THE IMPACT OF EMPATHY, SOCIAL SUPPORT, AND MORAL OBLIGATION ON SOCIAL ENTREPRENEUR INTENTION

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Abstract—This research aims to explore social entrepreneur intention that is affected by empathy and moral obligation. This research was done on young entrepreneurs who start social-oriented businesses (start-ups) in Indonesia. This research shows that empathy, moral obligation, and social support influence the intention of social entrepreneurs. Empathy and moral obligation can mediate previous experience with social entrepreneurial intentions so that all hypotheses proposed in this study are accepted. This research used respondent surveys through the internet and social media. The number of respondents in this research is 246. Data analysis techniques used in this research is Structural Equation Modelling. The analytical result shows that entrepreneurs who have high empathy and moral obligation effect on high social entrepreneur intention as well. Prior experience by young entrepreneurs could increase the intention to start doing business in the field of social. This paper is important because researches about social-oriented start-up entrepreneurs are still rarely done. Besides that, start-up businesses in Indonesia could be the main supporters of the national economy.

Index Terms—prior experience, empathy, moral obligation, and social entrepreneur.

1 INTRODUCTION

Littlewood & Holt [20] stated that entrepreneurship with social goals is keeping increasing. Social entrepreneurship has combined social and economic goals as the main driving force in a business transformation. Social entrepreneurship is not a new phenomenon [23], but has been marginalized for years because it is a non-profit business [32]. Social entrepreneurship is difficult to define, especially because its definition depends on the context where the term is used. Social entrepreneurship gives an innovative solution to solve most of the social challenges [3]. Social entrepreneurship does not increase profit, but for creating systemic alteration through value-added by trying to remove poverty, unemployment, and other various social diseases that disturb community [2]. According to Kerryn Krige [15], social entrepreneurship offers potential alteration by creating a focus on sustainability, accountability, and make use of learning in business, with social values diversity and complexity, that could create chances to change. Identifying and utilizing potential young social entrepreneurs become important in developing countries.

Regarding researches about social entrepreneurship, preliminary research that gives a theoretical basis for social entrepreneurial intentions is the Theory of Planned Behavior (TPB) from Ajzen [1]. TPB has been adopted widely to understand the antecedents of behavioral intention, which are the attitude towards behavior, subjective norms, and behavior control that has been experienced. Based on TPB [1] and [22] developed a theoretical framework of social entrepreneurial intentions by suggesting antecedents like empathy, moral obligation, self-efficacy, and social support. Besides those four factors, Hockerts [10] stated that social entrepreneurial intentions could also be explained by prior experience and enrollment in social entrepreneurship electives. This research aims to analyze social entrepreneurial intentions that are affected by empathy, moral obligation, and social support on young entrepreneurs that move in start-up businesses in Indonesia. The impact of prior experience mediated by empathy and moral obligation is also analyzed in this research. This research took the setting of social-oriented start-up businesses. Start-up is an action or process of starting a new organization or business venture [36]. Start-up refers to a company that has not been long operating. These companies mostly are companies that newly established and on the phase of developing and researching to find the right market. Start-up development in Indonesia is quite fast. Every year or even every month, a lot of new start-up owners are popping out. According to dailysocial.net, there are at least more than 1,500 local start-ups in Indonesia right now. The potency of internet users in Indonesia that keeps increasing from year to year is an opportunity to set up a start-up.

Researches about social entrepreneurship on start-up entrepreneurs are important to be done because the social business has an increasing role in the contemporary community. The trend of researches toward the importance of start-up businesses in the global economy are also developing and becoming competitive [16]. Cantamessa, Gatteschi, Perboli, and Rosano [4] stated that the entrepreneurs' perspective holds an important role in the success of start-up businesses. The potential cognitive orientation of entrepreneurs has a significant impact on their willingness to survive in entrepreneurial activities and face problems. However, researches in these fields are still very limited [16]. On the other side, the revolution of global start-up keeps developing. Capital investment in start-up companies reached the highest position in a decade in 2017, which is $140 billion. The total of value creation from global economy start-ups from 2015 to 2017 reached $2.3 trillion, increasing by 25.6% from 2014 to 2016 period (Global Startup Ecosystem Report, 2018). This research is expected to be able to resolve the unfilled gap about social entrepreneur intention researches on start-up entrepreneurs.
1. Literature Review

Social entrepreneur Intention can be defined as the assuredness and self-preparation done by someone to develop and construct a new social business [19]. Social entrepreneurship constructs new social businesses not for entertainment, but more like a career decision regarding profound problems faced by a nation that require sympathy and realistic solutions [12] and [29]. Someone will involve himself/herself in social businesses if they can do it successfully and have a strong intention to reach the results they would get with these social businesses [10]. Start-up business, according to Low & Mac. Millan [21] and [36] is a new business initiated by entrepreneurs by combining ideas and resources. Ries [25] explained that start-up is an organization designed for creating new products or services in an uncertain condition, including new business units from government, big companies, non-profit organizations, and other businesses that might be included in start-up category.

1.1. Prior experience, Empathy, and Social entrepreneur Intention

Prior experience is experienced regarding social problems in social sector organizations, that can yield a close relationship with the type of social problems [10] and [30]. Prior experience can be the triggers and guides for potential entrepreneurs because their experience can encourage them to start a business [14]. Prior experience enables entrepreneurs to understand what makes a new business successful or unsuccessful, identify role models, and develop the confidence to establish a company [28]. Dyke et al. [6] stated that people make decisions and doing business based on their business in the past. Entrepreneurs start doing business regarding the things they have had done before.

Mair and Noboa [22] identified empathy as the proxy for attitude towards the behavior. Empathy reflects an attitude towards behavior. Empathy can be understood as an individual ability to appreciate other people's feelings [24] or the tendency to respond to other people's conditions emotionally and compassionately [7]. In the context of social entrepreneurs, there are two categories of empathy, that are cognitive empathy (the ability to understand other people's emotional condition) and affective empathy (the tendency to react towards other people's emotional condition). Wood [34] and Sugandini et al. [29] indicated empathy as the main stimulant to support social business and innovation. Besides that, entrepreneurs who have empathy mostly are successful to motivate and lead employees, help employees to overcome stress at the workplace, obtain a higher income and understand consumer desires, and achieve higher innovativeness [11]. So that empathy is a very important behavior for social entrepreneurs to create social values within organizations [17].

H1: Prior experience positively affects empathy
H2: Empathy positively affects social entrepreneur Intention

1.2. Prior experience, Moral Obligation, and Social entrepreneur Intention

Hockerts [10] stated that prior experience has a significant positive impact on social entrepreneur Intention. Later, Hockerts [10] also estimated that the relationship between prior experience and social entrepreneur intention can be mediated by empathy, moral obligation, self-efficacy, and perceived social supports. Yiu et al., [35] stated that individual moral values are an important attribute for social entrepreneurs. Hockerts [9] by referring to Haines et al., [8] identified moral obligation intention to be positioned as the proxy to predict social entrepreneur intention.

H3: Prior experience positively affects the moral obligation
H4: Moral obligation positively affects social entrepreneur intention.

1.3. Perceived Social Support and Social entrepreneur Intention

Perceived Social support can be understood as expected assistance and supports from closest friends and the environment to become social entrepreneurs. These supports make people believe that they have adequate and more feasible competency to pursue their career as entrepreneurs [19]. Hockerts [10] showed that perceived support (such as access to capital, the availability of business information) enables someone to decide to start a new business. This perceived support has a significant impact on entrepreneurship as a career choice.

H5: Perceived Social support positively affects social entrepreneur intention

2. Research Method

This study adheres to the positivist paradigm by using a survey approach. This research employs primary data through questionnaires compliance. Distributed questionnaires contained 15 items by adopting question items from Hockerts [10]; Kavoura & Andersson [13]; Ip, Wu, Liu & Liang [12]. Questionnaires were distributed through the internet with e-mail and social media. The population in this research is all young start-up business entrepreneurs from all over Indonesia. The sampling technique used in this research is purposive sampling, with the criteria of company age is less than 3 years, the number of employees is less than 20 persons, still in the developing stage, operating through the website, and social-oriented business. This survey was done in Indonesia. The total number of data from respondents in this research is 246. Data analysis was done using the structural equation model.

3. Results

The testing result using a structural equation model
with AMOS statistical technique can be seen in Table 1.

<table>
<thead>
<tr>
<th>Type of goodness of fit model</th>
<th>Index of the goodness of fit model</th>
<th>Result</th>
<th>Model evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute fit measures</td>
<td>Chi-Square, GFI, RMSEA</td>
<td>310.565, 0.790, 0.961, 0.082</td>
<td>Moderate, Good, Good, Good</td>
</tr>
<tr>
<td>Incremental fit measures</td>
<td>AGFI, CFI</td>
<td>0.900, 0.915</td>
<td>Good, Good</td>
</tr>
<tr>
<td>Parsimonious fit measures</td>
<td>Normed ( \chi^2 ) (CMIN/DF)</td>
<td>3.742</td>
<td>Good</td>
</tr>
</tbody>
</table>

It can be seen in Table 1 that the model is accepted. To test the hypothesis of a causal relationship between variables, the path coefficient is presented to show the causal relationship between variables as shown in Table 2.

<table>
<thead>
<tr>
<th>Causal path</th>
<th>Estimate</th>
<th>C.R.</th>
<th>P</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE → Emp</td>
<td>0.691</td>
<td>10.320</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>PE → MO</td>
<td>0.711</td>
<td>10.284</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>Emp → SE</td>
<td>0.315</td>
<td>3.415</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>SS → SE</td>
<td>0.282</td>
<td>2.360</td>
<td>0.018</td>
<td>Supported</td>
</tr>
<tr>
<td>MO → SE</td>
<td>0.470</td>
<td>4.868</td>
<td>***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Alternative hypothesis testing was done by referring to the CR value. It can be said that CR value is significant if the value is larger than 2 (CR ≥ 2). By that criterion, it can be seen that all paths are significant, means that all submitted hypotheses are accepted.

4. DISCUSSION

This research finds that model testing of social entrepreneur intention’s antecedents can be accepted. The testing result explained that social entrepreneur intention is affected by empathy, moral obligation, and social support. Prior experience can affect social entrepreneur intention with the mediation of empathy and moral obligation. The impact of prior experience mediated by empathy and moral obligation is 55.2%. All hypotheses submitted in this research are accepted.

The impact of prior experience on empathy is 69.1% and on the moral obligation is 71.1%. This shows that entrepreneurs who have had worked voluntarily on social organizations and involved in social problems have relatively high empathy. Entrepreneurs who have experiences on social activities will think about socially disadvantaged groups, and try to place themselves, and grow compassion towards socially disadvantaged and marginalized groups. Entrepreneurs who have experiences on social activities before, have an ethical responsibility to help disadvantaged people and morally obliged to help them. The result of this research supports [10]; Shumate, Atouba, Cooper, & Pilny [28]; Mair and Noboa [22] who stated that prior experience has a positive impact on empathy and moral obligation of entrepreneurs that eventually will grow the intention to be social entrepreneurs.

The impact of empathy on social entrepreneur intention is 31.5%. This research supports Hockerts [10]; Goetz, Keltner, & Simon-Thomas [7], and Wood [34] who stated that entrepreneurs who have empathy are able to motivate and lead their employees, so empathy became one important factor for social entrepreneurs to create social values within their organizations [17] and [29]. The impact of moral obligation on social entrepreneur intention is 47.0%. This shows that entrepreneurs who have a high sense of social responsibility will increasingly intend to become social entrepreneurs in start-up businesses. This research supports Hockerts [10]; Yiu et al., [35] who stated that individual moral values are an important factor for social entrepreneurs. Haines et al., [8] also showed that moral obligation intention is an antecedent to predict social entrepreneur intention.

The impact of social support on social entrepreneur intention is 28.2%. This shows that the more support from the social environment towards start-up entrepreneurs to have a concern in social behavior, then the adequate and more feasible competency to pursue a career in the field of social will increase. Social support is shown by social environment support to start an organization that helps socially marginalized people and investor support for an organization that wants to solve social problems. This result supports Liñán & Santos [19]; Hockerts [10], who stated that perceived support enables someone to decide to start a new social business and has an impact on their entrepreneurship career choice.

5. CONCLUSION

This research analyzes social entrepreneur intention on start-up entrepreneurs in Indonesia, with prior experience, social support, empathy, and moral obligation as the antecedents. Further research should be adding several variables that can grow the intention to start social-oriented entrepreneurship, such as self-efficacy, self-desirability, and self-performance [27] and [33]. Related to start-up businesses, variables like innovativeness, perceived ease of use, perceived usefulness [5] and innovation characteristics [26] should be analyzed as well in predicting social-oriented start-up entrepreneurs. Besides that, to make a social entrepreneur successful in an innovation environment, social-oriented start-up entrepreneurs have to adopt open business models, because 4.0 industrial revolution demands entrepreneurs to be more creative in combining technology and market in all industries based on information technology [18]. Open innovation when there is an open and creative connection between technology and markets, that need new creative combinations continuously between technology and the
community [36].

REFERENCES


