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SOCIAL ENTREPRENEURSHIP AND PERFORMANCE OF SELECTED SMALL SCALE ENTERPRISES IN NIGERIA

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Abstract
This study examined the effect of social entrepreneurship on the performance of selected small-scale enterprises in Nigeria. Specifically, this study sought to determine how social innovation and social value creation influence enterprises' performance. The research adopted a descriptive survey design, with the population consisting of 71,288 small-scale enterprise operators, from which a sample of 399 respondents was drawn using snowball sampling. Data were collected through a structured questionnaire designed on a five-point Likert scale to capture the variables under study. We tested the hypotheses using regression analysis to establish the nature and significance of the relationships. The findings revealed that: Social Innovation has a positive and significant effect on the performance of small-scale enterprises in Nigeria ($\beta = 0.295$, $p = 0.000$) and social value creation has a positive and significant effect on the performance of small-scale enterprises in Nigeria ($\beta = 0.528$, $p = 0.000$). In conclusion, the success of small-scale enterprises is no longer solely determined by financial capital or traditional business practices but also by the ability to creatively respond to social needs while generating economic benefits. The study recommends that policymakers and enterprise development agencies should actively support and promote initiatives that encourage social value creation among entrepreneurs. This is because creating value for society significantly boosts enterprise performance.

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1.0 Introduction

In recent decades, the global economy has witnessed a significant shift in how businesses are created, sustained, and evaluated. Traditional enterprises have long been recognized for their contribution to job creation and economic development. However, increasing societal challenges, such as unemployment, inequality, and environmental degradation, have drawn attention to a new approach that integrates social value with business goals (Majeed et al., 2025). This approach, known as social entrepreneurship, has emerged as a critical model for simultaneously addressing social and economic challenges. Unlike conventional entrepreneurship, which is often driven solely by profit, social entrepreneurship blends commercial objectives with social missions, thereby providing a framework where businesses can be both economically viable and socially responsible (Eng et al., 2020). In the Nigerian context, unemployment and poverty remain major developmental hurdles (Nworie & Nworie, 2025), the relevance of social entrepreneurship cannot be overstated. With its youthful population and abundant resources, Nigeria continues to grapple with weak industrial growth and underemployment, conditions that provide fertile ground for enterprises that not only generate profits but also address social problems. Consequently, the increasing interest in social entrepreneurship reflects a growing recognition that business models must evolve to deliver not only economic returns but also social benefits, particularly in economies where small-scale enterprises are the backbone of commerce and employment.

Small-scale enterprises' performance has always been central to economic transformation, particularly in developing countries such as Nigeria (Thomas et al., 2024). Small-scale enterprises are widely acknowledged as growth engines, accounting for a large proportion of employment opportunities and income generation. They play an indispensable role in reducing poverty, enhancing local innovation, and creating a platform for inclusive growth, especially in regions where large corporations are unable or unwilling to invest (Meshack et al., 2022). However, their success or failure is often influenced by multiple factors, including access to finance, managerial competence, government policies, and the broader socio-economic environment (Tekele, 2019). Against this backdrop, social entrepreneurship has become an increasingly relevant concept in today's business terrain, as it provides alternative strategies for improving sustainability and long-term growth for small enterprises. The incorporation of SEP ensures that businesses do not simply compete for profits but also build community trust, strengthen customer loyalty, and establish reputational advantages. In today's dynamic and competitive business environment, where consumers and investors are placing more emphasis on ethical practices and social contributions, small-scale enterprises' ability to integrate social goals into their operations has become an essential determinant of competitiveness.

The influence of social entrepreneurship on small-scale enterprises' performance is particularly significant because it changes the way business success is measured and achieved. Adum et al. (2024) argued that small enterprises can extend their impact beyond traditional economic indicators such as revenue or profit margins to include community welfare, job creation, empowerment of vulnerable groups, and environmental sustainability by embedding social objectives into the business model. For instance, a small business that adopts socially entrepreneurial practices may reinvest a portion of its profits into local development projects, promote fair labor practices, or create innovative solutions to address unmet needs in society. These actions, while altruistic, often translate into tangible benefits for the firm, such as stronger customer loyalty, enhanced employee motivation, access to new markets, and increased resilience during economic downturns (Gladson-Nwokah & Edenkwo, 2024). In Nigeria, where small enterprises face challenges such as limited access to credit, poor infrastructure, and stiff competition, social entrepreneurship provides a pathway for differentiation and long-term survival. It encourages business owners to view profitability and social contribution as complementary rather than conflicting goals. In a supportive business environment, they should not only generate profits but also contribute to reducing unemployment, alleviating poverty, and enhancing community well-being. When guided by social entrepreneurship, these enterprises are positioned to address pressing societal challenges while maintaining financial stability, thereby ensuring that business success and social value go hand in hand (Danlyan et al., 2023). Ideally, small enterprises should thrive as sustainable ventures that balance profitability with positive social outcomes.

However, in Nigeria, the reality is quite different. Many small-scale enterprises struggle with limited access to finance, weak managerial structures, infrastructural deficits, and unfavorable market conditions. While some have embraced SEE, its practice is often shallow and inconsistent, with business owners prioritizing immediate survival over long-term social and financial goals (Adum et al., 2024). Consequently, many small businesses remain fragile, unable to scale operations or deliver sustainable value to both the market and society. The lack of strong institutional support, coupled with low awareness and poor implementation of socially driven business models, further compounds the problem.

The consequences of this situation are evident in the persistent underperformance of SSEs across Nigeria. Many fail to achieve stability beyond their first few years of operation, leading to job losses, wasted resources, and limited contributions to economic development (Aderinto, 2025). The absence of a strong link between SEE and business performance means that opportunities to use enterprise as a tool for solving social problems are missed. This undermines the potential of small-scale enterprises to serve as engines of inclusive growth, leaving both entrepreneurs and society at a disadvantage.

1.1 The objective of the study

The main aim of this study is to examine the influence of social entrepreneurship on the performance of selected small-scale enterprises in Nigeria. The specific objectives are as follows:

1. To determine the effect of social innovation on the performance of selected small-scale enterprises in Nigeria.
2. To examine the effect of SVC on the performance of selected small-scale enterprises in Nigeria.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Social entrepreneurship

Social entrepreneurship refers to applying entrepreneurial approaches to address social, cultural, or environmental issues (Jerotich & Kibet, 2022). Odetunde et al. (2025) postulated that it involves individuals or organizations that take the initiative to create ventures or projects that go beyond the pursuit of profit, focusing instead on generating positive social impact. Unlike traditional entrepreneurship, which focuses on maximizing financial returns, social entrepreneurship balances social objectives with financial sustainability, ensuring that solutions to pressing social challenges can be sustained over time (Eng et al., 2020). The term reflects the idea that entrepreneurship is not limited to business profits but can also be a tool for social transformation. It recognizes individuals or groups' ability to identify gaps in society, such as poverty, education deficits, or health inequalities, and to respond with innovative business-like solutions. The value of social entrepreneurship lies in combining creativity, risk-taking, and resilience, which are usually associated with entrepreneurship, to improve human well-being and community development (Nasiru& Kemi, 2025).

Social entrepreneurship provides temporary relief and seeks to address the root causes of problems. For example, instead of simply donating food to communities, a social entrepreneur may establish an enterprise that helps those communities sustainably grow, process, and market their own food. This approach captures the solution-driven and change-oriented nature of social entrepreneurship. In summary, social entrepreneurship means creating, developing, and managing ventures with the primary purpose of solving social challenges while maintaining financial viability (Jerotich & Kibet, 2022). It combines the pursuit of social good with entrepreneurial initiative, demonstrating that business methods can be applied to achieve inclusive progress. Therefore, its definition is grounded in using innovation, enterprise, and purpose to improve lives while maintaining sustainability.

2.1.1.1 Social Innovation

Social innovation refers to the process of developing new ideas, methods, or practices that improve the manner in which social needs are met (Nasiru & Kemi, 2025). Creative and practical solutions that are designed not primarily for financial gain but to enhance the welfare of individuals and communities (Ojwang, 2022). The definition is grounded in the notion of "newness" in solving social issues, whether through products, services, or organizational models that change the way society functions for the better. It can be understood as the development of new social practices that respond to unmet human needs. These needs may be linked to health, education, employment, or community development. Therefore, social innovation is about introducing ways of doing things that are more effective and efficient than previous approaches and that can produce lasting social benefits (Danlyan et al., 2023). Its emphasis on innovation means it is distinct from traditional charitable responses, as it focuses on finding transformative, rather than temporary, solutions.

Social innovation reshapes relationships, roles, or systems in society. For instance, social innovations can take the form of shared economy platforms, community-based energy projects, or inclusive educational models. In these cases, innovation is not only in the product or service itself but also in the way people interact, cooperate, and share resources to achieve collective benefits. Simply put, social innovation refers to the act of rethinking and redesigning how social problems are solved to create positive change (Ojwang, 2022). It embodies the creativity and adaptability of human society in generating sustainable and fair solutions. Unlike technological or business innovation, it does not measure success primarily in terms of financial returns but in terms of its contribution to human well-being and stronger communities.

2.1.1.2 Creation of Social Value

SVC refers to the process of generating benefits that go beyond financial gain, focusing on improving the wellbeing of individuals, communities, and society at large (Eng et al., 2020). It is about creating something meaningful that enhances people's lives, whether by addressing social problems, improving access to resources, or fostering fairness and equity. Unlike traditional value, which is often measured by profit margins, social value is measured in terms of the positive changes it brings to human lives and communities (Nasiru& Kemi, 2025). At its most basic level, SVC means turning available resources into benefits that matter to people. This may be achieved by providing affordable healthcare, promoting quality education, protecting the environment, or reducing poverty. It reflects the idea that value is not only tied to money but also to things such as dignity, opportunities, and improved quality of life. Therefore, the meaning of social value creation is centered on producing sustainable results that leave people and their surroundings better off than before.

It also means creating outcomes that address both immediate needs and long-term challenges. For example, when an organization offers training to unemployed youth, the immediate value is knowledge gained, while the long-term value is a pathway to employment and independence. Therefore, social value creation connects present efforts with future wellbeing (Nasiru & Kemi, 2025). It is about making choices and designing activities that lead to real social benefits. Thus, SVC is the act of shaping activities, services, or products in ways that generate improvements for people and communities, not only financial returns for businesses (Eng et al., 2020). Its meaning rests on the idea that progress is measured not solely by economic growth but by how people's lives are enriched, inequalities are reduced, and communities become more resilient.

2.1.2 Performance of the Selected Small-Scale Enterprises

The performance of selected small-scale enterprises refers to how well small businesses operate and achieve their growth, profitability, and survival goals (Nworie &Ofoje, 2022). It is a measure of the results these enterprises achieve from their activities, showing whether they are progressing, stable, or declining. In this sense, performance refers to the overall success of small firms in meeting expectations, such as generating income, sustaining operations, and satisfying customers (Saif, 2015). Performance indicates how effectively small-scale enterprises manage resources, respond to customer needs, and remain competitive in their industries. It is essentially about the degree to which these enterprises fulfill their purpose and sustain their operations over time (Miller et al., 2013). In a practical sense, performance answers the question of whether the business is achieving its goals and making a meaningful contribution to the economy.

In small-scale enterprises, performance also captures the business's ability to remain resilient in challenging environments. Because these businesses usually face limited access to finance (Nworie &Onochie, 2024), infrastructure, and markets, their performance is often viewed as their capacity to overcome these limitations and still function effectively. It reflects not only how much revenue they generate but also how they maintain stability and growth despite constraints. Overall, the performance of selected small-scale enterprises represents the outcomes of their activities, both in financial and non-financial terms (Abebaw et al., 2018). It is about how well they achieve their objectives, whether in terms of profit, market reach, customer satisfaction, or sustainability. Therefore, the meaning rests on results that indicate survival, growth, and contribution to the broader economy, showing that performance is a measure of both short-term achievements and long-term viability.

2.2 Theoretical Framework and Research Hypothesis Development

Pierre Bourdieu, James Coleman, and later Robert Putnam propounded the Social Capital Theory (upon which this study is anchored) in the 1990s (Grossman, 2013). The idea of social capital had been present in sociological thought earlier, but these scholars formalized it into a coherent theory. Putnam particularly emphasized the contribution of social networks, trust, and civic engagement to collective and individual benefits, making the theory relevant in explaining how relationships and connections can be converted into tangible value.

Social Capital Theory's central postulation is that social relationships and networks function as valuable resources that individuals and groups can use to achieve their goals (Siisiainen, 2003). It argues that social capital arises from trust, norms, and reciprocity within a community, allowing people to cooperate more effectively. Unlike physical or financial capital, social capital is embedded in relationships and cannot exist in isolation. The theory holds that individuals and organizations with stronger networks and greater trust are better positioned to access information, opportunities, and resources, which in turn enhances both social and economic outcomes (Grossman, 2013).

The relevance of this theory to the present study on the effect of social entrepreneurship on SVC and the performance of selected small-scale enterprises lies in its explanation of how relationships and networks drive entrepreneurial outcomes. Social entrepreneurs rely heavily on building trust with communities, forming partnerships, and leveraging collective goodwill to deliver both social and economic value (Eng et al., 2020). Small-scale enterprises that operate within supportive networks are more likely to attract resources, gain legitimacy, and sustain long-term performance. Thus, SCT provides a strong foundation for understanding how social entrepreneurship enhances social value creation while simultaneously improving the performance of small-scale enterprises. Thus, we hypothesize that

Ha1. Social innovation will positively affect the performance of selected small-scale enterprises in Nigeria.

Ha2. SVC will positively affect the performance of selected small-scale enterprises in Nigeria.

2.3 Empirical Review

Odetunde et al. (2025) examined the role of social entrepreneurship in shaping ED, with a particular focus on the moderating role of sustainable EC among SME managers in Lagos. The researchers employed a cross-sectional design and collected data from 362 respondents selected through convenience sampling. A structured questionnaire based on validated scales was administered, and three hypotheses were tested using regression analysis. The findings revealed that the dimensions of SEE significantly influenced enterprise development, with governance having the strongest effect. Although SEC contributed positively to enterprise development, it did not significantly moderate the relationship between social entrepreneurship and enterprise development. The study, grounded in TBL theory, recommended strengthening entrepreneurial competence to enhance the growth of social enterprises.

Nasiru and Kemi (2025) explored how social entrepreneurship relates to business efficiency using cooperative societies in Ogun State as a case study. The study population comprised 1,590 cooperative executives, from which a sample of 403 was drawn using the Raosoft calculator. Purposive sampling was applied, and data were gathered through a structured questionnaire with a response rate of 72.5%. Descriptive statistics and hierarchical multiple regression were employed for data analysis. The results showed that social learning and innovation significantly enhanced business efficiency, whereas social value creation had a positive but insignificant effect.

Adum et al. (2024) investigated how SE orientation affects the performance of third-sector organizations in southeastern Nigeria. The study applied a descriptive cross-sectional design and randomly sampled 400 participants. Descriptive statistics were used alongside multiple regression analysis, supported by statistical tests such as the Hannan-Quinn criterion, Durbin-Watson statistic, and Satorra-Bentler test. The findings revealed that effectual orientation positively influenced both social and commercial performance, whereas social mission orientation had no significant impact on either performance dimension. The study recommended prioritizing effectual orientation as a strategic approach while aligning organizational missions with measurable community outcomes.

Gladson-Nwokah and Edenkwo (2024) studied the connection between social entrepreneurship and business success in Rivers State's food and beverage industry. The study covered all 25 registered firms in the state, with 110 managers ultimately responding to a structured questionnaire. Pearson's correlation analysis revealed that innovation and social networks significantly influenced market share growth, the chosen measure of business success. The results highlighted the strategic importance of innovation and social impact, demonstrating that they can drive competitive advantage while reinforcing socially responsible practices. The authors recommended that firms in the industry consistently invest in innovation to remain competitive and socially relevant.

Jamiu and Adeoye (2023) analyzed how SET contributes to job creation in Ilorin's small business sector. Out of 520 enterprises, 226 were selected using Taro Yamane's formula, and data were collected with a five-point Likert-scale questionnaire administered to entrepreneurs in poultry, snail rearing, rabbit rearing, and fish farming. Regression and Pearson correlation analyses were used to test the hypothesis. The results indicated that training significantly enhanced the ability of small business owners to create jobs, with trained entrepreneurs showing higher employment generation capacity than those without training. The study concluded that SED programs have been instrumental in supporting small business growth and job creation in Ilorin.

Danlyan et al. (2023) explored the relationship between social entrepreneurship and the sustainability of small and medium enterprises in Lagos State, focusing specifically on the link between social innovation and financial sustainability. The study adopted a quantitative design and purposively selected 20 Lagos-based entrepreneurs involved in social entrepreneurship. A structured questionnaire containing closed-ended questions was used to collect primary data on social innovation and financial sustainability levels. Descriptive statistics, such as mean and standard deviation, were applied, and the hypotheses were tested using correlation and regression analyses. The findings revealed a significant positive relationship between SME sustainability and social entrepreneurship. Based on the results, the study recommended that entrepreneurs should engage more in socially oriented activities rather than viewing entrepreneurship solely as a profit-driven venture.

Basri et al. (2023) investigated how SE orientation and business planning influence the performance of social enterprises in Indonesia, focusing on village-owned enterprises across Kuansing, Rohil, Inhil, and Meranti. A survey method was employed, and 422 managers from 250 enterprises participated. Structural equation modeling was used for data analysis. Results showed that SEO positively affected both business planning and enterprise performance, while business planning and social performance significantly influenced financial performance. Furthermore, business planning acted as a mediator between EOP and financial outcomes. The study highlighted the importance of training and business planning in enhancing the success of social enterprises.

Ojwang (2022) examined how SE influences the performance of social enterprises in Nairobi County. This study aimed to assess the impact of access to social capital, entrepreneurial intention, social innovation capabilities, and entrepreneurial risk on enterprise performance. Using a descriptive design, the study targeted 216 mid-level managers from 36 social enterprises and drew 138 respondents through stratified and random sampling. Data were collected via questionnaires and analyzed using descriptive and inferential statistics. Access to social capital and entrepreneurial risk had a positive and significant effect on performance, while entrepreneurial intention and social innovation capabilities showed no significant influence. The study concluded that social capital and risk management are crucial drivers of SE performance.

Babarinde (2022) analyzed the role of women social entrepreneurs in sustaining micro-enterprises in Nigeria during the COVID-19 pandemic. The study used a survey design and randomly sampled 1,537 managers and owners of micro-enterprises in Lagos State. Data were collected using structured questionnaires and analyzed using descriptive and regression techniques. Results indicated that women social entrepreneurs significantly contributed to poverty alleviation, environmental sustainability, job creation, and human capital development. Their activities positively influenced the survival of micro-enterprises during the pandemic. The study concluded that women social entrepreneurs are vital to enterprise sustainability and recommended legal and policy frameworks to support and expand women's social entrepreneurship.

Adeyemi et al. (2020) studied the roles of social capital and entrepreneurship in the growth of small and medium-sized enterprises in Ogun State. The research focused on how social capital enables access to resources, supports business relationships, and helps SMEs overcome challenges. A structured questionnaire was administered to 100 SMEs, and 93 valid responses were analyzed using descriptive and inferential statistics. Social capital facilitated access to financing, improved supplier and buyer networks, and enhanced compliance monitoring. Peer learning and community engagement through social entrepreneurship also supported growth. The results further indicated that both social capital and SME had a significant positive influence on SME growth.

Ogbo et al. (2019) investigated the effect of SE on sustainable business development in Nigeria. The study's objectives included tracing the evolution of social enterprises, identifying major challenges, analyzing trends, and assessing sources of funding. Using a survey design with SMEs as the focus, the study found that political, economic, socio-cultural, and technological factors shaped the evolution of SMEs. Challenges included limited entrepreneurial education, inadequate financial support, lack of government backing, and scarcity of skilled labor. The study highlighted emerging trends, including the increasing role of technology, social media, decentralized micro-giving, cross-sector partnerships, and government initiatives promoting inclusive economic growth.

2.4 Gap in the Literature

A review of previous studies, such as Odetunde et al. (2025), Nasiru and Kemi (2025), Adum et al. (2024), Gladson-Nwokah and Edenkwo (2024), Jamiu and Adeoye (2023), Danlyan et al. (2023), Basri et al. (2023), Ojwang (2022), Babarinde (2022), Adeyemi et al. (2020), and Ogbo et al. (2019), shows that social entrepreneurship has been widely examined from different perspectives, including enterprise development, business efficiency, sustainability, business planning, women's participation, and SME growth. While these studies emphasize dimensions such as governance, social learning, social networks, entrepreneurial orientation, social capital, and training, the direct effect of social innovation and social value creation on the performance of small-scale enterprises in Nigeria has been limited. For instance, Nasiru and Kemi (2025) highlighted that SVC showed a positive but insignificant effect on business efficiency, whereas Ojwang (2022) found that SICs had no significant effect on performance in Nairobi. By implication, the role of social innovation and value creation remains unclear, particularly in the context of small-scale enterprises in Nigeria. Moreover, most of the reviewed studies concentrated on cooperative societies, third-sector organizations, or large industries, leaving a gap in understanding how these dimensions of social entrepreneurship drive the performance of small-scale enterprises that form a significant backbone of Nigeria's economy. This gap underscores the need for further investigation into the influence of social innovation and SVC on the performance of selected small-scale enterprises in Nigeria.

3.0 Methodology

This study adopted a descriptive survey research design to examine the influence of SE on the performance of selected small-scale enterprises in Nigeria. The design was considered suitable because it enabled the collection of firsthand information from business operators who are actively engaged in running small-scale enterprises. Using this method, the study obtained practical evidence on how social innovation and social value creation contribute to the performance outcomes of these enterprises.

The study population comprised 71,288 SSE operators in Nigeria, as reported by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2017). This figure represents entrepreneurs actively managing small-scale businesses across different sectors. Because it was not feasible to study the entire population, the Taro Yamane formula was applied at a 5% margin of error to determine the sample size:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size

N = population (71,288)

e = precision level (0.05)

$$n = \frac{71{,}288}{1 + 71{,}288\,(0.05)^2}$$

$n \approx 399$

The study adopted a snowball sampling technique in selecting respondents from the Nigerian population of small-scale enterprise operators. This method was considered appropriate because many small-scale entrepreneurs operate within informal networks and direct access to a comprehensive list of operators is often difficult. The process began with a few small-scale enterprise owners who met the inclusion criteria of either owning or managing an actively operating business. These initial participants then referred other eligible entrepreneurs within their networks, creating a referral chain until the required sample size was achieved.

Primary data were collected through a structured questionnaire designed to capture information on the independent (social innovation and social value creation) and dependent (enterprise performance) variables. Responses were recorded on a five-point Likert scale ranging from “Very Low Extent” to “Very High Extent,” which allowed respondents to indicate the degree to which each factor influenced their enterprises’ performance.

Academic experts in entrepreneurship and professionals with experience working with small-scale enterprises reviewed the questionnaire to ensure content validity. Feedback from this validation process was used to refine the items for clarity and relevance. A pre-test was conducted involving 20 small-scale enterprise operators who were not part of the final sample to further improve the instrument. In addition, a pilot study with 30 operators was used to assess reliability. Cronbach’s alpha was calculated, and all constructs yielded coefficients above 0.70, confirming that the instrument was internally consistent and reliable for data collection.

Data were analyzed using both descriptive and inferential statistical tools. Descriptive statistics, such as frequency, mean, and percentage, were employed to summarize the demographic profile of respondents and the distribution of responses. Multiple regression analysis was conducted to test the specific objectives and examine the effect of social innovation and social value creation on enterprise performance.

The model for the regression analysis is specified as

$$EP = \beta 0 + \beta 1SI + \beta 2SVC + \varepsilon$$

Where:

EP = Enterprise Performance

SI = Social Innovation

SVC = Social Value Creation

$\beta 0$= Constant

$\beta 1$, $\beta 2$= Regression coefficients

ε = Error term

The regression analysis was carried out at the 5% significance level, and the decision on the hypotheses was based on the probability values obtained from the regression results. This procedure provided evidence on the strength and direction of the effect of SEVs on the performance of small-scale enterprises in Nigeria.

4.0 Data Analysis

4.1 Descriptive Analysis (DA)

Table 4.1, which presents the descriptive results, shows how respondents rated the statements relating to the key study variables (social innovation, social value creation, and enterprise performance) using a five-point Likert scale ranging from Very Low Extent (VLE) to Very High Extent (VHE). The frequency distribution and mean values for each item provide a clear picture of the level of agreement expressed by the respondents. The results indicate that all items were generally accepted, reflecting a shared positive perception among the participants.

Table 4.1 Descriptive Analysis Results

S/N	**Social Innovation**	**VLE**	**LE**	**N**	**HE**	**VHE**	**Mean**	**Remark**
1	I introduce new ideas and approaches that improve how my business serves the community.	26	16	66	178	113	3.84	Accept
2	I regularly adopt innovative practices to solve social and business challenges.	65	2	68	108	156	3.72	Accept
3	I use modern technologies and methods to create products and services that meet social needs.	55	52	3	225	64	3.48	Accept
4	I encourage experimentation and creativity in my enterprise, even when outcomes are uncertain.	0	24	68	185	122	4.02	Accept
	Social value creation	**VLE**	**LE**	**N**	**HE**	**VHE**	**Mean**	**Remark**
5	My business activities contribute positively to the community's well-being.	52	73	6	220	48	3.35	Accept
6	I create products or services that solve pressing social problems.	41	8	27	74	249	4.21	Accept
7	My enterprise prioritizes both financial returns and social impact.	25	10	9	235	120	4.04	Accept
8	I measure success not only in terms of profits but also in terms of the value created for society.	51	31	25	192	100	3.65	Accept
	Enterprise Performance	**VLE**	**LE**	**N**	**HE**	**VHE**	**Mean**	**Remark**
9	My enterprise efficiently uses available resources to achieve business goals.	25	0	9	245	120	4.09	Accept
10	My business meets performance targets, such as sales, growth, and market expansion.	60	34	0	205	100	3.63	Accept
11	Customer satisfaction and loyalty have improved because of my business activities.	0	46	57	195	101	3.88	Accept
12	My enterprise sustains profitability while maintaining a strong social impact.	26	16	66	178	113	3.84	Accept

Source: Field Survey (2025)

Table 4.1 presents the respondents' descriptive analysis of social innovation, social value creation, and enterprise performance. For the first statement on social innovation, which measured the extent to which entrepreneurs introduce new ideas and approaches to improve service delivery to the community, 26 respondents rated it to a very low extent, 16 to a low extent, 66 were neutral, 178 to a high extent, and 113 to a very high extent. The mean score of 3.84 falls above the midpoint of the scale, indicating that the majority of respondents accepted this statement. This shows that introducing new ideas is a common practice among the sampled enterprises, with the majority leaning toward higher levels of agreement.

The second statement asked whether innovative practices are regularly adopted to solve social and business challenges. Here, 65 respondents rated it very low, 2 rated it low, 68 were neutral, 108 indicated a high extent, and 156 reported a very high extent. The result is accepted with a mean score of 3.72, showing that while a relatively small group expressed reservations at the lowest end, most entrepreneurs confirmed that they often employ innovative practices to address challenges.

The third statement examined the use of modern technologies or methods to create products or services that address social needs. Of the total, 55 respondents rated it very low, 52 low, only 3 neutral, 225 high, and 64 very high. Although the mean score of 3.48 is accepted, it is slightly lower compared to earlier items, reflecting that a considerable group still operates with less technological or modern inputs while a large number of entrepreneurs adopt modern methods. This demonstrates that technology adoption is practiced but not yet universal across enterprises.

The fourth statement focused on whether entrepreneurs encourage experimentation and creativity despite uncertain outcomes. Here, no respondent chose very low, 24 indicated low, 68 neutral, 185 high, and 122 very high. The mean score of 4.02 was the highest in the social innovation section, indicating a strong agreement. The distribution of responses reveals that entrepreneurs generally embrace creativity and are open to trying new approaches even with risks, demonstrating a strong innovative culture.

For social value creation, the fifth statement tested whether business activities positively contribute to community well-being. In this case, 52 respondents chose very low, 73 low, 6 neutral, 220 high, and 48 very high. Although still accepted, the mean score of 3.35 is one of the lowest across the table, suggesting that while most entrepreneurs believe they add value to their communities, a notable segment is less convinced of their community impact.

The sixth statement assessed whether enterprises create products or services that solve pressing social problems. Responses show that 41 were very low, 8 were low, 27 were neutral, 74 were high, and 249 were very high. This item received the strongest endorsement in the social value creation dimension with a mean score of 4.21. The large number of respondents rating it at the very high extent indicates that many entrepreneurs strongly believe their products or services directly address societal needs, highlighting their businesses’ social orientation.

The seventh statement tested whether enterprises prioritize both financial returns and social impact. Only 25 respondents rated it very low, 10 low, 9 neutral, 235 high, and 120 very high. The mean score of 4.04 reflects broad acceptance, with the vast majority of respondents affirming that they balance financial goals with social outcomes. This demonstrates that many enterprises strive to achieve sustainability while ensuring social contributions.

The eighth statement measured whether entrepreneurs assess success beyond profits by considering the value created for society. Here, 51 respondents rated it very low, 31 low, 25 neutral, 192 high, and 100 very high. The mean score of 3.65 confirms acceptance though.It can be seen that some enterprises still place more weight on profit-making. Nonetheless, the dominant responses in the high and very high categories confirm that many entrepreneurs apply a broader definition of success that integrates social benefits.

The ninth statement, under enterprise performance, assessed resource utilization to achieve business goals. Out of the total, 25 were rated as very low, none as low, 9 as neutral, 245 as high, and 120 as very high. The mean score of 4.09 is strong, indicating that these enterprises' efficient resource use is a key performance feature. The high concentration of responses in the high and very high categories confirms that respondents believe that their enterprises effectively manage resources.

The tenth statement considered whether businesses meet set sales, growth, and expansion targets. Here, 60 respondents rated it very low, 34 low, none neutral, 205 high, and 100 very high. The mean score of 3.63 indicates that most respondents agreed with the statement, although the relatively high count in the very low and low categories reflects that not all enterprises consistently meet their targets. This highlights the variability in business performance outcomes.

The eleventh statement measured customer satisfaction and loyalty. No respondent rated it very low, while 46 rated it low, 57 neutral, 195 high, and 101 very high. With a mean score of 3.88, the result indicates broad acceptance, indicating that most enterprises believe that their activities enhance customer satisfaction and loyalty. The dominance of high and very high responses underlines the strength of customer relations in performance assessment.

The twelfth statement examined whether enterprises sustain profitability while maintaining social impact. A total of 26 participants rated it very low, 16 low, 66 neutral, 178 high, and 113 very high. The mean score of 3.84 confirms acceptance, indicating that many enterprises strive to combine profitability with social value. By implication, while some respondents remain neutral, the majority lean toward affirming this dual achievement.

4.2 Test of the Hypothesis

H01. Social innovation has no significant effect on the performance of selected small-scale enterprises in Nigeria.

H02. SVC does not significantly affect the performance of selected small-scale enterprises in Nigeria.

Table 2 Regression analysis results

Model Summary

Model	R	R Square	Adjusted R-square	Std. Error in the Estimate
1	.649[a]	.422	.419	1.682

a. Predictors: Constant, Social Value Creation, and Social Innovation

ANOVA[a]

Model		Sum of the Squares	of	Mean Square	F	Sig.
1	Regression	816.413	2	408.207	144.336	.000[b]
	Residual	1119.953	396	2.828		
	Total	1936.366	398			

a. Dependent variable: Enterprise performance

b. Predictors: Constant, Social Value Creation, and Social Innovation

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.946	.756		3.899	.000
	Social Innovation	.295	.032	.357	9.300	.000
	Social value creation	.528	.035	.578	15.046	.000

a. Dependent variable: Enterprise performance

Source: SPSS output (2025)

Table 2 shows that the regression model has an R-squared value of 0.422, meaning that social innovation and social value creation jointly explain 42.2% of the variations in the performance of small-scale enterprises in Nigeria, while the remaining 57.8% can be attributed to other factors not captured in the model. This indicates that the model is reasonably strong in explaining enterprise performance. The ANOVA test further confirms the model's overall validity, as the probability of the F-statistic is 0.000, which is less than the 5% significance level. Collectively, the independent variables significantly affect the performance of small-scale enterprises, making the regression model fit for policy, managerial, and academic interpretation.

The constant has a coefficient of 2.946 and a significance level of 0.000, indicating that it is statistically significant at the 5% level. This implies that in the absence of social innovation and social value creation, the performance of small-scale enterprises in Nigeria will still record a baseline mean value of 2.946.

The Effect of Social Innovation

The coefficient of social innovation is 0.295 with a p-value of 0.000, indicating that it is statistically significant at the 5% level. This means that a one-unit increase in SI will lead to a 0.295-unit increase in enterprise performance, holding SVC constant. In marginal terms, small-scale enterprises benefit positively when they introduce new socially relevant business ideas, practices, or innovations. Since the effect is positive and significant, we reject the null hypothesis (H01), which states that SI does not significantly affect the performance of small-scale enterprises. Therefore, SI significantly enhances the performance of small-scale enterprises in Nigeria.

The Effect of Social Value Creation

The coefficient of SVC is 0.528 with a p-value of 0.000, which is significant at the 5% level. This implies that a one-unit increase in SVC results in a 0.528-unit increase in enterprise performance while holding SI constant. In marginal terms, this effect is larger than that of social innovation, indicating that creating tangible value for society (e.g., improving community welfare, customer well-being, or addressing societal needs) exerts a stronger effect on enterprise performance. The effect is positive and statistically significant; therefore, we reject the null hypothesis (H02), which states that SVC does not significantly affect the performance of small-scale enterprises. Thus, SVC significantly improves enterprise performance in Nigeria.

4.3 Discussion of the Findings

The finding that social innovation has a positive and significant effect on the performance of small-scale enterprises in Nigeria ($\beta = 0.295$, $p = 0.000$) suggests that enterprises that embrace new ideas, approaches, and practices are better able to adapt to challenges, improve efficiency, and achieve sustainable growth. Innovation allows small firms to develop creative solutions that meet both market and community needs, thereby strengthening their competitive advantage. This result is consistent with Nasiru and Kemi (2025), who found that social innovation significantly enhanced business efficiency in cooperative societies, highlighting that introducing innovative practices leads to operational improvements. Similarly, Gladson-Nwokah and Edenkwo (2024) reported that innovation strongly influenced the growth of market share in the food and beverage industry, aligning with the idea that innovation helps firms expand and perform better. Danlyan et al. (2023) also demonstrated a significant positive relationship between social innovation and SME sustainability in Lagos, reinforcing the argument that innovative practices are crucial for long-term survival in dynamic markets. However, not all studies agree with this conclusion. For example, Ojwang (2022) found that social innovation capabilities had no significant effect on the performance of social enterprises in Nairobi County, which suggests that the benefits of social innovation may depend on contextual factors such as market environment, available resources, and institutional support level. Overall, the present study strengthens the position that innovation is a key driver of performance in Nigeria's small-scale business environment, where enterprises face resource and structural constraints.

The result showing that SVC positively and significantly affects the performance of small-scale enterprises in Nigeria ($\beta = 0.528$, $p = 0.000$) indicates that when businesses actively generate value that benefits society, they also enhance their own efficiency and competitiveness. This may be because SVC fosters stronger customer loyalty, community trust, and stakeholder support, which translate into better performance outcomes. Odetunde et al. (2025) strongly supported this finding, concluding that the dimensions of social entrepreneurship significantly influenced enterprise development, with governance and social responsibility playing a central role. Similarly, Basri et al. (2023) showed that SEO contributed positively to both planning and performance in Indonesia, reinforcing the notion that value creation embedded within entrepreneurial practices boosts organizational outcomes. Adeyemi et al. (2020) also found that social entrepreneurship supported SME growth in Ogun State by enhancing access to networks and fostering community engagement, which are forms of social value creation. In addition, Babarinde (2022) demonstrated that during the COVID-19 pandemic, women social entrepreneurs contributed to poverty alleviation, job creation, and enterprise survival, further demonstrating that enterprises that generate value for society also sustain themselves during crises. On the other hand, Nasiru and Kemi (2025) reported that social value creation had a positive but insignificant effect on business efficiency in cooperative societies, suggesting that value creation may not always directly translate into efficiency in all contexts, although it contributes to goodwill. Despite such inconsistencies, the present study affirms that in Nigeria's small-scale enterprise setting, SVC is not only socially desirable but also economically beneficial, as it enhances performance by strengthening the link between businesses and the communities they serve.

5.0 Conclusions and Recommendations

5.1 Conclusion

The findings of this study have important implications for the performance and sustainability of SSEs in Nigeria. The results show that both social innovation and social value creation significantly enhance enterprise performance, indicating that businesses that actively integrate innovative approaches and create value beyond profit-making are more likely to achieve growth, efficiency, and competitiveness. This implies that the success of small-scale enterprises is no longer solely determined by financial capital or traditional business practices but also by the ability to creatively respond to social needs while generating economic benefits. The strong effect sizes suggest that entrepreneurs indirectly strengthen the long-term viability of their businesses when they develop solutions that address societal challenges, such as improving customer well-being, community development, or environmental sustainability. Moreover, these findings highlight the interconnectedness between entrepreneurship and societal progress, showing that businesses that embrace innovation and value creation contribute not only to their performance but also to broader socioeconomic development. The results further demonstrate that adopting socially innovative practices enhances resilience and adaptability in dynamic business environments like Nigeria, where small-scale enterprises often face structural and operational challenges. Thus, the implications point to a paradigm shift in the way small businesses achieve performance outcomes, emphasizing that integrating social value and innovation within business strategies can serve as a driver of efficiency, customer loyalty, and sustainable growth. Overall, the evidence underscores the critical role of entrepreneurship in bridging the gap between business success and social advancement, positioning SSEs as vital contributors to both economic prosperity and societal well-being.

5.2 Recommendations

1. Small-scale enterprise owners should consistently integrate social innovation into their business models to enhance resilience and competitiveness, as this study confirms.

2. Policymakers and enterprise development agencies should actively support and promote initiatives that encourage entrepreneurs to create social value, as the study shows that creating value for society significantly boosts enterprise performance.

5.3 Contribution to Knowledge

This study contributes to the existing body of knowledge by addressing the gap left by earlier works that largely concentrated on enterprise development, sustainability, business planning, women's participation, and SME growth without paying sufficient attention to how social innovation and social value creation affect small-scale enterprises' performance in Nigeria. Unlike Nasiru and Kemi (2025), who reported a positive but insignificant effect of social value creation on business efficiency, and Ojwang (2022), who found no significant effect of social innovation capabilities on performance in Nairobi, this study specifically examined these dimensions within the Nigerian context where small-scale enterprises play a critical role in economic development. By focusing on this neglected area, the study provides fresh evidence on the relationship between social innovation, social value creation, and enterprise performance, thereby filling the knowledge gap left by research that mainly emphasized cooperative societies, large industries, and third-sector organizations. In doing so, it not only extends the understanding of SEE but also offers practical relevance for policymakers and small-scale business owners seeking strategies to strengthen performance through innovative and value-driven approaches.

5.4 Limitations of the Study and Suggestions for Future Studies

The major limitation of this study is that it was restricted to a sample of 399 respondents from a large population of small-scale enterprises in Nigeria. The findings may not fully represent the wider population because snowball sampling was used, and the responses relied on self-reported information, which may not always be completely accurate. In addition, the study only considered two dimensions of SEE, namely, social innovation and social value creation, excluding other important aspects that could also influence enterprise performance.

Further studies should consider the adoption of probability sampling methods to improve the representativeness of the findings. Researchers could also expand the scope by including more dimensions of SE, such as governance, training, and networking. In addition, future work can compare results across different sectors or regions of Nigeria to provide a broader picture of how SME influences enterprise performance. This would make the findings more reliable and useful for policy and practice.

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