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A STUDY ON SOCIAL ENTREPRENEURIAL ATTITUDES
TOWARDS START-UP INTENTION IN MALAYSIA

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Abstract

Social entrepreneurship is a contemporary phenomenon of the socioeconomic and sustainable development in Malaysia. The main motives of social entrepreneurship are social welfare and value creation through the display of innovativeness, leadership, and risk management of the business. Meanwhile, social entrepreneurial attitude (SEA) as an individual or group who is willing to take risks and put the effort forth to create the positive changes in society through their innovative idea that will have the potential to solve a community problem and achieving the business sustainability. The aim of this study is to identify the factors influencing the social entrepreneurial attitudes towards start-up intention. It illustrates the context-specific nature of the phenomenon and factors for fostering the social entrepreneurial attitude as a positive force for social and economic development. Several important factors, which contribute to the success of the social entrepreneurship, are motivation, government support, passion, networking, belief and social value. The findings of the present empirical study reveal that personal attributes such as motivation, belief and passion are main factors for SEA towards start-up intention whilst the rest play the role of more complementary attributes towards the intention. Further, the results enlighten that Malaysian entrepreneurs in Northern Region are prone to become social entrepreneurs if the three attributes present within themselves.

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1. Introduction

Over the decades the world has experienced a lot of global issues pertaining to social and environmental problems that governments have to encounter day to day. Be it from poverty or other social distress problems that lead to increasing number of crime rates, pollutions and climate changes. This is not only happened in developing nations but also developed nations. Due to this situation, social entrepreneurship has become one of the most practical approach in recent years in helping governments to solve the social issues especially in poverty and environment. However, there is still limited social entrepreneurship in Malaysia. Malaysia has the lowest score in the prevalence of social entrepreneurship early stage activity in South East Asia (Lepoutre, Justo, Terjesen, & Bosma, 2013) and thus, this study is interested to investigate the factors influencing social entrepreneurship start-up intention among business owners in Malaysia. The results might serve as useful insights to government on how to motivate existing business owners or young adults to start-up a social business or social entrepreneurship in Malaysia.

Social entrepreneurs can be interpreted as the combination of entrepreneurial skills and business principles that manage a sustainable venture to achieve social goals through the alliances with change agents to scale up the impact of their social innovation (Dees, 2001; Mair & Marti, 2006). They provide an avenue for solution to a social, economic and environmental issue with a sustainable business model in various field which includes education, health, environment, and microfinance. The three most successful cases of social entrepreneurship around the globe are the Grameen Bank in Bangladesh, the Aravind Eye Hospital in India and Sekem in Egypt—reveals a common feature: all three creatively combine resources that often they themselves do not possess to address a social problem and thereby alter existing social structures (Mair & Marti, 2006).

2. Problem Statement

Despite many efforts done by the governments, the marginalised group still exist everywhere in the country whether in the city or rural areas. Their needs range from clean water, electricity, health, education, food, jobs, transportation and shelter which are the basic needs of human living. Therefore, many ways have been debated to alleviate poverty level around the globe. It was quoted in the book by Professor Muhammad Yunus (Yunus, 2017, p.5): “In January 2017, Oxfam announced that the ultraprivileged group that owns wealth exceeding that of the bottom half of the world’s population has shrunk to just eight people – even as the number of people in the bottom half has grown to about 3.6 billion.” Thus, social entrepreneurs are required to help to alleviate the poverty level and income gap on top of government efforts.

Due to the significant contribution of social entrepreneurship, past literature has identified that social entrepreneurs has very special traits such as strong ethical fiber (Drayton, 2002), special leadership skills (Thompson, Alvy, & Lees, 2000), a strong passion to realize their vision (Bornstein, 1998) and agreeableness, openness and conscientiousness (Nga & Shamuganathan, 2010). However, there is still limited studies assess the antecedents and consequences of social entrepreneurship in Malaysia. The government of Malaysia has developed national blueprint through Malaysia Social Enterprise Blueprint 2015 to 2018. The mission is to achieve 700 social entrepreneurs who will be active and self-sustain, people centric and impact driven to the Malaysian community. Therefore, it is imperative for us to understand the

factors that can help to motivate and influence the start-up of social entrepreneurship in Malaysia. Based on past studies, the study has selected six independent variables that are social value, government support, networking, passion, belief and motivation to examine their relationship with intention to start-up social entrepreneurship in Malaysia.

3. Research Questions

Based on the problem statement and research objectives, the study attempts to address the following research questions:

1. Which factor influence the social entrepreneurship start-up intention?
2. Which factor has the most influence on social entrepreneurship start-up intention?
3. Which factor has negative influence on social entrepreneurship start-up intention?

4. Purpose of the Study

As social entrepreneurship has been increasingly contributing to the growth and development of the Malaysian economy and to the social community, it is essential to understand the underlying factors that ensure successful implementations of this type of venture in Malaysia. The factors identified in this research will be able to contribute to the society by ensuring that social entrepreneurship has a very bright future in Malaysia. This study brings to light the factors that contribute to social entrepreneurship development and the challenges that this person has to face in a day-to-day routine. This study also provide insights into suitable antecedents that motivates these entrepreneurs to become a social entrepreneurs that can transform Malaysia social landscape to be a better ones. Further, the study will add to the literature on factors influencing the intention of social entrepreneurship in Malaysia.

5. Research Methods

5.1. Research Sample

Respondents were selected from a pool of entrepreneurs visited Suruhanjaya Syarikat Malaysia (SSM) in Penang office and Alor Setar office since the study focused on the northern region of Malaysia. Three items were included as inclusion criteria to identify target respondent such as the respondents must be Malaysian entrepreneur, business operator must reside in Malaysia and considered local businessman. The respondent was only asked to continue the survey if he or she has fulfilled the requirements. A total of 208 respondents were approached to complete the survey questionnaire. The sample size was chosen based on Hair, Black, Babin, Anderson, and Tatham (2010).

5.2. Research Design

The study adopted self-administered survey questionnaire recommended by Sekaran and Bougie (2010) because it is a useful and popular method in finding answers to research questions through data collection. The questionnaire was developed to examine the relationship between the six independent variables (i.e. social value, motivation, networking, passion, government support, belief) and one dependent

variable (i.e. social entrepreneurship start-up intention). A seven-point Likert scale was used to measure the dependent variable ranging from (1) very strongly disagree to (7) very strongly agree.

The questionnaire consisted of three sections. Section A has questions seeking general socio-demographic and economic information such as age, gender, designation, company type, company structure, number of staffs, years of operation, turnover, corporate social responsibility implementation in the company, respondents' understanding of subject matter and their recommendation to their organisation. Section B contained 34 items that were divided into six parts that were related to the independent variables. Section C focused on respondents' intention to become social entrepreneurship in Malaysia. The questionnaire was prepared in English language and has been tested with other researchers to make sure the questionnaire is easy to understand. The final draft of questionnaire was used to collect data through face-to-face contact with the respondents.

The duration of the data collection was approximately four weeks (i.e. 10 Feb to 10 March 2018). During this time, the questionnaires were administered to the respondents at various time of a day and four weeks to ensure heterogeneity of the responses. The questionnaires were adopted from present literatures such as Solesvik (2013), Liñán and Chen (2009), and Nga and Shamuganathan (2010).

5.3. Data Analysis Method

The data were analysed using two statistical software: IBM Statistical Package for Social Science (SPSS) version 23 and Smart Partial Least Squares (SmartPLS) in Structural Equation Modelling (SEM) version 3.0. SPSS was used to analyse and summarise the respondents' demographic profile, whereas SmartPLS was used to test the construct validity and research hypotheses.

6. Findings

6.1. Respondents Data

A total of 107 and 101 respondents data collected at SSM Penang and Alor Setar with the response rate of 85% and 62% respectively. Final usable data is 91 and 63 respectively that made up of a total 154 usable data for results analysis in which 109 males and 45 females. Based on the data analysis, 42.2% of respondents aged between 40 to 49 years old and then followed by 34.4% of respondents aged between 50 to 59 years old. A total of 85.1% is private limited company and 7.8% is sole proprietorship. In terms of business type, 45.5% in trading business, 29.2% in services and 20.1% in manufacturing. Out of 100%, 79.2% of the company has less than five staffs. 50% of the company just started their businesses that is in less than five years, 33.8% more than 10 years and 16.2% between 5 to 10 years. 48.1% of the company has turnover less than RM100,000, 32.5% has turnover between RM100,001 to RM500,000 and only 19.5% more than RM500,000. In terms of the company involvement in corporate social responsibility, 57.1% of the respondents said no and 41.6% said yes.

6.2. Measurement Model

Table 01 presents the results of indicator, internal consistency, convergent and discriminant reliability. Indicator reliability analysis was conducted by examining the factor loadings of each items on

their respective variable. The factor loading of all seven variables used in this study exceeded the rule of thumb ranging from 0.739 to 0.984. In terms of internal consistency, the results of CR and Cronbach's Alpha of each variable are high (i.e. from 0.715 to 0.980), which exceeded the minimum threshold of 0.70. Thus, the model demonstrated internal consistency and reliability. As for the convergent validity, the variables were tested to analyze the degree of agreement of each indicator in measuring the same variable. The AVE values for the seven variables ranged from 0.60 to 0.90 and exceeded the minimum threshold of 0.5, indicating that the model demonstrated convergent validity.

The last step in assessment of the measurement model was to test the discriminant validity by measuring the Heterotrait-Monotrait (HTMT) ratio. Discriminant validity typically measures the distinctiveness between each variable and it should be less than 0.90 to be acceptable. The results of the HTMT ratio in Table 02 were ranging from 0.216 to 0.839 indicating that the items measured are distinct from each other and established discriminant validity. The Goodness-of-Fit (GOF) for this study is 73% indicating the model is fit. The model also has predictive relevance for the constructs based on $Q^2 = 0.572$ and $R^2 = 0.667$, both suggesting above zero.

Table 01. Measurement Model of PLS (n = 154)

| Latent Variable | Question Items | Main Loading | AVE | CR | CA |
|--|----------------|--------------|-------|-------|-------|
| Belief (B) | B1 | 0.739 | 0.600 | 0.882 | 0.834 |
| | B2 | 0.765 | | | |
| | B3 | 0.771 | | | |
| | B4 | 0.840 | | | |
| | B5 | 0.755 | | | |
| Social Entrepreneurship Start-up Intention (I) | I1 | 0.954 | 0.89 | 0.980 | 0.975 |
| | I2 | 0.966 | | | |
| | I3 | 0.975 | | | |
| | I4 | 0.950 | | | |
| | I5 | 0.971 | | | |
| | I6 | 0.841 | | | |
| Motivation (M) | M1 | 0.970 | 0.900 | 0.973 | 0.963 |
| | M2 | 0.963 | | | |
| | M3 | 0.922 | | | |
| | M4 | 0.940 | | | |
| Networking (N) | N1 | 0.898 | 0.889 | 0.970 | 0.958 |
| | N2 | 0.958 | | | |
| | N3 | 0.955 | | | |
| | N4 | 0.959 | | | |
| Passion (P) | P1 | 0.773 | 0.637 | 0.840 | 0.715 |
| | P3 | 0.861 | | | |
| | P5 | 0.757 | | | |
| Government Support (S) | S1 | 0.984 | 0.860 | 0.840 | 0.947 |
| | S2 | 0.862 | | | |
| | S3 | 0.967 | | | |
| | S4 | 0.891 | | | |
| Social Value (SV) | SV2 | 0.907 | 0.726 | 0.913 | 0.883 |

| | | | | | |
|--|-----|-------|--|--|--|
| | SV3 | 0.879 | | | |
| | SV4 | 0.868 | | | |
| | SV5 | 0.747 | | | |

Table 02. Heterotrait-Monotrait (HTMT) ratio

| Latent Variable | B | I | M | N | P | S | SV |
|-----------------|-------|-------|-------|-------|-------|-------|----|
| B | | | | | | | |
| I | 0.578 | | | | | | |
| M | 0.494 | 0.812 | | | | | |
| N | 0.457 | 0.260 | 0.216 | | | | |
| P | 0.839 | 0.676 | 0.635 | 0.501 | | | |
| S | 0.300 | 0.165 | 0.266 | 0.270 | 0.374 | | |
| SV | 0.598 | 0.271 | 0.282 | 0.341 | 0.655 | 0.297 | |

6.3. Structural Model

Path analysis was used to examine the developed hypotheses and bootstrapping analysis was used to validate the theoretical model that was developed using smart PLS. This study ran the structural model to test the direct effect of independent variables on dependent variable. Table 03 presents the results of the path coefficients. Based on Table 03, belief, social value, passion, government support and motivation are vital in influencing social entrepreneurship start-up intention. Networking does not contribute significantly to the intention to start-up social entrepreneurship.

Table 03. Significance of direct effects – Path Coefficients

| Hypothesis | Path | Beta Value | SE | t-value | P value | Results |
|------------|--------|------------|-------|---------|----------|---------------|
| H1 | B → I | 0.193 | 0.068 | 2.818 | **0.002 | Supported |
| H2 | SV → I | -0.087 | 0.055 | 1.587 | *0.056 | Supported |
| H3 | P → I | 0.161 | 0.058 | 2.770 | **0.003 | Supported |
| H4 | S → I | 0.086 | 0.054 | 1.603 | *0.054 | Supported |
| H5 | N → I | 0.020 | 0.060 | 0.341 | 0.366 | Not supported |
| H6 | M → I | 0.657 | 0.060 | 10.857 | ***0.000 | Supported |

Note = *** 99% significance level, ** 95% significance level, * 90% significance level

7. Discussion and Conclusion

This study aims to find out factors that influence the social entrepreneurship start-up intention in Malaysia and also identify factor that has the most significant influence and negative influence on social entrepreneurship start-up intention. Based on the results, the study notices that motivation is the most significant factor in influencing the social entrepreneurship start-up intention in Malaysia ($t = 10.857$, $p < 0.000$). The results is consistent with Solesvik (2013) and Santos (2012), whereby social entrepreneurs are driven by their motivation to create value for society. The second most significant factor is belief ($t = 2.818$, $p < 0.05$). Those involve in social entrepreneurship believe that they can contribute towards solving societal problems. As of now, there is still limited studies found on the relationship between belief and social entrepreneurship start-up intention. Among available is Hockerts (2017) but he focused on social

entrepreneurial self-efficacy. The third most significant variable is passion ($t = 2.770$, $p < 0.05$). Passion has been said to increase entrepreneurs' dedication, commitment and persistent in pursuing related goals and actions in (Cardon, Wincent, Singh, & Drnovsek, 2009). The study found that passion influences entrepreneurs decision to create social venture enterprise. The next two factors are social value and government support. The results of government support is consistent with past literature (Stephan, Uhlaner, & Stride, 2015; Zahra & Wright, 2011).

In conclusion, social entrepreneurs are committed to serve basic human needs and to facilitate impactful quality of life improvement within society. Social entrepreneurs also promote their mission for social change by supporting the beneficiaries to realize their potential and undertake ownership in improving their quality of life. Many entrepreneurs believe that in order for them to engage in this new business venture, they should have three things in them namely motivation, passion and personal belief. Most of them agree that these three catalysts should be a driving force for them to reach the intention to start-up a social enterprise. There is followed by social value and government support. This study hopes to provide useful insights for government to formulate a strategy to encourage more social entrepreneurship in Malaysia.

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