



Understanding A Social Entrepreneurship and Its Development In Malaysia

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Abstract: Social entrepreneurship (SE) has started to gain attention in Malaysia lately. The sub-field of entrepreneurship became popular due to the activeness of some social entrepreneurs on their social media platforms. However, what is the meaning of SE? What is its development position in Malaysia? So that the aim of this study was to review the actual meaning of SE itself and its current development in Malaysia. The information for this study was gathered from secondary sources including journal articles and online platforms. Discussions and reviews are made based on the findings of previous studies that have been published by past researchers. The discussions from this study can shed light on the actual meaning of SE and its role in developing the economy and helping the surrounding community. In addition, it can be understood about the development position of this field in Malaysia. Several points have been proposed for future focus and attention.

Keywords: *Social entrepreneurship, market-based platform, non-business platform, social-oriented, development in Malaysia.*

1.0 Introduction

Social entrepreneurship (SE) is an extended branch of the broader field of entrepreneurship. It has grown borderless interests over the past years. SE has attracted interests among related party including practitioners, academicians and communities. However, it became famous in Malaysia due to some entrepreneurs who spend their business income towards the welfare of the surrounding community. The matter raises awareness and knowledge on SE among relevant parties in the country. Studies on SE have been widely explored by many researchers, especially in western countries. However, there are limited studies that have been done relating to SE so far in Malaysia (Mohd Zulkifle, Ab. Aziz & Sarhan, 2021). In addition, there is a misunderstanding about the concept of SE in the country. Rahim (2020) argued the misconception is that the role of SE lies only in welfare and social organizations alone. While the enterprise is more focused on business profits. So, the question arises as to whether the responsibility of SE should be practiced by NGOs or together with other business entities?

Accordingly, this study will discuss the issues that arise in order to provide a clear understanding to the reader. Therefore, the objectives of this paper are; (a) to provide a clear understanding of the true meaning of SE and, (b) to discuss the development of SE in Malaysia. Entrepreneurial branches such as SE should be understood by communities and entrepreneurs. Research done on other relevant sub-areas may be of benefit in terms of best practices that can be followed or collaborated that need to be forged with other parties. All research and follow-up of other best practices by community or entrepreneur may be able to benefit the surrounding people and/or other business itself in the future.



1.1 The Background of Social Entrepreneurship

Nowadays, social entrepreneurship (SE) is seen to be growing and becoming a vital focus as a result of the broad concept of entrepreneurship. Generally, SE is a model of entrepreneurship that does not look at material gain alone. It is about to give social benefit to surrounding communities. This entrepreneurial model focuses on economic distribution in line with efforts to create a more fair and equitable society in a country (Ishak, Raffles & Abd Moen, 2015). So that the entrepreneurial focus more towards wellbeing and welfare of society.

SE is defined as the practice of behaviors encompassing proactivity, risk -taking and creativity to meet objectives based on social aspects (Thompson, 2008). In other words, Thompson (2008) stated it as a key behavior practiced in taking opportunities and trying to solve social problems in the environment. SE is also associated with the creation of social values that are intertwined as a result of the market base and the business conducted (Greblikaite, 2012). Zahra, Gedajlovic, Neubam and Shulman (2009) emphasized SE as an activity and process made to explore, research and take opportunities on new businesses or manage existing businesses innovatively aimed at improving the social well -being of society.

The core goal of SE is to prioritize social needs through innovative methods for the benefit of society. The Organization for Economic Co-operation and Development (OECD, 2020) has outlined that its fundamental goal is not to maximize profits for business but to produce a positive impact on the wider and continuous society. Its main role is to bring social, economic and environmental challenges towards growth and shared prosperity. Furthermore, SE contributes to job creation, independent participation and improvements in welfare services (OECD, 2020).

1.2 Social Entrepreneurship Approach

The social entrepreneurship (SE) approach involves various parties including individuals, groups, start-up companies and existing businesses as well as entrepreneurs. All parties involved implement economic activities and projects in developing, financing and finding solutions to social, cultural and environmental issues. This is done through an innovative approach to change the state of a society. Ideas for such innovative solutions are obtained by examining and researching social problems that exist in the environment.

The main objective of SE is related to efforts in addressing social problems that exist in the community. Such problems exist as a result of community backwardness in public and private mechanisms (Sakarya, Bodur, Yildirim-Oktem & Selekler-Goksen, 2012). Thus, an entrepreneur who is based on social welfare seeks to take whatever opportunities arise from the problems in the community in order to find new solutions and then improve the system of society around them. The impact of such efforts is directed at social benefits rather than self-gain alone.

The SE approach is very much in line with the needs of today's businesses that cover a wide range of stakeholders in addition to business owners. Other stakeholders include investors, suppliers, employees, the local community and the government. This approach is very much related to the needs of the present in dealing with social problems. This is because it involves a combination of social mission with innovative business management in line with the needs of today's customers (Lepoutre, Justo, Terjesen & Bosma, 2013). Lepoutre et al., (2013) added that such an approach prioritizes social mission with importance to innovation as well as focus through their earned output. Such a thing means that this SE involves an approach that explores and finds solutions to social problems. The methods used that are beneficial to both the community and also the entrepreneur himself.

In general, there are two methods in the implementation of the SE. Noruzi, Westover and Rahimi (2010) discussed the implementation of this social effort approach that involves market-based platform and non-business platform.

a) Market-based platform

Involves in determining the implementation of entrepreneurial activities more specifically. According to Jeffery (2005), such platforms are like social businesses, social enterprises and social firms with social goals through market -based activities.

b) Non-business platform

Non-business platforms, on the other hand, involve social entrepreneurial activities that are conducted independently and are not driven by specific business -related entities and that have specific positions and employment.

Accordingly, the activities and implementation of SE can be seen as having existed if when carried out as discussed above. Such existence occurs either through specialized entities that are active in business and market -based or privately or non -business -based groups such as non -governmental organizations (NGOs) and local community organizations.

1.3 Entrepreneurs: Profit -Based and Social -Based

The core focus of an entrepreneur is on long -term achievement goals ahead. However, the evolution of entrepreneurship today has changed not only based on profit alone but also includes the social core that covers the scope of the surrounding community. The figure below follows the overview that divides further discussion into these two cores.

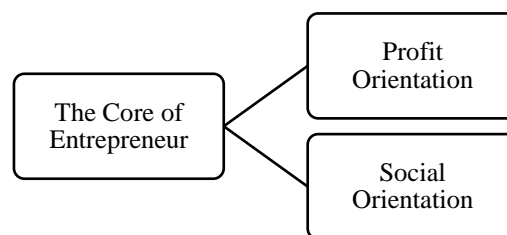


Figure 1: The Core of Entrepreneur

Generally, everyone is aware of the impression that an entrepreneur is someone who views the environment differently. They see an issue or problem as a burst of ideas and opportunities in creating something new towards its solution. As a result, the community gets products with better value while entrepreneurs get profits in business. However, recent times have seen the trend of profit -taking by the business sector in a complex market environment by entrepreneurs has changed. The changes led to a new structure that also incorporated social elements as opposed to purely financial elements. Entrepreneurs are beginning to be concerned about the sustainability and well -being of the communities around them. These people who are involved in business but care about the welfare of society are called social entrepreneurs.

The businesses run by these entrepreneurs have a double -edged sword. Apart from making a profit, their business is also motivated by social and economic aspects for the benefit of the people. SE places emphasis on problem solving and social innovation through the development of radically new approaches (Johnson, 2000). Meanwhile, the Organization for Economic Co-operation and Development (OECD, 2020) found that the implementation was made through their innovative ideas in helping to solve the problem of unemployment by providing employment opportunities and bridging social gaps in society.

The characteristics of a profit-oriented entrepreneur, a social-oriented entrepreneur and the similarities between the two are explained through the figure below.

Characteristics of Profit-oriented Entrepreneurs	<ul style="list-style-type: none"> +High achiever +Risk bearer +Organizer +Strategic thinker +Value creator +Holistic +Arbitrageur 	Common characteristics of both entrepreneurs	<ul style="list-style-type: none"> +Innovator +Dedicated +Initiative taker +Leader +Opportunity alert +Persistent +Committed 	Characteristics of Social Entrepreneurs	<ul style="list-style-type: none"> +Mission leader +Emotionally charged +Opinion leader +Social value creator +Socially alert +Visionary +Highly accountable
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Figure 2: Characteristics of Profit Oriented and Social Oriented Entrepreneurs (Source: Butt, 2016)

Through the above figure, a profit factor -based entrepreneur is outlined by Butt (2016) as a high achiever, risk bearer, organizer, strategic thinker, value creator, holistic view and rational thinking (arbitrageur). On the other hand, an entrepreneur who is based on social factors is said to be a visionary leader (mission leader), emotionally changed, a leader who always thinks (opinion leader), a creator of social value (social value creator), sensitive to social aspects (social alert), have a vision (visionary) and highly accountable (Butt, 2016).

However, there are similarities between the two cores of entrepreneurship. Butt (2016) stated that the similarities between profit -based entrepreneurs and social -based entrepreneurs are such as their innovative actions (innovator), dedicated, initiative taker, being a leader, sensitive to opportunities (opportunity alert), *istiqamah* (persistent) and fully committed. All the features presented must be practiced by entrepreneurs because they are able to produce success in their business ventures.

2.0 Social Entrepreneurship Development in Malaysia

Generally, social entrepreneurship (SE) helps to improve the socio-economy of communities. In Malaysia, its entrepreneurship is widely used to explain the effort of certain non-profit organisations in improving an economic of poor communities (Zakaria, 2011). Apart from these social benefits, SE is a growing sub-field that has the potential in contributing to the country's minority community, helps to provide employment, and assists in achieving sustainable goals. There are many socially oriented organizations and NGOs that have been actively delivering social values and addressing social and environmental issues in society.

In Malaysia, there were many researches related to SE that have been studied. The debate on the previous research is important in understanding its development in the country. Further discussion is focused according to several key factors related to SE including intention and behaviour factors. The intention on SE is to be the starting point for efforts to develop and promote SE in a society. A study by Radin A. Rahman, Othman, Lope Pihie and Ab Wahid (2016) toward student at higher education institutions showed moderate level of entrepreneurial intention despite the higher level of SE activities. This gives the impression that the youths show modest social entrepreneurial intentions despite the higher interest in SE activities in the country.

Several factors have been identified as determinants of a person's intention to engage in SE. In a study that has been conducted on SE intention found that there is a significant positive relationship with several determining factors including self-efficacy, perception of social support, attitude towards SE, subjective norms and perceived behavioral control (Mohd Wahid, Wan Hussain & Ayob, 2018). In addition, the attitude of empathy towards social problems that occur in the surrounding society may be



correlated with social entrepreneurial intentions. In relation with that, studied by Mohd Zulkifle, Ab Aziz and Sarhan (2021) among Malaysian youth have revealed male youths are found to be more intent on becoming social entrepreneurs. However, they found the opposite result where respondents in general have less empathy for social problems.

In the context of social enterprise, there is a beginning in its effort by the Malaysian government with the establishment of the Malaysian Social Enterprise Blueprint in 2015 (Mohd Zulkifle et al., 2021). The blueprint outlines the release of value not only through the creation of economic wealth but also by creating a beneficial impact on society and environmental aspects. This is because SE has the potential to radically transform capitalism as we know it by solving social or environmental issues neglected by traditional sectors (Malaysian Global Innovation and Creativity Centre [MaGIC], 2015). Therefore, the role of social enterprise is seen as important in the well-being of the surrounding community.

In relation to that, the role of social enterprise is vital and demanded in carrying out social and community activities. Studies among SMEs have revealed that SE may contribute to organizational performance (Rahim, Abidin, Junid & Lajin, 2016). However, if examined from the aspect of awareness and acceptance among small and medium businesses, the level of SE in Malaysia is still in the early stages of development. Rahim (2020) however added that acceptance and awareness of SE among Malaysian SMEs is growing steadily in the country. This has given a positive sign in the development of SE among enterprises in this country.

3.0 Conclusion and Future Direction

This article presents a background of SE covering aspects of introduction and its meaning as well as the approach of SE with society. Next, this section discusses on the core of entrepreneurship, including profit-based and social-based as well as the characteristics that are included between the two cores. Finally, an examination is also made on the current trend of SE in Malaysia.

Accordingly, SE is a branch of entrepreneurship that needs to be given serious attention by all entrepreneurs. This sub-field is growing rapidly in the present string of current issues occurring in society. Entrepreneurs must examine the social sustainability aspects of the community because the community around them is one of the stakeholders in the business environment. Disclosure of these sub-areas can provide enlightenment to entrepreneurs (as well as to the readers) to also view the surrounding community as part of the stakeholders in their business. Sustainability in the social life of the surrounding community is able to bring success in their respective businesses. The matter needs to be taken seriously because the surrounding community also contributes to the success of a business.

The review of SE has provided an understanding of this field and the situation of its position in Malaysia. However, some things need to be improved in order to further enrich the matter in the future. Efforts should be made to examine the practices of entrepreneurs based on social benefits in society qualitatively or in case studies to understand them in more depth. It is also necessary to carefully determine the practice of SE in the context of individuals and enterprises. The result is able to benefit the country in the form of socio-economic and national development as well as benefits to the entrepreneurs themselves.

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