



**Empathy, Societal Moral Obligation, Self-efficacy, Social Support, Innovativeness and Social Entrepreneurial Behavior: Perceived Desirability as Mediator**

By

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## LIST OF ABBREVIATIONS

E- Empathy

MO- Moral Obligation

PD- Perceived Desirability

PLS SEM- Partial Least Square Structural Equation Modelling

SE- Self Efficacy

SS- Social support

SE – Social Entrepreneurship

SEB- Social Entrepreneurial Behavior

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Empati, Kewajipan Moral Masyarakat, Keberkesanan Diri, Sokongan Sosial, Inovatif dan Gelagat Keusahawanan Sosial. Kebolehan Yang Diharapkan Sebagai Faktor Penyederhanaan

**ABSTRAK**

Minat sejagat terhadap penyelidikan keusahawanan sosial semakin meningkat hari demi hari berikutan kesan dan implikasi sosialnya. Objektif utama kajian ini adalah untuk mengkaji faktor-faktor yang mempengaruhi tingkah laku keusahawanan sosial. Melalui sorotan kajian yang menyeluruh, lima faktor iaitu empati, kewajipan moral, keberkesanan sendiri, sokongan sosial, dan inovatif telah dikenalpasti bagi mengkaji pengaruh tersebut terhadap tingkah laku keusahawanan sosial. Tahap keinginan yang diharapkan juga dikaji dalam kajian ini untuk melihat kesan pengantaraan dalam hubungan antara lima faktor yang disebutkan dan tingkah laku keusahawanan sosial. Populasi kajian ini terdiri daripada kumpulan yang terlibat dalam kegiatan keusahawanan sosial di Bangladesh. Maklum balas kajian telah dikumpulkan melalui kaji selidik soal selidik yang berstruktur dengan skala mata lima. Pendekatan Pemodelan Persamaan Struktur Minimum Separa (PLS SEM) telah digunakan untuk menganalisis data yang dikumpulkan dengan menggunakan perisian pintar PLS 2.0M3. Hasil ujian hipotesis menunjukkan bahawa lima penentu iaitu empati ( $\beta$ , 0.103;  $p$ , 0.020), kewajipan moral ( $\beta$ , 0.389;  $p$ , 0.000), keberkesanan sendiri ( $\beta$ , 0.438;  $p$ , 0.000), sokongan sosial ( $\beta$ , 0.122;  $p$ , 0.016), dan inovatif ( $\beta$ , 0.230;  $p$ , 0.015) memainkan peranan penting kepada perkembangan tingkah laku keusahawanan sosial. Kesemua penentu menunjukkan hubungan positif dan berkait rapat dengan tingkah laku keusahawanan sosial. Lima penentu ini dikaji sekali lagi bagi melihat kesannya terhadap tahap keinginan yang diharapkan. Berdasarkan hasil kajian, ia menunjukkan bahawa kewajipan moral ( $\beta$ , 0.260;  $p$ , 0.000), sokongan sosial ( $\beta$ , 0.149;  $p$ , 0.024), dan inovatif ( $\beta$ , 0.385;  $p$ , 0.000) mempunyai pengaruh positif yang kuat terhadap keinginan yang diharapkan untuk terlibat dalam tingkah laku keusahawanan sosial. Hasil ujian pengantaraan telah menunjukkan bahawa keinginan yang diharapkan terbukti bertindak sebagai pengantara hubungan antara empati ( $\beta$ , 0.119;  $p$ , 0.045), dan tingkah laku keusahawanan sosial; sokongan sosial ( $\beta$ , 0.103;  $p$ , 0.048), dan tingkah laku keusahawanan sosial; inovatif ( $\beta$ , 0.162;  $p$ , 0.021), dan tingkah laku keusahawanan sosial. Penemuan kajian ini memberikan sumbangan kepada bidang pengetahuan yang sedia ada melalui kajian yang mengkaji faktor-faktor yang mempengaruhi tingkah laku keusahawanan sosial. Penemuan kajian ini juga menyumbangkan dan mengembangkan model Mair dan Noboa (2006) dalam memahami tingkah laku keusahawanan sosial. Ia juga menambah beberapa kesan dalam teori kognitif sosial dalam menjelaskan tingkah laku keusahawanan sosial. Akhirnya, satu model telah dibangunkan yang mana ia menggabungkan penemuan kajian ini dan model yang dinamakan EMSSID yang bermaksud empati (E), kewajipan moral (M), keberkesanan sendiri (S), sokongan sosial (S), inovasi (I) dan keinginan yang diharapkan (D). Model ini memberi makna yang mendalam dalam bidang keusahawanan sosial dalam aspek teori dan praktikal.

# Empathy, Societal Moral Obligation, Self-efficacy, Social Support, Innovativeness and Social Entrepreneurial Behavior: Perceived Desirability as Mediator

## ABSTRACT

Globally interest on social entrepreneurship research is increasing day by day for its many folds societal implications. The main objective of this study is to examine the factors influencing social entrepreneurial behavior. Through extensive literature review, five factors namely empathy, moral obligation, self-efficacy, social support, and innovativeness have been extracted to investigate their influence on social entrepreneurial behaviour. Perceived desirability is also included in the study to explore its mediating effect in the relationship between the five determinants and social entrepreneurial behaviour. The population of this research consists of people who are involved in the social entrepreneurial activities in Bangladesh. Responses have been gathered through a structured questionnaire survey with five point likert scale. The Partial Least Square Structural Equation Modeling (PLS SEM) approach has been used to analyze the collected data with the support of smart PLS software 2.0M3. The hypotheses testing results reveal that the five determinants namely empathy ( $\beta$ , 0.103; p, 0.020), moral obligation ( $\beta$ , 0.389; p, 0.000), self-efficacy ( $\beta$ , 0.438; p, 0.000), social support ( $\beta$ , 0.122; p, 0.016), and innovativeness ( $\beta$ , 0.230; p, 0.015) play vital roles to the development of social entrepreneurial behavior. All the determinants are positively and significantly correlated with social entrepreneurial behaviour. These five determinants were again tested to see their effect on perceived desirability. It has been found that moral obligation ( $\beta$ , 0.260; p, 0.000), social support ( $\beta$ , 0.149; p, 0.024), and innovativeness ( $\beta$ , 0.385; p, 0.000) have strong positive influence on perceived desirability to get involved in social entrepreneurial behavior. Results of mediating effect test reveal that perceived desirability mediates the relationship between empathy ( $\beta$ , 0.119; p, 0.045), and social entrepreneurial behaviour; social support ( $\beta$ , 0.103; p, 0.048), and social entrepreneurial behaviour; innovativeness ( $\beta$ , 0.162; p, 0.021), and social entrepreneurial behavior. The findings contribute to the existing body of knowledge by exploring the factors influencing social entrepreneurial behavior. This study's findings also contribute by expanding Mair and Noboa's (2006) model in understanding social entrepreneurial behavior. It also adds some effects in the social cognitive theory in explaining social entrepreneurial behavior. Finally, a model has been developed incorporating the findings of this study and the model is named as EMSSID which stands for empathy (E), moral obligation (M), self-efficacy (S), social support (S), innovativeness (I) and perceived desirability (D). This model bears deep significance in the field of social entrepreneurship both in theoretical and practical aspects.

## CHAPTER 1: INTRODUCTION

### 1.1 Background of the Study

Social entrepreneurship (SE) that employs innovative approaches to solve social problems has become a global phenomenon (Roopinder, 2016). A common definition of 'social entrepreneurship' is that it brings together the meanings of 'social' with 'entrepreneurship' (Mulgan, 2006). It is an entrepreneurial venture with a social mission (Nicholls, 2006; Peredo & McLean, 2006). Social entrepreneurs are those individuals who can identify a social problem and utilize creative entrepreneurial principles to assemble, form and manage a social venture to make social change (Boluk & Mottiar, 2014). This social entrepreneurship involves the social value generating activities carried out by the nonprofit, business, and government sectors (Austin et al., 2006, 2010).

Social entrepreneurs have the prospects to effectively address and potentially solve lots of societal problems that government or other public sectors are unable to solve due to lack of resources or other constraints (Jennie, 2015). Such problems may be found in the healthcare, education, energy, housing or other sectors. Present and future social entrepreneurs are there to come up with novel ideas to take the challenge and utilize their resources to identify opportunities and mobilize others to take collective efforts for solving the problems (Miller, Grimes, McMullen & Vogus, 2012). Since social entrepreneurs sometimes work in an environment where resource-constraint is a general phenomenon, they are usually compelled to apply creative approaches to gather resources and utilize those resources in innovative ways for addressing the challenges.

For meeting social challenges, social entrepreneurship has been proved to be an effective mechanism to some extent. As an academic discipline, social entrepreneurship has gained prominence only within the last decade (Bornstein & Davis, 2010). With the passage of time society's problems are getting complex which necessitates social organizations to adopt and adjust their strategies to meet the challenges. However, more extensive researches are required to define the discipline precisely to understand the essence of the processes and motivations through which social entrepreneurs are grown (Boluk & Mottiar, 2014; Roberts & Woods, 2015).

Globally social entrepreneurs are working relentlessly to satisfy unmet social needs, or problems that the government is unable to solve. They are always busy with making a positive social change, regardless of the structures or processes through which it is gained (Dees, 1998a; Dees, 1998b). Their social entrepreneurial process starts with innovative activities with a social objective. According to Murphy & Coombes (2009), social entrepreneurship has been proved as fruitful tool for creating value in societal, economic, and environmental forms. For running their activities, social enterprises get financial assistance from the government or from other institutions, also through personal donations; sometimes they generate income from selling various products produced by them, community service, recycling of waste, fair trade, etc. (Tracey & Phillips, 2007). In addition to that social entrepreneurs can generate income from social venture capital which sometimes accelerate the growth of social entrepreneurship and supports the livelihood of social entrepreneurs (Miller & Wesley II, 2010).

While social entrepreneurship is a much used term for researchers and practitioners, the term "social entrepreneur" has evolved as a relatively new identity which is used to

describe individuals whose primary interest is to establish enterprises to address social problems rather than generate personal financial benefits. Interest in social entrepreneurship has reached almost every country and its influence on economy and society has been acknowledged because of its emergence as a driving force to generate economic and social activity (Acs & Szerb, 2010). Encouraging social entrepreneurship is viewed as a potential solution to the unmet need of the society. Brock and Steiner (2010) state that social entrepreneurship develops and implements a sustainable business model which draws on innovative solutions that benefit the disadvantaged people in society thus creates a social impact. They think that social impact becomes visible once the community and stakeholders get involved and prosper gradually. Accordingly, social entrepreneurs may play a significant role in shaping social value and creating social value in the complex societal system. Social values can be created by poverty alleviation, providing health care services and education as well.

Societies have already noticed the contributions made by social entrepreneurs in making a nation's social, economic, cultural and environmental wealth. While the conventional providers like charitable and voluntary sector organizations have been criticized as bureaucratic and reluctant to change and the public sector has been overstretched, social entrepreneurship has been recognized as an innovative way of meeting unmet socio-economic needs (Leadbeater, 1997). Although the development of social entrepreneurship has taken long time to be a separate field of study, still there is lack of a unified theory to describe the social entrepreneurial process. Consequently, Roberts and Woods (2005) argue that social entrepreneurship is at an "exciting stage of infancy, short on

theory and definition but high on motivation and passion. Now the challenge for us is to make this emerging field of study into a more rigorous and objective discipline.

Though the social entrepreneurship scholars have unanimously supported that social enterprises are concerned with social change or the creation of social value (Austin et al., 2006; Mair & Marti, 2006), there is lack of a unifying theoretical framework to explain the social entrepreneurial behavior (Pascal & Steyaert, 2012; Chul & You, 2015; Anh & Harald, 2016). On the other hand, there are some inconsistencies, overlapping definitions, and contradictions regarding social entrepreneurship and the role it plays in the socio economic development of the socially disadvantaged group of people. However, this issue has come to the forefront of the research agenda of many scholars for its theoretical and practical significance in the development and application of social entrepreneurship towards sustainable social development (Boluk & Mottiar, 2014; Shane & Nicolaou, 2015; Zapkau et al., 2015).

Considering the crucial role played by social entrepreneurs in socio-economic development of the poverty stricken people and recent calls for explaining social entrepreneurial behavior (Bornstein & Davis, 2010), it is a pressing need to conduct more researches for providing a coherent framework and empirical testing of the mechanisms through which the individual entrepreneur's values affect the social entrepreneurial behavior (Mair & Marti, 2006; Pascal et al., 2012; Hockert, 2015). While some small body of recent studies have started explaining entrepreneurial behavior (Rae, 2017; William, 2017; Canedo et al., 2014; Gasse & Tremblay, 2011; Bletzer, 2003; Juha et al., 2013; Farmer et al., 2009; Navis & Glynn, 2011; Pessar, 1995; Shepherd & Haynie, 2009a, b), very little attention is

given in the context of social entrepreneurship, and thus present a “static” picture of the social entrepreneurial behavior (SEB).

Social entrepreneurship has emerged quickly as a practice over the past decade, however, it is still at the stage of relative infancy as an academic discipline (Raghda, 2013; Boddice, 2009). There is a big lack of cohesion on social entrepreneurship which limits the progress of this interesting area of research (Preeti, Anil & Jyoti, 2017). Consequently academicians, international organizations, charities, and corporations are getting more interested in exploring the phenomenon and designing new models and processes for accelerating the social value creation initiative. However, the lack of a theory of SE may be a barrier to the full recognition and more focused support that might be needed to enable these initiatives to grow to a scale where they can make a substantial contribution to eradicating poverty in all its forms (Hockerts, 2015; Roopinder, 2016).

In extant literature, social entrepreneurship development factors include perceived feasibility and desirability of exploiting an opportunity (Mai & Nguyen, 2016; Boyd & Vozikis, 1994; Hattab, 2014; Krueger, 1993), previous experience as an entrepreneur (Mai & Nguyen, 2016; Marshall 2011; Hockerts, 2017), anticipated security, workload, and autonomy (Kolveried, 1996), perceived social norms (Walker et al., 2013), demographic characteristics (Mai & Nguyen, 2016; Fayolle & Liñán, 2014), and personal dispositions (Lee et al., 2011), among others. But those studies mostly focused on qualitative aspects and there exists a dearth of empirical literature examining individual cognitive structures in their relationship with social entrepreneurial behavior (Sophie, Chantal & Brigitte, 2016; Fayolle & Liñán, 2014; Mark, Shook et al., 2003). As a result, the field of social entrepreneurship is full of anecdotal evidences that merely try to develop practical models of social

entrepreneurial behavior (Pascal et al., 2012; Jennie, 2015). Considering the above mentioned issues, the present study tries to provide a feasible model based on empirical findings which will complement the theoretical gap in the context of social entrepreneurial behavior.

As social entrepreneurship is gaining institutional support, an increasing number of education interventions are being designed aimed at encouraging more people to engage in social entrepreneurial behavior (Miller et al., 2012a; Smith et al. 2010). In assessing their effectiveness, it will be essential to draw on reliable and valid scales that measure the effect these interventions have on the antecedents of social entrepreneurial behavior (Hockerts, 2015). But the lack of empirical data makes it difficult to assess the extent to which the existing factors can predict the social entrepreneurial behavior. Moreover, despite considerable attention in the development of scientific and prominent concepts drawn from the traditional entrepreneurship literature, a key issue which has not been fully addressed is how the social entrepreneurs get motivated to initiate a social venture and persist in addressing social problems and meeting the unmet socio-economic needs of communities and societies (Adesuwa, 2014; Seham , Ahmed & Ayman, 2017). To address such paucity of knowledge about the motivations for social entrepreneurial behavior, the present study wishes to advance a compelling model lens from existing body of knowledge. Thus the prime objective of this study is to develop a workable model of social entrepreneurial behavior incorporating the findings of this empirical study.

## 1.2 Problem Statement

Bangladesh is a developing country with a high population density of 1265 people per square km, slow economic growth, and high unemployment (Worldometers, 2017). About 70 percent of the population lives in rural areas which are poorer than urban environments, and over three quarters of the rural population depend heavily on natural resources (USAID, 2017). However, this vast human resource of rural areas can be utilized through some social initiatives (Rab, 2012). Usually such social ventures are solution oriented and these help solving unemployment, poverty, malnutrition, misuse of resources and many other problems (Rab, 2012). In the rural Bangladeshi context, the local non-governmental organizations (NGO) or social enterprises aim to stimulate social entrepreneurship for improving the standard of living for the socially marginalized people.

For a developing country like Bangladesh where abject poverty is rampant, role of such social enterprises is crucial. (Mohiuddin, 2017). It is also proved to some extent that the social enterprises like BRAC, Grameen Bank and others are playing significant role in eradicating poverty and educating the rural poor people in Bangladesh. However, in Bangladesh, it still requires further academic scrutiny of the field for making this emerging field an academic discipline. Moreover, Faruk et al., (2017) argued that the development of social entrepreneurship in Bangladesh are concerned with people's perception towards social business initiative, lack of knowledge and experience of the entrepreneurs, lack of support of incubator organizations, etc. Therefore, it becomes a pressing need to get some insights from the people who are already involved in SE in Bangladesh. Knowing their SEB might

be used for encouraging the youth to get involved in social entrepreneurship which might help develop the standard of life of poor villagers by reducing poverty and educating them.

In recent years, social entrepreneurship has become an object of increasing research interest (Seham et al., 2017; Roopinder, 2016; Anh & Harald, 2016; Irengun & Arikboga, 2015; Dees, 2012; Boluk & Mottiar, 2014; Hockerts, 2015). Much research into social entrepreneurship has looked at issues of the recognition, exploitation and growth of social opportunities as well as the measurement of their impact on society (Bloom & Chatterji, 2009; Bugg-Levine & Emerson, 2011; Hockerts, 2010; Tracey & Jarvis, 2007). However, to date, there is hardly any systematic research carried out on factors motivating individuals to get involved in social entrepreneurship (William, 2017). Previously researchers emphasized on examining the values, motivations, and other personality traits to differentiate entrepreneurs from other people engaged in different professions (Jarvis, 2016; Chaganti et al., 2002; Radin et al., 2016; Bacq, Hartog & Hoogendoorn, 2013; Ernst, 2012; Gasse & Tremblay, 2011; Chul & You, 2015). The present study makes an effort to shift the focus from the innate psychological traits to more socially developed aspects of personality, namely the work values of the individuals directed to solve social problems.

The four constructs suggested by Mair and Noboa (2006) are commonly referred to in the social entrepreneurship literature for understanding social entrepreneurial behavior. This research proposes a next step in advancing this line of research by proposing and validating measures for the four constructs for the specific use in a social entrepreneurial behavior. Mair and Noboa (2006) develops and refines measures of empathy with marginalized people, a perception of societal moral obligation to help the poor, a high level of self-efficacy encompassing the ability to effect social change and perceived availability

of social support. They think that these are the four basic motives behind social entrepreneurial behavior. But it is yet to be justified to what extent these factors might influence the social entrepreneurial behavior (SEB). Moreover, Mair and Noboa (2006) ignored some basic issues of social entrepreneurial behavior like innovativeness of individuals. Therefore, the present study seeks to develop a social entrepreneurial behavior model incorporating Mair and Noboa's (2006) SEB constructs, innovativeness and perceived desirability to provide a new framework for understanding social entrepreneurial behavior.

Empathy is a well-specified construct in psychology (Jolliffe & Farrington, 2006) and it has been studied extensively in the context of helping behavior, a concept that is related to the spirit of social entrepreneurial behavior. Several social entrepreneurship scholars posit that empathy is a major driver of social entrepreneurial behavior (Hockerts, 2015; Rajeeshwaran & Sanmugam, 2014; Dees, 2012; London, 2010; Mort et al., 2003; Wood, 2012). Mair and Noboa (2006) argue that empathy represents an important attitudinal element in the social entrepreneurship process. Within the context of social entrepreneurship, the present study is interested in empathy with a particular group of people – such as, socially disadvantaged people. As such, it is necessary to assess how far a potential social entrepreneur can imagine the feelings of socially disadvantaged persons and how far he or she reacts emotionally to the feelings of such people by getting involved in social entrepreneurship.

Mair and Noboa (2006) have included the societal moral obligation in their model to explain social entrepreneurial behavior. Societal moral obligation describes the extent to which a person feels a sense of responsibility to act in line with the social norms of her or his societal peers when faced with an ethical challenge (Beck & Ajzen, 1991; Gorsuch &

Ortberg, 1983). Within the context of the social entrepreneurial behavior, the focus is on measuring the extent to which individuals feel that society is morally obliged to address the problems of socially marginalized groups as a result of perceived moral norms (Forster & Grichnik, 2013). Therefore, the present study tries to measure the influence of societal moral obligation on social entrepreneurial behavior.

Self-efficacy is a measure of confidence in a specific domain and it describes an individual's perceptions of ability to perform an intended action (Bandura, 1977). Mair and Noboa (2006) postulate that in the context of social entrepreneurship a high level of self-efficacy enables individuals perceive the formation of a social venture as feasible, which positively affects the formation of the corresponding behavioral intention. For social entrepreneurs, self-efficacy is the strength of their belief that they are capable of successfully accomplishing the roles and tasks of social entrepreneurs (Boyd & Vozikis, 1994). Similarly, Smith and Woodworth (2012) propose that building social entrepreneurial; self-efficacy should be a crucial element of social entrepreneurship education. The present research proposes self-efficacy as a measure of an individual's belief of whether he or she can generate significant social impact within the context of large, complicated problems.

Social support can be viewed as trust and cooperation through a social network and as an enabling factor in the social entrepreneurial process (Hockerts, 2015; Adesuwa, 2014). Social support relates to visible outcomes such as the "actual and potential resources individuals obtain from knowing others, being part of a social network with them, or merely from being known to them and having a good reputation" (Baron, 2000). The importance of networks for entrepreneurial intentions has been well-documented in the past (Birley, 1986; Davidsson & Honig, 2003) but rare in social entrepreneurial context. It is thus not surprising

that Mair and Noboa (2006) suggest that social support is needed to trigger the formation of behavioral intentions to start new social venture. Within the context of social entrepreneurship, it can thus be assumed that individuals will assess the degree to which they will be backed up and supported in their endeavor by people in their personal network.

Innovativeness is regarded as one of the most important characteristics of entrepreneurs (Ahlin et al., 2014; Athayde, 2009; Phipps & Prieto, 2015; Oktug & Ozden, 2013). Perhaps the most important distinguishing feature between owner/operators of small businesses and an entrepreneurial venture is the notion of innovativeness. The social entrepreneur takes initiative to start a social change and to maintain it by noticing social problems; the social entrepreneur also sets up a formation to satisfy social needs or makes a sustainable innovation in the current enterprise (Cetindamar et al., 2010). Hence, the present study wishes to test innovativeness as part of the entrepreneurial personality of a social entrepreneur.

Perceived entrepreneurial desirability refers to the intention to launch a new venture. Some researchers including Seham et al., (2017), Preeti et al., (2017), Nimalathasan & Achchuthan, (2012), Wang, Lu, & Millington's (2011), Krueger et al., (2000) among others, have recognized the pivotal role played by entrepreneurial desirability. The most commonly held proposition in the literature is that desirability influences actual behaviour (Kostas & Paraskevi, 2017; Boris & Leanne, 2017; Malik, Waheed, & Malik, 2010; Jarvis, 2016). The rationale is that individual's desirability is formed by some internal and external factors and then desirability translates into actual action (Malik et al., 2010). A number of studies demonstrate a positive link between desirability and actual behavior (Brammer et al., 2007; Rego et al., 2010; Stites & Michael 2011; Turker, 2009), however, they mainly investigated

the direct effect of desirability and actual behavior; and didn't explain the process by which this effect occurs. Ignoring possible mediation processes might limit the practical implications of research and leaves the question of causality unaddressed. To address these issues, this study examines the mediating effect of perceived desirability in the relation between the antecedents (determining factors) and social entrepreneurial behavior.

Some previous studies (Mai & Nguyen, 2016; Anh & Harald, 2016; Kautonen, Van & Fink, 2015; Kostas et al., 2016) tried to identify the factors affecting social entrepreneurial intention among the students but intention and actual behavior are not the same thing. This is supported by many studies that stopped at behavioral intention as an endogenous variable (dependent variable) (Newton et al., 2015; Irengun and Arikboga, 2015; Anh & Harald, 2016; Boris & Leanne, 2017) and this had triggered to use intention as mediating variable and actual behavior as a dependent variable. Ajzen (1985) stated that behavioral intention interpreted as an intention to try to perform certain behavior but not necessarily to perform it (actual behavior). Previous studies revealed that though people intend to do something, their intention doesn't always translate into action (Young et al., 2010; Hassan & Nor, 2013; Mun, 2014; Lin et al., 2015). Therefore there exists an intention – behavior gap. For this reason, it is necessary to investigate the actual social entrepreneurial behavior. On the other hand, previous studies mostly followed theory of planned behavior (TPB) for examining social entrepreneurial behavior (Wassim, 2016; Fayolle & Linan, 2014; Kautonen et al., 2015, 2011); but TPB is a rational theory and it is less likely to predict social entrepreneurial behavior using this theory. Social entrepreneurial behavior is directed to philanthropic activities and for doing such types of activities, individuals' emotion and morality are very important issues which have not been considered in TPB.

While a few studies have examined social entrepreneurship in developing countries, such research is lacking for Bangladesh. The few studies done in the country only focused on the case studies on some selected social enterprises (Ullah et al., 2015; Faruk et al., 2016; Islam & Ahmed, 2013; Faruk et al., 2017; Mahiuddin, 2017; Maas et al., 2013). Moreover, previous studies on social entrepreneurial intention have been conducted among the students and some other segments (William, 2017; Wassim et al., 2016; Yazdanpanah & Forouzani, 2015; Alauddin et al., 2014; Almosawir, 2014; Zoric´ n & Hrovatin, 2012; Liang & Chaipoopirutana, 2014; Kanchanapibule, 2013; Zoric´ n & Hrovatin, 2012; Norazah, 2015; Smith & Paladino, 2010; Cen & Chai, 2010). Ullah et al., (2015) found in their study that the most important problems in the development of social entrepreneurship are lack of supports and inadequate motivational training, absences of capacity building program of social entrepreneurship and ineffective campaign program. But, to understand the social behavioral process, it is necessary to get insights from the people who are already involved in the social entrepreneurship. For this reason Zahu et al., (2014); Kanchanapibule (2013); Zoric´ n & Hrovatin, (2012) suggested that future studies should be conducted among the social entrepreneurs who can provide more reliable and valid information regarding the social entrepreneurial behavioral process. Therefore, the present research follows an extensive literature review to extract the key aspects of social entrepreneurs and tests it empirically by collecting primary data to understand and explain the factors related to the behaviors of social entrepreneurs.

### **1.3 Research Questions**

Based on the problem statement outlined above, the following research questions have been developed to achieve the objectives of this study.

RQ1: Is there any significant relationship between empathy and social entrepreneurial behavior?

RQ2: Is there any significant relationship between societal moral obligation and social entrepreneurial behavior?

RQ3: Is there any significant association between self-efficacy and social entrepreneurial behavior?

RQ4: Is there any significant association between social support and social entrepreneurial behavior?

RQ5: Is there any significant association between innovativeness and social entrepreneurial behavior?

RQ6: Is there any mediating effect of perceived desirability on the relationships between the determining factors (empathy, societal moral obligation, self-efficacy, social support and innovation) and social entrepreneurial behavior?

### **1.4 Research Objectives**

To seek answer for the research questions, the following research objectives have been developed.

RO1: To examine the relationship between empathy and social entrepreneurial behavior.

RO2: To examine the relationship between societal moral obligation and social entrepreneurial behavior.

RO3: To investigate the relationship between self-efficacy and social entrepreneurial behavior.

RO4: To investigate the relationship between social support and social entrepreneurial behavior.

RO5: To examine the relationship between innovativeness and social entrepreneurial behavior.

RO6: To investigate whether perceived desirability mediates the relationships between the determining factors (empathy, societal moral obligation, self-efficacy, social support and innovation) and social entrepreneurial behavior.

### **1.5 Significance of the Study**

The value of this study lies in exposing the underlying factors that cause social entrepreneurial behavior. Such insight is needed if researchers are to gain a more comprehensive understanding of “how social entrepreneurial knowledge structures develop (Shook et al., 2003). Besides contributing to academic understanding, the findings of this research have implications for practitioners. This research contributes to our understanding of the cognitive processes leading to social entrepreneurial behavior. The outcome of this study can guide educators, managers, and policy makers in their efforts to promote social entrepreneurial activities with a view to meeting unmet socio-economic needs of the poverty stricken people. Policy-makers and foundations interested in increasing the number of social

enterprises can use the measures from this study to better evaluate the effectiveness of their interventions.

Mair and Noboa (2006), in their article proposed a model for describing the formation of social entrepreneurial intentions. This work is the next step in this process resulting in two central contributions. First, using data obtained from a survey of people who have already been social entrepreneurs gives more valid predictors of social entrepreneurial behavior along with validating measures of empathy, moral obligation, self-efficacy, innovativeness, desirability and social support. Second, on the basis of the findings, the research work proposes a framework of social entrepreneurial behavior which may enrich the literature on social entrepreneurship. Thus, this study extends the Mair and Noboa's (2006) work by adding innovativeness as a new determinant of social entrepreneurial behavior; and testing perceived desirability as mediator in relation to SEB.

In addition to its theoretical contribution, the study's propositions pertaining to the rationality of social enterprise have important practical implications for a variety of stakeholders in the social enterprise ecosystem. The study establishes the importance of some distinctive factors influencing social entrepreneurial behavior. It is evident in this study that social entrepreneurs are driven by their idiosyncratic, multidimensional mosaics of personal values and formal rationalities, which causes them to prioritize multiple types of goals, decisions and behaviors. The framework presented in this study demonstrates how social entrepreneurial behavior occurs. By providing a conceptual model for social entrepreneurial behavior, this research work has contributed to the field of social entrepreneurship and related academic literature that might help open the door for future researchers in understanding and developing this emerging field of study. The study emphasized on

constructing a number of testable propositions designed to advance the understanding of the relationships among variables central to social entrepreneurial behaviour. It is expected that future researchers will take more initiatives to explore and test these ideas for the advancement of this field. The model makes a contribution to practice because it explains some of the underlying factors that motivate individuals towards social entrepreneurial behaviors. For example, it is commonplace that people may not perceive that they possess the capabilities and skills required to launch new ventures, manage or acquire financial supports, or succeed in doing business. Therefore, institutions or authorities concerned with solving social problems, may disseminate the knowledge generated from this work regarding social entrepreneurial attributes to increase their skills and abilities.

The present study also bears a methodological contribution from different perspectives. First, the SEB scale has been developed through the items of empathy, moral obligation, self-efficacy, innovativeness, perceived desirability and social support from this study that will be valuable tools by which future researchers will examine SEB. Therefore, researchers in the SE area will have an assist to identify the significant factors influencing SEB by using a valid SEB scale. Hence, this study contributes methodologically by empirically validating the adapted measures in the context of SEB.

## **1.6 Definition of Key Terms**

**Social Entrepreneurship:** Social entrepreneurship involves activities directed to solve complex social problems that a society is facing (Germak & Singh, 2010).

**Social Entrepreneurs:** Individuals having innovative thinking and motivated to apply innovative approaches to organize resources for satisfying the needs of the poor people in the society (Thompson et al., 2000).

**Social Entrepreneurial Behavior:** Social entrepreneurial behavior refers to a special kind of act that is directed to solving unmet social problems. It involves special kind of activities performed by social enterprises or individuals that generate value and make significant changes in the sector, community, and/or industry through the combination of innovation, risk-taking, and proactiveness (Helm, 2007).

**Empathy:** It has been identified as a characteristic of social entrepreneurs by a number of authors and it describes a person's tendency to emotionally respond to another being's mental state (Dees, 2012; Groch et al., 2012; London, 2010; Mort et al., 2003; Wood, 2012).

**Societal Moral obligation:** It describes the extent to which a person feels a sense of responsibility to act in line with the social norms of her or his societal peers when faced with an ethical challenge (Beck and Ajzen, 1991; Gorsuch and Ortberg, 1983).

**Self-efficacy:** It describes an individual's perceptions of ability to perform a desired action (Bandura, 1977).

**Social Support:** It means the degree to which social entrepreneurs will be backed up and supported in their endeavor by people in their personal network (Zahra, Newey & Li, 2014).

**Innovativeness:** It refers to the ability of an individual to explore new ideas and think creatively to solve complex problems in unique and innovative ways (Burns, 2012).

**Perceived Entrepreneurial Desirability:** Perceived Entrepreneurial desirability is the desire to start a new venture (Anh et al., 2016).

### **1.7 Scope of the Study**

The present study focuses on investigating the factors influencing social entrepreneurial behavior and thus develops a model of social entrepreneurial behavior. It collected data from the individuals who have already been involved in social entrepreneurship to solve some problems faced by the poor people of the society. For the purpose of the study, data were collected from the social entrepreneurs who are involved in providing funds for poverty reduction, healthcare and educational activities for the poor people in Bangladesh.

### **1.8 Organization of the Thesis**

To achieve the research objectives outlined above, the whole report is presented in five chapters or sections. The first chapter presents the research background, problem statement, the main research questions and research objectives. This chapter also includes the contribution of this study in short along with the scope of the study while it ends with defining the key terms. The second chapter is all about literature review which critically

analyzes the meaning, origin, scopes, processes and theoretical underpinning of social entrepreneurship development. Then, the determinants of social entrepreneurial behavior have been extracted for the development of the theoretical framework for the current research and finally the research framework is developed in this chapter followed by hypotheses development. The third chapter is all about the research methodology. This chapter includes the research design, approach, items development, sampling and population, data collection methods and data analysis tool chosen for this study. Then chapter four represents the data analysis findings and chapter five is on the discussion, implications and conclusion of this study.

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## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter discusses the concept of social entrepreneurship, its origin and the factors caused the development of social entrepreneurship. The discussion is derived from past literature review consisting of qualitative and quantitative studies. It also includes identification of the factors influencing social entrepreneurial behavior. The theoretical underpinning related to social entrepreneurial behavior is also covered in this chapter.

### **2.2 Defining Social Entrepreneurship**

Social entrepreneurship is a special kind of venture initiated by individuals, community, voluntary and public organizations, as well as private firms that are working hard for solving societal problems. A group of philanthropic businessmen and industrialists first initiated the term in the eighteenth and nineteenth centuries by showing their concern for the welfare of employees by improving their working, education and cultural lives (Sascha et al., 2017; Ullah et al., 2015). After that people embraced social entrepreneurship as a mean for community development, providing education, donating to churches or charities and building the not-for-profit sector and voluntary organizations for solving unmet social problems. Though social entrepreneurship has expanded globally, this sector sometimes suffers from structural and managerial dilemmas within state run social services. In spite of having some problems, social enterprises have been able to contribute significantly in the development of socially marginalized people. For this reason, it has been

recognized as an essential force for the development of society and delivery of novel ways to solve social problems. Though social entrepreneurship can't run without focusing on capital, it utilizes the capital resources for a social mission and emphasizes on social benefit (Crucke & Decramer, 2016; Katzenstein & Barbara, 2011).

The activities of social entrepreneurship revolve around social impacts such as work integration (Vidal, 2005) alleviation of poverty (Seelos & Mair, 2004) and sometimes taking necessary measures for the protection of environmental resources. Social entrepreneurship can include social innovation activities aimed at creating market disequilibria which eventually lead to a transformation of markets (Hockerts, 2010) for the benefit of a specified group of marginalized people. Hence the goal of social entrepreneurs is to come up with effective solutions for the societal problems and achieve social and/or ecological change for development (Keohane, 2013). While this suggests that social enterprises may have much in common with profit-orientated small enterprises, their commitment to achieving specific social aims and their adoption of "social ownership" structures implies that the process of entrepreneurship may be motivated by different factors and organized in structures which challenge and question the position, ownership and authority of a lead entrepreneur (Lumpkin, 2013; Jonsson, 2014).

Austin, Stevenson & Wei-Skillen, (2006) claim that social entrepreneurship should involve the identification, assessment as well as the exploitation of opportunities and demonstrate "risk-tolerance, innovativeness and pro-activeness, common to traditional entrepreneurship but does so in the social areas" (Peredo & McLean, 2006). Particularly, the main principle of social entrepreneurship is to apply business knowledge and entrepreneurial principles to solve serious difficulties facing a society in terms of economic, social and

environmental problems (Jennie, 2015; Mahesh & Ashok, 2013). Hence, social entrepreneurs have differentiated themselves from conventional entrepreneurs by getting concerned with meeting the needs of deprived communities of the society (Newbert, 2003; Thompson, 2002) rather than the commercial needs (Roberts & Woods, 2005).

Researchers are focusing on the definitional and theoretical issues of social entrepreneurship (Bernardino, Santos & Ribeiro, 2015; Juliane & Julia, 2014; Shaw & de Bruin, 2013; Choi & Majumdar, 2013; Harris, Certo & Miller, 2008). However, it has been noticed that there exists a paucity of empirical researches (albeit Boluk 2011a, Weerawardena & Sullivan Mort, 2006; Sharir & Lerner, 2006) investigating the motives behind creating a social entrepreneurship. With this end in mind, Mair & Marti (2006) suggested that more research works should be undertaken to establish social entrepreneurship as a separate entity, clarify the definition accordingly, and also generate better understanding of the motivations required to influence people in getting involved in those activities directed to social change. Earlier Kuratko et al., (1997) raised the issue of figuring out the factors motivating individuals to be an entrepreneur, to start a new venture, their personality traits and so on. On the other hand, Short, Moss and Lumpkin's (2009) work scrutinized the previous contributions and future opportunities of social entrepreneurship; and they highlighted that social entrepreneurship research is a globally important issue but still there is scope for improvement. However, researchers have not presented and tested a coherent framework combining values, attitudes, and behavior in entrepreneurship theory (2016). On the other hand, Milfont et al., (2010) suggested that the relationships between values, attitudes, and behavior are one of the most researched frameworks in the social psychology

and globally researchers have agreed that values indirectly influence behavior through attitudes (Defever et al., 2011; Uy, 2011).

Social entrepreneurs have the prospects to effectively address and potentially solve lots of societal problems that government or other public sectors are unable to solve due to lack of resources or other constraints (Jennie, 2015). Such problems may be found in the healthcare, education, energy, housing or other sectors. Present and future social entrepreneurs are there to come up with novel ideas to take the challenge and utilize their resources to identify opportunities and mobilize others to take collective efforts for solving the problems (Miller, Grimes, McMullen & Vogus, 2012). Since social entrepreneurs sometimes work in an environment where resource-constraint is a general phenomenon, they are usually compelled to apply creative approaches to gather resources and utilize those resources in innovative ways for addressing the challenges.

For meeting social challenges, social entrepreneurship has been proved to be an effective mechanism to some extent. As an academic discipline, social entrepreneurship has gained prominence only within the last decade (Bornstein & Davis, 2010). With the passage of time society's problems are getting complex which necessitates social organizations to adopt and adjust their strategies to meet the challenges. However, more extensive researches are required to define the discipline precisely to understand the essence of the processes and motivations through which social entrepreneurs are grown (Boluk & Mottiar, 2014; Roberts & Woods, 2015).