



# An Overview of Social Entrepreneurship Intention in Malaysia

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## Abstract

The concept of entrepreneurship intention was actively debated in Malaysia. It has plays a major role in most academia field and practice, however, little is known about the intentions among youths in the social area of venture creation. This paper aims to discuss multiple versions of conceptual model of social entrepreneurial intention. This paper draws on intention models in social entrepreneurship to identify gaps. To date, there is no mutual understanding among researchers to be found which explaining about a youth's intention to become a social entrepreneur, although some has suggested a comprehensive framework for social entrepreneurial intention. Therefore, a discussion on common conceptual model of entrepreneurial intention that frequently used in the field of social entrepreneurship based on the existing theory. The paper contributes to the social entrepreneurship literature by providing new insights about social entrepreneurial intention. The result has important implications for theory and practice.

**Keywords:** entrepreneurship intention, higher education institution, social entrepreneurship intention

## 1. Introduction

The social entrepreneurship study in Malaysia is still at an infancy stage. Historically, social entrepreneurial conduct in Malaysia is traceable since year 1986 with Ikhtiar Project. Social entrepreneurship can be defined as “an effective mechanism for generating value in societal, economic and environmental forms” (Gendron 1996). Even though, the definition, domains and concept still debate among scholar, social entrepreneurship is seen as the catalyst to solve social problems. In many developed countries, social entrepreneurship is regarded as a key national agenda and an important driver of economic growth that is both equitable and sustainable. Malaysia now is moving forward to promote social entrepreneurship as one of National Key Economic Agenda.

Although our economic growth is looking optimistic, the government is also realizing of the growing inequity that is slowly emerging as a result of the disparity in the socioeconomic development. As an example, five per cent of Malaysian households earn less than RM1, 000 per month. This is roughly 1.5 million Malaysians. Urban and rural households earning less than RM500 were estimated at 87,720 and 292,400 respectively, for the same period (Malaysian Department of Statistics 2012). The government is aggressively looking for the greatest approach from the base level to balance the socio-economic status of its rakyat, beginning with the New Economic Policy (NEP) until the Economic Transformation Programme (ETP). However, when the government resources and donations are insufficient to address the social problem the social entrepreneurship is now at a significant point as it enters the mainstream. By seeing the potential in social entrepreneurship field, our government has set up social entrepreneurial unit under the Malaysian Global Innovation and

Creativity Center (MaGIC) with the allocation of RM20 million to spearhead the entrepreneurial community agenda. Through the establishment, the involvement and cooperation among agencies such as social enterprise, Government Linked Corporation (GLC) and other private firms would be stronger in delivering high impact social entrepreneurial projects.

Past literature found that students at higher level are more favorable to stimulate minds and attitudes to benefit the lives of those who are marginalized (Radin Siti Aishah Radin A Rahman, Norasmah Othman, Zaidatul Akmaliah Lope Pihie, and Hariyaty Ab. Wahid 2016). They are more creative and innovative in their own way. In line with it, the Ministry of Education (MOE) Malaysia has planned to introduce the social entrepreneurship course to benefit the community level, public and private in higher education institutions. This will inspire the students at to become a social entrepreneur. According to Radin Siti Aishah Radin A Rahman et al (2016), “social entrepreneurship has proven to support the Malaysian Higher Education Sector Blueprint – Higher Education Sector (PPPM-PT 2015-2025) in producing graduates in education, technical and vocational education training (TVET) holistically”. Dealing with students in higher education is the most effective way to propagating the Government agenda.

In Malaysia, the study pertaining social entrepreneurship is still lacking (Saiful Adli Mokhtar, Mokhtar Abdullah, and David Tong Yoon Kin 2013; Suhaimi Mhd Sarif, Yusof Ismail, Abdullah Sarwar 2013; Zaidatul Akmaliah Lope Pihie, Afsaneh Bagheri, and Haslinda Abdullah Sani 2013; Mazura Mansor 2015; Mohd Ali Bahari Abdul Kadir and Suhaimi Mhd Sarif 2016). Most of the research findings exhibit that the level of social entrepreneurship involvement is low. The result in line with report of Global Entrepreneurship Monitor (GEM) 2015 claiming that the Malaysian citizens who active as social entrepreneurs for 18-

64 year bracket is the lowest level as compared to China, Iran and Hong Kong. Additionally, most students who undertake social entrepreneurship program do social entrepreneurship activity willingly.

Statistically show that there is an growing number in unemployment amongst Malaysian youth which is from 2.8 percent in July 2014 to 3.3 percent in July 2015 (Malaysian Department of Statistics 2015). With this increment, it directs the issue of marketability and workability among graduates in Malaysia (Noorah Yusof, Zakiah Jamaluddin and Norain Mat Lazim 2013). Without further action, this problem will become worst and unemployment rate will be increase consistently year by year. Without we noticing the social entrepreneurship indirectly motivating students to be more creative in creating social innovation-based project which benefit the community. Hence, it is also minimizing unemployment problems amongst graduates.

## 2. LITERATURE REVIEW

As the field of entrepreneurship evolves to become a mature field of research, another area of academic inquiry that employ the word "entrepreneurship" emerged that describes entrepreneurial activity as a foundation of social value creation (Christie and Honig, 2006). Basically, the word "social" merely modifies "entrepreneurship" (Martin and Osberg 2007). People have to realize that the social entrepreneurship concept is a subcategory of entrepreneurship, thus it is an extension of the entrepreneurial model used in the for-profit sector (Hardy Loh Rahim and Shahimi Mohtar 2015). It applies the concept of entrepreneurship to the context of solving social problem in order to achieve social objective (Peredo and Chrisman, 2006). To have a better comprehend on the social entrepreneurship term means we need to deal with the definition of social entrepreneurship. This is a difficult task since no consensus agreement has been made among scholars on the meaning, boundaries and concept. So far, Ernst (2011) has successfully found 53 definitions that covers the term social entrepreneurship, the social entrepreneur and the social enterprise. According to him, the term has been used interchangeably in discussing the concept of social entrepreneurship.

Ashoka (2009) has categorized social entrepreneurs as an individual with high determination and who are active as a social innovator helping overcome social issues by the public. As the world well accepting the concept of social entrepreneurship, it has promotes the increased numbers of entrepreneurs who motivated to give positive impact for communities (Radin Siti Aishah Radin A Rahman et al. 2016). Sometimes, the term 'social entrepreneurs' has been used interchangeable to describe community work, voluntary establishments, public service and private firms which are socially oriented (Shaw and Carter 2007). The social entrepreneurship is well established and accepted among many developed countries like United Kingdom and United States of America. These countries have recognized the social entrepreneurship as their National Key Agenda.

As compared to Malaysia, the development of social entrepreneurship is in its early stage by Malaysian citizens. Statistics in the Social Entrepreneurship Report by Global Entrepreneurship Monitor (GEM) 2015 states that only 2% of Malaysian is involved actively in social entrepreneurship projects. This scenario would be very difficult for the Government in achieving their agenda. Hence, the youth who participate in social entrepreneurship activity in Malaysia is very low. The commitment of social entrepreneurs or business entrepreneurs can be understood to involve the confidence level of one who aspires to establish a new business and plan to execute it in the future, whether or not it materializes, cannot be ascertained or attained (Thompson 2009).

This intention would be different between these categories whereby business entrepreneurs is aiming more on achieving

maximum profit-oriented goal, while social entrepreneurs is stressed on social orientation. Therefore, there is a need to explore the intention of social entrepreneurs in performing the social entrepreneurship activities. As mentioned by Ernst (2011), acting entrepreneurially, the aim will be focusing on producing an innovative products or services which not merely for profit, but also for social value while acting socially, the social mission dominate the entire company's objective. Therefore, a social entrepreneur runs a business with a core social mission with a competitive value proposition. This means that while the company acts within a market, earning money competitively, its primary focus is to combat certain social problems such as poverty or homelessness.

### 2.1 Contemporary Overview: Intention Model in Social Entrepreneurship

As the studies on social entrepreneurship field are still at the beginning stage, yet, studies of intention for social entrepreneurship have not yet been fully undertaken. The first intention-based model for social entrepreneurship was introduced way back in 2003 by Mair and Noboa. The model was developed based on the Theory of Planned Behavior (Ajzen, 1991) and the Theory of Entrepreneurial Event (Shapiro and Sokol, 1982). Mair and Noboa shaped the model by the perceived desirability and perceived feasibility of forming a social enterprise. They extended the classical models by proposing the perceived feasibility is influenced by self-efficacy and social support. Similarly, empathy and moral judgment positively influence perceived desirability.

Next, Nga and Shamuganathan (2010) has proposed the exploration of relationship between the Big Five personalities (agreeableness, conscientiousness, extraversion, neuroticism and openness) and social entrepreneurship intention. Nevertheless, in the end, they refer to other aspects such as social vision, sustainability, social networks innovation and financial returns instead of intentions. So, it can be said that this work does not prove any specific effects on social entrepreneurship intention.

Later, Ernst (2011) has come into picture to introduce another intensive model of social entrepreneurial model. Through a depth search on his PhD thesis, he formulate a well-organized social entrepreneurship intention model. He again adopts the classical Theory of Planned Behavior (Ajzen, 1991). In addition, he extends the model with suggesting antecedents, which are listed as: social entrepreneurial personality (e.g. the traits of risk-taking propensity, innovative, need for achievement, need for independence, pro-activeness and the pro-social personality including the dimensions of empathy and social responsibility); social entrepreneurial human capital (e.g. perceived social entrepreneurial knowledge/experience and perceived social entrepreneurial skills); and social entrepreneurial social capital (e.g. perceived knowledge of institutions, perceived network and perceived support).

In 2013, Borch in his PhD Thesis comparing the commercial and social entrepreneurship intention. He adopts the classical Theory of Planned Behavior (Ajzen, 1991). He extends the model by suggesting the Principles For Individuals Values by (Schwartz, 1992). At the findings, there is a relationship between personal values (e.g. Self-Enhancement, Self-Transcendence, Conservation and Openness to Change) with social entrepreneurship intention.

Another authors that aggressively introduce social entrepreneurship model are Tran and Von Korflesch (2016). They propose a Theory of Social Cognitive Career in formulating social entrepreneurship intention model. The theory emphasizes that career development is influenced by cognitive-individual-related factors (e.g. self-efficacy, outcome expectations and goals/ intent). In addition, this study has extended the antecedent of personality traits (Agreeableness, Conscientiousness, Extraversion, Neuroticism and Openness) and contextual factors (Role Model, Education, and Perceived Support).

In the same year, Kostas Politis Panayiotis Ketikidis Anastasios D. Diamantidis Lambros Lazuras have formulating the social entrepreneurship model by adapting the classical Theory of Planned Behavior (Ajzen, 1991) and personality traits theory. The study's key finding is that the chosen theory (Ajzen's theory of planned behavior), is able to predict both kinds of intentions. An alarming key finding is that tensions in mission focus seem to be present in the early shaped intentions of potential social entrepreneurs.

The latest version of social entrepreneurship intention model has been introduced by Preeti Tiwari Anil K. Bhat Jyoti Tikoria (2017). These scholars aim to identify the role of cognitive styles (CgStys) and self-efficacy (SEff) in the formation of social entrepreneurial intentions (SEIs) among the student. This study has adapted The Theory of Planned Behavior as the research framework.

## 2.2. Social Entrepreneurship Intention Model in Malaysia

Social entrepreneurship study in Malaysia is still at an infancy stage. Most of the studies are intensively explored since year 2012 until present. Previously, the academic scholar has narrow the discussion on various aspects; Sustainability (Mohd Ali Bahari Abdul Kadir and Suhaimi Mhd Sarif, 2015); Practice in Islamic (Suhaimi Mhd Sarif, Abdullah Sarwar and Yusof Ismail, 2013); Definition, boundaries and domains (Saiful Adli Mokhtar, Mokhtar Abdullah, and David Tong Yoon Kin, 2013; Mohd Ali Bahari Abdul Kadir and Suhaimi Mhd Sarif, 2016); Wealth Creation (Suhaimi Mhd Sarif, Yusof Ismail, Abdullah Sarwar, 2013); Entrepreneurship Intention (Radin Siti Aishah Radin A Rahman, Norasmah Othman, Zaidatol Akmaliah Lope Pihie, and Hariyaty Ab. Wahid, 2016; Zaidatol Akmaliah Lope Pihie, Afsaneh Bagheri, and Haslinda Abdullah Sani, 2013); Effectiveness of Social Entrepreneurship (Mazura Mansor, 2015). However, missing in literature is the discussion on social entrepreneurship intention which is equally important to complete the understanding of social entrepreneurship as a big picture. Yet, there is limited study highlighting the social entrepreneurship intention in Malaysia (Radin Siti Aishah Radin A Rahman, Norasmah Othman, Zaidatol Akmaliah Lope Pihie, and Hariyaty Ab. Wahid, 2016).

## 3. Conclusion

Dealing with intention-based model, as above mentioned scenario, Malaysia has only two scholars that develop a conceptual model in discussing social entrepreneurship intention who are Nga and Shamuganathan (2010). However, their findings never show the significant relevancy of relationship between the Personality Traits and social entrepreneurship intention but other aspects which are dimension of social entrepreneurship in general. We need more scholars especially in Malaysia to explore this area. The reason behindhand using intentions are, as according to Krueger (2009) human behaviour is either stimulus-response or planned. Since venture creation is conscious and voluntary (Krueger, Reilly and Carsrud 2000), entrepreneurship can be considered planned behaviour (Bird 1988 and Krueger et al. 2000). All planned behaviour is intentional (Krueger 2009). Therefore, considering entrepreneurship as an initial step process leading up to new business creation (Ruhle, Mühlbauer, Grünhagen and Rothenstein 2010), intention is the first step and should be observed simultaneously (Lee and Wong 2004). And surely, though not all intention leads to action, no action will happen without intention (Krueger et al. 2000). Therefore, this paper is a stepping stone for the future researcher. At least, we know that potential area to be explored.

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