Individual and Social Influence on the Sustainable Social Entrepreneurs Development

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ABSTRAK
This research examines the role of social entrepreneurship in reducing dependency and socioeconomic inequalities amidst uncertainty, openness, and global competition. Social-political environmental factors are the focus of the study to understand their influence on the development of social entrepreneurship. Through a survey with questionnaires and analysis using the Smart PLS method, this research aims to provide new insights into the literature on social entrepreneurship and related values. The research findings reveal that the growth of social entrepreneurship aligns with the inability of the formal sector to absorb abundant labor. Individual, social, and political factors are crucial in developing Sustainable Social Entrepreneurship. Motivation, creativity, leadership, family support, social networks, community relationships, policies, and political regulations all influence the success of sustainable social entrepreneurship. However, regulatory barriers and bureaucracy can hinder the growth of social entrepreneurship. This study provides insights to policymakers for developing policies that support the development of social entrepreneurship. By understanding the importance of social-political environmental factors in the context of social entrepreneurship, sustainable and impactful social entrepreneurship can be fostered within society.

1. INTRODUCTION

The turbulence of uncertainty, openness, and competitive life makes social entrepreneurship a figure in reducing socioeconomic dependency and inequality. Many studies have revealed the importance of social entrepreneurship in people's lives, such as a literature study conducted by Klarin & Suseno (2023); Tan, Le, & Xuan (2020); Abdulmelike (2017); Jeong & Yoo (2022). Enjew (Eniyew, 2018) clearly states the importance of the role of social entrepreneurs in social life, which is not much different from the study conducted by Pangriya (2019) on hidden aspects of social entrepreneurs' life. In developing countries, a study by Sofía (2017) revealed that social entrepreneurs support the abundance of labour that is not absorbed in the formal sector. Therefore, actors in this sector actually become pioneers for country economic stability. Therefore, as stated by Doh, Tashman, & Benischke (2017), many academics and social observers are of the view of linking social entrepreneurial activity from an engine of economic growth to an engine of sustainable development. Meanwhile, several other studies (Darwis et al., 2022; Hasanah et al., 2022; Pambudi & Rahardjo, 2021; Pratama, 2019; Saragih & Elisabeth, 2020) show that social entrepreneurship can help overcome social problems.

However, behind the importance of the role of social entrepreneurs, various global issues and internal constraints accompany the groups’ important role. Scientific discussions about the existence of social entrepreneurship no longer revolve around conflicts with modern values in fighting for market share. The results of studies conducted by Panda & Dash (2014), Andriani (2021), and Salim (2021) state numerous obstacles faced by entrepreneurs in developing countries. In essence, individual potential is an essential prerequisite for the success of social entrepreneurship. This is also illustrated in studies conducted by Tiwari et al.,(2018) (2018), Yaumidin (2013), and Pangriya(2019), which emphasize the aspects of "traits and motivational factors for social entrepreneurs." However, Bai (2014) reminded that in her study, understanding the development and progress of social entrepreneurship is not sufficiently understood from one angle. The constraints of social entrepreneurship in developing countries are far more complex.

Several recent studies have examined the phenomenon of social entrepreneurship from various perspectives. Generally studied from individual and social factors, or economic factors (Bacq & Lumpkin,
The exploration of the relationship between individual and social factors with social entrepreneurial activities, where the political environment as a mediating value, has never been studied. Even though, these factors have a great influence on the development and success or failure of social entrepreneurship. Apart from that, there are numerous factors that indicate that the study of the socio-political environment is important, such as: (1) poverty and unemployment in the social environment are significant for social entrepreneurs to provide innovative solutions for these groups. (2) In the socio-political aspect, government policies can actually have an impact on social entrepreneurial activities. For example, tax policies, policies on the environment, all of these policies will directly or indirectly affect the sustainability and impact on social entrepreneurship. (3) The socio-political environment allows it to become a stimulus factor for accessibility and assistance for social entrepreneurs. (4) It is easier for the community to adopt social values developed by social entrepreneurs, because they are easily accepted by the community, as well as having direct social impacts on the community. Departing from the importance of the factors mentioned above, this study explores and includes the socio-political environment in analysing it. The assumption is that apart from socioeconomic values, demographic values, the environment, and existing political values also influence the development of social entrepreneurship.

This study develops in detail the conceptual modelling of Nascimento & Salazar (2020) and Urbano & Ferri (2011), which identify internal and external values as factors influencing social entrepreneurial behavior. Dobele (2011) identified political factors and supporting regulations. Regardless of the classification used, socio-political values are seen as a key factor in strengthening or weakening the development of social entrepreneurial values. Departing from the capital used, this study aims to analyze and explain the influence of individual and social values on the development of sustainable social entrepreneurs, with politics as a determining factor. The research departs from one question “how do Individual and Social Factors influence the development of Social Entrepreneurs with Politics as a Determining Factor?” This question provides greater space to explain in depth and comprehensively the relationship between these variables. This research can make a practical contribution to entrepreneurs in developing their potential. In addition, this research also expands the literature by discussing the topic of social entrepreneurship and the values that influence it.

With regard to the question above, Dobele (2011) suggests that several internal factors have a positive influence on the development of social entrepreneurship, which he calls internal factors. These include access to finances, staffing problems, and personal issues. Pangriya (2019) found seven criteria for social entrepreneurship, namely: education, global exposure, prior work experience, creativity, empathy, community roots, and contentment, which he then summarized into one concept, namely motivation. Meanwhile, Chinaire et al (2021) propose a study focusing on the concept of empathy, morals, self-efficacy, and perceived presence for external behavioural control. Jiao (2011) recommends six factors: human capital, social impact, desire and feasibility, social environment factors, social capital, and institutional environment factors. Yassin & Kebede (2020) suggest four factors: Individual Factors, Organizational Factors, Organizational Resources, and Environmental Factors. In addition, knowledge about social enterprises and cultural values in society, as Dobele (2011) suggested as external factors, also influences social entrepreneurship. Swain & Patoju (2022a) studied it from personal, social, institutional, and other factors. Based on this review, I can state that several individual values (Motivation, Individual competencies, Personal background) can be classified as internal factors that arise from the individual concerned. Meanwhile, social or community values (Social environment factors, Institutional environment factors, competitive intensity) are more likely to fall into external factors. We see political and regulatory factors as strengthening factors in the development of social entrepreneurship. Based on the above study, a thinking model was created as seen in the Figure 1.

**Figure 1.** Theoretical Model

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2. METHODS

Based on its purpose, research includes causality research or explanatory/explanatory research. This is related to the interrelationship of several variables to be tested. Meanwhile, based on the method used, this research is in the type of survey research. Therefore, sorting the sample from a population will be carried out. Meanwhile, when viewed from the place where the research was conducted, the research was included in the Field Research category. Therefore, research is conducted directly in the field.

Site selection is based on the stratified sampling method, which is a sampling procedure in which the target population is separated into unique and homogeneous segments (strata) and then a simple random sample is selected from each segment (stratum). The first step is the designation of cities in East Java as research areas. This determination is based on purposive choice. Administratively, East Java is divided into 29 regencies and 9 cities. The second step using a simple random drawing method selected one district as the research area, namely Malang district. This area is used as a research location.

The sampling population in this study were all entrepreneurs in the research area. The target population is social entrepreneurs in labour-intensive production businesses, namely handmade entrepreneurs who are home-based and run by many people. Due to the very varied number of target populations, the determination of the number of samples in this study used the method developed by Lemeshow & Lwanga (1991), with the level of significance set at 95 percent. The proportion of estimates is 0.5 and the sampling error is 10 percent. Based on these conditions, the number of samples in each study area was 96.4 (rounded up to 96 samples). In other words, the total number of samples in this study amounted to 100 research samples.

Based on the theoretical model, the research elaborates several indicators in examining this linkage, which are described in the following study:

1) Individual factors. There are several characteristics (variables) attached to individual factors (Bacq & Lumpkin, 2021; Bezerra Vasconcelos et al., 2022; Hossain, 2021; Méndez-Picazo et al., 2021; Pangriya, 2019; Sahasranamam & Nandakumar, 2020; Swain & Patoju, 2022b), namely: (a) Individual background (Personal Background) with indicators: (1) Gender; (2) Age; and (3) Level of Education. (b) Motivation with indicators: (1) Intrinsic motivation, and (2) Extrinsic motivation. (c) Individual competencies. The indicators: (1) Standardization of work; (2) Skills.

2) Social factors. The characteristics (variables) of this concept (Crail & Watts, 2023; Hudani, 2020; Thabroni, 2022; Tipton, 2023; Usmani, 2022) are: (a) The social environment, the indicators consist of: (1) Work environment, (2) Employee relations. (b) Organizational environment. There are two indicators: (1) Internal environment, (2) External environment.

3) Political Factors. In this case, seen from two aspects, namely: (a) Political climate. There are two indicators in this regard: (1) Openness and transparency, and (2) Leadership. (b) Regulations. There are two indicators to measure it, namely: (1) Supportive tax policies. (2) Ease of access to resources and capital.

4) Social entrepreneurship. The variables and indicators are: (a) Social impact, (b) Innovation. Some measurable indicators of innovation are: (1) Number of new products, (2) The involvement of social businesses.

To obtain this research information using a questionnaire. This is in accordance with the research method used. In addition, the use of the questionnaire was based on the consideration that the respondents had secondary education and in this study the data to be collected had been standardized. To ensure that the information collected through the questionnaire can be accounted for, validity and reliability tests were carried out to determine the level of validity (validity) and reliability (reliability). Testing the validity of this is done by correlating each item in a variable with the total score of the variable through the Pearson correlation technique. Descriptive analysis was used as the main tool in this research. However, with respect to the type of data obtained on an ordinal scale, the statistical tests carried out are more directed at testing the relationship (association). In research, the analysis tool uses SPSS v.25 And Smart-PLS.

3. RESULTS AND DISCUSSION

Individual Factors. The average age of the respondents was 29.7 years, with male respondents (71 percent) outnumbering females (29 percent). Most of the respondents have completed high school or equivalent (63 percent), followed by junior high school or equivalent (14 percent). However, there are also those who have completed a bachelor’s degree (22 percent). The majority of respondents (76 percent) believe that the development of Sustainable Social Entrepreneurship can provide personal satisfaction. The feeling of achievement, ownership, or satisfaction with the results achieved becomes the intrinsic motivation of the respondents. 18 percent strongly believe that being an entrepreneur provides personal satisfaction, while the remaining 6 percent do not respond or are neutral.
The statement above is somewhat different from extrinsic satisfaction. 63 percent of respondents answered that they do not believe that the development of Sustainable Social Entrepreneurship can provide significant social benefits, such as reducing poverty, improving access to education, or reducing environmental impacts. Only 5 percent believe in the social impact of social entrepreneurship development. Meanwhile, the rest answered neutrally. When probed further about this, one respondent answered during an open interview that their disbelief is because the examples of social impacts presented are not related to their status or the community, they are part of. On the other hand, the development of Sustainable Social Entrepreneurship can provide significant financial benefits (such as generating stable income or increasing the economic value of the community). Respondent answers varied greatly, from not believing to strongly believing. 11 percent of respondents do not believe that social entrepreneurship activities provide financial benefits, while 17 percent strongly believe in it. The remaining 17 percent believe in it, and 29 percent are neutral when asked about it. The statement above provides information about personal factors that negatively affect the views and responsiveness of social enterprise growth eventually. Age, gender, and education level of respondents are some examples of private factors mentioned. Additionally, the above statement sheds light on the respondents’ hidden motivations, related to their personal business interests, as well as their perceptions of the social and economic benefits of their thriving social business.

Social Factor. With regard to work standards and skills in relation to individual competence, generally, respondents gave answers that these factors influence the development of Sustainable Social Entrepreneurs. Conducive and harmonious working conditions are the main requirements according to respondents in their work activities. Likewise with the support of the social environment, in general, the respondents answered that it was very influential. The above is not much different from internal factors such as skills, experience, and interests that influence the development of sustainable social entrepreneurs. Most of the respondents (78 percent) stated that it affected their work. However, it is different from external factors such as government regulations. Generally, respondents stated that they did not influence it (55 percent), while 15 percent stated that it did not affect them.

Political Factors. Generally, respondents (73.2 percent) stated that they strongly agreed that support from political leaders, either in the form of openness and transparency in policies, support and policies from political leaders, as well as a stable and supportive political climate can influence the development of sustainable social entrepreneurs. This is not much different from the general statement of respondents (68 percent) who agreed that supportive tax policies and transparency can influence the development of sustainable social entrepreneurs. Generally, respondents agreed with the statement that clear and transparent regulations can help the development of social entrepreneurship. Based on the above study, individual factors play an important role in the growth of social enterprises. Age, gender, and level of education of respondents give value to respondents’ perceptions of the development of sustainable social entrepreneurship. In addition, most respondents believe that the development of Sustainable Social Entrepreneurship provides personal satisfaction. Respondents realized that the development of social entrepreneurs provides significant financial benefits. However, there is a level of scepticism about its social benefits.

On social factors, respondents stated that internal factors such as skills, experience, and individual interests influence their work. Conducive working conditions and support from the social environment are also considered influential in their work activities. However, external factors such as government regulations are considered to have nothing to do with their social entrepreneurial activities. The results of the test analysis using the Smart-PLS program show that the factors of age, gender, and education have low loading values (<0.7). This means that the indicator does not work in the measurement model. Therefore, these three factors were excluded from the correlation test. The loading value is above 0.7 (after three items are removed), indicating that the items on social factors have good reliability.

Political factors also play an influential role in the development of sustainable social entrepreneurship. Respondents stated that support from political leaders, including openness and transparency in policies as well as a stable and supportive political climate, can influence the growth of social enterprises. In addition, supportive tax policies and transparency are considered to have contributed to the development of social entrepreneurship. Items on political factors have an outer loading value above 0.7. This means that each item works on its measurement model.

Based on the Smart-PLS correlation test, individual factors, as measured by four items, the factor loading value is between 0.969 and 0.982. This means that the four items are valid as a reflection of individual factors. The Cronbach Alpha value is > 0.70 and the validity level of authority (AVE) is 0.948 (> 0.50). These values mean that they fulfilled the overall validity. These measurements are not much different from social factors, political factors, and social entrepreneurship factors. The test results are shown in the following Table 1.
Institutional roles and political factors influence access to financing and support for social entrepreneurship. The influence is also very high (97.4 percent). The effect size on the development of social entrepreneurship (Hair JR et al., 2015) is significant. The important role of political factors can hinder the growth of the sector. There are relationships between individual factors and social factors that have a significant relationship to the development of social entrepreneurship. Clear and transparent regulations support social entrepreneurship. This is in line with a study conducted by Dobele (2011) which identified political factors and institutional roles as influencing factors on the development of social entrepreneurship. Based on the results of hypothesis testing as described in the Table 1, it turns out that individual and social factors are not directly related to sustainable social entrepreneurship (p value above 0.05). Thus, the test results were carried out rejecting the hypothesis which stated (Bacq & Lumpkin, 2021; Bezerra Vasconcelos et al., 2022; Méndez-Picazo et al., 2021; Pangriya, 2019; Sahasranamam & Nandakumar, 2020; Student et al., 2021) that there was a relationship between individual and social factors towards social entrepreneurship. This means that the results of the research conducted are not in line with the results of previous studies. Previous research revealed that there is a relationship between individual factors and social factors toward the development of sustainable social entrepreneurship. This is in line with the studies conducted (Burt & Opper, 2020) as well as (Kozubikova et al., 2019). The influence is also very high (97.4 percent). The effect size on the development of social entrepreneurship is included in the high category (f² > 0.35 = (Hair JR et al., 2015). The important role of political factors can also be seen in the following Table 2.

### Table 1. The test results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original Sample (o)</th>
<th>p Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Factors → Political Factors</td>
<td>-0.558</td>
<td>0.009</td>
</tr>
<tr>
<td>Individual Factors → Social Entrepreneur</td>
<td>-0.057</td>
<td>0.128</td>
</tr>
<tr>
<td>Political Factors → Social Entrepreneur</td>
<td>0.975</td>
<td>0.000</td>
</tr>
<tr>
<td>Social Factors → Political Factors</td>
<td>0.402</td>
<td>0.000</td>
</tr>
<tr>
<td>Social Factors → Social Entrepreneur</td>
<td>0.073</td>
<td>0.063</td>
</tr>
</tbody>
</table>

The data above reveal that political factors are excellent mediators of relationships, both individual and social, toward the development of sustainable social entrepreneurship. Social factors contribute in relation to political factors. The relationship between the two factors is significant, where if there is a change in social factors, it will influence political factors. Conversely, individual values are negatively related to political factors. Changes in individual factors turned out to be inversely proportional to changes in political factors.

Political factors which include public policies and regulations dominate social life. Particularly with regard to the availability of resources, incentives and support needed to start and run a social enterprise. Such conditions arise when social entrepreneurship focuses more on the resulting social and environmental impacts than individual motivation or underlying social factors. What’s more, policies, such as available financing, access to markets, training, and other support programs are still directed by government political policies. This is in line with a study conducted by Dobele (2011) which identified political factors and supporting regulations as influencing factors on the development of social entrepreneurship.

In Political Institutional Theory (Amenta & Poulsen, 1996), institutional roles and structures influence political processes and public policies. The role of government regulation can affect the development of social entrepreneurship. Clear and transparent regulations support social entrepreneurship, while complex, inconsistent regulations can hinder the growth of the sector. There are several justifications why political factors become the dominant mediation in the development of social entrepreneurship. Initially, political factors influence access to financing and support for social entrepreneurship. Government policies that support social entrepreneurship, such as funding programs or fiscal incentives, facilitate access to the resources needed to start and grow social businesses. Then, political factors are important in shaping social entrepreneurial ecosystems in developing countries. Politics influences the cooperation of social and public entrepreneurship sectors. The government can act as a strategic partner in creating mutually beneficial partnerships with social entrepreneurship, through social goods and services procurement programs. This collaboration drives social innovation and significant social impact. Thus, support and policies from political leaders and clear and transparent regulations can have an important influence in creating an environment that supports social entrepreneurship.

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<td>0.009</td>
</tr>
<tr>
<td>Social Factors → Political Factors → Social Entrepreneur</td>
<td>+0.560</td>
<td>0.000</td>
</tr>
</tbody>
</table>

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4. CONCLUSION AND RECOMMENDATION

The growth of social entrepreneurship conforms to the inability of the formal sector to absorb an abundant workforce. Various studies have been conducted on social entrepreneurship. This paper argues that individual and social factors can be very powerful factors in the development of sustainable social entrepreneurship, if political intervention is not too dominant. Political factors, such as policies and regulations, play an important role in the success of sustainable social entrepreneurship. On the other hand, regulatory and bureaucratic barriers can significantly impede the growth of social entrepreneurship. As long as policies are limited to regulations without regard to individual and social values, social entrepreneurship will not develop. Therefore, government policies that support social entrepreneurship, such as funding programs or fiscal incentives, can provide easier access to the resources needed to initiate and develop social entrepreneurship. In addition, the need for collaboration with the public sector: Political factors can affect cooperation between the social entrepreneurship sector and the public sector. The government can act as a strategic partner in creating mutually beneficial partnerships with social entrepreneurship, such as through social goods and services procurement programs.

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6. REFERENCES


