

# THE DETERMINATION OF SOCIAL ENTREPRENEURIAL INTENTION: A MEDIATED MEDIATION ANALYSIS

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## ABSTRACT

*The aim of this paper is to explore and examine the effect of multiple mediation on prior experience and social entrepreneurial intention. Since, limited studies have been conducted in evaluating the mediating effects of empathy, moral obligation and perceived desirability, this study is one of the first studies that investigate their role as the mediators. The data collected from 110 postgraduate students are analysed using partial least squares structural equation modelling (PLS-SEM). The findings reveal that the relationship between prior experience and perceived desirability is mediated by moral obligation whereas the relationship between moral obligation and social entrepreneurial intention is mediated by perceived desirability. This study highlights that moral obligation and perceived desirability significantly act as mediators but not empathy. Lastly, limitations of the study are discussed and recommendations for future studies are provided.*

**Keywords:** Empathy, Moral Obligation, Perceived Desirability, Prior Experience And Social Entrepreneurial Intention.

## INTRODUCTION

Currently, until April 2019, the nation has an unemployment rate of (3.4%) amounting to 523,300 unemployed people (Mohd Uzir, 2019). This shows that many people unable to secure the job and the number of unemployed people will keep rising from time to time. In order to reduce the unemployment rate in Malaysia, the graduates can start creating their own job by choosing entrepreneurship or social entrepreneurship as their career path. They can be the business entrepreneurs that provide services or goods to the customers to generate incomes or they can be the social entrepreneurs; individuals who are starting activities, organizations or initiatives that have social, environmental or community objectives (Bosma, Schøtt, Terjesen, & Kew, 2016). However, to date, little is known about the formation of entrepreneurial intention and social entrepreneurial intention among postgraduates in Malaysia. Only a few studies conducted in Malaysia are focusing on social entrepreneurial intention specifically (Mohd Azizee et al., 2017; Renne Pramila & Adriana, 2017; Shahverdi, Kamariah, & Qureshi, 2018) compared to entrepreneurial intention formation. Hence, it is deemed appropriate to study the trend of postgraduates in Malaysia towards social entrepreneurship. In overall, this paper aims to study the determination of social entrepreneurial intention among postgraduates. Specifically, this paper aims: to evaluate the associations between prior experience, empathy, moral obligation, perceived desirability and social entrepreneurial intention; b) to investigate the mediating effects of empathy and moral obligation towards prior experience and perceived

desirability; and c) to examine the mediating effect of perceived desirability on empathy, moral obligation and social entrepreneurial intention.

## LITERATURE REVIEW

Intention is a component that can predict behavior in any fields of studies such as psychology, marketing, finance, entrepreneurship, and others. In general, social entrepreneurial intention can be claimed to predict social entrepreneurship behavior. As a result, plenty of studies have been focusing to investigate social entrepreneurial intention among university graduates in numerous countries from time to time (Aure, 2018; Barton, Schaefer, & Canavati, 2018; Luc, 2018). Basically, in the field of social entrepreneurship, the behavioral intention is referred to the degree of readiness to take part in further social entrepreneurial activities (Forster & Grichnik, 2013). As social entrepreneurship focused more on social impact towards communities as compared to entrepreneurship which aimed at profit orientation, so it might be difficult to find individuals who believed that social entrepreneurship can be one of the most appropriate career choices. In addition, social entrepreneurial intention is also related to a belief, desire, and determination of an individual to set up his or her new social venture (Tran & Korflesch, 2016). An individual would be intended to become a social entrepreneur and plan a social enterprise that can contribute towards the social well-being of the nation if he or she had a strong spirit to help the disadvantaged people and marginalized groups that were neglected by the society. Thus, an individual that demonstrated positive intention towards social entrepreneurship is probably launched social enterprise and participate in social entrepreneurial activities held by the non-profit organizations either in public or private sectors (Tan & Yoo, 2011).

### Prior Experience, Empathy and Moral Obligation

Prior experience is a person's practical experience working with social-sector organizations and it is assumed that such experiences generated familiarity with the kind of problems social enterprises aimed to solve (Hockerts, 2017). According to Corner and Ho (2010), prior experience can enable the generation of awareness and knowledge of the social aspects for opportunity development of social ventures that able to provide solutions towards the existing social issues around the globe. As such, prior experience is able to influence individual's attitude and social norms. Individuals with experience in dealing with socially marginalized group of people tend to be more empathy and feel that they are morally obligated to help socially disadvantaged people. In addition, prior experience can be claimed to have a significant effect on empathy as well as moral obligation (Hockerts, 2017). Hence, the following hypotheses are formulated:

*H<sub>1</sub>: Prior experience is positively related with empathy.*

*H<sub>2</sub>: Prior experience is positively related with moral obligation.*

### Empathy and Perceived Desirability

Empathy is an individual's ability to imagine what feelings another person have (Preston et al., 2007). It is also addresses as the ability to intellectually recognize and emotionally share the emotions or feelings experienced by other people (Decety & Jackson, 2004; Mair & Noboa,

2006). Individuals who have high empathy towards socially disadvantaged people tend to have a desire to be social entrepreneurs, in which they are able to help these people in a huge scale and support them to have a better life in the future. In the previous studies, empathy was also acknowledged to be highly relevant with perceived desirability (Hockerts, 2015). Thus, the following hypothesis is developed:

*H<sub>3</sub>: Empathy is positively associated with perceived desirability.*

### **Moral Obligation and Perceived Desirability**

Moral obligation is the cognitive process that motivates an individual to help others in search of a common good (Mair & Noboa, 2006). In the field of social entrepreneurship, it is important to have moral obligation as a part of communities and societies, in which it can inspire people to help others and lighten the burden of people who were in marginalized group. Individuals with high sense of moral obligation may have better aspiration to launch a social enterprise; an enterprise with a social purpose (Wallace, 1999) or voluntary organization contracted to deliver public services (Di Domenico, Tracey, & Haugh, 2009) that acts as a community enterprise founded by local people working to combat a shared problem (Williams, 2007). Due to that, moral obligation is highlighted to have a significant influence on perceived desirability (Hockerts, 2015). As such, the following hypothesis is established:

*H<sub>4</sub>: Moral obligation is positively associated with perceived desirability.*

### **Perceived Desirability and Social Entrepreneurial Intention**

Perceived desirability is related to individual's interest, in which whether he or she is attracted by the social opportunity since he or she has to cope with social ills that exist in the society (Urban & Teise, 2015). A social entrepreneur may take that opportunity as a platform to start-up a social enterprise; an enterprise that aimed to give a social impact and enhance social change in the society. Besides, perceived desirability is vital in social entrepreneurship process, as such it can lead towards individuals' social entrepreneurial intention (Barton et al., 2018). Therefore, the following hypothesis is formulated:

*H<sub>5</sub>: Perceived desirability has a positive relationship with social entrepreneurial intention.*

### **Empathy, Moral Obligation and Perceived Desirability as the Mediators**

Prior experience is one of the factors that can influence social entrepreneurial intention through a several mechanisms. In this study, the relationship between prior experience and social entrepreneurial intention is suggested to be double mediated by a few aspects which are relevant to play a role as the mediators. Accordingly, the following hypotheses are developed:

*H<sub>6</sub>: Empathy mediates the relationship between prior experience and perceived desirability.*

*H<sub>7</sub>: Moral obligation mediates the relationship between prior experience and perceived desirability.*

*H<sub>8</sub>: Perceived desirability mediates the relationship between empathy and social entrepreneurial intention.*

*H<sub>9</sub>: Perceived desirability mediates the relationship between moral obligation and social entrepreneurial intention.*

## RESEARCH METHODOLOGY

The respondents of the present study were postgraduate students from public universities. A non-probability sampling method was emphasized to select the targeted respondents. Specifically, a judgmental sampling approach was used, in which a certain criteria was set to ensure an appropriate sample was selected. In this study, a quantitative approach using self-administered questionnaire was adopted to collect the data from selected respondents. The measurements for prior experience, empathy, moral obligation and perceived desirability were adopted from Hockerts (2015) with three items, six items, four items and three items respectively. Meanwhile, social entrepreneurial intention measurement was adopted from Liñán and Chen (2009) with six items. All items were measured using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Apart from that, the data collected throughout the survey was analysed using SPSS version 25 and partial least squares structural equation modelling (PLS-SEM). The software of SmartPLS version 3.2.8 was utilised to assess measurement and structural model (Ringle, Wende, & Becker, 2015).

## RESULTS

Among the respondents, 30.9 percent was male whereas 69.1 percent was female, in which comprised of different ethnic groups; Malay (84.5%), Chinese (11.8%), Indian (1.8%) and others (1.8%). They were aged between 21 and 25 years (29.1%), 26 and 30 years (49.1%), and 31 years and above (21.8%) with 56.4 percent of them were taking master degree and the rest taking PhD (43.6%). Most of them were students in a business stream (61.8%) whereas 38.2 percent were in a non-business stream and they were full-time (66.4%) and part-time (33.6%) students.

A reflective measurement model was assessed through convergent and discriminant validity. Convergent validity is the degree to which various items measuring the same constructs are in agreement and is assessed using factor loadings and AVE (Hair, Hult, Ringle, & Sarstedt, 2017). In this study, most of the loadings exceeded the threshold value of 0.708 (Hair, Risher, Sarstedt, & Ringle, 2019). The AVE value of each construct also exceeded the threshold value of 0.5 (Hair et al., 2019). Discriminant validity is the degree to which a construct is different from other constructs (Hair et al., 2019) and is assessed using HTMT technique. The result showed that all the values fulfil the criteria of HTMT<sub>.85</sub> (Henseler, Ringle, & Sarstedt, 2015), in which reporting less than 0.85. This indicated that convergent and discriminant validity had been achieved.

Furthermore, based on the results of hypotheses testing, experience was found to be not significantly related to empathy ( $\beta = -0.174$ ,  $p > 0.05$ ) but positively and significantly related to moral obligation ( $\beta = 0.311$ ,  $p < 0.05$ ). Meanwhile, empathy was found to be not significantly associated with desirability ( $\beta = -0.175$ ,  $p > 0.05$ ) but moral obligation was found to be positively and significantly associated with desirability ( $\beta = 0.292$ ,  $p < 0.05$ ). Moreover, desirability was found to have a positive and significant relationship with intention ( $\beta = 0.390$ ,  $p < 0.05$ ). Thus, in overall, H<sub>2</sub>, H<sub>4</sub> and H<sub>5</sub> were supported whereas H<sub>1</sub> and H<sub>3</sub> were not supported. Besides, regarding the structural model, experience explained three percent of variance of empathy and 9.7 percent of variance of moral obligation. Meanwhile, empathy and moral obligation explained

9.5 percent of variance of desirability whereas desirability explained 15.2 percent of variance of intention. The effect size ( $f^2$ ) is also evaluated to determine the substantive effect of the constructs based on the computation of effect size established by Cohen (1988), in which 0.02, 0.15, 0.35 represented small, medium and large effects respectively. In this study, experience was found to have small substantive effect on empathy (0.031) and moral obligation (0.107), empathy and moral obligation were found to have small substantive effect on desirability with 0.033 and 0.091 respectively, and desirability was found to have medium substantive effect on intention. The predictive relevance of the model is also evaluated based on  $Q^2$  value (Geisser, 1974; Stone, 1974), in which the value larger than zero indicates that the model has predictive relevance for a certain endogenous constructs (Hair et al., 2017). In this study, all the  $Q^2$  values for empathy (0.011), moral obligation (0.069), desirability (0.038) and intention (0.102) were more than zero, indicating that the model has sufficient predictive relevance.

In addition, the results on mediation showed that the indirect effect of empathy ( $\beta = 0.030$ ,  $p > 0.05$ ) on experience and desirability was not significant while indirect effect of moral obligation ( $\beta = 0.091$ ,  $p < 0.05$ ) on experience and desirability was significant with t-value of 2.171. On the other hand, the indirect effect of desirability ( $\beta = -0.068$ ,  $p > 0.05$ ) on empathy and intention was not significant while the indirect effect of desirability ( $\beta = 0.114$ ,  $p > 0.05$ ) on moral obligation and intention was significant with t-value of 2.862. In addition, the indirect effect of moral obligation and desirability with 95% BCI: [LL=0.015, UL=0.171] and [LL=0.039, UL=0.189] respectively, did not straddle a zero in between indicating that there was mediation (Preacher & Hayes, 2004, 2008). Thus, H7 and H9 were supported whereas H6, and H8 were not supported. Table 1 presented all the results for hypothesis testing.

Hypothesis	Std Beta	Std Error	t-value	p-value	BCI LL	BCI UL	R <sup>2</sup>	f <sup>2</sup>	Q <sup>2</sup>
H1: Experience → Empathy	-0.174	0.122	1.426	0.077	-0.285	0.230	0.030	0.031	0.011
H2: Experience → Moral	0.311	0.100	3.107	0.001	0.104	0.443	0.097	0.107	0.069
H3: Empathy → Desirability	-0.175	0.121	1.443	0.075	-0.316	0.130	0.095	0.033	0.038
H4: Moral → Desirability	0.292	0.075	3.900	0.000	0.153	0.395		0.091	
H5: Desirability → Intention	0.390	0.096	4.067	0.000	0.203	0.521	0.152	0.180	0.102
H6: Experience → Empathy → Desirability	0.030	0.029	1.054	0.292	-0.034	0.085			
H7: Experience → Moral → Desirability	0.091	0.042	2.171	0.030	0.015	0.171			
H8: Empathy → Desirability → Intention	-0.068	0.052	1.311	0.190	-0.154	0.065			
H9: Moral → Desirability → Intention	0.114	0.040	2.862	0.004	0.039	0.189			

## DISCUSSION

Social entrepreneurship is getting more attention from every corner of the world. This leads towards the rising of numerous studies on social entrepreneurial intention, in which including this study. Specifically, the objective of this study was to examine the relationship between experience and empathy, experience and moral obligation, empathy and desirability, moral obligation and desirability, and desirability and intention, as well as to investigate the mediating effects of empathy and moral obligation towards prior experience and perceived desirability, and mediating effect of perceived desirability on empathy, moral obligation and intention. The result of this study reported that prior experience had a positively significant relationship with moral obligation, as such in line with the previous studies on prior experience and moral obligation (Hockerts, 2017). Besides, the result revealed that moral obligation had a

positively significant relationship with perceived desirability, in which similar with the findings of several scholars whereby moral obligation significantly influenced perceived desirability (Forster & Grichnik, 2013; Hockerts, 2015; Mair & Noboa, 2006). The result also found that perceived desirability had a positively significant relationship with social entrepreneurial intention, thus, this finding supported the studies done by (Barton et al., 2018). Lastly, moral obligation was found to successfully mediate the relationship between prior experience and perceived desirability, while perceived desirability mediated the relationship between moral obligation and social entrepreneurial intention. This finding was consistent with the study conducted by Forster and Grichnik (2013), in which they found that the relation between perceived social norm and social entrepreneurial intention was mediated by perceived desirability. Particularly, students who have experience dealing with social problems will think that they have a moral responsibility towards the societies and communities since the rising of social problems is getting more serious from day to day. In fact, when they utterly take that responsibility, they may be able to look for an opportunity to help the government and any agencies in reducing the existing social ills and prevent that ills from becoming worst. Therefore, in order to have the desire to become a social entrepreneurs, the students need to feel morally obliged towards their societies even they have some experience with the social problems in their past. The students who have prior experience in serving social ills have high inclination towards social entrepreneurship with the responsibility towards helping disadvantage people and offering social change for a better life. At the university level, they can be exposed with several social entrepreneurial activities so that they can truly understand the agenda of social entrepreneurship.

## CONCLUSION

The determination of social entrepreneurial intention had given a different perspectives in the field of social entrepreneurship. The mediating role of empathy, moral obligation and perceived desirability between prior experience and social entrepreneurial intention had proven that students' social entrepreneurial intentions were not fully influenced by their experience in the pasts, instead, other factors were needed to trigger their inclination towards social entrepreneurship. The university needs to put some effort to educate students on the impact of social entrepreneurship towards societies. However, this study still has some limitation. This study is only focusing on postgraduate students and selected universities. Future studies should address the involvement of undergraduate students in the survey and highlight other factors such as self-efficacy, social support, culture and social capital.

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