

# The Impact of Consultant's Ability and Attitude on Social Enterprise Performance - Centered on the Mediating Effects of Economic Performance

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**Abstract: Background/Objectives:** This study investigated the effect of consultants' competence on the consulting performance of the firm in the previous studies. However, there is no case study of the social enterprise, so the concept of social enterprise and consultant capacity and to explore the competencies of consultants on the performance of social enterprises.

**Methods/Statistical analysis:** The research subjects were consultants who are interested in social enterprises and surveyed. The questionnaire consisted of 30 items including 10 items of demographics, and the Likert 5 - point scale was used for the measurement. In the empirical analysis, descriptive analysis, exploratory factor analysis, confirmatory factor analysis, structural model analysis, and mediating effect test were analyzed by AMOS 22.0 using SPSS 22.0.

**Findings:** The results of this study are as follows: First, the attitude of the consultant 's competence and attitude on the economic performance of the social enterprise was attitude. Second, the economic performance of the social enterprise has an effect on the social performance of the social enterprise. Third, it was found that the attitude of the consultant was mediated by the economic performance of the consultant 's ability, attitude, and economic performance on social performance.

**Improvements/Applications:** In general commercial firms, the ability and attitude of the consultant were identified as important factors in the previous study, but the attitude of the consultant was found to be an important factor in this study. Therefore, in - depth research on the factors of success in consulting on social enterprise is needed.

**Keywords:** Social enterprise, consultant capacity, social enterprise social performance, social enterprise economic performance, social enterprise performance.

## I. INTRODUCTION

The importance of the social economy is emerging as an alternative to preparing for the second act of life due to the long-term stagnation of the domestic economy and the retirement of the Baby boomers and the extension of their average life expectancy. However, despite the growing social interest in social enterprises and the continued expansion of government policy support, concerns are raised that social business performance and sustainability are not high. In general business, it has already been studied that the higher

the capacity of a consultant, the higher the impact of a company's consulting department, but there is no specific case of studying social enterprises. So, this study organized a survey by dividing the capacity of a consultant into ability and attitude, dividing the performance of social enterprises into economic and social outcomes, and wanted to prove how the competence of consultants has a deterrent to economic performance in enhancing social performance.

## II. MATERIALS AND METHODS

### 2.1. Concept of social enterprise

The characteristics of a social enterprise, first, have a social purpose for solving social problem and social needs, second, there is a degree of difference, but they are pursuing innovation and positive social change. The third is to pursue the development of the community [1]. In other words, the main purpose of social enterprises is to solve problems in the community and to solve social problems, and they are interested in and solve social needs such as a social part [1].

### 2.2. Consultant capability

The three characteristics of ability, attitude, and knowledge, which considers the external and internal characteristics of the consultant, are presented for consultant capability [2]. Ability includes the ability to discover, analyze and diagnose problems, to present alternatives to problems, and to consultants' behavior from information gathering to communicative competence [3]. Attitude refers to a sincere attitude by a consultant to participate in a consulting project. It refers to the individual's feelings about a problem, which reflects the value of the individual and requires a choice between personal preference and the resulting competitive advantage [4]. Knowledge is all knowledge used in consulting, including management general, organizational management, and major knowledge. Knowledge is keeping information about facts, concepts, relationships and processes. It is useful to distinguish between general and professional knowledge. General knowledge refers to knowledge of economic, social, political, cultural processes, institutions, and the environment that make up the general background of consulting that mediate a particular organization or system [3]. According to the previous research, consultant capability was expressed as ability, knowledge and attitude.

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It proposed problem diagnosis, alternative presentation, calendar, relationship management, information collection as ability, consulting ethics, responsibility as attitude, and management knowledge, expertise and consulting experience as knowledge.

## 2.3. Social enterprise performance

In a study of what social enterprises want to achieve performance divided into economic and social performance, performance of social enterprises was measured by social performance such as gross sales, net income, and economic performance such as degree of job creation, quality of life improvement, decision-making unrelated to capital ownership, stakeholder engagement structure, and income distribution [5]. Economic value is measured by the ratio of regular workers to low-income earners [6], without considering economic performance, social performance was measured by organizing surveys with sub-variables of vitalization of local residents, expansion of social services, increased employment of vulnerable people, democratic decision-making, profit sharing and social contribution [7]. Economic performance is divided into growth performance (total assets growth, sales growth rate), profitability (total capital profit margin, sales profit margin, sales OP margin), stability (debt ratio, dependence on government support), Social performance was measured by dividing it into employment creation and social reinvestment of profits [8]. Economic performance was measured by operating profits to sales, net profit to sales, and social performance was measured by low-rate employment rate and social service recipient rate [9].

## 2.4. Relationship between consultant and company performance

The role of a consultant can be said to play the role of the executive officer in the organization for a given period of time with independent contract relationships, not just an organization's internal staff [10]. The consultant capacity is a very important factor in improving the quality of management performance [11]. This researcher defines the role of consultant as enhancing the performance of companies by participating in or executing management activities indirectly or directly based on objective data on organizational problems and key management issues within the company.

## 2.5. Relationship between Economic Performance and Social Performance

Economic performance has a direct impact on social performance, and the results of this analysis suggested that the commercial performance of social enterprises could eventually play a very important role in creating jobs or social contribution activities for communities pursued by social enterprises [12].

## 2.6. The Research model and hypothesis role of consultants and the

### 2.6.1. Research model

The basis of the research model was accepted as competency and attitude among the consultant competence

[13], and the performance of the social enterprise was accepted as economic performance and social performance [14]. The results of this study are summarized as follows. First, the competencies and attitudes of the consultants are presented and the results of social enterprises are composed of social performance and economic performance. The reason why the economic performance is set as a parameter is that the desire to create employment and provide social services is high when the economic performance such as increase in sales and net profit is high. The economic performance plays an important role in social performance. Therefore, this study model, which defines economic performance as a parameter, is very different from the research models of previous studies. In this study, the questionnaire was constructed by setting the ability and attitude, which is the consultant capacity, as the independent variables, as the economic performance of the social enterprise and the social performance of the social enterprise as the dependent variable. The competence and attitude, the hypothesis was set up to test the effect on the. This model of research analysis can be represented by the following research model [Figure 1].

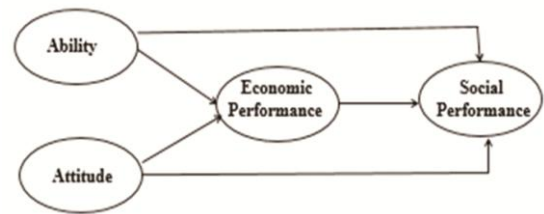


Figure 1. Research model

### 2.6.2. Research hypothesis

H1. The ability as a consultant capacity will have a positive impact on the economic performance of social enterprises.

H2. The attitude as a consultant capacity will have a positive impact on the economic performance of the social enterprise.

H3. The economic performance of a social enterprise will have a positive impact on the social performance of a social enterprise.

H4. The ability as a consultant capacity will have a positive impact on the social performance of social enterprises.

H5. The attitude as a consultant capacity will have a positive impact on the social performance of the social enterprise.

H6. The ability as a consultant capacity will play a mediating role in the relationship between the social performance of the social enterprise and the economic performance.

H7. The attitude as a consultant capacity will play a mediating role in the relationship between the social performance of the social enterprise and the economic performance.

### 2.6.3. Operational definition of variables

The operational definition of each variable is summarized as [Table 1].

Table 1. Operational definition of variables



Evaluation items	Measurement variable	Operational definition	Researcher
Consultant capability	ability	Ability to collect information and diagnose problems and present alternatives for consulting companies	[15]
	attitude	Ethical behavior and responsibilities that a consultant should observe when conducting consulting	
Social enterprise performance	Economic performance	Increase in sales and net income of social enterprises, increase of market share, improvement of management self-sufficiency and improvement of customer satisfaction	[16]
	Social performance	The purpose of social enterprises is to create employment and provide social services, to provide jobs for vulnerable groups and to utilize local resources	

### III. RESULTS AND DISCUSSION

#### 3.1. Empirical Results

##### 3.1.1. Demographic characteristics analysis

The total number of samples used in this study was 125, and frequency analysis was conducted to identify the demographic characteristics of the sample. The results are summarized in [Table 2].

**Table 2. Demographic analysis**

Division		Frequency	(%)
Education	High school graduate	1	0.8
	College graduate	29	23.2
	Master	74	59.2
	Doctor	21	16.8
N		125	100.0%
Main Consulting Field	Management, Finance	33	26.4
	HR, organization,	18	14.4

**Table 3. Confirmatory factor analysis result table**

Latent variable	Observation variable	Non-standardization factor	standardization factor	S.E	t	SMC	AVE	C.R	Cronbach's $\alpha$
ability	ab 1	1.000	.867			.752	.821	.958	.937
	ab 2	1.033	.912	.071	14.573	.832			

	labor		
	Marketing	37	29.6
	Production, Technology	25	20.0
	Etc	12	9.6
N		125	100.0%
career	Less than 1 year	9	7.2
	Less than 1-3 years	28	22.4
	Less than 3 -5 years	35	28.0
	Less than 5 - 10 years	30	24.0
	More than 10 years	23	18.4
N		125	100%

##### 3.1.2. Exploratory factor analysis

In order to verify the validity, exploratory factor analysis was conducted. Principal component analysis was used to extract all the constructive factors and the orthogonal rotation method (Varimax) was used to simplify the factorial placement. In this study, the selection criteria of the items were based on the eigen value of 1.0 or higher and the factor load of 0.4 or higher. According to the results of the factor analysis, the consultant capacity and social performance were classified into four factors as same as the previous study and they were used for analysis without the removed items.

##### 3.1.3. Measurement model analysis

###### 3.1.3.1 Confirmatory Factor Analysis, Intensive Validity and Reliability Analysis

In order to test the fit of the data, we used CMIN ( $<3$ ), RMR ( $\leq 0.1$ ), RMSEA ( $\leq 0.1$ ), TLI ( $\geq 0.90$ ) and CFI Squared Multiple Correlation (SMC) value was 0.4 or more. The SMC is an indicator used to judge how much the measured variable describes the latent variable. Reliability analysis of items of measurement variables in confirmatory factor analysis showed that all factors were reliable with Cronbach's  $\alpha$  values ranging from 0.726 to 0.937 ( $\geq 0.6$ ). The results are shown in [Table 3] below. After analyzing the measurement model, the validity of the model was evaluated. The validity of the specific model was divided into intensive validity and discriminant validity. To evaluate the intrinsic validity, the conceptual reliability (CR  $\geq 0.6$ ) was used. To evaluate the discriminant validity, the mean variance extracted value (AVE  $\geq 0.5$ ) Respectively. As a result, all variables showed a value of more than 0.8 in the conceptual reliability (CR) and all values of AVE were 0.7 or more. Therefore, it can be judged that the intuitive validity is secured when the conceptual reliability value is used as a reference.

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	ab 3	1.050	.917	.071	14.747	.841			
	ab 4	.846	.824	.071	11.986	.679			
	ab 5	.825	.811	.071	11.659	.658			
attitude	at 2	1.000	.657			.431	.768	.866	.726
	at 3	1.296	.869	.190	6.824	.754			
Economic performance	E p 1	1.000	.901			.812	.809	.944	.909
	E p 2	.959	.862	.072	13.326	.742			
	E p 3	.973	.834	.078	12.530	.695			
	E p 4	.935	.789	.083	11.331	.623			
Social performance	S p 4	1.000	.849			.720	.807	.893	.848
	S p 5	.960	.869	.112	8.550	.754			
Measurement model Fitness	(initial model) $\chi^2=257.867$ , $df=146$ , $p=0.000$ , $CMIN/DF=1.766$ RMR=.032, GFI=.839, AGFI=.791, RMSEA=.079 NFI=.864, CFI=.935, TLI=.924								
	(final model) $\chi^2=76.292$ , $df=59$ , $p=0.064$ , $CMIN/DF=1.293$ RMR=.025, GFI=.919, AGFI=.875, RMSEA=.049 NFI=.939, CFI=.985, TLI=.980								

**3.1.3.2. Discriminatory Feasibility Analysis**

In order to test the discriminant validity, the method proposed by Fornell and Larcker (1981) was used. As a result, it can be concluded that the square of the correlation coefficient between all the variables does not exceed the AVE value. The results are shown in [Table 4] below.

**Table 4. Validity of measurement model**

Variable name	ability	attitude	Economic performance	Social performance
ability	<b>0.821</b>			
attitude	0.716	<b>0.768</b>		
Economic	0.401	0.612	<b>0.809</b>	

performance				
Social performance	0.396	0.533	0.645	<b>0.807</b>

**3.1.3.3. Test of hypothesis**

In order to verify this hypothesis, we analyzed the structural model analysis using AMOS 22.0, and the following [Table 5] is the estimation result of the structural equation model and hypotheses H2 and H3 were accept. The proposed model showed an acceptable model fit.

**Table 5. Hypothesis test result table**

Theory	Pass	S.E	C.R.	P value	Result
H1	Ability → Economic performance	.004	0.029	0.977	Rejection
H2	Attitude → Economic performance	.580	3.647	***	Accept
H3	Economic performance → Social performance	.422	3.453	***	Accept
H4	Ability → Social performance	.019	0.140	0.889	Rejection
H5	Attitude → Social performance	.270	1.572	0.116	Rejection
Measurement model Fitness	CMIN=26.407, $df=21$ , $p=.191$ , $CMIN/DF=1.257$ , RMR=.021, TLI=.987, CFI=.992, RMSEA=.046				

The results of the hypothesis test are shown in [Figure 2].

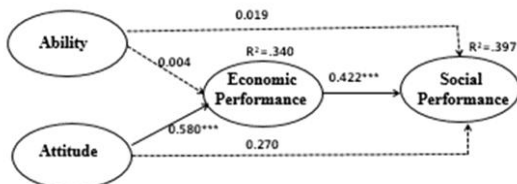


Figure 2. Hypothesis Verification Result

**3.1.3.4. Mediating effect analysis**

The effectiveness of the consultant 's competence was verified as a mediating effect of economic performance on the

relationship with social performance. To verify the mediating effect, we analyzed the structural model using AMOS 22.0 Bootstrap. The results of this study are as follows. First, the mediating effect of economic performance was tested by the hypothesis H7. The results of the mediating effect test are shown in [Table 6].





Table 6. Mediation effect analysis result table

Theory	pass	Indirect effect	P-value	Result
H6	ability → Economic performance → Social performance	0.002	0.922	Reject
H7	attitude → Economic performance → Social performance	0.245	0.009	Accept

#### IV. CONCLUSION

Due to the increase in the youth unemployment rate and the slow growth of the Korean economy, interest in the social economy, which is proposed as a new alternative, is heightening and the consulting support project is being carried out for the sustainability of the social economy. Research on general companies is active, but research on social enterprises is lacking. The reason why consultant's attitudes are more important than consultants' ability in this study is attributable to the realization of social purposes rather than to the pursuit of profit. This study should be conducted for the consultants who are registered in the social enterprise promotion institute. Also, economic performance will be mediated in the relationship between attitudes to social performance of social enterprises. This study should be conducted for the consultants who are registered in the social enterprise promotion institute. However, since the questionnaire survey was conducted for the consultants who have experience of consulting with the social enterprise because of the personal information protection law or who are interested in consulting, there is a problem in the generalization of the study.

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