2023)

3.2 Model Summary

The study focused on multivariate linear regression analysis to scrutinize the joint influence of the independent variables, which were structural, relational, and cognitive social capital, on the dependent variable, which was the performance of MSMEs in Mombasa County. The study inferred R square, which is statistically a measure of the closeness of the data that was observed to the line of regression that was fitted. The study's findings are well articulated on Tables 5, 6 and 7.

The R square value in this case was 0.71, which clearly suggests that there was a strong correlation between social capital dimensions and the performance of MSMEs in Mombasa County. This indicates that structural, cognitive, and relational dimensions of social capital share a variation of 71% of the performance of MSMEs in Mombasa County. Only 29% of the variation was explained by other variables not factored in the model.

Table 2 **Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843a	.71	.487	.74605

a. Predictors: (Constant), Structural, Relational, Cognitive.
b. Dependent Variable: Performance of MSMEs
(*Source:* own research)

Table 3 **ANOVA Results**

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.575a	2	.2875	8.1215	.000b
1	Residual	1.379	257	.0354		
	Total	1.954	259			

a. Dependent Variable: performance of MSMEs
b. Predictors: (Constant), Structural, Relational, Cognitive
(*Source:* own research)

The results of ANOVA for regression coefficients in the above table highlight that the overall model was deemed a good fit for the reason being (F value=8.1215 and p-value of 0.000<0.05). This implied that there was a relationship that was significant relationship between structural, cognitive, and relational dimensions of social capital and the performance of MSMEs in Mombasa County.

3.3 Beta Coefficients of the Study Variable

The regression model is inferred as below:
Performance of MSMEs = 0.334 + 0.735 SD + 0.344 RD+ 0.556CD + ε

Table 4 **Beta Coefficients of the Study Variable**

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.334	.171		2.004	.002
Structural Dimension	.735	.134	.653	5.503	.000
Relational Dimension	.344	.178	.234	1.916	.023
Cognitive Dimension	.556	.152	.402	3.715	.000

a. Dependent Variable: Performance of MSMEs in Mombasa County
(*Source:* own research)

Structural social capital has a positive, linearly significant influence on the performance of MSMEs (β=0.735, p=0.000<0.05). This means that a one-unit change in structural social capital while holding all other variables at zero results in a 0.735 unit increase in the performance of MSMEs in Mombasa County. Similarly, relational social capital was found to have a (β=0.344, p=0.023<0.05). Here, holding all other variables at zero, a one-unit change in relational social capital results in a 0.344 unit increase in the performance of MSMEs. Cognitive, social capital was also found to have a positive, linearly significant influence on the performance of MSMEs (β=0.556, p=0.000<0.05). Here, when all other predictor variables are held at zero, a one-unit change in cognitive social capital results in a 0.556 unit increase in the performance of MSMEs. The beta coefficients indicate the relative importance of each independent variable in influencing the dependent. Structural social capital was found to be the most important variable in influencing procurement of E-waste (β=0.735), followed by cognitive social capital (β=0.556), then the least important factor was relational social capital.

These conclusions are confirmed by the results of Solability (2021) which, although carried out by a different method, shows similar results in this study. Blanchot et al. (2013) also were in agreement with this study's outcome by underlining that in circumstances where businesses' stakeholders have divergent goals pertaining to agreements, inter-partner conflict occurs in many instances. Conflicting interest among parties in an intra-firm collaboration leans towards the occurrence of frustrations and in others dissatisfaction. Such negative operating conditions are not favorable for the success of the firm. Nasr, Burton, et al. (2014) indicated further that lower levels regarding clarity of objectives raised all forms of conflict. The study, therefore, conceptualized that cognitive dimension may, among others, comprise shared norms, purpose and direction, and the firm's value system.

In this research, the researcher believed that it is important to measure the relationship of social capital with a performance indicator, based on the approach of Akintimehin et al. (2019) and Marbuah, Gren, and Tirkaso (2021). However, we also fulfilled our research using subjective owners and managerial staff estimations regarding the competitiveness indicators. Subjective perception of business successes is no less important for improving the business strategies on competitiveness growth compared with objective indicators.

Micro, small, and medium (MSMEs) are strongly influenced by their promoters' vision for the business if it is to survive across subsequent generations (Kelly et al., 2015). Business focus and vision shared amongst the organization dictate the long-term success of the organization. The key role played by business promotors and their close associates may enhance a culture of trust and confidence in the management, thus positively affecting business performance. Pinho (2011), in his study on social capital and dynamic capabilities in the international performance of MSMEs, stated that to build new dynamic capabilities to manage changing turbulent and unpredictable market conditions, Micro, small, and medium-sized enterprises were required to pull up their network relationships that deliver access to innovative sources of information. These vigorous capabilities could positively influence international business performance. He also examined that businesses and their customers always agree on what is the best fit for each one of them. This is a common practice for all businesses, both locally and internationally.

4 CONCLUSION

As revealed by the results of the study, it can be deduced that all the independent variables (structural dimension, relational dimension, and cognitive dimension) in this current study performance of MSMEs which is the dependent variable. The correlations were assessed through correlation and regression analysis models, which revealed that a positive as well as a significant linear relationship existed amongst dimensions of social capital and performance of MSMEs in Mombasa County. Therefore, the study concluded that structural dimensions, relational dimensions, and cognitive dimensions influence the performance of MSMEs in a positive direction and significantly.

The cognitive dimension influences performance the least. Relational dimension influences the performance of MSMEs the most, followed by structural social capital. The positive correlation means that the management has correctly harnessed the social capital to post more improved and resilient business performance. To realize full and complete benefit from social networks, it calls for founders and business entrepreneurs, and their managers to develop strong connections with social, business, and personal bonds. It is also affirmed that those that adopt that social capital do register improved businesses' abilities in gathering resources that ensure better business performance.

5 RECOMMENDATIONS

The study recommended that for MSMEs to improve their performance, the existence of dependencies amongst decisions of individuality agents, the emergence of unique externalities, and the enhancement of common goods as a result of working together is imperative to the goal of maximizing social welfare. Management of the business ventures should put more focus on participating in social organizations and divergent activities that would, in turn, help in marketing and improving MSMEs' networks. Medium, small, and micro enterprises should adopt high-level standards of network diversity amongst the employees. It has widely been acknowledged that the length of the customer network should be amplified, and therefore, medium, micro, and small enterprises need to make sure that the customers' needs are satisfied by developing adequate strategies.

There is a call for business ventures to embrace focused, close relationships with the major stakeholders so that they can record increased market share and profitability for the firm. It is for this reason that owners who have so many weaker linkages and ties outside circles of the family web were more likely to apply for bank credit or any other available equity externally when compared to those who possess stronger, closer family ties. There is a need to possess a high-level standard of trust subsisting between the firm, employees and the clients. It is imperative for MSMEs to maintain good relationships with their key suppliers in order to guarantee a surge in the firm's asset base and in subsequent direction, their profitability. Therefore, every firm must familiarize itself with the key and major contacts who are major suppliers, contacts one can rely on for help and who can jointly plan as they stand to extend to the firm help.

The study concluded that these medium, micro, and small firms are strongly affected by their founders' vision for the business to outlive generations. MSMEs need to grow their new dynamic capabilities to propel them during turbulent and unpredictable markets; the firms need to leverage their network linkages that grant access to paramount sources of information. These dynamic capabilities, in return, significantly influence their performance positively. It was also exhibited that the ventures, together with its clients, normally agree on what is the best fit for all parties. The cognitive dimension in this regard to social capital is capable of enhancement of the creativity and innovation of customized products of micro, small, and medium enterprises. It is needed for MSMEs to continuously share their business objectives and values with key shareholders and customers in the best interest of each and every partner. Subsequently, the business venture should only strictly share goals and values with its key suppliers if it's foreseen to realize an increase in the asset base and increase profitability.

The researcher recommends that further research be conducted in order to scrutinize the other variables affecting the performance of MSMEs in local contests. Further research should also be conducted in the context of other industries and large firms to ascertain whether the outcome of this study can universally be applied across all industries and firms' clusters.

For the future, it's imperative for empirical analysis to be conducted that could help to better articulate the characteristics of the theoretical model derived in this study. The empirical research and analysis should supply more accurate and updated information about age, gender, education, and previous experiences of the entrepreneur who decides to make an investment in social capital. Additionally, it would be of greater interest to examine in depth which business ventures' traits positively or negatively impact the propensity to entrepreneur socializing and building networks, and, consequently, increase the inclination to invest in various dimensions of social capital to further achieve profitability goals of the business.

This research recommends that similar studies should duplicated in Macro, small, and medium enterprises in different counties in Kenya in order to determine and re-affirm these findings. Researcher calls for further study in large firms so as to determine if financial performance is also affected by issues of social capital. However, the recommendation is made that future studies may have to assess social capital by comparing two or more counties in the Kenyan context.

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