INTENTION TOWARDS SUSTAINABLE ENTREPRENEURSHIP: A CONCEPTUAL FRAMEWORK

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ABSTRACT

Researchers have agreed that entrepreneurs are important to a country’s economic development. Despite their constructive contributions on economic development, entrepreneurial activities have also led to environmental degradation. Thus, it is believed that environmental issues should be solved by entrepreneurs themselves. In recent years, linking entrepreneurial activity and sustainable development has become a vital practice for all corporations nowadays. It is due to the popularization of sustainability development concepts such as triple-bottom-Line (TBL). However, there are limited literatures on sustainable entrepreneurship, particularly in the local setting. In addition, intention of practicing entrepreneurs, specifically among the owners of small and medium enterprises (SMEs) towards sustainable entrepreneurship has not been fully explored. As such, by extending the theory of planned behavior (TPB), this conceptual paper suggests a framework and further discusses the factors that influence the intention of SMEs owners towards sustainable entrepreneurship. It is hoped that this paper could flourish the literature collection and shed lights on practicing entrepreneurs’ intention towards sustainable entrepreneurship.

Keywords: intention, small and medium enterprises, sustainable entrepreneurship, theory of planned behavior.

1.0 INTRODUCTION

Entrepreneurship has long been promoted and encouraged in the modern society (Tilley and Young, 2009). For instance, universities are offering entrepreneurship courses and various efforts to develop young entrepreneurs have also been carried out by the government. No doubts, it is hard to separate economic development and globalization from entrepreneurial activities. Some researchers have named entrepreneurs as “engines of economic growth” (Baron and Shane, 2008) and (Mellor et.al., 2009) and it has been linked to wealth generation and economic growth for many years. Among the well acknowledged contributions of entrepreneurs are such as job creation, product and process innovation, enterprise establishments and other. Despite all these
positive contributions, the entrepreneurial business activities have also contributed to environmental degradation (Cohen and Winn, 2007).

Business activities from entrepreneurial practices have contributed to environmental degradation (Cohen and Winn, 2007), causing environmental problems such as pollutions, green house effects and ecosystem imbalance. Therefore, some researchers suggest that entrepreneurs should help to resolve the environmental problems (Dean and McMullen, 2007). Specifically, Palazzi and Starcher (2006) point out that linking economic and environmental interests to create benefit for the whole society has become a vital practice among corporations nowadays. In other words, business organizations nowadays are required to perform in an equal footing between economic gains and sustainable practices. As mentioned by Schaltegger and Synnestvedt (2001), being “green” and being “economically successful” should be at the central attention of all company leaders of today. In addition, Schaper (2002) also mentions that entrepreneurs nowadays are playing a leading role in adoption of green or sustainable businesses. In short, economic gain is no longer the only objective of entrepreneurship. Indeed, due to the increasing awareness and rapid development of concepts related to corporate social responsibility (CSR), ecological modernization and sustainability development, many business firms have re-examined their roles on social-economic issues. In many cases, the term “corporate sustainability” is a synonym for “corporate social responsibility” (Hall et.al., 2010). As such, adopting sustainable practices is not only a trend, but also a must, for most current entrepreneurs.

Although Friedman (1970) has mentioned that “the social responsibility of business is to increase its profits”; his viewpoint deserves a re-evaluation in today’s business world. Currently, the concept of triple-bottom-line (TBL or 3BL) coined by John Elkington in 1994, which emphasizes on balancing economic health, social equity and environmental resilience through entrepreneurship, has received much attention. Linking entrepreneurial activities to sustainability development has changed the ways businesses are performed. Entrepreneurship is experiencing a shift from emphasizing on wealth creation and profit accumulation to environmental concern and sustainable development (Smith and Sharicz, 2011; Tilley and Young, 2009). The shift towards sustainable development has created a new field in entrepreneurship known as sustainable entrepreneurship (Cohen and Winn, 2007; Gibbs, 2009; Hall
Intention towards Sustainable Entrepreneurship: A Conceptual Framework

The transition of entrepreneurship towards sustainability has undoubtedly become a challenge to most entrepreneurs. As Kuckertz and Wagner (2010) mention, sustainable entrepreneurship which bears additional potential for both society and environment adds new promise to the traditional entrepreneurship.

Although the concept of triple-bottom-line has been stressed by researchers in sustainability study, it still remains as an under-researched area, particularly in regard to entrepreneurship. To date, studies on entrepreneurship intention has captured the attention of various researchers in entrepreneurship field, for examples, Moriano et al. (2011); Shook and Bratianu, (2010) and Schwarz et al. (2009), just to name a few. However, studies focusing on intention towards sustainable entrepreneurship are still very lacking, especially in the local setting. Nothing much has known regarding the antecedents of intention towards sustainable entrepreneurship in our motherland.

Quite a number of past literatures have investigated sustainable practices and development among students (Fielding et al., 2008; Kasier et al. 2005), household (Tonglet et al., 2004) and individuals (Bamberg and Möser, 2007; Kaiser and Gutscher, 2003; Vermeir and Verbeke, 2008). However, perceptions among current practicing entrepreneurs on sustainable practices are still less understood. As Hall et al. (2010) mention, there are scant empirical studies exploring the likelihood of entrepreneurship roles in transforming current economies into more sustainable system. Small and medium enterprises (SMEs) are often associated with entrepreneurship. As sustainable entrepreneurship could be regarded as an extension or sub-form of entrepreneurship (Levinsohn and Brundin, 2011; Schlange, 2006), studies on SMEs in regard to sustainable entrepreneurship still remains low.

Therefore, questions such as “are SMEs owners intending to engage with sustainable entrepreneurship?” and “what cause SMEs owners to engage with sustainable entrepreneurship?” are indeed require further investigation. Furthermore, it is also worthwhile to investigate “are novice and veteran SMEs owners having different intention towards sustainable entrepreneurship?”
2.0 LITERATURE REVIEW

Sustainable Entrepreneurship

Throughout the years, many researchers have tried to define entrepreneurship; however, the efforts have not received any promising results. To date, researchers found that there is no universally accepted definition of it (Carsrud and Brännback, 2007; Gartner, 1988; Veciana, 2007). Thus, for the purpose of this study, entrepreneurship can be defined as “a process in which enterprising individuals identify an unmet need or want, and grasp the opportunity by turning ideas into commercial reality” (Schaper, 2002). As mentioned earlier, entrepreneurship is facing a shift or transition in its objectives. It should not be associated to solely on profit generation or wealth accumulation. Due to the increased awareness of environmental and social problems, entrepreneurs are expected to reconcile the twin goals of sustainable development and wealth accumulation (Tilley and Young, 2009).

Over the years, many fields of entrepreneurship that are related to sustainability development have emerged as important areas in the study. For instance, environmental entrepreneurship, social entrepreneurship and sustainable entrepreneurship are among the current development in this study (Richomme-Huet and De Freyman, 2011; Tilley and Young, 2009). However, sustainable entrepreneurship remains as a popular field due to the activity such as “greening the industry” which took place in Europe and other industrialized countries around the world in mid-1990s (Schick et.al., 2005) and increasing awareness of sustainability development among entrepreneurs (Hall et.al., 2010).

Graham (2010) mentions that sustainability management emerged in 1970s and it has undoubtedly changed the ways people perceived on environmental resources issue. Sustainability can be defined as “the result of the activities of an organization, voluntary or governed by law, that demonstrate the ability of the organization to maintain viable its business operations whilst not negatively impacting any social or ecological systems” (Smith and Sharicz, 2011). Meanwhile, sustainable development can be defined as “development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs” (WCED, 1987). It can be said that sustainable entrepreneurship is a concept that links entrepreneurship to sustainability development. As discussed before, environmental entrepreneurship, social entrepreneurship and sustainable entrepreneurship are among the current development in the
study of entrepreneurship. However, these terms are ambiguous (Hall et al., 2010), overlapping and difficult to be differentiated (Gibbs, 2009). Even though the definition of sustainable entrepreneur is not remained static, Schlange (2006) attempted to describe sustainable entrepreneur as “someone having a strong emphasis on ecological aspects in the business vision as opposed to the traditional entrepreneurial aspirations”. In defining sustainable entrepreneurship, this study adopts Shepherd and Patzelt’s (2011) definition, as “focused on the preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy and society.”

Theory of Planned Behavior

Theory of planned behavior (TPB) was suggested by Ajzen (1991) as the extension of theory of reasoned action (TRA). It can be widely applied in various areas to analyze people behavior (Ajzen, 1991). Most importantly, TPB assumes that people behavior can be predicted by intention, and intention is influenced by several factors, such as personal attitude, others’ views towards the behavior (subjective norm) and self-efficacy (perceived behavioral control). That is, a person who has intention to perform a particular behavior, says to start-up a business, his or her intention is influenced by several factors, such as positive attitude towards business, strong support from third parties and own ability to start a business.

To date, TPB has also been widely applied in studies of entrepreneurial intention because of its ability to predict intention effectively (Moriano et al., 2011; Shook and Bratianu, 2010). In addition, it has also been applied in studies predicting personal pro-environmental intention behavior (Kaiser and Gutschier, 2003; Kaiser et al., 2005). Specifically, Kaiser et al. (2005) explain that theoretically meaningful part of TPB seems to be accurately and it identifies the relationships among its concepts rather properly. However, Conner and Armitage (1998), Oreg and Katz-Gerro (2006) and Fielding et al. (2008) have suggested that other variables should be incorporated to increase the predictive utility of the model. Indeed, there are many other factors that influence intention apart from the three determinants suggested by Ajzen (1991). Thus, this study adopts TPB by integrating other attributes into it to predict the intention towards sustainable entrepreneurship.
Framework Development and Hypotheses

Figure 1 depicts the theoretical framework of the study. Based upon the framework, this study considers attitude (AT), subjective norm (SN), perceived behavioral control (PBC), moral norm (MN) and knowledge (KN) as the five independent variables. Meanwhile, dependent variable consists of intention towards sustainable entrepreneurship. Novice and veteran SMEs owners will act as the moderating variable in the study, according to their years of operations.

ATTITUDE (AT)
SOCIAL NORMS (SN)
PERCEIVED BEHAVIORAL
MORAL NORM (MN)
KNOWLEDGE (KN)
INTENTION TOWARDS SUSTAINABLE ENTREPRENEURSHIP
NOVICE VS VETERAN SME OWNERS

Intention towards Sustainability Entrepreneurship

According to Ajzen (1991), intention is assumed to capture the motivational factor that influences a behavior. He defined it as “the indication of how hard people are willing to try, of how much an effort they are planning to exert, in order to perform the behavior” (pp.181). In short, it is believed that the stronger the intention, the more like the behavior will be performed. Similarly, entrepreneurs engage in sustainable practices not without any reasons; meaning they do it intentionally. Most importantly, anyone can have intention towards sustainable entrepreneurship; regardless of the person is a practicing entrepreneur or non-practicing entrepreneur. However, the intention in regard to sustainable entrepreneurship among SMEs owners has not been tested so far.

Attitude (AT)

Attitude (AT) is explained as “the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question” (Ajzen, 1991, pp. 188). Attitude is considered as the main predictor of pro-environment intention (Tonglet et.al., 2004). Similarly,
Chen et al. (2011) have also found that behavioral intention to adopt sustainable practices could be predicted by AT. Apart from that, findings from Stern (2000), Bamberg and Möser (2007) and Vermeir and Verbeke (2008) have also supported the view that AT did positively influence one’s behavioral intention. In this study, attitude (AT) can be defined as the extent of positive or negative evaluation that a person has on sustainable entrepreneurship. Thus, the following hypotheses are proposed:

H1: Attitude (AT) positively influences intention towards sustainable entrepreneurship.

Subjective Norm (SN)

Subjective norm (SN) refers to “perceived social pressure to perform or not to perform the behavior” (Ajzen, 1991, pp. 188). It is considered as an influential factor in behaving sustainably among individuals. For instance, Vermeir and Verbeke (2008) mention that people who are highly influenced by social pressure have higher sustainable behavioral intention. Furthermore, Birgelen et al. (2009) also found that the opinion of reference persons, such as family and friends, was strongly related to ecological behavioral intention. The significant relationship between SN and sustainability intention is also found in Fielding et al. (2008) and Chen et al. (2011). In this study, subjective norm (SN) can be explained as the extent of influence from others of a person towards sustainable entrepreneurship. As such, the following hypotheses are suggested:

H2: Subjective norm (SN) positively influences intention towards sustainable entrepreneurship.

Perceived Behavioral Control

The third determinant of intention suggested by Ajzen (1991) was perceived behavioral control (PBC), which he defined as “perceived ease or difficulty of performing the behavior” (pp. 188). However, many researchers in later years have replaced PBC with self-efficacy suggested by Bandura (1997); for examples, Shook and Bratianu (2010), Moriano et al. (2011) and Schwarz et al. (2009). In fact, PBC and self efficacy can be used interchangeably. Kaiser and Gutscher (2003) have successfully showed that PBC turned out as a direct predictor of ecological behavior intention. In addition, Tonglet et al. (2004), Oreg and Katz-Gerro (2006) and Bamberg and Möser (2007) have also unanimously proven in their studies that PBC was one of the predictors of pro-environmental behavioral intention. In this paper, perceived behavioral control (PBC)
is defined as the extent of self-ability of a person towards sustainable entrepreneurship. Therefore, the following hypotheses are developed:

H3: Perceived behavioral control (PBC) positively influences intention towards sustainable entrepreneurship.

Moral Norm

Moral norm (MN) relates to the individual’s personal beliefs about the moral correctness or incorrectness of performing a specific behavior (Tonglet et al., 2004). Kaiser et al. (2005) have suggested that moral norm (ie: personal norms) could be integrated into an extended TPB framework as a predictor of intention; as such, MN is added as an additional variable in this study. For instance, Bamberg and Möser (2007) concluded that besides attitude and behavioral control, MN was a third predictor of pro-environmental behavioral intention. In addition, Chen et al. (2011) has proven in their study that personal norm could significantly affect the intention to adopt sustainable practices. In this study, moral norm (MN) is defined as the extent of moral belief a person has on sustainable entrepreneurship. As such, the following hypotheses are developed:

H4: Moral norm (MN) positively influences intention towards sustainable entrepreneurship.

Knowledge

Knowledge (KN) in this context is associated to “sustainability knowledge”. Generally, knowledge can be categorized as explicit and implicit. This paper looks at knowledge as general and does not separate it into two different categories. Tonglet et al. (2004) found that implicit knowledge or past experience played a significant role in predicting sustainable behavior. In addition, Stern (2000) has also mentioned that knowledge and skills or simply personal capabilities could be deemed as a causal variable for environmentally behavior. However, in contrast, Chen et al. (2011) obtained a dissimilar result in which knowledge did not significantly influence sustainable practices intention. Thus, knowledge is indeed a factor which requires further scrutiny. In this studies, knowledge (KN) is defined as the extent of understanding and experience of a person towards sustainable entrepreneurship. Therefore, the following hypotheses are developed:

H5: Knowledge (KN) positively influences intention towards sustainable entrepreneurship.
Small and Medium Enterprises (SMEs) Owners

SMEs are considered as the backbone of economic growth and they contribute to nation’s prosperity (Normah, 2006). Furthermore, as urged by Davidsson (2008), there is a need for the entrepreneurial research to focus on a specific group of sample. In addition, Hall et.al. (2010) also mention that there are scant empirical studies exploring the likelihood of entrepreneurship roles in transforming current economies into more sustainable system. In this study, SMEs owners are divided into two main groups, namely novice and veteran SMEs owners. The rationale of dividing the SMEs owners into these two groups is because previous researchers preferred to categorize business owners into “new entrant” and “incumbent”, such as Hockerts and Wüstehagen (2009). Thus, this paper tries to look at the sustainable intention from another two different perspectives. SMEs owners who are having five years or less experience are considered as “novice”, while SMEs owners who are having more than five years experience are categorized as “veteran”. Due to different tenure in SME sector, the owners may have different exposure and level of intention towards sustainable entrepreneurship. Thus, the following hypotheses are developed:

H6a: There are significant differences in attitude (AT), subjective norm (SN), self efficacy (EF), moral norm (MN) and knowledge (KN) between novice and veteran small and medium enterprises (SMEs) owners.

H6b: There are significant differences in intention towards sustainable entrepreneurial (SE) between novice and veteran small and medium enterprises (SMEs) owners.

3.0 CONCLUSION

It is expected that the framework is able to demonstrate that SMEs owners are showing a significant level of intention towards sustainable entrepreneurship. Moreover, the framework can also be used to explain the factors influencing intention of SMEs towards sustainable entrepreneurship. Lastly, factors such as attitude, subjective norm, perceived behavioral control, moral norm and knowledge should be proven to positively influence intention of SMEs towards sustainable entrepreneurship. The contributions of this paper are two-folds. On the theoretical side, it helps to flourish the existing collection of literature by filling up the gaps identified. Moreover, it also develops a framework that can be used to predict intention towards sustainable entrepreneurship.
It is hoped that it can shed light on practicing entrepreneurs’ intention to become sustainable entrepreneurs. On the practical side, it is to incorporate the areas of sustainable entrepreneurship into the business and management education curriculum. Also, it provides some useful information to promote sustainability entrepreneruship among SMEs, which is in line with the government’s objective to build a “green-society”.

4.0 REFERENCES


