FACTORS INFLUENCING INTENTION OF INDIVIDUALS TO CONTRIBUTE IN SOCIAL ENTERPRISE

Mohd Alif Izwan Zainudin  
m.alifizwan@gmail.com  
School of Business Management  
International College of Yayasan Melaka

Nurul Husna Mohd Rusli  
cennarusly@gmail.com  
Arshad Ayub Graduate Business School  
Universiti Teknologi Mara (UITM Shah Alam)

Muhammad Hilmi Mat Johar  
hilmi@kuim.edu.my  
Faculty of Islamic Knowledge  
University College of Islam Melaka

Abstract
Social enterprise plays a significant role in the society as it continuously delivers social value to the society. Although considerable attention has been dedicated to the importance of sustainability in social enterprise domain, the literature revealed the lack of empirical evidence pertaining key factors of social enterprise sustainability, thus provides a strong ground for this study. According to Islamic beliefs every Muslim have to create benefit to others therefore every activities that they made has to be carrying great weight to their self and society. Hence, one of the way to helps other is through charity or donation. Charitable giving is one of the major obligations Islam and strong Muslim endorses giving to the needy, but discourage public displays of giving. Therefore, this study investigate the determinants of individual’s contribution towards social enterprise. The Theory of Planned Behavior by Ajzen (1991) and other two variable which are empathy and moral obligation is adopted in this study to capture how each of these factors above will influence the behavioral intention of individuals. In this study, 384 questionnaires are distributed to individuals in Kelantan. Regression analysis is conducted in order to identify relationship between independent and dependent variables. The findings of this study shows the attitude, subjective norm and perceived behavioral control have significant with the intention to contribute in social enterprise. However, empathy and moral obligation have non-significant relationship with intention to contribute in social enterprise. This research will help practitioners to understand how intention to contribute in social enterprise can be further improved.

Keywords: Social enterprise, intention, contribution

FAKTOR-FAKTOR YANG MEMPENGARUHI INDIVIDU UNTUK MENYUMBANG KEPADA PERUSAHAAN SOSIAL

Abstrak
Perusahaan sosial memainkan peranan penting dalam masyarakat kerana ia secara berterusan memberikan nilai sosial kepada masyarakat. Walaupun perhatian yang cukup telah ditujukan

Kata kunci: Usaha sosial, niat, sumbangan

Introduction

Social enterprise is a crucial aspect in the development of emerging economies. Instead of providing an employment opportunity to the society, social enterprise also provide services that normally should be offered by the government. Social enterprise refers to the specific type of “doing business” in order to sustain and at the same time to protect social and economic wealth (Iorgulescu & Ravae, 2015). According to Wolk (2008), social enterprise refers to the sustainable venture that involves business in order to solve social problems at the same time. Weerawardeena and Mort (2001) pointed out that the primary objective of social enterprise is to create social value and at the same time applies the business concepts to ensure the sustainability of the organization. The social enterprise is divided into two categories which are for-profit company and non-profit company. However, both have the same goal which aims for social purpose.

According to Dees (2001), the criteria that can be used in order to determine whether the actions of an individual are considered to be social entrepreneurial are the aim to create and to ensure the sustainability of social value. Then, always think on continuous innovation, learning and adaptation. Besides, the individuals need to find out the opportunity in order to achieve the mission and be brave in whatever action done even though they have limited resources in hand. Countries such as South Korea, the United Kingdom, Australia, the United States, Thailand, Singapore and Myanmar consider social enterprise as a key national agenda and already set up agencies to champion the growth of social enterprise in the country. For example, the United Kingdom has now over 70,000 social enterprises. Meanwhile, in Thailand, there are over 120,000 social enterprises established. They employ more than a million of people and contribute over 5 percent to national gross domestic products (GDP) (Social Enterprise Malaysia, 2017).

Actually, social enterprise has existed for many centuries, but recently it becomes famous in recent decades when people realize that social enterprise has been intentionally used to help people to overcome the problem. In the United States (US), the emergence of social enterprise began in 1970s where it started in the form of non-profit commercial activity by various community and religious groups in which they sale home-made items to add voluntary donation they received. The form of commercial activity happened because of the increasing in oil price that led to economic downturn in the US. Because of that, the government cut the
funding for non-profit organizations. It happened during Reagan administration. It led to the increasing of competition in order to get funds due to high social needs and growing number of non-profits. Hence, it shifted to commercial revenue generation. According to various scholars, commercial revenue is to replace government spending. So that, the concept of emergence social enterprise spearhead widely in order to overcome social problems since the government cuts the budget.

**Literature Review**

This paper will discuss on the theories and literature related to the intention to contribute in social enterprise. It also discusses on the evidence of factor influencing intention to contribute in social enterprise from the previous studies. This chapter starts with discussion on the social enterprise followed by the explanation on the Maqasid Shariah. Then, will continue with discussions on the theory planned behavior followed by findings from previous research on the dependent variable which is intention to contribute in social enterprise and independent variables which are attitude, subjective norm, perceived behavioral control, empathy and moral obligation.

**Social Enterprise**

Social enterprise is still new in Malaysia. It is refers to an organization using business opportunity in order to achieve social goals. Thus, the social enterprise exists by establishment of institutions, small and large scale organization, clubs and private firms (Rahman, Othman, Pihie, Wahid, 2016). According to Mataboge (2014), the concept of social enterprise is still ambiguous and it still does not have argument consensus on definitional. There are many definitions of social enterprise developed based on themes of interests like the purpose of setting such for profit or non-profit, its process of emergence and the entrepreneurial traits and behavior in individual and organization (Brooks, 2009).

According to the Martin and Osberg (2007), the definition is built based on the main approach in the context of entrepreneurship. Social enterprise is the process of creating value by combining the resources that needed in order to explore an opportunity to create social value, which it is involves the offering of products and services and it also refers to the creation of new organization (Okpara and Halkias, 2011).

The basic activity of social enterprise is divided into two categories at the same time which are profit driven and social driven but the most is focusing on social motives. According to the Islamic beliefs, every Muslims need to create benefit to others. So that, they need to create activities that will give big impact to them and the society (Muliyaningsih, 2014). It means that entrepreneurship in Islam perspective is similar with the origin concept which the activities should be useful to others.

Based on Kosgaard (2011), social enterprise is not just about making income, it is also about innovation and impact where social enterprise is emerged as non-profit organization from purely philanthropic to the mixed motives between revenue and socially minded. According to the Kong (2010), the main objective of social enterprise is to create social value through business-like approach. Non-profit organization needs to create a new business model such as social enterprise to generate funding for their social mission.

According to the Tanimoto (2009), the reason of social enterprise for non-profit organization adopted business-like approach is to sustain and to achieve their mission which their funding has come out from internal and external sources. The internal sources are from their business activities such as production of products, services and trading while for external sources come from donations or grants.

In addition, for practitioners, social enterprise being as an important element in societal organization which it aims to solve local, national and international societal problems (Haugh, 2012). According to the Boschee (1998), social enterprise is concerned as non-profit organization. While, Abu Saifan (2012) defines social enterprises are divided into two categories which are for-profit with mission-driven strategies and non-profit with earned income strategies. Social enterprise activities do not only focus on improving the standard living amongst marginalized people but in effort to preserve the longevity of the environment and the social
enterprise which have liberty on earn incomes and profit in their business. Hence, the profit need to re-invested in order to promote social value.

**Islamic Social Enterprise**

Islam provides a holistic framework infusing the material, spiritual and social needs of human which it is a great tradition of social enterprises in its 1,400 year history. From the earliest attempts at society-building, the Prophet (SAW) emphasized business as a form of economic transaction with deep spiritual and social dimension (Mohiuddin, 2017).

Linking with the concept of social enterprise, Islam views an entrepreneurship as an integral progress of human civilization and engaged with the business activities as obligatory for the community (Fard-al-Kifayah) as opposed to the individual (Molla, Alam, Bhuiyan, Alam (2015). In addition, according to Molla et al. (2015), in Islam, the foremost things, those who aspire to be an entrepreneur must seek to pioneer continual change which is keep doing innovation in the economic environment. Hence, it shows that Islamic social enterprise is inherently for community.

Islamic philanthropy is a matured concept among practitioners and Islamic scholars. Widyawati (2012), pointed out that, Islam gives a great attention towards generosity through Islamic philanthropic organizations such Zakat (obligatory tax), Sadaqah (giving), and Waqf (endowment). The concept of Islamic social is for social purpose. Awqaf can be considered as an Islamic social enterprise due to the underlying business activity that it operates.

Further, Islamic social enterprise needs to follow moral guidelines and Islamic ethical standard such as Islamic Shariah in order to ensure the flow is in Islamic concept (Molla et al., 2015). According to Molla et al. (2015), if a social enterprise does not follow the Islamic ethical standard but the establishment is for community, it could be termed as “Islamic-style” social enterprises.

It is clear that Islamic social enterprise exists due to solve social problems and for social justice mission. The feature for Islamic social enterprise is similar with the social enterprise which the feature involves business activities. The business activities are involving sale of goods or services that will help to sustain and achieve the social mission. The social enterprise that complies with the Shariah rules will ensure a balance between material and the spiritual outcomes.

**Maqasid Al-Shariah Towards Social Enterprise**

Maqasid is as an important thing to study that is related to the Islamic studies. Muslims scholars use Maqasid theory in order to propose Islamic reform and revival in many important aspects of live. Maqasid Shariah is derived from two root words which are Maqasid and Shariah. Maqasid refers to the objective while Shariah refers to the Islamic law. Then, the combination shows the objective of the Islamic law (Oladapo and Ab Rahman, 2016).

The objective of the Shariah is to give benefit to people, which concerns both the world and the hereafter. Generally, Shariah in all its part aims to secure the benefits for the people and protecting them against evil and corruption (Akram Laldin, 2006). The Qur’an explains the main objectives of Shariah when it mentions:

*And We have sent you (O Muhammad SAW) not but as a mercy for the ‘alamin (mankind, jinns and all that exists) (Al-Anbiya’: 107).*

The message in this verse transcends all barriers that divide humanity. Ibn Qayyim al-Jawziyyah explained that Shariah aims is to prevent people from harm and to safeguard the interest of peoples in this world and the Hereafter. It is necessity to all mankind (Akram Laldin, 2006).

According to the Akram Laldin and Furqani (2013), there are three categories for the minds of Shariah which are the balance and justice (al-`adl), straightness of a path (istiqamat al-tariq) and directive destination (al-i`timad). Dusuki and Abdullah (2007) pointed out that Al-Ghazali (1937) categorized Maqasid al-Shariah into classification of maslahah (benefits). It lines with the purpose of maqasid al-shariah which to identify the benefits that follow Islamic teachings and Quran. Al-Ghazali classified maslahah into three types which are necessity
(daruriyat), complement (hajjyyat) and embellishment (tahsiniyyat). Preservation of religion, life, intellect, progeny and wealth is classified under necessity (daruriyat).

So, this model influences betterment on wealth, security, freedom and spirituality. A moderate holistic human development and justice based on the Maqasid Shariah allows for access balanced life, educated human, adequate income and healthy life.

According to the Mhd Sarif, Ismail and Azan (2017), when using Maqasid Shariah as guidelines, it shows that social enterprise does give impact and the decision involved in that not just only for individual but also for the maslahah of the society. Besides, social enterprise also involves in protection of the welfare of people (Chell, Spence, Perrini and Harris, 2016). Meanwhile, according to the (Fok, Payne and Corey, 2016) the objective of business is to gain profit, but social end is always essential.

Furthermore, in term of Maqasid al-Shariah, the purpose is to preserve the nature, wealth and people, so individual or person will be responsible for the decision towards social business activities. Besides, whoever volunteered to contribute in social enterprise served as Maqasid Shariah which help preserving or protecting others life (Mhd Sarif, Ismail and Azan, 2017).

Nowadays, social enterprise is to earn profits, then that earning will be used to fulfill specific needs and provide a social benefit. Islamic social enterprise provides important social services to Muslim community which through construction of mosque, offer financial support for the poor and charitable donation used to build hospitals, run school and provide clean drinking water sources (Abdelhamid, 2015). Allah mentions in Al-Quran Surah Al-Baqarah verse 261:

_The likeness of those who spend their wealth in the way of Allah, is as the likeness of a grain (of corn); it grows seven ear has a hundred grains. Allah gives manifold increase to whom He pleases. And Allah is All-Sufficient for His creatures’ needs, All-Knower (Quran 2:261)_

During the lifetime of the Prophet Muhammad, the rent from a plot of land, or the proceeds from the sale of product grown on that land commonly held in trust and will be used for supporting the needs of orphans, widows, elderly people and others seeking assistance. So, the money will increase from day to day.

In addition, Islam has a religious requirement for every Muslim which they need to pay zakat on the annual saving. That portion will be given to the needy and poor which this is one of the five pillars and religious duty in Islam (Abdelhamid, 2015). So, in order to get fair distribution of donations, the social institution of “Awqaf” or charity endowment is established. Hence, the individuals can contribute in social enterprise to make donation since it is religious requirement and social enterprise aim is to support the poor and needy.

**Methodology**

This study was conducted by using specified model which clearly defines the independent variables and dependent variable. This study uses Theory Planned behavior (TPB) by Ajzen (1991) which are attitude, subjective norm and perceived behavioral control as an independent variables since this study is to measure the intention. This study also adds the other two variables which are empathy and moral obligation. These two variables were taken because it had been used by previous researcher in order to measure intention to contribute in social enterprise. Figure 1 below shows the theoretical framework for this study.
Factors Influencing Intention Of Individuals To Contribute In Social Enterprise
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Based to the theory of planned behavior, the individual behavior can be predicted from their intentions. According to the previous study, intention can be described in many different ways. According to Uddin and Bose (2012), intention can be defined as a mind that can motivate a person to achieve certain path goal. Intention also can be considered as a precondition that will control the planned behavior (Tiwari, Bhat and Tikoria, 2017).

The variable of attitude refers to the person that has a bad or good assessment or behavior (Ajzen, 1991). The attitude is important in constructing an intention in the theory planned behavior. Hence, the attitude can be as the different traits in evaluating the intention of individuals (Tiwari et al., 2017). Based on the previous studies, attitude is an important factor where it gives the positive relationship in term of intention. According to the Tiwari et al. (2017), many studies proved that attitude can be the strongest or second strongest predictor in entrepreneurial intentions then it is followed by perceived behavioral control. Therefore, this study expects to have positive relationship between the intention and contribution in social enterprise.

Next variable is regarding subjective norms. It refers to perceived social pressure whether want to execute or not to execute the behavior which is includes the pressure from friends, family and others. According to the Tiwari et al. (2017), subjective norms are always being the most complicated in the theory planned behavior. In addition, meta-analysis study done by Armitage and Conner (2001) said that subjective norms being as weak predictor for the intentions of entrepreneur. They also found that many researcher discover the subjective norms does not have any significant relationship with the entrepreneurial intention. Besides that, some of the researcher ignored the subjective norms when conducted the study in intention. In this study, it is very important to study in subjective norms since it influence family, friends and others in making the decision. Therefore, this study expects to have positive relationship with the intention to contribute in social enterprise.

Then, perceived behavioral control, an independent variable which shows the individual belief on their ability to carry out certain task. According to the previous research, perceived behavioral control is considered as the strongest variables of intention. According to the Tiwari et al. (2017), the researchers argued about the fact that perceived behavioral control is similar with self-efficacy in measuring the ability to carry out a certain activity. So, in this study, the researcher expects that perceived behavioral control has a positive relationship with the intention to contribute in social enterprise.

Empathy was being used by the previous researcher in order to measure an intention of social enterprise. According to the Oswald (1996), it is ambiguous on the result whether empathy will influence to help others or not. According to the Goldman, Broll and Carrill (1983), empathy has a positive relationship with the intention on helping others. In addition, Barnett, Thompson (1984) also found that empathy had a positive relationship with the intention in order to help others. Hence, a person who is capable to feel another person’s emotion will do whatever is necessary in order to avoid another suffering and will develop desire to help. So, in this study, the researcher expects that empathy will have a positive relationship with the intention to contribute in social enterprise.

The last variable is moral obligation which have a lots of definition. Generally, moral obligation refers to the tendency of helping others within religious limit (Bryant, 2009). Fishbein

**Figure 1: Theoretical framework of the study**

```text
Independent variables

Moral obligation

Dependent variable
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Fishbein
used moral obligation with attitude and subjective norm in order to measure the intention of individual’s (Fishbein, 1967). According to the Mair and Noboa (2006), they suggested that the key element to differentiate business entrepreneurs and social enterprise is moral obligation. This statement is supported by Dave Roberts who said that every person whom involved in social enterprise have high moral values (Roberts and Woods, 2000). Hence, moral obligation is one of the important antecedent for social enterprise intention which it can address a particular social problem. So, in this study, the researcher expects that moral obligation has a positive relationship with the intention to contribute in social enterprise

Finding
According to Sekaran and Bougie (2013), reliability is a measurement which indicates the extent to which it is without bias (error free) and to ensure consistent measurement across time and across the various items in the instrument. Furthermore, reliability is an indication of the stability and consistency with which the instrument measures the concept and helps to access the goodness of the measure.

Cronbach’s alpha is reliability coefficient and indicates how well the items in a set are positively correlated to one another. It is computed in terms of average inter correlations among items measuring concept where the closer Cronbach’s alpha is to 1, the higher is the internal consistency reliability (Sekaran & Bougie, 2013). The main reason that reliability analysis must be completed at the first stage of data interpretation is to ensure the data from the survey is consistent and stable to the research. For this study, reliability test was conducted on each variable by examining the Cronbach’s alpha values. Based on Sekaran and Bougie (2010), the rules of thumb for the detail reliability are stated below:

<table>
<thead>
<tr>
<th>Reliability (Cronbach’s alpha)</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.91 to 1.0</td>
<td>Excellent</td>
</tr>
<tr>
<td>0.81 to 0.9</td>
<td>Good</td>
</tr>
<tr>
<td>0.71 to 0.8</td>
<td>Acceptable</td>
</tr>
<tr>
<td>0.61 to 0.7</td>
<td>Questionable</td>
</tr>
<tr>
<td>0.5 to 0.6</td>
<td>Poor</td>
</tr>
<tr>
<td>&lt; 0.5</td>
<td>Unacceptable</td>
</tr>
</tbody>
</table>

As shown in Table 1, the highest internal consistency reliability Cronbach’s alpha is 0.9 to 1.0 which is known as excellent reliability, followed by 0.8 to 0.9 range which is good reliability, range around 0.7 to 0.8 is acceptable and 0.6 to 0.7 is questionable value for Cronbach’s alpha. For the range 0.5 to 0.6, the relationship is poor and the range below 0.5 is unacceptable reliability to do a research.

<table>
<thead>
<tr>
<th>Section</th>
<th>Scales</th>
<th>No. of Scales</th>
<th>Reliability Coefficient (Cronbach’s Alpha) (n=384)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Intention to contribute</td>
<td>6</td>
<td>0.916</td>
</tr>
<tr>
<td>C</td>
<td>Attitude</td>
<td>5</td>
<td>0.918</td>
</tr>
<tr>
<td>D</td>
<td>Subjective norm</td>
<td>5</td>
<td>0.900</td>
</tr>
<tr>
<td>E</td>
<td>Perceived behavioral</td>
<td>6</td>
<td>0.856</td>
</tr>
<tr>
<td>F</td>
<td>control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Moral obligation</td>
<td>6</td>
<td>0.884</td>
</tr>
</tbody>
</table>
Table 2 shows the Cronbach’s alpha for dependent and independent variables. The Cronbach’s alpha for dependent variable of intention to contribute was 0.916. According to the rules of thumb for reliability of analysis, the questions asked were excellent. For other variables by section, it can be seen that all independent variables had Cronbach’s alpha of more than 0.8 which referred to as very good and excellent.

For the independent variable of attitude, 5 questions were used by using the Likert-Scale Model. The Cronbach’s alpha for attitude was 0.918. It shows that the questionnaire is excellent. Therefore, the questions used were reliable and acceptable.

The second independent variable is subjective norm in which 5 questions were asked using the Likert-Scale Model. Cronbach’s alpha found in this section was considered to be in a good range which was represented by 0.900. Therefore, it shows that it is reliable and acceptable.

Thirdly, to measure whether perceived behavioral control could lead to the intention of individuals to contribute in social enterprise, 7 questions were asked using Likert-Scale Model. Cronbach’s alpha found in this section was considered to be in excellent range which was represented 0.856. Therefore, coefficient obtained from this section is good.

Fourthly, the Cronbach’s alpha for independent variable of empathy was 0.889. Eight questions were asked using Likert-Scale Model. Cronbach’s alpha found in this section was considered to be in a good range. Therefore, coefficient obtained from this section is reliable and acceptable.

Lastly, the Cronbach’s alpha for independent variable of moral obligation was 0.884. It shows that this section was considered to be in a good range. Six questions were asked using Likert-Scale Model. Therefore, coefficient obtained from this section is reliable and acceptable.

**Conclusion**

The purpose of the study is to determine factors influencing intention of individuals to contribute in social enterprise and to investigate the relationship between independent variables with dependent variable. This study discussed on Theory Planned Behavior which is being as important factors in influencing intention of a person as well as two other factors that have been mentioned by previous studies that related to the study. The five factors namely attitude, subjective norm, perceived behavioral control, empathy and moral obligation. The factors are hypothesized to have positive effect with the intention to contribute in social enterprise. But, the results show that not all of the factors have a significant effect with the intention to contribute in social enterprise.

It can be summarized that, in term of correlation, attitude showed very strong relationship towards intention to contribute in social enterprise followed by subjective norm which does have a strong relationship. Meanwhile, perceived behavioral control and empathy are perceived as moderate relationship. On the other side, moral obligation has weak but definite relationship towards intention to contribute in social enterprise.

For this study, the researcher only used respondents from Kelantan. So, it does not reflect overall population of people in Malaysia. Thus, it is suggested that future researcher to use probability sampling method and covers respondents from all over Malaysia in order to get the accurate result for the intention individuals to contribute in social enterprise.

This study only uses Theory of Planned Behavior in measuring the intention to contribute in social enterprise as well as two other factors that used by previous research. So, the future researcher is suggested to add other variables such as by using Shapero Theory. It is because according to the previous research, Shapero Theory has also been used to measure the intention. The future researcher can add more on other appropriate variables that were used by previous research in measuring the intention. Thus, the result will be more accurate.

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