

# The influence of perceived financial security on social intention entrepreneurs

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## Abstract

Although a small number of studies have suggested that financial factors weigh heavily on social entrepreneurs, it is unclear how much financial incentives affect the likelihood of starting a new social venture. Furthermore, the socio-economic context in which an organization operates significantly shapes the propensity to embark on a new venture. This study adds a new SEI determinant: perceived financial stability, in order to analyze the conceptual underpinnings of SEI in a particular social setting. To validate this model and introduce the factor of perceived financial stability into SEI, this research uses two distinct measurement tools and performs separate statistical analyses using two groups of samples ( $n = 340$  and  $214$ ). The findings show that perceived social support, perceived financial stability, and entrepreneurial social self-efficacy are all independent direct predictors of SEI and further attenuate the association between past experience and SEI. The Hockerts model is created as a result. This study sheds fresh light on the potential that worries about future financial security may be what drives social entrepreneurs, emphasizing the significance of perceived financial stability as a significant prelude to SEI.

## I. Introduction

Examining entrepreneurial intention and conduct has received a lot of attention in the world of entrepreneurship (1). Much emphasis has been paid to the idea of social entrepreneurial intention (SEI), which refers to a person's intentionally held ambition to create a social firm (2), (3). For academics and practitioners in this sector, understanding the dynamics of SEI is of utmost importance (4), (5). The idea of social entrepreneurial intention (SEI) is explained by Hockerts' model, which is well-known for having solid theoretical and empirical underpinnings. According to this concept, moral duty, empathy, perceived social support, and self-efficacy among social entrepreneurs are examples of social motives that are essential preconditions for self-efficacy (SEI). But Hockerts' model is unable to sufficiently take into consideration the possible impact of personal in particular financial considerations, on the decision-making process regarding the establishment of a social enterprise.

The role that money plays in social entrepreneurship is a topic of much debate. Some contend that rather than being driven primarily by financial gain, social entrepreneurs are driven by a desire to address unmet social needs (6). On the other hand, other research indicates that financial incentives still have a big influence on how social firms grow (7). The

pursuit of financial sustainability and stability to bolster their social purpose is a crucial component of social entrepreneurs' endeavors, even though financial returns aren't always their top priority (8) (7).

This study is motivated by the objective of probing the driving forces and factors that influence individual intention to engage in social entrepreneurship (ISEI), with a particular focus on the concept of perceived financial stability. The researchers aim to test Hockerts' proposals in various socio-cultural contexts using samples from Tunisia and various tools for assessing social entrepreneurial intention (SEI). This multidimensional approach makes it possible to validate the results of previous research and to assess the robustness of the model in various circumstances (9) (10).

The introduction of perceived financial stability as a component of the Hockerts SEI framework represents a significant expansion of the existing model. Furthermore, it contributes to a deeper understanding of how this model operates in a wide range of socio-cultural contexts. In essence, this study seeks to improve our understanding of the motivational and influencing factors associated with social entrepreneurship, particularly in the context of perceived financial stability. By augmenting Hockerts' framework and conducting this study in a new socio-cultural setting, the researchers hope to advance our knowledge in the field of social entrepreneurship.

## II. Theoretical foundations and hypotheses development

### i. The literature on social entrepreneurship

Thanks to the efforts of several scholars (4), (11), (5)) the scientific discourse on social entrepreneurial intention (SEI) has advanced significantly. This corpus of scholarship has investigated a wide range of unique dimensions. Notably, some research have looked at institutional and personality variables such extraversion, openness to experience, and per capita wealth and their beneficial effects on humanitarian entrepreneurial intention (HEI) ((12), (13)). In addition, research on HEI has drawn heavily on theories of behavioural intention, including (14) "theory of planned behaviour" (TPB), which posits that personal "attitudes", "subjective norms" and "perceived behavioural control" have a collective impact on HEI (11). In addition, Hockerts' SEI model has served as a valuable framework in several research studies (15). In a comparative study by (11), evidence was found in favour of the (TPB) and the Hockerts model, while revealing that moral obligation and subjective norms have a limited impact on the SEI. In addition, recent research has contributed to a more nuanced comprehension of the intricacies surrounding SEI dynamics. For example, (16) investigated the influence of social networks on SEI, revealing a positive impact of social capital and network centrality on individuals' intentions to participate in social entrepreneurship. Similarly, (17) explored the significance of entrepreneurial passion in SEI and identified its mediating role in the relationship between SEI and entrepreneurial self-efficacy. In addition, (18) conducted research on the influence of cultural factors on SEI, highlighting the importance of cultural values such as collectivism and ambiguity avoidance in the formation of SEI. In general, research on social entrepreneurial intention (SEI) reveals a range of factors, including personality traits, institutional factors and theories of behavioural intention, that affect SEI. It is essential to bear in mind that the importance and specific nature of the relationship between these characteristics and SEI may vary from one piece of research to another. These results highlight the complexity of SEI and the need for further study to fully

understand these phenomena.

## ii. The social entrepreneurial aim model proposed by Hockerts

A thorough model of "social entrepreneurial intention"(SEI) with several important antecedents was created by (4). This concept contends that "social entrepreneurial self-efficacy", past experience, perceived social support, and social incentives like moral duty and empathy all have a direct bearing on a person's intention to participate in social entrepreneurship. Furthermore, moral duty empathy, "social entrepreneurial self-efficacy", and perceived social support all play a role in mediating the link between past experience and SEI. Hockerts' concept has been tested in both industrialised and developing countries, with varying degrees of success. In all samples, a positive association between the (4) model and HEI was observed. However, the association between moral responsibility and empathy with the SEI showed variation across contexts, with some contexts showing significant or even negative associations, while others indicated marginal or even positive relationships. Additionally, the study demonstrated that entrepreneurial social self-efficacy and empathy both had an impact on the link between past experience and SEI. Reviewing the Hockerts' model, (19) found that their findings substantially agreed with those of (4). They discovered that moral duty had a negative link with SEI, but empathy, social support as seen by others, and past experience had favorable relationships. However, contrary to Hockerts' findings, their study did not reveal a significant positive correlation between social entrepreneurial self-efficacy and SEI. (15) Also studied the model and obtained results that align with some samples of (4) research. Given the inconsistent data from previous studies, further research is needed to better understand the variables that influence SEI. Furthermore, it is imperative to explore how Hockerts' SEI model works in various socio-cultural contexts, such as Tunisia, where entrepreneurship is a social enterprise and the local environment significantly shapes business operations (20).

## iii. Perceived financial security.

There is evidence to suggest that social entrepreneurs may also harbor personal motivations, including financial incentives, although previous studies based on the Hockerts model have mainly focused on social motivations impacting entrepreneurial social intentions (ESI) (e.g. (15) (19). Therefore, ESI may be affected by perceived financial stability. According to (21)and (22), an individual's impression of financial stability is based on their conviction in their abilities to earn a living and build a future financial foundation for their children.

While innovation, social change, and value generation are undoubtedly primary objectives of social enterprises (23), (24), we posit that economic prospects are equally important. Financial stability enables a social enterprise to better serve its philanthropic objectives. However, if financial gain takes precedence, the social mission may be compromised (24).Although the aspiration to generate sufficient income to sustain the organization is not the main driving force for social entrepreneurs; it may nevertheless influence their decision to pursue a social entrepreneurship opportunity. According to recent study, some social entrepreneurs have long-term goals of attaining financial security (25). Social

entrepreneurs aim to attain financial stability even if they aren't always driven by financial gain (25), (26). Furthermore, we contend that the association between past experience and ESI is moderated by perceived financial security. According to earlier research (27), (28), (10) people with backgrounds in either the business or social sectors may harbor a strong desire for personal financial fulfillment. Experienced people may feel financially comfortable while starting a social venture since they know they can find alternative jobs options to support their families should the social enterprise encounter difficulties. Additionally, those who have previously participated in social activities may look for financial benefits for future participation (28), and individuals who perceive themselves as financially secure are more inclined to participate in social endeavors (29). We contend that people from such backgrounds could wait until they feel financially comfortable before starting a social company. The perception of financial security in ESI may therefore be influenced by past experience. Finally, from this review of literature, we propose the research model (figure1) and the following hypotheses:

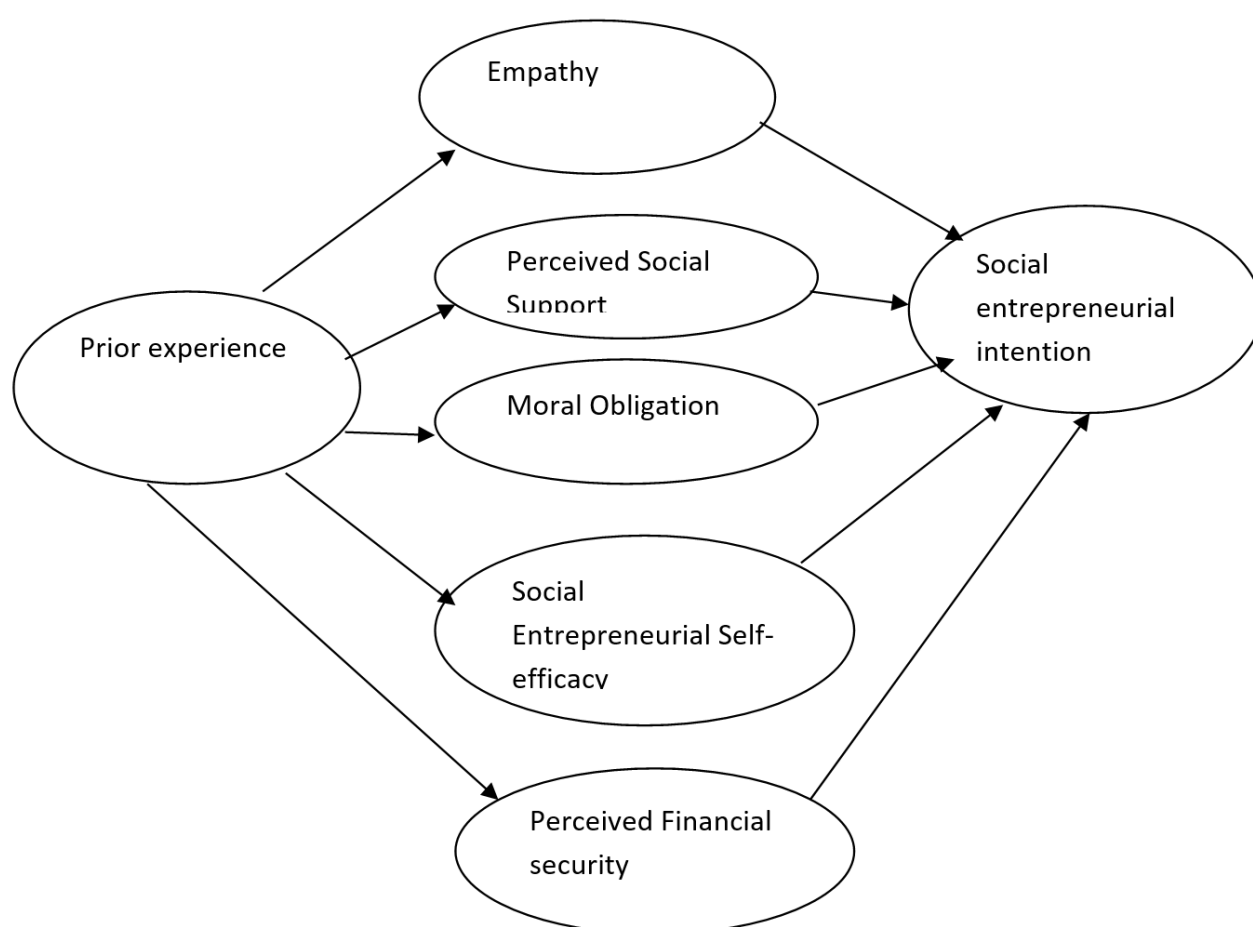


Figure 1. Conceptuel model

### III. Methodology

#### i. The participants

The study involved a sample of 204 people from different socio-cultural backgrounds in Bangladesh. The average age of

the sample was 21 and 73% of the participants were women. Of the participants, 87.5% were unemployed, while 12.5% were involved in social organisations. All participants were undergraduate students.

## ii. Measurement instruments

The research used a series of established measurement instruments:

1. Empathy: to measure empathy, we used (30) Empathy Scale (). The scale showed strong internal consistency (Cronbach's alpha = 0.76).
2. Moral obligation: Moral obligation was assessed using a scale developed by (4). The reliability of this scale was excellent (Cronbach's alpha = 0.82).
3. Social entrepreneurial self-efficacy: We used the Social Entrepreneurial Self-Efficacy (SESE) scale developed by (5). The scale showed high internal consistency (Cronbach's alpha = 0.86).
4. Perceived social support: was assessed using the Multidimensional Scale of Perceived Social Support (MSPSS) (31), and the scale exhibited strong reliability (Cronbach's alpha = 0.80).
5. Perceived financial security: Perceived financial security was assessed using a scale adapted from previous research (25). This scale demonstrated excellent reliability (Cronbach's alpha = 0.92).
6. Previous experience: We assessed previous experience with social entrepreneurship using a scale adapted from (4). This scale exhibited strong reliability. (Cronbach's alpha = 0.94).
7. Social entrepreneurship intention (SEI): SEI was measured using a composite scale composed of six items adapted from (5). The scale showed excellent reliability (Cronbach's alpha = 0.95).

## 8. iii. Data analysis

We used structural equation modelling (SEM) to analyse the data. Specifically, we used AMOS version 24 for the analysis. We followed a two-stage approach: first, we tested the Hockerts model, and then we assessed the influence of perceived financial security on the ESI.

## IV. The results

### i. Reliability, validity, descriptive statistics and correlations

The results concerning the reliability of the variables and the indicators of convergent and discriminant validity are presented in Table 1.

Table 1 Reliability, Convergent, and Discriminant Validity Statistics (Sample Size: 204)

Variables	CR	AVE	Empathy	Moral obligation	Social entrepreneurial self-efficacy	Perceived social support	Perceived financial security	Prior experience	Social entrepreneurial intention
Empathy	0.76	0.55	0.745						
Moral obligation	0.82	0.59	0.319	0.762					
Social entrepreneurial self-efficacy	0.86	0.67	0.262	0.388	0.789				
Perceived social support	0.80	0.57	0.097	0.211	0.343	0.766			
Perceived financial security	0.92	0.78	0.063	0.154	0.149	0.212	0.874		
Prior experience	0.94	0.71	0.259	0.143	0.357	0.229	0.154	0.876	
Social entrepreneurial intention (6 Items)	0.95	0.67	0.163	0.268	0.362	0.378	0.432	0.317	0.812

Composite Reliability (CR): This statistic measures the internal consistency of each variable. All variables in the table have CR values above 0.70, indicating high internal consistency and reliability.

Average Variance Extracted (AVE): AVE measures the variance captured by the constructs relative to the measurement error. All variables have AVE values exceeding 0.50, indicating good convergent validity.

Moral Obligation, Empathy, Social Entrepreneurial Self-Efficacy, Perceived Financial Security, Perceived Social Support and Prior Experience are individual constructs with their respective factor loadings on the diagonal.

Social Entrepreneurial Intention (6 Items) is a latent variable composed of several items, and its factor loadings with respect to the individual constructs are presented off the diagonal.

All correlations between variables are positive and statistically significant at the 95% confidence level, demonstrating good discriminant validity.

## ii. Hockerts model testing results

The analysis of the Hockerts model and the results of the hypothesis tests highlighted several significant relationships and confirmed key elements of the model.

## iii. Results of the Hockerts model tests:

### a) Test results for the Hockerts model

We employed (4) original structural model concepts to examine our data samples.  $R^2 = 0.298$ ; SRMR = 0.067 at HI95; a good match for the model. The results demonstrated a substantial ( $p < 0.05$ ) positive correlation between ESI and all of the dimensions, including empathy ( $= 0.112$ ), moral responsibility ( $= 0.110$ ), social entrepreneurial self-efficacy ( $= 0.148$ ), perceived social support ( $= 0.263$ ), and prior experience ( $= 0.216$ ). Furthermore, among social entrepreneurs, self-efficacy, perceived social support, empathy, and moral obligation all appeared to mitigate the relationship between ESI and past experience. These results support Hockerts' theory (table)

**Table 2.** Hockert's predictions results

Results	
Hockert's predictions	<b>Sample 204</b>
Empathy - SEI	supported
Moral obligation - SEI	supported
Social entrepreneurial self efficacy -SRI	supported
Perceived social support - SEI	supported
Prior experience - SEI	supported
Prior experience –empathy-SEI	supported
Prior experience – moral obligation -SEI	supported
Prior experience –social entrepreneurial self-efficacy -SEI	supported
Prior experience – Perceived social support -SEI	supported

#### Hypothesis testing results:

Before executing the structural model, we included perceived financial security into (4) ISE model to assess our hypotheses using the data obtained from our sample. The structural model, with a satisfactory fit indicated by HI95 and SRMR at 0.057, revealed significant findings. Specifically, there was a noteworthy correlation ( $r = 0.328$ ,  $p < 0.001$ ) between ISE and perceptions of financial stability, providing support for H1. Furthermore, a positive impact on ISE was observed for prior experience, perceived social support, and entrepreneurial social self-efficacy, all at a significance level of  $p < 0.01$ . Empathy and ESI displayed significant correlations, as did moral obligation ( $r = 0.076$ ;  $p = 0.222$ ;  $p = 0.138$ ). In addition to entrepreneurial social self-efficacy and perceived social support, perceived financial stability was found to mediate the relationship between prior experience and ESI, thereby supporting H2. This mediation was categorized as partial, as past experience had a direct influence on ESI, with 95% confidence intervals excluding zero (CI: 0.010 to 0.084; 0.020 to 0.077; 0.020 to 0.090). However, the 95% confidence intervals for the mediating effects of empathy and moral duty in the link between past experience and ISE included zero, indicating their lack of statistical significance (CI: -0.005 to 0.026; -0.003 to 0.030). The  $R^2$  value for the structural model was determined to be 0.379, implying that the collective impact of the relevant variables accounts for approximately 38% of the variance in ISE.

#### b) Multi-group analysis

Using a multigroup analysis, we conducted a moderation analysis to examine whether there were any differences between men and women. The findings indicated that there were no gender disparities in any of the correlations in either sample, indicating that there were no gender differences in the respondents' responses.

## V. Discussion

The aim of this study was to examine the role of perceived financial security in social entrepreneurial intention (SEI) and to test the robustness of (4) model in a different socio-cultural context. The results provide valuable insights into the factors influencing SEI and the potential influence of financial motivations on social entrepreneurship.

In the first place, the findings supported the appropriateness of the scales selected to measure moral obligation, empathy, perceived social support, social entrepreneurial self-efficacy, perceived financial security, prior experience, and SEI (32), (33). High mean scores for social entrepreneurship self-efficacy and moral duty have shown how important these factors are in promoting SEI (4). Second, Hockerts' initial principles for the model have been well adjusted, and the findings have supported the beneficial relationships between empathy, moral responsibility, social entrepreneurship self-efficacy, social support, and past experience with HEI (Hockerts, 2017). The applicability of Hockerts' approach in the Tunisian setting is supported by these results (34), (15), (19). As a novel antecedent of ESI, the research also added financial stability. The findings showed a substantial positive relationship between perceived financial stability and ESI, suggesting that possible financial concerns may be what drives social entrepreneurs (21) (22). This finding is in line with other research that claims that while social entrepreneurs prioritize social impact, they also need to think about financial stability and sustainability (25) (7). Additionally, it was discovered that the association between past experience and SEI was moderated by perceived financial stability. This implies that those who have engaged in social activities in the past would not be driven to launch a social venture until they feel financially secure. The decision to establish a social enterprise may be influenced by financial security and the sense of having other sources of income ((27) (35)). The findings of this study have a number of ramifications for social entrepreneurship scholars and practitioners. First, Hockerts' model is expanded by the addition of perceived financial stability as an antecedent of SEI, enabling a more thorough study of the variables impacting social entrepreneurship aspirations. This demonstrates how crucial it is to take financial motives into account and how social entrepreneurship requires financial sustainability.

Second, by putting Hockerts' model in a new sociocultural setting, the study adds to the body of literature. The outcomes demonstrate the model's resilience in the Tunisian environment and imply that the theoretical framework's applicability extends beyond the original circumstances. This supports the model's generalizability and sheds light on the differences in social entrepreneurship goals across cultural boundaries (9) (36).

Third, the significance of financial concerns for those with experience in the social sector is shown by the mediating role that perceived financial stability plays in the link between past experience and SEI. Policymakers and organizations may foster favorable conditions that alleviate financial concerns and encourage the participation of individuals with expertise in social entrepreneurship by having a better understanding of this mediation mechanism. Practical ramifications include the



requirement that prospective social entrepreneurs have access to funding sources and safety nets to ensure their financial stability. Social entrepreneurs can be strengthened and have a higher likelihood of starting social enterprises if policies and programs that support financial literacy, financial accessibility, and social safety nets are implemented.

## VI. Conclusion

This study evaluated the stability of Hockerts' model in the Tunisian setting, as well as the influence of perceived financial security on the inclination to engage in social entrepreneurship. The findings emphasize the mediation function of perceived financial stability in the link between past experience and SEI and suggest the necessity of accounting for financial motives in social entrepreneurship. By extending the theoretical framework of social entrepreneurial goals and investigating its relevance in a diverse socio-cultural environment, the study adds to the body of current literature. It draws attention to the complexity of SEI and emphasizes the necessity of a comprehensive understanding that includes both social and economic incentives. Overall, the results offer useful information for social entrepreneurship researchers, policy makers, and practitioners by providing a nuanced perspective on the variables that affect social entrepreneurs' intentions and the significance of financial considerations in the development of social enterprises. Stakeholders may promote the development of social entrepreneurship and its positive effects on society by resolving financial issues and establishing conducive settings.

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