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EXPLORING FACTORS FOR EFFECTIVE SOCIAL ENTREPRENEURSHIP

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APPROVAL AND DECLARATION SHEET

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This report is submitted as partial requirement for the fulfilment of the Degree of the
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Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2016

"I admit that this report is the result of my own work except summarizes and quotes that everything I have explained the source"

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DEDICATION

I dedicate this research to my family, especially my parent Mr. Zainal Abidin bin Tuah and my loving mother Mdm. Sherpa Aini binti Abdullah for nursing me with the affections and love; always support and give motivation to me to finish my research. Deepest thanks and appreciation to my lecturer at item, especially for my supervisor Dr. Haslinda binti Musa, and my friends Rabiah Aduwiyah binti Bubin and Zillah Asung who have guided and inspired me throughout my journey of education.

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ABSTRACT

Social entrepreneurship was introduced in 1970, which to focus the issue of community problems. Even social entrepreneurship has been introduced a long time ago, but the literature concept and empirical about social entrepreneurship still not widely. The aim of this research is to identify significant factors for effective Social Entrepreneurship. Besides that, this research to analyze the relationship of the social entrepreneurship factors of the effective Social Entrepreneurship. A survey was carried out through a set of questionnaires to identify significant factors of social entrepreneurship and the relationship of the Social Entrepreneurship factor of the effective Social Entrepreneurship. About 230 people of respondent's had returned the questionnaire. The respondent, a student's UTeM from the first year until fourth year that had joined the social entrepreneurship program. The data gathered were analyzed using descriptive analysis. From the data and findings, the most significant factor of effectiveness Social Entrepreneurship is motivation factors that represent the highest value. But, there is one factor that insignificant which personality is. Hence, the motivation is the most significant factor of effective Social Entrepreneurship.

ASTRAK

Keusahawanan sosial telah diperkenalkan pada tahun 1970, di mana fokus isu adalah terhadap permasalahan komuniti. walaupun keusahwanan sosial telah lama diperkenalkan, namun konsep kajian dan empirikal mengenai keusahawanan sosial masih lagi tidak meluas. Tujuan kajian ini untuk mengenalpasti faktor penting yang menyebabkan keberkesanan keusahawanan sosial. Selain itu, kajian ini juga untuk menganalisis hubungan antara faktor-faktor keusahwanan sosial yang mempengaruhi keberkesanan keusahwanan sosial. Penelitian telah dilakukan melalui soal selidik untuk mengenal pasti faktor penting keusahawanan sosial dan hubungan faktor keusahawan sosial dan keberkesanan keusahwanan sosial. Sebanyak 230 orang respondent telah memulangkan borang soal selidik. Respondent yang terlibat merupakan pelajar UTeM, yang telah terlibat dalam program keusahwanan sosial. Pelajar tersebut terdiri daripada pelajar dari tahun satu hingga tahun empat. Data yang telah dikumpulkan, telah dianalisis menggunakan kaedah analisis deskriptif. Melalui data dan dapatan kajian mendapati, faktor penting keberkesanan keusahawanan sosial ialah motivasi, yang menunjukkan nilai yang paling tinggi. Tetapi, terdapat satu faktor yang tidak penting iaitu personaliti. Oleh itu, motivasi merupakan faktor yang paling penting terhadap keberkesanan keusahwanan sosial.

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LIST OF SYMBOL

Y	=	The value of the dependent variable, what is being predict or explain
α	=	(Alpha) is the constant or intercept
β_1	=	Is the slope (Beta coefficient) for X1
X1	=	First independent variable that is explaining the variance in Y
β_2	=	The slope (Beta coefficient) for X2
X2	=	Second independent variable that is explaining the variance in Y
β_3	=	The slope (Beta coefficient) for X3
X3	=	Third independent variable that is explaining the variance in Y

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Nowadays, many programs have been implemented to help the public, whether in the form of profits or the public good activity. The parties involved in the implementation of the program, whether NGO or government agency. Each program is executed, it is necessary to provide the benefits of both sides, which is implementing the program and the community itself. It is consistent with the concept of "Win- Win Situation". Besides that, the pressure for the conventional entrepreneur is evolution versus existence, for the institutional entrepreneur conflict to change, for the cultural entrepreneur commercialization versus culture and for the social entrepreneur economic sustainability versus social pursuit (Dacin et al., 2010, p. 44). Social entrepreneurship was introduced in the 1970s to focus the issue of community problems. The term “social entrepreneur” was first mentioned in 1972 by Joseph Banks in his seminal work named *The Sociology of Social Movements*, where he used the word to explain the necessity to use managerial skills to tackle social problems as well as to tackle business challenges. According to Koe Hwee Nga and Shamuganathan (2010) social entrepreneurs are persons founding and maintaining the entrepreneurship activities which make innovative and self sufficient financial return by structuring social networks in a sustainable manner in view of a social vision. Social entrepreneurship may also be defined as aiming to increase

income by using the tools of profit oriented entrepreneurs without disregarding the fundamental social mission of the business.

The viewpoint of social entrepreneurship varies broadly among academics as well as practitioners in the USA. There are marked dissimilarities, not only in what social entrepreneurship covers, but where it is directional. Some realize it as the future savior -the answer between Generation X to “make a difference” and the economists’ solution to the address down economy that has never occurred. It has also hit the political spectrum. Republican Presidential encourages John McCain has also echoed a determination to adoptive private-public partnerships to attend some of the social and economic problems, declaring at the Naval Academy in April 2008, “all lives are a struggle against selfishness” (Anderson, 2007; Hunt, 2008a, b). Social entrepreneurship was also shown as extremely involved with the society, with social entrepreneurs and with students. In Malaysia, the effort to promote social entrepreneurs among university students being carried out by SIFE Malaysia Foundation in cooperation with local universities and industry practitioners (Ab Wahid et al., 2011b). Initially began in the USA, SIFE was later implemented by Malaysia under the auspices of University Technology Mara (UiTM) through the Malaysian Entrepreneurship Development Centre (MEDEC). The program is intended to inspire economic and social activities among undergraduates, thus simultaneously improving the economic and social status of a local community.

1.2 Problem statement

Social entrepreneurship was introduced in the 1970s to address the issue of social problems. While social entrepreneurship has been introduced, but the research on this topic is not widespread. According to (Dees & Battle Anderson, 2006; Dorado, 2006; Short et al., 2009) gauging the state of empirical research on a methodological level Social entrepreneurship is a young field of study. Nowadays, the number of articles on the study of social entrepreneurship that focuses on the empirical and the concept is still not widespread, but this exploration did not provide unity in concept definition and boundary setting. Even though the lack of unity in concept formation is a hindrance for rigorous theory testing and theory building, the formulation of a systematized concept suitable for empirical research can be improved by explicating the defining characteristics, such as the ones used to describe the different schools of thought (Adock & Collier, 2001). Other than that, the literature still offer the little empirical researcher about why individual want to pursue social entrepreneurial activities and what drives individual not just to identify this problem, but why they attempt to create social value, stimulate social change or meet the need of the society, and what makes them persevere in the pursuit of their social mission despite their limited resources (Shahir and Lerner, 2006).

1.3 Research Question

The main study question has been constructed following the research need to achieve and fulfil the research objectives. Below are the questions:

1. Which significant factors those need to make Social Entrepreneurship effective?
2. What are the relationships of the Social Entrepreneurship factors that influence the effectiveness of the Social Entrepreneurship?

1.4 Research Objective

In order to achieve the aim of this study successfully, research objective has been listed down according to the research requirement. Below are the objectives:

1. To identify significant factors for effective Social Entrepreneurship.
2. To analyze the relationship of the social entrepreneurship factors of the effective Social Entrepreneurship.

1.5 Scope, Limitation, Key Assumption

1.5.1 Scope

The scope of this research mainly focused on the factors that influence the effectiveness of Social Entrepreneurship (SE) program and the significant factors that influence the effectiveness SE program. Next, to analysis the relationship between the factors and the effectiveness of SE program. Besides that, the study conducted at University Technical Malaysia Malacca (UTeM). UTeM was chosen because its new technical university and it also have held activities that relate to a Social Entrepreneurship program like EYEI program, Entrepreneurial journey 3 and Entrepreneurial journey 4. The researcher wants to know what the significant factor that influence the effectiveness of the Social Entrepreneurship, and the relationship of factors the Social Entrepreneurship. The researcher can make study of student engineering and management students for this topic. Other than that, the researcher could obtain and collect the data from the student university. The researcher makes a case study by using the method of distributing questionnaires to the 242 of the respondents. The sample of the population is based on the Krejcei and Morgan table for determining sample size.

The scope of university level of respondent is student UTeM.

1.5.2 Limitation

The limitation is focused on the student at University Technical Malaysia Malacca (UTeM). The constraints of time and energy provision also the limitations of this study. In addition, the characteristics, benefits and disadvantage of the Social Entrepreneurship not cover in this study.

1.5.3 Key Assumption

The researcher assumes respondent will be honest to answer the questionnaire. Besides that, the researcher assumes the respondent give full cooperation during the distribution of questionnaires. Moreover, the researcher also assumes this research is practical and useful for the University Technical Malaysia Malacca (UTeM) to use this research as references to make the improvement in the Social Entrepreneurship.

1.6 Importance of the Study

This study is particularly important for University Technical Malaysia Malacca to promote the Social Entrepreneurship among students in university student's level. It's closely related to governments to produce graduates with social entrepreneurial skills, competitiveness and resilience. Beside, another researcher can use this study as, their references to do the researcher about the factors for Social Entrepreneurship effective and make the improvement about the Social Entrepreneurship. Findings enable the

university to carry out an appropriate approach in the on-going effort promote the existing of social entrepreneurial among students. The researcher believes that research will be an example of channel to increase the awareness about the Social Entrepreneurship among student at university level, and this research is one of the ways of adding the limited of an article about the Social Entrepreneurship.

1.7 SUMMARY

Social Entrepreneurship (SE) is the way to overcome social problems sustainability. Social Entrepreneurship also was introduced to solve the problems of entrepreneur for growth or survival in the market and soon. The government also introduces Social Entrepreneurship program the university level to produce students that have social entrepreneurial skills, spirit of competitiveness and resistance. The university is one of the alternatives, to expose to students about the role of social entrepreneurship program. Of these students will deeply understand and aware about the Social Entrepreneurship program. Because at university provide information to students' access and find a reference if they not understand about the Social Entrepreneurship program. To develop the social entrepreneurship spirit it must start from the beginning, especially in education level during at school and university, indirectly encourage students to involve in the Social Entrepreneurship program after they graduate. In this study, the main reason is to explore factors for effectiveness Social Entrepreneurship.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter discusses the secondary data gained in supporting the study based on the reading list of published writings that are related to the research field before researcher proceed to the primary data. Only the relevant data being stated in this section, that link to the research conducted thus show the significance of every theory gained suit the research objective.

2.2 Definitions of Social Entrepreneurship

According to Robinson (2006) definition of social entrepreneurship includes social enterprises, social venture capital, and social purpose organizations. These can include for-profit organizations creating financial, social, and environmental returns, as the social/environmental impact is as important as the financial return (Mair, 2006; Austin, 2006). Social entrepreneurship not only includes the social purpose, but the

opportunity to organization makes the profit by creating the financial, and environmental returns. The social and environment is important impact of financial return for the organization. Other than that, social entrepreneurship is a process to find the social problem, social need and the specific solution to overcome the evaluation of social problem, entrepreneurship problem and organization either organization oriented profit or non-profit. According to Robinson (2006) defines social entrepreneurship as “a process that includes: the identification of a specific social problem and a specific solution (or set of solutions) to address it; the evaluation of the social impact, the business model and the sustainability of the venture; and the creation of a social mission-oriented for-profit or a business-oriented non-profit entity that pursues the double (or triple) bottom line” (Robinson, 2006, p. 95).

Social entrepreneurship not only to overcome the problem of social sustainability, but it also a solution problem of entrepreneur to sustain and survive in the market to make sure they can make the profit for their business. Social entrepreneurs, the bottom line are to maximize some form of social impact, usually addressing a social need that is being mishandled or ignored by other institutions (McMullen, 2011). In contrast, for business entrepreneurs, the bottom line may be to maximize profits or shareholder wealth (Shaw & Carter, 2007).

Another name for social entrepreneurship is “social enterprise”, where social entrepreneurs consider strategic moves to subsidize their services through exploiting profitable opportunities in the core activities of their non-profit venture (Nicholls, 2006; Dees, 1998), or via for profit ventures (Cleveland and Anderson, 2001), or through cross partnerships with commercial companies (Nicholls, 2006). However, using “social enterprise” as synonymous for social entrepreneurship may not be accurate because there are social ventures that are highly entrepreneurial without generating independent profit streams. This entrepreneurial factor comes from continuous innovation (Schumpeter, 1934) in providing public goods (Nicholls, 2006). According to Nicholls (2006), social entrepreneurs tackle a market failure, which resembles the function of entrepreneurs as well (Kirzner, 1973).