

Prior knowledge and social entrepreneurial venture creation: the mediating role of novelty ecosystem

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Abstract

Purpose – The purpose of this study is to examine the mediating role of novelty ecosystem in the relationship between prior knowledge and social entrepreneurial venture creation (SEVC) among community-based organizations (CBOs) in Uganda.

Design/methodology/approach – The study is cross sectional and quantitative. Data were collected from CBO owner-managers. Mean, standard deviations, correlations and structural equation modeling were conducted to check the relationships among variables.

Findings – Results show that both prior knowledge and novelty ecosystem are significantly associated with SEVC. Results further indicate that novelty ecosystem partially mediates the relationship between prior knowledge and SEVC.

Research limitations/implications – The design was cross sectional in nature, thus limiting monitoring changes in knowledge and its effect on SEVC. The results should be interpreted as they are because there could be some endogeneity biases, which were not detected like measurement errors and failure to identify appropriate instruments.

Originality/value – This study provides an initial empirical evidence on the relationship between prior knowledge, novelty ecosystem and SEVC using evidence from a developing African country – Uganda. Mostly, this provides an initial evidence of the mediation role of novelty ecosystem in the relationship between prior knowledge and SEVC.

Keywords Prior knowledge, Novelty ecosystem, Social entrepreneurial venture creation, CBOs, Uganda

Paper type Research paper

1. Introduction

Globally, social entrepreneurial venture activities have far reaching economic effects in enhancing growth, reducing poverty and improving large-scale social development (Yunus and Weber, 2007), especially in developing countries. Sub-Saharan Africa is the only region in the world where the overall number of extremely poor people is increasing rather than decreasing according to the World Bank Poverty and Shared Prosperity [National Household Survey Report \(2018\)](#). Globally, rates of extreme poverty defined as earning less than \$1.90 (€1.64) a day have been dramatically declined, falling from 1.9 billion in 1990 to approximately 736 million. However, an estimated 413 million people in Africa live in extreme poverty more than half of the world's total. Addressing poverty in African calls for interventions from different development interventions like social ventures. Social entrepreneurial venture creation (SEVC) describes initiatives launched to deal with complex social problems (Nsereko *et al.*, 2018). These social entrepreneurial ventures are



characterized by their spanning across for-profit and non-profit organizations. SEVC activities are undertaken to discover, define and exploit opportunities in order to enhance social wealth. This is carried out through creating new ventures and managing existing organizations in an innovative manner by solving societal challenges in complex environments. In the presence of increased industrialization in both developed and emerging economies, there have been increased negative effects of organizations activities on both the natural environment and society. Such negative effects have ended up affecting the entire globe to the extent that every country now suffers from pollution, climate change, drug abuse, poverty, crime and diseases. For Uganda, in particular, the government undertook an industrialization policy, which saw many manufacturing firms being established in wetlands, and thus the area of the wetlands reducing significantly (Bananuka *et al.*, 2019; Government of Uganda, 2016). This policy has not been well managed causing floods and its related effects like displacement of people, destroying property and causing diseases like cholera within Kampala suburbs. Also, it was reported that in Uganda, 54% of the products on the Ugandan market are fake and endanger lives (Wandera, 2018). This raises questions as to which mechanisms can be employed to ensure such a situation is averted and by whom. In this study, we aimed to suggest one.

Previous research on SEVC is predominately based on qualitative research with case study research (Steyaert and Dey, 2010). The core focus of research up to 2015 used qualitative research and case study method, wherein other researchers used 2–5 cases to present new concepts on definition, characteristics of social enterprises and SEVC (Hadad, 2017). Such studies ignore conclusions that could have been reached if a quantitative approach involving a large sample was used. We, therefore, test whether prior knowledge, novelty ecosystem and SEVC are significantly associated. Studies indicate that knowledge is not evenly distributed throughout the population, but prior knowledge provides at least a partial explanation as to why some people are able to identify specific society needs that other people miss (e.g. Dimov, 2007; Shane, 2000; Shepherd and DeTienne, 2005). Novelty ecosystem is a network of interconnected webs, connected to a focal social business that incorporates both production and appropriates social value (Sarango-Lalangui *et al.*, 2018), and this is likely to improve SEVC.

This study aims to provide evidence on the association between prior knowledge, novelty ecosystem and SEVC, and this aim was achieved through a questionnaire survey of 264 owners of community-based organizations (CBOs). It is hypothesized that prior knowledge and novelty ecosystem are significantly associated with SEVC. Further, it is hypothesized that novelty ecosystem mediates the relationship between prior knowledge and SEVC. This study results are critical to the academicians, policymakers and CBO owners. This study adds to existing literature on SEVC activities. Also, to the policymakers and owners of CBOs, this study illustrates them the exact mechanisms through which social entrepreneurial venture activities can be improved.

The rest of the paper is structured as follows. The next section is literature review. Under the literature review, we discuss the appropriate theory and develop hypotheses. Next is methodology, and this is followed by results. Discussion comes next and lastly is summary and conclusion.

2. Literature review

2.1 Theoretical review

Personal initiative (PI) theory assumes that behavioral characteristics like self-starting, proactiveness and innovative behavior help entrepreneurs to persistent and overcoming difficulties that arise in the pursuit of a goal (Frese *et al.*, 1996). One consequence of such an active approach is that the environment is changed and businesses are created. PI assumes

that human beings with prior knowledge are influenced by their environment and their past experience/exposure. This is also related to creating enabling environment for employees to interact, learn from each other through feedback and come up with new ways of solving problems (Frese *et al.*, 1996). Prior knowledge gained from information, education, experience from work or experimental learning facilitates opportunity recognition and venture creation (Shepherd and Patzelt, 2018). These individuals are persistent in overcoming barriers/setbacks in the process of starting social entrepreneurial ventures. It notes that people need to adjust to any social and environmental changes that may occur based on their learning (Glaub *et al.*, 2014). Prior knowledge involves acting openly on ideas that come up and have been neglected by others within the community.

2.2 Prior knowledge and social entrepreneurial venture creation

Scholars have shown that since knowledge is not evenly distributed throughout the population, prior knowledge provides at least a partial explanation as to why some people are able to identify social needs than others (e.g. Dimov, 2007; Shepherd and DeTienne, 2005). Overall, work in this area has argued that prior knowledge serves as a foundation for the interpretation and use of new information; however, most studies on this topic have not delineated the cognitive mechanisms by which prior knowledge affects individuals' opportunity recognition in starting and growing social enterprise. We believe that prior knowledge triggers individuals' consideration of social business creation. For instance, domain experts often find reasoning in terms of structural relationships easier because they can draw on deeper mental representations (Chi *et al.*, 1981). Such experts are particularly good at solving society problems characterized by low levels of superficial similarity but high levels of structural similarity (Keane, 1988).

Additionally, research has demonstrated that when people fail to solve particular problems, "failure indices" are frequently left in long-term memory. Individuals identify and exploit these opportunities through creating and developing new social entrepreneurial ventures (Bird and Schjoedt, 2009; Kautonen *et al.*, 2013). Social entrepreneurial behavior emphasizes the importance of refocusing research attention toward concrete and observable human action in venture creation and emergence (Bird *et al.*, 2012). Previous studies majorly used prior knowledge to predict business enterprises, especially start-ups. In this study, we contribute to literature studying prior knowledge influence on SEVC among CBOs in developing country. Therefore, we hypothesize the following:

H1. Prior knowledge positively and significantly relates to SEVC.

2.3 Novelty ecosystem and social entrepreneurial venture creation

Novelty ecosystem is a network of interconnected webs, connected to a focal business that incorporates both production and use side participants, creates and appropriates value (Sarango-Lalangui *et al.*, 2018). It is known that the attractiveness of the ecosystem construct rests on its ability to evoke and highlight interdependencies between community members and the collectiveness in which they operate and to provide a fresh way to think about coevolution and cocreation of value in the process of solving societal problems (Costanza *et al.*, 2017). Social ventures, to be relevant in society, have to address problems using innovative and sustainable approaches. Social ventures often have a large complex web of stakeholders and organizations who may support, benefit from or have objections to a social innovation.

Nsereko *et al.* (2018) found that there exists a positive correlation between innovation, risk-taking, proactiveness and new venture creation to produce new products/services that meet societal needs. Vibrant social entrepreneurs tend to create novelty ecosystem to generate new

ideas, methods through interactions and mobilize resources locally and externally to address societal needs sustainably. Individuals identify and exploit opportunities through creating and developing new social entrepreneurial ventures (Kautonen *et al.*, 2013). Yeganegi *et al.* (2019) proposed that individuals with a strong innovation anchor and capacity to think outside the box are motivated to start ventures. This contributes to reduction in poverty and other social problems that affect the society's well-being. High novelty ecosystem yields a strong positive effect on social entrepreneurial behavior. This then suggests that individual's innovativeness should be incorporated in models of SEVC (Sarango-Lalangui *et al.*, 2018). A CBO in developing countries competes favorably when owners/managers create enabling environment for their employees to think creatively. CBOs that have employees with prior knowledge are likely to support creation of novelty ecosystem, which enhances the SEVC in developing countries. This study contributes to literature on the importance of novelty ecosystem to SEVC among CBOs. Therefore, we hypothesize the following

H2. Novelty ecosystem positively and significantly related to SEVC.

H3. Novelty ecosystem mediates the relationship between prior knowledge and SEVC.

3. Methodology

3.1 Design, population and sample

This study adopted a cross-sectional design and a quantitative approach. The total population of the study was 1,211 CBOs that were certified by Kampala Capital City Authority between 2015 and 2016. According to Krejcie and Morgan (1970) sample determination table, the study sample size was 291 respondents. Useable questionnaires were obtained from 264 owner managers of CBOs. These CBOs were chosen because they look at problems from the grass root community and suggest solutions for them. We think that CBOs are critical for ensuring SEVC activities, especially if they employ a proper mechanism. The unit of inquiry was CBO owners/managers and unit of analysis were CBOs. The participants were selected using a simple random sampling technique. The demographic statistics reveal that females were more (154) than males (110) and the majority belonging to the 25–31 age bracket. With regard to the years of operation, the majority (46.4%) of the respondents have been in existence for five years and above, and 55.3% of them have bachelor's qualification. Finally, the majority of the respondents (82.6%) were married.

3.2 The questionnaire and measurement of variables

After reviewing the existing literature, we developed a close-ended questionnaire designed on a six-point Likert scale. Whereas questionnaires can be open ended or close ended, this study used closed-ended questionnaires because it aimed at calculating the means of the responses (Sudman and Bradman, 1982). Also, Sekaran (2003) argues that questionnaires are most suitable for large samples. The questionnaires captured each study variable. The study variables are prior knowledge, novelty ecosystem and entrepreneurial venture creation. Prior knowledge was operationalized in terms of prior knowledge of opportunities, prior knowledge of community problems, prior knowledge of ways to serve communities and prior knowledge of technology (Shane, 2000; Marvel and Lumpkin, 2007). Novelty ecosystem was a one-dimensional construct. The dependent variable was SEVC, which was also unidimensional (see Table 1 for operationalization of variables).

3.3 Common methods bias

The study controlled for common methods bias to avoid inflation or deflation of observed relationships between constructs so as to eliminate type I and type II errors in our study

Table 1.
Operationalization and
measurement of
variables

Variable	Measures	Operationalization	Source
Social entrepreneurial venture creation	Creation of a social venture	Behaviors or actions a respondent has carried out in creating a social entrepreneurial venture	Gielnik <i>et al.</i> (2015)
Prior knowledge	Opportunity	Distinct set of information possessed by an individual in social entrepreneurial venture creation	Marvel and Lumpkin (2007) Ardichvili <i>et al.</i> (2003) and Shane (2000)
Novelty ecosystem	Problems Serve communities Technology Novelty ecosystem	Innovations will refer to all creative ideas that have been successfully implemented within the CBO	Adams <i>et al.</i> (2006), Chor <i>et al.</i> (2015), Bacq and Janssen and Frese and Gielnik (2014)
Source(s): Primary data			

(Lamoureux *et al.*, 2006). In addition, so as to reduce the effect of anxiety, social desirability and acquiescence, some questions were reverse scored. Item complexity and ambiguity were also reduced as recommended by Podsakoff *et al.* (2003). To this effect, the respondents were carefully selected to reduce the possible effect of common method bias (Harrison *et al.*, 1996). Mitchell *et al.* (2002) indicate that these respondent attributes are apt to explain SEVC. Further, we carefully constructed items of the study by defining unfamiliar terms, removing vague concepts, keeping questions simple, specific, concise and avoiding double barreled questions (Tourangeau *et al.*, 2000). The study adapted the measures derived from previous refereed scholarly works to suit the study context and used a six-point Likert scale, then kept the items simple and without multiple meanings (Podsakoff *et al.*, 2012).

3.4 Validity and reliability

Validity measures the extent to which the instrument measures what it is designed to measure (Robson, 2011). It is the degree to which the results are truthful. Reliability measured the consistency, precision, repeatability and trustworthiness of a research study (Chakrabarty, 2013). It indicates the extent to which it is without bias (error free), and hence insures consistent measurement cross time and across the various items in the instruments (the observed scores). The study used the content validity index (CVI) to validate the measurement items for the study variables, and the question items were modified based on the expert comments. For prior knowledge, the CVI was 0.85, novelty ecosystem was 0.91 while SEVC was 0.80. According to Amin (2005), CVI of 0.70 and above is recommended as being good; hence, the instrument was appropriate for the study. The study performed Cronbach's coefficient (Cronbach, 1951) to test the reliability of the instrument for internal consistency in the measurement of prior knowledge, novelty ecosystem and SEVC. The reliability results showed that prior knowledge had α coefficient of 0.752, novelty ecosystem had α coefficient of 0.770 while SEVC had α coefficient of 0.731. Further, composite reliability was carried out, and results were reliable as shown in Table 2. Since all the three variables were above the acceptable reliability α coefficient of 0.7, it signified a high reliability of the instrument in line with the recommendation by Nunnally (1994) and Sarantakos (2012). The principal component analysis for cleaning of the scales and testing the dimensionality of the constructs as recommended by Pedhazur and Schmelkin (1991) and Churchill (1979) was applied. This was done to measure sampling adequacy and relevant axes, and we employed the Kaiser–Meyer–Olkin test, Bartlett's test of sphericity and Kaiser's eigenvalues

Item	Standardized regression estimates	Cr (t)
<i>Prior knowledge</i>		
Before starting a social venture, my friends provided useful business information	0.65	9.318
Before starting a social venture, I recognized shifts in the market	0.81	9.416
I understand new opportunities from the information I accumulated	0.75	
<i>Novelty ecosystem</i>		
I have new and better ideas of producing new products	0.81	10.822
I am continually in search of discovery	0.69	
I am always in the midst of launching new projects	0.81	10.819
I use modern facilities in setting up my business	0.74	11.250
<i>Social entrepreneurial venture creation</i>		
<i>How much effort have you already put in to</i>		
check whether there is a demand or need for your product/service in the market?	0.77	
do market research?	0.57	4.779
outline a business plan for your venture?	0.59	9.318

Achieved fit indices	CMIN/DF	RMSEA	GFI	AGFI	IFI	TLI	CFI
	1.651 (49.544/30)	0.030	0.967	0.939	0.979	0.968	0.979

Table 2. Confirmatory factor analysis

Source(s): Primary data

(Evrard et al., 1993). During the first iteration, we employed a reliability test (α of Cronbach) for each scale. We, therefore, removed the items with loadings lower than 0.50 on several factors. Complementarily, we examined the communalities (cancellation below 0.5). All the values were found to be within acceptable limits (Table 3) in the present study. Hence, no further treatment of data was required. We then went ahead to validate the measurement model.

4. Results

4.1 Zero-order correlation

Zero-order correlation analysis was used to quantify the degree to which two variables are related. The analysis provided a linear relationship between the two study variables. The zero order correlations for all variables are shown in Table 3. Prior knowledge was positively related to SEVC ($r = 0.449^{**}$ and $p < 0.05$). Prior knowledge was positively associated with

Variable	1	2	3	4	5	6	7
<i>Prior knowledge(1)</i>	1.000						
Opportunity(2)	0.459**	1.000					
Community problems(3)	0.836**	0.872**	1.000				
Serving communities(4)	0.176**	0.368**	0.324**	1.000			
Technology(5)	0.454**	0.621**	0.634**	0.366**	1.000		
<i>Novelty ecosystem(6)</i>	0.430**	0.653**	0.641**	0.340**	0.611**	1.000	
<i>Social entrepreneurial venture creation(7)</i>	0.449**	0.562**	0.595**	0.272**	0.581**	0.544**	1.000

Note(s): **. Correlation is significant at the 0.01 level (two-tailed)

Table 3. Zero order correlations

novelty ecosystem ($r = 0.562^{***}$ and $p < 0.05$), whereas novelty ecosystem was positively related to SEVC ($r = 0.544^{**}$ and $p < 0.05$). These correlations supported H1, H2 and H3 preliminarily. Therefore, prior knowledge and novelty ecosystem contribute to SEVC among CBOs (see Table 4).

Additionally, as recommended by Hair *et al.* (2018), bootstrapping was done using 5,000 sub samples at 95% confidence interval to test for the significance of the direct and indirect paths. The results as in Table 5 and Figure 1 indicate that prior knowledge was positively and significantly related to SEVC ($\beta = 0.332$ and $p < 0.000$). Similarly, H2 shows that prior knowledge was positively and significantly associated with novelty ecosystem ($\beta = 0.402$ and $p < 0.000$), whereas H3, novelty ecosystem was positively and significantly related to SEVC ($\beta = 0.162$ and $p < 0.000$). The confidence interval bias was at 95%. Still, the quality criterion result, summarized in Table 5, shows that all the hypothesized paths of prior knowledge, novelty ecosystem and SEVC have effect sizes of (0.34), respectively, all within the recommended effect sizes of 0.02 (Kock, 2014b). Therefore, since both the magnitude of the path coefficient and effect size are high with significance level at ($p < 0.001$), the confidence that the true effect is proper with the study's final sample size is greater (Hair *et al.*, 2019).

4.2 Testing for mediation

In an attempt to test for the mediation paths (H4) in the model Table 5, Table 6 and Figure 1, bootstrapping was done using 5,000 subsamples at 95%. The 5,000 subsamples were considered adequate to ensure stability of the results (Hair *et al.*, 2017). However, bootstrapping was done twice; first without a mediator and second with a mediator.

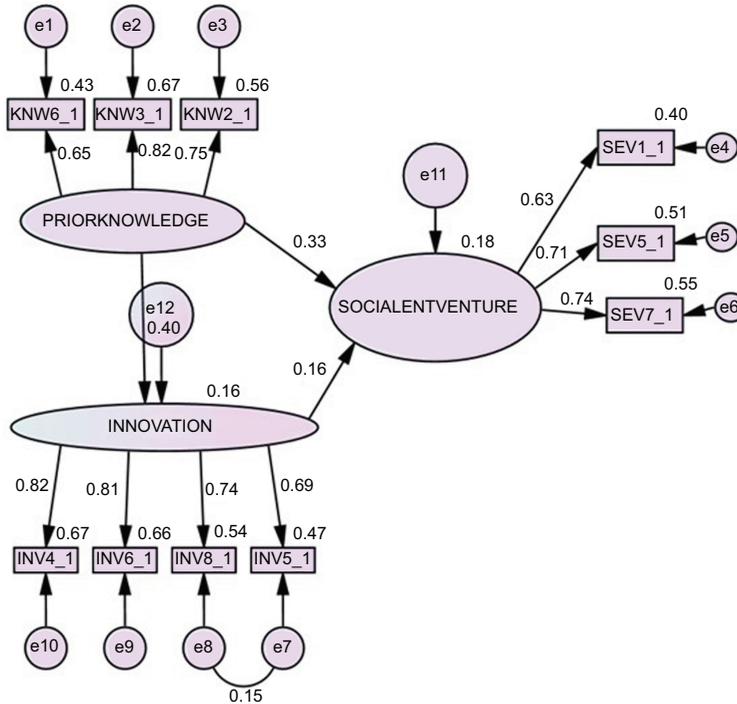
Table 4. Results on direct paths

		S.E.	β	t-value	p	Decision
H1	INNO → PK	0.089	0.402	4.909	***	Yes
H2	SEVC → PK	0.088	0.332	3.575	***	Yes
H3	SEVC → INNO	0.074	0.162	1.922	***	Yes

Table 5. Structural model results for competing models

Model elements	Model 1 (without mediator variable)	Model 2 (with mediator variable)
<i>Model fit</i>		
CMIN(χ^2)	85.770	49.544
df	32	31
p-value	0.000	0.004
CMIN/df	2.680	1.7901
GFI	0.943	0.963
AGFI	0.903	0.934
TLI	0.913	0.962
CFI	0.942	0.974
RMSEA	0.080	0.055
<i>Standardized parameter estimates</i>		
INNO → PK		0.402***
SEVC → PK	0.336***	0.332***
SEVC → INNO	0.193***	0.162***
SMC %	15	18
% of significant path	40	60
Source(s): Primary data		

MEASUREMENT MODEL FOR SOCIAL ENTREPRENEURIAL VENTURE CREATION



Source(s): Chi-square (CMIN) = 55.544; Degree of Freedom (DF) = 31 Probability Value (P) = 0.004; CMIN/DF = 1.790; Goodness-of-Fit index (GFI) = 0.963 Adjusted Goodness-of-Fit index (AGFI) = 0.934; Incremental Fit Index (IFI) = 0.974 Tucker Lewis Index (TLI) = 0.962; Comparative Fit Index (CFI) = 0.974 Root Mean Square Error of Approximation (RMSEA) = 0.055

Figure 1. Measurement model for social entrepreneurial venture creation

According to Hair *et al.* (2017), if the direct path is initially not significant, there is no mediation effect; but when the direct path is significant, a mediator variable is introduced and bootstrapping is done again to test the significance of the indirect path. In other words, if the indirect path is not significant, there is no mediation; if it is, the variance accounted for (VAF) is computed. Notably, when VAF is above 80%, it indicates full mediation, between 20% and 80% is partial mediation while a value less than 20% indicates no mediation (Hair *et al.*, 2017). Tables 5 and 6 reveal that all the direct paths were significant; therefore, testing the mediating role of novelty ecosystem in the relationship between prior knowledge and SEVC was meaningful. The results show that novelty ecosystem plays a partial mediation role between prior knowledge ($\beta = 0.065$ and $p = 0.034$). Table 5 indicates model 2 had better fit indices than the model 1.

5. Discussion

Prior knowledge is positively and significantly associated with SEVC among CBOs. This means that social entrepreneurs with prior knowledge about societal needs use idea alertness to generate solutions for problems affecting society. This alertness facilitate discovery of opportunities and SEVC. This shows that the entrepreneurial opportunity through discovery

Standardized total effects	Prior knowledge	Social innovation	Social entrepreneurial venture creation (SEVC)			
			Point estimate	S.E	Lower bounds	Upper bounds
Innovation	0.402**	0.000				
SEVC	0.397**	0.162*				
<i>Standardized direct effects</i>						
Innovation	0.402**	0.000				0.000
SEVC	0.332**	0.162*				0.000
<i>Standardized indirect effects</i>						
Innovation	0.000	0.000				0.000
SEVC	0.065*	0.000				0.000
Bootstrap mediation results						
Path						
Social entrepreneurial venture creation → prior knowledge		0.065	0.088	0.005	0.144	0.034

Table 6.
Total direct and indirect effects (beta coefficients)

Note(s): Path diagram – prior knowledge → innovation → social entrepreneurial venture creation
Type of mediation = Partial ($\beta = 0.065$ and $p = 0.034$)
Total effect = 0.397, direct = 0.332 and indirect = 0.065

and creation will be greater if the social entrepreneur has experience or knowledge from the related social enterprises. Before starting a social venture, friends, acquaintances and education normally provide useful information for starting and managing CBO activities. Prior knowledge is valuable in checking whether there is a demand or need for the product/service in the community. For example, Dr. Musaazi a Ugandan C. E. O of Technology for Tomorrow used his prior experience to innovate chemical free sanitary towels for girls who could dropout of school due to stigma. Before starting a social venture, it is good to recognize shifts in the perceptions and trends from the information distributed to find a place where the social enterprise is setup will have a bigger impact to the beneficiaries. Prior knowledge on social entrepreneurial behavior emphasizes the importance of refocusing on research to access relevant information attention to concrete and observe human action in social venture creation and emergence (Bird *et al.*, 2012). Prior knowledge provides significant insights into the process of recognizing opportunities for entrepreneurial venture creation (Venkataraman *et al.*, 2012).

Novelty ecosystem is positively and significantly associated with SEVC among CBOs. This means that in environments where social entrepreneurs apply tolerance of failure encourage employees to achieve desired goals with a degree of freedom are likely to promote social entrepreneurial venture. Whenever social entrepreneurs put in place designs, systems to monitor the emerging multilevel events as they unfold, the more likely the employees strive to explore and exploit opportunities of solving social problems in a dynamic environment. For example, owners of Action For Fundamental Change And Development (AFFCAD), a CBO in the suburb of Kampala, Uganda, introduced slum tours and educated the less privileged and orphans created an enabling environment for orphans to get technical skills, and this created jobs. However, prior knowledge should not restrict individual new learning and evaluation of information based on the past experience since it may hinder generating new knowledge. Novelty ecosystem focusses on interactions, employee ties developed through trust and exchanges to provide and access diverse knowledge through ecosystems, eco-subsystems and their environments (Yeganegi *et al.*, 2019). These ecosystems are made up of a vast set of

complex interchanges and nonlinear changes or effects connected to one another's adaptive and interactive system (Sarango-Lalangui *et al.*, 2018). The PI theory renders support to this study.

The study tested for mediation among the three study variables. The results show that a social entrepreneur with prior knowledge is likely to start and manage social entrepreneurial venture in a complex environment. Further, novelty ecosystems partially mediate the relationship between prior knowledge and SEVC among CBOs. This means that whenever a social entrepreneur and employees interact and share new conception based on social needs mindset are likely to explore and exploit opportunities of solving societal pressing needs. The improved behaviors in work methods developed by the social entrepreneur are quickly applied in the social enterprise setup and are likely to enable CBO employees to develop the zeal of learning how to deal with prevailing new challenges creatively. Social entrepreneurs with prior knowledge are likely to create enabling environment for innovation (novelty ecosystem). Social entrepreneurs with a keen eye for social needs and problems improve their products, services, processes and technology as they take active roles in creating organizations that address societal needs. This also means that when they apply new approaches in their organizations, they solve social problems like poverty and unemployment. These findings link well with the studies conducted by Chor *et al.* (2015).

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6. Conclusion and implications

This study concludes that prior knowledge and novelty ecosystem are relevant variables in the decision to create social entrepreneurial ventures. In fact, prior knowledge about the social problems and needs, market, social innovations, registration and regulations in opening up these ventures is important. This association of prior knowledge also depends on the innovations and the novelty ecosystem that can help in the launch and the prediction of a new social entrepreneurial venture. The experiences lead to greater self-confidence and knowing which types of innovations are needed when registering and launching social entrepreneurial ventures. Theoretically, a study of this nature calls for a quantitative methodology that helps to measure constructs which are reliable and valid as per the threshold. Advanced analysis using Amos software was carried out and model fit indices were achieved. Studies of this nature need to be carried out using such analysis to achieve the best model fit so that associations between variables are easily examined. The study results may enable the government to stimulate social entrepreneurial activity through initiation of programmes about entrepreneurial skills and enhancing social innovations that help in creating social ventures. CBO owner-managers should create an enabling environment for employees to interact with each other coupled with flexible policies. The implication of this study is that CBO owner-managers should put emphasis on the role of prior knowledge and the importance of creating novelty ecosystem that fosters social innovations. Campaigns to create awareness about community members to solve their own problems because government are constrained should be carried out and finally managers need to support all social value innovations and create a conducive environment for all individuals that have experience and can create social inventions so as to solve the ever persisting social challenges.

This study is restricted to CBOs in Kampala district, Uganda. Further research would be conducted in all the districts in Uganda. This study employed a cross-sectional quantitative approach, and a longitudinal approach would be used to cover trends of prior knowledge and novelty ecosystem in explaining SEVC over two to three year. This research also did not consider social entrepreneurial profiles like age, education level, business type and company age that would act as control variables. This should be done to have better results. The results should be interpreted as they are because there could be some endogeneity biases, which were not detected like measurement errors and failure to identify appropriate instruments. Finally,

examining prior knowledge and novelty ecosystem to predict SEVC may not be sufficient enough. Hence, we suggest that scholars should explore other social entrepreneurial factors like resourcefulness, social status, social support and behavioral mechanisms that may explain SEVC among CBOs.

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The mediating
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