

FACTORS AFFECTING ENTREPRENEURIAL INTENTION AND SOCIAL ENTREPRENEURSHIP INTENTION: A CONCEPTUAL MODEL

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Abstract: *Entrepreneurship, as well as social entrepreneurship, has been spotted as one of the important agendas in Malaysia due to its emergence in providing sustainable and equitable social and economic growth of the nation. Malaysians have recognized entrepreneurship as a good career choice for starting a business. However, Malaysia is still lacking the involvement of potential entrepreneurs and has been reported to have the lowest entrepreneurial intention as compared to other countries around the world. As intention formation in entrepreneurship sector having lack of response from Malaysians, similarly, social entrepreneurship sector may have several challenges and obstacles in attracting Malaysians to engage in this sector. Due to that, the study aims to highlight entrepreneurial intention as well as social entrepreneurship intention among students or graduates in higher education institutions in Malaysia. This study proposes a conceptual model of the intention formations which comprises the key factors such as self-efficacy and prior knowledge. This study is hopefully can support the existing studies which may not extensively explore entrepreneurial intention and social entrepreneurship intention in a comprehensive model.*

Keywords: *Entrepreneurial Intention, Social Entrepreneurship Intention, Self-Efficacy, Prior Knowledge*

Introduction

Entrepreneurship is a well-known field in many countries since several years ago due to its rapid business growth in numerous industries. The success of entrepreneurship field cannot be denied by any individuals, parties, agencies, organizations and institutions because nowadays, there are countless existing entrepreneurs as well as enterprises. Besides, more than two-thirds of the adult population in across 61 economies around the world believe that entrepreneurs are respected as one of the main contributors in economic growth and enjoy high status within their societies (Herrington et al., 2017). Due to that, entrepreneurship has been considered as a good career choice and approximately 42% of working-age adults in the worldwide claim that it is a good opportunity for starting a business in their region or country (Herrington et al., 2017).

In fact, many regions have been reporting of having positive attitudes towards entrepreneurship. In Malaysia, 44.1% of adult population notice that it is a good choice to involve in entrepreneurship and 25.4% of Malaysians perceive opportunities in which they believe that they have the skills to pursue entrepreneurial opportunities (Herrington et al., 2017). Besides, 28.3% of Malaysians also believe that they have entrepreneurial capabilities (Herrington et al., 2017) which in turn will help them discover the journey for starting a business or venture. Individuals who are having the required skills to create their own enterprise will be more passionate and will not be afraid of failure which may inhibit them from pursuing entrepreneurial opportunities in order to have the successful enterprises as well as to become victorious entrepreneurs.

However, Malaysia has been reported to have the lowest entrepreneurial intentions among 64 economies around the world. Only 4.9% of Malaysians express an intention to start a business and willing to be self-employed (Herrington et al., 2017). This shows that Malaysia still has a long journey in making entrepreneurship as a job creation for students or graduates. As intention formation in the field of entrepreneurship is getting lack of response from Malaysians, similarly, social entrepreneurship may face some difficulties in attracting Malaysians to involve and take part in this sector because it is still new in Malaysia (MaGIC, 2015a). Social entrepreneurship, specifically known as Malaysian social enterprise sector (MaGIC, 2015b), is a new agenda in Malaysia's development in order to cater the social needs which may not be fulfilled by the government.

Malaysian social enterprise sector can be the most powerful and impactful tool and platform for social entrepreneurs as well as social enterprises in tackling social challenges because nowadays, the government is not necessarily able to provide solutions for social ills that exist around the world (Tan & Yoo, 2015). As the government is facing problems and having difficulties in meeting social needs of Malaysians, social entrepreneurship serves as a useful channel for reducing and settling the existing social and economic issues. Due to that, apart from entrepreneurship itself, Malaysia's government has also paid attention towards the growing movement of social entrepreneurship (MaGIC, 2015a) because it is capable of providing social and economic impact to the nation.

In fact, since a few years ago, Malaysia, as well as other countries, has been focusing on the role of social entrepreneurship in promoting a sustainable and equitable economic growth. For instance, in the United Kingdom, the government has invested billions of pounds in this sector and it has contributed more than five percent to UK's GDP. Even in Malaysia, the

government has allocated RM 20,000,000 to the Malaysian Global Innovation and Creativity Centre (MaGIC) to set up a social entrepreneurship unit to catalyze social enterprises. This shows that many efforts have been done by the governments in order to acknowledge the potential of social entrepreneurship in addressing pressing issues as well as enhancing economic growth (MaGIC, 2015a).

Due to the emergence of social entrepreneurship in Malaysia, it is necessary to study the social entrepreneurship intention among Malaysians apart from their entrepreneurial intention because the trends of Malaysians' intention can be observed in both sectors; entrepreneurship and social entrepreneurship. The intention formation in both sectors can be examined among students in higher education institutions in Malaysia because these sectors can serve as a job creation for students and graduates. Besides, the tendency of students to engage in which sectors can be observed because the study on their intention formation will provide beneficial information, either they are more likely to become traditional entrepreneurs or social entrepreneurs.

Therefore, the study aims to highlight the formation of entrepreneurial intention as well as social entrepreneurship intention and propose a unique conceptual model that may provide important information regarding the factors affecting both intention formations. The conceptual model comprises of self-efficacy and prior knowledge which act as the factors affecting entrepreneurial intention and social entrepreneurship intention. This study is significant to support the existing studies which may not extensively explore entrepreneurial intention and social entrepreneurship intention in a comprehensive model.

Literature Review

Entrepreneurial Intention

Intention was a common term used in any field of studies to determine individuals' planned behaviour which would lead to actual behaviour. Intentions of individuals to act in certain manners might affect their decision-making process and eventually, the prediction of their upcoming behaviours as intentions can envisage individuals' behaviours. In general, intentions to act can be regarded as a believed central to understanding the behaviours in which people employed (Krueger, Reilly, & Carsrud, 2000). For instance, individuals would possess certain behaviour which they already intended to because they believed that their intentions can direct them towards expected behaviours. They also would act accordingly towards that behaviours in any given situations or conditions. This would help them to take any necessary actions easily and wisely so that they would not be facing any difficulties or problems in the future.

As intention was believed to successfully predict behaviour, many scholars had utilized the usage of intention in a broad range of studies included entrepreneurship. Intention, in the field of entrepreneurship, was called as entrepreneurial intention. Krueger and Brazeal (1994) stated that entrepreneurial intention was related to "the commitment of an individual towards several potential behaviours such as starting a business or an organization". Individuals who had entrepreneurial intentions would likely become the entrepreneurs and set up their own businesses or enterprises. They would have a high tendency to identify the business opportunities which were useful and valuable for their businesses.

Apart from that, individuals who possessed intentions towards entrepreneurship were able to figure out innovative ideas for starting their businesses because entrepreneurial intention had been claimed “as a state of mind that directed and guided the actions of the entrepreneurs in developing and implementing the new business concepts” (Bird, 1988). This proved that individuals who intended to become entrepreneurs would take various entrepreneurial actions which might be helpful and beneficial for projecting their future businesses. In order to become a potentially successful entrepreneur, individual needed to find, search and discover a novel concept of business so that his or her business was relevant in the current market and can simply compete with the existing business.

Social Entrepreneurship Intention

Behavioural intention, in the field of entrepreneurship, had been seen to predict the individual’s intention to become an entrepreneur who had innovative business ideas which can be implemented to start up an enterprise at some point in the future and similarly, this behavioural intention can also be applied in social entrepreneurship. Basically, in the context of social entrepreneurship, behavioural intention was determined as the measure of willingness to take part in further social entrepreneurial activities (Forster & Grichnik, 2013) which were described by Bosma, Schøtt, Terjesen, and Kew (2016) as any kind of activities, organizations or initiatives that had a predominantly social, environmental or community objective. This kind of intention would identify whether the individual was able to provide services or training to socially disadvantaged people, organize self-help groups for community action, reduce pollution or food waste and others (Bosma et al., 2016).

Behavioural intention towards social entrepreneurship or known as social entrepreneurship intention can be defined as a belief, desire, and determination of a person to launch a new social venture (Tran & Von Korfflesch, 2016). The individual believed that he or she can create an enterprise that was able to achieve a social mission by using a business model (MaGIC, 2015b). He or she must be able to operate a business which was profitable and at the same time can give a social impact towards the community. Typically the social venture or social enterprise was created to solve pressing issues neglected by the public and private sectors and at the same time generate income and profit by selling products or services demanded by the current market (MaGIC, 2015b).

Apart from that, social entrepreneurship intention was also considered as self-acknowledge confessed by an individual that he or she was willingly wanted to become a social entrepreneur and consciously planned to do so in the future (Tiwari, Bhat, & Tikoria, 2013). The individual who was intended to become a social entrepreneur should be able to start or presently lead any sort of activity, organization or initiative for social, environmental or community purpose (Bosma et al., 2016). Due to that, social entrepreneur was labelled as a change agent in social entrepreneurship as he or she aimed at fulfilling unmet social needs or unmet demands for public goods and services which resulting from the failure of any sectors to address those needs or demands (Oberoi, 2016) so that people’s lives can be transformed in a positive manner and way (Bosch, 2015).

Self-efficacy

Self-efficacy was widely being used as a determinant factor of intention formation and was regarded as one of the impactful elements that affected the decision-making process of an

individual (Tiwari, Bhat, & Tikoria, 2017). According to Wood and Bandura (1989), in a broad sense, self-efficacy was referred as “a people’s belief in his or her ability to mobilize the motivation, cognitive resources, and actions needed to control the occurrence in his or her life”. The individual was responsible for any events that happened in his or her life because he or she needed to make a decision which might change the entire life. It was important to have a trust in one’s self so that he or she would be more confident in taking any actions and more motivated to plan orderly future deeds.

Self-efficacy also had been used broadly in many areas of studies. As an example, self-efficacy construct was extensively been applied in the context of entrepreneurship because it had been suggested to predict the possibility of an individual being an entrepreneur (Urban & Teise, 2015). Besides, as a level in which one believed that he or she can successfully start a new business venture (Campo, 2010; Sánchez, 2011), self-efficacy was noticed by Forster and Grichnik (2013) as highly applicable in the construction of entrepreneurial intention. An individual who had a high self-efficacy can be claimed to has a positive and significant entrepreneurial intention as he or she would opt to become an entrepreneur and indirectly create an enterprise that was able to supply and provide high-quality products or services.

Meanwhile, self-efficacy, within the context of social entrepreneurship, played a predominantly important role because individual believed that he or she was unable to solve the existing social issues and offer meaningful impact towards society (Hockerts, 2015). Thus, an individual who possessed a self-efficacy would believe that he or she might has the ability and capability to provide solutions for pressing societal problems around the world. Due to that, self-efficacy was argued by DuCharme and Brawley (1995) to be very influential in predicting behaviour in social entrepreneurship research. Self-efficacy, which was considered as one’s belief that he or she was able to start a new social enterprise (Tran & Von Korfflesch, 2016), would be very supportive in determining social entrepreneurship intention and indirectly social entrepreneurship behaviour.

Prior Knowledge

Every single person was embedded with either tacit or explicit knowledge and acquired them through verbal or non-verbal actions. The knowledge possessed by an individual can be claimed as his or her prior knowledge. The prior knowledge would be assumed as a different set of information owned by an individual which was associated to a certain subject matter that might result from working experience (Gimeno, Folta, Cooper, & Woo, 1997), education and others (Shane, 2000). Such information was very crucial in forming an individual’s behaviour because it would guide the individual towards certain behaviour. For example, individual who had information regarding the high quality and profitable products or services would probably be an entrepreneur or otherwise, the individual would be a social entrepreneur if he or she wanted to start an enterprise that focused on the social mission and at the same time making a profit.

Apart from that, prior knowledge also beneficial to the individual who wanted to become an entrepreneur because it would grant him or her with the ability to identify, recognize and discover business opportunities (Shane and Venkataraman, 2000). Opportunity identification and recognition was the most important aspect of any business areas because it would provide a better business prospect for either traditional entrepreneur or social entrepreneur. Fundamentally, a traditional entrepreneur would perceive an opportunity as a way to expand

his or business; meanwhile, a social entrepreneur would view the opportunity as the solution to cater the social needs and help socially marginalized people. In general, different kind of entrepreneur would highlight opportunity in a different aspect and view.

As such, entrepreneur who was endowed with the prior knowledge in a certain field of business would be more expert in that particular business. Due to that, the individual with a prior knowledge in the field of entrepreneurship might has the intention to become a traditional entrepreneur or else he or she would has the intention to become a social entrepreneur due to his or her prior knowledge in social entrepreneurship field. Even previous study also revealed that individual would be granted with an extra benefit if he or she enhancing knowledge in a particular business field (Lim & Xavier, 2015) because, in order to be a victorious entrepreneur, an individual should ascertain that he or she constantly discovered new knowledge from time to time.

The Conceptual Model and Propositions

The emergence of entrepreneurship, as well as social entrepreneurship, has been highlighted by many individuals, parties, organizations and institutions in Malaysia as the thriving sectors in countless industries. Due to that, these sectors are spotted to be a platform of job creation for students and graduates because they can be the potential traditional entrepreneurs as well as social entrepreneurs. Nowadays, the students and graduates should prefer to be self-employed instead of having a salaried job due to the limited employment opportunities in the job market. Thus, it is vital to study on the factors affecting students' entrepreneurial intention and social entrepreneurship intention because without knowledge and information about specific aspects of students' intention formation, their behavioural activities cannot be understood (Ajzen, 1991). The conceptual model, consequently, is proposed to identify the factors affecting the formation of entrepreneurial intention and social entrepreneurship intention. The proposed conceptual model is shown in Figure 1.

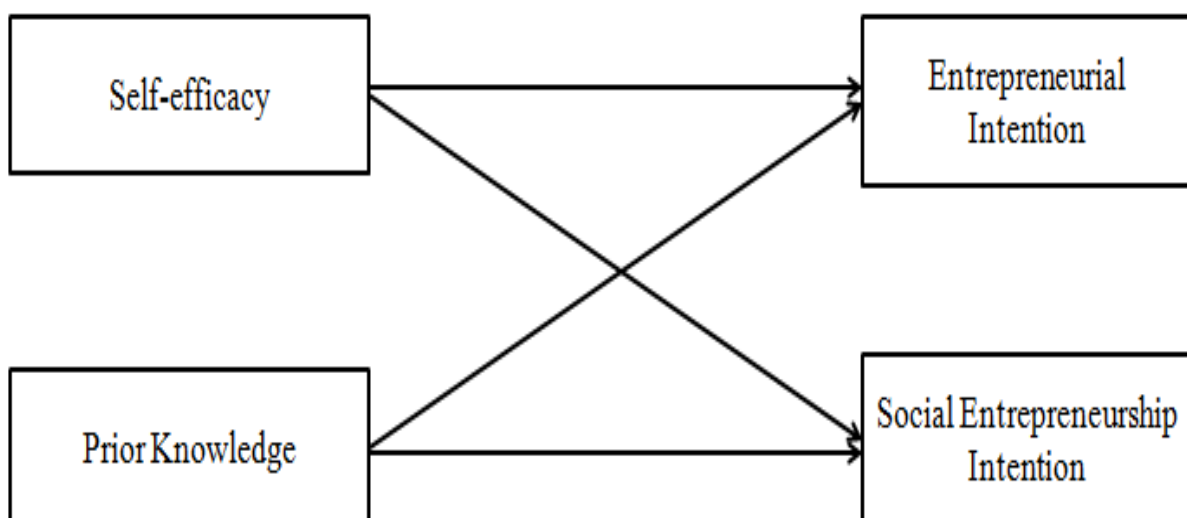


Figure 1: The Conceptual Model

Based on the review of the aforesaid literature, some factors have been discussed to provide a considerable impact on intention formation in the field of entrepreneurship and social entrepreneurship. Due to that, the study proposes two factors which may affect the entrepreneurial intention and social entrepreneurship intention among students. These factors

consist of self-efficacy and prior knowledge. The propositions of this study are highlighted as follows;

H1: Self-efficacy is positively related to entrepreneurial intention.

H2: Self-efficacy is positively related to social entrepreneurship intention.

H3: Prior knowledge is positively related to entrepreneurial intention.

H4: Prior knowledge is positively related to social entrepreneurship intention.

Research Methodology

With the aim of determining entrepreneurial intention and social entrepreneurship intention among students in higher education institutions in Malaysia, the target population for the study comprises of some specific university students. The sample is selected from both; public and private universities in Malaysia. This study adopts the quota sampling technique using the types of the university as the quota sampling criteria. The public and private universities that offer entrepreneurship and social entrepreneurship courses to their students will be chosen so that the samples have the basic knowledge regarding entrepreneurship and social entrepreneurship. The questionnaires will be equally distributed to the targeted respondents in selected universities.

A set of survey instruments will be developed from measures drawn from the existing instruments for data collection. Responses are measured on a five-point Likert scale (1 = “strongly disagree”, 5 = “strongly agree”). Six items measuring self-efficacy are adopted from Wilson, Kickul, and Marlino (2007). Four items measuring prior knowledge are adopted from Ozgen (2003). Six items measuring entrepreneurial intention are adopted from Entrepreneurial Intention Questionnaire (EIQ) by Liñán and Chen (2009). Three items measuring social entrepreneurship intention are adopted from Hockerts (2017). The collected data in this study will be analyzed by using SPSS version 24 and PLS-SEM version 3.0. All necessary analyses will be utilized to test the formulated propositions.

Conclusion

Entrepreneurship has been highlighted as one of the contributors towards nation’s economic growth and social entrepreneurship has been recognized as the most impactful sector to address pressing societal problems in the nation. In general, both sectors; either entrepreneurship or social entrepreneurship, play a vital role in the development and growth of the nation as these sectors offer a sustainable and equitable business prospects for Malaysia’s traditional entrepreneurs and social entrepreneurs. The formation of entrepreneurial intention and social entrepreneurship intention among Malaysian’s students can provide understanding on their perspectives towards self-employment. Therefore, this paper underlines the factors which may affect students’ entrepreneurial intention and social entrepreneurship intention and proposes the conceptual model of intention formations in the scope of entrepreneurship and social entrepreneurship. The achievability of the proposed conceptual model should be emphasized and explored using empirical data in the Malaysian context.

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