

# Understanding Social Entrepreneurship Intention during Corona Outbreak

Johan Gunawan<sup>1</sup>, Kartika Nuringsih<sup>1\*</sup>

<sup>1</sup>Faculty of Economics & Business of Universitas Tarumanagara, Jakarta

\*Corresponding author. Email: kartikan@fe.untar.ac.id

## ABSTRACT

As an effort to understand student intention in social entrepreneurship (SE), the purpose of this study investigates the impact of empathy, moral obligation, and experience toward intention in SE. It employs 100 respondents from students in the management program at Universitas Tarumanagara to recognize the impact of empathy and moral obligation in shaping entrepreneurial intentions aligning with the pandemic of Covid-19 that is increasingly destroying aspects of sustainability. In addition, this study wants to know the students' perceptions of their experiences in the formation of these intentions. The result shows these variables are significant at the 5% level and positively impact the formation of intentions. It is relevant to the theory of planned behavior so that to understand the intention, it is carried out through social support mechanisms. The finding of the study suggests collaborating with stakeholders to improve experience and encourage a sense of social wisdom among students. It will form a chain of concern and togetherness between stakeholders and aspiring entrepreneurs so that they can build a mindset towards social values and then realized them through humanist business innovation and wisdom with the environment. Thus, long-term commitments in this aspect will contribute to creating the entrepreneurial ecosystem in Indonesia.

**Keywords:** *Empathy, Experience, Intention, Moral Obligation, Social Entrepreneurship*

## 1. INTRODUCTION

Entrepreneurship is an engine driving the rate of economic growth. If there is no involvement of the entrepreneurial sector, there will certainly be limited productivity, innovation will not run quickly, and create few new jobs. Hence, Entrepreneurship growth is encouraged from the local level to contribute at the national level in the form of national income. Thus, an entrepreneurial ecosystem is needed to encourage public interest in entrepreneurship. The performance of in preparing the entrepreneurial ecosystem is reflected in the Global Entrepreneurship Development Index so that orientation on a national scale one of which leads to this index.

For Indonesia, this index tends to increase over the last 5 years where the value in 2015 was 21, then in 2019 it became 26 or ranked 75th out of 137 countries [1] while the value is equivalent to Vietnam and Argentina which are above it. This ranking increased sharply after previously in 2018 in the number 94. At the ASEAN level, Indonesia's ranking is still below Thailand, Brunei Darussalam, Malaysia, or Singapore, however this performance must be appreciated through entrepreneurship learning.

In line with economic development, the orientation of development is not only economic growth but must focus on sustainability issues so that the target is not limited to achieving economic indicators but it must be in line with environmental performance and human development. Thus,

entrepreneurial orientation must refer to sustainability so that the role of entrepreneurs is not limited to achieving profit but respect with humanism and environmental care. This implementation is developed into sustainable entrepreneurship [2],[3],[4], although the process is carried out in stages through eco-friendly entrepreneurship or social entrepreneurship tailored to their entrepreneurial passion. Efforts to encourage entrepreneurial activities must be balanced with sustainability knowledge to create candidate entrepreneurs who are smart and innovative but always have wisdom with the environment and are humane with others. This is in line with the global trend in development innovation to address humanity's problems [5].

Nowadays, shows that the global community is facing an outbreak caused by the corona virus. Since appearing at the end of 2019 in Wuhan, until now has rapidly developed into a deadly pandemic that has attacked most countries in Asia, Africa, America, and Europe which affect the trend of business and social [6]. The impact occurs globally resulting in instability of social and economic conditions so many countries face the same problem, even drastically affecting life because of the social restrictions imposed by the government causing various business activities to falter. This means that social problems have not been resolved since last year so that it requires the concern of many parties to overcome including social entrepreneurs.

The Covid-19 pandemic is increasingly widespread with a very massive and fast spread. This second wave is certain that people will lose their jobs, have no income and face grief so that all of them have an impact on a heavy level of

mental stress. The social and health crisis is happening globally. The conditions should grow the humanist side of entrepreneurship to be care with human beings.

Study of [7] proved that social value grows along with student interest in entrepreneurship during the Covid-19 pandemic in Portugal. Likewise, [8] noted the growth of moral bonds and formed self-confidence in students so that propensity for social entrepreneurship was formed during the pandemic. By modeling, [9] improved to encourage intentions on SE through theory of planned behavior. Social problems that arise due to the pandemic are expected to touch the conscience of prospective entrepreneurs so that they become a challenge in building their interest in entrepreneurship. Along with the outbreak, this study develops a model to understand how students' intentions are formed by the presence of these social issues.

In the development of entrepreneurship, one model that focuses on creating social value is social entrepreneurship (SE). According to [10] said that SE combines economic and social values with a mission to solve social problems. The creation of social value is achieved by prioritizing organizational sustainability to pursue and achieve the mission of these social values. Long before, study of [11] emphasized that social entrepreneur is a type of entrepreneur with the following specific characteristics: (1) as a change agent with a mission not only to focus on one personal value but social value, (2) being able to recognize opportunities based on that mission. , (3) use innovation, adaptation, and continuous learning in the opportunity recognition process, and (4) act boldly and responsibly.

In practice, it is not easy to apply the criteria above, so it is necessary to understand the factors that influence interest in SE, including [12],[13],[14],[15],[16]. Therefore, in line with the pandemic situation, the role of social entrepreneurs is needed to contribute to overcoming the crucial conditions being faced by the community.

In line with the pre-pandemic study and considering the SE intention study with a pandemic background [7],[8],[9] a study was conducted on student intentions on social entrepreneurship by emphasizing empathy, moral obligation, and experience to analyze their contribution to the formation of intentions among entrepreneurial students. The first two factors are related to psychological aspects while experience is related to individual factors in the development of insight, knowledge, and skills. Empathy refers to studies e.g.,[12],[13],[14] with a pre-pandemic background, while [8] study with the first wave of a pandemic as a background. Furthermore, Moral obligation and experience refer to the study of [13],[14] before the pandemic while [8] during the first pandemic in 2020. With framed by the conditions that are increasingly touching the conscience, the research question emphasizes whether empathy, moral obligation, and experience have an impact to the intentions of entrepreneurial students towards SE.

Therefore, the study is done to understand the role of empathy, moral obligation, and experience in encouraging the intention in SE among students. Moreover, it is a goal to analyze the impact of each other of variables toward student intention in SE. Empathy is a form of feeling and behavior when seeing and imagining problems faced by others, while

moral bonds are a sense of responsibility that a person has for social problems. Both are used as factors in understanding students' intentions. Meanwhile, experience is used as a mechanism for developing entrepreneurship learning in supporting community-based social skills and activities. Hence, the significance of the three variables is proven through hypothesis testing. In the end, the benefit of this study is that through the research model, it is hoped that it contribute to the institution in enriching the knowledge and insight of students in learning entrepreneurship, especially social entrepreneurship.

## 2. METHOD

The research method consists of some stages as follows. Firstly, the population in this study are students in Faculty of Economics and Business, Tarumanagara University, while the sample selection is done by non-probability sampling method. Respondents in this study were students of the Management program, Faculty of Economics & Business. The time of data collection is May-June 2021 where this period coincides with an increase in the effect of the pandemic in Indonesia. Based on the answers of 100 respondents, it was used for data processing where respondents came from Greater Jakarta and various cities in East Java, West Java, and Sumatra Island.

Secondly, instrument development based on previous studies with a total of 10 indicators. The social entrepreneurial intention (SEI) instrument was developed by [13],[16],[8] with three indicators. Likewise, empathy (E) develops indicators in [13],[16] with 3 items as indicators while experience (EX) is developed from [17],[8] involving two indicators. Finally, moral obligation (MO) was developed through [13],[14],[16],[8] with three indicators. All indicators are formulated into a questionnaire and then distributed via a google form. They were asked to fill in according to their respective choices between number 1 (strongly disagree) to number 5 (strongly agree). Validity and reliability testing is used to ensure the quality of the data provided by the respondents. The validity test uses the outer loading value while the reliability refers to composite reliability and Cronbach Alpha. These results will be described in the next section.

Thirdly, the process of data analysis using quantitative and descriptive approaches. Smart-PLS is used to identify reliability and validity in the inner and outer models. Three hypotheses were tested with a significance level of 5% in the one-tailed t-test. The three formulations of the hypothesis are: (1) **H1**: Empathy has a positive influence on social entrepreneurial intentions. (2) **H2**: Moral obligation has a positive influence on social entrepreneurial intentions. (3) **H3**: Experience has a positive influence on social entrepreneurial intentions. Lastly, the results of this study serve as suggestions for entrepreneurship learning programs, especially in enriching students' knowledge and experience related to social values so that they are more motivated and interested in implementing social aspects in their entrepreneurial activities.

### 3. RESULT AND DISCUSSION

Based on 100 respondents obtained the following profile of respondents. Female respondents are 46% while 54% are male respondents. Coincidentally, this study involves an almost equal proportion of samples between female and male students. However, this is not necessarily the case in the entire population. Among the respondents as many as 68% concentrate on entrepreneurship while the rest are spread into several concentrations including 12% marketing management, 9% financial management, and 11% HR management. The proportion of the highest concentration of entrepreneurship is in line with the commitment as an entrepreneurial university. The next profile is related to the proportions between respondents who have never done social action and respondents who take part in social actions e.g., social services, social campaigns, providing counseling to children, and other social activities coordinated by student institutions.

The results of the validity test show that the majority of indicators have an outer loading value above 0.80 so it can be stated that these indicators are very valid in measuring the constructs of empathy, moral obligation, experience, and social entrepreneurial intention. **Figure 1** shows the one indicator of social entrepreneurial intention (SEI3) resulting in outer loading 0.446 but it is still maintained as an indicator because this value is greater than crosswise with the other three constructs. This can be seen through **Figure 2** where the value of the t-test on the SEI3 indicator is 2.756, which means it is still over than the value of 1.96.

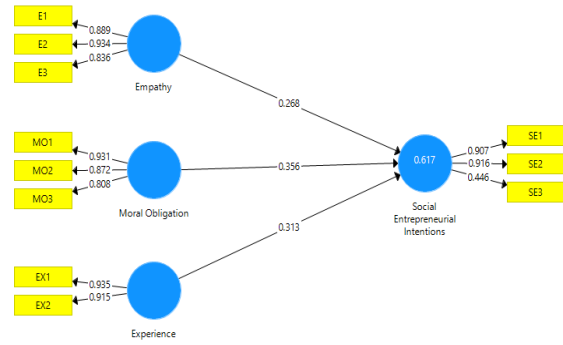


Figure 1 Algorithm Results

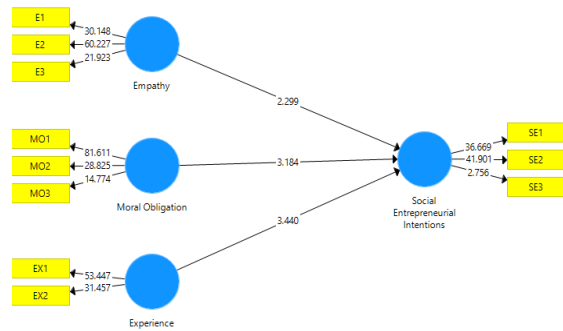


Figure 2 Bootstrapping Results

The overall results of the validity test can be seen in the inner model section in **Figure 1** while the t-statistical significance is shown in **Figure 2**.

Table 1. Validity and Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	AVE
Empathy	0.864	0.917	0.787
Moral Obligation	0.832	0.922	0.760
Experience	0.843	0.904	0.856
Social Entrepreneurial Intention	0.669	0.819	0.620

Table 2. Result of Path Coefficient

Path	Original Sample	T-statistics	P-values	Hypothesis
Empathy → Social Entrepreneurial Intention	<b>0.268</b>	2.157	0.032*	<b>H1</b> Accepted
Moral Obligation → Social Entrepreneurial Intention	<b>0.313</b>	3.201	0.001*	<b>H2</b> Accepted
Experience → Social Entrepreneurial Intention	<b>0.356</b>	3.000	0.003*	<b>H3</b> Accepted
R <sup>2</sup> = 0.617; R <sup>2</sup> = adj. 0.605		Q <sup>2</sup> = 0.353; Goodness of fit = 0,465		
Sign * significant at 5% (p-value < 5% or t-value > 1.96) in one tailed t test.				

**Table 1** shows the results of the reliability test showing the Cronbach's Alpha value above 0.60 while composite reliability is also above 0.70 so that the data reaches the level of reliability. These results are in line with the criteria in [18]. Furthermore, the acquisition of the Average Variance Extracted (AVE) value is above 0.50 so that the four constructs or variables are declared convergently valid. Thus, all instruments are declared valid and reliable at the indicator and construct levels.

**Table 2** shows all the t-statistic values above 1.96 while the p-values are less than 5%. Thus the analysis path tested through H1 – H3 is accepted at the 5% level. For this reason, the empathy possessed by respondents has a positive and significant influence on their intentions on social entrepreneurship. Thus the feeling of moral responsibility and experience are also very significant in forming an interest in social entrepreneurship. The research model can contribute 0.617 so that 61.70% interest in social entrepreneurship in the student segment is formed by these three variables while 38.30% is influenced by other factors outside this model. Furthermore, the Q<sup>2</sup> value of 0.353 indicates that the three independent variables have a strong

influence on social entrepreneurial intention, but there are other variables outside the model that also affect SE intentions. Finally, the goodness of fit value of 0.465 or above 0.36 indicates that all variables have a good level of influence and are interrelated.

**Table 2-3** is used to calculate the contribution of the three constructs to social entrepreneurial intention. Calculation by multiplying the value of the original sample in Table 2 by the coefficient in Table 3 with the following calculation. (1) Empathy contributes 17.39% (0.268\*0.649) so that if empathy is grown among students, social entrepreneurial intention can increase by 17.39%. (2) Moral Obligation contributes 21.91% (0.313\*0.700) so that if moral responsibility is also grown among students, social entrepreneurial intention tends to increase by 21.91%, and (3) Experience contributes 22.04% (0.356\*0.619) so that if the experience is increased, the social entrepreneurial intention will increase by 22.04%. Thus the total contribution of the three variables is 61.34% or close to R<sup>2</sup> (61.70%) where the largest contributor is Experience, then moral obligation while the smallest contributor is empathy.

**Table 3. Value of Fornell-Larcker Criterion**

Construct	Empathy	Moral Obligation	Experience	Social Entrep. Intention
Empathy	0.887	-	-	-
Moral Obligation	0.672	0.872	-	-
Experience	0.450	0.521	0.925	-
Social Entrep. Intention	<b>0.649</b>	<b>0.700</b>	<b>0.619</b>	0.788

**DISCUSSION**

When compared with similar studies in the pre-pandemic of Covid-19, the results of this study are by the patterns of relationships in previous studies. For example, the effect of empathy and experience is in line with the results of [16] which involved 270 students from business schools in the Philippines as respondents. Meanwhile, the influence of moral obligation has not shown a significant effect.

Further, the study [13] involved student respondents from the Master of Science in Management at a Scandinavian Business School program. The study proves that in a large sample size (N=2790) empathy and experience are significant to SE intentions while experience is not significant. On the other hand, when using a smaller sample (N=327), it is an experience that has a significant effect on social entrepreneurial intention. This shows that when involving a large number of samples will form a large variation in student experience so that the impact is not strong on these intentions.

Likewise, the study of [12] employed a sample of 257 students from four universities in Malaysia. The results prove that the presence of empathy has an indirect effect but forms the perceived feasibility and then has a significant effect on intention. This shows the need for a mediating

effect to build empathy links to students' intentions on SE. The three studies serve as benchmarks in model development in long before the corona outbreak.

The results of this study also show a different effect from previous studies, especially [8]. The mechanism for encouraging intention to SE is carried out through self-efficacy where the growth of empathy, moral obligation, and experience does not have a direct effect on interest. All three do not directly form interest so that confidence is needed to foster or ensure interest in SE. However, the results of the study actually showed a significant direct effect on empathy, moral obligation, and experience on the social entrepreneurial intention with an R<sup>2</sup> of 61.70% while the previous study [8] only formed an R<sup>2</sup> of 42.5% even though it involved a mediating variable, namely self-employment. efficacy and another predictor, namely social support. Therefore, reflecting on the prior study, an important aspect that immediately needs to be encouraged in entrepreneurship learning is to present and realize the formation of social support. This mechanism will contribute to providing experiences to students. This is in line with the evidence from research that experience has the greatest contribution in shaping student interest in SE.

The empathy and moral obligation are as a series of psychological aspects so that in a pandemic situation both

able to touch attitudes towards SE to form an interest in SE. Moreover, Indonesian people tend to have a collectivist culture so that the majority have a high sense of empathy and moral obligation to others. Likewise, the experience can form behavioral control over SE activities so that they become interested in entrepreneurial activities that are oriented towards social values. Social support mechanisms are not only attached to SE but are needed in building interest in entrepreneurship in general. This is evidenced through the modeling of the theory of planned behavior by [19] that there are three antecedents of forming intentions, namely: attitude, social norms, and perceived behavior control. The one of this antecedents is social norms which is indispensable in fostering interest among students in the entrepreneurship activities.

Social support is the support of the closest environment e.g., family, schools, universities to the involvement of stakeholders who support SE activities. To understand students' intentions in SE, this support is needed. Social support is a form of social norms that will support the intention. In [8] it is stated that "perceived social support is a form of support for social ventures, including social capital. This capital can be obtained by socio entrepreneurs through social networking, personal relationships, and maintaining the trust and a good reputation". To support the formation of student intentions, it is built through the involvement of stakeholders or philanthropists who have a passion for SE. The epidemic may not end soon so that stakeholder collaboration plays a role in forming a strong and sustainable entrepreneurial character to accompany entrepreneurial activity among students.

The British Council & UNESCAP, noted in Indonesia over 75% of social enterprises are dominated by young leaders [20]. It shows that young adults already have passion, so what is needed is to realize support for this segment. Align with sustainable development, the orientation of education is not limited to the economic value as the basis for creating a competitive advantage, however improving design thinking on the social value as a unity of purpose in business activities. Agreeing with [21] that the social entrepreneur tends to prioritize the social value higher than the economic. It is relevant to sustainability so that it will be a contributor to institutional education toward achieving the goals of sustainable development in 2030

The three variables in this study have a significant influence on student interest in social entrepreneurship so that the role of the education sector sharpens the social value aspect in entrepreneurship learning. Especially in the increasingly severe pandemic conditions, empathy and moral obligation are important assets that must be maintained and grown in prospective entrepreneurs so that in addition to being smart in innovating, they are also humanist and wise in facing changes in the global environment.

#### 4. CONCLUSION

The study show empathy, moral obligation, and experience influence on social entrepreneurial intentions with a significance level of 5%. Entrepreneurship education activities continue to run even though they are faced with the risks of human life. In line with the social and health crisis that occurred due to the second wave of the Covid-19 outbreak, the psychological aspect and the perception of experience were very strong in forming an interest in SE. Therefore, as an effort to encourage intention to become behavior, stakeholder involvement is needed as the realization of social support for prospective entrepreneurs, for example through social networking mechanisms.

It is hoped that a chain of concern and togetherness will be formed between stakeholders and potential entrepreneurs to build a mindset towards social values among students and then realize it through humanist business innovation and wisdom with the environment. The results of this study may be used as additional information in entrepreneurship learning to form harmony between economic goals and social values in building startups.

However, this study has limitations because it involves a limited number of respondents so that further research can develop a wider sample size with a range of student populations at several universities in Jakarta. Thus, general problems can be described in conducting entrepreneurship education related to SE and enabling embracing stakeholders in the development of sustainability-based entrepreneurial learning.

The long-term commitment of all stakeholders will contribute positively to the entrepreneurial ecosystem in Indonesia, thereby increasing the index in global entrepreneurship development as well as encouraging social values in the entrepreneurship sector and micro, small, and medium enterprises (MSMEs).

#### ACKNOWLEDGMENT

The authors would like to thank the LPPM at Universitas Tarumanagara for supporting the final project through the SPK contract No: 841-Int-KLPPM/Untar/V/2021

#### REFERENCES

- [1]Ács, Z.J., Szerb, L., Lafuente, E., & Márkus, G. (2019). The Global Entrepreneurship Index, the Global Entrepreneurship and Development Institute, Washington, D.C., USA. DOI: 10.13140/RG.2.2.17692.64641.
- [2]Koe, W.-L., Omar, R., & Majid, I. A. (2014). Factors Associated with Propensity for Sustainable Entrepreneurship. *Procedia-Social and Behavioral Sciences*, 130, 65–74. <https://doi.org/10.1016/j.sbspro.2014.04.009>.

- [3]Koe, W.-L., Omar, R., & Sa'ari, J. R. (2015). Factors Influencing Propensity to Sustainable Entrepreneurship of SMEs in Malaysia. *Procedia - Social and Behavioral Sciences*, 172, 570–577. <https://doi.org/10.1016/j.sbspro.2015.01.404>
- [4]Nuringsih, K., Nuryasman, M.N., Prasodjo, I., & Amelinda, R. (2019). Sustainable entrepreneurial intention: the perceived of triple bottom line among female students, *Jurnal Manajemen*, Volume XXIII, No. 02, June, 168-190. DOI:<http://dx.doi.org/10.24912/jm.v23i2.472>
- [5]Bespalyy, S., Dontsov, S., & Makenov, C. (2021). Analysis of the Development of Social Entrepreneurship in Kazakhstan, *Academy of Entrepreneurship Journal*, Vol. 27, Issue 3, pp: 1-7.
- [6]Yeganeh, H. (2021). Emerging social and business trends associated with the Covid-19 pandemic. *Critical perspectives on international business*. Feb., pp: 1-23. DOI 10.1108/cpoib-05-2020-0066.
- [7]Lopes, J.M., Gomes, S., Santos, T., Oliveira, M., & Oliveira, J. (2021). Entrepreneurial Intention before and during COVID-19—A Case Study on Portuguese University Students, *Educ. Sci.*, 11, 273. Pp: 1-17. <https://doi.org/10.3390/educsci11060273>
- [8]Nuringsih, K., Nuryasman, M.N., & Amelinda, R. (2020). The Propensity for Social Entrepreneurship during the Coronavirus Outbreak, *Jurnal Manajemen*/Volume XXIV, No. 02, June 2020: 174-193 DOI: <http://dx.doi.org/10.24912/jm.v24i1.615>.
- [9]Wahid, S.D.M., Noor, A.A.M., Fareed, M., Hussain, W.H.H.W., & Ayob, A.A. (2021). Enriching student's social entrepreneurship intention: A measurement model, *Academy of Entrepreneurship Journal*, Vol. 7, Issue 4, pp: 1-13.
- [10]Dacin, M. T., Dacin, P. A., & Tracey, P. (2011). Social Entrepreneurship: A Critique and Future Directions. *Organization Science*, 22(5), 1203–1213. <https://doi.org/10.1287/orsc.1100.0620>.
- [11]Dees, J. G. (1998). *The Meaning of Social Entrepreneurship*. Kansas. Retrieved from <https://community-wealth.org/content/meaning-social-entrepreneurship>.
- [12]Ayob, N., Yap, C. S., Sapuan, D. A., & Rashid, M. Z. A. (2013). Social Entrepreneurial Intention among Business Undergraduates: An Emerging Economy Perspective. *Gadjah Mada International Journal of Business*, 15(3), 249–267. <https://doi.org/10.22146/gamaijb.5470>.
- [13]Hockerts, K. (2017). Determinants of Social Entrepreneurial Intentions. *Entrepreneurship Theory and Practice*, 41(1), 105–130. <https://doi.org/10.1111/etap.12171>.
- [14]Ip, C. Y., Wu, S.-C., Liu, H.-C., & Liang, C. (2017). Revisiting the Antecedents of Social Entrepreneurial Intentions in Hong Kong. *International Journal of Educational Psychology*, 6(3), 301–323. <https://doi.org/10.17583/ijep.2017.2835>.
- [15]Chinchilla, A., & Garcia, M. (2017). Social Entrepreneurship Intention: Mindfulness Towards a Duality of Objectives. *Humanistic Management Journal*, 1, 205–214. <https://doi.org/10.1007/s41463-016-0013-3>.
- [16]Aure, P. A. P. (2018). Exploring the Social Entrepreneurial Intentions of Senior High School and College Students in a Philippine University: A PLS-SEM Approach. *Journal of Legal, Ethical and Regulatory Issues*, 21(2), 1–11.
- [17]Shumate, M., Atouba, Y., Cooper, K. R., & Pilny, A. (2014). Two Paths Diverged: Examining the Antecedents to Social Entrepreneurship. *Management Communication Quarterly*, 28(3), 404–421. <https://doi.org/10.1177/0893318914538561>.
- [18]Henseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The Use of Partial Least Squares Path Modeling in International Marketing. In *New Challenges to International Marketing Advances in International Marketing* (Vol. 20, pp. 277–319). Emerald Group Publishing Limited. [https://doi.org/10.1108/S1474-7979\(2009\)0000020014](https://doi.org/10.1108/S1474-7979(2009)0000020014).
- [19]Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50, 179–211.
- [20]British Council, and UNESCAP. (2018). *Developing an Inclusive and Creative Economy: The State of Social Enterprise in Indonesia*. Jakarta: British Council Indonesia.
- [21]Mair, J., & Noboa, E. (2006). Social Entrepreneurship: How Intentions to Create a Social Venture are formed. In J. Mair, J. Robinson, & K. Hockerts (Eds.), *Social Entrepreneurship* (pp. 121–135). London: Palgrave Macmillan UK. [https://doi.org/10.1057/9780230625655\\_8](https://doi.org/10.1057/9780230625655_8)