

# The Influence of Institutional Environment, Experience, and Education on Social Entrepreneurship

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**Abstract:** Social entrepreneurship is an economic field that aims to provide social benefits to the surrounding community, especially in terms of improving welfare through innovation and the application of entrepreneurial concepts so that it has economic value, therefore social entrepreneurship plays an important role in advancing the country's economy. In social entrepreneurship, several approaches are applied, namely practical, innovative, and sustainable approaches that can certainly have a positive impact on the lower economic class or underprivileged communities. As is known, every aspect, including social entrepreneurship, must have factors that affect its sustainability, both factors that encourage an increase in social entrepreneurship intentions support the creation of social entrepreneurship or inhibit factors that hurt social entrepreneurship. For this reason, this quantitative research aims to find out things that affect social entrepreneurship, especially whether, the institutional environment and education have a positive influence on entrepreneurship. This research was conducted on students at Tarumanagara University, sampling was carried out using purposive sampling techniques so that the samples taken could be by the purpose of the study, namely provided that respondents had passed entrepreneurship courses which later data collection would be carried out through questionnaires, then the data would be processed using the help of smart PLS. The results showed that there was a positive and significant influence between the institutional environment and social entrepreneurship. There is a positive influence between education and social entrepreneurship. There is a negative and insignificant influence between experience and social entrepreneurship.

**Keywords:** Social Entrepreneurship, Institutional Environment, Experience, Education, PLS

## Introduction

Entrepreneurship is important in building the economy because it involves many people so it has a social impact, such as opening and adding jobs for the surrounding community this will reduce poverty and unemployment. Kannampuzha and Hockerts (2019) define social entrepreneurship as "actions aimed primarily at creating social impact for beneficiaries by engaging in commercial activities while implementing cooperative governance mechanisms that uphold beneficiary excellence". entrepreneurs who have participated in the initial program have previously acquired a more advanced entrepreneurial mindset and problem-solving skills that allow them to identify and take advantage of further opportunities ([Lacap et al: 2018](#); [Hockert, 2017](#)). Douglas and Prentice (2019) analyzed the asymmetric relationship between social entrepreneurial intentions (SEI) and prosocial attitudes, innovation attitudes, and entrepreneurial self-efficacy. Hueso's (2020) research shows that collectivistic personal values are negatively correlated with perceived attraction and control of entrepreneurship.

According to Urban, B (2017), Institutions play an important role in economic development, other scholars argue that institutions are not created in a vacuum; rather, historical events dictate the current quality of institutions in a country. Institutional theory itself is a theoretical framework that explains the evolution of social structures and processes (rules, norms, etc.) of both individuals and organizational actions in society. ([Urban, B, 2017](#)). Institutions have a function in entrepreneurship as described by (Justin, Theodore, and Michael. A., 2019)

Previous experience can be defined as an individual's work with social enterprise and engagement with social issues, as well as the knowledge gained through such engagement ([Bacq and Alt, 2018](#); [Hockert, 2017](#)). In research, it is known that individuals with previous entrepreneurship education, exposure, and experience are more likely to pursue entrepreneurship. ([Hockert, 2017](#)), Previous experience has implications for various cognitive and behavioral attributes due to their influence on a person's character, including increasing openness to social criticism, reducing anxiety at possible failure, increasing friendliness, empathy, and perseverance, improving communication skills and trustworthiness, and increasing creativity. and the ability to meet customer needs ([Hockert, 2017](#)). These attributes accommodate increased self-confidence, which, in turn, strengthens the perceived ability of social entrepreneurs to act ([Urban and Kujinga, 2017](#)). Therefore, it is likely that entrepreneurs with more previous experience will better understand their ability to manage social problems and risks due to their accumulated knowledge about resolving those problems and protecting their social enterprises.

Education is the most important thing, of course, also for social entrepreneurship. According to ([Boldureanu, G., 2020](#)). In Romania, starting in 2002, the Ministry of Education and

Research, largely due to the pressure of international programs, introduced the discipline of Entrepreneurship Education into secondary school education curricula, and then, in 2013, became a higher education program when the EU adopted the Entrepreneurship Action Plan 2020, along with other provisions, simplifying the development of entrepreneurship education and training. On the other hand Farooq, M.S,(2018) called for a new impact of entrepreneurship education indicators beyond entrepreneurial inspiration after reviewing 159 articles on the impact of entrepreneurship education and found that 51 percent focused on entrepreneurial inspiration. The study focused on two aspects of education: the presence of curriculum and extracurriculars, and three educational attributes: type of learning experience, type of course, and type of extracurricular activity. (Jun Cui, Sun. J, and Bell, R, 2019). Based on the above facts, it proves that education is one of the most important indicators of social entrepreneurship.

This study aims to determine the institutional environment that affects social entrepreneurship, work experience affects social entrepreneurship and education affects social entrepreneurship. The results of the study are expected to provide information related to the importance of the institutional environment, work experience, and education in carrying out social entrepreneurship. In addition, it provides new thoughts and ideas to enrich concepts and theories from all aspects of science.

## Literature Review

### Institutional

Tiwari, P. (2017) explained that institutions are about rules, mechanisms that ensure their application, and behavioral norms that structure repeated interactions between people. Webb, J.W. (2019) also suggests that institutional is a theoretical framework that explains the evolution of social structures and processes (rules, norms, etc.) of both individuals and organizational actions in society. Institutional is defined as a system that has strict norms and additional norms that determine the scope of validity of strict norms such as control over the realization of the original.

### Experience

Experience according to Bacq (2018) explains that experience can be defined as individual work with social enterprise and engagement with social problems, as well as knowledge gained through such engagement. Ghazali, Mutum, & Javadi, (2021) define that experience is a unit of development that considers the inner (emotion, consciousness) and outer (material, social

environment) in one irreducible unit. Liu, (2022) explains that experience is defined as the subjective pre-reflective life of a person through his life as information in the information field of the living world.

## Education

Zang and Bray (2020) explain that education is an understanding of many contexts and the evolution of practice and conceptualizations from various literature (learning resources). Naziev, A (2017) explains that education is a socially organized and organized process to transfer socially significant experiences from previous generations to the next. Khuong, M.N. and An, N.H. (2015), education is something that needs to be taught with abilities that are by the students they teach, because each person has different mental abilities and abilities.

## Social Entrepreneurship

Kannampuzha and Hockerts in Ghazali (2020) define social entrepreneurship as a social action for beneficiaries by engaging in commercial activities while using cooperative governance mechanisms that uphold beneficiary excellence. Aquino et al., (2018) explained that social entrepreneurship is affirmed as employing a high level of inclusivity and creativity in dealing with social problems. Arabska, E. and Terziev, V. (2017). Entrepreneurship is a process of recognizing and pursuing opportunities to create social value.

## Frameworks and Research Models

Social entrepreneurship is something that is influenced by many things. To build entrepreneurship, many things must be considered, one of which is the Institutional Environment in the surrounding area. Institutions in a region determine how an entrepreneur can build a business, whether the rules of the institution support the running of the business or not. In addition to the institutional environment, another thing that is no less important is experience. In starting a business, of course, someone needs expertise gained from the many experiences that the person has gained before. But what underlies a person can get the best experience, namely through the education they take, good quality education will equip someone in social entrepreneurship. This is because social entrepreneurship can be run with the amount of insight into one's knowledge obtained through education, so the results obtained are quite good in entrepreneurship. The higher the education and the more experience a person has determines the magnitude of insight into entrepreneurship.

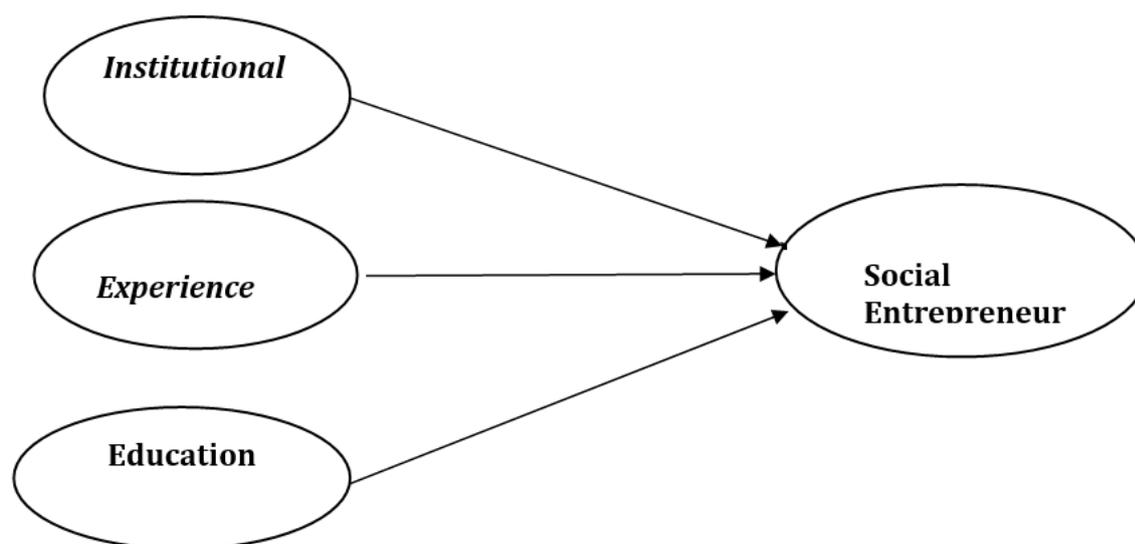


Figure 1 Research Model

## Hypothesis

H1: There is a positive influence between the institutional environment on social entrepreneurship

H2: There is a positive influence between experience and social entrepreneurship.

H3: There is a positive influence between education and social entrepreneurship.

## Research Methodology

The population used in this study was students of Tarumanagara University. In this study, the participation of the entire population is not possible in data collection because several conditions must be met. For that using the sample technique with purposive sampling. This is only a part of the population who has met the criteria that have been set in advance, are students who are experienced in entrepreneurship, have taken entrepreneurship courses, have carried out social activities, and have the opportunity to be sampled. Sample Size A total of 80 respondents. The technique used in data collection is to distribute questionnaires to respondents who are selected to be sample members, and distributed to female students from Tarumanagara University who have experience in entrepreneurship and have carried out social activities. This study uses four variables including, institutional environment, work experience, education, and social entrepreneurship. Data processing in this study uses SmartPLS software which consists of two analyses, including the outer model and inner model.

## Result and Discussion

### Outer model

The processing results in Table 1 display evidence that each variable has a value above 0.50 (>0.50) so that it meets the requirements.

**Table 1 Results of convergent validity analysis**

	<b>Average Variance Extracted</b>
Social Entrepreneurship (KWS)	0.762
Institutional Environment (LK)	0.702
Education (PD)	0.789
Experience (PM)	0.701

The processing results in Table 2 prove that all values in each indicator are below 0.90 (<0.90) so it can be said that the results of the HTMT analysis meet the requirements.

**Table 2. Results of discriminant validity analysis**

	<b>KWS</b>	<b>LK</b>	<b>PD</b>	<b>PM</b>
KWS				
LK	0.602			
PD	0.986	0.451		
PM	0.601	0.616	0.571	

The processing results in Table 3 display evidence that each item used in measuring variables has a composite reliability value of > 0.60 so that the variable can be declared reliable then each item used in measuring variables has a Cronbach's alpha value of > 0.60 so that the indicator or item to measure the variable can be declared reliable.

**Table 3. Internal Consistency Reliability Analysis Results**

	<b>Cronbach's alpha</b>	<b>Composite reliability (rho_a)</b>	<b>Composite reliability (rho_c)</b>
KWS	0.918	0.928	0.940
LK	0.790	0.828	0.876
PD	0.910	0.914	0.937
PM	0.788	0.792	0.876

### Inner model

The processing results in Table 4 display evidence if there is R<sup>2</sup> which is 0.857 which explains if 85.7% of social entrepreneurship can be explained by the physical environment and food safety then the remaining 85.7% of dependent variables can be explained by the variables in this study, the remaining 14.8% explained by other variables that were not studied in this study.

Table 4 Results of Determinant Coefficient Analysis

	R square	R square adjusted
Social Entrepreneurship	0.857	0.852

Furthermore, for testing the inner model, it is necessary to test the hypotheses that can be obtained from path coefficients and p values. The processing results in Table 5 prove that the three hypotheses are supported because the p-value is below 0.05 (<0.05) and the path coefficient is above 0 (>0).

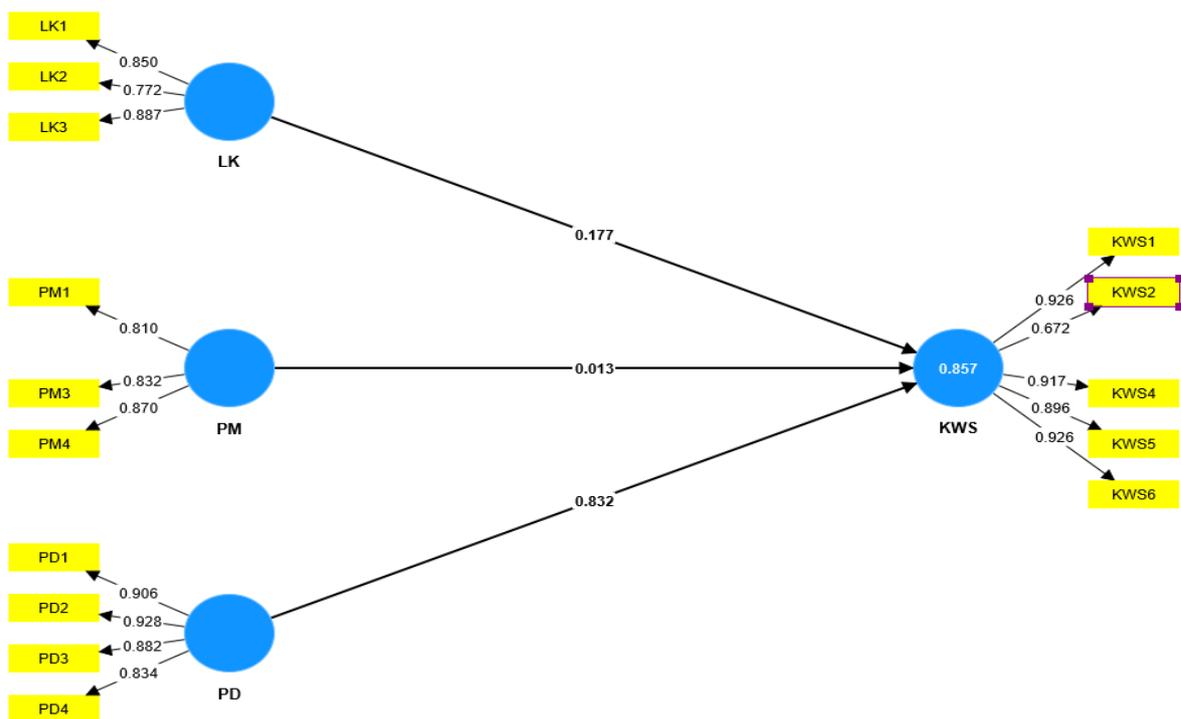


Figure 2 PLS Model Estimation Results (Bootstrapping)

Based on the results of the PLS model estimation with the bootstrapping technique above, the T value of the entire path has exceeded 1.96. The full significance test results can be seen in the following table:

Table 5 Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
LK -> KWS	0.215	0.219	0.061	3.546	0.000
PM -> KWS	-0.056	-0.053	0.067	0.841	0.817
PD -> KWS	0.837	0.832	0.047	17.859	0.000

Based on the results of the hypothesis testing above, the test results are obtained as follows:

1. In the path that shows the influence of the institutional environment on social entrepreneurship, the p-value obtained is 0.000 with a statistical T of 3.546 and a path coefficient marked positive of 0.215. Since the p-value of the path value  $< 0.05$ , the statistical T  $> 1.96$ . This suggests that supporting H1, which says "institutional environment towards social entrepreneurship," is welcome.

2. On the path that shows the influence of experience on social entrepreneurship, the p-value obtained is 0.817 with a statistical T of 0.841 and a path coefficient marked negative of -0.056. Since the p-value of the path value is  $> 0.05$ , the statistical T  $< 1.96$ . This suggests that not supporting H3 which says "There is a positive influence of experience on social entrepreneurship", is not accepted.

3. In the path that shows the influence of education on social entrepreneurship, the p-value obtained is 0.000 with a statistical T of 17.859 and a path coefficient marked positive of 0.857. Because the p-value of the path value  $< 0.05$ , the T statistic  $> 1.96$ . This suggests that supporting H2, which says "institutional environment towards social entrepreneurship," is acceptable.

## Discussion

The results of the research on the influence of the institutional environment on social entrepreneurship, show that there is a positive and significant influence, the results of this study support previous findings. Urban (2017) has conducted research using qualitative and quantitative techniques, and the results that can be concluded are the institutional environment influences social entrepreneurship. Supported by research by David and Diane (2018) shows a significant influence between the institutional environment on social entrepreneurship and empirical techniques on social enterprises in South Africa.

The results of research on the influence of experience on social entrepreneurship show the results of negative and insignificant influences. This is not in line with previous research showing network competence towards the survival of SMEs," the results of this study are in line with previous research, Turyakira & Mbidde, (2015) networking is significantly positively related to business survival. Kalm (2012) argues that network relationships can provide emotional support for risk-bearing entrepreneurs and thus increase the entrepreneur's desire to continue running the business. Networking is essential for the discovery of opportunities, for testing ideas, and for pooling resources for the formation of new organizations (Klyver & Schott, 2011). Kozan and Akdeniz (2014) found that entrepreneurial networks are positively related to the survival of a business.

The results of research on the influence of *education on social entrepreneurship* show the results that there is a positive and significant influence. This study is in line with previous research. The results of research conducted by Moon Jun and Su Hee (2021) state that education has a significant influence on social entrepreneurship. The results researched by Azimjon and Nasiba (2022) concluded that it is more appropriate to start a business after graduating from studies and completing education. Although education has its drawbacks, however, 111 (55.2%) participants answered as a preference to start a business after graduating from studies. Overall, surveys show that education is very important before starting a business

## Conclusion

Through the test results, the conclusions that can be drawn in this study are. The institutional environment has a positive and significant influence on social entrepreneurship. Experience does not have a positive and significant influence on social entrepreneurship. Education has a positive and significant influence on social entrepreneurship.

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