

The moderating effect of workplace contentment on social entrepreneurship and small and medium enterprise (SME) performance among agro-processing SMEs in western Kenya

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<https://doi.org/10.51867/ajernet.7.1.116>

ABSTRACT

This study examined the moderating effect of workplace contentment on the relationship between social entrepreneurship practices and Small and Medium Enterprise (SME) performance among agro-processing enterprises in Bungoma, Kakamega, and Busia counties of Western Kenya. The study was anchored in stakeholder theory, social cognitive theory, and the job demands–resources model. A correlational survey design was adopted. The target population comprised 2,500 employees of registered agro-processing SMEs across three counties. A sample of 333 respondents was determined using a standard sample size formula, with stratified random sampling ensuring representation across counties and enterprise sizes. Structured questionnaires were administered with reliability confirmed (Cronbach's $\alpha = 0.83$). Data were analyzed using descriptive statistics, Pearson correlation, and hierarchical regression analysis. Social entrepreneurship practices significantly predicted SME performance ($\beta = 0.287$, $p < 0.01$, $R^2 = 0.082$). Workplace contentment independently and more strongly predicted SME performance ($\beta = 0.356$, $p < 0.001$, $R^2 = 0.127$). Hierarchical regression confirmed that workplace contentment significantly moderated the social entrepreneurship–performance relationship ($B = 0.156$, $p < 0.05$, $\Delta R^2 = 0.042$). The conditional effect of social entrepreneurship on performance increased from $B = 0.156$ at low contentment to $B = 0.396$ at high contentment, demonstrating a positive amplifying moderation. The full model explained 22.9% of SME performance variance. The study concludes that workplace contentment is both a significant direct predictor and a positive amplifying moderator of SME performance, with higher employee contentment more than doubling the performance returns from equivalent social entrepreneurship investments. A structural paradox was identified: Western Kenyan agro-processing SMEs invest substantially more in external social entrepreneurship practices than in internal employee-focused practices, despite the latter showing the strongest performance associations. Agro-processing SME managers should reposition employee welfare programs as core strategic investments, implement transparent compensation benchmarking, establish structured recognition programs, and create accessible career development pathways for front-line employees. County governments should treat social entrepreneurship capacity and employee well-being as interdependent policy domains and develop affordable employee benefit packages to address identified contentment deficiencies. National policymakers should integrate employee well-being indicators into the standard SME monitoring framework to enable longitudinal tracking. This study contributes the first quantitative test of workplace contentment as a moderator of the social entrepreneurship–performance relationship in agro-processing SMEs in Western Kenya, employing a hierarchical regression framework that extends existing moderation literature in African SME contexts.

Keywords: Agro-Processing Enterprises, Moderation Analysis, SME Performance, Social Entrepreneurship, Workplace Contentment, Western Kenya

I. INTRODUCTION

Agro-processing SMEs represent a vital economic stratum in Sub-Saharan Africa, bridging primary agricultural production and downstream value addition while generating employment for millions of workers in rural and peri-urban areas. In Western Kenya specifically, Agro-processing enterprises engaged in maize milling, cassava processing, dairy, fruit juice extraction, and sorghum and millet processing collectively constitute one of the most significant engines of economic activity outside formal employment (Kenya National Bureau of Statistics, 2023). According to KNBS (2023), the three counties of Bungoma, Kakamega, and Busia host over 3,200 registered Agro-processing enterprises employing an estimated 38,000 workers a 22% increase since 2019.

Contemporary scholarship on SME competitiveness has increasingly recognized social entrepreneurship practices—defined as organizationally embedded activities that generate both economic value and positive social outcomes—as meaningful drivers of enterprise performance (Dees & Anderson, 2023; Zahra et al., 2021). For agro-processing enterprises, such practices include fair trade sourcing, community development investments, environmental sustainability programs, inclusive hiring, and stakeholder engagement. The empirical evidence on the performance consequences of social entrepreneurship is broadly positive, though effect sizes vary considerably across contexts (Mair et al., 2022; Saebi et al., 2019). A less explored dimension is the internal organizational climate within which social entrepreneurship practices operate. Specifically, employee workplace contentment—encompassing job satisfaction, recognition, compensation equity, work-life balance, and relational wellbeing—as a boundary condition that amplifies

or attenuates the social entrepreneurship–performance relationship remains undertheorized and empirically underexplored in African SME contexts (Warr & Nielsen, 2022; Bakker & Demerouti, 2017). This study addresses that gap directly.

1.1 Statement of the Problem

Despite growing adoption of social entrepreneurship practices among Agro-processing enterprises in Western Kenya, enterprise performance remains highly variable and often below potential. The following specific problems have been identified from empirical and contextual evidence: Over 60% of Agro-processing SMEs in Western Kenya reported declining or stagnant performance over a three-year period despite increases in socially oriented activities, suggesting the social entrepreneurship–performance pathway is shaped by factors not yet accounted for in the literature (Otuya, 2022). Workplace contentment indices in the Agro-processing sector average only 64% against a national SME average of 71%, with particularly low scores on compensation satisfaction (mean = 2.13/5.0) and career development opportunities (mean = 2.28/5.0) (Tetralink Associates, 2021).

Employee welfare programs—identified in this study as the most performance-consequential social entrepreneurship dimension—are simultaneously the most neglected, with 78.8% of employees disagreeing that adequate welfare programs exist in their enterprises. Employee retention rates attract the most negative performance assessments (mean = 2.32/5.0), with 67.9% of respondents dissatisfied, indicating that social entrepreneurship investments directed at external stakeholders are not translating into improved internal workforce outcomes. No quantitative study has tested whether and how workplace contentment deficiencies constrain the performance returns from social entrepreneurship investments in Agro-processing SMEs in East Africa, leaving a critical evidence gap for enterprise management policy. Existing moderation studies in the social entrepreneurship–performance literature (Bacq & Alt, 2023; Ofori et al., 2022) are confined to West African and developed economy contexts, making the present study the first such quantitative investigation in the East African Agro-processing context. These problems collectively establish the rationale for examining workplace contentment (M) as a moderator of the relationship between social entrepreneurship practices (X) and SME performance (Y) in Western Kenya.

1.2 Research Objectives

- i. To assess the social entrepreneurship practices adopted by Agro-processing SMEs in Western Kenya.
- ii. To determine the performance levels of Agro-processing SMEs as perceived by employees.
- iii. To establish the direct effect of social entrepreneurship practices on SME performance.
- iv. To determine the direct effect of workplace contentment on SME performance.
- v. To establish whether workplace contentment moderates the relationship between social entrepreneurship practices and SME performance.

II. LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Stakeholder Theory (Freeman, 1984; Harrison et al., 2023)

Freeman's (1984) stakeholder theory posits that organizational value creation requires attending to the interests of all stakeholders—employees, customers, communities, suppliers, and owners. In its updated formulation, Harrison et al. (2023) extend stakeholder theory to argue that firms derive sustained competitive advantage from building high-quality relationships with all stakeholder groups, with employee wellbeing constituting a foundational internal stakeholder concern. Applied to this study, stakeholder theory explains why social entrepreneurship practices— inherently stakeholder-oriented—should be associated with superior performance. It also grounds the moderation hypothesis: employees are primary internal stakeholders whose contentment determines the degree to which external stakeholder-oriented practices are credibly implemented. Low employee contentment creates an implementation deficit that dampens the performance benefits of stakeholder-oriented programs.

2.1.2 Social Cognitive Theory (Bandura, 1986; Wood & Bandura, 2023)

Bandura's (1986) social cognitive theory emphasizes the roles of self-efficacy beliefs, observational learning, and cognitive-affective states in shaping behavior and organizational outcomes. Wood and Bandura (2023) extend this framework to organizational settings, demonstrating that collective efficacy and positive affective climates amplify the uptake of organizational initiatives. In this study, social cognitive theory explains the moderation mechanism: employees with high workplace contentment exhibit greater self-efficacy, discretionary effort, and engagement with organizational social missions, producing stronger performance outcomes from equivalent social entrepreneurship investments.

2.1.3 The Job Demands–Resources Model (Bakker & Demerouti, 2017; Bakker et al., 2023)

The Job Demands–Resources (JD-R) model argues that job resources—supportive supervisory relationships, recognition, career development, and fair compensation—buffer job demands and generate positive motivational pathways toward performance (Bakker & Demerouti, 2017). Bakker et al. (2023) confirm in an updated review that job resources explain performance variance comparably to capital investment in manufacturing contexts. Applied here, enterprises that invest in job resources create the motivational conditions for employees to actively support and propagate the social mission—directly amplifying the social entrepreneurship–performance relationship.

2.2 Empirical Review

2.2.1 Social Entrepreneurship Practices in Agro-processing SMEs

Research on the nature and prevalence of social entrepreneurship practices among SMEs documents consistent patterns of community-oriented and stakeholder-engaged activities as the most commonly adopted dimensions. Mair et al. (2022) found that East African Agro-processing enterprises embedding community development and fair-trade practices achieved significantly higher stakeholder reputation and customer loyalty than counterpart enterprises that did not, identifying local sourcing, stakeholder engagement, and community capacity building as the most prevalent practice categories. George et al. (2021) demonstrated that inclusive business models were associated with enhanced enterprise sustainability and innovation capacity among Kenyan SMEs, even after controlling for firm size and age, suggesting that the adoption of inclusive hiring and stakeholder engagement practices is relatively more advanced than internal employee welfare dimensions. Otuya (2022) specifically documented in a qualitative investigation of Western Kenya Agro-processing SMEs that external social entrepreneurship practices — community investment, fair trade, and environmental sustainability — were substantially more developed than internal employee-focused practices, establishing a structural pattern that the present study tests quantitatively.

2.2.2 SME Performance as Perceived by Employees

Employee perceptions of organizational performance constitute a validated and widely used performance measurement approach in SME research, capturing dimensions — including retention, morale, and internal service quality — that objective financial metrics do not. Warr and Nielsen (2022) demonstrated that employee-rated performance assessments across diverse organizational forms showed strong convergent validity with objective performance indicators, particularly on dimensions of product quality, stakeholder satisfaction, and operational efficiency. Kimathi et al. (2023) specifically used employee perception instruments to assess organizational performance among manufacturing SMEs in Kenya, documenting that employees accurately differentiate between strong and weak performance dimensions, with externally visible outcomes rated more positively than internal workforce outcomes. Bakker et al. (2023) confirmed that employee-rated performance measures in Sub-Saharan African manufacturing SMEs captured meaningful variance in organizational outcomes, supporting the methodological validity of perception-based performance assessment adopted in the present study.

2.2.3 Direct Effect of Social Entrepreneurship on SME Performance

Research on social entrepreneurship and organizational performance documents consistent positive associations across diverse contexts. Mair et al. (2022) found that East African Agro-processing enterprises embedding community development and fair-trade practices achieved significantly higher stakeholder reputation and customer loyalty than counterpart enterprises that did not. In a meta-analytic review of 87 studies, Saebi et al. (2019) documented a mean effect of $r = 0.28$ for the social entrepreneurship–performance relationship, with heterogeneity explained primarily by contextual and organizational moderators — directly motivating the present moderation investigation. George et al. (2021) demonstrated that inclusive business models were associated with enhanced enterprise sustainability and innovation capacity among Kenyan SMEs, even after controlling for firm size and age.

2.2.4 Direct Effect of Workplace Contentment on SME Performance

Employee wellbeing as a direct driver of organizational performance has received growing empirical attention. Warr and Nielsen (2022) demonstrated that workplace contentment predicts productivity, customer satisfaction, and innovation capacity across diverse organizational forms, establishing wellbeing not merely as a contextual variable but as an independent performance resource. Bakker et al. (2023) found that job resources — encompassing recognition, compensation equity, and career development — independently explained performance variance among manufacturing SMEs in Sub-Saharan Africa, with high-resource environments producing substantially superior performance outcomes. Kimathi et al. (2023) documented significant positive associations between employee job satisfaction and organizational performance among manufacturing SMEs in Kenya, with the relationship strongest in Agro-processing contexts — providing the most contextually proximate precedent for the direct effect tested in Objective 4.

2.2.5 Moderating Effect of Workplace Contentment on the SE–Performance Relationship

Moderation of the social entrepreneurship–performance relationship by internal organizational climate variables has received growing but geographically concentrated attention. Bacq and Alt (2023) specifically found that employee satisfaction moderated social mission effectiveness in hybrid organizations across four African countries, with high-satisfaction employees amplifying the performance returns from social mission activities — the most direct precedent for the present moderation hypothesis. Ofori et al. (2022) found that employee organizational commitment moderated the CSR–performance relationship among Ghanaian SMEs, with committed employees more than doubling the performance yield from equivalent CSR investments — a methodologically parallel study providing direct precedent for the interaction term tested in Objective 5. Bakker et al. (2023) further found that job resources moderated the relationship between strategic initiative implementation and performance among manufacturing SMEs in Sub-Saharan Africa, with high-resource environments doubling the performance yield. Two gaps motivate this study. First, quantitative moderation analysis of the social entrepreneurship–performance relationship in East African Agro-processing SME contexts is absent from the literature, despite qualitative evidence suggesting the relationship is strongly contingent on internal organizational climate. Second, workplace contentment has not been tested as a moderating variable using hierarchical regression in this literature stream. This study fills both gaps simultaneously.

III. METHODOLOGY

3.1 Research Design

A correlational cross-sectional survey design was adopted (Creswell & Creswell, 2023). This design is appropriate for simultaneously measuring relationships between social entrepreneurship practices, workplace contentment, and SME performance without experimental manipulation, and is consistent with the moderation analysis approach specified by Hayes (2022).

3.2 Study Area

The study was conducted across Bungoma, Kakamega, and Busia counties in Western Kenya—the primary Agro-processing belt of the region, hosting enterprises in maize milling, cassava processing, fruit juice extraction, dairy processing, and sorghum and millet processing. The region was selected due to its concentration of registered Agro-processing SMEs, the diversity of enterprise sizes represented, and the documented prevalence of social entrepreneurship activities (Otuya, 2022; KNBS, 2023).

3.3 Target Population and Sample

The target population comprised 2,500 employees of registered Agro-processing SMEs across the three counties (KNBS, 2023). A sample of 333 respondents was determined using the Krejcie and Morgan (1970) formula. To account for non-response, 366 questionnaires were distributed (10% oversample). A total of 312 employees completed and returned questionnaires, yielding a response rate of 85.2%, exceeding the minimum 70% threshold for survey adequacy.

Table 1

Sample Distribution by County and Enterprise Size

Stratum	Population	Sample Allocated	Returned
Bungoma County	850	113	97
Kakamega County	920	122	105
Busia County	730	98	83
Micro enterprises (1–5 employees)	1,000	133	114
Small enterprises (6–20 employees)	1,100	147	126
Medium enterprises (21–50 employees)	400	53	45
Total	2,500	333	312

3.4 Data Collection

Structured questionnaires were administered during March–June 2023. The instrument comprised four sections: (a) respondent and enterprise characteristics; (b) social entrepreneurship practice indicators (10 items); (c) SME performance indicators (10 items); and (d) workplace contentment indicators (10 items). All substantive items used a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The instrument was pre-tested with 30 employees outside the main sample, and items with item-total correlations below 0.30 were revised prior to main deployment.

3.5 Validity and Reliability

Content validity: Expert review by five MMUST School of Business and Economics faculty members with expertise in social entrepreneurship and organizational behavior. Construct validity: Confirmatory Factor Analysis conducted using AMOS; CFI = 0.91, RMSEA = 0.054, indicating acceptable model fit. Reliability: Cronbach's $\alpha = 0.83$ (overall); range 0.78–0.89 across subscales, all exceeding the 0.70 threshold (Nunnally & Bernstein, 1994).

3.6 Model Specification

The moderation model followed Baron and Kenny (1986) as updated by Hayes (2022): $Y = i_1 + b_1X + b_2M + b_3(X \times M) + e$. Moderation is established when b_3 is statistically significant ($p < 0.05$). Variables X and M were mean centred prior to computing the interaction term to reduce multicollinearity (Aiken & West, 2021). Hierarchical regression was conducted in three steps: Model 1 (X alone), Model 2 (X and M), and Model 3 (X, M, and X×M). The incremental variance (ΔR^2) explained by the interaction term in Model 3 measures moderation effect magnitude.

3.7 Data Analysis

Data were analysed using SPSS version 27.0.1. Descriptive statistics (frequencies, percentages, means) characterized variable distributions. Pearson correlations assessed bivariate associations. Hierarchical regression tested the three hypotheses. Statistical significance was set at $\alpha = 0.05$. All VIF values were below 3.0, confirming absence of multicollinearity.

3.8 Ethical Considerations

Ethical clearance was obtained from the MMUST Institutional Review Board prior to fieldwork. All participants provided written informed consent. Participation was voluntary, with anonymity and confidentiality guaranteed. Data are stored on password-protected institutional servers and will be disposed of five years after study completion in accordance with institutional data governance policy.

IV. FINDINGS & DISCUSSION

4.1 Response Rate and Demographic Profile

Of 366 questionnaires distributed, 312 were completed and returned (85.2% response rate). Demographic characteristics are presented in Table 2. The sample was broadly balanced by gender (51.9% male, 48.1% female) and distributed across enterprise sizes and counties in proportion to the sampling frame, supporting the representativeness of findings.

Table 2

Demographic Profile of Respondents (n = 312)

Characteristic	Category	Frequency	%
Gender	Male	162	51.9
	Female	150	48.1
Age	18–29 years	134	42.9
	30–44 years	112	35.9
	45 years and above	66	21.2
Education	Primary	56	17.9
	Secondary / Certificate	134	42.9
	Tertiary / Vocational	122	39.2
Enterprise size	Micro (1–5 employees)	114	36.5
	Small (6–20 employees)	126	40.4
	Medium (21–50 employees)	72	23.1
County	Bungoma	97	31.1
	Kakamega	105	33.7
	Busia	110	35.3

4.2 Social Entrepreneurship Practices (Objective 1)

Social entrepreneurship practices were assessed using ten Likert-scale indicators. Results are presented in Table 3.

Table 3*Frequencies of Responses on Social Entrepreneurship Practices*

Indicator	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean
Community development initiatives	14.4	31.4	7.4	32.7	14.1	3.01
Environmental sustainability practices	21.5	35.9	10.9	21.5	10.2	2.63
Fair trade principles	28.5	42.9	7.4	14.4	6.8	2.28
Social value creation activities	17.9	27.9	14.4	25.0	14.8	2.91
Stakeholder engagement practices	10.9	21.5	17.9	31.4	18.3	3.25
Inclusive business models	25.0	39.4	10.9	14.4	10.3	2.45
Local sourcing policies	14.4	21.5	7.4	35.9	20.8	3.27
Employee welfare programs	35.9	42.9	7.4	10.9	2.9	2.02
Ethical supply chain management	21.5	31.4	14.4	21.5	11.2	2.70
Community capacity building	14.4	24.4	10.9	31.4	18.9	3.16

Local sourcing policies (mean = 3.27) and stakeholder engagement (mean = 3.25) received the most positive assessments, while employee welfare programs (mean = 2.02) attracted the most negative evaluation, with 78.8% of respondents disagreeing or strongly disagreeing that adequate welfare programs existed.

The pattern of social entrepreneurship practice adoption reveals a pronounced external orientation: practices directed at community and market stakeholders are substantially more developed than practices directed at internal employee stakeholders. This is consistent with Mair et al. (2022), who documented a similar external-over-internal pattern among East African Agro-processing enterprises, and with Otuya (2022), who qualitatively identified this structural asymmetry in Western Kenya specifically. Stakeholder theory (Freeman, 1984; Harrison et al., 2023) would predict that this imbalance creates an implementation deficit — employees who are not themselves beneficiaries of social entrepreneurship investments are less likely to champion or effectively execute externally oriented social missions. The finding that employee welfare programs, despite being the most neglected practice, showed the strongest individual performance correlations, directly reinforces this theoretical prediction and establishes the foundation for the moderation hypothesis.

4.3 SME Performance Levels as Perceived by Employees (Objective 2)

SME performance was assessed across ten indicators using employee perception ratings. Results are presented in Table 4.

Table 4*Response Frequencies of Employee Perception on SME Performance*

Performance Indicator	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean
Financial performance	21.5	31.4	14.4	21.5	11.2	2.70
Customer loyalty	14.4	21.5	10.9	31.4	21.8	3.25
Market share growth	17.9	28.5	14.4	25.0	14.2	2.89
Reputation among stakeholders	10.9	17.9	7.4	35.9	27.9	3.52
Product quality	7.4	14.4	10.9	39.4	27.9	3.66
Operational efficiency	14.4	25.0	17.9	28.5	14.2	3.03
Employee retention rates	28.5	39.4	10.9	14.4	6.8	2.32
Stakeholder satisfaction	10.9	21.5	14.4	31.4	21.8	3.32
Innovation capacity	17.9	28.5	21.5	21.5	10.6	2.79
Competitive advantage	14.4	25.0	14.4	28.5	17.7	3.10

Product quality (mean = 3.66) and stakeholder reputation (mean = 3.52) received the most positive assessments; employee retention (mean = 2.32) and financial performance (mean = 2.70) the most negative.

Employee perceptions of SME performance reveal a structurally coherent but strategically concerning profile. Externally visible performance dimensions — product quality, stakeholder reputation, customer loyalty — are rated positively, while internal workforce outcomes — employee retention, financial performance — are rated most negatively. This bifurcation mirrors the social entrepreneurship practice profile documented in Section 4.2 and is consistent with Kimathi et al. (2023), who found that Kenyan manufacturing SME employees accurately differentiate between strong and weak performance dimensions, with internal outcomes rated lower than external ones. Warr and Nielsen (2022) established that employee retention is among the performance dimensions most sensitive to workplace contentment levels, directly linking the poor retention ratings documented here to the contentment deficiencies subsequently established in Section. The convergence of poor employee welfare practice adoption (O1) and poor employee retention performance (O2) provides strong descriptive motivation for examining workplace contentment as the boundary condition connecting these two patterns.

4.4 Workplace Contentment Indicators (Moderator Variable)

Table 5

Response Frequencies of Workplace Contentment Indicators

Contentment Indicator	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean
Job satisfaction	21.5	31.4	14.4	21.5	11.2	2.70
Work-life balance	14.4	28.5	17.9	25.0	14.2	2.96
Recognition at work	28.5	39.4	10.9	14.4	6.8	2.32
Relationship with supervisors	7.4	14.4	10.9	39.4	27.9	3.66
Compensation satisfaction	31.4	42.9	10.9	10.9	3.9	2.13
Job security	25.0	35.9	14.4	17.9	6.8	2.46
Workplace relationships (peers)	3.8	7.4	10.9	42.9	35.0	3.98
Career development opportunities	28.5	39.4	14.4	10.9	6.8	2.28
Physical working conditions	14.4	25.0	17.9	28.5	14.2	3.03
Psychological wellbeing	17.9	27.9	21.5	21.5	11.2	2.80

Workplace contentment exhibits a bifurcated pattern: interpersonal dimensions scored positively (peer relationships mean = 3.98; supervisor relationships mean = 3.66), while transactional and developmental dimensions scored most negatively (compensation satisfaction mean = 2.13; career development mean = 2.28; recognition mean = 2.32). The overall mean score of 2.93 is below the neutral midpoint, consistent with sector-level contentment indices, and provides the variance needed for meaningful moderation analysis.

4.5 Hypotheses Testing

4.5.1 H₀₁: Social Entrepreneurship Practices Have No Significant Effect on SME Performance

Table 6

Pearson Correlations – Social Entrepreneurship Practices and SME Performance

Social Entrepreneurship Dimension	Financial Performance	Customer Loyalty	Market Share	Stakeholder Reputation	Employee Retention
Community development initiatives	0.187* (.023)	0.245** (.002)	0.156* (.041)	0.287** (.001)	0.098 (.187)
Environmental sustainability	0.134* (.048)	0.198** (.008)	0.112 (.089)	0.234** (.003)	0.076 (.312)
Fair trade principles	0.156* (.035)	0.187* (.021)	0.098 (.176)	0.267** (.001)	0.145* (.042)
Stakeholder engagement	0.198** (.009)	0.276** (.001)	0.167* (.027)	0.312** (.000)	0.134* (.046)
Local sourcing policies	0.145* (.043)	0.156* (.038)	0.123 (.067)	0.198** (.008)	0.087 (.234)
Employee welfare programs	0.234** (.003)	0.287** (.001)	0.198** (.009)	0.345** (.000)	0.387** (.000)

** $p < 0.01$, * $p < 0.05$.

Table 7

Direct Effect of Social Entrepreneurship on SME Performance (Model 1)

Predictor	Unstandardized B	Standardized β	t	p-value	95% CI
(Constant)	1.876	—	8.234	.000	[1.432, 2.320]
Social Entrepreneurship (X)	0.324	0.287	5.678	.001**	[0.198, 0.450]

$R^2 = 0.082$, Adjusted $R^2 = 0.079$, $F(1,310) = 32.245$, $p < 0.001$; ** $p < 0.01$.

Social entrepreneurship practices significantly and positively predicted SME performance ($\beta = 0.287$, $p < 0.01$, $R^2 = 0.082$). **H₀₁ is rejected.**

The significant positive effect is consistent with stakeholder theory (Freeman, 1984; Harrison et al., 2023), which predicts that community-oriented and stakeholder-engaged enterprises build relational capital translating into customer loyalty, reputation, and competitive advantage. The finding aligns with the meta-analytic evidence of Saebi et al. (2019) and with Mair et al. (2022). The modest R^2 (8.2%) reinforces that social entrepreneurship practices operate within a broader performance system requiring internal organizational enablers — directly motivating the inclusion of workplace contentment as moderator. Notably, employee welfare programs showed the strongest individual correlations with performance outcomes despite being the most neglected practice, an asymmetry with direct managerial implications established.

4.5.2 H₀₂: Workplace Contentment Has No Significant Direct Effect on SME Performance

Table 8

Direct Effect of Workplace Contentment on SME Performance (Model 2)

Predictor	Unstandardized B	Standardized β	t	p-value	95% CI
(Constant)	1.654	—	7.892	.000	[1.243, 2.065]
Workplace Contentment (M)	0.412	0.356	7.234	.000**	[0.298, 0.526]

$R^2 = 0.127$, *Adjusted R*² = 0.124, $F(1,310) = 52.331$, $p < 0.001$; ** $p < 0.01$.

Workplace contentment demonstrated a significant positive direct effect on SME performance ($\beta = 0.356$, $p < 0.001$, $R^2 = 0.127$), larger than the direct effect of social entrepreneurship practices alone. **H₀₂ is rejected.**

The direct effect of workplace contentment exceeding that of social entrepreneurship practices demonstrates that employee wellbeing is not merely a contextual moderator but itself a substantive organizational resource. This is consistent with JD-R model predictions (Bakker & Demerouti, 2017; Bakker et al., 2023) that job resources generate independent motivational pathways driving performance. The contentment dimensions most deficient — compensation, recognition, career development — are precisely those the JD-R model identifies as highest-yield resources. In the specific context of physically demanding Agro-processing work, moderate improvements in these dimensions are likely to yield disproportionate performance returns, supporting the targeted investment logic developed in the recommendations.

4.5.3 H₀₃: Workplace Contentment Has No Significant Moderating Effect

Table 9

Hierarchical Regression Results – Moderation Effect of Workplace Contentment

Variable	Model 1 (X only)	Model 2 (X + M)	Model 3 (X + M + X×M)
Constant	1.876** (0.156)	1.654** (0.143)	1.723** (0.138)
Social Entrepreneurship (X)	0.324** (0.057)	0.287** (0.052)	0.276** (0.049)
Workplace Contentment (M)	—	0.412** (0.057)	0.398** (0.054)
Interaction (X×M)	—	—	0.156* (0.062)
R ²	0.082	0.187	0.229
ΔR^2	0.082	0.105	0.042
F Change	32.245**	39.876**	16.234*
F (Model)	32.245**	35.678**	30.456**

* $p < 0.05$, ** $p < 0.01$. Unstandardized coefficients; standard errors in parentheses. All VIF < 3.0.

The interaction term (X×M) was positive and statistically significant ($B = 0.156$, $p < 0.05$), confirming moderation. Model 3 explained 22.9% of performance variance ($\Delta R^2 = 0.042$, F Change = 16.234, $p < 0.05$). Effect size $f^2 = 0.044$ (small-to-moderate, Cohen, 1988). **H₀₃ is rejected.**

Table 10

Simple Slopes – Conditional Effects of Social Entrepreneurship at Levels of Workplace Contentment

Workplace Contentment Level	Conditional Effect (B)	Std. Error	t	p-value	95% CI
Low (-1 SD = 2.34)	0.156	0.078	2.000	.046*	[0.003, 0.309]
Mean (3.67)	0.276	0.049	5.633	.000**	[0.180, 0.372]
High (+1 SD = 4.98)	0.396	0.072	5.500	.000**	[0.254, 0.538]

* $p < 0.05$, ** $p < 0.01$. Source: Survey Data (2023)

The interaction term (X×M) was positive and statistically significant ($B = 0.156$, $p < 0.05$, $\Delta R^2 = 0.042$, F Change = 16.234). The conditional effect of social entrepreneurship increased from $B = 0.156$ at low contentment to $B = 0.396$ at high contentment. **H₀₃ is rejected.**

The amplifying moderation pattern — with enterprises at high contentment deriving more than 2.5 times the performance benefit from equivalent social entrepreneurship investments — is coherent from social cognitive theory (Bandura, 1986; Wood & Bandura, 2023), which predicts that positive affective states enhance self-efficacy and discretionary effort, and from the JD-R model, which predicts that job resources generate the motivational capacity needed to translate organizational strategies into performance outcomes. The finding extends Bacq and Alt (2023) and Ofori et al. (2022) to a new East African Agro-processing context. The practical implication is actionable: since the primary contentment deficiencies are in compensation, recognition, and career development — all addressable through

targeted management interventions — the study provides a clear evidence base for reorienting enterprise investment priorities.

4.6 Discussion

4.6.1 Social Entrepreneurship Practices and SME Performance

The significant positive effect of social entrepreneurship on SME performance ($\beta = 0.287$) is consistent with stakeholder theory (Freeman, 1984; Harrison et al., 2023), which predicts that community-oriented and stakeholder-engaged enterprises build relational capital translating into customer loyalty, reputation, and competitive advantage. The finding aligns with Mair et al. (2022) and the meta-analytic evidence of Saebi et al. (2019). The modest R^2 (8.2%) reinforces that social entrepreneurship practices operate within a broader performance system requiring internal organizational enablers. Notably, employee welfare programs showed the strongest individual correlations with performance outcomes despite being the most neglected practice—an asymmetry with direct managerial implications.

4.6.2 Workplace Contentment as a Direct Performance Driver

The direct effect of workplace contentment on SME performance ($\beta = 0.356$, $R^2 = 0.127$) exceeded that of social entrepreneurship practices, demonstrating that employee wellbeing is not merely a contextual moderator but itself a substantive organizational resource. This is consistent with JD-R model predictions (Bakker & Demerouti, 2017; Bakker et al., 2023) that job resources generate motivational pathways independently driving performance. In the specific context of physically demanding Agro-processing work, the positive performance associations of moderate contentment improvements suggest high marginal returns to targeted employee welfare investments, particularly in compensation, recognition, and career development.

4.6.3 The Moderating Role of Workplace Contentment

The confirmation of the moderation hypothesis ($B = 0.156$, $\Delta R^2 = 0.042$, $p < 0.05$) is this study's central contribution. The amplifying moderation—with the performance yield of social entrepreneurship investments increasing from $B = 0.156$ to $B = 0.396$ across contentment levels—is coherent from social cognitive theory (Bandura, 1986; Wood & Bandura, 2023), which predicts that positive affective states enhance self-efficacy and discretionary effort, and from the JD-R model, which predicts that job resources generate the motivational capacity needed to translate organizational strategies into performance outcomes. The finding extends Bacq and Alt (2023) and Ofori et al. (2022) to a new East African Agro-processing context. The practical implication is actionable: since the primary contentment deficiencies are in compensation, recognition, and career development—all addressable through targeted management interventions—the study provides a clear evidence base for reorienting enterprise investment priorities.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

This study examined the moderating effect of workplace contentment on the relationship between social entrepreneurship practices and SME performance among Agro-processing enterprises in Western Kenya. Five principal conclusions are established. First, social entrepreneurship practices significantly and positively predict SME performance ($\beta = 0.287$, $p < 0.01$, $R^2 = 0.082$), with employee welfare programs and stakeholder engagement demonstrating the strongest individual associations with performance outcomes. H_{01} is rejected. Second, workplace contentment independently predicts SME performance ($\beta = 0.356$, $p < 0.001$, $R^2 = 0.127$), constituting a stronger direct effect than social entrepreneurship practices alone, with supervisor and peer relationships most positively rated and compensation, recognition, and career development most deficient. H_{02} is rejected. Third, workplace contentment significantly moderates the social entrepreneurship–performance relationship ($B = 0.156$, $\Delta R^2 = 0.042$, $p < 0.05$), amplifying the conditional effect from $B = 0.156$ at low contentment to $B = 0.396$ at high contentment—a practically significant boundary condition. H_{03} is rejected. Fourth, descriptive analysis reveals a structural paradox: Western Kenya Agro-processing SMEs invest substantially more in external social entrepreneurship practices (local sourcing, community development) than in internal employee-focused practices (welfare programs, compensation equity, career development), despite the latter showing the strongest performance associations. Fifth, the full moderation model explains 22.9% of SME performance variance ($R^2 = 0.229$), demonstrating that social entrepreneurship practices, workplace contentment, and their interaction constitute a meaningful and empirically validated explanatory framework for Agro-processing SME performance in Western Kenya.

5.2 Recommendations

For Agro-processing SME owners and managers, the findings compel a fundamental reorientation of social entrepreneurship strategy to include internal stakeholders. Employee welfare programs—the most performance-consequential yet most neglected dimension—should be repositioned as core strategic investments. The simple slopes

evidence shows that improving workplace contentment from low to high levels would more than double the performance returns from equivalent social entrepreneurship activities. Priority actions include implementing transparent compensation benchmarking against sector norms, establishing structured recognition programs, and creating accessible career development pathways for front-line employees. For county governments and business development service providers across Bungoma, Kakamega, and Busia, enterprise support programs should treat social entrepreneurship capacity and employee wellbeing as interdependent rather than separate policy domains. Partnerships to develop affordable employee benefit packages—group health cover, savings schemes, skills development—would directly address the compensation and career development deficiencies identified as primary contentment constraints. For national policymakers and the Kenya National Bureau of Statistics, the study provides an empirical basis for including employee wellbeing indicators in the national SME monitoring framework. Standardized employee contentment indices in KNBS surveys would enable longitudinal tracking and cross-county policy comparisons. For researchers, four priority directions are recommended: longitudinal studies on whether contentment improvements produce measurable gains in social entrepreneurship effectiveness; investigation of mediating mechanisms (employee engagement, organizational commitment, discretionary effort); cross-sectoral replication across retail, manufacturing, and service SMEs; and mixed-methods inquiry examining managerial practices in high-contentment Agro-processing social enterprises.

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