

CUSTOMER ATTITUDES AND INTENTION TO SUPPORT ISLAMIC  
SOCIAL ENTERPRISES IN INDONESIA: THE INFLUENCE OF CELEBRITY  
AND CREDIBILITY

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## **ABSTRACT**

The study set out to examine the impact of social entrepreneur celebrity, social entrepreneur personal credibility and social enterprise organizational credibility on customer attitudes and intention to support social enterprises in Indonesia. The baseline model was developed to examine the impact of social entrepreneur personal credibility and social enterprise organizational credibility on attitudes and intention, while the competing model was developed to check the influence of the additional “celebrity” construct on both types of credibility, attitudes and intention.

Data were collected both online and offline from 221 customers of the six largest Islamic social enterprises in Indonesia. Ads portraying leaders of these social enterprises were shown to their customers. Responses to the ads were then measured in terms of customers’ perceptions of social entrepreneur celebrity, social entrepreneur personal credibility and social enterprise organizational credibility, as well as customer attitude towards the ad and social enterprise brand, and their intention to continue supporting them in the future.

Results from the structural equation modelling indicated that the effects of a) social entrepreneur personal credibility on attitude towards the ad, b) social entrepreneur organizational credibility on all three independent variables: attitude towards the ad, attitude towards the brand and support intention c) attitude towards the brand on support intention tend to be robust in both models and concur with previous research results. However, in contrast to some previous evidence, the current study found a direct link between social entrepreneur personal credibility and

attitude towards the brand indicating a link between the endorser and the organization being endorsed.

The hypothesis testing for the second model showed that the celebrity level of the endorser positively and significantly influenced the social entrepreneur personal credibility, social enterprise organization credibility, and attitude towards the ad and support intention. Attitude towards the brand was the only variable which was not influenced by the celebrity variable. The results showed that celebrity only has mediated effect on attitude towards the brand, and the effect is transmitted via both types of credibility: social entrepreneur personal credibility and social enterprise organization credibility. The study implies that brand is something that should be developed based on the credibility of the organization and endorser. In other words, attitude towards the brand cannot be influenced by the level of popularity of the endorser but rather, should be based on the trustworthiness, expertise and attractiveness of the endorser and trustworthiness and expertise in the organization.

Despite being constrained to the Islamic social entrepreneurship research context, the current research has made contributions to social entrepreneurship through empirical evidence gained by examining it from marketing and customers' perspectives.

## **ABSTRAK**

Kajian ini bertujuan untuk memeriksa kesan selebriti usahawan sosial, kredibiliti peribadi usahawan sosial dan kredibiliti organisasi usahawan sosial ke atas sikap pelanggan dan niat untuk menyokong usahawan sosial di Indonesia. Model asas telah dibangunkan untuk mengkaji kesan kredibiliti peribadi usahawan sosial dan kredibiliti organisasi usahawan sosial ke atas sikap dan niat pelanggan. Model yang bersaing telah juga dibangunkan untuk memeriksa pengaruh tambahan "selebriti" terhadap kedua-dua jenis kredibiliti, sikap dan niat pelanggan.

Data dikumpulkan secara dalam talian (on line) dan luar talian (off line) daripada 221 pelanggan daripada enam usahawan Islam sosial terbesar di Indonesia. Iklan menggambarkan pemimpin daripada usahawan sosial telah ditunjukkan kepada pelanggan. Tindak balas terhadap iklan kemudiannya diukur dari segi persepsi pelanggan terhadap selebriti usahawan sosial, kredibiliti peribadi usahawan sosial dan kredibiliti organisasi usahawan sosial, serta sikap pelanggan terhadap iklan dan perusahaan sosial jenama, dan niat untuk terus menyokong mereka pada masa hadapan.

Analisa Structural Equation Modelling menunjukkan bahawa hubungan antara a) kredibiliti peribadi usahawan sosial dan sikap ke arah iklan, b) kredibiliti organisasi usahawan sosial pada ketiga-tiga pembolehubah bebas: sikap terhadap iklan, sikap terhadap jenama dan niat sokongan c) sikap terhadap jenama kepada sokongan niat cenderung untuk menjadi kukuh dalam kedua-dua model dan bersetuju dengan hasil penyelidikan sebelumnya. Berbeza dengan beberapa bukti

sebelumnya, kajian semasa mendapati hubungan langsung antara kredibiliti peribadi usahawan sosial atas sikap terhadap jenama yang menunjukkan hubungan antara penyokong dan organisasi yang disahkan.

Ujian hipotesis bagi model kedua menunjukkan bahawa tahap selebriti daripada penyokong yang positif dan signifikan mempengaruhi kredibiliti peribadi usahawan sosial, kredibiliti organisasi usahawan sosial, sikap terhadap iklan dan sokongan niat. Sikap terhadap jenama adalah satu-satunya pembolehubah yang tidak dipengaruhi oleh pembolehubah selebriti. Hasil kajian menunjukkan bahawa kesan selebriti dalam sikap terhadap jenama hanya berfungsi melalui kedua-dua jenis kredibiliti: kredibiliti peribadi usahawan sosial dan kredibiliti organisasi usahawan sosial. Kajian ini menunjukkan bahawa jenama adalah sesuatu yang harus dibangunkan berdasarkan kredibiliti organisasi dan penyokong. Dalam erti kata lain, sikap terhadap jenama tidak boleh dipengaruhi oleh tahap populariti penyokong itu tetapi sebaliknya, harus berdasarkan amanah, kepakaran dan daya tarikan penyokong dan amanah dan kepakaran dalam organisasi.

Walaupun kebolegunaan kajian terhad kerana hanya bertumpu kepada konteks Islam, kajian ini telah menyumbang kepada keusahawanan melalui bukti-bukti empirikal yang diperolehi hasil kajian dari perspektif pemasaran dan pelanggan.

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## LIST OF ABBREVIATIONS

AaD	Attitude towards the ad
AB	Attitude towards the brand
AGFI	Adjusted goodness-of-fit (stat.)
ANOVA	Analysis of variance
AVE	Average variance extracted
BAZ	Badan Amil Zakah or Body of Zakah Collectors; State based zakah agency
BAZIS	Badan Amil Zakah Infaq dan Sedekah (Collecting Body of Zakah, Infaq and Sedekah)
BAZNAS	Badan Amil Zakah Nasional (National Zakah Body)
CFA	Confirmatory factor analysis
CFI	Comparative fit index
DCM	Dual credibility model
DD	Dompot Dhuafa or Wallet for the Poor
<i>df</i>	Degree of freedom
DMH	Dual mediation hypothesis
DPU DT	Dompot Peduli Umat Daarut Tauhiid or Wallet for The Care of Community
EFA	Exploratory factor analysis
ELM	Elaboration likelihood model
GFI	Goodness of fit index

KMO	Kaiser-meyer-olkin
LAZIS	Zakah, Infaq and Saddaqah Agency
LAZNAS	National Zakah Institution
Lisrel	Linear structural relations
ML	Maximum likelihood
NFI	Normed-fit index
NNFI	Non-normed fit index
PKPU	Pos Keadilan Peduli Umat or Centre for Justice and the Care of Society
PPPA-DAQU	Program Pembibitan Penghafal Al-quran or Quran Reciters Education Program
RMSEA	Root mean square error of approximation
RZI	Rumah Zakah Indonesia or Indonesian House of Zakah
SD	Standard deviation
SEC	Social entrepreneur credibility
SEM	Structural equation modelling
SEOC	Social enterprise organizational credibility
SEPC	Social entrepreneur personal credibility
SI	Support Intention
SRMR	Standardized root mean square residual
TLI	Tucker lewis index
VOC	Dutch East India Company or Vereenigde Oost-Indische Compagnie

YAMP

The Foundation for the Dedication of Pancasila Muslim or  
Yayasan Amal Bakti Muslim Pancasila

ZIS

Zakah, Infaq and Shadaqah

## **GLOSSARY**

Dakwah	‘Call’, ‘invitation’, ‘challenge’; ‘preaching’, ‘ predication’ and Islamic outreach
Infaq	A type of charity from a Muslim to needy or poor people, or the Masjid (Mosque), usually given in the form of money
Mustahiq	A person or entity entitled to receive zakah, infaq and alms.
Muzzaki	Person or entity, that is owned by a Muslim is obliged to give zakah
Nisab	The minimum amount of property or wealth that must be owned by a muslim before he/she is obligated for zakah. It is also defined as a measurement that determines the obligation for paying zakah for male or female Muslim.
Saddaqah	A charitable action given by a Moslem to other spontaneous and voluntarily without limited by certain quantity and time.
Sunnah	Highly recommended but not obligatory
Ulama	Islamic Scholars trained in Islam or Islamic Law
Waqf	Voluntary and permanent donation of asset to support long term solution that is given to the Masjid or the Muslim society, but in the form of land or building (properties)
Zakah	Obligatory almsgiving and conceived as the tax paid by Muslim to the community that is used to help the economically unfortunate
Zakah Fitr	Zakah that has to be paid only on Idul Fitri day
Zakah Mal	Wealth or income zakah that has to be paid regularly/annually

# **CHAPTER 1**

## **INTRODUCTION**

### **1.0 Summary**

This chapter presents an overview and background of the present study, including a brief review of available social entrepreneurship literature. It also explains the problem statement and the research questions arising from the literature. This is followed by a discussion of the significance of the study. The remainder of the chapter discusses the limitations of the research, and describes the structure of this thesis.

### **1.1 Background of the Study**

Credibility which refers to a person's perception of the truthfulness of a piece of information (Eisend, 2002) has long been recognized as a variable that can influence the effectiveness of communication in changing the attitudes of audiences (Hovland & Weiss, 1951). One of the ways in which credibility has been examined is at the personal or individual level by analyzing who becomes the communicator in the communication process (Aronson, Turner, & Carlsmith, 1963; Dholakia & Sternthal, 1977; Heesacker, Petty, & Cacioppo, 1983; Sparks & Rapp, 2011; Sternthal, Dholakia, & Leavitt, 1978; Tormala, Brinol, & Petty, 2007). The second method of examining credibility is at the corporate level as conducted by various

scholars (Goldsmith, Lafferty, & Newell, 2000b; Inoue & Kent, 2012; Lafferty, 2007; Rifon, Choi, Trimble, & Li, 2004; Settle & Golden, 1974). Only a few scholars have simultaneously investigated both personal and organizational credibility and its related constructs such as trust in influencing audience attitudes and behaviour in a single study (Lafferty, Goldsmith, & Newell, 2002; Tan & Lim, 2009).

In the traditional business context, scholars have largely examined the role of credibility in improving marketing effectiveness for changing consumer or buyer behaviour (Goldsmith, Lafferty, & Newell, 2000a; Goldsmith et al., 2000b; Gotlieb & Sarel, 1991; Harmon & Coney, 1982; Lafferty & Goldsmith, 1999, 2004; Lafferty, Goldsmith, & Flynn, 2005; Lafferty et al., 2002). In the non-traditional business context or not for profit sector, credibility is also regarded as an important factor that can influence the amount of charitable giving and fund raising capability (Dees, 1998; Gibelman & Gelman, 2004; McGann & Johnstone, 2006).

Since credibility is found to be an important factor for the traditional business context and not for profit sector, the question arises whether credibility also plays a significant role in the social enterprise sector as it has in both the profit and not for profit sector. Additionally, various scholars (Dees & Anderson, 2003; Prabhu, 1999; Shaw & Carter, 2007; Thompson, Alvy, & Lees, 2000; Waddock & Post, 1991a; Weerawardena & Mort, 2006) found that as social enterprise (SE) applies business-like methods or for profit principles to achieve its social mission (Peredo & McLean, 2006), it is required to maintain credibility in order to obtain commitment from followers. Stronger evidence on the importance of credibility for social enterprise



was found in Shaw and Carter's study (2007). Their interviews with 80 UK social entrepreneurs observed that relationships with the external party (networking) were important in developing trust and credibility to generate support from the local community.

Having assessed the importance of credibility in gaining support for social enterprise, another question raised concerns which type of credibility has a stronger influence in growing stakeholder support. In essence, it examines whether the personal credibility of the social entrepreneur or the organizational credibility of the social enterprise has stronger influence on public support. Waddock and Post (1991) stressed the importance of gaining significant personal credibility in order to maintain the SE growth and survival. Thus, Waddock and Post (1991) defined social entrepreneurs as individuals with significant personal credibility. Based on the qualitative analysis of two successful social entrepreneurs in the USA, they observed that social entrepreneurs are individuals who are able to transfer expertise in their own areas to the new ventures that give many new opportunities to the less unfortunate. Prabhu (1999) also suggested the social entrepreneur leaders to establish personal credibility not only amongst their client group but also from the society at large since social enterprise is exposed to high external influence.

Although Waddock and Post (1991) stressed the importance of social entrepreneur personal credibility, they also acknowledged that organizational credibility plays an important role in the development of social enterprises. Besides their personal expertise, successful social entrepreneurs are usually backed up by credible organizations so that they can gain access to the required organizational

resources including the organizational network and business contacts to achieve their social mission. Weerawardena and Mort (2006) tried to balance the perspectives on the role of individuals to the development of the SEs. Rather than relying wholly on the personal qualities of the social enterprise leader, they called for the need to build much stronger organizations to achieve its social mission. Again, the qualitative approach was employed in the study via interviews with the CEOs and senior managers in nine Not for Profit Organizations (NPO) in Australia. Considering previous research findings and a dearth of research in social entrepreneurship using quantitative approaches, a study which simultaneously examines the role of personal and organizational credibility in attracting public support to SEs is very much needed in this area of study.

To increase the credibility of the product being endorsed, marketers in the traditional business context have used celebrities or individuals well-known for their achievements in other areas than the products endorsed (Friedman and Friedman, 1979). Thus, many advertising or marketing communication scholar acknowledged celebrities as the independent variable which affect the endorser credibility (e.g. Natarajan & Chawla, 1997; Wheeler, 2009; Zahaf & Anderson, 2008) or as an independent variable which affects consumer attitudes that is mediated by endorser credibility (e.g. La Ferle & Choi, 2005; Wheeler, 2009). According to marketing communication literatures, celebrities also have a strong influence on the brand credibility, customer attitudes and intentions (Amos, Holmes, & Strutton, 2008; Ranjbarian, Sekarchizade, & Momeni, 2010; Silvera & Austad, 2004; Spry, Pappu, & Cornwell, 2009; Zahaf & Anderson, 2008). In the Not for Profit Organizations

(NPO), communication by celebrities was also proven to have significant influence on the supporters' behaviour. Wheeler (2009) found that celebrity endorsement will generate higher source credibility than non-celebrities or the average person. It was also found that source credibility generated from celebrity status will directly influence time to volunteer and intention to donate.

Similar to the traditional and not for profit sector, studies in social entrepreneurship literature confirmed that social entrepreneurs may transform into celebrities as they model themselves as inspiring figures in whom the expectations of people with limited capital are placed (Froggett & Chamberlayne, 2004). In contrast, public figures who had earlier gained popularity and celebrity status, may also turn into prominent social entrepreneurs, e.g. the Clinton Foundation which was established by Bill Clinton created a program for HIV/AIDS treatment by organizing demand for the AIDS drugs so that its production cost may be reduced. The project is not only considered as a charitable act but also as social enterprise since the drug companies are able to make profit from sales (Smith & Nemetz, 2009). The social entrepreneurship project was a success since Bill Clinton used his celebrity status and networking as the former US President to find donor support (Stein, 2008). Based on the above discussion, credibility and the role of celebrities in influencing SEs customer attitudes and intentions need to be empirically examined in this study.

However, the most distinguishing characteristic of SEs lies in the adoption of business strategy to achieve their social mission (Haugh, 2005; Peredo & McLean, 2006). As SEs may receive their income from both donation and sales, thus it is very important to firstly determine whether the customers of SEs are beneficiaries, donors

or buyers. In regards to beneficiaries, in the context of Not for Profit Organization (NPO), Foster, Kim & Christiansen (2009) argued that beneficiaries or recipients are not the customers of NPO. Beneficiaries cannot be considered as their customers since in creating and delivering value to the beneficiaries, the organization is most often not able to make any profit from them. Similar situations were also found in the SE research context, as the beneficiaries of SEs are not the party who generate profit to the organization. Thus, beneficiaries are excluded from the definition even though some scholars argued that for certain hybrid organizations e.g. microfinance ventures, they are included as customers as there is no customers-beneficiary dichotomy.

In terms of donors, although most SEs are more entrepreneurial than NPOs, many of them still receive a significant amount of funding from donation. This happens when social enterprises that have earned trading income cannot achieve the breakeven point (W. Foster & Bradach, 2005). Furthermore, Peredo and McLean (2006) argued that sales revenue is not always essential for certain social enterprises. An NPO or NGO can be classified as a social enterprise when it is able to find new and superior ways to create and sustain social value although the revenue mainly generates from charitable giving. Thus, the donor also represents the customer of social enterprise. With regards to sales, buyers represent the integral part of the SEs customer definition since SEs receives certain amounts of income from trading activities to achieve their social mission (Haugh, 2005; Lyon & Sepulveda, 2009).

Recognition of the importance of credibility and the celebrity concept in influencing customers' attitudes and intention to purchase in the traditional business

context and findings of similar phenomenon in the social entrepreneurship research, coupled with the lack of empirical investigation on social entrepreneurship from the customers' perspective (Allan, 2005), has provided impetus for the current study to examine the role of credibility and celebrities in influencing the SE customer attitudes and intention.

## **1.2 Problem Statement and Research Objectives**

To date, social entrepreneurship is still relatively under-researched both globally and in Indonesia. There is still no universal definition on what constitutes social entrepreneurship (Bosma & Levie, 2010; Dees, 1998; Defourny & Nyssens, 2008; Mair & Marti, 2006; Shaw, 2004; Thompson, 2008). In Indonesia, the modern concept of social entrepreneurship was introduced by the Ashoka Foundation in 1983 when it launched its initial programs to identify, train and fund local entrepreneurs (Ashoka 2011). However, organizations bearing similar characteristics to ones currently labelled as social enterprises can be traced as far back as pre-independence in the late 1800s and early 1900s (Abdullah 2011; Boomgaard 1987; Burhanudin, 2010).

Idris and Hati (2013) identified three main drivers to social entrepreneurship in pre-independent Indonesia: quest for educational and economic empowerment, influence of Islam and aristocratic leadership. By using the post colonialist perspective, the scholars viewed the three drivers as still being pervasive today and will continue to affect social entrepreneurship growth in the country. With slight

adaptations made to accommodate specific trends in the current environment, the three factors further identified as influencing the current and future development of social entrepreneurship in Indonesia are: sense of economic empowerment perceived by indigenous groups as a result of their participation in social entrepreneurship, a strong Islamic identity or image of social enterprises, and social activism. This study will focus on two major factors that influence the development of social entrepreneurship in Indonesia: the influence of Islam and social activism.

Islam has given a strong foundation to social entrepreneurship in Indonesia as the religion views social ills as being the responsibility of the whole society (Martin, Chau, & Patel, 2007). Therefore, Islam offers several mechanisms to overcome social problems through waqf, zakah, saddaqah and infaq. The first mechanism, waqf or awqaf refers to voluntary and permanent donation of assets to support long term solutions (Ahmed, 2007; Martin et al., 2007; Salarzei, Armesh, & Nikbin, 2004). Waqf represents a successful social entrepreneurship pattern in Islam as the alms houses that manage waqf encourages the use of business skills and entrepreneurial innovation to alleviate social problems (Salarzei et al., 2004). The significant role of waqf in providing solutions for social problems is evident in Egypt where waqf funds were used to establish the prestigious university, Al-Azhar. The university helped in transforming the society and empowering the poor to move up the economic ladder (Ahmed, 2007).

The second mechanism to overcome poverty in Islam is zakah, an obligatory almsgiving conceived as tax paid by Muslims to the community and used to help the economically unfortunate. Zakah has become the first pillar of the Islamic economic

system for equitable wealth redistribution besides combating poverty and other social ills (Dogarawa, 2008). Although zakah is viewed as the strategy which offers shorter term solutions to poverty compared to waqf, zakah is currently the early social security system that has emerged into a global and complex system of charitable institution and foundations (Pistrui & Fahed-Sreih, 2010).

Infaq, another mechanism used for combating poverty, refers to the use of money in the ways permitted by Allah. In Indonesia, infaq is often connoted with voluntary donations for religious activities, such as building mosques, Islamic hospitals, schools, etc., managed by religious organizations. Infaq is regarded as Sunnah or highly recommended but not obligatory (Budiman, 2003). The last mechanism, saddaqa, is a charitable action by Muslims to others and is voluntarily given without conditions in terms of time or quantity. In general, saddaqa is not obligatory (Budiman, 2003).

The distinction between zakah, infaq, and saddaqa is described as follows. Zakah and infaq always in the form of wealth or properties, whereas saddaqa is not always in the form of wealth or properties, but can also be good deeds, such as smiles, nice speech, etc. Zakah (mal) is only mandatory to those who have wealth above their means. Infaq could be mandatory to those has wealth above their means, but it could also be sunnah, which can be paid anytime by those who has wealth above their means as well as those who are not, as an evidence of people who are righteous or taqwa ("The Different Of Zakah Infaq and Shadaqa | Rumah Zakat," 2015).

In Indonesia itself, the influence of Islam on social welfare through religious alms such as zakah, infaq, saddaqa and waqf during the colonial period was limited as the colonial policy during the period was launched to impede the growing religious awareness among Muslims. The funds were mostly collected only by local mosque organizers and Qur'an village teachers. The Muslim population was indifferent towards Islamic charities as the colonial government struggled to protect the Muslim individual's autonomy to determine the beneficiaries of their alms and whether to pay zakah or not at all (Salim, 2006). There were no institutions established formally by the colonial government to manage the Islamic charities. However, there were two main social Islamic organizations during the pre independent period which informally became the agencies to manage the religious alms or donations and fulfilled social enterprises characteristics: Nahdlatul Ulama and Muhammadiyah (Idris and Hati, 2013). After the pre independent period, both Nahdlatul Ulama and Muhammadiyah still continued to offer many social programs (Sakai and Fauzia, 2014).

It is worth noting that while in many other Muslims countries, waqf has transformed into the successful social entrepreneurship pattern in Islam as the alms houses, waqf also encourages the use of business skills and entrepreneurial innovation to alleviate social problems (Salarzahi et al., 2004). In Indonesia, it is zakah which has become the main driver to the development of Islamic social entrepreneurship since it offers sustainable sources for funding social programs. The increased interest in zakah had created a national network of zakah, launch of zakah management law in 1999 and the zakah movement. The emergence of the Indonesian



Muslim middle class who care deeply about poverty but are members of neither Nahdlatul Ulama nor Muhamaddiyah, the two largest Islamic organizations established prior to the country's independence, had triggered the establishment of a private zakah fund management agency in the 1990s such as Wallet of the Poor or Dompot Dhuafa (Sakai and Fauzia, 2014). Similarly, Dompot Dhuafa is the first Islamic organization which successfully endorsed the importance of religious alms especially zakah as the obligatory alm payment or as a sustainable source of funding for social programs (Sakai and Fauzia, 2014). The factors which drive the credibility of Dompot Dhuafa are the professionalism of the Dompot Dhuafa workers and social status of the leader (Sakai and Fauzia, 2014).

As the largest Muslim country in the World (CIA, 2012), the annual potential of zakah collection in Indonesia stands at US\$ 217 million. Unfortunately, only less than 1 percent or around US\$ 1.5 million was collected in 2010 via the various institutions (Ayuniyyah, 2011). Several factors contributed to the large gap between the expected amount compared with the actual charity channelled to the institutions, being (1) Poor awareness on paying zakah via institutions (Ayuniyyah, 2011) and (2) Lack of trust in charitable organizations due to low credibility (Rusdiana and Saidi, 2008).

To overcome the problem, many zakah collection agencies employed various strategies to increase awareness and donations to the organization. These included firstly, by promoting the organizations via advertising and secondly, by capitalizing the organizational leaders' social status. A study conducted in Jakarta, Bogor, Tangerang, and Bekasi indicated that promotional activities conducted by zakah

institutions were found to be effective in persuading the audience (Hafiduddin, 2006). Another study which investigated the influencing factors for zakah payments confirmed that advertisements by zakah institutions influenced the payment of zakah via institutions (Firdaus, Beik, Irawan, & Juanda, 2012; Lessy, 2010).

The second strategy used to increase the level of trust in the agency amongst the Muslim community (Rusdiana and Saidi, 2008) was by capitalizing the social status of their leaders as found in Dompot Dhuafa zakah collection agency (Sakai and Fauzia, 2014). Juwaini (2011), the executive Director of Dompot Dhuafa, argued that the agency leaders sometimes used well known personalities to gain commitment from followers. As social enterprise leaders usually involved journalists and media promotions in order to bring more personal and institutional credibility (Juwaini, 2011), thus, one of the strategies to increase donation involved placing celebrity leaders as the endorser of the agency in their promotional campaigns.

The above practices are aligned with the marketing communication theory that underlies several strategies to generate positive attitudes towards advertising, to enhance attitudes towards the brand and to generate positive behaviours from audiences. The first strategy includes using credible endorsers who are experts, trustworthy and physically attractive (Lafferty et al., 2005; Till & Busler, 2000; Tom et al., 1992). The second strategy is by developing high organizational credibility (Goldsmith et al., 2000a, 2000b; Lafferty et al., 2002; Sallam, 2011) while the third strategy employs celebrity endorsers (Ranjbarian et al., 2010; Silvera & Austad, 2004; Spry et al., 2009).

However, although the Islamic SEs acting as the religious alms collection agencies had applied various marketing approaches in running their organizations, to date, no empirical research has examined the effectiveness of the promotions conducted by the Islamic SEs and the relative value of the organizational and leader dimensions in influencing customer attitudes and intentions. Consequently, the current study aims to:

1. Examine the role played the personal credibility of social entrepreneurs in influencing donor attitude and intention to support Islamic SEs.
2. Investigate the role played by the organizational credibility of social enterprises in influencing donor attitude and intention to support Islamic SEs.
3. Analyze the influence of celebrities or the popularity of the social entrepreneurs on credibility, and donor attitude and intention to support Islamic SE
4. Assess the mediating role of attitude in the relationship between credibility and intention to support Islamic SE
5. Examine the mediating role of credibility and attitude in the relationship between the celebrity of social entrepreneur and the intention to support Islamic SEs.

### **1.3 Research Questions**

In the traditional business context, Lafferty and Goldsmith (1998) examined the impact of endorsers and corporate credibility on consumer attitude and purchase intention through their dual credibility model (DCM) theory. They found that the duality of credibility exists and both have a simultaneous, additive effect on the attitudes and intentions of customers. Thus, the research questions in this section are based on the DCM theory but adapted to the social entrepreneurship research context.

According to Diochon and Anderson (2009), credibility has been regarded as an important factor for social entrepreneurs to tap the necessary resources and gain commitment from supporters. Prabhu (1999) also suggested that credibility among client group and society at large is vital for enhancing social enterprise growth and sustainability.

Social entrepreneur credibility plays a very important role especially in the initial stages of the initiative. Social entrepreneurs can use their credibility to tap resources and build the necessary network to achieve the mission of their initiatives (Shaw, 2004; Shaw & Carter, 2007; Waddock & Post, 1991a; Weerawardena & Mort, 2006) not only internally but also beyond the organization among client groups and society at large (Glunk & Van Gils, 2010; Prabhu, 1999).

To achieve the social enterprise mission, social entrepreneurs usually use their personal contact to gain support from the local community. This puts their personal credibility and their personal relationship network at risk as failure to

achieve the social mission will result in the loss of personal credibility (Shaw, 2004; Shaw & Carter, 2007). To gain credibility, the words of leaders should be reflected in their actions. Followers place trust in the leaders who are perceived to be honest and non-exploitative, but credibility is only established when the leader's claims are subsequently confirmed (Gardner, Avolio, Luthans, May, & Walumbwa, 2005).

Many Indonesian Islamic SEs conduct promotional campaigns to increase the level of donor support to their institutions. Some of them very often choose their founder or manager as the endorsers for their ads, a practice possibly led by the belief that endorsers may increase the effectiveness of advertising. As argued by Lafferty and Goldsmith (1999), high credibility endorsers lead to more positive attitudes towards the Ad compared to lower credibility endorsers. Similar findings were found in Goldsmith et al (2000a), Goldsmith et al (2000b) and Lafferty et al.'s (2002) studies, confirming the view that endorser credibility affects attitudes towards the Ad more than corporate credibility.

Also, besides attitudes towards the Ad, it has been found that the effect of endorser credibility to attitudes towards the brand/product is positive and significant (Goldsmith et al., 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002). The strategy of placing social entrepreneurs as the endorser of the Islamic SEs, especially for SEs which are still in their infancy, might also be influenced by the belief that there is a link between the endorser and the product endorsed (Tom et al., 1992).

However, there are mixed results regarding the influence of endorser credibility on customer's intentions. Harmon and Coney (1982) found that high

credibility sources elicited more favourable intentions even when the subjects' own thoughts were negative. Furthermore, experiments that compared female and male respondents found that endorser credibility had positive and significant influence on purchase intentions regardless of gender type (Goldsmith et al., 2000b). In Lafferty et al.'s (1999) study on athletic shoes, comparing the credibility of an athlete to an actress, it was found that the effect of the endorser on purchase intention was positive, even though it was not significant. Goldsmith et al. (2000a) also tested the direct effect of endorser credibility on purchase intention in their baseline model. Empirical evidence on the impact of endorser credibility on customers' intention can also be found in the experimental study which tested the impact of celebrity endorsement, psychographic profile of respondents and the students' willingness to buy. The study confirmed the hypothesis that the credibility of the source influenced the subjects' willingness to buy the product (Zahaf & Anderson, 2008). Thus, based on the above discussion, the following question is raised:

*RQ.1: Does a higher level of social entrepreneur personal credibility positively and significantly influence SE customer attitude towards the Ad, attitude towards the brand and support intention?*

According to Lafferty and Goldsmith (1999), high credibility organizations elicit more effect on attitude towards the Ad than low credibility companies, as confirmed by Lafferty et al. (2002). Goldsmith et al (2000a), Lafferty et al (2000b) and Sallam (2011) also supported the findings. According to Sallam (2011), the trustworthiness dimension is very important in influencing attitude towards the Ad

(Sallam, 2011). This dimension is critical for the continuity of Islamic SEs as they manage the religious alms received from their supporters.

Apart from influencing attitude towards the Ad, an organization with higher credibility tends to elicit positive attitude towards the brand (Lafferty & Goldsmith, 1999a). Two studies which compared female and male subjects showed that a highly credible firm had more positive effect on attitude towards the brand than the low credible firm (Goldsmith et al., 2000b). Lafferty et al. (2002) conducted an experimental study in the real setting and found that corporate credibility was positively associated with attitude towards the brand. Another experiment which compared the high and low corporate source of credibility for a new high technology product indicated that corporate credibility did significantly influence attitude towards the brand (Lafferty & Goldsmith, 2004).

Furthermore, Lafferty and Goldsmith (1999) argued that corporate credibility may positively influence purchase intentions since customers value organizational credibility in product quality, service, warranty, etc. The study comparing the female and male subject pool found that corporate credibility significantly influenced purchase intentions in both type of respondents (Goldsmith et al., 2000b). Similar empirical evidence can also be found in Lafferty et al. (2002). Another research conducted in China also supported the link between corporate credibility and purchase intentions. Based on a survey of 477 respondents, it was found that corporate brand credibility positively and significantly affected consumers' purchase intentions (Li, Wang, & Yang, 2011).

The credibility of the initiative is also considered as an important factor (Davies, 2009; Gibbon & Affleck, 2008; Mort & Hume, 2009; Raufflet & Cecilia Gurgel do, 2007; Sarah & Clifford, 2007; Witkamp, Royakkers, & Raven, 2011). Sullivan and Mort (2006) called for building much stronger SE organizations to achieve their social missions. According to Peredo & McLean (2006), SE organizations are required to maintain credibility in order to generate commitment from followers. As explained earlier, currently there is still a large gap between the expected amounts of charity and the actual charity received by the institutions due to poor awareness on paying zakah via institutions (Ayuniyyah, 2011) and low trust in charitable organizations due to low credibility (Rusdiana & Saidi, 2008). Thus, credibility of the organization is considered vital for gaining and keeping supporters. Thus, the study forwards the following question:

*RQ.2: Does the higher level of social enterprise organization credibility positively and significantly influence the SE customers' attitude towards the Ad, attitude towards the brand and support intention?*

The effect of attitude towards the Ad on attitude towards the brand has been studied by many scholars (Gresham & Shimp, 1985; Ranjbarian, Fathi, & Lari, 2011; Shimp, 1981; Wahid & Ahmed, 2011). Recent studies by Wahid and Ahmed (2011) only found partial mediation of brand attitudes to the attitude towards the Ad and purchase intentions. Although the reason for such relationship is not clear, culture and context may be contributing factors. However, earlier studies by Gresham and Shimp (1985) showed a pattern that attitude towards the Ad influences the attitude towards the brand. In addition, both researchers also found a mutual causal



relationship between attitude towards the Ad and attitude towards the brand (Gresham & Shimp, 1985). Their findings were also supported by Najmi et al. (2012). According to MacAdams (1998), the effect of attitude towards the Ad on support intention cannot be studied in isolation as her study showed that the impact of ads on intention is rarely significant without the mediation of brand attitudes.

The literatures also observed the influence of attitude towards the Ad on intention. Goldsmith et al (2000a) found support for the hypotheses that tested the direct link between attitudes towards the Ad to intention. The finding was also supported by Lafferty et al (2002), Wahid and Ahmed (2011) and Shimp (1981). Shimp (1981) conducted an experimental study to test the role of attitude towards the Ad as the antecedent of purchasing behaviour and found it to be an important determinant for purchasing behaviour. Similarly, Wahid and Ahmed (2011) study in Yemen indicated that consumers are indeed influenced by ads even though they live in a poorer country.

There is still a dearth of study on the impact of ads towards the customer attitude towards the brand and intentions in the non-profit or social entrepreneurship context in Indonesia. However, several studies conducted locally in Indonesia on the impact of marketing communications in general and advertising in particular showed a positive impact of advertising towards the organizations' revenue and donors' perceptions and attitudes. With strong belief on the significant influence of marketing communications on customer attitudes and intentions, Dompot Dhuafa as the largest National Zakah Institution or LAZNAS in Indonesia has continuously

promoted zakah by reaching out to zakah payers through advertisements in the mass media (e.g. television, radio, newspaper, and billboards) ("Erie Sudewo," 2011).

Several other studies on the impact of advertising costs on LAZNAS revenue showed the significant influence of promotional expenditure on the organization's income (Arafat, 2011; Mujiyati, Rudhiyoko, & Sholahuddin, 2010). Another study from the perspectives of donors showed that all the dimension of marketing mix, including promotion, significantly influenced Muzaki or donors' perception (Fakhryrozi, 2011). Additionally, a study conducted in Jakarta, Bogor, Tangerang, and Bekasi showed the effectiveness of promotional activities conducted by the zakah institution in persuading the audience (Hafiduddin, 2006). This is further augmented by another study on the influence of advertisements by zakah institution (Firdaus et al., 2012; Lessy, 2010). Based on the above discussion, the study develops the following research question:

*RQ.3: Does the higher level of attitude towards the Ad positively and significantly influence the SEs customers' attitude towards the brand and support intention?*

Attitude towards the brand positively and significantly influences purchase intention (Lafferty & Goldsmith, 1999; Lafferty et al., 2002; Ranjbarian et al., 2011; Wahid & Ahmed, 2011). Notably, some scholars found that brand attitudes serves as the mediating variable between attitude towards the Ad and intention either fully (Lafferty et al., 2002; MacAdams, 1988; Sallam, 2011; Wahid & Ahmed, 2011) or partially (Wahid & Ahmed, 2011).

The concept of branding is also central in the social entrepreneurship research context. According to Allan (2005), branding is all about getting the consumer to look further than the basic offer of quality and price. The concept of a brand is important to be developed by social enterprises as it can reach a wider audience of concerned consumers. With social labels or brands, social enterprises are expected to increase their market share and thus, their social impact. Therefore, being envisaged as a trusted brand is important for social enterprises (Allan, 2005). Although very few studies have examined the impact of attitude towards the social enterprises' brand on intentions, the local Islamic SEs in Indonesia recognize the significant effects of such attitudes. Hence, the following research question is developed:

*RQ.4: Does the higher level of attitude towards the brand positively and significantly influence the SEs customers' support intention?*

The direct influence of the endorser credibility on attitude towards the Ad (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002), organizational credibility on attitude towards the Ad (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002), and the direct influence of attitude towards the Ad on intentions (Goldsmith et al., 2000a; Lafferty et al., 2002; Shimp, 1981; Wahid & Ahmed, 2011) imply the role of attitude towards the Ad as the mediating variable between both types of credibility and support intention.

Petty and Cacioppo (1983) pointed out the mediating role of attitude towards the Ad in the relationship between endorser credibility and customer intention through their Elaboration Likelihood Model (ELM). Lutz et al (1983) conducted a

study which split the customer sample based on the knowledge and perceptions on the importance of a product. Their study confirmed that attitude towards the Ad served as the mediating variable on attitude towards the brand for both samples. Similar findings were also found in several studies (Lafferty & Goldsmith, 1999a; Lafferty et al., 2002; Ranjbarian et al., 2010). Similar to the previous discussion, attitude towards the Ad also served as the mediating variable between organization credibility and attitude towards the brand (Lafferty & Goldsmith, 1999a; Lafferty et al., 2002). In view of this, the study seeks answers for the following question:

*RQ.5: Does attitude towards the Ad mediate the relationship between both types of credibility (social entrepreneur credibility and social enterprise organization credibility) and support intention?*

Subsequently, it is worth noting that scholars have found brand attitude to be a possible mediating variable between attitude towards the Ad and intention (Lafferty et al., 2002; MacAdams, 1988; Wahid & Ahmed, 2011). According to MacAdams (1998), the effect of attitude towards the Ad on support intention cannot be studied in isolation from brand attitude as the impact of ad attitude on support intention is rarely significant without the mediation of brand attitude.

Previous studies have also demonstrated the influence of attitude towards the Ad on brand attitude. Again by extension, attitude towards the Ad and brand attitude can be proposed as mediating variables between credibility and support intention. Since there is still a dearth of research in social entrepreneurship which examines these relationships, the current research seeks to answer the following questions:

*RQ.6: Does attitude towards the Ad and attitude towards the brand mediate the relationship between both types of credibility (social entrepreneur credibility and social enterprise organization credibility) and support intention?*

Previous studies showed a direct influence of endorser credibility on attitude towards the brand (Goldsmith et al., 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002) and organization credibility on attitude towards the brand (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002). Since attitude towards the brand is found to have a direct effect on intention (Lafferty & Goldsmith, 1999; Lafferty et al., 2002; Ranjbarian et al., 2011; Wahid & Ahmed, 2011), this study seeks answers for the following question:

*RQ.7: Does attitude towards the brand mediate the relationship between both types of credibility (social entrepreneur credibility and social enterprise organization credibility) and support intention?*

The literature confirmed that social entrepreneurs may transform into celebrities as they set themselves as inspiring figures in whom the expectations of people with limited capital are placed (Froggett & Chamberlayne, 2004). In contrast, personalities who have gained popularity and celebrity status may also turn into prominent social entrepreneurs, e.g. the Clinton Foundation which was established by Bill Clinton creates a program for HIV/AIDS treatment by organizing demand for the AIDS drugs so that its production cost can be reduced. The project is not only a charitable act but also a social enterprise through which the drug companies are able

to make profit from sales (Smith & Nemetz, 2009). The project is successful since Bill Clinton uses his celebrity status and networking as a former US President to enable him to find donor support (Stein, 2008).

In the marketing research context, previous studies examined the role of celebrities in influencing customer attitudes and intention (La Ferle & Choi, 2005; Nataraajan & Chawla, 1997; Rodriguez, 2008; Wheeler, 2009; Zahaf & Anderson, 2008). Nataraajan & Chawla (1997) who examined the influence of celebrity and non-celebrity endorsement on perceived credibility, found the superior effect of celebrity endorsement compared to non-celebrity endorsement on endorser credibility. They also further examined the impact of celebrity gender on credibility and showed that the credibility of female celebrities is not significantly different from male celebrities. Zahaf and Anderson (2008) examined the influence of celebrities on willingness to buy and found that the customers' willingness to buy is higher when the subjects were exposed to celebrity endorsers rather than non-celebrity endorsers. Rodriguez (2008) also found similar findings based on her research in the Philippines, showing that advertising with credible celebrities yielded higher purchase intentions than advertising with non-celebrities.

According to La Ferle & Choi (2005), celebrity influence on consumer attitudes and intention is mediated by endorser perceived credibility. Wheeler (2009), in his study on the influence of celebrities in the non-profit research context, showed that higher celebrity connection with the issue being endorsed led to much higher trust on the endorser credibility compared with the celebrity with no connections. Wheeler's (2009) study also confirmed that credibility may serve as the

mediating variable between celebrity and intention. Celebrities closely connected to NPOs will generate higher source credibility than non-connected celebrities or the average person. For example, Wheeler (2009) observed that source credibility generated from celebrity status will directly influence time to volunteer and intention to donate. As Islamic social enterprises in Indonesia that manage zakah, infaq, saddaqa and waqf have already adopted a business-like approach to attract customer support, one of the strategies used to promote their organization was via businesslike advertising together with famous social entrepreneurs as the endorsers of the institutions. The strategy is founded on strong belief that celebrity social entrepreneurs will have impact on the donor or customer attitudes and intention to support the SEs as found in many academic literature of marketing communication literatures. In view of this, the current research will also address the following question:

*RQ.8: Does social entrepreneur celebrity positively and significantly influence credibilities (social entrepreneur credibility and social enterprise organization credibility), attitude towards the Ad, attitude towards the brand and support intention?*

According to Agarawal-Gupta and Jha-Dang (2009), the influence of celebrities on ad attitude is mediated by celebrity credibility. Thus, credibility may serve as the mediating variable to customer attitude. In addition, the direct influence of celebrity variable on social entrepreneur credibility, attitudes and intention, and the direct influence of attitudes on intention resulted in several mediation hypotheses

to the research framework. Thus, the study will also examine the following research question:

*RQ.9: Does the social entrepreneur personal credibility and attitudes (attitude towards the Ad and attitudes towards the brand) mediate the relationship between social entrepreneur celebrity and support intention?*

Similarly, the direct influence of celebrity variable on the social entrepreneur credibility, attitudes and intention, and the direct influence of attitudes on intention leads to an additional research question:

*RQ.10: Does the social enterprise organization credibility and attitudes (attitude towards the Ad and attitudes towards the brand) mediate the relationship between social entrepreneur celebrity and support intention?*

#### **1.4 Significance of the Study**

This dissertation makes the following contributions to the literature. First, the study complements the existing body of literature by addressing the celebrity construct which has not been investigated in social entrepreneurship literature. The celebrity concept can be applied not only to film stars or artists but also to business figures including entrepreneurs who achieved iconic status due to their exemplary business leadership (Guthey, Clark, & Jackson, 2009). In the Indonesian social entrepreneurship context, celebrity style is one of the strategies usually employed by SE leaders to attract the followers' commitment (Juwaini, 2011). Therefore, the



celebrity construct is a worthy topic of investigation. The study will also provide empirical findings on the theory currently under research that suggests that leader celebrity is an asset to the organization (Perryman, 2008). Additionally, the study will complement the celebrity literature since it will be measured in metric data, a method rarely conducted by previous scholars (Perryman, 2008).

Second, social enterprises have business like elements but to date, there is still a lack of studies on SEs from the customers' perspective (Allan, 2005). The current study examines SEs from customers' or donors' perspectives which are considered important since many SEs still receive a significant portion of income from the donors (Foster & Bradach, 2005).

Third, although theory suggests that credibility can be a beneficial asset to a social enterprise to gain follower support (Dees & Anderson, 2003; Prabhu, 1999; Shaw & Carter, 2007; Thompson et al., 2000; Waddock & Post, 1991a; Weerawardena & Mort, 2006), empirical studies to test the relationship do not exist in social entrepreneurship literature. This dissertation aims to illustrate the empirical relationship between credibility and followers' or customers' support.

Fourth, the majority of studies have examined social entrepreneurship from the western perspective with little investigation conducted from the Muslim world perspective (Al-Alak & Eletter, 2010). The current study examines social enterprise from the Indonesian Muslims' perspective. Islamic SEs that manage waqf and zakah institutions mostly operate as what would be seen as social venturing or social entrepreneurship in the West (Salarzahi et al., 2004).

Fifth, Lafferty et al. (2002) called for the need to test the robustness of the dual credibility model in different conditions, using non-student sample and different settings. This dissertation tests the DCM robustness in a non-traditional business context, using non-student sample in a real business setting.

Sixth, combining both the effects of social entrepreneur personal credibility as the endorser of organizations and the effect of social enterprise organization credibility will allow the researchers and managers of SEs to see the relative value of each credible source (Lafferty et al., 2002).

Seventh, researchers have identified the significant role of celebrities and credibility in influencing customer attitudes and intention. What is striking is that the issue of celebrity concept and how it is measured in the metric data is still understudied (Perryman, 2008). Rather than putting the celebrity construct in metric data, most scholars in marketing communications measured the construct in categorical data and classified it into celebrity and/or non celebrity. The current study will measure the celebrity level of the endorser rather than measuring it using a categorical scale.

## **1.5 Scope of Research**

In order to focus on the research problem, this research has set some boundaries. First, this research only investigated the customers of six largest Islamic social enterprises. As a consequence, the results from this study cannot be generalized

to the entire social enterprises population or the entire Islamic social enterprises in Indonesia .

Second, majority of the data were collected via online survey since majority of the customers of Islamic social enterprises in Indonesia channeled their donation via online channels such as internet banking, SMS banking etc. Therefore, the offline questionnaires which were sent to the six social enterprise offices had a very low response rate.

Third, the study excludes Nahdlatul Ulama and Muhammadiyah as two oldest Islamic social enterprises in Indonesia since the size of Islamic alms collected by those two organizations is small as compared to six others Islamic social enterprises used in the study. Finally, the offline survey was conducted only in Jakarta areas and used convenience sampling due to some technical consideration.

## **1.6 Organization of the Thesis**

The thesis is organized into seven chapters. While the present chapter discusses the research background and details, the research problems, objectives, questions, and significance of the study. Chapter 2 provides a literature review for research previously conducted in each area relating to this study. Chapter 2 also presents a detailed synthesis from the fields of entrepreneurship, social entrepreneurship, marketing communications and consumer behaviour.

Chapter 3 describes the development of social entrepreneurship in Indonesia during colonialism and after her independence period. The section also discusses the main factors which influence the development of Islamic SEs in Indonesia.

Following that, chapter 4 integrates these diverse literatures and articulates the conceptual framework that guides this social entrepreneurship study. This section also explains the hypothesis developed from the theoretical review discussed in Chapter 2.

Chapter 5 explains the research design and methods of the study. It elaborates on the sample of the study, research instruments, demographic characteristics, donation pattern of the respondents and plan of data analysis.

The empirical findings are presented and discussed in chapter 6. The rival or competing model for the baseline model which tests the direct effects of the celebrity variable to the attitudes and intention are also elaborated in the chapter. Finally, chapter 7 concludes the thesis with discussions of the theoretical, managerial and methodological as well as limitations of the study and offers some suggestions for future research direction.

## **1.7 Conclusion**

This chapter laid the foundations for the thesis. It introduced the research problem, research objectives and research questions. Then the significance was identified, the scope of research was presented, and the report, was outlined. On these foundations, the report can proceed with a detailed description of the research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 Summary**

Here existing literature regarding social entrepreneurship, religion, and existing theories on the role of credibility and celebrity in influencing customer intention is reviewed. The first part discusses common definitions of entrepreneurship and social entrepreneurship while the second examines the view of Islam on entrepreneurship and social entrepreneurship. Next, the chapter elaborates the position of customers in social entrepreneurship, followed by a discussion of the relationship between credibility and social entrepreneurship. The fifth part discusses the Dual Credibility Model (DCM) theory which will be adapted to the current social entrepreneurship research context. Finally, the chapter examines the theory of celebrity and its relationship to credibility, customer attitudes and intention.

Despite acknowledgement of the importance of credibility to social enterprises (Dees & Anderson, 2003; Prabhu, 1999; Shaw & Carter, 2007; Thompson, Alvy, & Lees, 2000; Waddock & Post, 1991; Weerawardena & Mort, 2006), there is a dearth of research which empirically investigates the influence of credibility in generating commitment from followers. This highlights the need to investigate the influence of credibility on intention to support social enterprises. One of the theories from marketing communications that can be used to examine the influence of credibility on customer attitude and intention is the Dual Credibility Model (DCM). The DCM has been particularly useful in determining the effects of personal and organizational credibility on audience attitude and purchase intention. In the context of social entrepreneurship,

the DCM may be applied based on the premise that both entrepreneurs and their SEs play significant roles in attracting customer commitment and support. The theory can also address certain gaps in entrepreneurship literature as it views SEs from a marketing perspective which is still a very much under-researched area of social entrepreneurship (Allan, 2005). This approach is acceptable since the researcher is allowed to transfer the theory from one particular pre-existing knowledge to a relatively new domain to understand and experience similar phenomenon (Johnson & Duberley, 2000). Thus, the study aims to examine the influence of credibility on customer attitude and intention by applying the DCM.

## **2.1 Definitions**

There are various interpretations of the definition of social entrepreneurship, social enterprise and social entrepreneurs (Bull, 2008; Haugh, 2005; Martin & Osberg, 2007; Tan, Williams, & Tan, 2005; Thompson, 2008). However, problems arise as to date, there is no agreement on the definition of entrepreneurship (Aidis, 2003; Bull & Willard, 1993; Martin & Osberg, 2007; Shane & Venkataraman, 2000; Tan et al., 2005) and due to the variety of activities in social enterprise itself (Reid & Griffith, 2006). Therefore, mapping of social enterprise is problematic and the SEs cannot be identified solely based on legal form, size, innovation, ownership and other pre-set categories (M. Bull & Crompton, 2006; Peattie & Morley, 2008). However, a clear and precise definition of SE is important to differentiate the initiatives from other types of public or business organizations and to help differentiate between types of SEs themselves (Peattie & Morley, 2008). To define what constitutes social entrepreneurship, the researcher will firstly discuss the definition of entrepreneurship.

### 2.1.1 Entrepreneurship and Entrepreneur

Many scholars have tried to define what constitutes entrepreneurship. However, the majority of definitions are solely based on who and what the entrepreneur does (I. Bull & Willard, 1993; Shane & Venkataraman, 2000). This pattern can be seen from the works of the scholars in the field of economics.

Several scholars cited Jean Baptiste Say's work as the foundation for entrepreneurship (e.g. Martin & Osberg, 2007) although Richard Cantillon was actually the first scholar who introduced the term earlier (Aidis, 2003; Grebel, Pyka, & Hanusch, 2003; Hebert, 1985). Richard Cantillon, the Irish-French economist, introduced the term entrepreneurship through his manuscript "*Essai sur la Nature du Commerce en Général*" (*Essay on the Nature of Trade in General*) which was written around 1755. Cantillon explained entrepreneurship in a modern approach, describing the function of the entrepreneur in an economy rather than looking at the entrepreneur personality. For Cantillon, the role of an entrepreneur is to assume the risk of uncertainty inherent in market activities. He argued that landlords and labourers are excluded from the entrepreneur definition as they receive fixed rents and fixed wages (Hebert, 1985).

According to Aidis (2003), Cantillon's idea was supported by others such as F.B. Hawley, F. Knight, C.Tuttle, M.Casson and Peter Drucker. However Knight and Drucker used the risk taking term which is similar to the notion of uncertainty. Based on Hebert's study (1985), Von Mises also supported Cantillon's definition of entrepreneur as the uncertainty bearer. However, he widened Cantillon's definition and argued that uncertainty is inherent in every action and burdens every actor including landlords and labourers.

Another economist from the classical era, Jean Baptiste Say, described the entrepreneur as the one who 'shifts economic resources out of an area of lower productivity into an area of higher and greater yield' (R. L. Martin & Osberg, 2007) and

as a coordinator (Aidis, 2003) who obtains and organizes factors of production to create value (Bruyat & Julien, 2000). In Say's doctrine, entrepreneurial behaviour embraces several kinds of economic activities: planning, organization, supervision, innovation, and the supply of capital. Says' definition was supported by Alfred Marshal and Frank Edgeworth (Aidis, 2003). Different conclusions exist regarding Cantillon's early thought on the role of the entrepreneur as coordinator. According to Grebel et al. (2003), Cantillon also regards the entrepreneur as the coordinator who connects producer with consumers. Yet, Hebert (1985) argued that there is no evidence that Cantillon regarded the entrepreneur as a coordinator of activities that are inherently entrepreneurial (Hebert, 1985).

Another group of scholars explained entrepreneurship in the light of innovation. But again, they explained entrepreneurship from the perspective of who the entrepreneur is. The first economist who defined the entrepreneur as an innovator was Joseph Schumpeter (Aidis, 2003) who viewed the entrepreneur as a person who is willing and able to convert a new idea or invention into a successful innovation. For Schumpeter, entrepreneurship not only results in new industries but also in new combinations of currently existing inputs. Schumpeter clearly differentiated entrepreneur to the common leader or manager and excluded the organizational leader who merely operates an established business without conducting any invention by introducing new goods or a new quality of goods, new methods of production, new markets, new sources of supply or raw materials and reorganization of new industry (I. Bull & Willard, 1993).

Israel Kirzner added another important dimension to the entrepreneurship definition called opportunity. For entrepreneurship to exist, one should have entrepreneurial opportunities which can take form in both product market and/or factor market. Entrepreneurial opportunities are those situations in which new goods, services,



raw materials, and organizing methods can be introduced and sold at greater than their cost of production (Casson, 1982 in Hebert, 1985). Kirzner tended to downplay the importance of uncertainty or risk in defining entrepreneurship.

In 1983, Howard H. Stevenson added the resourcefulness dimension of entrepreneurship which also simultaneously emphasizes the importance of opportunity. Stevenson perceived entrepreneurship as a process by which individuals either-on their own or within organizations, pursue opportunities without regard to the resources they are currently in control (Gartner & Baker, 2010).

Notably, the majority of economics scholars explained entrepreneurship within the equilibrium theory. According to Cantillon, entrepreneurs promote equilibrium by making the many adjustments that will bring into balance the particular quantities demanded and supplied (Hebert, 1985). Later, Schumpeter criticized the neoclassical economic theory which neglected the dynamic role of entrepreneurs, placing it as inactive and static due to the pre-condition of perfect rationality assumption for optimal behaviour (Grebel et al., 2003). According to Schumpeter, equilibrium is a static condition that does not allow for change. In an empirical situation where economic change takes place, the entrepreneur plays a significant role as the agent of change who brings new combinations or innovations.

Another prominent scholar who also defined entrepreneurship based on his critique of the equilibrium theory was Kirzner. Several scholars including Kirzner himself (Grebel et al., 2003), viewed Schumpeter's and Kirzner's theory as two different concepts. While Schumpeter argued that an entrepreneur is the innovator and creative destructor of equilibrium, Kirzner viewed the entrepreneur as the equilibrating individual who is alert to market opportunities (Grebel et al., 2003). The differences in Schumpeter's and Kirzner's conceptualization of entrepreneurship also lie in how they viewed opportunities (Shane, 2003). According to Shane (2003), Kirzner felt that

entrepreneurship only requires differential access to existing information. Since people's accuracy in making decisions is not perfect, there will be shortages and surpluses in the market that can be transformed into profit by the entrepreneurs. In contrast, Schumpeter forced the importance of new information to open opportunity for the entrepreneur. Thus, structural changes in the economy will create new information and new resources which can be transformed into new valuable forms. The second difference between Kirzner and Schumpeter lies in the source of opportunity. For Schumpeter, opportunity comes from the disequilibrium or the disruption of current activity while Kirzner saw opportunity as the result of equilibrating activity that brings the economy closer to an equilibrium state. Therefore, Schumpeter's definition will result in more innovation, involvement of creation and rare entrepreneurial activities compared with Kirzner's definition (Shane, 2003). However, several scholars (Carsrud & Brannback, 2007) saw Schumpeter's and Kirzner's ideas as complementing each other. Carsrud and Brannback (2007) argued that Kirzner's entrepreneurship definition was also based on new information or knowledge similar to Schumpeter's. The entrepreneur should have the ability to spot an opportunity by combining existing innovation into new pieces of knowledge in the market. The process is very close to Schumpeter's entrepreneurship definition.

As to whose definition best describes the entrepreneurship as the foundation for scholars to define social entrepreneurship, Bull and Willard (1993) observed that Schumpeter's definition was the most acceptable and precise to be used by academic scholars. This is because it is able to describe what the entrepreneurs do and distinguish them from non-entrepreneurs. More empirical evidence for Schumpeterian entrepreneurship theory can also be found in the market compared with Kirznerian or neo classical theory of entrepreneurship (Shane, 2003), which makes a stronger case for using the Schumpeter definition in the study.

However, a more rigorous literature review of the paper that specifically defines the meaning of social entrepreneurship is vital to obtain a sound method to develop the field and to get more accurate measurements (Tan, Williams, & Tan, 2005).

### **2.1.2 Social Entrepreneurship, Social Entrepreneur and Social Enterprise**

To date, there is no universal definition on what constitutes social entrepreneurship (Bosma & Levie, 2010; Dees, 1998; Defourny & Nyssens, 2008; Mair & Marti, 2006; Shaw, 2004; Thompson, 2008). Thus, the literature review is conducted by utilizing Google scholar citation index as it offers many strengths or even comparable results to the Thompson ISI (Kousha & Thelwall, 2007; Meho & Yang, 2007; Pauly & Stergiou, 2005).

To do this, the social entrepreneurship key word is used in the search engine. In order to narrow down the results, only the articles which are cited by more than 100 scholars are used. The method resulted in 192 articles which are related to the topic being searched. Further analysis was done, in order to obtain the articles which specifically discussed social entrepreneurship. The articles containing the combination of any social topics and entrepreneurship (e.g. social structure and entrepreneurship, social actor and entrepreneurship, social capital and entrepreneurship, social interaction and entrepreneurship) were excluded from the analyses. Thus, 139 articles were excluded from the analyses, resulting in a total of 53 articles in social entrepreneurship which were cited by the most scholars in the field of social entrepreneurship and entrepreneurship in general (see Table 2.1). The articles can be classified into three categories: journals, books and others (manuscript, working paper, occasional paper, report, etc). The researcher will only discuss the first 10 articles regarding social

entrepreneurship, social entrepreneurs and social enterprise to narrow down the discussion.

The first article on social entrepreneurship which was mostly cited was developed by Dees (1998b). It was cited by 732 scholars. Dees uses the entrepreneurship definition as the basis for defining social entrepreneurship and integrated the definition of entrepreneurship from several economists such as Say, Schumpeter, Drucker and Stevenson. However, Dees explained social entrepreneurship by looking at what the social entrepreneur does. Dees borrowed the value creation concept from Say and observed that the social entrepreneur may create economic value but it serves only as a means to achieve social value (Dees, 1998b). A mental health service that actively employs people with a history of mental health problems to help deliver the service is one of the examples of social value creation as the social value of commissioning these services comes through the person with mental health problems having a job where they may otherwise have been unemployed ("Social value act," n.d.). Dees's definition adopted Schumpeter's perspective that viewed entrepreneurs as reformers and revolutionaries in the social sector who conduct continuous innovation, adaptation and learning. Dees also borrowed Drucker ideas' that viewed entrepreneurs not only as change makers but also opportunity exploiters who seize opportunities caused by change. Dees summed his definition on social entrepreneurship by drawing upon Stevenson's resourcefulness or acting boldly without being limited by the resources at hand.

The second article mostly cited by scholars in the social entrepreneurship field was written by Bornstein (2007). Cited by 700 scholars and similar to Dees (1998b), Bornstein defined social entrepreneurship by explaining who the social entrepreneur is. However, he had a more general definition compared with Dees's definition. From

Bornstein's definition, we can see the social entrepreneur's role as the agent of change, bringing in innovation and resourcefulness to solve major problems.

The third most cited book was edited by Borzaga and Defourny (2004). However, it is excluded from the analysis, as it is a compilation of different articles on social entrepreneurship by many authors. Mair and Marti's article written in 2006 thus represents the third article mostly cited by the scholars. Rather than explaining social entrepreneurship via the social entrepreneur lens, Mair and Marti (2006) defined social entrepreneurship generally as a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs. According to Mair and Marti (2006), social enterprise can simultaneously create social and economic values, but the main focus is social value. The economic value is only necessary for financial sustainability.

The fourth article, cited by 506 scholars, was written by Austin et al. (2006). They defined social entrepreneurship generally from the innovation and value creation dimension across non profit, business and government sectors.

The fifth article was written by Leadbeater (1997) who like Dees, defined social entrepreneurship based on what the social entrepreneur does. According to him, social entrepreneurship involves entrepreneurial, innovative and transformatory processes.

**Table 2.1 List of Cited Articles on Social Entrepreneurship**

Number	Author	Year	Cited	Journal	Books	Others	Google Page
1	Dees	1998	732			√	1
2	Bornstein	2007	700			√	45
3	Mair & Marti	2006	532	√			1
4	Austin, Stevenson & Wei-Skillern	2006	506	√			1
5	Leadbeater	1997	486			√	34
6	Bosma & Levie	2010	406			√	26
7	Yunus	2007	406		√		64
8	Peredo	2006	342	√			1
9	Kuratko	2008	305		√		46
10	Eikenberry & Kluver	2004	285	√			13
11	Alvord & Brown	2004	284	√			1
12	Martin & Osberg	2007	280	√			1
13	Dart	2004	273	√			7
14	Dees & Emerson	2001	263		√		5
15	Thompson & Alvy	2000	248	√			1
16	Thompson	2002	240	√			9
17	Weerawardana	2006	236	√			2
18	Mort & Weerawardana	2003	233	√			1
19	Nicholls	2006	226		√		1
20	Defourny	2001	221		√		35
21	Bessant	2007	195		√		67
22	Fowler	2000	185	√			2
23	Nyssens	2006	179			√	35
24	Waddock & Post	1991	176	√			23
25	Zahra, Gedazlovic, Neubaum Schulman	2009	174	√			24
26	Nyssens & Adam	2006	171		√		9
27	Seelos	2005	167	√			2
28	Emerson	1996	166			√	4
29	Elkington	2008	162		√		81
30	Chell	2007	160	√			17
31	Dart	2004	160	√			76
32	Kerlin	2006	151	√			27
33	Baron	2007	139	√			2
34	Drayton	2009	139			√	5
35	Seelos	2007	136	√			78
36	Brinckerhoff	2000	135			√	2
37	Johnson	2000	130			√	2
38	Sharir	2006	130	√			26
39	Alter	2004	130			√	67
40	Dees, Emerson & Economy	2002	129		√		71
41	Hemingway	2005	123	√			3
42	Harding & Mart	2002	123			√	48
43	Short , Moss & Lumpkin	2009	121	√			4
44	Defourny	2008	117	√			35
45	Glancey & McQuaid	2000	115	√			4
46	Lapsley	2008	115				66
47	Nicholls	2008	112		√		2
48	Prieto-Carron	2006	108				50
49	Prabhu	1999	106	√			61
50	Haugh	2005	105	√			3

The sixth article, written by Bosma & Levie (2010), was cited by 406 scholars. Bosma & Levie drew upon the Global Entrepreneurship Monitor which also followed the general definition of Mair and Marti's. They simply defined social entrepreneurship as individuals or organizations engaged in entrepreneurial activities with a social goal. They argued that social entrepreneurship may cover all activities with a social purpose, including social and community work, for profit or non-profit, incorporated and non-incorporated organizations. Social entrepreneurship can take place in not for profit or for profit basis which is dictated by social needs, the amount of resources needed and the scope of raising capital and the ability to capture economic value. The main differences lie in the relative priority given to social value or economic value creation. Again, economic value creation is the by product of SEs to ensure their sustainability.

The next book, written by Yunus (2007), was cited by 406 scholars. As a social entrepreneur by practice, Yunus defined social entrepreneurship as an innovative initiative to help people and that can be actualized in economic or non economic, not for profit or profit sectors. Social business is a subset of social enterprise. All those who run social businesses are social entrepreneurs but not all social entrepreneurs are social businessman. Yunus (2007) appeared to object the term hybrid organization. According to him, although mixing the personal gain motive and the selflessness element may be plausible, it may create a boundary for the organization as the two conflicting goals will force organizational leaders to focus on profit maximizing goal since there will be a larger time lag for measuring social goals than the profit-maximization goal.

The eighth article by Peredo and McLean (2006) viewed social entrepreneurship not only as an individual but also, a group effort. According to them, social entrepreneurship is exercised where some persons or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a

capacity to recognize and take advantage of opportunities to create that value (“envision”); (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture. According to them, the first characteristic is the necessary condition for social entrepreneurship while the remaining characteristics may exist in greater or lesser degree.

**Table 2.2 Social Entrepreneurship, Social Entrepreneur and Social Enterprise**

**Definition**

<b>Author (Year)</b>	<b>Definition</b>
(Dees, 1998)	Social entrepreneurs play the role of change agents in the social sector by (1) adopting of a mission to create and sustain social value (not just private value), (2) Recognizing and relentlessly pursuing new opportunities to serve that mission, (3) Engaging in a process of continuous innovation, adaptation, and learning, (4) Acting boldly without being limited by resources currently in hand, and (5) Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.
(Bornstein, 2004)	People with new ideas to address major problems who are relentless in the pursuing of their visions, people who simply will not take ‘no’ for an answer, who will not give up until they have spread their ideas as far and as they possibly can.
(Mair & Marti, 2006)	A process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs. These resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. And when viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations.
(Austin, Stevenson, & Wei-Skillern, 2006)	Innovative, social value creating activity that occur within or across the nonprofits, business, or government sectors



**Table 2.2 Continued**

<b>Author (Year)</b>	<b>Definition</b>
Leadbeater, 1997 (p.53)	<ul style="list-style-type: none"> <li>(1) Entrepreneurial-they take underutilized, discarded resources, and spot ways of using them to satisfy the unmet needs</li> <li>(2) Innovative-they create new services and products, new ways of dealing with problems, often by bringing together approaches that have traditionally been kept separate</li> <li>(3) Transformatory-they transform the institution they are in charge of, taking moribund organisations and turning them into creative ones. Most importantly, they can transform the neighbourhoods and community and communities they serve by opening up possibilities for self development</li> </ul>
(Bosma & Levie, 2010)	Individuals or organizations engaged in entrepreneurial activities with a social goal.
(Yunus, 2007)	Any innovative initiative to help people. The initiative may be economic or non economic, for profit or non profit.
(Peredo & McLean, 2006)	<p>Social entrepreneurship is exercised where some persons or groups</p> <p>: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”); (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.</p>
(Kuratko, 2009)	A new form of entrepreneurship that exhibits characteristics of nonprofits, governments, and businesses. It applies traditional (private sector) entrepreneurs focus on innovation, risk taking, and large scale transformation to social problem solving.
(Eikenberry & Kluver, 2004)	Non profit executives who pay attention to market forces, without losing sight of their organizations’ underlying mission and seek to use the language and skills of the business world to advance the material well being of their members or clients.

The ninth book by Kuratko (2009) was cited by 305 scholars. According to Kuratko (2009), social entrepreneurship is a new form of entrepreneurship that exhibits characteristics of nonprofits, governments, and businesses. It applies traditional (private

sector) entrepreneurship focus on innovation, risk taking, and large scale transformation to social problem solving. Kuratko also viewed social entrepreneurship as opportunity identification, naming it as social opportunity which is translated into an enterprise concept. Resources are then ascertained and acquired to execute the enterprise's goal.

According to Kuratko (2009), social entrepreneurs are innovative, with innovations ranging from the involving of a new technology, supply sources, distribution outlets, methods of production, starting new organizations, offering new products and services. In short, it may cover new inventions or new adaptations to the existing products. Social entrepreneurs are also change agents as they introduce new ideas, persuade others to follow and adopt their ideas which result in high social impact. For Kuratko, innovation is not a one-time event but a lifetime pursuit.

The last article on social entrepreneurship mostly cited by scholars is Eikenberry and Kluver's work. Although Eikenberry and Kluver (2004) defined social entrepreneurs as the non profit executives, they argued that the non profit organization itself can enter subcontracts and partnerships with for profit businesses in new ways or even creating their own for profit enterprises.

As to which definition is the best to define social entrepreneurship, social entrepreneur and social enterprise, it can be seen from the table that the scholars have no unified definition on what constitutes social entrepreneurship. Similar to the findings of Dacin et al. (2010), many scholars defined social entrepreneurship based on the characteristics of individual entrepreneurs or group of entrepreneurs, their operating sector, the process and resources utilized and the primary mission and results associated with social entrepreneurs (Bornstein, 2004; Bosma & Levie, 2010; Eikenberry & Kluver, 2004; Kuratko, 2009; Leadbeater, 1997; Peredo & McLean, 2006) while fewer scholars defined social entrepreneurship as a process or activity (Austin et al., 2006;

Kuratko, 2009; Mair & Marti, 2006). Mair & Marti (2006) clearly differentiated the meaning of three related terms, social entrepreneurship, social entrepreneur and social enterprise. According to them, social entrepreneurship typically refers to the process or behaviour, social entrepreneur refers to the founder and social entrepreneurship refers to the tangible results of social entrepreneurship.

As suggested by Dacin et al. (2010), there is no urgency for researchers to develop new theories on social entrepreneurship. In other words, there is no need to develop new definitions of social entrepreneurship and its related concept. However, it is necessary that the study define and clearly limit the concept of social entrepreneurship, social entrepreneur and social enterprise in order to achieve the stated objective.

As the most cited article, Dees's definition provided the most comprehensive definition as it includes all the necessary dimensions of entrepreneurship such as change, innovation, value creation, opportunity recognition, opportunity exploitation and resourcefulness. However, the study also recognises Mair and Marti's definition and thus, will draw upon social entrepreneurship definitions from Dees (1998b) and Mair and Marti (2006). It will define social entrepreneurship as a process of (1) adopting a mission to create and sustain social value by stimulating social change or meeting social needs (2) recognizing and relentlessly pursuing new opportunities to serve the mission (3) engaging in a process of continuous innovation, adaptation and learning (4) acting boldly without being limited by resources in hand and (5) exhibiting a sense of accountability to the constituencies served and for the outcomes created.

Next, Mair and Marti (2006) defined social entrepreneurs as the founder of social enterprises. Peredo and McLean (2006) defined social entrepreneurs more generally, as someone who organizes and/or operates a venture or corporation, which

features social goals. So anyone, including the manager or leader of the social enterprise is a social entrepreneur as long as they conduct their works in a more entrepreneurial way, is more innovative and able to show more significant social improvement continuously (Dees, 1998) although they may not have established the organization. Dees (1998b) also argued that not all social sector leaders are social entrepreneurs. Thus, it is crucial that studies in social entrepreneurship to differentiate between the social entrepreneur, successful business entrepreneur, common manager, politician and social activist (Mair & Marti, 2006). Social entrepreneurs can be individuals (Haugh, 2005) or a group (Bosma & Levie, 2010; Peredo & McLean, 2006).

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Social enterprise is distinguished primarily by its social purpose (e.g. Food Cycle UK reduces food waste and food poverty at the same time) and occurs through multiple and varied organizational forms (Austin et al., 2006) Therefore, various scholars whom are also the most cited scholars in the field of social entrepreneurship

supported the notion that social enterprise lies in a continuum (Austin et al., 2006; Bosma & Levie, 2010; Dees, 1998; Kerlin, 2006; Peredo & McLean, 2006).

Dees (1998a) categorized social enterprise into 3 categories: (1) Purely philanthropic SEs (2) Hybrid organizations that combine commercial and philanthropic elements (3) purely commercial SEs. According to Dees (1998) only a few SEs are purely philanthropic or commercial as the majority are hybrid organizations.

**Table 2.3 Dees's Social Enterprise Spectrum**

		Purely Philanthropic	↔	Purely Commercial
Motive, Methods and Goals		Appeal to goodwill Mission driven Social value	Mixed Motive Mission and Market driven Social and economic value	Appeal to self interest Market driven Economic value
Key Stakeholder	Beneficiaries	Pay nothing	Subsidized rates, or mix full payers and those who pay nothing	Market rate prices
	Capital	Donations and grants	Below market rate capital, or mix of donations and market rate capital	Market rate capital
	Work Forces	Volunteers	Below market-wages or mix volunteers and fully paid staff	Market rate compensation
	Suppliers	Make in kind donations	Special discounts, or mix in-kinds and full- price donations	Market rate prices

Additionally, Peredo and McLean (2007), attempted to set boundaries of social entrepreneurship in the continuum of social goal and commercial exchange. They categorized the organization into 5 categories: (1) Traditional NGOs with exclusive social goals and no commercial activities (2) SEs with exclusive social goals with integrated commercial exchange to support the enterprise (3) Organizations with primarily social goals among other goals but with strong profit making activity (5) For profit organizations with subordinate social goal and profit making as the primary objectives.

Bosma and Levie (2010) also classified organizations into 5 categories: traditional NGO, not for profit SE, hybrid SE, for profit SE, and socially committed business. The traditional NGOs are characterized by high levels of social environment goals and not-for-profit status. The not for profit SEs have high levels of social/environmental goals, not for profit status and innovation. The Hybrid SEs have high levels of social/environmental goals, earned income strategy “integrated” or “complementary” to the mission while For Profit SE (high but not exclusively social/environmental goals; earned income strategy. The last one is social activity primarily for profit motives, but such activity is excluded from social entrepreneurship theoretical perspective.

Yunus (2007) has a very different idea. According to Yunus (2007), social entrepreneurship is very broad, can be actualized through economic or non economic reforms, for profit or not for profit initiatives. Therefore, he categorized social business as a subset of social entrepreneurship and argued that all who design and run social businesses are social entrepreneurs. This does not apply vice versa although Yunus observed that hybrid organizations which combined both social and profit making motives can exist in numerous ways. It is very difficult for hybrid organizations to

operate in the real world since profit making success is much easier to be measured by using existing business tools while social goals require time lag and are much more complex to be measured. The mixture of social and profit motives might also result in unexpected problems as had been experienced by the well known ice cream franchise “Ben & Jerry’s”. Although the “PartnerShop” program still exists after the acquisition of Ben & Jerry’s by Unilever in 2000 (Peredo & McLean, 2006), most observers and even Ben Cohen and Jerry Greenfield, the founder of the organization concludes that the organisation had shifted away from its original social mission after it was taken over by Unilever (Page & Katz, 2012).

Therefore, Yunus (2007) preferred business as a pure model based either on a profit making model or social business model although the hybrid model can still exist in its various forms. Yunus (2007) classified the social business model itself into two types: (1) social businesses that can achieve social benefits and cover costs through the sales of goods or services but pays no financial dividends to investors (2) The enterprise that might or might not create social benefits in terms of goods and services, but creates social benefits through the ownership of the enterprise. The shares of the business are owned by poor or disadvantaged people (as defined by specific, transparent criteria developed and enforced by the company directors). Therefore, any financial gain generated by the business will help those disadvantage people. It is important to note that Yunus does not object profit making activities although he observed that entrepreneurs can recoup their investments gradually. However, they must not take beyond the amount invested since the purpose of the investment is purely to achieve social objectives.

### **2.1.3 Social Entrepreneurship and Charity**

Philanthropy or charity is not only related to entrepreneurship in general (Acs and Dana, 2001) but also related to social entrepreneurship (Dees, 2012). Even though social entrepreneurship is not the same as charity or benevolence nor is it necessarily not for profit, it is very important to note that a benevolent attitude still is at the core of social entrepreneurship (Roberts & Woods, 2005). Therefore, it is very important for the scholars to draw a clear line between traditional charity and social entrepreneurship.

According to Dees (2012), social entrepreneurship bridges the old culture of charity and the modern culture of entrepreneurial problem solving. Social enterprises do not engage in charity in traditional, alms-giving sense (Dees, 2007). All entrepreneurs are required to revolutionise production pattern by exploiting an invention (Acs and Dana, 2001). Therefore, social entrepreneurs try to reinvent the third sector and changes traditional charity, including religious charity into what so called scientific charity (Dees, 2007). Social entrepreneurs approach social problems with more scientific approaches to create sustainable improvements (Dees, 2007). Social entrepreneurship honours a culture of efficiency and effectiveness in traditional business as much as the culture of sacrifice in charity.

Although there are many opponents to the role of charity in social enterprise who notes its drawbacks which include endangered self esteem of the receiver. However, there are social enterprises that rely on charity at least in the early of the initiative growth (Dees 2012). The spirit of charity is still needed in social entrepreneurship as it enables the social entrepreneur to carry the required enthusiasm and necessary capital to the table (Dees 2012).



## **2.2 Entrepreneurship and Social Entrepreneurship in Islam**

The role of religion in entrepreneurship has been discussed by various scholars (Audretsch, Werner, & Tamvada, 2007; Bellu & Fiume, 2004; Dodd & Seaman, 1998; Jeffrey & Michael, 2003; Peter & Deborah, 2007; Shahnaz & Ming, 2009). However, the influence of religion as a determinant of entrepreneurship remains low compared with other determinants (Bellu & Fiume, 2004). The relevance of examining the role of religion in entrepreneurship has been put forth by Dodd and Seaman (1998) who stated that religion may affect the believer's entrepreneurial activities, the decision to be an entrepreneur, organization management and the contact network. Although Dodd and Seaman's (1998) study showed little link between one's religion and entrepreneurship, their study indicated that a substantial minority of entrepreneurs displayed a reasonably high level of religiosity.

Another study conducted by Audretsch et al. (2007) examined the role of religion in shaping the individual entrepreneurial decision across ninety thousand workers in India. Their study found that Hinduism inhibits entrepreneurship due to its caste system. Although Hinduism was found to inhibit entrepreneurial behaviour, Martin et al. (2007) argued that the Hindu's dharma teaching was found to be supportive to social entrepreneurship. Dharma ensured material prosperity, stability and happiness for all members of society. The teaching has inspired Hindu entrepreneurs to establish enterprises that can alleviate poverty in the society (Martin et al, 2007).

Similarly, Christianity is also viewed as the religion which supports social entrepreneurship (J. P. Martin, Chau, & Patel, 2007) as it is specially concerned with social problems especially poverty. This reflects the Christian thought that concern for the poor is the main indicator of righteousness, which God will reward in the afterlife (Martin et al., 2007).

Islam is the declaration that there is no God but Allah, that Muhammad is His messenger, to perform the prayer, to pay zakah, to fast in Ramadan, and to make the pilgrimage if able to do so (Gumusay, 2014). Similar to other religions, Islam also encourages entrepreneurial and social entrepreneurial activities (Gumusay, 2014). Further explanations on the role of Islam in entrepreneurship and social entrepreneurship development can be found in the later sections.

### **2.2.1 Islam and Entrepreneurship**

Islam is amongst the religions which is found to be conducive to entrepreneurship in general (Ali & Al-Owaihan, 2008; Audretsch et al., 2007; Behdad, 2006; Vargas-Hernandez, Noruzi, & Sariolghalam, 2010) and social entrepreneurship in particular (Al-Alak & Eletter, 2010; J. P. Martin et al., 2007; Salarzehi, Armesh, & Nikbin, 2004; Shahnaz & Ming, 2009). Muslims try to set up enterprises that are consistent with Shariah law (Islamic principles of living), because they consider that these entities will allow them to attain their economic objectives while respecting and abiding by their religious beliefs (Ghoul, 2010). Islam views entrepreneurship as a divine calling which is essential to human life as it can flourish the markets and prosper traders (Behdad, 2006), support survival, flourish the society, give social gratification and psychological pleasures (Ali & Al-Owaihan, 2008).

There are many calls for trading found in the Koran “O, You who have believed, do not consume one another’s wealth unjustly but only in lawful business by mutual consent” (4:29) or "Allah has allowed trading and forbidden usury" (2:275). Islam also encourages competition, the dimension which cannot be separated from the meaning of entrepreneurship ‘so race to [all that is] good. To Allah is your return all together and

He will [then] inform you concerning that over which you used to differ' (5:28). The religion's encouragement of entrepreneurship can also be found in Hadith of the Prophet Muhammad PBUH that stated that 9 out of 10 source of *risqué* (*reski*) can be found in business (Vargas-Hernandez et al., 2010). Prophet Muhammad, the Muslim role model was also a businessman himself (Rafiq, 1992) and so was his first wife, Khadija. She was a prominent woman entrepreneur who continued her business even after she married Mohammed (Hamdan, 2005).

### **2.2.2 Islam and Social Entrepreneurship**

Islam also strongly supports social entrepreneurship as one of the effective measures for solving social problems. For example, Islam views poverty as a social ill that should be addressed by the whole society (J. P. Martin et al., 2007). Encouragement to conduct social entrepreneurship can be found in the Koran. As Allah decreed:

“That which ye lay out for increase through the property of (other) people, will have no increase with Allah: But that which ye lay out for charity, seeking the countenance of Allah (will increase): it is these who will get a recompense multiplied”. (30:39) and “[Are] men whom neither commerce nor sale distracts from the remembrance of Allah and performance of prayer and giving of zakah. They fear a Day in which the hearts and eyes will [fearfully] turn about “(24:37)”

Based on the Islamic teachings, wealth should be distributed evenly via zakah, infaq, saddaqaah and waqf mechanisms. The first mechanism, waqf or awqaf is a voluntary and permanent donation of assets to support long term solutions (Ahmed, 2007; J. P. Martin et al., 2007; Salarzahi et al., 2004). Waqf can be classified into 3 categories (Salarzahi et al., 2004); firstly, religious waqf which is allocated to

established mosques and religious schools. Secondly, philanthropic waqf is allocated to give support to the needy and promote social activities. The last category is family waqf which is dedicated from parents to their children and heirs although any extra income can be spent for the poor. Waqf had transformed into a successful Islamic social entrepreneurship pattern as the alms houses that manage waqf encourage the use of business skills and entrepreneurial innovation to alleviate social problems (Salarzahi et al., 2004). The significant role of waqf in providing solutions to social problems is evidenced in Egypt where waqf was used to establish the prestigious educational institution, Al-Azhar. The institution helped to transform the society and empower the poor to move up the economic ladder (Ahmed, 2007).

The second mechanism is zakah. Alms' giving and social welfare called 'zakah' is considered the third pillar of Islam (Dogarawa, 2008; Pistrui & Fahed-Sreih, 2010). It also represents the first pillar of the Islamic economic system for equitable wealth redistribution, to combat poverty and other social ills (Dogarawa, 2008). Zakah is an obligatory almsgiving and conceived as the tax paid by Muslims to the community so that it may be used to help the economically unfortunate. Although zakah is viewed as the strategy which offers shorter term solutions to poverty compared with waqf, zakah currently represents the early social security system that emerged into a global and complex system of charitable institutions and foundations (Pistrui & Fahed-Sreih, 2010).

Infaq is the use of money in the ways permitted by Allah. In Indonesia, infaq is connoted with voluntary donation for religious activities, such as to build mosques, Islamic hospitals, schools, etc., managed by religious organizations. Infaq is ruled as sunnah or highly recommended but not obligatory (Budiman, 2003). Saddaqah is a charitable action given by Muslims spontaneously and voluntarily without any time or

quantity limits. Generally, saddaqah is not obligatory (Budiman, 2003). Currently, zakah, infaq, saddaqah and waqf agencies have turned into social entrepreneurship initiatives which effectively provide social support that is able to bring systemic change in overcoming social problems.

### **2.3 Social Entrepreneurship and Customer**

Entrepreneurs, like other market participants, are bound in reciprocity, as they "become consumers and customers one in regard to the other." Their number is therefore regulated by the number of customers, or total demand, for their services and their decisions are made under conditions of uncertainty about the future (Hebert p.217). Cantillon's views on entrepreneurship and competition seem to be in agreement with Kirzner's. Both viewed the market system as composed of inter-acting decisions of consumers, resource owners and entrepreneur-producers. Neither perceived any logical separation of competition and entrepreneurship; each viewing the market process as competitive insofar as it proceeds by the continuous and repeated efforts of rival entrepreneurs to outstrip one another in providing attractive buying and selling opportunities to market participants. Both traced the origin of the entrepreneurial function to lack of foresight and both regarded the entrepreneur as the driving force in the market process of equilibration (Hebert, 1985).

Social entrepreneurs bear similar competition to that faced by business entrepreneurs although some would argue that market discipline cannot totally be applied to the social entrepreneurship world (Austin et al., 2006). Social enterprises should compete with each other to get philanthropic funds, government grants and contracts, volunteers, society mindshare, political attention, and clients or customers

and human resources in the market place (Austin et al., 2006; Dees, 1998). A key implication of developing a SE and thereby adopting a business-based approach to the pursuit of social goals, is that it must be able to compete within a market-place and satisfy the needs of customers at least as well as the competition (Peattie & Morley, 2008).

Before examining the competition to attract clients, there is a need to clearly define the customers of social enterprise. First, we should clearly define the meaning of the term “customer” and the difference between the terms, customer and consumer. The terms customer and consumer are very often used interchangeably as some scholars see that there is no difference between those two (Gordon & Valentine, 2000). Although some people refer to customers and consumers as similar terms, some of them prefer to use the former over the later term since the consumer term inherently assumes the buyer or user as the passive object who accepts whatever is given to them (Gruman, 2012). Therefore, some people consider the consumer term as distasteful and deprecating. However, it is noteworthy that customers and consumers do not always refer to the same entity. Based on the general definition, the customer is a party that receives or consumes products (goods or services) and has the ability to choose between different products and suppliers ("Customer," 2012) while the consumer is the person who uses a product. A customer can also be a consumer and vice-versa. In traditional business settings, the marketing efforts should be targeted to the consumers rather than the customers as consumers are the actual users of the products or services.

In the social entrepreneurship context, scholars had no agreement on the ultimate customers of social enterprises. Seelos and Mair (2006) suggested the poor as the customers of social enterprises. Some other scholars also supported the inclusion of beneficiaries as the customers (Austin et al., 2006; Seanor & Meaton, 2008; Seelos &

Mair, 2006). According to Austin et al. (2006), the self sustaining social enterprise, usually gets financial sustainability from its ultimate customers. However, the ultimate customers of social enterprises most often are not able to pay enough to cover the products and services (Austin et al., 2006). Therefore, social enterprises often rely on donors. This constrain creates cross compensation pattern in which one group of customers pays for the service and later on profits from this group are used to subsidize the service for another, underserved group ("22 Awesome Social Enterprise Business Ideas," n.d.). It is worth noting that when customers buy products from SEs, there is a heavy element of altruism. Usually, the focus is not about what the product does for the customer, but what the recipients get out of it (Kai, 2010).

To obtain a clear definition of social enterprises as used in the current study, we need to get back to the typology of SEs defined earlier in this chapter. For the first type, the non profit SEs with no commercial activity but using a business-like approach, the customers are the donors who support the organization. When a business organization finds a way to satisfy the customer, it automatically generates the revenue from the value that the customer pays to the organization. Conversely, when the non profit organization finds a way to create value to beneficiaries, it does not automatically find its source of revenue (Foster, Kim, & Christiansen, 2009). For the second type of SE, the hybrid SE which conducts commercial exchanges that is complementary or integrated to the enterprise, both the donors and beneficiaries are the customers of SE. Beneficiaries are included as customers of the hybrid SE since these beneficiaries also generate revenue for the organization e.g. the Grameen bank gets the revenue from the loan interest levied to the targeted beneficiaries.

## 2.4 Social Entrepreneurship and Credibility

In marketing theory, one of the antecedents to customer intention to purchase certain products is credibility. Before discussing in detail the role of credibility in affecting the intended behaviour from the perspective of marketing, there is a need to firstly, discuss the role of credibility in social entrepreneurship.

According to the economist, Richard Cantillon, the role of an entrepreneur is to assume the risk of uncertainty inherent in market activities (Hebert, 1985) and so also with the social entrepreneur. A social entrepreneur engages in a process of continuous innovation, adaptation and learning and with innovation comes uncertainty and risk of failure (Dees, 1998). In a communication process that involves risk and uncertainty, trust is required. Aristotle called the trust a listener in a speaker as *ethos* while Hovland, Janis and Kelley (1953) call it as credibility (Giffin, 1967). By *ethos*, Aristotle meant the “favourable disposition” of the audience towards the speaker. Hovland et al. (1953), defined credibility as the degree of confidence of the listener to the communicator’s expertise and trustworthiness.

According to Leadbeater (2006), effective communication is critical to the success of social entrepreneurship since social entrepreneurship tries to provide the goods and services that are not currently provided by the traditional business enterprise, traditional not for profit organization or government bodies. Appropriate communication is needed by social entrepreneurs as it allows them to convince stakeholders about the importance of social enterprise in providing solutions to social problems and how this could be delivered most efficiently (Audrey, Damian, & Michele, 2011). Yan (2012) provided an example of how communication helps “Master Cheng Yen” the social entrepreneur who led The Buddhist Tzu Chi Movement



to gain success. Master Cheng Yen built trust and confidence among his followers by maintaining a constant stream of messages and consistently communicating with the followers through the Da Ai TV channel everyday (Yan, 2012).

According to Laville and Nyssens (2001), mobilization of credibility and other forms of social capital in general would positively impact social enterprise. First, it would reduce transaction costs (co-ordination and motivation cost) and increase co-operation among stakeholders. Second, the mobilization of social capital would reduce production costs because the social entrepreneurs do not work alone. They cooperate with the donors and the consumers to give responses to societal problems. Third, cooperation among the participants would generate community sense of belonging. In other words, mobilization of social capital in social enterprise will reproduce another social capital. Fourth, social capital mobilization promotes democratization in social enterprise either by allowing them to discuss something which previously was not discussed, settled by traditional practices or allowing them to participate in decision making and governance (Thompson & Doherty, 2006).

This raised the question whether social entrepreneur personal credibility or social enterprise organizational credibility was considered important for social entrepreneurship. Some scholars in the social entrepreneurship field stressed the importance of social entrepreneur individual credibility (Dorado & Molz, 2005; Glunk & Van Gils, 2010; Santos, 2010; Waddock & Post, 1991) while other scholars supported the importance of the initiative's credibility (Davies, 2009; Gibbon & Affleck, 2008; Raufflet & Cecilia Gurgel do, 2007; Sarah & Clifford, 2007; Witkamp, Royakkers, & Raven, 2011) or the credibility from both the social entrepreneur and social enterprise (de Leonardis, 2006; Dees & Anderson, 2003; Koe Hwee Nga &

Shamuganathan, 2010; Shaw, 2004; Shaw & Carter, 2007; Stephane, Bernard, & Lapierre, 2006; Surie & Ashley, 2008; Yan, 2012).

## **2.5 Credibility Source**

Credibility is defined as the trust in a speaker by a listener (Lafferty, Goldsmith, & Newell, 2002). Source credibility is defined as an attitude or evaluation towards the speaker (McCroskey & Young, 1981). Credibility theory cannot be separated from the general trust theory since credibility refers to the theory of trust in the communication process (Giffin, 1967). Credibility was discussed as early as the ancient Greek era when Aristotle introduced the term *ethos* (Giffin, 1967; McCroskey & Young, 1981). Contemporary studies that examined credibility can be found in early 1950s when Hovland and Weiss (1951) conducted an experiment that used both individuals and organizations (periodical, magazine) as the communication sources. To date, the topic has invited researchers across many disciplines to examine it.

Credibility can be attributed to many objects such as individual, organizational or both (Lafferty et al., 2002). However, the majority of scholars only investigated one source of credibility. They examined either individuals (Aronson, Turner, & Carlsmith, 1963; Dholakia & Sternthal, 1977; Gotlieb & Sarel, 1991; Grewal, Gotlieb, & Marmorstein, 1994; Harmon & Coney, 1982; La Ferle & Choi, 2005; Malshe, 2010; Md Zabid Abdul, Jainthy, & Samsinar Md, 2002; Men, 2012; Natarajan & Chawla, 1997; Ohanian, 1990; Sparks & Rapp, 2011; Spry, Pappu, & Cornwell, 2009; Sternthal, Dholakia, & Leavitt, 1978; Thweatt & McCroskey, 1998; Tuppen, 1974; Wheeler, 2009; Wu & Shaffer, 1987) or organizations (Baek & Karen Whitehill, 2011; Inoue & Kent, 2012; Kamins, Brand, Hoeke, & Moe, 1989; Lafferty, 2007; Li, Wang, & Yang,

2011; Long & Chiagouris, 2006; Newell & E.Goldsmith, 2001; Rifon, Choi, Trimble, & Li, 2004; Schulman & Worral, 1970; Settle & Golden, 1974; Tormala, Brinol, & Petty, 2007) as the source of credibility. Only few scholars had examined the influence of both individuals and organizations as credible sources of information (Goldsmith, Lafferty, & Newell, 2000; Hovland & Weiss, 1951; Lafferty & Goldsmith, 1999; Lafferty et al., 2002; Sallam, 2011; Spry et al., 2009; Zahaf & Anderson, 2008). Yet, there is a theory which incorporates both these two variables as communication sources as in The Dual Credibility Model (DCM). The theory will be explained in detail in the next section.

**Table 2.4 Source of Credibility Articles**

Author	Individual Source	Author	Organization Source	Author	Two Credibility Sources	
					Individual Source	Organization Source
(Aronson et al., 1963)	Expert, student	(Schulman & Worral, 1970)	President's Committee, Ad hoc Committee	(Hovland & Weiss, 1951)	Writer/columnist, physicist /professor	Periodicals, magazines,
(Tuppen, 1974)	Student, professor, executive, farmer, businessman, doctor army officer, a man of religion	(Settle & Golden, 1974)	Advertiser	(Lafferty & Goldsmith, 1999)	Endorser	Corporate
(Dholakia & Sternthal, 1977)	Lawyer	(Kamins et al., 1989)	Advertisement	(Goldsmith et al., 2000)	Celebrity	Corporate
(Sternthal et al., 1978)	Lawyer	(Newell & E.Goldsmith, 2001)	Corporate	(Lafferty et al., 2002)	Endorser	Corporate
(Harmon & Coney, 1982)	Business consultant, businessman	(Gibelman & Gelman, 2004)	NGO	(Spry et al., 2009)	Endorser	Brand
(Wu & Shaffer, 1987)	Product taster	(Rifon et al., 2004)	Sponsoring company	(Sallam, 2011)	Endorser	Corporate
(Ohanian, 1990)	Celebrity	(Rifon et al., 2004)	Sponsor credibility			
(Gotlieb & Sarel, 1991)	Engineer, salesman	(Long & Chiagouris, 2006)	Website			
(Grewal et al., 1994)	Engineer, salesman	(Tormala et al., 2007)	Government agency, manufacturer			
(Thweatt & McCroskey, 1998)	Teacher	(Lafferty, 2007)	Corporate			
(Wheeler, 2009)	Celebrity	(Li et al., 2011)	Corporate			
(Malshe, 2010)	Marketer	(Baek & Karen Whitehill, 2011)	Brand			
(Sparks & Rapp, 2011)	Fireman, treasurer	(Inoue & Kent, 2012)	Corporate			
(Men, 2012)	CEO					

## 2.6 The Dual Credibility Model (DCM)

The DCM was developed by Lafferty et al. (2002) based on the latent variables in the Dual Mediation Hypothesis (DMH) model. The DMH model explains how attitude towards the Ad may influence attitude towards the brand and intentions. When someone reads an advertisement, he/she can have a cognitive (thought on the information) or affective (positive feelings) about the brand which lead to feelings of liking or disliking the Ad (attitude towards the Ad). Such reactions may lead them to have higher brand beliefs and more positive brand attitudes. This then leads to higher intentions to purchase (D.Hoyer & Macinnis, 2010).

In the DCM, ad cognition which becomes the antecedent of attitude towards the Ad is changed into source credibility. The first type of source credibility is organizational credibility and the second, endorser credibility (Lafferty et al., 2002). Ad cognition is transformed into source credibility since credibility represents one of the variables that consumers use to assess advertisements.

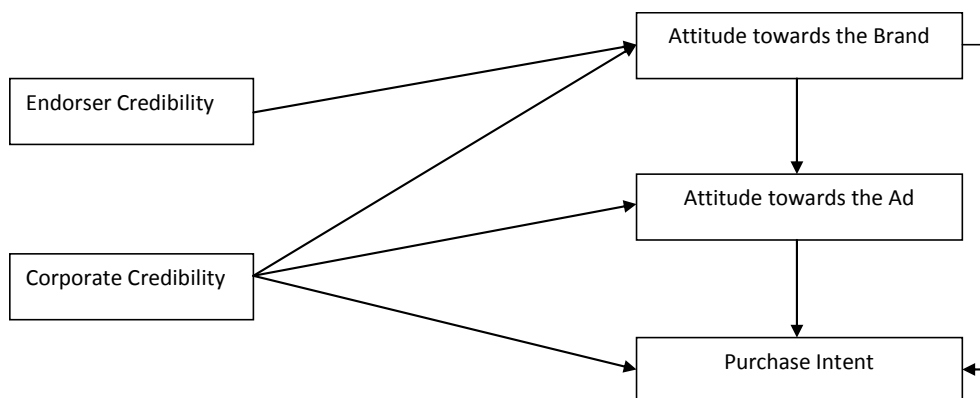


Figure 2.1 Dual Credibility Model

Based on the DCM developed by Lafferty et al (2002), both endorser and corporate credibility significantly influence audience attitude towards the Ad although endorser credibility has greater effect on attitude towards the Ad than corporate credibility. However, corporate credibility has a direct effect on all three variables related to advertising while the endorser credibility only directly influences attitude towards the Ad. Additionally, endorser credibility seems to indirectly influence attitude towards the brand and purchase intention. Attitude towards the Ad also seems to have a direct effect on purchase intention though it is weak and only exists under certain conditions. The effect might change when the content of the Ad or the product being advertised is changed.

As explained earlier, in the context of social entrepreneurship, the DCM may be applied based on the premise that both entrepreneurs and their SEs play a significant role in attracting customer commitment and support. The theory can also address certain gaps in entrepreneurship literature as it views SEs from a marketing perspective which is still very much under-researched in the area of social entrepreneurship (Allan, 2005). The later section will discuss the DCM theory based on previous research results.

### **2.6.1 Endorser Credibility**

The growing interest on source credibility research resulted in unclear definitions and dimensions of credibility (Hilligoss & Rieh, 2008; McCroskey & Young, 1981; Ohanian, 1990). Aristotle defined credibility as *ethos*, the element of speech that represents a speaker as trustworthy; or from the audience's perspective, as the elements that makes audiences conceive the speaker as trustworthy (Wisse, 1989 in (Walker,

2005). Aristotle viewed ethos or credibility comprised of intelligence, character and goodwill dimensions (Eisend, 2006; McCroskey & Young, 1981). Hovland et al. (1953) introduced three dimensions of credibility: expertness, trustworthiness and intention towards the receiver. According to Croskey and Young (1981), Aristotle's ethos dimensions and Hovland et al.'s dimensions are parallel although the later scholars did not acknowledge familiarity with Aristotle's work. Croskey and Young (1981) expected that scholars had agreed on the number of dimensions underlying the credibility construct, but instead, found the opposite. New studies on credibility are constantly appearing, offering newer dimensions of credibility as different people conceptualize credibility in different ways. Some may even have multiple concepts of credibility and define different constructs on different situations or different types of information encountered (Hilligoss & Rieh, 2008). Therefore, the key dimensions of endorser personal credibility might slightly differ from corporate organizational credibility.

The first dimension of individual or personal credibility is competence. Various scholars use different terms such as expertise, expertness, authoritativeness, intelligence or authoritativeness to describe communicator's competence (Dholakia & Sternthal, 1977; Giffin, 1967; Goldsmith et al., 2000; Gotlieb & Sarel, 1991; Grewal et al., 1994; Harmon & Coney, 1982; Hovland, Janis, & Kelley, 1953; Hovland & Weiss, 1951; Lafferty & Goldsmith, 1999, 2004; Lafferty, Goldsmith, & Flynn, 2005; Malshe, 2010; McCroskey & J.Teven, 1999; Men, 2012; Ohanian, 1990; Sparks & Rapp, 2011; Spry et al., 2009; Sternthal et al., 1978; Thweatt & McCroskey, 1998; Tuppen, 1974; Wheeler, 2009; Wu & Shaffer, 1987). The influence of the first factor on the perceived credibility of the speaker in the eyes of the listener is very significant as it can be very strong even though the actual speaker never appears physically in front of the speaker (Giffin, 1967).

The second dimension is trustworthiness. Many other terms such as character, sagacity, honesty, and safety are used as a reference to the trustworthiness dimension (McCroskey & J. Teven, 1999). Various scholars augmented the view that trustworthiness influences audience's perception of the credibility of the communicator (e.g. Dholakia & Sternthal, 1977; Giffin, 1967; Goldsmith et al, 2000a; Gotlieb & Sarel, 1991; Grewal et al, 1994; Harmon & Coney, 1982; Hovland et al., 1953; Hovland & Weiss, 1951; Lafferty & Goldsmith 1999; Malshe, 2010; McCroskey & Teven, 1999; Men, 2012; Ohanian, 1990; Sparks & Rapp, 2011; Spry et al, 2009; Sternthal et al., 1978; Thweatt & McCroskey, 1998; Tuppen, 1974; Wheeler, 2009; Wu & Shaffer, 1987).

The third dimension of credibility is goodwill, as introduced by Aristotle. However, McCroskey and Teven (1999) view goodwill as the lost dimension of credibility as a result of controversy over the dimensionality of the construct based on studies conducted around the 1960s and 1970s. Giffin (1967) found that the measurability of the dimension is not very convincing. For example, a series of studies conducted by McCroskey found inconsistent results. Based on McCroskey and Young's (1981) study, ethos/credibility is theoretically supported by three dimensions, i.e. competence, trustworthiness and goodwill. Conversely, based on empirical evidence, audience perception of the communicator's goodwill is based on another dimension, the source's character or trustworthiness. However, McCroskey and Teven's (1999) later studies showed that goodwill is indeed an underlying dimension of the ethos/credibility construct. Among others, scholars who found empirical evidence on the dimensionality of goodwill include Hovland & Weiss (1951) and Thweatt and McCroskey (1998).

The fourth dimension of credibility is dynamism. It describes the communication behaviour of the speaker which appears to be more active than passive



(Giffin, 1967). According to Giffin (1967), the factor is significant in influencing the audience when the communicators are actually giving speeches that draw out responses from the images of well-known persons.

Tuppen (1974) found two other distinct dimensions of ethos/credibility namely co-orientation and charisma. Co-orientation refers to the favourability of the communicator as someone whom the audience would like to listen to while charisma refers to the extraordinary achievement, grace, genius, or power of the communicator which bring about the personal commitment of the follower to the leader.

Personal attractiveness or personal attraction is also described as one of the underlying dimensions of credibility. Among scholars who concur with this view include Giffin (1967), Goldsmith et al. (2000a), Harmon and Coney (1982), Lafferty and Goldsmith (1999, 2004), Ohanian (1990), Spry (2009, and Sternthal et al. (1978). However, Giffin (1967) argued that this dimension is much more difficult to measure and has weaker influence on speaker credibility

Interpersonal proximity is another new dimension introduced by Malshe (1990). However, the dimension's definition is very specific to the context of sales-marketing or supervisor-subordinate relationship as it refers to the ability to establish and nurture personal rapport based on appreciation of each other's works.

This then raises the question as to which factors are more influential in shaping the speaker's image in the mind of the listener. Based on the analysis to the articles listed in table 2.5, expertise and trustworthiness are the two prominent dimensions for the concept as also suggested by Malshe (2010). However, it is worth noting that attractiveness also becomes the third dimension which structurally constitutes individual credibility.

**Table 2.5 Personal Credibility Dimension**

<b>Scholars</b>	<b>Dimension 1</b>	<b>Dimension 2</b>	<b>Dimension 3</b>	<b>Dimension 4</b>	<b>Dimension 5</b>	<b>Dimension 6</b>	<b>Dimension 7</b>	<b>Dimension 8</b>
Aristotle	Intelligence	Character	Goodwill					
(Hovland & Weiss, 1951)		Trustworthiness						
Haiman (McCroskey & Young, 1981)	Competence	Reputation						
(Hovland et al., 1953)	Expertness	Trustworthiness	Intention towards the receiver					
Anderson, 1961	Authoritativeness			Dynamism				
Berlo & Remett, 1961	Competence	Trustworthiness		Dynamism				
Mc Croskey 1963	Authoritativeness	Character						
Berlo et.al	Qualification	Safety		Dynamism				
(Giffin, 1967)	Expertness	Reliability	Intention towards the listener	Dynamism			Personal attraction	
(Tuppen, 1974)	Expertise	Trustworthiness		Dynamism	Co-Orientation	Charisma		
(Dholakia & Sternthal, 1977)	Expertise	Trustworthiness						
(Sternthal et al., 1978)	Expertise	Trustworthiness					Attractiveness	
(McCroskey & Young, 1981)	Competence	Character						
(Harmon & Coney, 1982)	Expertise	Trustworthiness					Attractiveness	

**Table 2.5 Continue**

<b>Scholars</b>	<b>Dimension 1</b>	<b>Dimension 2</b>	<b>Dimension 3</b>	<b>Dimension 4</b>	<b>Dimension 5</b>	<b>Dimension 6</b>	<b>Dimension 7</b>	<b>Dimension 8</b>
(Wu & Shaffer, 1987)	Expertise	Trustworthiness						
(Ohanian, 1990)	Expertise	Trustworthiness					Attractiveness	
(Gotlieb & Sarel, 1991)	Expertise	Trustworthiness						
(Thweatt & McCroskey, 1998)	Competence	Trustworthiness	Caring (goodwill)					
(Lafferty & Goldsmith, 1999)	Expertise	Trustworthiness					Attractiveness	
(Goldsmith et al., 2000)	Expertise	Trustworthiness					Attractiveness	
(Lafferty & Goldsmith, 2004)							Attractiveness	
(Lafferty et al., 2005)	Expertise							
(Eisend, 2006)	Competence/Professionalism	Trustworthiness/ Sincerity					Attraction	
(Wheeler, 2009)	Expertise	Trustworthiness						
(Spry et al., 2009)	Expertise	Trustworthiness					Attractiveness	
(Malshe, 2010)	Expertise	Trustworthiness						Interpersonal Proximity
(Sparks & Rapp, 2011)	Expertise	Trustworthiness			Likeability			
(Men, 2012)	Expertise	Trustworthiness						

### **2.6.2 Corporate Credibility**

Corporate credibility refers to the degree to which consumers believe that a firm can design and deliver products and services that can satisfy customer needs and wants (Goldsmith et al., 2000). According to Goldsmith et al (2002a) and Lafferty and Goldsmith (1999), there a dearth of research on corporate credibility compared with studies on endorser personal credibility. However, previous researches in general indicated that expertise and trustworthiness are the two most important dimensions of corporate credibility.

Trustworthiness refers to the degree to which the company can be relied upon (Newell & E.Goldsmith, 2001). Honesty, confidence and believability are the terms used interchangeably to define the trustworthiness dimension (Baek & Karen Whitehill, 2011; Eisend, 2006; Goldsmith et al., 2000; Goldsmith, Lafferty, & Newell, 2000; Hovland & Weiss, 1951; Lafferty & Goldsmith, 1999; Lafferty et al., 2002; Li et al., 2011; Rifon et al., 2004; Sallam, 2011; Settle & Golden, 1974; Spry et al., 2009; Tormala et al., 2007). Although Baek & Whitehill (2011), did not specifically use the term trustworthiness when they measured brand credibility, their items indicated they were measuring the honesty dimension: e.g. delivers what it promise, believable, has a name I can trust, etc.

Expertise, as a second dimension of credibility refers to the competence and capability of the company in making and delivering products (Newell & E.Goldsmith, 2001). The support for the expertise dimension for the credibility concept can be found in many studies (e.g. Schulman & Worral. 1970; Lafferty & Goldsmith, 1999; Newell & Goldsmith, 2001; Goldsmith et al 2000a; Lafferty et al. 2002; Eisend, 2006; Li et al., 2011; Spry et al., 2009; Sallam, 2011).

Eisend (2006) added dynamism into the corporate credibility dimension. It describes how active and dynamic the company is. However, the dimension is usually attributed to the individual endorser (Giffin, 1967; Tuppen, 1974).

**Table 2.6 Corporate Credibility Dimension**

<b>Scholars</b>	<b>Dimension 1</b>	<b>Dimension 2</b>	<b>Dimension 3</b>
(Hovland & Weiss, 1951)		Trustworthiness	
(Schulman & Worral, 1970)	Expertise		
(Settle & Golden, 1974)		Confidence	
(Lafferty & Goldsmith, 1999)	Expertise	Honesty/Trustworthiness	
(Newell & E.Goldsmith, 2001)	Expertise	Trustworthiness	
(Goldsmith et al., 2000)	Expertise	Honesty	
(Lafferty et al., 2002)	Expertise	Honesty/Trustworthiness	
(Rifon et al., 2004)		Convincing/believable/unbiased	
(Eisend, 2006)	Competence	Trustworthiness	Dynamism
(Tormala et al., 2007)		Trustworthiness	
(Li et al., 2011)	Expertise	Trustworthiness	
(Baek & Karen Whitehill, 2011)		Trustworthiness/Favourability	
(Spry et al., 2009)	Expertise	Trustworthiness	
(Sallam, 2011)	Expertise	Trustworthiness	

### **2.6.3 Credibility and Attitude towards the Ad**

A growing number of studies have shown the explanatory power of credibility on attitude towards the Ad (Goldsmith et al., 2000, 2000; Lafferty et al., 2002; Sallam, 2011). Attitude towards the Ad is defined as the predisposition to respond in a

favourable or unfavourable manner to a particular advertising stimulus during a particular exposure occasion (MacKenzie & Lutz, 1989).

#### **a. Endorser Credibility and Attitude towards the Ad**

The most reliable generalization in communication research is that a credible endorser who has expertise and trustworthiness is a more persuasive communicator compared to the communicator with low expertise and trustworthiness (Lafferty & Goldsmith, 1999). Information from credible endorsers can influence opinions, attitudes, and/or behaviour through an internalization process (Belch & Belch, 2011). Internalization occurs when the audience is motivated to have an objectively correct position on an issue. The audience learns and adopts the view of the credible spokesperson as s/he believes information from this person represents a precise position on the issue. Thus, if this spokesperson endorses a product and is perceived to be an expert, then consumers are more likely to think favourably of that ad and brand and to consider it whenever they would like to purchase such products.

There are several other theories that can be used to explain the effects of credibility on attitude towards the Ad. The first is the Elaboration Likelihood Model (ELM). According to this model, the endorsers provide peripheral cues when processing the promotional message, which tend to be more powerful in forming attitude towards the Ad (Petty, Cacioppo, & Schumann, 1983). Another theory is called the Dual Mediation Hypotheses (DMH) which specified that ad cognition serves as the antecedent to attitude towards the Ad. In the context of ad cognition, endorser credibility can become the variable that the consumer uses as a reference to judge the advertisement, including its effectiveness (Lafferty et al., 2002).

The empirical evidence of the effects of endorser credibility on attitude towards the Ad has been well documented in marketing and social psychology literature. Lafferty and Goldsmith (1999) found that high credibility endorsers lead to higher attitudes towards the Ad than lower credibility endorsers. Similar findings were confirmed in Goldsmith et al (2000a), Goldsmith et al (2000b) and Lafferty et al.'s (2002) studies. Those studies confirmed that the endorser credibility impact on attitude towards the Ad is stronger than the impact of corporate credibility on attitude towards the Ad. This may happen since the perception of the endorser is probably more closely associated with the actual ad while the perception of the company is more often associated with the brand.

#### **b. Corporate Credibility and Attitude towards the Ad.**

Reputation has been cited as the important factor in the success of firms (Fombrun, 1996). Fombrun (1996) defined corporate reputation as perceptual representation of a company's past action and future prospects that are an aggregate of varying personal judgements of the company. Fombrun (1996) explicitly categorized corporate credibility as an important aspect of corporate reputation. Similarly, another scholar, Keller (1998) also incorporated credibility as an element of corporate reputation. While corporate credibility consists of the trustworthiness and expertise dimensions, corporate reputation is much broader in scope (Keller & Aaker, 1998). A study that assessed advertiser reputation and extremity of advertising claimed that the advertiser with a more positive reputation would be in a better position to have their advertising claims accepted (Goldberg & Hartwick, 1990). Therefore, companies should take positive steps to preserve and enhance credibility since high credibility companies elicit more

effect on attitude towards the Ad than the low credibility company (Goldsmith et al., 2000, 2000; Lafferty & Goldsmith, 1999; Lafferty et al., 2002).

However, it is worth noting that the effect of corporate credibility on attitude towards the Ad might be influenced by the gender of consumers (Goldsmith et al., 2000). According to Goldsmith et al. (2000b), there is no significant effect of corporate credibility on attitude towards the Ad for the male subject pool. In contrast, the scholars found a significant effect of corporate credibility on attitude towards the Ad amongst the female subjects. This may be attributed to lesser involvement of the male to the product being endorsed or to lesser importance of corporate credibility for the male group (Goldsmith et al., 2000). Another explanation for the differential effect of corporate credibility on attitude towards the Ad on both male and female consumers is that the women tend to process the information in more detail as compared to the male consumers (Kempf & Lazniack, 1998).

Sallam (2011) found that the trustworthiness dimension is much more important compared to the expertise dimension of corporate credibility in influencing attitude towards the Ad (Sallam, 2011). The results make sense because when the company lacks credibility, customers will question the validity of the claims in the advertising which in turn makes them less likely to purchase the product (Goldsmith et al., 2000).

#### **2.6.4 Credibility and Attitude towards the Brand**

Many studies have examined the influence of credibility on attitude towards the brand (Goldsmith et al., 2000, 2000; Lafferty et al., 2002; Sallam, 2011). Attitude towards the brand is defined as the recipient's affective reaction towards the advertised brand (or where desirable, attitude towards the purchasing brand) or degree that the audiences feel



that the purchasing brand is good-bad, favourable-unfavourable, and wise-foolish (Lutz, MacKenzie, & Belch, 1983).

#### **a. Endorser Credibility and Attitude towards the Brand.**

Similar to the effect of endorser credibility to the attitude towards the Ad, the effect of endorser credibility to the attitude towards the brand/product is positive and significant (Goldsmith et al., 2000; Lafferty & Goldsmith, 1999; Lafferty et al., 2002). In a study separately utilizing female and male respondents, Goldsmith et al. (200b) found a significant influence of endorser credibility on attitude towards the brand for both subjects which imply the strong influence of endorser credibility on brand attitudes across gender.

Again, the ELM theory from Petty and Cacioppo (1983, 1984) can be used to explain the causal effect between endorser credibility on attitude towards the Ad. The ELM showed that the influence put forth by different communication elements will depend on the amount of motivation or elaboration that occurs during processing an ad. Accordingly, this theoretical model suggested that the endorser or spokesperson functions as a cue during peripheral processing. Peripheral processing in turn is associated with a consumer's attitude towards the Ad. In other words, if consumers perceive the endorser to be credible, they will have a more positive attitude towards the Ad.

#### **b. Corporate Credibility and Attitude towards the Brand.**

The credibility of the company is central to the consumers' minds when they process an ad. Existing perceptions of the favourability of the firm will influence their assessment of the Ad and the brand (Goldsmith et al., 2000). We can use the ELM theory (Cacioppo & Petty, 1984; Petty et al., 1983) and the Advertising Response Modelling

(ARM) theory (Abhilasha Mehta, 1994) to explain the relationship between corporate credibility and attitude towards the brand. According to the ELM theory, the information exposed in the Ad will be processed through the central processing and peripheral routes (Cacioppo & Petty, 1984; Petty et al., 1983). The central processing route will process the brand related information while the peripheral route will process the Ad related information (Abhilasha Mehta, 1994). According to McKenzie and Lutz (1989), corporate credibility reflects more on central processing cues since consumers were usually familiar with the company being advertised. Most often, they had also developed prior perceptions about the company's credibility even before they were exposed to its advertisements. Therefore, greater attention is given on the attitude towards the brand (Goldsmith et al., 2000; Abhilasha Mehta, 1994). The empirical evidence on the positive impact of corporate credibility on attitude towards the brand was found in many studies (Goldsmith et al., 2000, 2000; Lafferty & Goldsmith, 1999; Lafferty et al., 2002).

## **2.6.5 Credibility and Intention**

### **a. Endorser Credibility and Intention**

According to Ohanian (1991), the credibility of the endorser or expertise in particular was related to the tendencies of the customers to purchase the products. The consumers will evaluate the facts, product description, visual and musical effects together with the endorser and determine whether they like the Ad. Goldsmith et al. (2000b) examined female respondents in advertising, portraying the high and low endorser credibility and corporate credibility. The study showed no significant interaction effect between both types of credibility on purchase intention, which signifies that both types of credibility

are independent to each other. The main effect of endorser credibility on purchase intention itself is high as the results showed that when endorser credibility was high, purchase intention was significantly higher (Goldsmith et al., 2000). Their second studies which utilized male respondents also showed consistent results. There was no interaction effect between endorser credibility and corporate credibility but there was a significant main effect of endorser credibility on purchase intention. The result showed that for both female and male audiences, endorser credibility is influential for purchase intentions.

#### **a. Corporate Credibility and Intention**

According to Fombrun (1996), corporate credibility affects customer intention to purchase because consumer perceptions of the expertise and trustworthiness of a company are part of the information used to assess the quality of the company's product and whether they are willing to buy them. Empirical evidence on the effect of corporate credibility on purchase intention was found by Lafferty and Goldsmith (1999) Goldsmith et al (2000b) and Lafferty et al (2002). According to Lafferty et al. (2000b), even in the case where the attributes of the brands are lacking in the Ad, the reputation of the brand may give consumers higher confidence in the products and increase their willingness to purchase the products. A study of the automobile industry in China also showed a positive relationship between corporate credibility and purchase intention. The more credible the corporate brand is, the higher the purchase intention (Li et al., 2011).

## **b. Corporate Credibility and Intention**

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Similar to the results of the effect of attitude towards the Ad on brands, Sallam (2011) found that only the trustworthiness dimension of corporate credibility positively and significantly influenced purchase intention. The results showed that the trust of a consumer is a valuable asset to the company (Sichtmann, 2007) as trust affects relationship commitment (Morgan & Hunt, 1994) and loyalty (Aydin & Ozer, 2005). Thus, if the consumers trust the company, s/he tends to have positive behavioural intention towards the brand.

### **2.6.6 Attitude towards the Ad and Attitude towards the Brand**

The effect of attitude towards the Ad on attitude towards the brand has been studied by many scholars (Goldsmith et al., 2000; Gresham & Shimp, 1985; Ranjbarian, Fathi, & Lari, 2011; Sallam, 2011; Shimp, 1981; Wahid & Ahmed, 2011) observing that the relationship between attitude towards the Ad and attitude towards the brand as a notorious issue. According to Lutz et al. (1983), advertising will create a communication effect that leads customers to try the brand or reinforce existing brand attitudes. The positive brand attitudes may in turn predispose consumers to want specific brands and buy the products. The action basically reflects the chain of cognitive, affective and connotative dimensions of attitude (Lutz et al., 1983; MacKenzie & Lutz, 1989). The relationship between the two variables can be explained through three types of explanations: the affect transfer hypothesis (ATH), reciprocal mediation hypothesis (RMH) and Dual mediation hypothesis (Edell & Burke, 1984; Najmi, Atefi, & Mirbagheri, 2012).

The first explanation, the affect transfer hypothesis posited that the unidirectional effect of attitude towards the Ad to attitude towards the brand (Edell & Burke, 1984; Najmi et al., 2012). Edell and Burke (1984) offers three competing hypothesis for this unidirectional relationship. The first is from the classical conditioning perspective (Shimp, 1981). Classical conditioning in this context is used to explain the mechanisms that generate the affective responses towards the brand after the audiences are exposed to certain brands through advertising. His study revealed the positive effects of attitude towards the Ad to the attitude towards the brand. According to Shimp (1981), advertising exposure will result in evaluative connotative response (e.g. feeling of joy or nostalgia) and denotative response (e.g. this is a brand of toothpaste I've never heard before). The connotative response represents unconditioned

stimuli while the denotative response represents the conditioned stimuli stored in the consumers' active memory. Another series of studies using similar classical conditioning shows that there is a natural pattern that attitude towards the Ad affects the attitude towards the brand (Gresham & Shimp, 1985).

The second hypothesis that can be used to explain the unidirectional effect of attitude towards the Ad on the attitude towards the brand is salient attribute hypothesis. The hypothesis uses the Fishbein attitude formation framework in which consumers develop the belief that the Ad is associated with the brand. That belief is coupled with the evaluation of the Ad to influence attitude towards the brand in the same manner as any other brand attribute (Edell & Burke, 1984). The last hypotheses that explains the unidirectional link between attitude towards the Ad on the attitude towards the brand is the measurement artefact hypotheses in which the effect of attitude towards the Ad effect on attitude towards the brand may be due solely to the method of variance since both constructs usually are measured using similar semantic differential scales (Edell & Burke, 1984).

The second explanation for the relationship between attitude towards the Ad on attitude towards the brand is based on reciprocal mediation hypothesis (Najmi et al., 2012). The model is also called the balance theory model. The hypothesis supposes the mutual causal relationship between attitude towards the Ad and attitude towards the brand (Gresham & Shimp, 1985; Najmi et al., 2012). The basic rationale of the balance theory is that the person will strive to maintain balance among the components of any cognitive unit. In an advertising situation, a balanced state will exist only if the consumers dislikes both the Ad and the brand or likes both of them (Edell & Burke, 1984).

The last explanation is through the dual mediation hypothesis (DMH). According to this theory, attitude towards the Ad influences attitude towards the brand directly and indirectly via its impact on brand cognition. Based on structural equation modelling, the dual mediation hypothesis is considered more cogent in explaining the relationship between attitude towards the Ad and attitude towards the brand (Najmi et al., 2012). The meta analysis study also supports the finding that DMH is superior to any other hypotheses to in explaining the said relationship (Najmi et al., 2012). The DCM model that is used in the current study is developed based on the DMH which specifies the direct effect of attitude towards the Ad on attitude towards the brand and purchase intention (Lafferty et al., 2002; MacKenzie, Lutz, & Belch, 1986).

#### **2.6.7 Attitude towards the Brand and Intention**

Intention indicates how hard people try or how much effort the person plans to exert in order to perform a certain behaviour (Ajzen, 1991). According to Azjen (1991), intentions to perform behaviour can be accurately predicted from the attitude towards the behaviour. In the marketing communication fields, one of the attitudes that was proven to have significant impact on purchase intention is attitude towards the brand. Many studies have shown the evidence on the influence of attitude towards the brand on purchase intention (Lafferty & Goldsmith, 1999; Lafferty et al., 2002; Ranjbarian et al., 2011; Wahid & Ahmed, 2011).

Mehta (1994) explained the direct link between attitudes towards the brand on intention through the Advertising Response Modelling (ARM). According to ARM, an advertising exposure must break through the clutter and gain attention. If the advertising is successful in gaining attention, the advertising will be processed along two routes: the

central and peripheral routes. The central routes will process the product or brand related information while the peripheral process the advertising related execution. The central route produces more permanent and resistant effects on attitude rather than the peripheral routes which result in much more temporal effects that may be lost. Each route may simultaneously influence directly the brand attitude, ad attitude and purchase intention. However, the brand attitude itself can serve as the mediating variable between the communication routes to the purchase intention which implies the direct relationship between attitudes towards the brand with the purchase intention. The central processing route which processes the brand related information becomes the dominant route. This influences the brand attitude formation which later on influences the consumers purchase intention (Abhilasha Mehta, 1994).

Another explanation for the causal effect of attitude towards the brand on intention may happen due to the familiarity of the customers to the brand which in turn affects the consumers' confidence towards the brand and subsequently, their intention to purchase the products (Laroche, Kim, & Zhou, 1996). Notably, some scholars found that brand attitude serves as the mediating variable between attitude towards the Ad and intention either fully (Lafferty et al., 2002; MacAdams, 1988; Sallam, 2011; Wahid & Ahmed, 2011) or partially (Wahid & Ahmed, 2011). Biehal et al. (1992) found that attitude towards the brand can be formed during brand choice or purchase. The mediating role of attitude towards the brand to brand choice (real brand purchase) takes effect when the consumers see the brand as a viable and potential choice.

As explained earlier, the relationship between attitude towards the Ad and purchase intention can be mediated by attitude towards the brand (Lafferty et al., 2002; MacAdams, 1988; Sallam, 2011; Wahid & Ahmed, 2011). According to MacAdams (1998), the effects of attitude towards the Ad cannot be studied in isolation to brand



attitude as the findings showed that the impact of ad on intention is rarely significant without the mediation of brand attitude. However, Wahid and Ahmed (2011) only found partial mediation of brand attitude to the attitude towards the Ad and purchase intention. Although the reason is not clear, culture and context may be the contributing factors.

### **2.6.8 Attitude towards the Ad and Intention**

According to Goldsmith et al. (2000a), even though the direct relationship between attitudes towards the Ad on purchase intention is not commonly found in the literature, there is some precedence of the direct relationship between both variables. This is especially so situations of low involvement when affective response are evoked (Goldsmith et al., 2000). The findings augmented earlier studies (Biehal, Stephens, & Curlo, 1992; Abhilasha Mehta, 1994; Abilasha Mehta & Purvis, 1997; Shimp, 1981). Shimp (1981) conducted an experimental study to test the role of attitude towards the Ad as the antecedent of purchasing behaviour. His study showed that the attitude towards the Ad is an important determinant for purchasing behaviour. According to Biehal et al. (1992), consumers may decide the product or the brand that they want to buy based on an Ad without completely processing all the brand information. They examined the direct and indirect effect of attitude towards the Ad to brand choice. The study found that the attitude towards the Ad may have a direct effect on brand choice when the consumers had isolated two or more similar brands to choose from. Therefore, they use ad to tip the difference between the brands that that have been isolated as a choice (Biehal et al., 1992).

Similarly, Mehta (1994) and Mehta and Purvis (1997) explained the direct link between attitude towards the Ad on intention through the Advertising Response

Modelling (ARM). According to ARM, advertising exposure must break through the clutter and gain attention of the consumer. If the advertising is successful in gaining attention, the advertising will be processed along two routes: the central and peripheral routes. The central routes will process the product or brand related information while the peripheral routes process the advertising related execution. The central route produces more permanent and resistant effects on attitude rather than the peripheral routes which result in much more temporal effects that may be lost. Each route may simultaneously influence directly the Ad attitude, brand attitude and purchase intention. However, the advertising liking or ad attitude itself can serve as the mediating variable between the communication routes to the purchase intention which implies the direct relationship between attitudes towards the Ad with the purchase intention (Abhilasha Mehta, 1994).

In later years, Lafferty et al. (2002) and Wahid and Ahmed (2011) found the positive and significant impact of attitude towards the Ad on intention. To examine the direct influence of attitude towards the brand on intention, Lafferty et al. (2002), tried to control the effect of the Ad on intention by utilizing ads which contained no strong arguments and used minimal copy so the amount of information given to the respondents are minimal. Thus, the photograph of the endorser and the company description become the source of their positive and negative affects owing to the lack of information. The affective response to the Ads could influence the intention to purchase without the mediation of brand attitude (Lafferty et al., 2002). The direct influence of attitude towards the Ad on purchase intention was also found in a different context, specifically in Yemen. Wahid and Ahmed (2011) found significant and positive influence of attitude towards the Ad on intention even though the study was conducted amongst respondents living in a poor country.

## 2.7 Celebrity

A celebrity is an individual who is known to the public for his/her achievements in areas other than of the product endorsed (Friedman and Friedman, 1979) in (Kamins et al., 1989). The most comprehensive definition of celebrity can be found in the works of Guthey et al. (2009):

*“They are not simply well-known individuals who are attributed by journalist with actions or characteristics that lead to or exemplify business success. They are best understood as clusters of promotional activities, representational practices and cultural dynamics that revolve around different types of exemplary business personalities-corporate leaders, entrepreneurs, management gurus, investment bankers, traders, marketers, Hollywood agents and producers and so on. From this perspective, business celebrity consists of the orchestrated co-production, cross promotion and circulation images, narratives, and personal appearance of such figures via a wide range of media platform and channels. As a result of this practice, candidates of celebrity are given widespread exposure in the media to the point where, if conditions are right and they gain enough traction, their individual actions, personal traits, physical presence, and/or private lives come to serve multiple and interconnected promotional and cultural/ideological function in ways that reinforce their celebrity status (Guthey, Clark, & Jackson, 2009).*

Based on the above definition, any businessman, CEO, entrepreneur, banker, management gurus, trader, marketer etc, can become a celebrity as long as they become an actor who produces, promotes, circulates images, develops the narratives to many

stakeholders through their individual actions, personality traits, physical presence and lives to gain support for their initiatives and simultaneously gains widespread exposure in the media which in return reinforces their own celebrity status. In other words, celebrities can include athletes, models, actors, actresses, singers, or politicians as found in the study of Hsu and McDonald (2002).

### **2.7.1 Celebrity Endorsement**

Basically, any individual ranging from celebrities, experts to non-celebrities can become the endorser for a product. However, studies have focused more on celebrity and expert endorsement rather than non celebrity endorsements (Biswas, Biswas, & Das, 2006). Several studies have placed celebrities as the independent variable which affects the endorser credibility (e.g. Natarajan & Chawla, 1997; Wheeler, 2009; Zahaf & Anderson, 2008) while others placed the celebrity as the independent variable which affects the consumer's attitude that is mediated by endorser credibility (e.g. La Ferle & Choi, 2005; Wheeler, 2009).

Natarajan & Chawla (1997) examined the influence of celebrity and non celebrity endorsement on perceived credibility. The study found the superior effect of celebrity endorsement compared with non celebrity endorsement on endorser credibility. They also examined further the impact of celebrity gender on credibility. The result showed that the credibility of female celebrities is not significantly different from male celebrities.

Similar findings were also found in a study in Malaysia, where respondents believed the celebrity to be competent, meaningful and trustworthy to endorse the brand. Celebrities can enhance both the company and product image (Md Zabid Abdul

et al., 2002). Zahaf and Anderson (2008) also found that the consumers believed the commercial to be more credible when the endorser is a celebrity compared to a non celebrity. Although they do not find a direct relationship between celebrities and purchase intention, they argued that celebrities can bring credibility to the product and commercial if the celebrities are seen as trustworthy, reliable and credible.

According to La Ferle & Choi (2005), the celebrity's influence on consumer's attitudes and intention is mediated by endorser perceived credibility. Wheeler (2009), in his study on the influence of celebrity in a non profit research context, showed that higher celebrity connections with the issue being endorsed leads to much higher trust in endorser credibility compared with the non connected celebrity. Wheeler's (2009) study also confirmed that credibility may serve as the mediating variable between celebrity and intention. Celebrities who are closely connected to NPOs will generate higher source credibility than non-connected celebrities or the average person. Source credibility generated from a celebrity status will directly influence time to volunteer and intention to donate (Wheeler, 2009).

In contrast to the previous findings, O'Mahony and Meenaghan (1997) found that although the consumers see celebrity endorsers as entertaining, attention gaining, likeable and impactful. They are not always considered as convincing or believable.

**Table 2.7 Previous Studies on the Relationship between Celebrity and Credibility**

<b>Scholars</b>	<b>Independent Variable</b>	<b>Mediating variable</b>	<b>Dependent Variable</b>	<b>Results</b>
(Natarajan & Chawla, 1997)	Celebrity Non celebrity		Endorser credibility	Higher influence of celebrity endorsement than non celebrity on source credibility
(Md Zabid Abdul et al., 2002)	Celebrity		Credibility	Celebrity were competent, meaningful and trustworthy in promoting brand
(La Ferle & Choi, 2005)	Celebrity	Credibility	Attitude towards the Ad Attitude towards the brand Purchase intention	Celebrity influences on the dependent measures is mediated by the endorser perceived credibility
(Zahaf & Anderson, 2008)	Celebrity Non celebrity		Endorser credibility Credibility of the commercial	Celebrity endorser is more credible than non celebrity endorser
(Wheeler, 2009)	Celebrity involvement Celebrity connection	Source credibility	Intention to donate money	Source credibility serves as mediating variable of celebrity to volunteer time and intention to donate

### **2.7.2 Celebrity and Attitudes**

Many firms in the US have bought into the premise that celebrity endorsers will positively influence consumer attitudes towards the Ads and the associated brand (Amos, Holmes, & Strutton, 2008). Similar patterns were also found in Asia e.g. approximately 50% to 70% commercials in Japan use celebrity endorsers (Prieler, Kohlbacher, Hagiwara, & Arima, 2010).

Gupta and Dhang (2009) examined the effect of celebrities on attitude towards the Ad and attitude towards the brand using the match-up hypothesis theory which explained that the endorsers are more effective when there is a fit between the endorser and the product. Their study revealed the mediating role of expertise in the relationship between celebrity type and attitude towards the Ad. In other words, respondents who saw expert celebrity endorsers showed more favourable attitudes towards the Ad than those who viewed non expert celebrity endorsers.

Endorsement, as a communication tool, will comprise some of the signals of the endorsed brand. Thus, the credibility of the endorser will subsequently transfer to the brand (Spry et al., 2009). The frequent pairings of celebrities with the brand will strengthen the link between the celebrity and the brand in the consumer's mind (Erdogan & Baker, 2000). The theory that explained the phenomenon is the associative learning principles (Till & Shimp, 1998) or the associative network memory model (Spry et al., 2009). The theory explained that memory is a network consisting of various nodes connected by an associative link. Thus, celebrities and brands as the unconnected nodes will become linked over time via the endorsement process and the feeling towards the celebrity are expected to shift to the endorsed brand through their repeated association (Till & Shimp, 1998).

### **2.7.3 Celebrity and Intention**

Purchase intention which refers to the buyers' assessment of the likelihood that they will purchase the brand in the future, (Lutz et al., 1983) to some extent, is influenced by celebrity endorsement. The use of well known celebrities will be effective especially in promotions targeted at gaining customer attention and maintaining sales (Tom et al., 1992). A study in the Philippines indicated that celebrities have more impact on purchase intention than non celebrities (Rodriguez, 2008). Another study which examined the influence of celebrities and non celebrities on purchase intentions showed that the celebrity and non celebrity commercials were processed differently by the audience. While the non celebrity commercial's attitude has no influence on buying intentions, the commercial attitude is proven to have significant influence on buying intention for audiences exposed to celebrities (Abhilasha Mehta, 1994).

However, certain influencing factors should be considered by the advertiser such as the congruity between the celebrity and the product type being endorsed as the incongruence between both variables may limit the effectiveness of advertising (Md Zabid Abdul et al., 2002). Wheeler (2011), for example, conducted two studies that investigated the influence of celebrity on consumer intention. In the first study, Wheeler (2011) found that the connectedness of celebrities to the issues being endorsed in the non profit organization context directly influenced time to volunteer and intention to donate. He found that the intention to donate and to volunteer time is greater for the connected celebrity than the non connected celebrity. However, his second study showed that the effects of celebrity on time to volunteer or intention to donate is mediated by source credibility.



## **2.8 Celebrities in Social Entrepreneurship**

The celebrity issue has been touched upon in entrepreneurship literature. However, media channels somewhat defined the term celebrity entrepreneur loosely. Sometimes, it refers to individuals who have become popular for their entrepreneurial achievement such as Richard Branson, Steve Jobs and Anita Roddick (Rindova, Pollock, & Hayward, 2006). At other times, it refers to celebrities who use their popularity to launch and boost their business (Hunter & Davidsson, 2008). However, this paper will focus more on the first type of the celebrity entrepreneur. The explanation as to why there is increasing attention on the role of entrepreneurs as a celebrity is due to the rise of media driven, that celebrity-entrepreneurs lead to the growing of the organizational success of the leader (Robert, 2012).

In social entrepreneurship literature, it is confirmed that social entrepreneurs may transform into celebrities as they set themselves as inspiring figures in whom people with limited capital place their expectations (Froggett & Chamberlayne, 2004). In contrast, the actors who had gained popularity and celebrity status may also turn into prominent social entrepreneurs, e.g. the Clinton Foundation , which was established by Bill Clinton created a program for HIV/AIDS treatment by organizing demand for the AIDS drugs so that they can be produced at a reduced production cost. The project is not a charitable act since the drug companies are able to make profit from sales (Smith & Nemetz, 2009). It is successful since Bill Clinton used his celebrity status and networking as a former US President to find donor support for his social entrepreneurship projects (Stein, 2008).

## **2.9. Conclusion**

From above theoretical discussion regarding Islam, social entrepreneurship, and the role of celebrity and credibility in social entrepreneurship communication, it is concluded that there is still a lack of empirical evidence about the influence of celebrity and credibility on the effectiveness of communication in social entrepreneurship research context especially in changing the attitudes and intention of customers. The scarcity of research and the important influence of Islam in the social entrepreneurship development provide plenty of opportunity to explore this topic further. It is in this context that the following study developed and carried out.

## **CHAPTER 3**

### **ISLAMIC SOCIAL ENTREPRENEURSHIP IN INDONESIA**

#### **3.0. Summary**

This chapter discusses the development of social entrepreneurship in Indonesia before and after its independence period. The history of social entrepreneurship during the country colonization is important to show the significant influence of Islam and leadership to the social entrepreneurship development in the country even after the Indonesia independence.

#### **3.1. Impact of Colonial Policies in Indonesia**

Under Dutch rule, three categories of policies were introduced: from cultivation (1596–1870), to liberalisation (1870–1900), to ethics and welfare (1900–1945). The policies, as discussed below, had a huge impact on the local socio-economy which later led to the growth of the social movement and social entrepreneurship in the country.

##### **3.1.1 Cultivation**

The Dutch first arrived in Indonesia at Banten Port, Java, in 1596 (Phillips, 2005). This event marked the beginning of Dutch colonisation of the region, known as the Dutch Indies during the colonial rule, until the nation won independence in 1945. With the main attraction being control over the spice trade, more Dutch ships and traders were sent to the archipelago so that by 1602, a company by the name of Dutch East India Company or Vereenigde Oost-Indische Compagnie (VOC) was established. It was then the second largest multinational corporation after the British East India Company. VOC's legitimacy was granted by the home government through a charter which gave it

immense power to organise military troops, construct forts, forge trade with local merchants and operate courts within the region (Phillips, 2005). The hardest impact of the VOC was felt by the locals under the administration of Jan Pieterzoon Koen who was famous for introducing the 'cultivation' policy. The policy aimed to maximise the monetary value of local agricultural products, whereupon one of the strategies implemented was to destroy large quantities of crops to raise their market price. Consequently, thousands of natives had to flee their homes or starve while those who resisted were killed (Beck, 2007; Ricklefs, 2001). Local aristocrats or priyayi put up strong resistance and organised many counter-attacks but were not effective against the Dutch military.

In 1799, the VOC went bankrupt due to corruption and mismanagement. The Dutch government then took over its operations in the colony which lasted until the Napoleonic Wars from 1811 to 1816 when they surrendered Java to the British (Niel, 1960). After regaining control of the island, the Dutch government found itself in deep financial trouble as a cumulative result of losses in foreign trade to the British, costs of the Napoleonic wars and the Belgian revolt in 1831. At the same time, the government was also embroiled in a local war from 1825 to 1830 (Fasseur, 1992; Wie, 2010). This escalated the Dutch government's economic problems, and they reintroduced the cultivation policy to enable further exploitation of local resources.

A new version of the cultivation system was then implemented, demanding local peasants to plant only high-value tropical products particularly coffee, sugar, pepper, indigo and cotton (Fasseur, 1992). Since lands were confiscated from the natives and the rates charged for their products were far below the market value, poverty became widespread. The emphasis on high-value plants also meant that rice was under-produced and, consequently, thousands starved to death. Apart from physical and economic abuses, the cultivation system also led to the degradation of Javanese aristocrats. Many

found themselves stripped of their traditional land titles and downgraded to the class of labourers (Fasseur, 1992). High taxes imposed by the Dutch caused some of them to end up in debt and forfeiting even more lands. Despite the wealth of natural resources on the island, socio-economic growth was difficult to achieve due to the harsh political environment. There was increasing pressure from home companies for the colonial government to liberalise its administration so that the economy of Java could be more effectively managed. This eventually brought the cultivation era to its end in 1870, and introduced to the colony its first taste of external market forces.

### **3.1.2 Liberalisation**

In 1870, the Dutch government changed its socio-economic policy in Indonesia to a more liberal one which lasted for the next 30 years (Phillips, 2005). The change was implemented as a response to homeland bankers, merchants and industrialists who demanded it so that they could participate more freely in local economic activities. The implementation of liberal policies ended forced labour practices and signaled the beginning of a more market-based waged labour system and free enterprise (Schrader, 1997). These had very different effects on the natives from those caused by the more dictatorial cultivation system. While the previous system had resulted in labour exploitation and abject poverty, liberalisation on the other hand exposed them to the concepts of business, profit-making and competition. Economic activities were no longer driven by basic physiological needs but by market demand.

For the indigenous people, whose agricultural produce had always been used mainly for self-sustenance, the advantages of a business-oriented environment were not immediately apparent. Furthermore, from a post-colonialist perspective, the policy was perceived merely as a perpetuation of colonial rule and therefore rejected (Gandhi, 1998). Their continued resistance of Dutch rule, as well as weaknesses in policy

implementation, meant that the locals did not derive significant benefits for economic empowerment from liberalisation. While European, Chinese and Arab traders thrived in this period, the Javanese remained as passive players in the economy

### **3.1.3 Ethics and Welfare**

Due to exploitation in the cultivation system, as well as a liberal policy that failed to benefit them, most natives ended up in massive debt with Dutch financial institutions (Beck, 2007; Cribb, 1993). Except for a few who chose to cooperate with the colonial government, in general the local population suffered from malnutrition, poor health and education, and very low living standards. Realising the negative effects of these factors on the stability of its administration, the Dutch government launched a new policy in 1900 which was concerned with improving the overall welfare of the locals. More importantly, the policy was expected to improve local productivity and increase international demand for their products. The so-called ethical policy targeted four areas of improvement: education, irrigation, agriculture and finance. Unfortunately, since investors preferred to concentrate only in agriculture and mining while neglecting the education and financial sectors, the ethical policy was not able to improve the situation substantially. Local welfare worsened when the Great Depression of the 1930s hit the Dutch Indies and prices of agricultural goods produced by the farmers dropped significantly (Boomgaard, 1987b). Funding allocations for the popular credit system provided by Dutch financial institutions for the locals were slashed drastically, and this increased the severity of the problem.

In 1942, the Japanese invaded Java and Dutch rule effectively ended (Ricklefs, 2001). Even after it regained administration of the island in 1945, the Dutch government was not able to exercise the same level of control over the colony as it used to (Boomgaard, 1987b). Thus, the ethical policy could not be properly reintroduced and

exploited to rebuild the socio-economy of Java. However, it was under the ethical system that some improvements in local education were achieved which raised social awareness among the natives and empowered them. Local leaders established knowledge and commercial networks which for the first time managed to systematically mobilise a social movement towards independence. These early prominent figures in social movement and their respective roles in social entrepreneurship growth in the country are discussed later in the paper.

### **3.2. Social Movement, Social Transformation and Social Entrepreneurship in Pre-Independence Indonesia**

The above policies imposed by the colonial government indirectly influenced social entrepreneurship development in Indonesia as colonialism generated various social movements and social transformation in a bid to achieve the country's independence. A social movement can be defined as an organised collective effort towards a common goal involving a group of individual organisations engaged in extra-institutional conflict (Rao, Morrill, & Zald, 2000). The organisations range from formal social movement entities (e.g. consumer associations), to work and neighbourhood watch groups (e.g. local conservation club), to informal friendship networks (e.g. AIDS patients support group).

In line with the above social movement definition, the social movement in Indonesia during colonialism was also marked by the development of organizations which aimed to improve the welfare of the local community and simultaneously help the country to achieve its independence. Inadvertently, those social movement organizations bore similar characteristics to ones currently labelled as social enterprises in Indonesia. Thus, there is evidence pointing to the relationship between social movements for independence and the growth of social entrepreneurship in the country.

The proposition is in line with the views expressed by Alvord, Brown, and Letts (2004), Leadbeater (2007) and Mair and Marti (2004) who argued that social enterprises very often emerge as an actualisation of social movements to address social needs. Social movements are concerned with social transformation, often relying on entrepreneurial strategies and ventures to execute its missions. The transformation processes are usually analysed through the attributes of political opportunity structure and resource mobilisation, political strategies and tactics and movement identity formation (Alvord et al., 2004; Arzheimer & Carter, 2006). Each organization and attribute of the social movement in Indonesia that supported the development of social entrepreneurship will be discussed in the following section:

### **3.2.1 Social Movement and Social Entrepreneurship: Two Sides of the Same Coin**

The first social movement organisation in the colony was established in 1895 by Raden Wira Atmaja (Abdullah, 2006), in the form of a co-operative aiming to protect the natives from high interest loans charged by moneylenders. After the introduction of more ethical governance by the Dutch (late 1890s to early 1990s), the organisation received government support and was taken over, but retained its original objective of serving the society through cheaper and more accessible micro-financing.

The next four decades (1900–1945), otherwise known as the ‘National Awakening’ era, saw leading intellectuals and entrepreneurs including Kartini, Samanhudi, H.O.S Tjokroaminoto and K.H. Ahmad Dahlan (Abdullah, 2006; Burhanudin, 2010; Cribb, 1993; Fealy & Barton, 1996) spurring social movements to unprecedented heights as a response to increasing nationalist sentiments among native leaders. Ironically, this also appeared to be a consequence of more ethical government policies implemented under Dutch rule which improved education and awareness among the locals. As a result of these policy-changes, well-educated Indonesians had



the opportunity to set up learning institutions such as the Kartini schools (Cote, 2008; Kartini, 2010) and expanded them to a scale that benefited a larger segment of the population.

A profile of these leaders and the organisations given in Table 3.1 shows seven major organisations involved in social movements for independence: Kartini School, Sarekat Dagang Islam or Sarekat Islam, Adabiyah School or Sjarikat Oesaha, Muhammadiyah, Nahdlatul Tujar or Nahdlatul Ulama, Taman Siswa and Himpunan Saudagar Indonesia. These organisations had chosen either education or commerce as the platform for their struggle but were nevertheless united by their vision of political, religious and economic freedom. Evident too were the four characteristics of social entrepreneurship defined previously, which they all shared: social aims and impact, innovativeness, sales activities and relative autonomy from government control.

**Table 3.1 Evolution of colonial policies and their effects on the socio-economy of Indonesia (1596-1945)**

Description	1596 – 1870	1870 – 1900	1900 – 1945
Policy	Cultivation	Liberalisation	Ethics and welfare
Socio-economic effects	<ul style="list-style-type: none"> <li>• Labour exploitation</li> <li>• Forced land acquisition</li> <li>• Widespread poverty</li> <li>• Pockets of resistance from local aristocrats</li> </ul>	<ul style="list-style-type: none"> <li>• Free enterprise</li> <li>• Competition with European, Arab and Chinese traders</li> <li>• Rising value of money</li> <li>• Increasing household debt</li> <li>• Birth of Kartini school and other social movement organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Greater educational opportunities</li> <li>• Systematic mobilisation of resources through social entrepreneurship</li> <li>• Return of aristocratic leadership</li> <li>• Increasing influence of Islam</li> </ul>

### **a. Kartini School**

As someone who offered innovative solutions to social problems by changing the system and implementing new ideas via visible and realistic programs, Kartini was the quintessential social entrepreneur (Ashoka, 2011). Breaking many traditions which marginalized her people, she was instrumental in improving education by establishing schools for local girls which were considered taboo at the time. There, she taught cooking, domestic skills, hygiene, and first aid subjects (Rappaport, 2001a), preferring vocational education as it would equip girls with the necessary self-support and courage for independence. Despite her progressive views, Kartini had a strong passion for ancient Javanese arts and tried to revive wood carving, textile weaving, dyeing, gold and silver and shell crafts by supervising young artists (Kartini, 2010). Even after her death at the young age of twenty-one, her efforts continued to inspire women from other regions to open similar schools such as Wisma Pranawa in Tegal, Siswo Rini and School for Mangkunegaran Girls in Solo, and Darma Rini in Blora (Hayati, Yuliati, Nirmala, & Mualimin, 1997).

In terms of financial support, it was unclear how Kartini financed her own schools. However, records of her sister's establishment, namely Wisma Pranawa, indicated financing through voluntary aids and the sale of books (Cote, 2008). There were two kinds of books sold by Wisma Pranawa; the first was a cookbook and the second, batik-making. Proceeds from the book sale contributed a significant portion to the school's income.

With the help of the Dutch government, the Kartini Foundation was established in 1913. Soon after, a Kartini school was set up in Semarang in 1913. Funds were collected from the sales of a book based on Kartini's correspondence, entitled "Door Duisternis Tot Licht" (Iswanti, 2008). Later on, many other similar schools were

opened all over Indonesia such as in Malang, Cirebon, Bogor, Surabaya, Surakarta and Jakarta. Most of the graduates then continued their education with Van De Venter Schools in Semarang and Solo and Meisjes Kweekschool in Salatiga founded by the Dutch government (Hayati et al., 1997). Kartini's contributions as a social reformist and entrepreneur were well-documented in her journals which even now continue to serve as a reference for social movement in Indonesia (Rappaport, 2001a).

#### **b. Sarekat Dagang Islam**

Another social enterprise with significant influence on the country's nationalist movement was the Islamic Trade Union or Sarekat Dagang Islam (SDI). The organization was originally founded in Surakarta in 1905 by Samanhudi, a Javanese batik entrepreneur. SDI was mainly established to empower local entrepreneurs and challenge the feudalistic and fraudulent attitudes of government officials during Dutch colonization (Toer, 2006). The organization also aimed to equip local business owners to compete effectively with Chinese merchants in Central and East Java (Lowensteyn, 2005a).

A similar SDI was established in Batavia in 1909 and around 1911 in Buitenzorg (currently known as Bogor) by R.M.Tirtoadisuryo (Hatta, 1974). SDI Surabaya was established a year later by H.O.S Tjokroaminoto. The organization fulfilled several main characteristics of social enterprise within the context of the study. In terms of mission, SDI gave wide access to a large segment of the community. Its mission was to unite all local Muslim traders and merchants regardless of race or ethnicity. Another characteristic of social enterprise is that the organization should earn a significant income from business activities (Lyon & Sepulveda, 2009); this was also observed among SDI organizations. In Batavia, for example, SDI used the upper level of its

building as a hotel and the lower level as an office and shops (Toer, 2006). Incomes received from the hotel and shops were used to finance its school and assist the community (Toer, 2006). SDI in Surabaya also used a similar strategy. Its members collected funds to set up a cooperative through which members could purchase staple foods at cheaper prices. In total, SDI organizations owned around 10 shops in 1913 (Korver, 1985).

In 1912, the SDI name was changed to Islamic League or Sarekat Islam (SI). The organization had similar economic aims to its original body, but was now also concerned with political aims (Effendy, 2005). The objective was no longer limited to strengthening local community trade through cooperatives, but also to fight the injustices of the colonial government (Palmowski, 2004). Its membership was widened to include priyayi (nobleman) and peasants, native soldiers, batik workers, coffee peddlers, teachers, bank tellers, secretaries, clerks and many others (Boomgaard, 1987b).

The organization gained very strong support from the community and membership increased to almost two million in 1919 (Palmowski, 2004). However, the economic role of SI was short-lived due to a lack of financial skills among the locals (Houtsma, 1993a). In 1921, SI was transformed into Partai Sarekat Islam, which symbolized increasing political agenda of the organization (Mehden, 2009a). The transformation led to swift retribution by the Dutch government and coupled with the influence of communism, it soon split into smaller fractions (Holt, Lambton, & Lewis, 1977). By the 1930s, there were fewer than 50,000 members still left in the organization (Mehden, 2009a).

### **c. Sjarikat Oesaha**

Sjarikat Oesaha (SO) or Entrepreneurs' League, a similar organization to the SDI was established in West Sumatera in 1914 by Muhammad Taher Marah Sutan and Haji Abdullah Ahmad. The main objective of SO was to protect local merchants from the domineering Dutch and Chinese merchants. SO operated in many social fields such as education, commerce, funeral management, construction contracting, and theatre management and religious magazine and book publications. The organization was not only involved in commercial activities but also gave financial support to political, religious and youth organizations (Kahin, 2005). In the field of education, SO managed and supported the Adabiah school system, a pioneer in modern Islamic schooling which combined religious with secular subjects established by Abdullah Ahmad in 1909. In 1915, the Adabiah school was acknowledged by the Dutch government and began to receive government subsidies, which consequently made it lose much of its reformist character (Hadler, 2008).

### **d. Muhammadiyah**

Another organization which had a profound impact on social enterprise development during the colonial era was Muhammadiyah. Founded in 1912, the organization initially aimed to promote the purification of Javanese Islam, reformulation of Islamic doctrine, reformation of Islamic education and the defence of faith against external influences (Holt et al., 1977). In 1917, the Muhammadiyah's women section was established which played an important role in developing Indonesian women (Ricklefs, 2001). Upon the declaration of Indonesia's independence, Muhammadiyah broadened the scope of its objective to include the establishment of an Islamic civil society (Markus, 2007). Muhammadiyah was a social enterprise in nature as it conducted many

income-generating activities to achieve its social aims. Much of its income was gained from the profits of its trading and social services (*Amal Usaha Muhammadiyah*), alms-giving or zakah and charities from members and non-members (*Strategi dakwah Muhammadiyah dalam pembaharuan Islam di Sukoharjo*, n.d). In 1925, it had over 4,000 members. Thirteen years later, its membership reached over 250,000 across 825 branches.

The significant role of Muhammadiyah in influencing Islamic growth during the Dutch occupation could be seen from the 800 mosques and smaller worship houses and more than 1,700 schools it had built by 1938 (Holt et al., 1977). In 1978, Muhammadiyah established zakah agency to better regulate zakah collection and distribution and to ensure the full potential of zakah as the means to create welfare. The establishment of the agency proved the commitment of Muhammadiyah to create social welfare and eradicate poverty (Najib, 2006).

After independence, Muhammadiyah continued to grow rapidly. According to Peacock (Markus, 2007), Muhammadiyah is currently the largest humanitarian movement in the world outside the Christian world. Based on its official site (*Muhammadiyah Networks*, 2010), the organization has 457 health institutions, 318 orphanages, 6,118 mosques, 5,080 smaller worship houses, 2,289 kindergartens, 2,604 elementary schools, 1,722 junior high schools, 965 senior high schools, 162 higher education institutions, 54 old folk's homes, 82 rehabilitation centers and 71 schools for the disabled. Muhammadiyah offers many programmes which are not only beneficial for the Muslim society, but also for the general society. For instance, in the field of education, as Muhammadiyah is able to provide high quality education, many Catholic students go to Muhammadiyah schools and later on continue their education to local seminaries to become priests (Markus, 2007).

Muhammadiyah also encourages its members to set up economic institutions, cooperatives, foundations and many other business ventures which follow proper Islamic guidance (Lubis, 2004). It is sustainable partly because of its ability to maintain the formal succession process whereby leaders of the organization are chosen based on procedural democracy (Asyari, 2007). Throughout its operations, Muhammadiyah has conducted leadership succession at least 14 times (*History of Muhammadiyah*, 2010).

#### **e. Nahdlatul Tujar**

Nahdlatul Tujar or Nahdat al-Tujar (NT) means Revival of the Traders. The association was established to provide commercial networking for Muslim merchants in Jombang and Surabaya. It was established by Wahab Chasbullah and Hasjim Asj'ari in 1918. Wahab Chasbullah was a very successful entrepreneur who had collected a significant amount of capital by operating trading activities for products such as rice, wheat, sugar and precious stones. He also ran a very successful travel agency for hajj pilgrims (Burhanudin, 2010).

Although it was very short-lived, NT was considered as the forerunner in the struggle to promote trade among traditionalist Islamic communities (Fealy & Barton, 1996). Later in 1926, both Wahab Chasbullah and Hasjim Asj'ari established Nahdlatul Ulama (NU) or the Awakening of Ulama which is currently the largest socio-religious organization in Indonesia with an estimated 40 to 60 million followers (Abdullah, 2011; Wagener, 2006). It is also the largest Muslim organization in the Islamic world (Candland, 2000; Fox, 2004).

Unlike Muhammadiyah which had more urban and middle class membership, NU had a stronger rural base (Fox, 2004). To actualize NU's third pillar in empowering Muslims in economic activities, the organization established Lajnah Waqfiyah or the

religious alms committee in 1930 which managed the treasury of pesantren (Islamic boarding school). Later on, NU also established many divisions to strengthen the Muslim economy such as Syirkah Muawanah (Cooperative) which became the importer of Japanese goods in 1937 (Kuntowidjojo, 1987), followed by Syirkah Tijariyah (Cooperative Buying Service), Lembaga Pengembangan Pertanian Nahdlatul Ulama (Institute of Agricultural Development), KOPTANU (Agribusiness Cooperative), LPNU (Nahdlatul Ulama Economic Institution), LPTKNU (Nahdlatul Ulama Labour Development Institution), SARBUMUSI (Muslim Labour Association). NU also established a holding company, PT Duta Dunia Perintis, which operates its rural banks in several areas in Indonesia. The profit of the company was used to set up more rural banks in other areas (A. Wahid, n.d).

#### **f. Taman Siswa**

Taman Siswa (TS) or Nationaal Onderwijs Instituut was established in 1922 by Soetatmo Soerjokosoemo and Soewardi Soerjaningrat in Yogyakarta. Both founders were prominent Javanese aristocrats. Although Indonesia had not yet achieved its independence at the time, founding members had inserted the word “national” in the organization’s name to reflect its vision of setting Indonesia free from colonial rule through education (*Layanan antar jenazah (LATAHZAN): Layanan setia hingga peristirahatan terakhir*, 2010). The organization established schools for the lower and middle classes, which were previously banned by the Dutch (*A study of NGOs: Regional overview report*, 1999).

There is no reliable account of how TS financed its activities during Dutch rule. However, it was believed that TS did not adopt the colonial government’s curriculum nor did it enjoy government subsidies in delivering its education services (Ricklefs,



2001). There was evidence that it adopted modern European educational systems such as Montessori and Froebel (Wieringa, 2002), and combined it with oriental culture which was largely influenced by Javanese elements and the works of Rabindranath Tagore, an Indian poet and philosopher (Ooi, 2004a). When the Dutch government banned its activities and considered the school as wild, Soewardi conducted guerrilla education whereby teachers conducted classes in their own homes. Whenever full-time teachers were caught by the authorities, they would be instantly replaced by teaching volunteers (Dewantara 1979 in Wieringa, 2002).

By 1932, TS had managed to set up 166 schools with 11,000 students across Java and Madura (Harper, 2009b; Ooi, 2004a). Unfortunately, since then, the performance of the organization has declined steadily. In 2008, the number of TS schools had decreased to 129 (Luhur, 2008). Some of the factors which contributed to this included its inability to follow dynamic changes in the education sector, the expansion of state-owned education services, poor facilities, and over-emphasis on technical training compared to personality development (Ooi, 2004a).

#### **g. Himpunan Saudagar Indonesia**

Another social organization established around 1930 was Himpunan Saudagar Indonesia (Indonesian Merchants' Group). The first branch was opened in Padang by Marah Sutan, also the founder of Sjarikat Oesaha. The organization aimed to help native traders who faced difficult times during the economic recession in the late 1920s and early 1930s. The next branch was opened in Bukit Tinggi by Anwar St. Saidi. Despite limited educational achievement, he was a successful entrepreneur who started his business at the age of 16. His vision was to develop the local businesses around his hometown which produced clothing, silverwork, woodcarving, ironworking, and

furniture. By late December 1930, Anwar and the members of Merchants Group had set up the Merchants' Saving Bank. All founders agreed that profits would be channelled back into the venture and not be divided among the shareholders for the first five years. In 1931, the bank obtained its official title and was re-named as the National Bank. The bank was able to help traders compete with Chinese merchants and secure much-needed capital (Kahin, 1999).

Table 3.2 in the next page explains how Islam became an identity of the majority of social enterprise established during the pre independence period. It also shows how important the role of leader to gain support from the public as the majority of the social entrepreneurs during the colonization period had a certain expertise due to their educational background or trustworthiness due to their social status as aristocrats.

In short, these organisations were operating as social enterprises to realise their social movement goals. This suggests that in pre-independent times, social movement and social entrepreneurship were two sides of the same coin which grew as a response to colonisation and the people's call for independence. At the same time there were clear behavioural differences among the organisations, all of which were operating within the constraints of colonial rule. How each organization behaved depended on the three social transformation attributes elaborated in the next section.

**Table 3.2      Summary of Prominent Social Enterprises in Indonesia (1895-1945)**

Organization	Year of Establishment	Founder	Social Enterprise like Characteristics	Current Status
Kartini School	1903	Kartini, a daughter of a Javanese aristocrat who received European lower education when female schools were considered unacceptable.	<ul style="list-style-type: none"> <li>– <b>Social Aims:</b> Empowered local girls and revived Javanese traditions. Called for reforms in public health, welfare, and education sectors (Rappaport, 2001b).</li> <li>– <b>Innovations/New Idea:</b> Established vocational schools which were not available for local girls at the time</li> <li>– <b>Entrepreneurial Quality (Revenue Sources):</b> Revived wood carving, textile weaving, dyeing, gold and silver and shell crafts by supervising young artists.</li> <li>– <b>Social Impact:</b> Initiated everlasting emancipation and modernity not only to Indonesian women but also the entire population. She inspired other outstanding women to establish girls' schools during colonialism (Hayati et al., 1997).</li> <li>– <b>Target Group/Member:</b> In the beginning the school only received daughters of regency office employees. Later on, it was opened to local girls.</li> </ul>	Some Kartini Schools in Batavia were closed during the Japanese occupation but were reopened in 1953. Currently, most Kartini Schools in Indonesia are public schools.

**Table 3.2 Continued**

Organization	Year of Establishment	Founder	Social Enterprise like Characteristics	Current Status
Sarekat Dagang Islam (SDI)	1905	Samanhudi, a batik entrepreneur.	– <b>Social Aims:</b> The empowerment of local merchants and assistance to Muslims in advancing their social and economic conditions.	SDI was transformed into Sarekat Islam in 1912, then Partai Sarekat Islam in 1921. The party existed until Indonesia achieved independence but was amalgamated with other religious parties in 1973 into the Partai Persatuan Pembangunan Indonesia (PPP, or United Development Party) as it gained less than 3 percent popular vote (Mehden, 2009b).
Sarekat Islam (SI)	1912	H.O.S Tjokroaminoto, a Javanese aristocrat who had advanced European education. His grandfather was a regent and his father was chief district officer.  Agus Salim, a nobleman of Minangkabau upper class. His father was the chief public prosecutor, a high position in the Dutch government (Kahfi, 1996).	– <b>Innovations/New Idea:</b> SI was the first mass nationalist social movement in Indonesia.  – <b>Entrepreneurial Quality (Revenue Sources):</b> Established cooperative shops and hotel to raise revenue.  – <b>Social Impact:</b> SI shops paved the way for the cooperative movement among Muslim middle class in Indonesia. SI influenced changes in relationship between the Netherlands and the Dutch Indies (Indonesia). It revived Islamic practices in Indonesia and influenced the awakening of eastern Asia (Houtsma, 1993b)  – <b>Target Group/Member:</b> Initially for indigenous traders only, but later became a mass organization with open membership to non traders, including the purist Santri (strict Muslim sect) and Abangan (opposition of Santri) (Lowensteyn, 2005a, 2005b). SI claimed to have 360,000 members in 1914. The number and diversity of members increased due to greater political orientation.	

**Table 3.2 Continued**

Organization	Year of Establishment	Founder	Social Enterprise like Characteristics	Current Status
Adabiah School	Adabiah School (1909)	Muhammad Taher Marah Sutan was an entrepreneur who established a shipping agency.	<ul style="list-style-type: none"> <li>– <b>Social Aims:</b> To build a strong pillar for modernization through education and protect the local merchants from the domination of Dutch and Chinese merchants.</li> </ul>	The school was recognized by the Dutch government in 1915 and became the subsidized Holland Maleische School Adabijah (Hadler, 2008). During the Japanese occupation, HIS was changed into Indonesian Nippon School. After Indonesian independence, it became a public school. In 1987, Sjurekat
Sjarikat Oesaha	Sjarikat Oesaha (1914)	Abdullah Ahmad, an intellectual who received Islamic training in Mecca.	<ul style="list-style-type: none"> <li>– <b>Innovations/New Idea:</b> Adabiah conducted reform in Islamic education. The school combined religious teachings with secular subjects.</li> <li>– <b>Entrepreneurial Quality (Revenue Sources):</b> Entered many social fields such as education, commerce, funeral management, construction, theatre management and religious magazine and book publication.</li> <li>– <b>Social Impact:</b> It provided new perspectives in Islamic schooling system and an inspiration to the next wave of Islamic educational reformists.</li> <li>– <b>Target Group/Member:</b> Open to all locals who wanted to learn about Islam and general knowledge.</li> </ul>	Oesaha, expanded its services by providing preschool, elementary, and higher education.

**Table 3.2 Continued**

Organization	Year of Establishment	Founder	Social Enterprise like Characteristics	Current Status
Muhammadiyah	1912-Present	K.H Ahmad Dahlan- a preacher from a well-respected religious family; a successful batik trader, who received Islamic education in Mecca.	<ul style="list-style-type: none"> <li>– <b>Social Aims:</b> To purify Muslim religiosity and improve their welfare.</li> <li>– <b>Innovations/New Idea:</b> Stripping away unislamic practices that had accumulated over centuries in all fields including economics.</li> <li>– <b>Entrepreneurial Quality (Revenue Sources):</b> Incomes were received from trading and social services, alms giving or zakah and donations from members and non-members.</li> <li>– <b>Social Impact:</b> Influenced modernization processes in religion, gender and welfare. Muhammadiyah was considered as the most powerful Muslim reformist in Southeast Asia.</li> <li>– <b>Target Group/Member:</b> Muhammadiyah set up many institutions which provided public services in the fields of education and welfare not only for Muslims but also the society in general.</li> </ul>	To date, Muhammadiyah still operates several old folk's homes, rehabilitation centres and schools for the disabled, hundreds of health institutions, orphanage, higher education institutions, senior high school and thousands of mosque, smaller worship houses, kindergartens, elementary schools, and junior high schools.

**Table 3.2 Continued**

Organization	Year of Establishment	Founder	Social Enterprise like Characteristics	Current Status
Nahdlatul Tujar	Nahdlatul Tujar (1918)	Wahab Chasbullah was a successful entrepreneur who sold agricultural and mining products, and operated a hajj travel agency service.	<ul style="list-style-type: none"> <li>– <b>Social Aims:</b> To establish network among Muslim traders in Jombang and Surabaya, and develop and empower the Indonesian people through socio-religious, preaching and education programs.</li> <li>– <b>Innovations/New Idea:</b> To promote traditional Sunni Islamic values.</li> <li>– <b>Entrepreneurial Quality (Revenue Sources):</b> NU set up many business ventures but it had a greater role in the field of education through the boarding schools that they established.</li> <li>– <b>Social Impact:</b> NU was the largest Islamic organization in Indonesia and the largest Muslim organization in the Islamic world.</li> <li>– <b>Target Group/Member:</b> Open but with a larger rural membership than urban.</li> </ul>	NU is the largest Muslim organization in Indonesia, but due to its political orientation, NU's roles in improving social welfare are less significant than Muhamamdiyah's.
Nahdlatul Ulama	Nahdlatul Ulama (1926-Present)	Hasjim Asj'ari, ulama who learned about Islam in Middle East.		

**Table 3.2 Continued**

Organization	Year of Establishment	Founder	Social Enterprise like Characteristics	Current Status
Taman Siswa	1922	<p>Suardi Surjaningrat or Ki Hadjar Dewantara was a member of noble Javanese family in Yogyakarta.</p> <p>Soetatmo Soerjokosoemo was also a Javanese aristocrat. He died in 1924, 2 years after the establishment of Taman Siswa.</p>	<ul style="list-style-type: none"> <li>– <b>Aims:</b> to set the people free from colonialism through indigenous education that infused Javanese values with modern ones.</li> <li>– <b>Innovations/New Idea:</b>  Taman Siswa freed more than 166 independent schools in 1932 in Java and Madura from Dutch government control. Although it adopted western and modern educational system, it still tried to preserve Javanese culture.</li> <li>- <b>Entrepreneurial Quality (Revenue Sources):</b> Established many private schools which did not adopt Dutch curriculum nor subsidized by the Dutch Government.</li> <li>– <b>Social Impact:</b> It inspired many other organizations to establish “wild schools” similar to Taman Siswa.</li> <li>– <b>Target Group/Member:</b> Open but was more attractive to the Abangan or group of people not concerned with the formal practices of religion.</li> </ul>	The role of Taman Siswa diminished due to more competitive environment in education sector, disorientation of training, and lack of good leadership.



**Table 3.2 Continued**

<b>Organization</b>	<b>Year of Establishment</b>	<b>Founder</b>	<b>Social Enterprise like Characteristics</b>	<b>Current Status</b>
Himpunan Saudagar Indonesia  (Merchants' Group)	1930	<p>Marah Sutan, an entrepreneur who also established Sjarikat Oesaha or Entrepreneurs' League.</p> <p>Anwar St.Saidi, a young entrepreneur who entered business at the age of 16.</p>	<ul style="list-style-type: none"> <li>– <b>Aims:</b> To strengthen indigenous entrepreneurs and the whole business community.</li> <li>– <b>Innovations/New Idea:</b></li> <li>– <b>Entrepreneurial Quality (Revenue Sources):</b> Established Merchants' Saving Bank and National Bank of Merchants</li> <li>– <b>Social Impact:</b></li> <li style="padding-left: 20px;">The bank defended native traders and provided them with capital.</li> <li>- <b>Target Group/Member:</b> Local traders</li> </ul>	<p>The National Bank existed until it was acquired by the Bakrie Group in 1990.</p> <p>It became a private bank, namely Bank Nusa Bakrie Group.</p>

### **3.2.2 Social Transformation Attributes of Social Movement and Entrepreneurship**

Three social transformations attributes – political opportunity structure and resource mobilisation, political strategies and tactics and movement identity formation will be discussed here in the context of social movement and social entrepreneurship development in Indonesia prior to independence.

#### **a. Political opportunity structure and resource mobilisation**

Political opportunity structure and resource mobilization refers to the emphasis of exogenous factors which support social movement. These factors can be classified into three categories: a permanent or long-term institutional feature, medium-term factors and short-term contextual or conjectural variables. The type of opportunity structure in turn affects how resources can be gained and mobilised to support activities implemented by the social movement or enterprise (for example, in the case of the conservation club, environment research institutions typically provide long-term opportunities for it to rally funding and donations for its activities).

In terms of political opportunity structure, Dutch colonial policies provided a double-edged sword. Initially, under the cultivation policy regime, hardships suffered made the locals turn to each other for courage and strength. Native leaders emerged to unite and mobilise the society to fight Dutch oppression through physical attacks.

However, with the introduction of more ethical governance towards the end of the nineteenth century, the Dutch government itself helped to enhance the growth

of social movement and entrepreneurship despite continued resistance by the natives. Social policies introduced in the late 1890s by the Dutch government apparently became a long-term institutional variable which influenced the growth of social entrepreneurship from 1900 to 1942. The policies created a more conducive environment for certain initiatives which aimed to improve social welfare, especially in terms of resource availability. For instance, the rapid growth in Kartini schools was observed only after the new policies enabled the establishment of a foundation in 1913 (Cote, 2008; Hayati et al., 1997; Kartini, 2010).

On the other hand, a shorter-term factor was the Great Depression which took place in the 1930s. Economic constraints faced by the government in the depression era had provided great opportunities for independent self-funded schools such as Taman Siswa to expand their services. Earlier, the Dutch had launched the Wild School Ordinance which required these schools to apply for official permits before they were allowed to operate (Hadler, 2008; Ooi, 2004b). But as a result of economic difficulties, the government had to reduce its own spending, including education expenditure. The situation then forced it to suspend the ordinance and allow wild schools to continue their activities. This gave the organisations, almost instantly, a greater capacity for mobilizing financial resources and networking with the local communities which helped to accelerate their growth.

#### **b. Political strategies and tactics**

These attributes refer to the approach taken by the organisation to realise its objectives. In particular, it distinguishes between social organisations which are

cooperative with the government and those which opt for more independent or even confrontational approaches. The adopted approach determines outcomes such as the organisation's size and type of supporters, operating systems and rate of success (close cooperation with the government enables the club to broadcast its vision and mission at no charge through government controlled media).

In terms of political strategies and tactics, there were variations among the organisations which are worth noting. While some, for example Muhammadiyah, opted for a cooperative strategy with the government, others including Taman Siswa and Nahdlatul Ulama chose a more confrontational approach (Asyari, 2007; Hadler, 2008). The study showed that a cooperative strategy had a more positive effect on factors such as access to government assistance and permits to conduct activities, thus encouraging sustainability in the long run. On the other hand, less cooperative organisations had to align themselves with other political forces to survive and, in the process, became partisan and lost their original social movement goals. As a result, they enjoyed less credibility and a shorter life-span as social enterprises. Even as political parties, their success was limited due to a weaker niche and this has led to mergers or dissolution.

### **c. Identity formation**

It reflects the type of image or brand developed by the organisation which its supporters can relate with. These may include identities such as conservative or liberal, religious or secular, et cetera. For social movements and enterprises, organisational image or identity is especially important because their output is

typically intangible, and their performance not easily evaluated by supporters (the club can develop a fashionable image to increase youth participation by adopting celebrities as activists).

Finally, on the issue of identity formation, some organizations including Muhammadiyah were inclined towards more conservative ideologies and practices compared to others such as Sarekat Islam which leaned clearly towards liberalisation (Hatta, 1974; *History of Muhammadiyah*, 2010; Korver, 1985; Lowensteyn, 2005a). In this case, owing to traditional indigenous values, the more liberal organisations encountered greater resistance from the society than those with conservative tendencies. Muhammadiyah's success to date suggests that Muslims in Indonesia largely sympathised with a strong Islamic identity or image. That identity enabled it to specialise in religion-based social enterprises such as religious schools and health institutions, pilgrimage tour agencies, et cetera. Besides generating income through normal sales activities, Muhammadiyah is also supported by donations from the large Muslim population in Indonesia. Thus, having a strong Islamic identity not only contributes to its popularity and credibility but also to its long-term financial strength.

### **3.2.3 Factors Influencing Social Entrepreneurship Growth in Colonial Era**

Based on the above discussion, three factors have surfaced as the main drivers of social entrepreneurship in Indonesia prior to independence. They are the quest for

educational and economic empowerment, influence of Islam and aristocratic leadership.

#### **a. Quest for Empowerment**

After being under Dutch rule for three hundred and fifty years, the natives had lost many of their political, economic, social and religious rights. Without control over public administration, the native population was not able to determine its own vision and reap the benefits of local resources. Dutch educational and financial systems were repulsed because they propagated foreign values and ignored local welfare.

Local leaders strove to improve the situation through educational and economic empowerment by establishing independent schools and trading networks. These independent organisations allowed the indigenous people to exercise their traditional values and systems, and preserve a sense of dignity and control over their lives. Equally important is the ability to generate greater economic wealth for local development. With better management and increasing demand, the organisations became profitable and developed into social enterprises. By the 1910s, this struggle for empowerment through social entrepreneurship had transformed into a united call for full independence which was fortified by the influence of Islam and aristocratic leadership.

In short, past social entrepreneurship development in Indonesia could be attributed largely to Dutch colonial policies and the pursuit for independence as well as educational and economic empowerment by the locals through social movement.

The evolution of socio-economic systems from labour exploitation to more ethical and welfare-based practices not only spurred nationalistic tendencies among the indigenous people but also provided them with the tools and skills to fight for their rights. In particular, changes in the administration policy enabled them to build their resources and implement various educational and commercial activities through social entrepreneurship. These activities were mainly geared for empowering local communities and strengthening their resolve for independence.

#### **b. The Influence of Islam**

Islam was instrumental in the development of nationalist sentiments and social movement in the colony as more people began to make the connection between independence and the freedom to observe their religion. Relying on specific educational and commercial networks based on a strong Islamic identity, religious scholars and merchants within the Muslim community made great contributions to the growth of social entrepreneurship in the country.

According to Geertz (1976), there were three main socio-structural nuclei in Java in the period of study, namely the *abangan* (villagers), *santri* (religious merchants) and *priyayi* (aristocrat and civil servants). Out of the three, the *santri* and *priyayi* were the most influential groups in social and nationalist movements. However, from a religious perspective, the *santri* yielded a greater influence as many Indonesians began to look at independence as the key to greater freedom of religion (Holt et al., 1977; Mehden, 2009b). Many *santri* had received their education in Saudi Arabia and Egypt (Kahin, 1999), and thus, unlike the *priyayi*, were more

inclined to Islamic education than western education. Their return to Indonesia led to the establishment and rapid growth of Islamic schools (Effendy, 2005; Harper, 2009a), which later became a very important element in the struggle for independence.

Besides education, the role of Islam could also be observed through the santri's involvement in commercial activities (Lubis, 2004). Although not all of them were entrepreneurs, they were closely associated with Javanese traders (Boomgaard, 1987a; Lowensteyn, 2005a; Markus, 2007; Wahid & Ahmed, 2011). This gave them access to many resources which enhanced their contributions in social, charitable and political aspects of the religion. Sarekat Dagang Islam, Muhammadiyah and Nahdlatul Ulama were among the largest organisations in Indonesian history to be established by the santri through their links with trade. It is important to note that the pattern of the santri's revivalist movement in the early twentieth century differed from that in the previous century.

While the former movement was considered rural, orthodox and conservative, the latter was characterised as urban, reformist and dynamic (Harper, 2009a; Schrader, 1997). These changes were driven by monetisation, proletarianisation and the integration of the indigenous society with a more global economy. As religious merchants, the santri in the period of study, thus also contributed to Islamic reforms (Candland, 2000; Fealy & Barton, 1996) which pushed Muslims in Indonesia towards greater economic independence.



### **c. Aristocratic Leadership**

The leadership of social organisations during colonial rule was intrinsic to the Javanese culture; thus aristocracy and feudalism played a strong role in pre-independence social movement and social enterprises. When the colonial government implemented indirect rule by incorporating local leaders within their administrative structure (Beck, 2007; Kartini, 2010), the aristocrats (priyayi) became its administrators or civil servants. Hence, they were the first Indonesians to be exposed to western education. This small but growing number of priyayi intellectuals then became actively involved in politics as leaders for the nationalist movement (Niel, 1960). Many personalities involved in the movement including Kartini, Raden Wira Atmaja and Soewardi Soerjaningrat were Javanese priyayi who had received western education and training.

One of the challenges in social entrepreneurship is that, very often, social development has to be carried out with very limited resources. During the occupation, Dutchmen who made up half a per cent of the population dominated 60% of the taxable income (Beck, 2007). Other foreign merchants comprising 2% controlled another 20% of the economy. This meant that indigenous communities who made up a vast majority of the population shared only 20% of the national wealth. In this situation, the main contribution of the aristocrats was to exploit their status, networks, knowledge and personal wealth to launch and operate their organisations. The use of referent and expert sources of power enabled them to mobilise local support which led to the growth of social movement and social entrepreneurship in the colony.

### **3.3 Social Entrepreneurship in Indonesia After-Independence**

Before further discussions on Islamic social enterprise development in Indonesia can be presented, it is important to understand the post-independence scenario. A brief overview of this is given below.

#### **3.3.1 Indonesian Postcolonial Context**

The country is geographically and culturally very diverse, with a population of 238 million spread over more than 17,500 islands (Central Bureau of Statistics, 2011). There are approximately 300 ethnic groups practising various languages, religions and economic activities ranging from rural agriculture to urban services. Despite this, Indonesia prides itself upon the axiom of *Bhinneka Tunggal Ika* or Unity in Diversity, and has conscientiously striven to create a national identity through *Bahasa Indonesia* as the national language and a standard schooling system (Schwarz, 1994). To a large degree, the relative success of these government initiatives has depended on the Indonesian value of collectivism (Hofstede, 1980), which is in line with the principles of *Bhinneka Tunggal Ika*.

Another significant uniting factor is Islam, the religion professed by 86% of the population (Abdullah, 2006). Since its arrival in the 13<sup>th</sup> century, Islam has been ubiquitous in the local socio-economic environment. The first Arab merchants who came to the country not only traded, but also established mosques, settlements and ways of life which gradually permeated through native cultures. In general, Muslims in Indonesia observe genuine Islamic values which promote peace, justice and

economic progress. However, as evident from the 1990s racial attacks on minority communities (Winarta, 2004), thus, tensions still arise occasionally due to the (mis)perceptions of certain segments of the society towards non-Muslims.

With this highly colourful social background, it has been a challenge indeed for Indonesians to build their economy. In the initial years following independence, the rate of inflation soared to 1,000% and foreign investment was negligible (Schwarz 1994). However, a change of administration in the mid-1960s, followed by further reforms in the next three decades, brought huge improvements in governance. This has led to a steady 6% to 7% growth in Gross Domestic Product since the mid-2000s (World Bank, 2010). Unfortunately, due to constraints in developing such a dispersed country, many people live in remote areas still lack access to the infrastructure. This resulted in lack of access to economic opportunities due to the difficult geography and poor market linkages. In this context, social entrepreneurship had the potential to provide opportunities for specific groups interested in self-development.

### **3.3.2 Drivers of social entrepreneurship in post-independence period**

The previous discussion on social entrepreneurship development during colonialism is important in that they help to explain factors which contributed to the growth of social entrepreneurship in Indonesia before independence. Moreover, from a post-colonialist point of view, there is evidence suggesting that the same factors will continue to affect its present and future trends. The earlier discussion of Indonesia's post-colonial socio-economic environment indicated that the drivers of social

entrepreneurship prior to independence, particularly the influence of Islam and collectivistic values, are still pervasive today.

Additionally, there are opportunities to improve the present situation which can be captured by applying social entrepreneurship motives and strategies evident from the past. These opportunities include developing marginalised communities in other islands besides Java and reducing gaps in economic performance between the majority Muslim population and non-Muslim ethnic minorities. Thus, the same three drivers of social entrepreneurship in pre-independence Indonesia – namely need for empowerment, influence of Islam and strong leadership – are expected to be equally influential at present. Those drivers are: first, a sense of economic empowerment perceived by indigenous groups as a result of their participation in social entrepreneurship; second, a strong Islamic identity or image of social enterprises; and third, social activism.

#### **a. Perceived degree of economic empowerment**

The first determinant is the perceived degree of economic empowerment that will benefit participants of social entrepreneurship. As a result of three and a half centuries of colonisation and their own limited knowledge of business management, some indigenous groups have been unable to maximise their economic potential even after independence was achieved in 1945. While Sukarno's socialist ideology was rejected by most nationalist groups, Suharto's economic model was not resilient enough to attain widespread and sustainable development. And despite better governance by current reformist leaders, Indonesia still finds itself struggling to bring equitable socio-economic progress to the entire population.

In this regard, by exploiting collective values shared by the locals, social entrepreneurship may be the answer. However, the rate of local participation will depend on the perception of economic benefits of social entrepreneurship which the natives believe they will derive. For the advocates, this means that dissemination of information on previous successes of social entrepreneurship is critical. Communication channels and methods must be improved to reach out to the massive and fragmented indigenous groups spread out over thousands of Indonesian islands

#### **b. Strong Islamic Identity or Image of SEs**

Next, based on the position of Islam as a major socio-economic and cultural dimension in Indonesia both in the past and at present, the strength of Islamic identity or image of social enterprises will continue to determine its popularity among the local population. Consistent with the identity formation attribute of social transformation, the positive effects of a strong Islamic image are expected in terms of increased volunteerism, sales and donations.

#### **c. Social Activism as Promotional Strategy**

Finally, as a promotional strategy, social activism is potentially useful because of its many interactions with social entrepreneurship (Martin & Osberg, 2007). The importance of expert and referent powers of local leaders, observed from past influences of the santri and priyayi, suggests that social activists have a large role to play as agents of change. Common benefits of social activism, especially direct and sustained engagements with the public can also help overcome limitations in

information and communication technology faced by the highly diversified and geographically dispersed nation.

### **3.3.3 Post Colonial Social Entrepreneurship and Islamic Philanthropy**

Based on the previous discussion, it is found that Islam was instrumental in the development of social entrepreneurship in Indonesia during the colonial period. After independence, more social enterprises were established. Some of the organizations were established based on religious values and some were based on non religious values. This study will focus on the development of Islamic SEs in Indonesia as Islam is the religion professed by 86% of the population (Abdullah, 2006).

After her independence, Islamic social entrepreneurship in Indonesia could not be separated from the organizations that manage Islamic philanthropy. This was due to the fact that the majority of the institutions that manage Islamic alms such as zakah, waqf, infaq and saddaqah funds had transformed into agents of change (Rusdiana & Saidi, 2008) bearing similar characteristics to social enterprise organizations. Among those alms, zakah has become a prominent source of funds for the sustainability of the Islamic SEs as it is considered compulsory to the Muslims who had achieved the amount of nisab (taxable limit). Based on Islamic law, zakah should be managed by the Islamic State. *“Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase, and invoke [Allah’s blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing.”*

This Koranic verse indicates that zakah is ideally managed by government agencies rather than by the payers individually (Dogarawa, 2008). Therefore, the government's role in collecting and distributing zakah is very important (Dogarawa, 2008). The prophet himself had practiced the management during his reign as the head of state of Madinah, followed by his four successors (Dogarawa, 2008).

Although Islam is the dominant religion in Indonesia, for nearly seventy years Indonesian governments constitutionally used a set of five principles, known as Pancasila, to legitimize political authority and to enhance national integration. These five principles were: (1) Belief in one supreme God or monotheism; (2) Just and civilized humanism; (3) The Unity of Indonesia; (4) Democracy; and (5) Social Justice. All social and political organizations should formally accept Pancasila as their sole philosophical principle for their organizations (Ramage, 1993). Since Indonesia is not an Islamic state and does not implement Islamic law (Shariah), zakah in Indonesia is not managed by the state but relies more on the role of voluntary organizations (Alfitri, 2006; Lessy, 2009) although some steps to institutionalize zakah management were taken by government officials in the early years after independence.

The first effort to centralize zakah began in 1967 by the religious affairs minister. Unfortunately, the proposed draft of zakah management was refused by the parliament and the government as zakah was viewed as a private matter for Muslims and the government had no right to interfere. In 1968, the new religious minister, Ahmad Dahlan, launched decrees that urged all levels of government administration to establish a zakah Administration Committee (Badan Amil Zakat, BAZ) and

institutionalize zakah management under the House of Assets (Bait al-mal). The decrees signified efforts to integrate the Islamic welfare system into the State economic system. Unfortunately, the decree was postponed in 1969.

As an alternative, the Zakah Administration Committee or Badan Amil Zakat or BAZ was established. BAZ was a semi-governmental organization for collecting and managing zakah. Its name was later changed into the Zakah, Infaq and Sadaqah Committee or Badan Amil Zakat Infaq dan Sedekah or BAZIS to include infaq and sadaqah. The structure of the organization also followed the governance structure: at regency, district and village levels (Alfitri, 2006). Although BAZIS was structurally attached to government bureaucracy, private citizens were involved in the management. The establishment of BAZIS was also voluntary as it depended on the local governor's view on zakah issues. Many BAZIS were opened in different parts of Indonesia such as East Kalimantan in 1972, West Sumatera in 1973, West Java and Kalimantan in 1974, North and South Sulawesi in 1985. Most of the BAZIS appointed Governors as their general chairman.

As the head of state, Soeharto called for the importance of national zakah administration. Unfortunately, the intention was never fully materialized until 1982 when he founded the Foundation for the Dedication of Pancasila Muslim (Yayasan Amal Bakti Muslim Pancasila, YAMP). Soeharto became the leader of YAMP that collected zakah, infaq and sadaqah from Muslim civil servants, military officials and Muslims owned corporation. The funds were not collected voluntarily but automatically deducted from the employees' salaries. The collected funds were mostly used to build physical facilities such as mosques in order to limit social,



economical, political and religious impact of the funds (Kusujiarti, 2011). It is worth noting that although the YAMP was established by Muslims, collected funds from Muslims and used the funds to finance physical facilities for Muslims, YAMP did not use Islam but Pancasila, as its ideology.

The discourse on translating the Islamic principles into daily life grew rapidly among Muslim middle class-intellectuals and new *Ulama*. The growing number of the Muslim middle class also drove the development of non-governmental welfare organizations named the Islamic Welfare Committee or Lembaga Amil Zakat, Infaq dan Sadaqah or LAZIS. Lazis is fully managed by full-time private citizen staff. Lazis collects zakah, infaq and saddaqa and distributes the funds for many consumption and productive based programs such as education for the poor and microfinancing. Although LAZIS was conceived as a social organization, the initiative is able to spread Islamic values, principles and teachings in the society.

The growth development of LAZIS reached its peak after the end of the Soeharto regime in 1998. The launch of the Law of Zakah Management by the newly appointed president, B.J Habibie coupled with the limited economic resources, growing Islamization of social, political and cultural spheres, political decentralization and regional autonomy has strengthened the roles of Islamic welfare programmes by non-state institutions (Kusujiarti, 2011). Some LAZIS were managed and recognized locally and internationally as the modern Islamic social enterprise. The main Islamic social enterprises that manage zakah, infaq and saddaqa are discussed in the next section.

### 3.3.4 Islamic Social Enterprises

Nahdlatul Ulama and Muhammadiyah still play very significant roles in the development of Islamic humanitarian action in Indonesia after colonialism. However, in spite of Muhammadiyah's success in developing a huge humanitarian institution dedicated to education, health, and welfare, some perceive that Muhammadiyah is not able to shift its orientation from humanitarian institutional services to the social entrepreneurial action that builds the capacity of the community and grassroots' level. The problem lies in the inability of Muhammadiyah to establish a strong organizational back up at grassroots level such as amongst fishermen, labourers, farmers, the poor and the oppressed. Thus, there is a view that Muhammadiyah conducts the Islamic movement only in the upper and urban levels (*The decision of 46th Muhammadiyah congress on Muhammadiyah program 2010-2015*, 2012).

In contrast, NU which is labelled as traditional Muslim has been found to have more capacities in promoting the dynamics of Muslim society as it has stronger basis at the grassroots level. NU always plays a major role in the social and political development of Indonesia. However, NU's preoccupation with the material interest of its constituency, suspicion of other factions of the Anti-Soeharto movement, and the nature of the relationships among its followers have prevented NU from becoming a leading economic engine for the empowerment of the Muslim population in the country (Lubis, 2004). Thus, this research will exclude Muhammadiyah and NU from the discussion and discuss only the Islamic organizations that resemble the

characteristics of social enterprise. The majority of them are zakah, infaq and saddaqa institutions. Such ZIS institutions to date are proven able to transform Islamic charities into effective tools to create an Islamic social-political and economic system in Indonesia (Salim, 2006) .

Each of the Islamic SEs will be explained based on the characteristics of non-profit and hybrid SEs, namely: goals, innovation, commercial activity and profit sharing.

**a. The Wallet of the Poor (Dompot Dhuafa)**

Dompot Dhuafa (DD) is one of the private social enterprises which was established by the employees of Republika, the Indonesian Newspaper in general circulation in 1990. DD collected zakah, infaq and saddaqa from its employees and published the use of these funds in the newspaper. The organisation, however, separated from Republika in 2001 and established its own independent and professional management (Latief, 2012).

DD offers many programs ranging from education, humanitarian relief, health and economy. In the field of education, DD offers a wide array of programs, established many schools and gave scholarships for many outstanding students. It established a school for teacher education and sent its graduates to more than 20 provinces in Indonesia.

In the humanitarian relief field, DD offers 4 broad programs such as social services, the migrant institute, disaster management, and social thematic. The first

program, social services is not a productive but consumption based program. It provides solutions to short-term societal problems such as hunger, housing, refugees, etc. The migrant institute can be classified as the distinctive and innovative approach taken by DD to the never ending migrant worker problems. DD established the institute to advocate and educate migrant workers so as to avoid the exploitation and abuse of migrant workers.

In the public health sector, DD offers both direct and indirect health programs. One of the examples of the direct program is Free Health Services (Layanan Kesehatan Cuma-Cuma) that was launched in November 2001 (Latief, 2012). Until 2011, DD was able to set up 11 health outlets catering to the needs of low-income patients. The benefactors are only required to apply to become members of LKC and once DD staff had confirmed the economic status of the applicants, the benefactors can get free health services. DD also offers indirect health programs to improve the health related soft skills of the benefactors.

In the economic sector, DD established microfinance institutions or Baitul Mal Tamwil. BMT itself is a microfinance institution that integrates all economic and social activity in the nearest society (Wahyuni, 2008). Together with 13 others BMTs, DD initiated the launch of the Baitul Mal Tamwil Center (BMT center) in 2005. BMT Center has 269.543 members with its total assets reaching IDR.266 billion and third party assets reaching IDR. 233 billion in 2008.

DD had also formed a holding company named PT Daya Dinamika Corpora (DD Corpora). The company was established to generate more income from sharia

social business activities. DD Corpora had 7 SBUs named DD Consult (consulting company), DD Travel (Travel agent), DD Water (bottled water company), Pemodalan BMT (Micro financing), Seken Store (Second hand shop) and Tebar Hewan Kurban (Animal Offering Distribution Program) (*DD Corpora*, 2012).

The transparency and accountability of DD attracted more donors to channel their obligatory and voluntary alms through the organisation (Yuzon, 2006). DD always tries to use innovation in communicating and distributing its services, e.g. DD cooperates with M-coin to collect donations from mobile phone users so they do not need to queue up or come to donation outlets for such transactions. For several years, DD was considered as the largest Islamic philanthropic organization in Indonesia (Lessy, 2009; Lestari, 2011) and was able to collect IDR129 billion or 10% of the national charity donations that amounted to IDR1.5 trillion in 2010 (Lestari, 2011). Not all of the revenues come from zakah and religious alms as some are received from profit sharing or partnership activities.

#### **b. House of Zakah (Rumah Zakat Indonesia)**

The House of Zakah (RZI) was a private social enterprise established by Dedi Trisnandi, popularly known as “Abu Syauqi” in 2003. It was originally established in 1998 as The Ummul Quro Social Wallet or Dompot Sosial Ummul Quro or DSUQ, but received wider support after it was rebranded into RZI (Latief, 2012).

RZI gives special focus to 4 main areas: education, health, the economy and the environment. In the field of education, RZI developed the Champion Program

that grants scholarships, provides mobile learning media and provides nutrient rich foods to poor but high quality students. In the field of health, RZI provides free maternity hospitals, ambulance services and many others health related programs. In the economic sector, RZI established empowering centres that provides the required infrastructure and other supporting facilities for the community. RZI also tries to develop the rural economy by launching agricultural-related programs such as sheep breeding centres and cow farms (*Big smile*, 2012).

To finance its programs, RZI tries to conduct many business-like approaches, e.g. holding donation auctions in which the recipients' profiles were advertised in the fundraising gathering (Latief, 2012). Until mid- June 2012, RZI was able to collect ZIS amounting to IDR 66.26 billion from its 105,765 registered donors. Out of these, 102193 of registered donors comprised of individuals, 2128 comprised various communities, and 1444 comprised corporate organization spanning 18 provinces. RZI caters to the needs of 728.133 beneficiaries through its 45 branch offices. The number of beneficiaries in 2012 had increased by 96% compared to 2011 (Malau, 2012).

**c. Centre for Justice and the Care of Society (Pos Keadilan Peduli Umat-PKPU)**

PKPU is a private social enterprise which has also become the affiliation with the Prosperous Justice Party (Partai Keadilan Sejahtera-PKS). The organization is focused on emergency relief and specialized in arousing solidarity towards

Palestinian issues (Latief, 2012). PKPU classifies its programs into 7 categories: health, education, economic, charity, rescue and community based disaster risk management, orphan and Ramadan program (PKPU, 2012). Some of the distinctive and innovative programs of PKPU include the mortuary/funeral transportation services (*Layanan antar Jenazah-Latahzan*), orphan shopping vouchers and orphan tour programs. The mortuary/funeral transportation services or *Latahzan* (literally means don't be sad) is targeted to the poor people who cannot afford to rent ambulances to transport the deceased. However, the general public can use the services and give donations in place of the cost of transportation (*Layanan antar jenazah (LATAHZAN): Layanan setia hingga peristirahatan terakhir*, 2010).

PKPU is among the third largest private Islamic philanthropy after DD and RZI. Its collections from zakah amounted to IDR 22.40 billion while the funds collected from infaq and saddaqaqah reached IDR 39.75 billion in 2011. Thus, the total ZIS collected by PKPU was IDR 64.62 billion. PKPU also receives income from waqf, although it is less than 1% of the ZIS income. All the funds collected are distributed through PKPU rightful beneficiaries and to the amil (administrator of zakah). The amount given to the amil or employee follows the stipulations in the Quran. However, the amil also receives profit sharing, management fees and other income, so that they do have to rely on the revenue received from ZIS and waqf (PKPU, 2011).

**d. Wallet for the Care of Community (Dompot Peduli Umat Daarut Tauhiid)**

The DPU –DT establishment cannot be separated from the development of Daarut Tauhiid (DT) foundation which forms its umbrella. DT itself is private Islamic Dawah Association which successfully combines education programs, leadership and entrepreneurship training (Watson, 2005) that was established in 1990.

Notably, DT was established and led by Abdullah Gymnastiar (known as Aa Gym), a popular preacher among urban Muslims who uses marketing strategy as a technique for religious proselytisation (da'wah) that combines corporations and religion (Latief, 2012). Aa Gym used his personal popularity, calm and charming personality to attract more support for DPU-DT, the popularity and confidence in Aa Gym resulted in widespread support from the Muslim communities (Latief, 2012).

DPU-DT classifies its program into 3 categories: Centre for Independent Society, Centre for Education and Training and Centre for Social and Humanity. The Centre for Independent Society is the unit established to empower the society economically. Two main programs of the centre are Independent Farm Village (Desa Ternak Mandiri-DTM) and Society Based Syariah Microfinance (Microfinance Syariah Berbasis Masyarakat-Misykat). The Centre for Education and Training has four main programs: Training for independence (Pelatihan Kemandirian-PEKA), Infant Care Workers for Mother's Partner (Baby Sitter Mitra Ibu), Teacher Training, Adzakia Islamic School, and Scholarships (Bea Mandiri and Beasiswa Prestatif).



The last unit, Centre for Social and Humanity offers 4 main programs: Difabel care, Midwife for Mother's Partner, Rescue and Recovery, Emergency Social Service, Vehicle for Humanity, Darul Ihya Orphanage and Social Charity (Saptia, 2009).

The most distinctive program of DPU-DT is the Infant Care Workers for Mother's Partner program, an innovative initiative as no other Islamic SE offers similar programs. The program was launched to help working mothers including the internal employees of DT to develop their professional careers and dakwah activities. The infant care trainees mostly come from low income families and reside in the areas known as the centres of women migrant workers to Saudi Arabian or the centre for prostitution (Latief, 2012).

Although DPU DT was able to collect funds amounting to IDR 20 billion in 2008 (Lessy, 2009), the amount was decreasing compared with previous years. This happened due to Aa Gym's 'controversial' choice to practise polygamy which resulted in a decline of about 30-40% of zakah and social funds for the DPU-DT, leading to the destabilisation of Daarut Tauhiid's performance as a whole (Latief, 2012).

#### **e. National Zakah Board or National Alms Agency (Baznas)**

Baznas is a public social enterprise which was established in 2001 based on the presidential decree No 8 year 2001. Baznas is the official body which has duties and functions to collect and distribute zakah, infaq, and alms (ZIS) at the national level. Although BAZNAS is directly responsible and provides an annual report on the

collection and distribution of ZIS to the President of the Republic of Indonesia, the organization is independent in managing the organization.

BAZNAS had made many innovative programs for the ZIS beneficiaries such as “One Family, One Bachelor Degree” (Satu Keluarga, Satu Sarjana). The program is given to high quality students who come from poor families. The beneficiaries will receive scholarships during their studies in university and are expected to commit to empowering the people in their village after they graduate.

Provincial and regional BAZNAS was able to contribute up to 62% of the total ZIS collected, amounting to IDR 1.73 trillion in 2011 (Novaria, 2012). The total number of beneficiaries registered in BAZNAS in 2011 was 187.376 people (Hafidhuddin & Beik, 2012).

**f. House of Quran- Quran Reciters Education Program (Program Pembibitan Penghafal Al-quran -PPPA Darul Quran)**

PPPA Darul Quran is a private social enterprise which was established by Yusuf Mansur, a popular preacher in Indonesia. Started informally with only 8 orphans in 2003, PPPA DAQU was able to produce 5000 reciters in its 2011 Quran Recital Graduation Day. PPPA DAQU officially became the zakah, infaq, saddaqa and waqf administrator in 2006. PPPA DAQU offers innovation in channelling the ZISWAF funds into Quran focused programs.

### **3.3.5 Key Factors in Indonesian Islamic SEs Development**

#### **a. Trust**

Although charity giving through institutions is taking on greater importance in Indonesia, with these organizations applying modern management, marketing, and communications strategies, much of charity giving in the country remains personal (Bremer, 2004; Rusdiana & Saidi, 2008). This may be attributed to the lack of trust in the majority of the existing organizations (Firdaus et al., 2012; Rusdiana & Saidi, 2008). The importance of trust in giving behaviour was highlighted in previous literature (Sargeant & Lee, 2004; Treiblmaier & Pollach, 2008). Additionally, there is high societal suspicion about zakah institution in Indonesia as many local politicians and high ranking officers have been arrested for corruption. Therefore, donors might feel afraid to pay zakah and charity to the institutions because they fear the funds will be misused (Lessy, 2009).

Based on the survey of 200 zakah payers, only 27% of donors entrusted their zakah to institutions while 73% others preferred to channel zakah through their own means (Siska & Siswanto, 2012). Similar studies conducted earlier in Yogyakarta among the professors and lecturers in an Islamic university showed that only 23.5% of payers paid zakah fitrah to the institutions while 9.4% channelled their zakah maal to the organizations (Lessy, 2010).

Thus, professionalism, accountability and transparency in the institutions' management is vital to generate trust among the donors (Rusdiana & Saidi, 2008).

Dompot Dhuafa, one of the largest zakah institutions has proven that transparency on the usage of funds and publicity had attracted more donors to channel funds through the foundation (Yuzon, 2006). DD was able to collect ZISWAF amounting to IDR 188.6 billion or around 11% of the national ZISWAF that reached IDR 1730 billion in 2011 (Gunawan, Saraswati, Dewantara, & Reynaldi, 2012).

#### **b. Leadership**

For so many years, leadership has become a focal point in social entrepreneurship research (Alvord et al., 2004; Barendsen & Gardner, 2004; Prabhu, 1999; Rhodes & Donnelly-Cox, 2008; Roper & Cheney, 2005; Thompson, 2002; Waddock & Post, 1991b). The growth and success of the social enterprises were strongly associated with their founders or leaders e.g. Grameen Bank in Bangladesh with Muhammad Yunus (Alvord et al., 2004; Muscat & Whitty, 2009; Roper & Cheney, 2005), and the Ashoka foundation with Bill Drayton (Davis, 2002). Similar patterns were also found in Indonesia, with many social enterprises in Indonesia developed based on the personal credibility of the leaders.

Fundamentally, the “law of buy in” in followership comes into play in that followers will only support the organizations as long as they love the leaders (Maxwell & Ziglar, 1998). Thus, leaders are required to maintain good reputations and credibility in order to get continuous support from stakeholders, including the customers. Failure to do so would only lead to loss of support from these stakeholders.

In discussions about the development of social entrepreneurship during colonialism, the importance of leaders who are experts and have referent powers was highlighted. Based on the observation on the past influences of the santri and priyayi, it suggested that leaders or social activists have a large role to play as agents of change (Idris & Hati, 2013). Social activism will result in common benefits, especially direct and sustained engagements to the social entrepreneurship.

Indonesian SEs provide many examples on the importance of the followers' support and the credibility of the leaders in maintaining the sustainability of social enterprises. Daarut Tauhiid the parent brand of DPU-Daarut Tauhiid experienced a significant downfall due to the supporters' resistance to the leader's "Abdullah Gymnastiar or Aa (brother) Gym" personal decision. As a parent organization, DT was able to combine religion, commerce and tourism business (Watson, 2005), but after the personal issues of its leader, the number of members, customers, employees and fund raisers of the social enterprise fell significantly. Downsizing and liquidation of some of the subsidiaries or division under the organization was unavoidable. For example, 5,000 guests (jamaah) per week usually visit the DT complex, but the numbers declined to only 40-100 guests per week after the crisis (Trijaya & Aquaresta, 2007). Some of its MQ corporate subsidiaries also had to lay off their employees such as MQ TV and MQ FM (radio business). The cooperative which previously had a two-story store in DT complex has now reduced the store space into a single-story unit. "Teh Ninih Kitchen from MQ Cafe, MQ Tabloid (Trijaya & Aquaresta, 2007) and MQ Net (Multi Level Marketing) (Anonymous, 2008), even had to end their operations. Those layoffs and liquidation happened due to the

significantly reduced support from the people who used to come to the DT complex, customers who used to buy the products or fund raisers who used to give charity to DPU-DT. The above case emphasized the need for the leaders to maintain their credibility in order to gain support from their constituents, specifically their customers (Allan, 2005).

### **c. Donors and Customers**

There is strong competition between BAZNAS and LAZNAS. However, the competition is viewed as something positive which is in line with the Islamic values “Fastabiqul Khaerat” or competition in doing good (Lessy, 2009). Majority of Baznas and Laznas can be categorized into the hybrid SE that has both donors and beneficiaries as their customers (Budiman, 2003). The beneficiaries are also customers for the hybrid SE that provides microfinancing to the poor and receives profit sharing as revenues from those beneficiaries. Although the hybrids SEs also receive income from profit sharing activities, the amount is still relatively low compared with the amount received from donations. Based on the financial analysis of Dompot Dhuafa in 2011, the income received from donations accounted for more than 99% of the income while the income from profit sharing with the micro financing beneficiaries accounted for less than 1% of the income (*Laporan arus kas periode 01 Ramadhan 1431 - 30 R. Awwal 1432 H* 2012). This scenario reflects the importance of donors to the Islamic SEs.

#### **d. Marketing Communications and Credibility**

The competition among zakah institutions in Indonesian is very intense, with many of the organizations trying to communicate their distinctive qualities to their donors or customers. One of the studies conducted in Jakarta, Bogor, Tangerang, and the Bekasi region showed that promotional activities conducted by the zakah institution was found to be effective in persuading the audience (Hafiduddin, 2006). One study which investigated the influencing factors for zakah payments confirmed that advertisements by zakah institutions influence the payment of zakah through these institutions (Firdaus et al., 2012; Lessy, 2010).

Since, trust in the zakah institution is vital, the aspect of trust in marketing communication or specifically called “credibility” is emphasized. One of the strategies to generate positive attitudes towards the marketing communications or advertising, to increase the attitude towards the brand and to generate positive behaviour from the audiences is by using credible endorsers who are experts, trustworthy and physically attractive or who are famous and considered as celebrities (Goldsmith et al., 2000a; Kamins et al., 1989; Md Zabid Abdul et al., 2002; Nataraajan & Chawla, 1997; O'Mahony & Meenaghan, 1997; Spry et al., 2009; Wheeler, 2009).

The local Islamic SEs practiced such approaches as suggested in many literatures on endorsement. Most of the local Islamic SEs used advertising to encourage zakah payers to channel their zakah via their institutions. Many of these SEs also deployed popular leaders in the advertising of their zakah institutions e.g.

DPU-DT, PPPA-Darul Quran, in order to generate higher intentions to donate via these means.

### **3.4 Conclusion**

This chapter provided an explanation of the history of social entrepreneurship in Indonesia during its pre and post independence period. Based on the history, Islam gives an identity to social enterprise established before Indonesia independence. In addition to that, the social enterprises in colonization period were usually established by the credible leader who had higher educational background and higher social status as an aristocrat. Similar patterns can also be seen after the country independence period. Islam and leadership give a large contribution to the development of Islamic social entrepreneurship in the country.



## **CHAPTER 4**

### **THEORETICAL FRAMEWORK**

#### **4.0 Summary**

In this chapter, the constructs discussed in Chapter 2 are integrated within a conceptual model of dual credibility in a social entrepreneurship setting. Based on this model, the research hypotheses of this study were developed.

#### **4.1 Application of DCM in Social Entrepreneurship Research**

The DCM posits that consumers do not perceive individuals and organizations as a single communicator but differentiate between individuals and the company they represent (Lafferty et al., 2002). In the advertising environment, the model developed by Lafferty et al. (2002) suggested that both endorser credibility and corporate credibility have influence on audience attitude towards the Ad, as well as their attitude towards the brand and purchase intention. Corporate credibility is likely to have a direct effect on all three endogenous variables while endorser credibility may have a direct effect only on attitude towards the Ad which in turn affects attitude towards the brand and purchase intention.

Lafferty et al., (2002) suggested an opportunity to expand their findings by applying the model to a very different context in order to test the robustness of the model. The transfer of one particular insight from pre-existing knowledge to relatively new domain can

be taken by the scholars in order to understand and investigate similar phenomenon (Johnson & Duberley, 2000). In the context of social entrepreneurship, the DCM may be applied based on the premise that both entrepreneurs and their SEs play a significant role in attracting customer commitment and support. The theory can also address certain gaps in entrepreneurship literature as it views SEs from a marketing perspective which is still very much under-researched in the area of social entrepreneurship (Allan, 2005). However, to generate the hypotheses for the current study, some adaptations were needed to align the theory with the research context. The next section will discuss how this was done.

#### **4.1.1 Influence of Credibility**

In the social entrepreneurship research context, credibility has been regarded as an important factor to enable social entrepreneurs to tap into necessary resources and gain commitment from supporters (Diochon & Anderson, 2009). According to Prabhu (1999), credibility from the client group and society at large is very important to enhance growth of the social enterprise and sustainability. Since “business activity” is one of the main characteristics of social entrepreneurship, consumers are thus the key stakeholder for social enterprises (Allan, 2005). Therefore, maintaining credibility in the eyes of SE customers is vital.

##### **a. Social Entrepreneur Personal Credibility**

Considered as one of the biggest challenges in leadership effort, credibility is about getting people to believe a message (Kotter, 2001). Therefore, credibility is included as one of several specific competencies under relationship competencies that should be possessed by

social entrepreneurs (Glunk & Van Gils, 2010). Social entrepreneur personal credibility plays a critical role especially in the initial stages of the initiative to tap into the necessary resources and build the required network to fulfil its social mission (Shaw, 2004; Shaw & Carter, 2007; Waddock & Post, 1991b; Weerawardena & Mort, 2006).

Social entrepreneurs usually exploit their personal contacts to gain support from the local community. Yet, using these personal contacts places their personal credibility and their personal relationship networks at risk as failure to achieve the social mission will result in the loss of personal credibility (Shaw, 2004; Shaw & Carter, 2007). To gain credibility, leaders' actions should match their words. Followers place their trust in leaders who are perceived to be honest and selfless, and credibility is only established when the leader's claims are subsequently confirmed (Gardner et al., 2005).

Since there is still a dearth of research on marketing communications in social entrepreneurship, the subsequent hypotheses were developed based on relevant studies in the traditional business environment. Extensive research in the field of marketing and social psychology had documented the effects of endorser or source credibility on the effectiveness of advertising (Aronson et al., 1963; Goldsmith et al., 2000a, 2000b; Harmon & Coney, 1982; Hovland & Weiss, 1951; Lafferty & Goldsmith, 1999a; Lafferty et al., 2002; Sternthal et al., 1978; Till & Busler, 2000; Tom et al., 1992). According to Aronson et al. (1963), communication attributed to a highly credible source showed greater opinion change as compared to the communication attributed to a source with moderate credibility. Sternthal et al. (1978) also found that highly credible sources induced more positive attitudes towards his/her advocacy than did the moderately credible sources. Lafferty and Goldsmith (1999) found that a high credibility endorser generates a more positive consumer attitude towards the Ad than a low credibility endorser. This is because a high

level of trust given by customers to the endorser is translated into the same high level of trust in the Ad. Similar findings were confirmed by Goldsmith et al (2000a), Goldsmith et al (2000b) and Lafferty et al. (2002). Those studies confirmed that the impact of endorser credibility on attitude towards the Ad is stronger than the impact of corporate credibility on attitude towards the Ad. This might happen since perceptions of the endorser are probably more closely associated with the actual ad, while the perceptions of the company are more often associated with the brand (Goldsmith et al., 2000b). Another study which examined the effects of the expertise of endorsers found that a source's perceived expertise has positive influence on attitude change (Till & Busler, 2000).

The influence of credible endorsers on the attitude towards the Ad is achieved through the internalization process (Belch & Belch, 2011). Internalization occurs when the audience is motivated to have an objectively correct position on an issue. The audience learns and adopts the view of the credible spokesperson as s/he believes information from this person represents a precise position on the issue. Thus, if this spokesperson endorses a product and is perceived to be an expert, then consumers are more likely to think favourably of the Ad and brand. They will also consider it the next time they buy that product.

There are several others theories such as the Elaboration Likelihood Model (ELM) and Dual Mediation Hypotheses (DMH) which can be used to explain the effects of credibility on attitude towards the Ad. According to ELM, the endorsers provide the peripheral cues when processing the promotional message, which tends to be more powerful in forming attitude towards the Ad (Petty et al., 1983). DMH specified that ad cognition serves as the antecedent to attitude towards the Ad. In the context of ad

cognitions, endorser credibility can become the variable that the consumer uses as a reference to assess the advertisement, including its effectiveness (Lafferty et al., 2002).

In Indonesia, the Islamic social enterprises that manage zakah, infaq and saddaqa had already adopted the business-like approach to attract more customer support. One of the strategies included promoting their organization via businesslike advertising and using famous social entrepreneurs as the endorsers of the institutions. The strategy is conducted based on strong belief that those celebrity social entrepreneurs will have a huge impact on donor or customer attitudes and hence, increase the advertisements' effectiveness. Based on the above discussion, the following hypothesis is developed:

*H<sub>1a</sub>: Social entrepreneur personal credibility is positively and directly related to attitude towards the Ad*

Similar to the effect of endorser credibility to the attitude towards the Ad, the effect of endorser credibility to the attitude towards the brand/product is positive and significant (Goldsmith et al., 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002). Lafferty et al. (1999) compared high credibility and low credibility endorsers for a new brand of athletic shoes to assess their effect on attitude towards the brand. The study found that high credibility endorser elicited more positive and significant effects on brand attitude. In a study which separately utilized female and male respondents, Goldsmith et al. (2000b) found a significant influence of endorser credibility on attitude towards the brand for both subjects which imply the strong influence of endorser credibility on brand attitudes across gender.

In contrast to the previous discussion, Lafferty et al. (2002) found no direct effect of endorser credibility on attitude towards the brand. However, Goldsmith et al. (2000a) tested the direct effect of endorser credibility on attitude towards the brand in its baseline model. The direct effect of endorser credibility is deleted from the model since the path from endorser credibility on attitude towards the brand is not significant, the direct path was eliminated (Goldsmith et al., 2000a). Since the current study is applying the DCM theory to the new context, all the possible direct relationships will be tested before testing of indirect relationships among variables. Thus it is posited that:

*H<sub>1b</sub>: Social entrepreneur personal credibility is positively and directly related to attitude towards the brand.*

As a communication tool, endorsement will contain some signals of the endorsed brand and it is likely that the personal credibility of the endorser will consequently transfer to the brand (Spry et al., 2009). The transfer takes place as endorsers bring their own distinctive images into the advertisement and its associated brand and later on may create, enhance, and change brand images (Yang, Lo, & Wang, 2012). However, there were mixed results regarding the influence of endorser credibility on customer intention. Harmon and Coney (1982) found that high credibility sources elicited more favourable intentions in the buy condition even when the subjects' own thoughts were negative. A study which examined the effect of the spokespersons' image on purchase intentions found that in particular, the perceived expertise of the communicator was related to the customers' intention to purchase the products (Ohanian, 1991) . The consumers will evaluate the facts,

product description, visual and musical effects together with the endorser and determine whether they like the Ad or not.

Goldsmith et al. (2000b) examined female respondents' responses on advertising portraying high and low endorser credibility and corporate credibility. The study showed that there was no significant interaction effect between both types of credibility on purchase intention, which signifies that both types of credibility were independent of each other. The main effect of endorser credibility on purchase intention itself is high as the result showed that when endorser credibility was high, purchase intention was significantly higher (Goldsmith et al., 2000b). Their second study which utilized male respondents also showed consistent results as there was no interaction effect between endorser credibility and corporate credibility but a significant main effect of endorser credibility on purchase intention. The results showed that for both female and male audiences, endorser credibility was influential in forming purchase intention.

In contrast, Lafferty et al. (1999) conducted an experiment on athletic shoes, comparing the credibility of an athlete to an actress. The researcher found that the effect of endorser on purchase intention was positive, even though it was not significant. Goldsmith et al. (2000a) also found no direct relationship between endorser credibility and purchase intention. However, they still tested the direct effect of endorser credibility on purchase intention in their baseline model. As the statistical testing showed that the path between the endorser credibility on purchase intention was non-significant, they deleted the path between both variables.

However, another empirical study (Zahaf & Anderson, 2008) on students' willingness to buy MP3 Players, showed significant and positive impact of endorser credibility on customer intention. The study confirmed the hypothesis that the credibility of the source influenced the subjects' willingness to buy the product.

Based on the previous research results which supported the influence of endorser credibility on intention (Goldsmith et al., 2000b; Harmon & Coney, 1982; Ohanian, 1990; Zahaf & Anderson, 2008) the study posited that:

*H<sub>1c</sub>: Social entrepreneur personal credibility is positively and directly related to Support Intention.*

#### **b. Social Enterprise Organizational Credibility**

Corporate credibility portrays how consumers evaluate the organization's expertise and trustworthiness (Goldsmith et al., 2000b). In the current study, social enterprise organizational credibility describes how customers evaluate the social enterprise's expertise and trustworthiness. Along with the endorser credibility, corporate credibility can influence consumer reaction the corporate ads (Goldsmith et al., 2000b; Lafferty & Goldsmith, 1999; Lafferty et al., 2002). According to Goldsmith et al., (2000b) credibility of the company as part of the overall company reputation can be foremost in consumers mind as they process an ad for that company's product.

Based on the ELM theory, the endorser tends to be more influential in forming attitude towards the Ad (Petty & Cacioppo, 1986). However, when the company credibility becomes more integral to the customer, less attention will be paid to the endorser and the influence of the company credibility will be greater (Goldsmith et al., 2000b). The influence of the company credibility on the attitude towards the Ad is greater than the influence of endorser credibility when the consumers are already familiar with a company



(Goldsmith et al., 2000a). When the consumers are familiar with a company they must have already built up some perception about the corporate credibility which makes the effects of the endorser on attitude towards the Ad less automatic (MacKenzie & Lutz, 1989). Therefore, the companies should take positive steps to preserve and enhance credibility since high credibility companies elicit more effects on attitude towards the Ad than low credibility companies (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999a; Lafferty et al., 2002).

However, it is worth noting that the effect of corporate credibility on attitude towards the Ad might be influenced by the gender of consumers (Goldsmith et al., 2000b). According to Goldsmith et al. (2000b), there is no significant effect of corporate credibility on attitude towards the Ad for the male subject pool. In contrast, the scholars found a significant effect of corporate credibility on attitude towards the Ad amongst female subjects. The results may be due to the less involvement of males with the product being endorsed or due to the lack of importance of corporate credibility for the male group (Goldsmith et al., 2000b). Another explanation for the differential effect of corporate credibility on attitude towards the Ad on male and female consumers is that women tend to process the information in a more detailed manner than male consumers (Kempf & Lazniack, 1998).

Sallam (2011) found that the trustworthiness dimension is more important compared to the expertise dimension of corporate credibility in influencing attitude towards the Ad (Sallam, 2011). This is likely because when the company lacks credibility, customers will question the validity of the advertising claims, which in turn makes them less likely to purchase the product (Goldsmith et al., 2000b). Therefore, the study posited that:

*H<sub>2a</sub>: Social enterprise organization credibility is positively and directly related to attitude towards the Ad.*

The credibility of the company is central in the consumers' mind when processing an ad of the firm. Existing perceptions on the favourability of the firm will influence their assessment of the Ad and the brand (Goldsmith et al., 2000b). The ELM theory (Cacioppo & Petty, 1984; Petty et al., 1983) and the Advertising Response Modelling (ARM) theory (Mehta, 1994) are constructive in explaining the relationship between corporate credibility and attitude towards the brand.

According to the ELM theory, the information exposed in the Ad will be processed through the central processing and peripheral routes (Cacioppo & Petty, 1984; Petty et al., 1983). In line with the ELM theory, the ARM theory also supports the idea that an ad must break through the clutter and gain attention before the message is processed along one or both central and peripheral routes (Mehta, 1994). The central processing route will process brand related information while the peripheral route will process Ad related information (Mehta, 1994). In addition to that, respondent involvement levels are expected to influence the determination of processing route (Mehta, 1994). According to Mehta (1994), respondent processes information via peripheral route under low-involvement condition. In contrast, respondents process information via central processing route under high-involvement condition (Mehta, 1994). Attitudes formed as a result of central processing are apt to be more stable and resistant to change compare to the attitudes changed as a result of peripheral processing (Mehta, 1994).

According to MacKenzie and Lutz (1989), corporate credibility involves central processing cues more since consumers are usually already familiar with the company being advertised. Often, customers had also developed perceptions about the company's credibility even before they are exposed to the advertisements. Therefore, greater attention is given to attitudes towards the brand (Goldsmith et al., 2000b; Mehta, 1994). Empirical evidence on the positive impact of corporate credibility on attitude towards the brand was found in many studies (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002). It is thus hypothesized that:

*H<sub>2b</sub>: Social enterprise organization credibility is positively and directly related to attitude towards the brand.*

According to Fombrun (1996), corporate credibility affects customers' intention to purchase because consumers' perceptions on the expertise and trustworthiness of a company are part of the information that they use to assess the quality of the company's product and whether they are willing to buy them. Empirical evidence on the effect of corporate credibility on purchase intention was found by Lafferty and Goldsmith (1999) Goldsmith et al (2000b) and Lafferty et al (2002). According to Lafferty et al. (2000b), even in the case where the attribute of the brands are lacking in the Ad, the reputation of the brand may give consumers higher confidence and increase their willingness to purchase the products. A study in the automobile industry context in China also showed a positive relationship between corporate credibility and purchase intention. The more credible the corporate brand is, the higher the purchase intention (Li et al., 2011).

As explain earlier, corporate credibility consists of company trustworthiness and expertise. Sallam (2011) found that it is only trustworthiness dimension of corporate credibility which positively and significantly influences purchase intentions. The result showed that the consumer's trust is a valuable asset to the company (Sichtmann, 2007) as trust affects relationship commitment (Morgan & Hunt, 1994) and loyalty (Aydin & Ozer, 2005). Thus, if the consumers trust the corporation, s/he tends to have positive behavioural intentions towards the brand. It is thus hypothesized that:

*H<sub>2c</sub>: Social enterprise organization credibility is positively and directly related to support intention.*

#### **4.1.2 Influence of Customers' Attitude towards the Ad**

The effect of attitude towards the Ad on attitude towards the brand has been studied by many scholars (Goldsmith et al., 2000a; Gresham & Shimp, 1985; Ranjbarian et al., 2011; Sallam, 2011; Shimp, 1981; Wahid & Ahmed, 2011). According to Lutz et al. (1983), advertising will create a communication effect that lead to customers trying the brand or reinforcing existing brand attitudes. Positive brand attitudes may in turn predispose consumers to want specific brands and buy the products. The action basically reflects the chain of cognitive, affective and connotative dimensions of attitudes (Lutz et al., 1983; MacKenzie & Lutz, 1989). The relationship between the two variables can be explained through three perspectives: the affect transfer hypothesis (ATH), reciprocal mediation

hypothesis (RMH) and Dual mediation hypothesis (Edell & Burke, 1984; Najmi et al., 2012).

The affect transfer hypothesis posited a unidirectional effect of attitude towards the Ad to attitude towards the brand (Edell & Burke, 1984; Najmi et al., 2012). Edell and Burke (1984) offer three competing hypotheses for this unidirectional relationship. The first comes from the classical conditioning perspective (Shimp, 1981) that explains the mechanism that generates affective response towards the brand after the audiences are exposed to certain brands through advertising. His study reveals the positive effect of attitude towards the Ad to attitude towards the brand. According to Shimp (1981), advertising exposure will result in evaluative connotative responses (e.g. feeling of joy or nostalgia) and denotative responses (e.g. this is a brand of toothpaste I have never heard before). The connotative response represents unconditioned stimuli while the denotative responses represent the conditioned stimuli stored in the consumers' active memory. Another series of studies using similar classical conditioning showed a natural pattern that attitude towards the Ad affects the attitude towards the brand (Gresham & Shimp, 1985). The second hypothesis that can be used to explain the unidirectional effect of attitude towards the Ad on the attitude towards the brand is the salient attribute hypothesis. The hypothesis used the Fishbein attitude formation framework in which consumers develop the belief that the Ad is associated with the brand. That belief is coupled with evaluation of the Ad to influence attitude towards the brand in the same manner as any other brand attribute (Edell & Burke, 1984). The last hypothesis, the measurement artefact hypothesis, explained that the effect of attitude towards the Ad effect on attitude towards the brand may be due solely to the method of variance since both constructs usually are measured using similar semantic differential scales (Edell & Burke, 1984).

Another explanation for the relationship between attitude towards the Ad on attitude towards the brand is based on reciprocal mediation hypothesis (Najmi et al., 2012). The model is also called the balance theory model. The hypothesis supposes a mutual causal relationship between attitude towards the Ad and attitude towards the brand (Gresham & Shimp, 1985; Najmi et al., 2012). The basic rationale of the balance theory is that the person will strive to maintain balance among the components of any cognitive unit. In an advertising situation, a balanced state will exist only if consumers dislike both the Ad and the brand or like both of them (Edell & Burke, 1984).

The last explanation concerns the dual mediation hypothesis (DMH) which suggests that attitude towards the Ad influences attitude towards the brand directly and indirectly via its impact on brand cognition. Based on structural equation modelling, the dual mediation hypothesis is considered to be more effective in explaining the relationship between attitude towards the Ad and attitude towards the brand (Najmi et al., 2012). The Meta analysis also supports the finding that DMH is superior to any other hypotheses to explain the said relationship (Najmi et al., 2012). The DCM model that is used in the current study is developed based on the DMH which specifies the direct effect of attitude towards the Ad on attitude towards the brand and purchase intention (Lafferty et al., 2002; MacKenzie et al., 1986). Based on the above discussion, the study suggests the following hypothesis:

*H<sub>3a</sub>: Attitude towards the Ad is positively and directly related to attitude towards the organization's brand.*

According to Goldsmith et al. (2000a) even though the direct relationship between attitudes towards the Ad on purchase intention is not commonly found in the literature, there is some precedence of the direct relationship between both variables. This is so especially in low involvement conditions when affective responses are evoked (Biehal et al., 1992; Mehta, 1994; Mehta & Purvis, 1997; Shimp, 1981). In his research, Shimp (1981) conducted experimental studies to test the role of attitude towards the Ad as the antecedent of purchasing behaviour, highlighting it is an important determinant for purchasing behaviour. According to Biehal et al. (1992), consumers may decide on the product or the brand that they want to buy based on the ad without completely processing all the brand information. They examined the direct and indirect effect of attitude towards the Ad to brand choice. The study found that the attitude towards the Ad may have a direct effect on brand choice when the consumers have isolated two or more similar brands to choose from, thus using the ads to tip the difference between the two isolated brands (Biehal et al., 1992).

Similar to the relationship between attitude towards the brand and intention, Mehta (1994) and Mehta and Purvis (1997) explained the direct link between attitudes towards the Ad on intention through the Advertising Response Modelling (ARM). According to ARM, an advertising exposure must break through the clutter and gain attention. If the advertising is successful in gaining attention, it will be processed along two routes: the central and peripheral routes. The central route will process the product or brand related information while the peripheral processes the advertising related information. The central route produces more permanent and resistant effects on attitudes rather than the peripheral routes which result in much more temporal effects that may be lost. Each route may simultaneously influence directly the ad attitude, brand attitude and purchase intentions.

However, advertising liking or ad attitude itself can serve as the mediating variable between the communication routes to the purchase intention which implies the direct relationship between attitude towards the Ad and purchase intention (Mehta, 1994).

There is still a dearth of study on the impact of ad on customers' attitude towards the brand and intention in the non-profit or social entrepreneurship context in Indonesia. However, several studies conducted locally in Indonesia on the impact of marketing communications in general and advertising in particular, showed a positive effect of advertising on organizations' revenue and donors' perceptions and attitudes. With strong belief on the significant influence of marketing communications on customers' attitudes and intentions, DD as the largest LAZNAS in Indonesia is continuously promoting zakah by reaching out to zakah payers through advertisements in the mass media (e.g. television, radio, newspaper, and billboards) (Erie Sudewo, 2011).

Several others studies on the impact of advertising costs on the LAZNAS revenue showed a significant influence of promotional expenditure on the organization's income (Arafat, 2011; Mujiyati et al., 2010). From the perspective of donors, it was illustrated that all the dimensions of marketing mix, including promotions, significantly influenced Muzaki or donors' perceptions on donors' support (Fakhryrozi, 2011). It is, therefore, proposed that:

*H<sub>3b</sub>: Attitude towards the Ad is positively and directly related to supports intention.*



#### **4.1.3 Influence of Customers' Attitude toward the Brand**

Intention indicates how hard people are willing to try or how much effort the person is planning to exert in order to perform the behaviour (Ajzen, 1991). According to Azjen (1991), intentions to perform behaviour can be accurately predicted from attitude. In the marketing communication fields, one of the attitudes that have been proven to have significant impact on purchase intention is attitude towards the brand. Many studies have shown evidence of the influence of attitude towards the brand on purchase intention (Lafferty & Goldsmith, 1999b; Lafferty et al., 2002; Ranjbarian et al., 2011; Wahid & Ahmed, 2011).

Mehta (1994) explained the direct link between attitude towards the brand and intention through the Advertising Response Modelling (ARM). According to ARM, advertising exposure must break through the clutter and gain attention. If the advertising is successful in gaining attention, it will be processed along two routes: the central and peripheral routes. Central routes process product or brand related information while peripheral routes process advertising related execution. The central route produces more permanent and resistant effects on attitude rather than the peripheral routes which are more temporal and may be lost. Each route may simultaneously influence directly the brand attitude, ad attitude and purchase intentions. However, the brand attitude itself can serve as the mediating variable between the communication routes to the purchase intention which implies a direct relationship between attitude towards the brand and purchase intention. The central processing routes which process brand related information becomes the dominant route which influences the brand attitude formation which in turn, influences the consumers' purchase intentions (Mehta, 1994).

Another explanation for the causal effect of attitude towards the brand on intention may be the familiarity of the customers with the brand which in turn affects their confidence towards the brand and later, their intention to purchase the products (Laroche et al., 1996). Notably, some scholars found that brand attitude serves as the mediating variable between attitude towards the Ad and intention either fully (Lafferty et al., 2002; MacAdams, 1988; Sallam, 2011; Wahid & Ahmed, 2011) or partially (Wahid & Ahmed, 2011). Biehal et al. (1992) found that attitude towards the brand can be formed during brand choice or purchase. The mediating role of attitude towards the brand in brand choice (real brand purchase) happens when the consumers see the brand as a viable and potential choice.

As explained earlier, the relationship between the attitude towards the Ad and purchase intention can be mediated by attitude towards the brand (Lafferty et al., 2002; MacAdams, 1988; Sallam, 2011; Wahid & Ahmed, 2011). According to MacAdams (1998), the effect of attitude towards the Ad on intention cannot be studied in isolation to brand attitude as her study showed that the impact of ad on intention is rarely significant without the mediation of brand attitude. However, Wahid and Ahmed (2011) only found partial mediation of brand attitude on the attitude towards the Ad and purchase intention. Although the reason is not clear, culture and context may be contributing factors. Thus the following hypothesis is suggested:

*H<sub>4</sub>: Attitude towards the brand is positively and directly related to support intention.*

#### 4.1.4 The Mediation Hypotheses

The previous hypotheses developed above have resulted in several mediation hypotheses. The direct influence of the endorser credibility on attitude towards the Ad (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002), organizational credibility on attitude towards the Ad (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002), and the direct influence of attitude towards the Ad on support intention (Goldsmith et al., 2000a; Lafferty et al., 2002; Shimp, 1981; Wahid & Ahmed, 2011) suggest that attitude towards the Ad may also be a mediating variable between both types of credibility and support intention.

Petty and Cacioppo (1983) highlighted the mediating role of attitude towards the Ad in the relationship between endorser credibility and support intention through their Elaboration Likelihood Model (ELM). Lutz et al (1983) conducted a study which split the customer sample based on the knowledge and perception of the importance of a product. Their study confirmed that attitude towards the Ad served as the mediating variable between attitude towards the brand and intention for both samples. Similar findings were also found in several other studies (Lafferty & Goldsmith, 1999a; Lafferty et al., 2002; Ranjbarian et al., 2010). Thus, the following hypothesis is developed:

*H<sub>5a</sub>: Attitude towards the Ad mediates the relationship between social entrepreneur personal credibility and support intention.*

Similar to the previous discussion, attitude towards the Ad also serves as the mediating variable between organizational credibility and attitude towards the brand (Lafferty & Goldsmith, 1999a; Lafferty et al., 2002).

*H<sub>5b</sub>: Attitude towards the Ad mediates the relationship between social enterprise organizational credibility and support intention.*

Subsequently, it is worth noting that scholars have found brand attitude to be a possible mediating variable between attitude towards the Ad and intention (Lafferty & Goldsmith, 1999a; Lafferty et al., 2002; MacAdams, 1988; Sallam, 2011; Wahid & Ahmed, 2011). According to MacAdams (1998), the effect of attitude towards the Ad on support intention cannot be studied in isolation from brand attitude as the impact of ad attitude on support intention is rarely significant without the mediation of brand attitude.

Previous studies (Lutz et al., 1983; MacKenzie & Lutz, 1989) have also demonstrated the influence of attitude towards the Ad on brand attitude. Again by extension, attitude towards the Ad and brand attitude can be proposed as mediating variables between credibility and support intention. In view of this, the following hypotheses are proposed:

*H<sub>6a</sub>: Attitude towards the Ad mediates the relationship between social entrepreneur personal credibility and support intention.*

*H<sub>6b</sub>: Attitude towards the Ad mediates the relationship between social enterprise organizational credibility and support intention.*

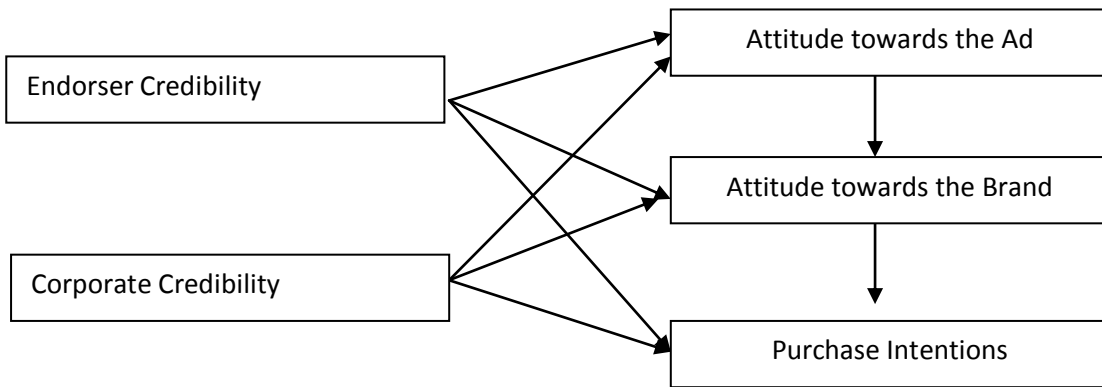
Previous studies illustrated the direct influence of social entrepreneur credibility on attitude towards the brand (Goldsmith et al., 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002) and social entrepreneur credibility on attitude towards the brand (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002). Since the attitude towards the brand is found to have a direct effect on intention as evidenced in previous studies (Lafferty & Goldsmith, 1999b; Lafferty et al., 2002; Ranjbarian et al., 2011; Wahid & Ahmed, 2011), the following hypotheses are developed:

*H<sub>7a</sub>: Attitude towards the brand mediates the relationship between social entrepreneur personal credibility and support intention.*

*H<sub>7b</sub>: Attitude towards the brand mediates the relationship between social enterprise organizational credibility and support intention.*

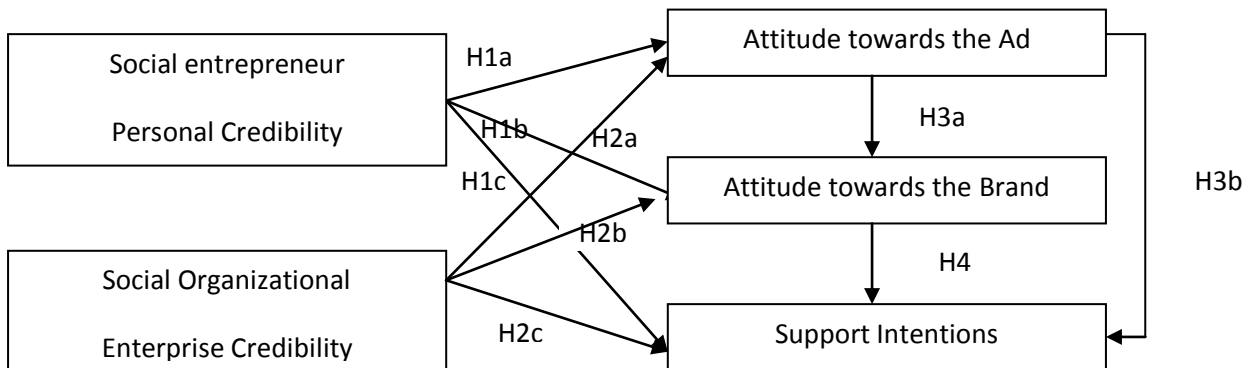
## **4.2 The Proposed Framework 1- Baseline Model**

Based on the above discussion and hypotheses development, the following research framework which is analogous to the baseline research framework tested in Goldsmith et al., 2000a (see figure 4.1) will be tested.



**Figure 4.1 Dual Credibility Model (Goldsmith et.al, 2000)**

The research framework for the current study is portrayed below:



**Figure 4.2 Baseline Model**

### 4.3 Direct Influence of Celebrity on Credibility, Attitudes and Intention

The issue of celebrity influence in advertising has been touched upon in entrepreneurship literature. The rise of media driven, celebrity-entrepreneurs has led to the growing

recognition that organizational success is attributed to a leader although over-emphasis on the role of the entrepreneur may even lead to oversight on the effects of endogenous market conditions (Robert, 2012). In essence, a comprehensive definition of celebrity can be found in the works of Guthey et.al. (2009):

*“They are not simply well-known individuals who are attributed by journalist with actions or characteristics that lead to or exemplify business success. They are best understood as clusters of promotional activities, representational practices and cultural dynamics that revolve around different types of exemplary business personalities-corporate leaders, entrepreneurs, management gurus, investment bankers, traders, marketers, Hollywood agents and producers and so on. From this perspective, business celebrities comprises the orchestrated co-production, cross promotion and circulation images, narratives, and personal appearance of such figures via a wide range of media platforms and channels. As a result of this practice, celebrities are given widespread exposure in the media to the point where, if conditions are right and they gain enough traction, their individual actions, personal traits, physical presence, and/or private lives come to serve multiple and interconnected promotional and cultural/ideological functions in ways that reinforce their celebrity status (Guthey et al., 2009).*

Based on the above definition, a social entrepreneur can be considered as a celebrity since he/she is the actor who produces, promotes, circulates images, develops the narratives to many stakeholders to gain support for their initiatives. Several scholars have mentioned the term *celebrity* in social entrepreneurship phenomenon discussion (Dacin et al., 2011;

Nicholls, 2010; Stein, 2008, Till & Shimp, 1998). Social entrepreneurship literature attests that social entrepreneurs may transform into celebrities as they set themselves as inspiring figures in whom the expectations of people with limited capital are placed (Froggett & Chamberlayne, 2004). On the other hand, leaders who had gained popularity and celebrity status may also turn into prominent social entrepreneurs. This is best illustrated by political leaders such as Bill Clinton who established the Clinton Foundation to create a program for HIV/AIDS treatment by organizing demand for the AIDS drugs so that it can be produced at reduced costs. The project is considered as a social enterprise since the drug companies are able to make profit from the sale of drugs (Smith & Nemetz, 2009). The project is successful due to Clinton's celebrity status and networking as a former President of the USA to find donor support for it (Stein, 2008).

In the marketing research context, previous studies have examined the role of celebrity in influencing the credibility of the endorser (Natarajan & Chawla, 1997), credibility of the organization (Zahaf & Anderson, 2008), customer attitudes and intention (La Ferle & Choi, 2005; Natarajan & Chawla, 1997; Rodriguez, 2008; Wheeler, 2009; Zahaf & Anderson, 2008). Natarajan & Chawla (1997) who examined the influence of celebrity and non celebrity endorsement on perceived credibility, found the superior effect of celebrity endorsements compared to non celebrity endorsements on endorser credibility. They also examined further the impact of celebrity gender on credibility. The results showed that the credibility of female celebrity is not significantly different from male celebrity.

A study conducted by Zahaf and Anderson (2008) found support for the significant direct effect of celebrity on endorser credibility. They also found a significantly different effect of celebrity and non celebrity on endorser credibility, where the celebrity is proven to



have a higher influence on endorser credibility. According to La Ferle & Choi (2005), celebrity influence on consumer attitudes and intention is mediated by endorser perceived credibility. Wheeler (2009), in his study on the influence of celebrity in the non profit research context, showed that higher celebrity connection with the issue endorsed leads to a much higher trust on the endorser credibility compared with non celebrity. Wheeler's (2009) study also confirmed that credibility may serve as the mediating variable between celebrity and intention. Celebrities who are closely connected to NPOs will generate higher source credibility than non-connected celebrities or the average person. Source credibility generated from celebrity status will directly influence time to volunteer and intention to donate (Wheeler, 2009). Thus, the following hypothesis was proposed:

*H<sub>8a</sub>: Social entrepreneur personal celebrity significantly and positively influences social entrepreneur personal credibility.*

Celebrity can enhance both the company and product's image (Md Zabid Abdul et al., 2002). Zahaf and Anderson (2008) argued that the consumers find celebrity commercials to be more credible compared to non celebrity commercials. They argued that celebrity can bring credibility to the product and commercials if the celebrity is seen as trustworthy, similar and credible. Zahaf and Anderson (2008) found evidence which supported the hypothesis that celebrity has significant influence on the credibility of the commercial. The respondents exposed to celebrity endorsement scored higher on commercial credibility as compared to the respondents exposed to the non celebrity endorsements.

In social entrepreneurship research context, Dees and Anderson (2002) also suggested that individuals with positive reputations or the right credentials can add credibility to the social entrepreneurship venture. For this reason, the study hypothesized the following:

*H<sub>8b</sub>: Social entrepreneur celebrity significantly and positively influences social enterprise organizational credibility.*

Agarawal-Gupta and Jha-Dhang (2009), examined the influence of expert and non-expert celebrity on attitude towards the Ad, brand evaluation and purchase intention using the product match-up hypothesis. Their study design showed that using a celebrity who has certain credibility such as expertise or attractiveness would lead a consumer to perceive an ad in positive manner. Celebrity endorsements have been found to generate more attention to the advertisement (Sternthal et al., 1978) as putting the celebrity in an advertisement will generate instant recognition by the consumer and with an abrupt cut-through of the clutter of other advertisements (Friedman & Friedman, 1979). Hence:

*H<sub>8c</sub>: The social entrepreneur celebrity significantly and positively influences customer attitude towards the Ad.*

Celebrity provides benefits to the brand name recognition/recall (Petty et al., 1983) and assist the development of a distinct brand personality (Erdogan & Kitchen, 1998). Biswas, Biswas, and Das (2006) used the Associative Learning Theory (ALT) to explain

the impact of celebrity on brand as suggested by Till & Shimp (1998) through the Associative Learning Principles. Fundamentally, these theories emphasize the associative link between various nodes found in the memory network. It follows that when the celebrity endorses a product, it involves a process over time whereby nodes that represent the celebrity and the brand in the consumers' memory are linked. Consequently, through repeated exposure and recurrent associations through the advertisements, the consumer then transfers feeling and associations towards the celebrity to the endorsed brand. During the process, the memory nodes are simultaneously activated and subsequently linked (Biswas et al., 2006). The following hypothesis is therefore proposed:

*H<sub>8d</sub>: The social entrepreneur celebrity significantly and positively influences customer attitude towards the brand.*

A study in the Philippines indicated that celebrity has more impact on purchase intention than non celebrity (Rodriguez, 2008). According to Tom et al. (1992), the use of well known celebrity may be effective if the purpose of the advocacy is to gain attention and maintain sales. Zahaf and Anderson (2008) also examined the influence of celebrity on willingness to buy and found that the customers' willingness to buy is higher when the subjects were exposed to celebrity endorsers rather than non celebrity ones. However, certain influencing factor should be considered by the advertiser such as the congruity between the celebrity and the product type being endorsed as the incongruence between both variables may reduce advertising effectiveness (Md Zabid Abdul et al., 2002). Wheeler (2011), for example, dealt with two studies that investigated the influence of

celebrity on consumer intention. In the first study, he observed that celebrity connectedness to the issues endorsed in the non-profit organization context directly influences time to volunteer and intention to donate. He also found that the intention to donate and to volunteer time was greater for connected celebrity than non connected celebrity. Based on the above discussion the study proposes the following hypothesis:

*H<sub>8e</sub>: The social entrepreneur celebrity significantly and positively influences customer intention to support social enterprise.*

According to Agarawal-Gupta and Jha-Dang (2009), the influence of celebrity on ad attitude is mediated by celebrity credibility. Thus, credibility may serve as the mediating variable to customer attitude. Additionally, the direct influence of celebrity on social entrepreneur credibility, attitude and intention, and the direct influence of attitude on intention combined with the previous influence of the social entrepreneur celebrity, have resulted in several mediation hypotheses to the research framework.

*H<sub>9a</sub>: Social entrepreneur personal credibility mediates the relationship between social entrepreneur celebrity and support intention.*

*H<sub>9b</sub>: Social entrepreneur personal credibility and attitude towards the Ad mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>9c</sub>: Social entrepreneur personal credibility, attitude towards the Ad and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>9d</sub>: Social entrepreneur personal credibility and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention.*

The direct influence of the celebrity variable on social entrepreneur credibility, attitude and intention, and the direct influence of attitude on intention also resulted in additional mediation hypotheses to the research framework:

*H<sub>10a</sub>: Social enterprise organizational credibility mediates the relationship between social entrepreneur celebrity and support intention.*

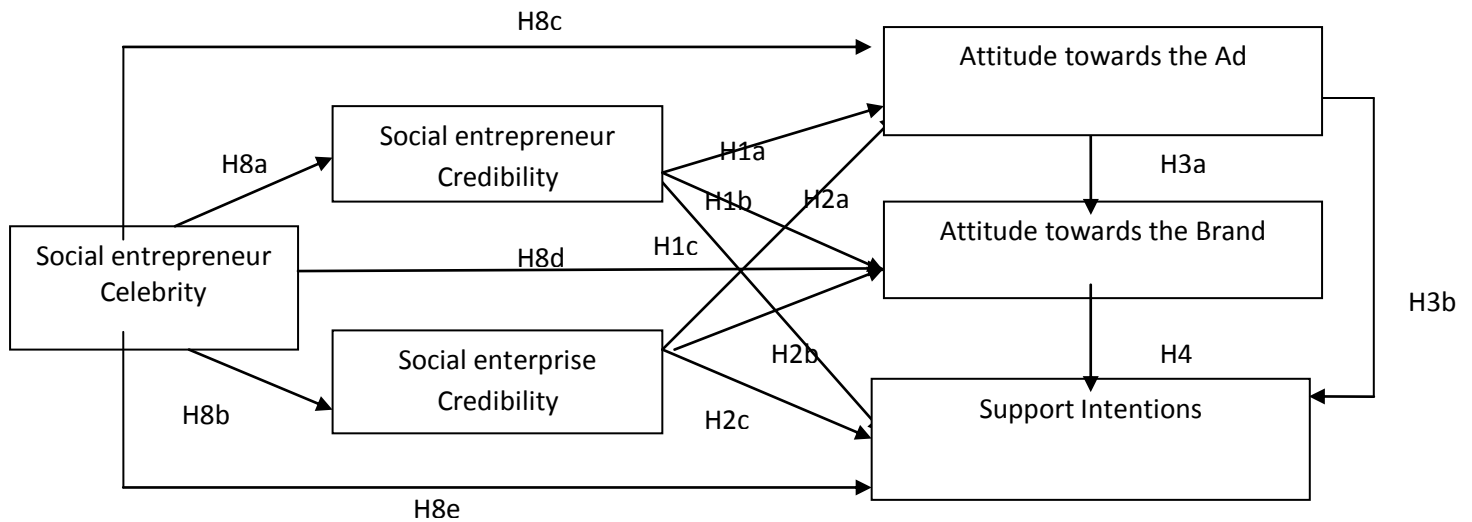
*H<sub>10b</sub>: Social enterprise organizational credibility and attitude towards the Ad mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>10c</sub>: Social enterprise organizational credibility, attitude towards the Ad and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>10d</sub>: Social enterprise organizational credibility and attitude toward the brand mediate the relationship between social entrepreneur celebrity and support intention.*

#### 4.4 Competing Model

The above discussion and additional hypotheses bring additional links to the research framework explained in section 4.2.



**Figure 4.3 Competing Model**

#### 4.5 Conclusion

The extant review of literature in chapter 2 is integrated with the social entrepreneurship research context in chapter 3. The chapter has highlighted the potential opportunity to test the relationships among variables in the dual credibility model both directly and indirectly. The competing model to test the influence of celebrity construct on credibility, attitudes and intention has also been developed.

## **CHAPTER 5**

### **RESEARCH METHODOLOGY**

#### **5.0. Summary**

This chapter discusses several issues related to the methodology such as the adaptation and pre-testing of research instruments, reliability and validity analysis, sampling, data collection procedures, data treatment and analysis. The chapter also discusses the respondents' demographic characteristics and donation patterns and the issues related to Structural Equation Modelling as the statistical analysis method employed in the study.

#### **5.1 Overview of Methodologies in Existing Literature**

Currently, the majority of studies in the field of social entrepreneurship have examined social entrepreneurship conceptually rather than empirically (Short, Moss, & Lumpkin, 2009). According to Short et al. ((2009), almost 74% of social entrepreneurship studies use the qualitative approach, with 22% using the quantitative approach. In the qualitative studies, the scholars mostly employ case studies to examine the social entrepreneurship model (Ayla Zehra & Muge Leyla, 2010; Gilmore, Gallagher, & O'Dwyer, 2012; Harman, 2008; Kai, 2010; Marshall, 2011; Seanor & Meaton, 2008; Smith & Nemetz, 2009; Tan et al., 2005; Thompson et al., 2000; Waddock & Post, 1991b; Weerawardena & Mort, 2006; Yan, 2012). Quantitative research on social entrepreneurship has largely centred on descriptive studies (Witkamp et al., 2011) and lacking in rigorous methods and formal hypotheses (Short et al., 2009). Due to the lack of empirical studies on social entrepreneurship, Short et al. (2009) urged scholars to

conduct more quantitative studies in order to predict rather than just describe and explain the phenomenon.

## **5.2 Research Approach and Strategy**

This dissertation follows the positivist research tradition in management research as the study tries to identify causal explanations and fundamental relationships that explain regularities in human social behaviour (Johnson & Duberley, 2000). This approach can address current issues in the social entrepreneurship field in which explanations and descriptions outnumber the prediction social entrepreneurship phenomenon (Short et al., 2009). This study employs quantitative methods which hold the dominant status in positivism, thus, using the central tenets of positivism such as validity, reliability, generalizability and operationalization (Johnson & Duberley, 2000).

Notably, it is necessary for the study to use new measures since the area of study is quite new in the social entrepreneurship field. However, since the development of new scales is a very time consuming process and requires large efforts devoted to the conceptualization of the measures and the selection and reduction of items (Guillemin, Bombardier, & Beaton, 1993), the study adapted the measures previously validated in another language (Harkness, 2010).

This process involved strict adherence to the required procedures in measurement adaptation since the informal translation of measurement without rigorous procedure to include or delete items will lead to over compromising information quality in the target population (Reichenheim & Moraes, 2007). The formal adaptation process is expected to give valid measurements that are central for operating the constructs observed by positivist researchers (Johnson & Duberley, 2000).



After conducting the instrument adaptation including the pre-testing procedure, a survey to empirically test the proposed research framework was conducted. Surveys are considered superior to qualitative research as they allow for the generalization of issues in positivism (Johnson & Duberley, 2000).

### **5.3 The Adaptation and Pre-testing of Research Instruments**

According to Harkness (2010), the instrument adaptation process involves the following steps: a) determine the policy, people, and procedures for adaptation b) recruit a team to work on adaptations c) review as relevant, the source questionnaire for adaptation needs d) review the translated questionnaire or instrument for adaptation needs e) document adaptations and the rationale for making them f) test adaptations made with the target population.

This study placed emphasis on the literature review, translation and test adaptation with the target population. The translation process involved back translation procedures in which the instrument is rendered into the targeted language. The resulted translation is then translated back to the original language. Then, modification is made to the items with discrepancies in meaning (Chapman & Carter, 1979).

An Indonesian who had lived in Australia for a year was employed to translate the questionnaire into Bahasa Indonesia. The questionnaire was then translated back by an Indonesian who had lived in US for more than 10 years. The items which had different discrepancies were then modified by a linguistics professor from a private university in Jakarta.

Pre-testing the adaptation was conducted on various clients of social enterprises. Exploratory factor analysis (EFA) will also be applied since the study aims to examine the factors that are responsible for a set of observed responses measured by the

established instruments. Moreover, reliability analysis will also be conducted by looking at its internal consistency indicator or alpha.

### **5.3.1 Celebrity**

Celebrity can be defined as the degree to which a social actor is documented by the media and viewed as being popular, powerful, prestigious and admired by media audiences (Perryman, 2008). In another study, they are described as more than just well known individuals but those who had exemplary business personalities and organizational leadership so that their individual actions, personal traits, physical presence, and/or private lives are inseparable from the promotional activities, representational practices and cultural dynamics of the organizations (Guthey et al., 2009).

To obtain conceptual equivalence, various literatures discussing and measuring the celebrity concept were analyzed. Unfortunately, majority of the literature in marketing communications measured celebrity as dichotomous variables such as celebrities and non-celebrities (Agarawal-Gupta & Jha-Dang, 2009; Biswas et al., 2006; Chao et al., 2005; Charbonneau & Garland, 2006; Farrel et al., 2000; Hsu & McDonald, 2002; Kahle & M.Homer, 1985; Kamins et al., 1989; Prieler et al., 2010; Ranjbarian et al., 2010; Rodriguez, 2008; Silvera & Austad, 2004; Spry et al., 2009; Till & Shimp, 1998; Tom et al., 1992; Wheeler, 2009). To date, only one study that measured leader celebrities using continuous variables (Perryman, 2008) was identified. Perryman (2008) developed the instrument by conducting focus group discussions with the practitioners to assess the definition of celebrity. Three themes that emerged from the FGD were that celebrity leaders were associated with the media, to maintain the celebrity status, the celebrities should keep innovating and celebrities can make the organization more profitable depending on the choices made by celebrity (Perryman,

2008). Based on her study, the leader celebrity instrument consisting of 5 items was constructed: this CEO is well known, this CEO is often in the press, this CEO is powerful, this CEO is prestigious, and this CEO is admired.

Although Perryman used the term CEO rather than celebrity, the instrument can be used in the current study for based on Guthey et al. (2009), the business celebrity can be associated with any exemplary corporate leader who possesses celebrity qualities. These leaders include entrepreneurs, management gurus, investment bankers, traders, marketers, Hollywood agents and producers. Based on the above discussion, celebrity in the current study is defined as the degree to which a social entrepreneur is documented by the media and viewed as being popular, powerful, prestigious and admired by media audiences.

### **5.3.2 Credibility**

#### **a. Social entrepreneur personal credibility**

To measure social entrepreneur credibility, an extant literature on credibility was reviewed to obtain sufficient conceptual equivalence. Based on previous studies, it was observed that endorser individual credibility consisted of many dimensions such as competence (Dholakia & Sternthal, 1977; Hovland et al., 1953; McCroskey & Teven, 1999; Ohanian, 1990; Sparks & Rapp, 2011), trustworthiness (Lafferty et al., 2005; Men, 2012; Spry et al., 2009; Wheeler, 2009; Wu & Shaffer, 1987), ethos or goodwill (Hovland & Weiss, 1951; McCroskey & Young, 1981; Thweatt & McCroskey, 1998) dynamism (Giffin, 1967), co-orientation/charisma (Tuppen, 1974), personal attractiveness (Giffin, 1967; Goldsmith et al., 2000a; Harmon & Coney, 1982; Lafferty & Goldsmith, 1999b, 2004; Lafferty et al., 2002; Ohanian, 1990; Sternthal et al., 1978), and interpersonal proximity (Malshe, 2010). However, expertise and trustworthiness

are the two prominent dimensions for the concept of individual credibility (Malshe, 2010).

Therefore, the current study will assess social entrepreneur leader credibility based on the above two dimensions; trustworthiness and expertise. In addition, the attractiveness dimension will also be included in the study as studies conducted by Wheeler (2011) found that the attractiveness dimension significantly influences the intention of donors to volunteer time or donate money. In short, the social entrepreneur personal credibility is defined as the degree of trust in social entrepreneur by the customers based on social entrepreneur trustworthiness, expertise and physical attractiveness.

As the study adopted the framework from Lafferty et al. (2002), the endorser credibility scale used in their study which was retrieved from Ohanian's work (1990) will also be adopted and modified. The scale consists of six 7 point semantic differential scales. Two items, sincere/insincere, trustworthy and untrustworthy are used to measure the trustworthiness dimension. Two other items, expert/not an expert and experienced/inexperienced are the measures used to measure the expertise of the endorser while classy/not classy, elegant/not elegant are used to measure the attractiveness dimension. The reliability of the scale reported from the study was 0.93 (Lafferty et al., 2002). The reliability of the adapted credibility scale is also high. However, more details on the preliminary factor analysis to check the dimensionality of the measurement and the reliability scores will be discussed in the later section.

## **b. Social enterprise organizational credibility**

An extant literature review was also conducted to get clear dimensions underlying the social enterprise credibility construct or organizational credibility in general. According to Goldsmith et al (2002a) and Lafferty and Goldsmith (1999), there is a dearth of research on corporate credibility compared with endorser personal credibility. Based on the literature review, corporate credibility consists of trustworthiness (Baek & Whitehill, 2011; Eisend, 2006; Goldsmith et al., 2000a, 2000b; Hovland & Weiss, 1951; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002; Li et al., 2011; Rifon et al., 2004; Sallam, 2011; Settle & Golden, 1974; Spry et al., 2009; Tormala et al., 2007), expertise (Baek & Whitehill, 2011; Eisend, 2006; Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999b; Lafferty et al., 2002; Li et al., 2011; Newell & Goldsmith, 2001; Sallam, 2011; Schulman & Worrall, 1970; Spry et al., 2009). Although Eisend (2006) had introduced dynamism into the corporate credibility dimension to describe how active and dynamic the company is, the majority of the literature suggested that trustworthiness and expertise were the main dimensions of organizational credibility. Therefore, this study will only assess the trustworthiness and expertise dimensions of the social enterprise based on the corporate credibility scale developed by Newell & Goldsmith (2001). In other words, the social enterprise organizational credibility in the current study refers to the degree of trust in the social enterprise by the customers based on the trustworthiness and expertise dimensions.

The corporate credibility scale consists of eight items: a) The XYZ has great amount of experience b) The XYZ is skilled in what they do c). The XYZ has great expertise d) The XYZ does not have great experience e) The XYZ does not have great expertise f) The XYZ Corporation makes truthful claims g) The XYZ Corporation is honest h) I do not believe what the XYZ Corporation tells me. The first four questions

measures the expertise dimension and the last four questions measures the trustworthiness dimension.

The reported reliability for the corporate credibility scale was 0.86 to 0.91 (Newell & Goldsmith, 2001), 0.92 (Lafferty et al., 2002). The reported reliability for the trustworthiness subscale was 0.78 (Lafferty & Goldsmith, 2004), 0.84 (Goldsmith et al., 2000b) while the reliability of expertise dimension was 0.92 (Lafferty & Goldsmith, 2004), 0.94 (Goldsmith et al., 2000b).

### **5.3.3 Attitude towards the Ad**

Attitude towards the advertising was defined as the learned predisposition to respond to consistently favourable or unfavourable advertising in general (MacKenzie & Lutz, 1989). The attitude towards the advertising in the current study is operationalized as the learned predisposition to respond to the social enterprise advertising. The attitude towards the Ad is measured by the three-7 point bi-polar scale developed by MacKenzie and Lutz (1989): good/bad, pleasant/unpleasant, favourable/unfavourable. The scale was reported to have high reliability in both the developmental and validation sample. The reported reliability was 0.89 and 0.88 in each sample (MacKenzie & Lutz, 1989). In other studies, similar attitude towards the Ad scale was reported to have a reliability of 0.93. (Lafferty & Goldsmith, 1999b; Lafferty et al., 2002).

### **5.3.4 Attitude towards the Brand**

Attitude towards the brand in the current study is defined as the customers' affective reaction towards the social enterprise advertised brand or degree that the customers feel that the social enterprise that they support is good-bad, favourable-unfavourable, and

wise-foolish. Attitude towards the brand is measured by three-7 point semantic differential scale good/bad, favourable/unfavourable and satisfactory/unsatisfactory as used in the study of Lafferty et al. (2002). The reliability for the scale was found to be relatively high, above 0.80 (Leclerc & Little, 1997) 0.92 (Kardes & Kalyanaram, 1992) 0.93 (Gotlieb & Swan, 1990; Lafferty et al., 2002), 0.93 and 0.95 (Niedrich & Swain, 2003) 0.96 (Heath, McCarthy, & Mothersbaugh, 1994) and 0.98 (Pham, 1996; Sanbonmatsu & Kardes, 1988). The measurement points themselves involved different points ranging from 5 (Pham, 1996), 7 (Lafferty et al., 2002), 9 (Heath et al., 1994; Leclerc & Little, 1997; Niedrich & Swain, 2003; Sanbonmatsu & Kardes, 1988) to 11 (Kardes & Kalyanaram, 1992) items.

### **5.3.5 Support Intention (SI)**

Support intention in this study is defined as the customers' assessment of the likelihood that they will support the social enterprise in the future. To measure the customers' support intention to the organizations and to get sufficient item equivalence, an extant literature review was conducted on giving behaviour. Based on the literature review, four items that fit to the support intention related context developed by Sargeant and Lee (2004) were identified. The items were: I feel a sense of belonging to this organization, I care about the long term success of this organization, I would describe myself as a loyal supporter of this organization, and I wish to support this organization in the future.

### **5.3.6 Advertising Stimuli**

To examine whether the social entrepreneur celebrity and credibility influence customer attitudes and support intention, advertising stimulus was also provided in the

questionnaires. The stimuli comprised pictures of the social entrepreneurs who are established and/or lead Islamic social enterprises.

## **5.4 Pre-testing**

Pre-testing of the adaptation to the targeted population was conducted off-line using face to face interviews on 52 clients of various social enterprises. This number was needed for the pretest questionnaires since factor analysis with principal axis factoring would be conducted, requiring a sample of more than 50 to get clear and simple factor structure (Darlington, n.d). The exploratory factor analysis (EFA) using principal axis factoring will be applied since the study aims to examine the factors that are responsible for a set of observed responses rather than using Principal Component Analysis (PCA) which is targeted to perform data reduction (DeCoster, 1998). The EFA results are also useful to determine scale dimensionality.

### **5.4.1 Exploratory Factor Analysis (EFA)**

Based on the EFA using oblique rotation, all the measurements that will be used in the study are unidimensional in nature. Factor analysis was performed to check dimensionality of the celebrity scale. The results showed that the celebrity scale is unidimensional with one factor accounting for 76.6% of variance.



**Table 5.1 Social Entrepreneur Celebrity Scale Factor Analysis**

<b>Scale Items</b>	<b>Factor Loadings</b>
This SE leader is well known	0.865
This SE leader is often in the press	0.717
This SE leader is powerful	0.896
This SE leader is prestigious	0.952
This SE leader is admired.	0.927
Eigenvalue	4.044
% of Variance	76.600

Extraction Method: Principal Axis Factoring

1 factor extracted. 4 iterations required

The pre-testing results for the endorser credibility scale (Table 5.2) showed that the instrument is also unidimensional in nature when it is applied to a social entrepreneurship research context since only one factor with an eigenvalue of more than 1 was extracted. The results are very similar to the previous study which use similar instruments (Goldsmith et al., 2000a; Lafferty et al., 2002).

**Table 5.2 Social Entrepreneur Personal Credibility Scale Factor Analysis**

<b>Scale Items</b>	<b>Factor Loadings</b>		
	<b>Trustworthiness</b>	<b>Expertise</b>	<b>Attractiveness</b>
Sincere/Insincere		0.930	
Trustworthy/Untrustworthy		0.925	
Expert/Not an Expert	0.873		
Experienced/Inexperienced	0.952		
Attractive/Unattractive		0.604	0.802
Classy/Not Classy		0.537	0.787
Eigenvalue	4.200	0.656	0.536
% of Variance	66.794	6.991	5.704

Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.

**Table 5.3 Social Enterprise Organizational Credibility Scale Factor Analysis**

Scale Items	Factor Loadings	
	Trustworthiness	Expertise
A great amount of experience		0.943
Is skilled in what they do		0.902
Has great expertise		0.748
Does not have much experience		0.590
I trust this social enterprise	0.881	
Makes truthful claims	0.690	
Is honest	0.974	
I do not believe what they tell me	0.511	
Eigenvalue	4.645	1.139
% of Variance	10.069	54.56
Factor Correlation	1.000	0.613
	0.613	1.000

Extraction Method: Principal Axis Factoring.  
Rotation Method: Oblimin with Kaiser Normalization.

Table 5.3 presents the results of factor analysis using SPSS principal axis factoring by an oblique rotation. The results show that corporate credibility extracted into two factors with eigenvalues greater than 1. Four items formed the expertise dimension with four others representing the trustworthiness dimension even though the study found complex structures with the item competence. The results concur with the studies of Lafferty et al. (2002) and Newell & Goldsmith (2001).

The results of factor analysis in table 5.4 show that the attitude towards the Ad scale is unidimensional with one factor accounting for 78.1% of variance.

**Table 5.4 Attitude towards the Ad Scale Factor Analysis**

<b>Scale Items</b>	<b>Factor Loadings</b>
Favourable/Unfavourable	0.922
Good/Bad	0.838
Pleasant/Unpleasant	0.889
Eigenvalue	2.559
% of Variance	78.100

Extraction Method: Principal Axis Factoring  
1 factor extracted. 8 iterations required

Similar factor analysis with principal axis factoring was also conducted to the attitude towards the brand of SE. The results show that the attitude towards the SE brand scale is unidimensional with one factor accounting for 73.0% of variance.

**Table 5.5 Attitude towards the Brand Scale Factor Analysis**

<b>Scale Items</b>	<b>Factor Loadings</b>
Good/Bad	0.832
Favourable/Unfavourable	0.833
Satisfactory/Unsatisfactory	0.897
Eigenvalue	2.458
% of Variance	73.000

Extraction Method: Principal Axis Factoring  
1 factor extracted. 9 iterations required

The last factor analysis was conducted to the support intention scale. The results show that the support intention scale is unidimensional with one factor accounting for 50.5 % of variance.

**Table 5.6 Support Intention Scale Factor Analysis**

Scale Items	Factor Loadings
I feel a sense of belonging to this SE	0.737
I care about the long term success of this SE	0.612
I would describe myself as a loyal supporter of this SE	0.730
I wish to support this SE in the future	0.757
Eigenvalue	2.509
% of Variance	50.595

Extraction Method: Principal Axis Factoring.  
1 factor extracted. 5 iterations required

#### **5.4.2. Reliability Analysis**

Reliability analysis will also be assessed by looking at its internal consistency indicator or alpha. Based on the reliability analysis with SPSS, all the measurement that will be used in the study demonstrated high reliability since the instrument with reliability estimates ranging from 0.80 and above are generally considered good for general research objectives (Switzer, Wisniewski, Belle, Dew, & Schultz, 1999).

**Table 5.7 Reliability Analysis**

Scale	Alpha ( $\alpha$ )
Celebrity	0.938
Social Entrepreneur Personal Credibility	0.911
Social Enterprise Organizational Credibility	0.893
Attitude towards the Ad	0.910
Attitude towards the Brand	0.888
Intention to support	0.835

#### **5.5 Final Instrument**

The final data collection instrument used in this research was divided into eight parts. The first part dealt with the screening part which consists of four items questioning the

respondents' donation behaviour. The second part included the advertising stimulus portraying the leader of SEs that the respondents usually give support, as described in the earlier screening section which consist of 5 items. The third section incorporated questions related to social entrepreneur personal credibility. The construct consists of six questions with 7 point semantic differential. The fourth section employs the social enterprise credibility scale which consists 8 items. A 7 point likert scale was used to measure the social enterprise organizational credibility construct. The fifth part also posed 3 questions with a 7- point semantic differential point measuring the attitude of customers towards the advertising stimulus. The sixth section measured attitude towards the brand which consist of 3 items and the seventh section rated the respondents' intention to support the social enterprise which consist of 4 questions. Finally, the last part of the questionnaire contained seven demographic questions such as gender, age, status, children, residence, income and education.

**Table 5.8 Final Instrument**

<b>Section</b>	<b>Description (Variables)</b>	<b>Number of item</b>	<b>Scale</b>	<b>Source</b>
I	Screening	4		
II	Celebrity	5	1-7	(Perryman, 2008)
III	Social Entrepreneur Personal Credibility	6	1-7	(Lafferty et al., 2002)
IV	Social Enterprise Organizational Credibility	8	1-7	(Lafferty et al., 2002)
V	Attitude Towards The Ad	3	1-7	(MacKenzie & Lutz, 1989)
VI	Attitude Towards The Brand	3	1-7	(Lafferty et al., 2002)
VII	Support Intention	4	1-7	(Sargeant & Lee, 2004)
VIII	Demographic Questions	7		

## **5.6 Sampling**

Convenience sampling was used to collect data from the target sample population. The target sample population was Muslims who had given monetary support to Islamic social enterprises within 1 year prior to attempting the questionnaire. Six Islamic social enterprises which become the object of this study are: Dompot Dhuafa (The Wallet of the Poor), Dompot Peduli Umat Daarut Tauhid (Wallet for the Care of Community), Rumah Zakat Indonesia (House of Zakah Indonesia), Baznas (National Zakah Board or National Alms Agency), PPPA Darul Quran (House of Quran-Quran Reciters Education Program), and PKPU (Centre for Justice and the Care of Society). The above organizations were chosen based on the largest organization listed by the Zakah Forum or the Association of Zakah Management Institution ("Daftar anggota aktif forum zakat," n.d.).

Based on the social enterprise classification discussed in earlier chapter (see Table 2.3), the above Islamic SEs still fall under category of Non Profit SEs as majority of the beneficiaries pay nothing, capital mostly received from donations and grants and suppliers make in kind donations. It is important to note that even though those Islamic SEs are classified as Non Profit SEs, some of them are able to generate profit from commercial activities (e.g. supermarket, farming, movie production etc.) and able to pay fully paid staff.

## **5.7 Data Collection Procedure**

Data was collected using two data collection techniques: online and offline methods. Responses were sought from both men and women. The online survey invitations were sent to 717 respondents. Around 341 respondents clicked the survey link. Around 96 (28.15%) respondents partially filled up the questionnaire while 49 (14.37%)

respondents who opened the link were disqualified from the survey. In total, only 196 (57.48%) respondents completed the survey. To ensure that the respondents answer all questions, the researcher sets the validation that requires a question response before allowing the respondent to continue.

The offline survey method is also used. The survey questionnaires were distributed via the head office of a social enterprise that agreed to distribute the questionnaires to the donors who channel donations directly to the office. Unfortunately only 29 questionnaires can be collected through the office. The low number of questionnaires collected can be attributed to the preference of donors who funnel their donations via online banking systems such as ATM, mobile banking or Internet Banking. The total number questionnaires completed for the survey was 225. The response rate for the study was 31.38%.

## **5.8 Data Treatment and Analysis**

### **5.8.1 Data Entry**

After the data collection was completed, all the questionnaires were entered into an Excel Program. Overall, the data was divided into two types: nominal data for screening and demographical questions and interval data for the celebrity, credibility, attitudes and intention to support items (7-point likert scales). The coding for all items were made before the fieldwork commenced. The items which are negatively worded were reversed coded to ensure the conceptual consistency of items within groups of questions.

### **5.8.2 Data Screening**

Data screening procedures to overcome missing data cases were employed. After the data was entered, a frequency table was computed to seek the missing responses on each question/respondent. Since majority of the data was collected through an online survey, missing values can be avoided since it can be ruled that the respondents are not able to continue the survey if they have not answered the required questions.

However, case deletion was performed on inconsistent answers for the two negatively worded items for the organizational credibility scale. The inversely worded items are useful to detect faulty and inconsistent responses and to avoid yes or no saying tendencies (Churchill, 1979). Eleven responses were deleted due to the extreme differences in ratings for the reverse coded items. Hence, the screening process justified a total 214 responses that would go through the analysis process.

### **5.8.3 Data Analysis**

The respondents' demographic characteristics and donation pattern data were analyzed by using SPSS 11.5 for windows, while the respondents' responses to the celebrity, credibility attitudes and support intention to Islamic SEs were analyzed by using Lisrel. More specific information on the analysis of result of the structural equation modelling (SEM) with Lisrel will be discussed in the next chapter.



## 5.9 Respondents' Demographic Characteristics and Donation Pattern

### 5.9.1 Demographic Data

Table 5.9 shows the demographic characteristics of the respondent.

**Table 5.9 Demographic Characteristics**

Demographic Characteristics	Category	Frequency	Percentage (%)
Gender	Male	120	56.1
	Female	94	43.9
Age	20-29	20	32.7
	30-39	107	50.0
	40-49	29	13.6
	>50	8	3.7
Marital Status	Single	6	28.0
	Marriage	151	70.6
	Divorce/Widowed	3	1.4
Number of Children	0	80	37.6
	1	49	23.0
	2	55	25.8
	3	21	9.9
	4	6	2.8
	5	2	0.9
Job/Occupation	Public Sector Staff	77	36
	Private Sector Staff	67	31.3
	Professional	33	15.4
	Entrepreneur	11	5.1
	Housewife	10	4.7
	Student	9	4.2
	Others	7	3.3
Education	Secondary School	19	8.9
	College/Diploma	1	0.5
	Bachelor's degree	162	75.7
	Master's degree	25	11.7
	Doctorate	7	3.3

*Source: Developed from quantitative field report*

A total of 214 usable responses out of the 236 questionnaires collected were analyzed. As shown in the net table, almost 56.1% respondents that participated in this study were male. The majority of the respondents were within 30-39 years of age (50%) with 70.6% of them being married. The majority of the respondents also worked in private companies (31.3%) and more than 75% of the respondents held undergraduate degrees.

### 5.9.2 Support Pattern

The study enquired about the respondents' monetary donation practices to the Islamic SEs and found that almost 69.2% of the respondents preferred to funnel more than 50% of their religious alms or ZIS to the Islamic SEs rather than to individual beneficiaries. In terms of donation frequency, the majority of the respondents (60.7%) donated monetarily between 1 to 5 times per year.

**Table 5.10 Donation Patterns**

Support Pattern	Category	Frequency	Percentage
Percentage of donation given to Islamic SEs'	1%-50%	66	30.8
	>50%	148	69.2
Frequency of donation per year	1-5 times/year	130	60.7
	6-10 times/year	23	10.7
	11-15 times/year	51	23.8
	>15 times/year	10	4.7

*Source: Developed from quantitative field report*

### 5.9.3 T-Test and ANOVA of Demographic Data

To examine the effects of demographic characteristics on all the variables being measured in the study, the researcher conducted t test and ANOVA. As the number of divorce respondents are only 3 individuals. They are not included in the analysis. Therefore the t-test analysis is used to compare the difference of attitude between the married and unmarried respondent.

**Table 5.11 T-Test by Gender**

<b>Dependent Variables</b>	<b>Category</b>	<b>Mean</b>	<b>SD</b>	<b>T</b>	<b>Df</b>	<b>P-Value</b>
Celebrity	Male	24.08	5.28	-0.23	200.57	0.64
	Female	24.24	5.24			
Social Entrepreneur Personal Credibility						
<i>Expertise</i>	Male	12.61	1.56	1.24	179.51	0.03*
	Female	12.31	1.88			
<i>Trustworthiness</i>	Male	12.88	1.65	2.08	181.41	0.03*
	Female	12.35	1.95			
<i>Attractiveness</i>	Male	11.86	1.91	2.77	188.85	0.04*
	Female	11.04	2.12			
Social Enterprise Organizational Credibility						
<i>Expertise</i>	Male	23.83	2.80	0.24	182.78	0.12
	Female	23.72	3.28			
<i>Trustworthiness</i>	Male	23.48	2.96	-0.36	193.17	0.41
	Female	23.63	3.16			
Attitude Towards the Ad	Male	16.27	3.32	1.12	200.67	0.22
	Female	15.76	3.29			
Attitude Towards the Brand	Male	19.38	1.95	2.97	165.13	0.05
	Female	18.41	2.65			
Support Intention	Male	20.85	3.58	0.49	204.19	0.85
	Female	20.62	3.40			

The t-test (see table 5.11) by gender yielded some statistical significant differences. The male respondents tended to have higher evaluation of the social entrepreneur personal credibility compared to the female respondents. The results are consistent across all the dimensions of social entrepreneur credibility such as expertise,

trustworthiness, and attractiveness. The result support previous study which found that gender serves as a marker of similarity (Flanagin & Metzger, 2003). Since all social entrepreneurs portray in the ads are male, male respondents might perceive those social entrepreneurs as similar to themselves. Therefore, gender similarity between the communicator and the audience positively influences credibility assessment due to increased liking (Flanagin & Metzger, 2003).

**Table 5.12 T-Test by Marital Status**

<b>Dependent Variables</b>	<b>Category</b>	<b>Mean</b>	<b>SD</b>	<b>T</b>	<b>Df</b>	<b>P-Value</b>
Celebrity	Single	24.35	5.40	0.31	105.87	0.33
	Married	24.10	5.25			
Social Entrepreneur Personal Credibility						
<i>Expertise</i>	Single	12.18	2.03	-1.49	87.45	0.01*
	Married	12.62	1.54			
<i>Trustworthiness</i>	Single	12.42	2.03	-1.17	93.35	0.06
	Married	12.76	1.69			
<i>Attractiveness</i>	Single	11.45	2.28	-0.18	94.55	0.04*
	Married	11.51	1.94			
Social Enterprise Organizational Credibility						
<i>Expertise</i>	Single	23.70	3.41	-0.27	94.13	0.12
	Married	23.83	2.87			
<i>Trustworthiness</i>	Single	23.33	3.37	-0.65	95.87	0.13
	Married	23.66	2.91			
Attitude towards the Ad	Single	15.60	3.94	-1.17	87.79	0.01*
	Married	16.26	3.02			
Attitude towards the Brand	Single	18.80	2.60	-0.54	95.31	0.14
	Married	19.01	2.23			
Support Intention	Single	20.77	3.84	0.04	97.38	0.35
	Married	20.74	3.38			

\*the mean difference is significant at the 0.05 level g

The t-test analysis also shows that the married respondents tend to have higher evaluation of the social entrepreneur expertise and trustworthiness. In regards with the

social enterprise organization credibility, attitude towards the Ad and attitude towards the brand, married respondents also consistently shows higher score on those measured variables. However, the study found that unmarried respondents tend to have higher intention to support Islamic SEs although the result is not significant. According to Andreoni, Brown and Rischall (2003), the estimated charitable giving by married couples tend to decrease compared to the charity given by unmarried women as both gender have differences of taste for charitable giving that potentially generate marital conflict for married couples (Andreoni et al., 2003).

**Table 5.13 ANOVA by Age, Occupation and Education**

Demography	Dependent Variable	F	p-value
Islamic SEs	Celebrity	1.38	0.23
	Social Entrepreneur Personal Credibility		
	<i>Expertise</i>	0.71	0.62
	<i>Trustworthiness</i>	0.54	0.74
	<i>Attractiveness</i>	2.34	0.05
	Social Enterprise Organizational Credibility		
	<i>Expertise</i>	1.26	0.28
	<i>Trustworthiness</i>	1.61	0.16
	Attitude towards the Ad	1.13	0.34
	Attitude towards the Brand	0.79	0.56
	Support Intention	2.06	0.07
Age	Celebrity	0.33	0.81
	Social Entrepreneur Personal Credibility		
	<i>Expertise</i>	0.65	0.58
	<i>Trustworthiness</i>	2.19	0.09
	<i>Attractiveness</i>	0.05	0.99
	Social Enterprise Organizational Credibility		
	<i>Expertise</i>	1.52	0.21
	<i>Trustworthiness</i>	0.43	0.73
	Attitude towards the Ad	0.19	0.90
	Attitude towards the Brand	1.54	0.20
	Support Intention	1.49	0.22

**Table 5.13 Continued**

Demography	Dependent Variable	F	p-value
Occupation	Celebrity	0.58	0.71
	Social Entrepreneur Personal Credibility		
	<i>Expertise</i>	1.41	0.22
	<i>Trustworthiness</i>	2.60	0.05
	<i>Attractiveness</i>	1.97	0.08
	Social Enterprise Organizational Credibility		
	<i>Expertise</i>	4.81	0.00*
	<i>Trustworthiness</i>	2.24	0.03 *
	Attitude towards the Ad	3.16	0.01*
	Attitude towards the Brand	1.16	0.33
	Support Intention	0.21	0.96
Education	Celebrity	1.63	0.18
	Social Entrepreneur Personal Credibility		
	<i>Expertise</i>	2.21	0.09
	<i>Trustworthiness</i>	2.00	0.12
	<i>Attractiveness</i>	1.50	0.22
	Social Enterprise Organizational Credibility		
	<i>Expertise</i>	1.11	0.35
	<i>Trustworthiness</i>	1.78	0.15
	Attitude towards the Ad	2.34	0.07
	Attitude towards the Brand	1.91	0.13
	Support Intention	1.84	0.14

\*the mean difference is significant at the 0.05 level

The ANOVA table above shows that among those who donated to the SEs, there was no difference based on age and education level although the analysis shows a few differences based on the SEs and occupations. Therefore, the current studies does not lend support to the study of Bekkers and Wiepking (2011) which found the significant influence of age on charitable giving. The effect of age is not only significant for the amounts given but also as a percentage of income which is given (Hodgkinson and Weitzman 1986; Ritterband, 1991). A study conducted in the United States shows that the average amounts of charity tend to increase from the age of twenty-one to sixty-

four. After the age of sixty-five, the amounts of charity tend to decrease but the percentage of charity to income still increases (Havens, O'Herlihy, & Schervish, 2006).

**Table 5.14 Post-hoc Test for SEs' Expertise by Occupation**

Dimension	Occupation		Mean	Std. Error	p-value	95% Confidence	
						Lower	Std. Error
			Diff (I-J)			Bound	Bound
SE Expertise	Professionals	Civil Servants	-2.11	0.61	0.01*	-3.86	-0.37
		Self Employed	-0.15	1.02	1.00	-3.07	2.77
		Private Sector Staff	-0.75	0.62	0.83	-2.54	1.04
		Students	1.65	1.10	0.66	-1.51	4.80
		Private Sector Staff	-0.64	1.05	0.99	-3.67	2.39
	Civil Servants	Professionals	2.11	0.61	0.01*	0.37	3.86
		Self Employed	1.96	0.94	0.30	-0.75	4.67
		Private Sector Staff	1.36	0.49	0.06	-0.04	2.77
		Students	2.11	1.03	0.00*	0.80	6.72
		Housewives	2.11	0.61	0.01	0.37	3.86
	Students	Professionals	-1.65	1.10	0.66	-4.80	1.51
		Civil Servant	-3.76	1.03	0.00*	-6.72	-0.80
		Self Employed	-1.80	1.31	0.74	-5.57	1.98
		Private Sector Staff	-2.40	1.04	0.19	-5.38	0.58
		Housewives	-2.29	1.34	0.53	-6.15	1.57

\*the mean difference is significant at the 0.05 level

The civil servants' perception of the organization's level of expertise tends to be higher compared to the professionals' and students' perceptions of the said expertise (Table 5.14). The posthoc test also shows that differences were found among the civil servants and private sector employees' perceptions of the trustworthiness of the social enterprise (Table 5.15). The civil servants tend to have higher trust compared to the private sector employees' trustworthiness in the SEs.

**Table 5.15 Post-hoc Test for SEs' Trust by Occupation**

Occupation			Mean	Std. Error	p-value	95% Confidence	
						Lower	Upper
			Diff (I-J)			Bound	Bound
SE Trust	Civil Servant	Professionals	1.22	0.63	0.38	-0.59	3.02
		Self Employed	2.25	0.97	0.19	-0.55	5.04
		Private Sector Staff	1.50	0.50	0.04*	0.06	2.95
		Students	1.52	1.06	0.71	-1.54	4.57
		Housewives	1.62	1.01	0.60	-1.30	4.53
	Private Staff	Professionals	-0.29	0.64	1.00	-2.13	1.56
		Civil Servants	-1.50	0.50	0.04*	-2.95	-0.06
		Self Employed	0.74	0.98	0.97	-2.08	3.56
		Students	0.01	1.07	1.00	-3.06	3.09
		Housewives	0.11	1.02	1.00	-2.83	3.06

\*the mean difference is significant at the 0.05 level

**Table 5.16 Post-hoc Test for Attitude towards the Ad by Occupation**

Occupation			Mean	Std. Error Error	p-value	95% Confidence	
						Lower	Upper
			Diff (I-J)			Bound	Bound
Attitude towards the Ad	Civil Servant	Professionals	1.34	0.67	0.34	-0.59	3.27
		Self Employed	2.40	1.04	0.19	-0.59	5.39
		Private Sector Staff	1.11	0.54	0.31	-0.44	2.66
		Students	3.61	1.13	0.02*	0.35	6.88
		Housewives	0.55	1.08	1.00	-2.57	3.66
	Students	Professionals	-2.27	1.21	0.42	-5.76	1.21
		Civil Servants	-3.61	1.13	0.02*	-6.88	-0.35
		Self Employed	-1.21	1.45	0.96	-5.38	2.95
		Private Sector Staff	-2.50	1.14	0.25	-5.79	0.79

\*the mean difference is significant at the 0.05 level

In terms of attitude towards the Ad, civil servants' attitude towards the Ad tends to be more positive compare to the students' attitude towards the Ad.



**Table 5.17 Regression of Income on Support Intention**

	Support Intention		
<i>Dependent</i>	F=0.481	R <sup>2</sup>	Sig
<i>Independent</i>	B Value	T value	0.619
Intercept	20.378	58.681	0.000
PI	0.039	.561	0.575
FI	-0.007	-.181	0.857

The result of regression analysis shows that both incomes at the personal and household level have no direct influence on customers' intention to support SEs. In other words, an increase in the respondents' income does not necessarily lead to higher intention to funnel charitable giving via Islamic SEs. The result is consistent with the previous study in charitable giving behaviour that income has no direct influence on charitable giving (Mayo & Tinsley, 2009; Brooks, 2003). To some extent, the poor even tend to give a higher proportion of their income and more frequently to charity than those who are very wealthy (Brooks 2003). According to Mayo and Tinsley (2009), the flat relationship between income and donation given to charity is influenced by the bias perceptions of effort and luck of high-income household.

### **5.10 Structural Equation Modelling (SEM)**

The dual credibility model was analysed using Structural Equation Modelling with Lisrel. SEM is a tool used to identify, assess and estimate models of linear relationships among a set of observed variables in terms of a generally smaller number of unobserved variables (Schreiber, Nora, Stage, Barlow, & King, 2006; Shah & Goldstein, 2006). Therefore, SEM is theory driven (Schreiber et al., 2006) with its main objective to

assess the validity of the apriori model, rather than finding a suitable model (Gefen, Straub and Boudreau, 2000, cited in Shah and Goldstein, 2006).

#### **5.10.1 Technical Issues in SEM**

According to Schreiber et al. (2006), it is vital for the researcher to consider several pre-and post analysis technical issues. The pre analysis technical issues which must be provided by the researcher are (1) sample size (2) handling of missing data (3) normality (4) outliers (5) linearity (6) multicollinearity (7) software program (6) estimation method. The post analysis technical issues in SEM involve the following activities: (1) assessment of the coefficient of hypothesized relationship/parameter estimates (2) goodness of fit examinations (3) examination of residuals (4) model re-specification. The pre and post analysis of the SEM for the current study will be discussed specifically in the next chapter.

#### **5.10.2 Cut off Point for Analysis of Fit Index**

With regards to the model fit, many scholars have different views on which indices are more appropriate to test the model e.g.: Tucker Lewis Index (TLI) or Non-Normed Fit Index (NNFI), Root Mean Square Error of Approximation (RMSEA) (Kenny, 2012); Chi Square, degree of freedom (df) and its p-value, RMSEA, Standardized Root Mean Square Residual (SRMR), Comparative Fit Index (CFI) and one parsimony index (Hooper, Coughlan, & Mulllen, 2008). TLI/NNFI, CFI and RMSEA. (Schreiber et al., 2006). CFI, Goodness of Fit Index (GFI), Normed Fit Index (NFI) and TLI/NNFI (McDonald & Ringo, 2002) . NNFI/TLI, CFI and RMSEA (Garver & Mentzer, 1999).

Based on its popularity, a literature review on strategic management across 83 articles showed that the most popular fit indices used by the scholars are Chi square ( $\chi^2$ )

(79 studies; 86%), Goodness of Fit Index (44; 48%), CFI (34; 41%), RMR (32; 35%) (Shook, Ketchen, Hult, & Kacmar, 2004). Another study on operation management showed the following: are Chi square ( $\chi^2$ ) (107 studies; 74.8%), Normed Chi square ( $\chi^2/\text{df}$ ) (98; 68.5%), GFI (84; 58.7%), Chi square ( $\chi^2$ ) and p value (76; 53.1%), CFI (73; 51.0%), NNFI/TLI (62; 43.4%), AGFI (59; 41.3%), RMSEA (51; 35.7%) and RMR (51;35,7%) (Shah & Goldstein, 2006).

Based on the table 5.18, it can be seen that the three most suggested fit indices are: TLI/NNFI, RMSEA and CFI. The suggestion in particular supported those proposed by Garver and Mentzer (1999) and Schreiber et al., (2006). Garver and Mentzer 's (1999) study also showed that those three fit indices fulfil the stipulated criteria of ideal fit indices (Marsh, Balla, & Donald, 1988) such as : (1) be comparatively independent to sample size (2) provide an accurate and consistent measure of differences in goodness of fit for competing models of the same data and for the same model applied to different data (3) value can be easily interpreted; and (d) be replicable, that is, provide an indication of which model can be most successfully cross-validated when tested with new data.

In addition to those three fit indices, Garver and Mentzer (1999) also suggested the use of chi-square as the most common method of evaluating fit. However, the use of chi-square should be done cautiously since the fit index is highly sensitive to sample size (Hooper et al., 2008; Shah & Goldstein, 2006), especially for samples larger than 200 (Hoe, 2008). Therefore, relative/normed chi square is developed to minimize the impact of sample size on Chi square model and to correct model size (Shah & Goldstein, 2006) by examining the ratio of  $\chi^2$  to the degree of freedom (d.f.) (Joreskog and Sorbom, cited in Hoe, 2008).

**Table 5.18 Suggested Fit Indices**

Scholar	TLI/ NNFI	RMSEA	$\chi^2$	$\chi^2$ p value	$\chi^2/df$	SRMR	RMR	CFI	NFI	GFI	AGFI
(Kenny, 2012)	√	√									
(Hooper et al., 2008)		√	√	√	√	√		√			
(Schreiber et al., 2006)	√	√						√			
(McDonald & Ringo, 2002)	√							√	√	√	
(Garver & Mentzer, 1999)	√	√						√			
(Shook et al., 2004)			√				√	√		√	
(Shah & Goldstein, 2006)	√	√	√	√	√		√	√		√	√

Based on the above discussion, the current study assesses the model fit by using Normed Chi Square, TLI/NNFI/, RMSEA and CFI. The thresholds for those four fit indices are presented in the box below:

**Table 5.19: Popular Fit Index and Cut-Off Points**

Index	Symbols	Cut-off
Normed Fit Index	$\chi^2/df$	<5.0 (Wheaton, Muthen, Alwin, & Summers, 1977) $\leq 3$ (Hoe, 2008)
Tucker Lewis Index or Non-Normed Fit Index	TLI/NNFI	$\geq 0.90$ (Hoe, 2008)
Root Mean Square Error of Approximation	RMSEA	Above 0.10 → Poor Fit 0.08 to 0.10 → Mediocre Fit <0.08 → Good Fit (MacCallum, Browne, & Sugawara, 1996)
Comparative Fit Index	CFI	>0.90 (Hoe, 2008)

## 5.11. Conclusion

This chapter provided an explanation of the research design used in this study as a basis for conducting the study. The instruments for the study were adapted from the previous studies which were followed by instrument testing, which involved face to face interview to ensure the face/content validity and the feasibility of the questionnaire before the actual study was

conducted. An online and offline self administered survey was chosen as the method to collect a larger number of data. The data gained were analysed to assess the validity, reliability and robustness of the dual credibility model. Data obtained from the survey were subjected to a range of statistical analyses including an exploratory factor analysis (EFA) as a preliminary technique for scale construction (Gerbing & Anderson 1988), and ratified using confirmatory factor analysis (CFA) with LISREL.

## **CHAPTER 6**

### **DATA ANALYSIS AND RESULTS**

#### **6.0 Summary**

The beginning of the chapter discusses the preliminary analysis of the data such as handling of missing data, outliers, normality, and linearity and estimation method. The chapter also discusses the results of the structural equation modelling for both the baseline and competing model.

#### **6.1. Pre Analysis**

##### **6.1.1. Sample size**

Sample size issues are important in SEM since sample size influences the stability of parameter estimates (Schreiber et al., 2006). According to Kenny (2012) the minimum sample required by SEM is 200 while a ratio of sample size to the number of free parameters of 5 to 1 is also recommended (Bentler & Chou, 1987). The sample size of the current study is 214 respondents which fulfil the suggested sample size recommended by Kenny (2012) and Bentler and Chou (1987) since the sample is more than 200 and the ratio of sample size to the parameters is 7 to 1.

##### **6.1.2 Handling of missing data**

As it is sometimes impossible to collect complete data in a survey, the missing data may cause problems for studies that employ SEM as it will result in convergence failures,

biased parameter estimates, and inflated goodness of fit (Muthen, Kaplan, & Hollis, 1987). As SEM requires complete data in the analysis, several methods have been developed to overcome missing data such as listwise deletion, pairwise deletion and imputation (Carter, 2006; Kline, 2011). However, the best approach to avoid missing data is by providing clear and unambiguous questionnaires or by checking the incomplete responses before the respondents leave the research site (Kline, 2011).

Data collection in this study was administered online, thus enabling the researcher to set specific rules to avoid missing value. Specifically, the respondents are not able to go to the next question before answering all the preceding questions. Similarly, where the paper based questionnaires were distributed at the SE office, the questionnaires were also checked to detect missing responses before the respondents left.

### **6.1.3 Outliers, Normality, Linearity and Estimation Method**

The DCM is estimated by using Maximum Likelihood (ML) method which assumes multivariate normality of continuous outcome variables (Kline, 2011). According to Kline (2011), the multivariate normality implies that (1) all the individual univariate distributions are normal (2) the joint distribution of any pair of the variables is bivariate normal (3) all the bivariate scatterplots are linear and the distribution of residuals are homoscedastic. Due to the impracticality of checking all the joint distribution, the ability of the univariate distribution examination to check the multivariate non-normality (Kline, 2011) and since the influential outliers are linked to normality and skewness issues (Shah & Goldstein, 2006) the study examined the univariate distribution using the skewness and kurtosis from the Lisrel output.



It is recommended to at least obtain skewness of 2.0 and kurtosis of 7.0 to avoid problematic non-normality (Curran, West, & Finch, 1996). Based on the multivariate normality output of Lisrel, the skewness of the data of the current study ranged from 1.179 to 0.050 while the kurtosis values ranged from -1.178 to 0.189. The values of both skewness and kurtosis imply that in general, the data is approximating normal distribution and can be used for further analysis.

## **6.2 Structural Equation Modelling- Baseline Model**

### **6.2.1. Overall Model Fit**

As explained earlier, the study adapted the Dual Credibility Model (DCM) developed by Lafferty et.al. (2002). The data was tested against the proposed model to ascertain whether the proposed model is able to capture the effects of celebrity and credibility on the attitudes and intentions of customers to support Islamic SEs in Indonesia. For this purpose, the raw data was analyzed by using Lisrel 8.51. The Lisrel output results indicated that the chi square test is statistically significant with  $\chi^2=468.32$ ;  $df=237$ ;  $p=0.000$ . The results imply that the null hypothesis should be rejected. However, one major problem related to the chi square test is that it tends to reject the null hypothesis of perfect fit when the model is based on a large sample size (Samuelsen & Dayton, 2010). Therefore, the normed chi square (normed  $\chi^2$ ), an alternative model, is recommended.

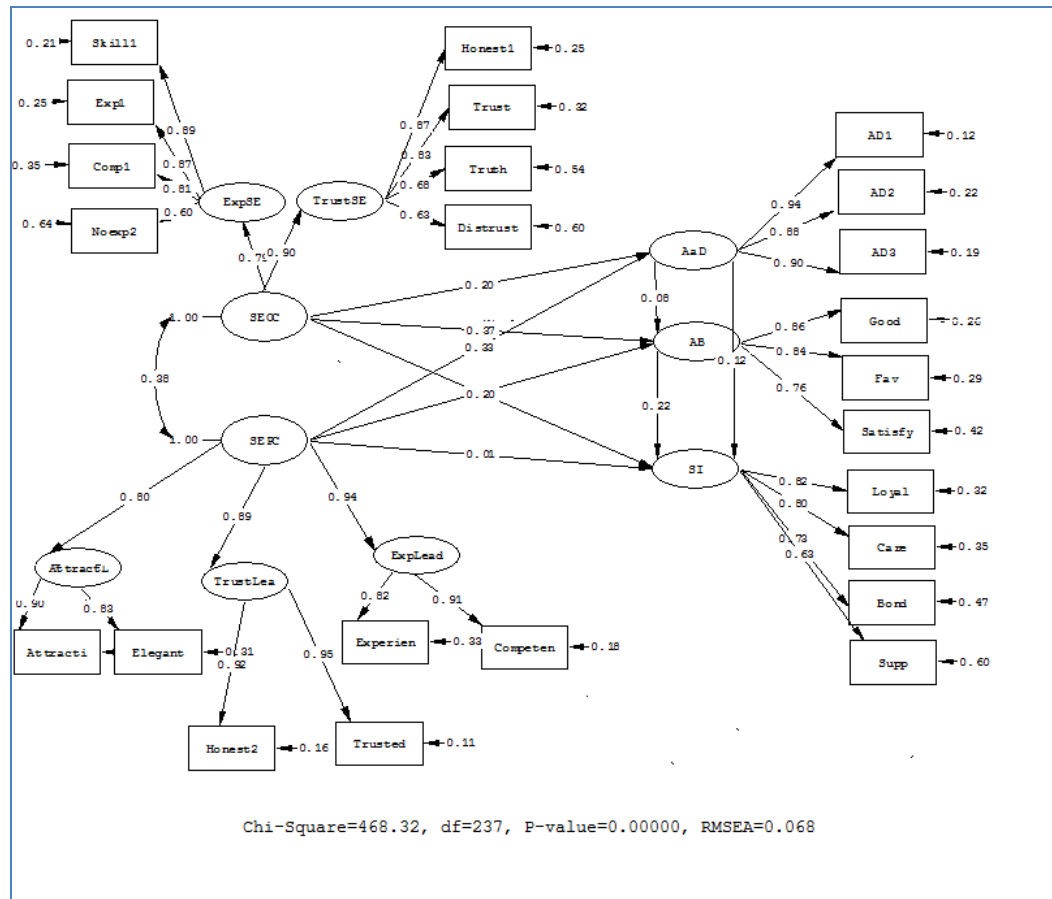
**Table 6.1: Fit Index Results**

Fit Index	Criteria	Results	Conclusions
Normed $\chi^2$	<5.0 (Wheaton et al., 1977) $\leq 3$ (Hoe, 2008)	1.97 <3	Good Fit
TLI/NNFI	$\geq 0.90$ (Hoe, 2008) $\geq 0.80$ (Hooper et al., 2008)	0.92 > 0.80	Good Fit
RMSEA	Above 0.10 → Poor Fit 0.08 to 0.10 → Mediocre Fit <0.08 → Good Fit (MacCallum et al., 1996)	0.068 < 0.08	Good Fit
CFI	$\geq 0.90$ (Hoe, 2008)	0.93 $\geq 0.90$	Good Fit

The results of normed  $\chi^2$  ( $\chi^2/\text{df}$ ) indicated a good fit model with normed  $\chi^2 = 1.97$  as it is below the cut-off point of 3 as suggested by Hoe (2008) or 5 as suggested by Wheaton et.al. (1977). The other fit indices showed good fit with data TLI/NNFI= 0.92, RMSEA= 0.068 and CFI=0.93

### 6.2.2 Reliability

To assess internal consistency reliability, the composite reliability (CR) should be higher than 0.70 (Hair, Ringle, & Sarstedt, 2011) or 0.60 (Fornell & Larcker, 1981) while indicator reliability can be assessed by looking at the indicator loading or standardized loading Factor (SLF). The accepted threshold for the indicator reliability is also 0.70 (Hair et al., 2011). The figure and table below illustrate the results of internal consistency and indicator reliability based on the Lisrel output.



**Figure 6.1 Measurement Model 1-Standardized Solution**

Based on the Lisrel output, the CR for the 1<sup>st</sup> order CFA indicated high internal consistency reliability as the CR values are all above 0.70 or ranging from 0.95 to 0.98. The SLF for the 1<sup>st</sup> order CFA also indicated high indicator reliability as the SLF for almost all of the indicators are above 0.70 (0.73 to 0.94) except for the two negatively worded items which have SLF values of 0.60 (Noexp2) and 0.63 (distrust) and one positively worded item 0.63 (support). The 2<sup>nd</sup> order CFA also showed high internal consistency reliability as the CR values are all above the cut-off points 0.70 or 0.95 for social enterprise organizational credibility and 0.98 for social entrepreneur personal credibility.

**Table 6.2 Internal Consistency Reliability**

Variable	Dimension	2 <sup>nd</sup> Order CFA				Indicator	1 <sup>st</sup> Order CFA			
		SLF	CR	Indicator Reliability SLF>0.70	Internal Consistency Reliability CR>0.70		SLF	CR	Indicator Reliability SLF>0.70	Internal Consistency Reliability CR>0.70
SEOC	ExpSE	0.79	0.95	Reliable	Reliable	Exp1	0.89	0.97	Reliable	Reliable
						Skills1	0.89		Reliable	
						Comp1	0.81		Reliable	
						Noexp2	0.60		Reliable	
	TrustSE	0.90	Reliable		Honest	0.87	0.95	Reliable	Reliable	
					Trust	0.83		Reliable		
					Truth	0.68		Reliable		
					Distrust	0.63		Reliable		
SEPC	TrustLead	0.89	0.98	Reliable	Reliable	Honest2	0.92	0.98	Reliable	Reliable
						Trusted	0.95		Reliable	
	ExpLead	0.94		Reliable		Competent	0.91	0.96	Reliable	Reliable
						Experienced	0.82		Reliable	
	AttractLead	0.80		Reliable		Attractive	0.90	0.96	Reliable	Reliable
						Elegant	0.83		Reliable	
AaD	-	-	-	-	-	AD1	0.94	0.98	Reliable	Reliable
						AD2	0.88		Reliable	
						AD3	0.90		Reliable	
AB	-	-	-	-	-	Good	0.86	0.96	Reliable	Reliable
						Fav	0.84		Reliable	
						Satisfy	0.76		Reliable	
SI	-	-	-	-	-	Bond	0.73	0.95	Reliable	Reliable
						Care	0.80		Reliable	
						Loyal	0.82		Reliable	
						Supp	0.63		Reliable	

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

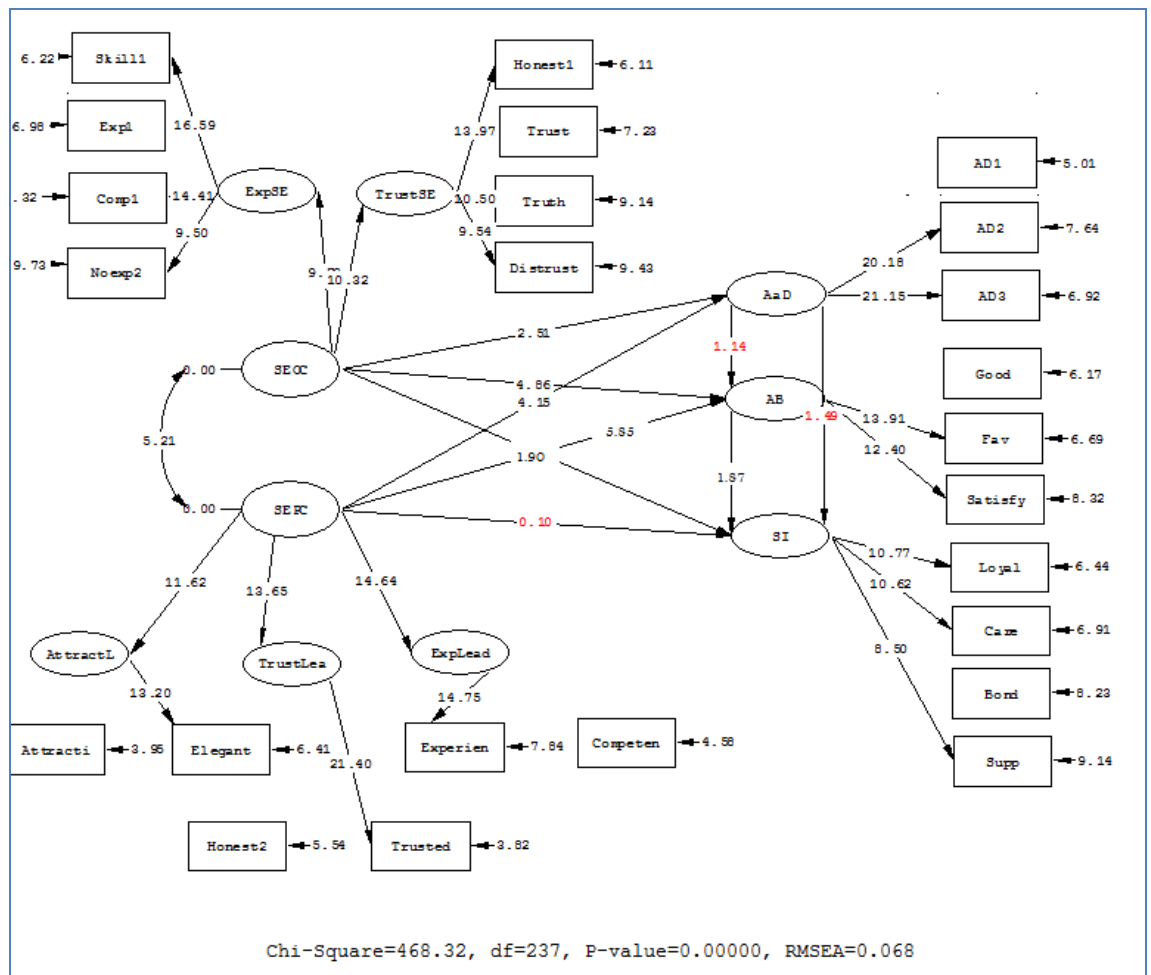
Although the result of exploratory factor analysis (EFA) shows that the social entrepreneur personal credibility is unidimensional in nature, the construct will be treated as multidimensional in the main survey using confirmatory factor analysis (CFA) since the goal of the study is to test the hypotheses and CFA require the

researcher to hypothesize, in advance, the number of factors, whether or not these factors are correlated (Suhr, n.d).

### **6.2.3 Validity**

According to Hair et.al. (2011), the measurement is qualified as having good convergent validity when the Average Variance Extracted (AVE) is higher than 0.50. The first order CFA showed that all the measurements used in the study have a good convergent validity as the AVE values are all above 0.5 or ranging from 0.56 to 0.87. The second order CFA also showed good convergent validity with AVE for the social enterprise organizational credibility at 0.72 and social entrepreneur personal credibility is 0.77.

Another strategy for assessing convergent validity is by reviewing the t-test for factor loadings and keep indicators to ascertain which factor loadings were greater than twice of their standard errors (Anderson & Gerbing, 1988). The significant t-test for all the indicators suggested that the entire indicators effectively measured the same construct. The results showed that the t-test for the 1<sup>st</sup> order CFA indicators ranged from 8.50 to 21.40 which indicated sufficient convergent validity to assess each construct. The 2<sup>nd</sup> order CFA results also indicated sufficient convergent validity as the t-values are all significant (9.79 to 14.64).



**Figure 6.2 Measurement Model 1-T value**

**Table 6.3 The Convergent Validity Test Results**

Variable	Dimension	2 <sup>nd</sup> Order CFA				1 <sup>st</sup> Order CFA					
		T-Value	AVE	Convergent Validity 2 T-values > 2*SE	Convergent Validity 1 AVE>0.50	Item	T-Value	SE	AVE	Convergent Validity 2 T-values > 2*SE	Convergent Validity 1 AVE>0.50
SEOC	ExpSE	9.79	0.72	Valid	Valid	Exp1	*	0.25	0.64	Valid	Valid
						Skills1	16.59	0.21		Valid	
						Comp1	14.41	0.35		Valid	
						Noexp2	9.50	0.64		Valid	
	TrustSE	10.32	Valid		Honest	13.97	0.25	0.57	Valid	Valid	
					Trust	*	0.32		Valid		
					Truth	10.50	0.54		Valid		
					Distrust	9.54	0.60		Valid		
SEPC	TrustLead	13.65	0.77	Valid	Valid	Honest2	*	0.16	0.75	Valid	Valid
		Trusted		21.40		0.11	Valid				
ExpLead	14.64	Valid		Competent		*	0.18	0.87	Valid	Valid	
				Experienced		14.75	0.33		Valid		
AttractLead	11.62	Valid		Attractive		*	0.19	0.75	Valid	Valid	
				Elegant		13.20	0.31		Valid		
AaD	-	-	-	-	-	AD1	*	0.12	0.82	Valid	Valid
						AD2	20.18	0.22		Valid	
						AD3	21.15	0.19		Valid	
AB	-	-	-	-	-	Good	*	0.26	0.68	Valid	Valid
						Fav	13.91	0.29		Valid	
						Satisfy	12.40	0.42		Valid	
SI	-		-	-	-	Bond	*	0.47	0.56	Valid	Valid
						Care	10.62	0.35		Valid	
						Loyal	10.77	0.32		Valid	
						Supp	8.50	0.60		Valid	

\*Fixed by default

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

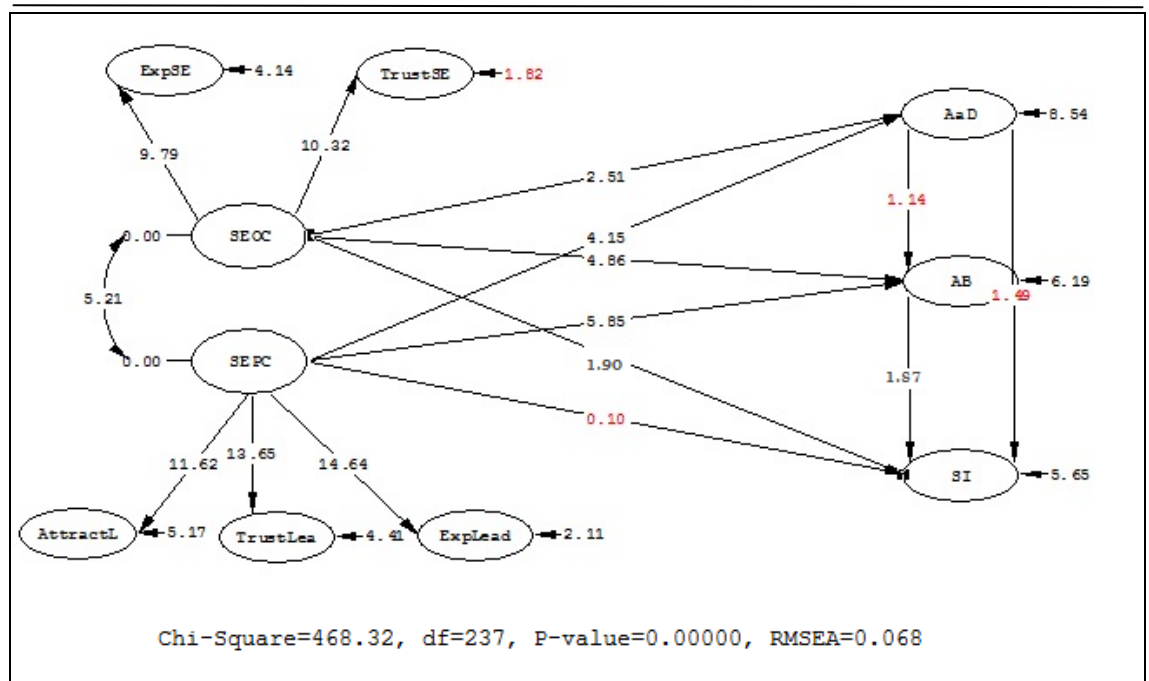
AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

## 6.2.4 Hypotheses Testing

This section discusses the results of hypothesis testing based on the output of Lisrel as illustrated below.



**Figure 6.3 Structural Model 1-T Values**

### a. The Influence of Social Entrepreneur Personal Credibility on Attitudes and Intention

The SEM results supported only 2 out of 3 hypotheses which tested the influence of social entrepreneur credibility on attitudes and intention.

*H<sub>1a</sub>: Social entrepreneur personal credibility is positively and directly related to attitude towards the Ad.*



As predicted in  $H_{1a}$ , social entrepreneur credibility positively affects attitude towards the Ad and the results supported this hypothesis ( $\beta=0.33$ ;  $t\text{-value}=4.15$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

*$H_{1b}$ : Social entrepreneur personal credibility is positively and directly related to attitude towards the brand.*

$H_{1b}$  proposed that social entrepreneur credibility is positively and directly related to attitude towards the brand. The results strongly supported this hypothesis ( $\beta=0.45$ ;  $t\text{-value}=5.85$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

*$H_{1c}$ : Social entrepreneur personal credibility is positively and directly related to support intention.*

The SEM results did not support  $H_{1c}$ , that social entrepreneur credibility influences the customer intention ( $\beta=0.01$ ;  $t\text{-value}=0.10$ ;  $p<0.05$ ), with less than the critical value of one tailed statistical significance at 0.05 or 1.64.

#### **b. The Influence of Social Enterprise Credibility on Attitudes and Intention**

The SEM results supported all the three hypotheses in the second group of hypotheses analysis.

*H<sub>2a</sub>: Social enterprise organizational credibility is positively and directly related to attitude towards the Ad.*

As predicted in H<sub>2a</sub>, social enterprise personal credibility positively and directly influences attitude towards the Ad ( $\beta=0.20$ ;  $t\text{-value}=2.51$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64. Thus, H<sub>2a</sub> was supported.

*H<sub>2b</sub>: Social enterprise organizational credibility is positively and directly related to attitude towards the brand.*

H<sub>2b</sub> proposed that social enterprise credibility positively and directly influences attitude towards the Ad ( $\beta=0.37$ ;  $t\text{-value}=54.86$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64. The results strongly supported this hypothesis.

*H<sub>2c</sub>: Social enterprise organizational credibility is positively and directly related to support intention.*

H<sub>2c</sub> posited that social enterprise credibility positively and directly influenced support intention ( $\beta=0.20$ ;  $t\text{-value}=1.90$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64. Thus, H<sub>2c</sub> is supported.

### **c. The Influence of Attitude towards the Ad**

Unexpectedly,  $H_{3a}$  was not supported as there was not enough evidence to prove that attitude towards the Ad positively and directly influenced attitude towards the Ad ( $\beta=0.08$ ;  $t\text{-value}=1.14$ ;  $p<0.05$ ).

*$H_{3a}$ : Attitude towards the Ad is positively and directly related to attitude towards the brand.*

Similar to previous findings, there was not enough evidence to show that attitude towards the Ad positively and directly influenced support intention ( $\beta=0.12$ ;  $t\text{-value}=1.49$ ;  $p<0.05$ ). The  $t\text{-value}$  was less than the critical value of the tailed statistical significance at 0.05 or 1.64. Thus  $H_{3b}$  was not supported.

*$H_{3b}$ : Attitude towards the Ad is positively and directly related to support intention.*

### **d. The Influence of Attitude towards the Brand**

$H_4$  proposed that attitude towards the brand is positively and directly related to support intention. The results supported this hypothesis ( $\beta=0.22$ ;  $t\text{-value}=1.87$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64. Thus  $H_4$  is supported.

*H<sub>4</sub>: Attitude towards the Brand (AB) is positively and directly related to Support Intention (SI)*

**Table 6.4 Direct Effect Hypotheses Testing Result-Baseline Model**

Hypothesis	Path	Estimate	T-Value	Conclusion
H1a	SEPC → AaD	0.33	4.15**	Supported
H1b	SEPC → AB	0.45	5.85**	Supported
H1c	SEPC → SI	0.01	0.10	Not Supported
H2a	SEOC → AaD	0.20	2.51**	Supported
H2b	SEOC → AB	0.37	4.86**	Supported
H2c	SEOC → SI	0.20	1.90*	Supported
H3a	AaD → AB	0.08	1.14	Not Supported
H3b	AaD → SI	0.12	1.49	Not Supported
H4	AB → SI	0.22	1.87*	Supported

\*t value is significant at 0.05

\*\*t value is significant at 0.01

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

#### **e. The Mediation Hypotheses Testing**

To test the mediation hypotheses below, the researcher decomposed the indirect effect for the baseline model:

*H<sub>5a</sub>: Attitude towards the Ad mediates the relationship between social entrepreneur personal credibility and support intention.*

*H<sub>5b</sub>: Attitude towards the Ad mediates the relationship between social enterprise personal credibility and support intention.*

*H<sub>6a</sub>: Attitude towards the Ad and attitude towards the brand mediate the relationship between social entrepreneur personal credibility and support intention.*

*H<sub>6b</sub>: Attitude towards the Ad and attitude towards the brand mediate the relationship between social enterprise organizational credibility and support intention.*

*H<sub>7a</sub>: Attitude towards the brand mediates the relationship between social entrepreneur personal credibility and support intention.*

*H<sub>7b</sub>: Attitude towards the brand mediates the relationship between social enterprise organizational credibility and support intention.*

The table below shows the indirect effects of the Lisrel output based on the Lisrel output using OU EF syntax.

**Table 6.5 Decomposition of Indirect Effects Model 1**

<b>SEPC-SI</b>	<b>Indirect Effects</b>	<b>SEOC-SI</b>	<b>Indirect Effects</b>
H <sub>5a</sub> SEPC-AaD-SI	0.040	H <sub>5b</sub> SEOC-AaD-SI	0.024
H <sub>6a</sub> SEPC-AaD-AB-SI	0.006	H <sub>6b</sub> SEOC-AaD-AB-SI	0.004
H <sub>7a</sub> SEPC-AB-SI	0.099*	H <sub>7b</sub> SEOC-AB-SI	0.081*
Total Indirect Effects	0.11	Total Indirect Effects	0.14

SEC : Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the ad

AB: Attitude towards the brand

SI: Support intention

Although the concept of total effect covers all the direct and indirect coefficients-for all model variables, regardless of the significance of individual paths, the insignificant path coefficient can be excluded from the calculation (Reynolds, Ou, & Topitzes, 2004). Therefore, each indirect path existing among the relationships was decomposed.

Based on the above table, it is only the attitude towards the brand which significantly mediates the relationship between both types of credibility and customer support intention.

**Table 6.6 The Mediation Hypotheses Testing Results**

Hypothesis	Path	Standardized Indirect Effects	Conclusion
H <sub>5a</sub>	SEPC → AaD → SI	0.040	Not Supported
H <sub>5b</sub>	SEOC → AaD → SI	0.024	Not Supported
H <sub>6a</sub>	SEPC → AaD → AB → SI	0.006	Not Supported
H <sub>6b</sub>	SEOC → AaD → AB → SI	0.004	Not Supported
H <sub>7a</sub>	SEPC → AB → SI	0.099*	Supported
H <sub>7b</sub>	SEOC → AB → SI	0.081*	Supported

\*t value is significant at 0.05

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

#### **f. Direct and Indirect Effects**

Table 6.8 below shows that social entrepreneur credibility has no direct effect on support intention. However, social entrepreneur credibility has indirect effect on support intention. In contrast, social enterprise credibility has direct influence on support intention and also indirect influence on support intention.

**Table 6.7 Standardized Indirect Total Effects, Direct Effects and Total Effects-Baseline Model**

Predictors	Dependent Variables	Total Effects	Direct Effects	Indirect Effects
Social Entrepreneur Personal Credibility (SEPC)	Attitude towards the Ad (AaD)	0.33	0.33**	-
	Attitude towards the Brand (AB)	0.47	0.45**	0.03
	Support Intention (SI)	0.15	0.01	0.14
Social Enterprise Organizational Credibility	Attitude towards the Ad (AaD)	0.20	0.20**	-
	Attitude towards the Brand (AB)	0.39	0.37**	0.02
	Support Intention (SI)	0.31	0.20*	0.11
Attitude towards the Ad (AaD)	Attitude towards the Brand (AB)	0.08	0.08	
	Support Intention (SI)	0.14	0.11	0.02
Attitude towards the Brand (AB)	Support Intention (SI)	0.22	0.22*	-

\*t value is significant at 0.05 \*\*t value is significant at 0.01

Therefore we can conclude that social entrepreneur credibility influence on support intention is fully mediated by attitude towards the brand while social enterprise credibility influence on support intention is partially mediated by attitude towards the brand. However, the direct influence of social enterprise credibility is still larger as compared with the indirect influence of social enterprise credibility via attitude towards the brand since the direct influence of social enterprise credibility contributes 65% of influence to the total effects while the indirect influence of social enterprise credibility only accounts for 35%.

### **6.3 Testing the Direct Effects of Celebrity on Attitudes and Support Intention-Competing Model**

One of the required conditions to establish mediation is that the independent variable must has an effect on the dependent variable (Baron & Kenny, 1986). Thus, it



makes good sense to check the direct effects of celebrity on attitudes and intention before testing the mediation hypothesis.

### 6.3.1 Overall Model Fit

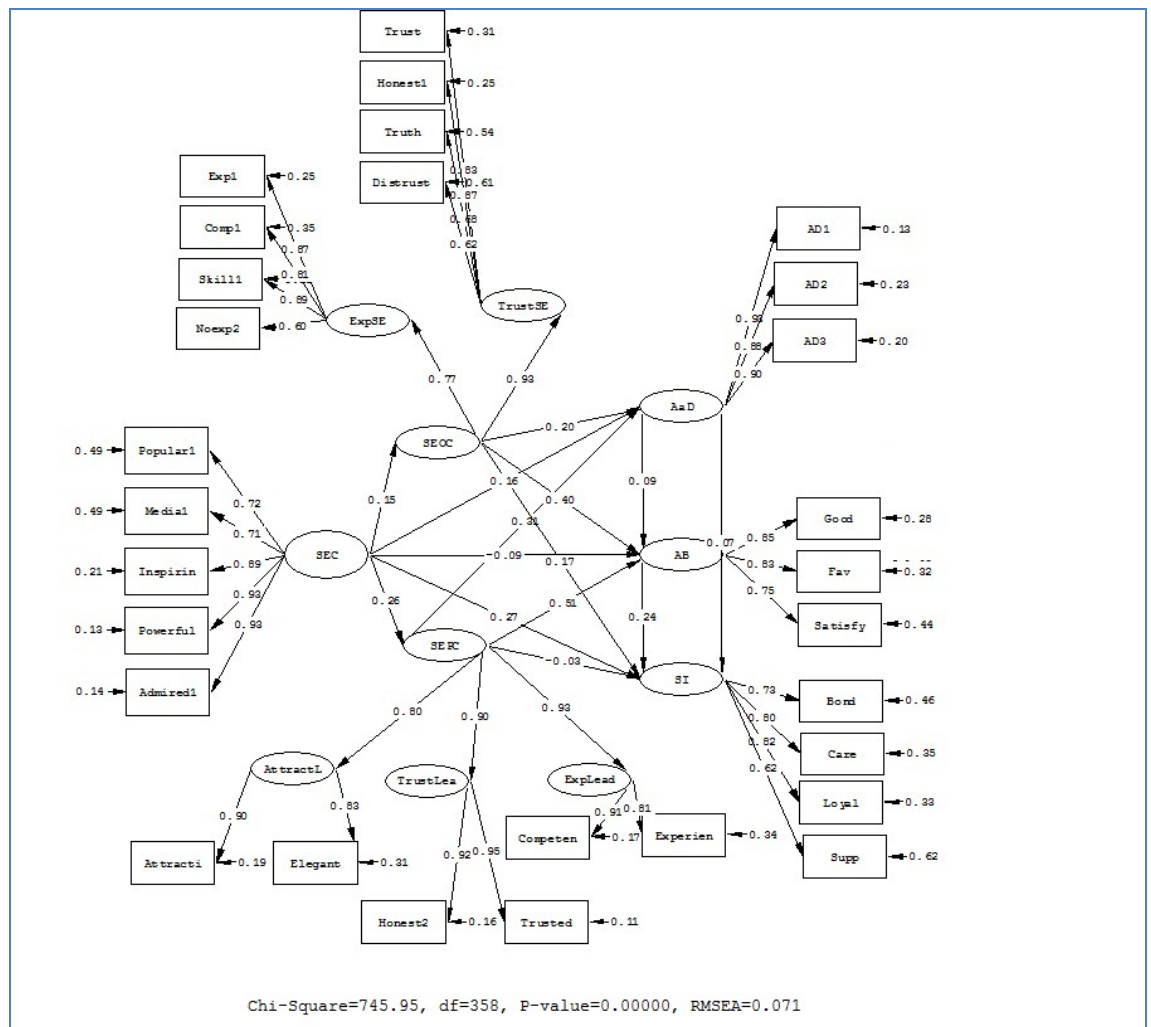
Based on the Lisrel output, the overall model fit for the model which tests the direct effect of celebrity on attitudes and support intention showed a slightly lower good fit for the Normed  $\chi^2$ , RMSEA and CFI, the TLI/NNFI compared with the baseline model. However, the competing model good fit still falls under acceptable threshold.

**Table 6.8 Fit Index Results-Competing Model**

Fit Index	Criteria	Results	Conclusion
Normed $\chi^2$	<5.0 (Wheaton et al., 1977) $\leq 3$ (Hoe, 2008)	(745.95/358)=2.08<3	Good Fit
TLI/NNFI	$\geq 0.90$ (Hoe, 2008) $\geq 0.80$ (Hooper et al., 2008)	0.90>0.80	Good Fit
RMSEA	Above 0.10 → Poor Fit 0.08 to 0.10 → Mediocre Fit <0.08 → Good Fit (MacCallum et al., 1996)	0.071<0.08	Good Fit
CFI	$\geq 0.90$ (Hoe, 2008)	0.91 $\geq$ 0.90	Good Fit

### 6.3.2 Reliability

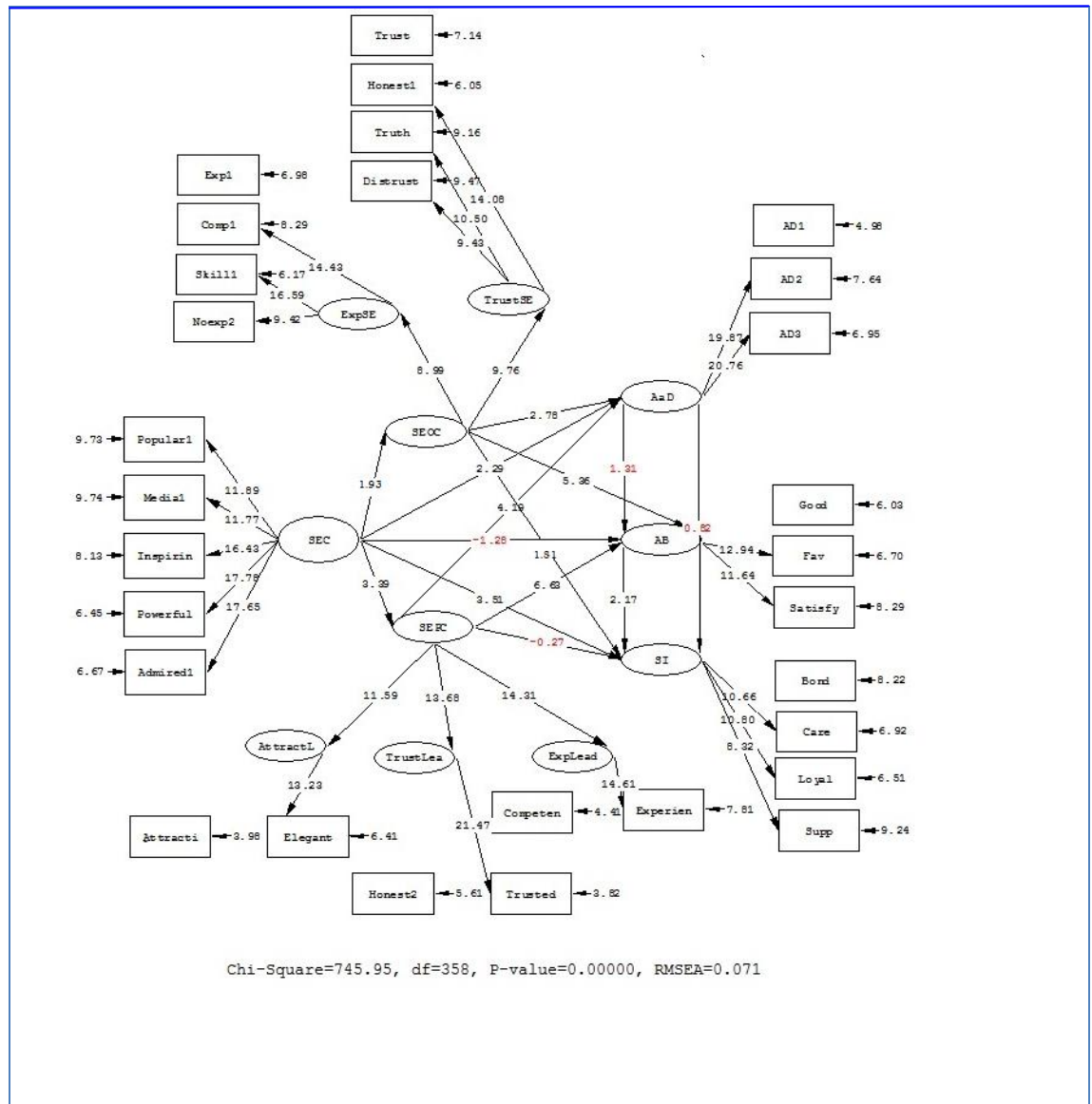
The second model also showed that the measurement has sufficient indicator reliability and convergent validity for both the 1<sup>st</sup> order and 2<sup>nd</sup> order CFA. The SLF for the majority of item are above 0.70 except for one positively worded item, Truth (0.68, and the two negatively worded items: Noexp2 (0.60) and distrust (0.62).



**Figure 6.4 Measurement of Competing Model 2-Standardized Solution**

### 6.3.3 Validity

The validity of measurement of the second model is also comparable to the first model in which all the measurement item's t-values are significant. The t-values for both the 1<sup>st</sup> order and 2<sup>nd</sup> order CFA range from 8.32 to 20.76.

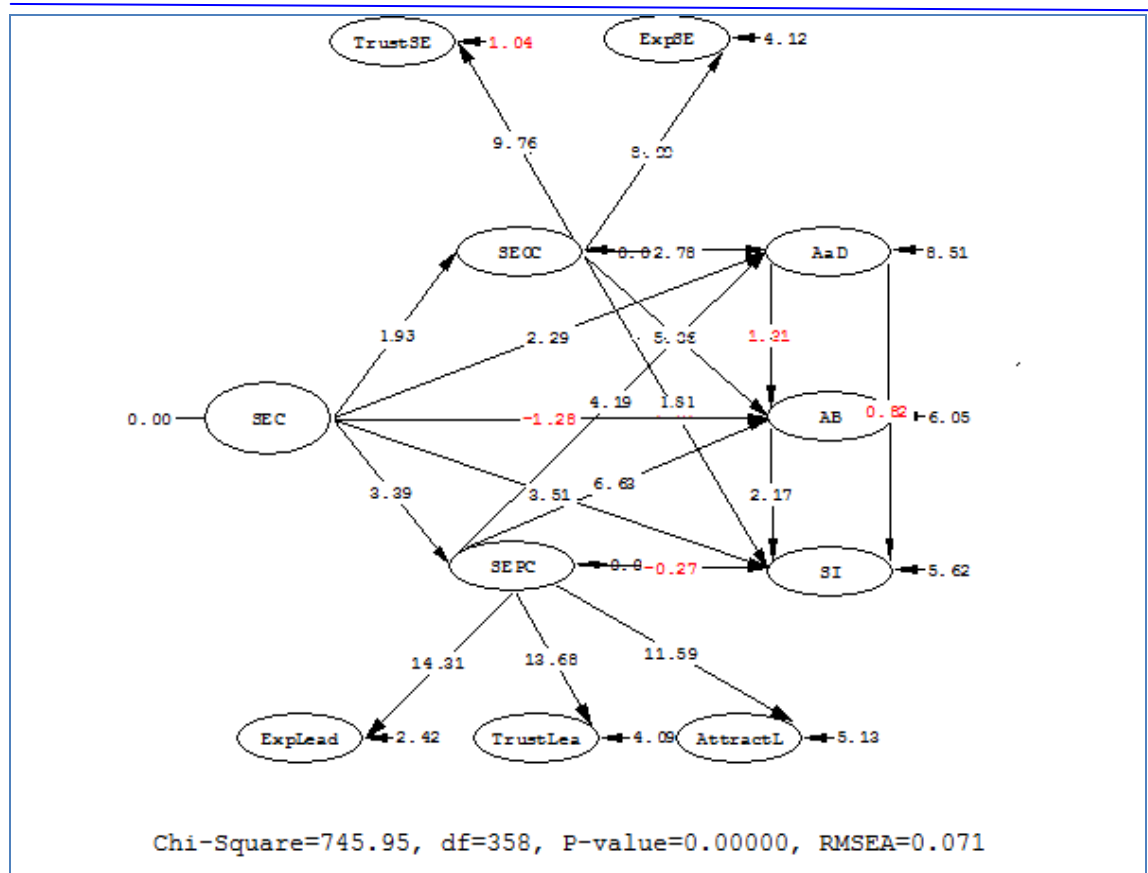


**Figure 6.5 Measurement Competing Model 2-T values**

### 6.3.4 Hypotheses Testing

#### a. Direct Hypotheses Testing

Based on the structural model below, we can see that the results of the 9 sub-hypotheses ( $H_{1a}$ - $H_4$ ) tested in the previous baseline model are similar to the result of the 2<sup>nd</sup> model.



**Figure 6.6 Structural Model 2-T Values**

**Table 6.9 Direct Effects of Hypotheses Testing Results-Competing Model**

Hypothesis	Path	Estimate	T-Value	Conclusion
H1a	SEPC → AaD	0.33	4.19**	Supported
H1b	SEPC → AB	0.45	6.63**	Supported
H1c	SEPC → SI	0.01	-0.27	Not Supported
H2a	SEOC → AaD	0.20	2.78**	Supported
H2b	SEOC → AB	0.37	5.36**	Supported
H2c	SEOC → SI	0.20	1.81*	Supported
H3a	AaD → AB	0.08	1.31	Not Supported
H3b	AaD → SI	1.49	0.82	Not Supported
H4	AB → SI	0.22	2.17*	Supported

\*t value is significant at 0.05

\*\*t value is significant at 0.01

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

As explained earlier, the second model will also test the direct influence of celebrity on credibility, attitudes and intention as proposed in the hypotheses:

*H<sub>8a</sub>: Social entrepreneur celebrity significantly and positively influences social entrepreneur personal credibility.*

The results of the Lisrel output also showed that celebrity have direct influence on social entrepreneur personal credibility ( $\gamma=0.27$ ;  $t\text{-value}=3.39$ ;  $p<0.05$ ) which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

*H<sub>8b</sub>: Social entrepreneur celebrity significantly and positively influences the social enterprise organizational credibility.*

The results of the Lisrel output also showed that celebrity have direct influence on social enterprise credibility ( $\gamma=0.26$ ;  $t\text{-value}=1.93$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

*H<sub>8c</sub>: Social entrepreneur celebrity significantly and positively influences customer attitudes towards the Ad.*

The results of the Lisrel output showed that celebrity have direct influence on attitudes towards the ad, ( $\gamma=0.15$ ;  $t\text{-value}=2.29$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

*H<sub>8d</sub>: Social entrepreneur celebrity significantly and positively influences the customer attitudes towards the brand.*

In contrast to the attitude towards the Ad and intention to support social enterprise, the attitude towards the brand is not directly affected by social entrepreneur celebrity ( $\gamma_4 = -0.09$ ;  $t\text{-value} = -1.28$ ;  $p < 0.05$ ).

*H<sub>8e</sub>: Social entrepreneur celebrity significantly and positively influences the customers' intention to support social enterprise.*

The results of the Lisrel output also shows that celebrity have direct influence on the intention to support the social enterprise, ( $\gamma = 0.27$ ;  $t\text{-value} = 3.51$ ;  $p < 0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

**Table 6.10 Direct Effects of Hypotheses Testing Results-Competing Model**

Hypothesis	Path	Estimate	T-Value	Conclusion
H8a	SEC → SEPC	0.27	3.39**	Supported
H8b	SEC → SEOC	0.26	1.93*	Supported
H8c	SEC → AaD	0.15	2.29*	Supported
H8d	SEC → AB	-0.09	-1.28	Not Supported
H8e	SEC → SI	0.27	3.51**	Supported

\*t value is significant at 0.05

\*t value is significant at 0.01

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

## **b. Mediation Hypotheses Testing**

The additional path from celebrity on credibility, attitudes and intention resulted in additional 9 mediation hypotheses:

*H<sub>9a</sub>: Social entrepreneur personal credibility mediates the relationship between social entrepreneur celebrity and support intention.*

*H<sub>9b</sub>: Social entrepreneur personal credibility and attitude towards the Ad mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>9c</sub>: Social entrepreneur personal credibility, attitude towards the Ad and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>9d</sub>: Social entrepreneur personal credibility and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>10a</sub>: Social enterprise organizational credibility mediates the relationship between social entrepreneur celebrity and support intention.*

*H<sub>10b</sub>: Social enterprise organization credibility and attitude towards the Ad mediate the relationship between social entrepreneur celebrity and support intention.*



*H<sub>10c</sub>: Social enterprise organizational credibility, attitude towards the Ad and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention.*

*H<sub>10d</sub>: Social enterprise organization credibility and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention.*

**Table 6.11 Decomposition of Indirect Effects –Competing Model**

<b>SEC-SI</b>	<b>Indirect Effects</b>	<b>SEOC-SI</b>	<b>Indirect Effects</b>	<b>SEPC-Intent</b>	<b>Indirect Effects</b>
H <sub>9a</sub> . SEC-SEPC-SI	0.008	SEOC-AaD-AB-SI	0.004	SEPC-AaD-AB-SI	0.007
H <sub>9b</sub> . SEC-SEPC-AaD-SI	0.006	SEOC-AaD-SI	0.014	SEPC-AaD-SI	0.022
H <sub>9c</sub> . SEC-SEPC-AaD-AB-SI	0.002	SEOC-AB-SI	0.096*	SEPC-AB-SI	0.122*
H <sub>9d</sub> . SEC-SEPC-AB-SI	0.032*	-	-	-	-
H <sub>10a</sub> . SEC-SEOC-SI	0.026*	-	-	-	-
H <sub>10b</sub> . SEC-SEOC-AaD-SI	0.002	-	-	-	-
H <sub>10c</sub> . SEC-SEOC-AaD-AB-SI	0.001	-	-	-	-
H <sub>10d</sub> . SEC-SEOC-AB-SI	0.014*	-	-	-	-
Total Indirect Effects	0.07	Total Indirect Effects	0.11	Total Indirect Effects	0.144

\*t value is significant at 0.05

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

**Table 6.12 Indirect Effects Hypotheses Testing – Competing Model**

SEC-SI	Indirect Effects	Conclusion
H <sub>9a</sub> . SEC-SEPC-SI	0.008	Not Supported
H <sub>9b</sub> . SEC-SEPC-AaD-SI	0.006	Not Supported
H <sub>9c</sub> . SEC-SEPC-AaD-AB-SI	0.002	Not Supported
H <sub>9d</sub> . SEC-SEPC-AB-SI	0.032*	Supported
H <sub>10a</sub> . SEC-SEOC-SI	0.026*	Supported
H <sub>10b</sub> . SEC-SEOC-AaD-SI	0.002	Not Supported
H <sub>10c</sub> . SEC-SEOC-AaD-AB-SI	0.001	Not Supported
H <sub>10d</sub> . SEC-SEOC-AB-SI	0.014*	Supported
Total Indirect Effects	0.070	

\*t value is significant at 0.05

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

Based on the above table, celebrity is proven to have indirect influence on support intention via both types of credibility and attitude towards the brand. Specifically, the results of the Lisrel output shows:

1). Social entrepreneur personal credibility and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention ( $\gamma=0.032$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

2). Social enterprise organizational credibility mediates the relationship between social entrepreneur celebrity and support intention. ( $\gamma=0.026$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

3). Social enterprise organization credibility and attitude towards the brand mediate the relationship between social entrepreneur celebrity and support intention ( $\gamma=0.014$ ;  $p<0.05$ ), which exceeds the critical value of one tailed statistical significance at 0.05 or 1.64.

#### **a. Direct and Indirect Effects**

The table below shows the indirect and direct effects of each exogenous and endogenous variable in the second model. Celebrity is proven to have direct effects on attitude towards the Ad and support intention but have no direct and significant effects on attitude towards the Ad. However, the largest influence to the total effects of celebrity on intention were contributed by the direct paths which accounts for 79.41% in comparison to the indirect paths which only contributes around 20.59% of the total effects. The results of the remaining direct and indirect effects of credibility on support intention in the 2<sup>nd</sup> model are similar to the baseline model.

**Table 6.13 Standardized Indirect Total Effects, Direct Effects and Total Effects -  
Competing Model**

<b>Predictor</b>	<b>Dependent Variable</b>	<b>Total Effects</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>
Social Entrepreneur Celebrity (SEC)	Social Entrepreneur Personal Credibility (SEPC)	0.26	0.26**	-
	Social Enterprise Organizational Credibility (SEOC)	0.15	0.15*	-
	Attitude towards the Ad (AaD)	0.27	0.16*	0.11
	Attitude towards the Brand (AB)	0.13	-0.09	0.22
	Support Intention (SI)	0.34	0.27**	0.07
Social Entrepreneur Personal Credibility (SEPC)	Attitude towards the Ad (AaD)	0.31	0.31**	-
	Attitude towards the Brand (AB)	0.54	0.51**	0.03
	Support Intention (SI)	0.12	-0.03	0.15
Social Enterprise Organizational Credibility (SEOC)	Attitude towards the Ad (AaD)	0.2	0.2**	-
	Attitude towards the Brand (AB)	0.42	0.4**	0.02
	Support Intention (SI)	0.29	0.17**	0.11
Attitude towards the Ad (AaD)	Attitude towards the Brand (AB)	0.09	0.09	-
	Support Intention (SI)	0.09	0.07	0.02
Attitude towards the Brand (AB)	Support Intention (SI)	0.24	0.24*	-

\*t value is significant at 0.05

\*t value is significant at 0.01

Social enterprise credibility is found to have both direct (0.17) and indirect influence (0.11) on support intention. The direct effects of social enterprise credibility on support intention is still larger than the indirect effects of social enterprise credibility on support intention via attitude towards the brand which accounts for 59% of the total effects. In contrast to social enterprise organizational credibility, the leader credibility has no direct effect on the customers' intentions. However, leader credibility has indirect influence on

customers' support intention via attitude towards the brand. Thus, leader credibility influence on customers' intention is fully mediated by attitudes towards the brand.

## **6.4 Conclusion**

The process of item analysis, exploratory and confirmatory factor analysis, model re-specification and goodness-of-fit test as well as hypothesis testing were done sequentially in order to test the basic dual credibility model. One competing models were tested to test the effect of celebrity on credibility, attitudes and intention. However, the results from the model fit could not specifically determine a better model as the goodness of fit is only slightly differs. Both of the models are statistically acceptable, although each model has a different explanation of the data. Further explanation about the model, the results as well as the implications of this model for the social entrepreneurship literature will be explained in Chapter 7.

## **CHAPTER 7**

### **DISCUSSION AND CONCLUSION**

#### **7.0 Summary**

This final chapter 7 presents a discussion of the findings, conclusions and implications of the present research as well as the limitations and directions for future research in the field. The first section of the chapter summarizes the findings of the empirical study. The second section presents the implications of the findings of this research that relate to theoretical and managerial/business practices. Lastly, the chapter presents the study's limitations, conclusion and recommendations and also outlines future research directions.

#### **7.1. Revisiting the Research Objectives and Questions**

In the traditional business context, many scholars have focused largely on the role of credibility in improving the effectiveness of marketing communications in changing consumer or buyer behaviour (Dholakia & Sternthal, 1977; Goldsmith, Lafferty, & Newell, 2000a, 2000b; Gotlieb & Sarel, 1991; Harmon & Coney, 1982; Joseph, 1982; Lafferty, 2007; Lafferty & Goldsmith, 1999b, 2004; Lafferty, Goldsmith, & Flynn, 2005; Lafferty, Goldsmith, & Newell, 2002). Likewise, in the non traditional business context or not for profit sector, credibility is regarded as an important factor that can influence the amount of charitable giving and fund raising capabilities (Dees, 1998; Gibelman & Gelman, 2004; L.J., 2003; McGann & Johnstone, 2006).

Social enterprises (SE) are organizations that apply business-like methods or for profit principles to achieve their social mission (Peredo & McLean, 2006). Additionally, these organizations are required to maintain credibility to generate commitment and loyalty from their followers (Dees & Anderson, 2003; Prabhu, 1999; Shaw & Carter, 2007; Thompson, Alvy, & Lees, 2000; Waddock & Post, 1991; Weerawardena & Mort, 2006). According to Dees and Anderson (2003), social enterprises face their own complex challenges due to their two fundamentally different objectives. The social and financial objectives that these SEs aim to achieve are sometimes incommensurable. Moreover, their objectives are most often immeasurable and may breed distrust from external stakeholders when the social enterprise is unable to demonstrate expected tangible social impacts. Therefore, Dees and Anderson (2003) suggested that social enterprises measure performance creatively, choosing reputable leaders and team members, and develop brand reputation in order to improve external credibility. To maintain their growth and survival, Prabhu (1999) suggested that social enterprise leaders establish credibility not only within their client groups but also within society at large since social enterprises are exposed to high external influence. Waddock and Post (1991) and Thompson et al. (2000) also supported the importance of networking to bring trust and credibility to the social enterprises. Stronger evidence on the importance of credibility for social enterprise was found in Shaw and Carter's study (2007). Based on their interview with 80 social entrepreneurs in the UK, it was found that maintaining relationships with the external party (networking) was important in order to develop trust and credibility besides encouraging support from the local community. Therefore, the current study aims to examine the influence of credibility on social enterprise customers' attitude and support intention.

As Muslims constitute the majority of Indonesia's population, Islamic social enterprises grew rapidly before and after the country's independence. Leadership was also an important attribute in the success stories of Islamic SEs such as Muhammadiyah, Nahdlatul Ulama, Sarekat Islam, Dompot Peduli Umat Daarut Tauhiid, PPPA-Darul Quran, etc. Many of these Islamic SE founders and leaders were highly popular in their era and received accolades often reserved for celebrities - individuals who are known to the public for their achievements in areas other than that of the product endorsed (Friedman and Friedman, 1979 in Kamins et al., 1989). According to Juwaini (2011), social entrepreneur leaders in Indonesia often adopted celebrity styles to gain more commitment from followers. The social enterprise leaders usually involved journalists and more media promotions in order to bring about greater personal and institutional credibility (Juwaini, 2011). In social entrepreneurship literature, it is suggested that social entrepreneurs may transform into celebrities as they set themselves as inspiring figures in whom the expectations of people with limited capital are placed (Froggett & Chamberlayne, 2004). In the field of marketing, many scholars have examined the influence of celebrities on customer attitudes and intention in the light of credibility (La Ferle & Choi, 2005; Nataraajan & Chawla, 1997; Wheeler, 2009; Zahaf & Anderson, 2008). Similarly, the current study also aimed to investigate the influence of social entrepreneur celebrities on credibility, attitudes and support intention.

To achieve the research objectives, the dual credibility model (DCM) developed by Lafferty et al., (2002) was employed which simultaneously elaborates leader and organizational credibility and their influences on customer attitudes and support intention. The DCM was also tested under the celebrity endorser context by Goldsmith



et al., (2000a). Thus, the application of DCM in the study is relevant to answer the research questions identified in Chapter 1 as follows:

*RQ1: Does the level of social entrepreneur personal credibility positively and significantly influence SE customers' attitude towards the Ad, attitude towards the brand and support intention?*

*RQ2: Does the level of social enterprise organizational credibility positively and significantly influence SE customers' attitude towards the Ad, attitude towards the brand and support intention?*

*RQ3: Does the higher level of attitude towards the Ad positively and significantly influence SE customers' attitude towards the brand and support intention?*

*RQ4: Does the level of attitude towards the brand positively and significantly influence SE customers' support intention?*

*RQ5: Does attitude towards the Ad mediate the relationship between both types of credibility (social entrepreneur personal credibility & social enterprise organizational credibility) and customers' support intention?*

*RQ6: Do attitude towards the Ad and attitude towards the brand mediate the relationship between both types of credibility (social entrepreneur personal credibility & social enterprise organizational credibility) and customers' support intention?*

*RQ7: Does attitude towards the brand mediate the relationship between both types of credibility (social entrepreneur personal credibility & social enterprise organizational credibility) and customers' support intention?*

*RQ8: Does social entrepreneur celebrity positively and significantly influence credibility (social entrepreneur personal credibility & social enterprise organizational credibility), attitude towards the Ad, attitude towards the brand and customers' support intention?*

*RQ9: Does the social entrepreneur personal credibility and attitudes (attitude towards the Ad & attitude towards the brand) mediate the relationship between social entrepreneur celebrity and customers' support intention?*

*RQ10: Does social enterprise organizational credibility and attitudes (attitude towards the Ad & attitude towards the brand) mediate the relationship between social entrepreneur celebrities and customers' support intention?*

## 7.2. Study Findings

The researcher tested 10 hypotheses by using baseline model and competing. A summary of the hypotheses testing results can be seen in table 7.1. The percentage of the hypothesis that is accepted in the study for the baseline model was 53.33%. The percentage of hypothesis that is accepted in the study for the competing model was also similar around 53.37%. Based on the hypothesis testing, social entrepreneur celebrity was found to have positive influence on both social entrepreneur and social enterprise credibility. The largest influence of social entrepreneur celebrity goes to social entrepreneur credibility (t-value=3.47;  $p < 0.05$ ) when compared to social enterprise credibility (t-value=2.07;  $p < 0.05$ ).

Both social entrepreneur credibility and social enterprise credibility were found to have positive and significant effects on attitude towards the Ad. A larger influence on attitude towards the Ad was contributed by social entrepreneur credibility (t-value=4.88;  $p < 0.05$ ) compared to social enterprise credibility (t-value=2.99;  $p < 0.05$ ). Aligned with the previous hypothesis testing, both social entrepreneur and social enterprise credibility have positive and significant influence on attitude towards the brand. The influence of social entrepreneur personal credibility on attitude towards the brand (t-value=6.49;  $p < 0.05$ ) is stronger than the influence of social enterprise organizational credibility on attitude towards the brand (t-value=5.32;  $p < 0.05$ ). In contrast to prior findings, social entrepreneur credibility (t-value=0.52;  $p < 0.05$ ) is found to have no significant influence on customers' support intention to support social enterprise while social enterprise organizational credibility is found to have positive and significant influence on support intention (t-value=2.17;  $p < 0.05$ ).

**Table 7.1 Comparison of Hypotheses Testing for the 1<sup>st</sup> and 2<sup>nd</sup> Model**

Hypothesis	Path	Baseline Model			Competing Model		
		Estimate	T-Value	Conclusion	Estimate	T-Value	Conclusion
H <sub>1a</sub>	SEPC→ AaD	0.33	4.15**	Supported	0.33	4.19**	Supported
H <sub>1b</sub>	SEPC→AB	0.45	5.85**	Supported	0.45	6.63**	Supported
H <sub>1c</sub>	SEPC→ SI	0.01	0.10	Not Supported	-0.01	-0.27	Not Supported
H <sub>2a</sub>	SEOC→ AaD	0.20	2.51 **	Supported	0.20	2.78**	Supported
H <sub>2b</sub>	SEOC→ AB	0.37	4.86**	Supported	0.37	5.36**	Supported
H <sub>2c</sub>	SEOC→SI	0.20	1.90*	Supported	0.20	1.81*	Supported
H <sub>3a</sub>	AaD→ AB	0.08	1.14	Not Supported	0.08	1.31	Not Supported
H <sub>3b</sub>	AaD→SI	1.49	1.49	Not Supported	1.49	0.82	Not Supported
H <sub>4</sub>	AB→ SI	0.22	1.87*	Supported	0.22	2.17*	Supported
H <sub>5a</sub>	SEPC→ AaD→ SI	0.040	-	Not Supported	0.0022	-	Not Supported
H <sub>5b</sub>	SEOC→AaD→SI	0.024	-	Not Supported	0.014	-	Not Supported
H <sub>6a</sub>	SEPC→ AaD→ AB→SI	0.006	-	Not Supported	0.007	-	Not Supported
H <sub>6b</sub>	SEOC→ AaD→ AB→ SI	0.004	-	Not Supported	0.004	-	Not Supported
H <sub>7a</sub>	SEPC→ AB→ SI	0.099*	-	Supported	0.022*	-	Supported
H <sub>7b</sub>	SEOC→AB→ SI	0.081*	-	Supported	0.096*	-	Supported
H <sub>8a</sub>	SEC→ SEPC	-	-	-	0.27	3.39**	Supported
H <sub>8b</sub>	SEC → SEOC	-	-	-	0.26	1.93*	Supported
H <sub>8c</sub>	SEC → AaD	-	-	-	0.15	2.29*	Supported
H <sub>8d</sub>	SEC → AB	-	-	-	-0.09	-1.28	Not Supported
H <sub>8e</sub>	SEC → SI	-	-	-	0.27	3.51**	Supported

**Table 7.1 Continue**

H <sub>9a</sub>	SEC-SEPC-SI	-	-	-	0.008	-	Not Supported
H <sub>9b</sub>	SEC-SEPC-AaD-SI	-	-	-	0.006	-	Not Supported
H <sub>9c</sub>	SEC-SEPC-AaD-AB-SI	-	-	-	0.002	-	Not Supported
H <sub>9d</sub>	SEC-SEPC-AB-SI	-	-	-	0.032*	-	Supported
H <sub>10a</sub>	SEC-SEOC-SI	-	-	-	0.026*	-	Supported
H <sub>10b</sub>	SEC-SEOC-AaD-SI	-	-	-	0.002	-	Not Supported
H <sub>10c</sub>	SEC-SEOC-AaD-AB-SI	-	-	-	0.001	-	Not Supported
H <sub>10d</sub>	SEC-SEOC-AB-SI	-	-	-	0.014*	-	Supported

\*t value is significant at 0.05

\*t value is significant at 0.01

SEC: Social entrepreneur celebrity

SEPC: Social entrepreneur personal credibility

SEOC: Social enterprise organizational credibility

AaD: Attitude towards the Ad

AB: Attitude towards the brand

SI: Support intention

The current study also found that the positive influence of both social entrepreneur personal credibility and social enterprise credibility on attitude towards the Ad does not lead directly to positive attitudes towards the brand (t-value=1.06; p<0.05) and support intention (t-value=1.37; p<0.05).

Sometimes there is an a priori theoretical explanation to expect a direct effect in addition to indirect effects but often, scholars do not hypothesize direct effects a priori (Zhao, Lynch Jr, & Chen, 2010). Similar conditions also prevailed in the current study. The researcher has no prior hypothesis which expects the direct influence of celebrities on customer attitudes and intention. However, one of the required conditions to establish mediation is that the independent variable must have an effect on the dependent variable (Baron & Kenny, 1986). Thus, it was necessary to check the direct effects of celebrity on attitudes and intention before testing the mediation hypothesis. To test the direct effects of celebrity on attitudes and support intention, the researcher developed model 2 which include the direct paths of social entrepreneur celebrity on attitude towards the Ad, attitude towards the brand and intention to support social enterprise. The results of the analysis showed that celebrities have a positive direct effect on attitude towards the Ad ( $t\text{-value}=2.29$ ;  $p<0.05$ ) and support intention ( $t\text{-value}=3.51$ ;  $p<0.05$ ). In contrast to the other two direct effects of celebrities, the analysis finds that there is negative but insignificant influence of social entrepreneur celebrity on attitude towards the brand ( $t\text{-value}=1.37$ ;  $p<0.05$ ).

### **7.2.1. The Effects of Celebrity**

Previous studies commonly used categorical or nominal data of celebrities and non celebrities (Biswas, Biswas, & Das, 2006; Natarajan & Chawla, 1997; Prieler, Kohlbacher, Hagiwara, & Arima, 2010; Zahaf & Anderson, 2008) or directly utilised well-known artists/actresses/actors (Kamins, Brand, Hoeke, & Moe, 1989; Md Zabid Abdul, Jainthy, & Samsinar Md, 2002; Tom et al., 1992) supermodels (O'Mahony & Meenaghan, 1997; Silvera & Austad, 2004), politicians (Wheeler, 2009), news anchors/hosts (Goldsmith et al., 2000a; Spry, Pappu, & Cornwell, 2009; Tom et al., 1992) or athletes (Till & Shimp, 1998; Tom et al., 1992; Wheeler, 2009) as the subjects

of the studies. The effects of celebrity were also commonly explored through the mediation of credibility or as the independent variable which affects credibility (Kamins et al., 1989; Natarajan & Chawla, 1997; O'Mahony & Meenaghan, 1997), perceived similarities (Silvera & Austad, 2004), celebrity-product congruence (O'Mahony & Meenaghan, 1997). The indirect influence of celebrity on attitudes and intentions of customers probably takes place due to limited direct measurement of the celebrity concept. As suggested by Perryman (2008), the celebrity concept and how it is measured in metric data are still understudied.

By using the adapted celebrity scale developed by Perryman (2008), the researcher explored the potential direct effect of celebrities on customers' attitude towards the Ad, attitude towards the brand and support intention. The results showed that celebrity has direct influence on the establishment of social entrepreneur credibility, social enterprise credibility, attitude towards the Ad and support intention, even though it has no direct effect on attitude towards the brand.

Regarding the influence of celebrity status on endorser credibility, the results concur with the results of studies conducted in the non-social entrepreneurship research context such as that conducted by Natarajan & Chawla (1997). They examined the influence of celebrity and non celebrity endorsements on perceived credibility and found the superior effect of celebrity endorsement compared with non celebrity endorsements on the formation of endorser credibility. The current results also augment the studies by Mehdi and Zahaf (2008) which showed that the celebrity status significantly influenced endorser credibility. These studies illustrated that the celebrity status of the social entrepreneur has a positive influence on his/her credibility as the endorser of the organization.

As for the influence of social entrepreneur celebrity status on the credibility of the social enterprise, the current study also confirms the findings of prior research (Zahaf & Anderson, 2008) albeit in a different research context (Md Zabid Abdul et al., 2002). The results showed that the celebrity status of the social entrepreneur does not only transfer to the personal credibility of the social entrepreneur but also to the initiatives that they lead or founded. A prime example of the influence of celebrity status on the initiative credibility can be seen in the former President of the USA, Bill Clinton, who uses his celebrity status and networking to enable him to find donor support for his social entrepreneurship project (Stein, 2008) called the Clinton Foundation. He created a program for HIV/AIDS treatment by organizing demand for the AIDS drugs so that they can be produced at reduced costs. The project considered as a social enterprise since the drug companies are able to make profit from their sales (Smith & Nemetz, 2009).

The current study also provides evidence that celebrity status itself can give direct and significant influence on attitude towards the Ad even without the mediation of credibility. Therefore, an individual who possesses celebrity status due to their frequent appearance in the press, is well known, powerful, prestigious and who is admired, will generate instant recognition (Friedman & Friedman, 1979; Sternthal, Dholakia, & Leavitt, 1978).

As predicted earlier, the celebrity status of the social entrepreneur will also directly influence the intention of consumers to support the social enterprise. The results imply that when the social entrepreneurs are popular, prestigious, admired and often seen in the press by the audience, it will induce higher customer intention to support the social enterprise. The findings also confirm previous findings in the business context



(Rodriguez, 2008; Zahaf & Anderson, 2008) or in non profit organizations (Wheeler, 2009).

In the United States and Europe, it is proven that the actor who has celebrity qualities may turn into credible social entrepreneurs. In United States for example, the former president of the United States, Bill Clinton uses his credibility as the former president of the United States and turn into social entrepreneur with his organization “The Clinton Global Initiative” (Roper & Cheney, 2005). In the United Kingdom, the celebrity chef, Jamie Oliver uses his expertise as a celebrity-chef to set Fifteen restaurant, a restaurant that gives the coach to unfortunate youth and train them to become good chef (Leadbeater, 2007). He also conducts food revolution day, which advocate society on the importance of healthy and fresh food at school and at home not only in Europe but also in the United States and Australia.

However, the current study found insignificant impact of the celebrity status to attitude towards the brand. In this light, the results found no similarities with previous studies (Biswas et al., 2006; Erdogan & Kitchen, 1998; Petty, Cacioppo, & Schumann, 1983; Till & Shimp, 1998). A plausible explanation as to why the celebrity status did not significantly influence consumer attitude towards the brand may be because the brand itself has complex components which comprise the tangible (e.g. symbols and slogans, presence and performance, differentiation etc.) and intangible (e.g. identity, integrated communication, customer relationships, etc) elements (De Chernatony & Riley, 1998). Thus, to build a positive attitude towards the brand which is sustainable, even if the brand is considered a strong and superior brand, is not easy in social entrepreneurship and social enterprises cannot rely on the endorser’s celebrity status.

### **7.2.2. The Effects of Credibility**

Findings of the study are only partially consistent with prior research due to contextual differences between Indonesia and the West. Firstly, in agreement with Lafferty and Goldsmith (1999), Goldsmith et al., (2000a) and Lafferty et al., (2002), social enterprise organizational credibility was found to have a direct effect on all three dependent variables namely attitude towards the Ad, brand attitude and support intention. The study also showed the significant direct effect of social entrepreneur personal credibility on attitude towards the Ad and attitude towards the brand but non-significant direct influence on intention to support which aligns with the works of Lafferty et al. (2002).

With regards to the effects of endorser credibility or social entrepreneur personal credibility in the current context, Lafferty and Goldsmith (1999) found that endorser credibility appeared to have stronger effect on attitude towards the Ad as compared to corporate credibility. The current study also shows that social entrepreneur personal credibility has higher effect on attitude towards the Ad than social enterprise organization credibility which implies that subjects may look into the credibility of the social entrepreneur in how they perceive the Ad.

Consistent with Lafferty and Goldsmith (1999) and Lafferty et al. (2002), the current study also found insignificant influence of social entrepreneur personal credibility as an endorser on the subject intention. The results showed that the subjects were more likely to purchase products based on specific product attributes rather than the endorsement. In other words, customers of SEs are more likely to support the organization based on the specific programs of the organization rather than the endorsement of social entrepreneurs. The higher effect of social entrepreneur personal credibility on advertising and branding which does not translate into higher customer support can also be explained by Petty et al. (1983) and Lafferty and Goldsmith

(1999a). The ELM theory suggested that personal involvement may influence audience post-communication attitudes (Heesacker, Petty, & Cacioppo, 1983; Petty et al., 1983). In the current context, the decision to support Islamic SEs through alms donation is considered as high involvement activities. In this high involvement scenario, the subjects seem to give more focus on specific product attributes rather than the endorsement of the spokesperson. Thus, social entrepreneur personal credibility as endorser only serves as peripheral cues. According to Lafferty and Goldsmith (1999), if the endorser serves as a peripheral cue in high involvement situations, brand attitudes and corporate credibility becomes the more important factor influencing purchase intention compared to endorser credibility. In addition, since the respondents represent those who had donated alms in the last 12 months, they must have been familiar with the brand and possessed prior brand knowledge. Based on the theory, the intention to purchase was influenced by brand familiarity (Johnson & Eagly, 1989) and prior brand knowledge (Moore & Hutchinson, 1983). This explains why there was no significant influence of social entrepreneur personal credibility on support intention while the influence of social enterprise organizational credibility on support intention and the influence of attitude towards the brand on support intention were significant.

Despite general support for the direct effect of company credibility on attitudes towards the Ad, brand and intention, direct effects of social entrepreneur personal credibility on attitude towards the Ad, several findings were at odds with the predictions made from DCM theory. One relates to the effects of source credibility or social entrepreneur credibility on brand attitude. There are mixed results regarding the effects of corporate credibility on attitude towards the brand. While Lafferty et al. (2002) found that credible endorsers only indirectly affect attitude towards the brand or that the effect of endorser credibility on attitude towards the brand is not significant, prior research by Lafferty and Goldsmith (1999) found a direct and significant influence of endorser

credibility on attitude towards the brand. According to Lafferty and Goldsmith (1999), the effect of corporate credibility on attitude towards the brand is positive and more significant if compared with that of endorser credibility on attitude towards the brand. In contrast, the current study showed that the effect of social enterprise organizational credibility is positive and significant but lower than the effect of social entrepreneur personal credibility. The results imply that both the personal credibility of social entrepreneurs and the organizational credibility of the social enterprise are important for the audience in evaluating the Ad. They also influence their attitude towards the organization's brand although the effect of the social entrepreneur is higher than the organizational effect.

As discussed earlier, there is an error covariance between social entrepreneur personal credibility and social enterprise organizational credibility, implying that there is a correlation between social entrepreneur personal credibility and social enterprise organizational credibility. The reason for the strong link between both variables is that the social entrepreneurs pictured in the study were mostly the founders or incumbent leaders of the SEs being advertised, thus highlighting the link between the founder's or leader's credibility as part of reputation and the social enterprise. Based on the study on small businesses in New Zealand, Kirkwood and Gray (2009) found the importance of leader reputation in the start-up period of the enterprise as the entrepreneur and the company is viewed as one entity. As the enterprise began to grow, so does the reputation of the enterprise. It is only at a later stage that the leader and the corporate reputation part (Kirkwood & Gray, 2009). Thus, the subjects may have difficulties in disassociating the personal credibility of the social entrepreneur from the credibility of the social enterprise.

### **7.2.3. The Effects of Customer Attitude**

The results of the study showed that customer attitude towards the Ad had no significant influence on both brand attitude and intention to support SEs. Unlike previous findings, (Goldsmith et al., 2000a; Gresham & Shimp, 1985; Lafferty et al., 2002; Najmi, Atefi, & Mirbagheri, 2012) the current results do not support the importance of advertising in improving brand effectiveness and customer support. The results imply that although the social enterprise organizational credibility and social entrepreneur personal credibility may create positive customer attitudes towards the Ad, these attitudes are not enough to enhance brand effectiveness and support intention. These results may be partly attributable to the subjects' familiarity with the brand (Johnson & Eagly, 1989) or to their prior brand attitude (Moore & Hutchinson, 1983) as the attitudes towards established brands are less influenced by ad evoked feelings than attitudes towards unfamiliar brands. Familiarity with a brand seems to influence consumers' confidence in the brand which in turn influences their intention to buy the products (Laroche, Kim, & Zhou, 1996). Since the brand advertised in the study were the brands of well known SEs in Indonesia, the subjects were probably already familiar and had prior attitudes towards the SE brands so that they do not rely on attitude towards the Ad in making supporting decisions. This aligns with the Lafferty and Goldsmith (1999) argument that the subjects may have previous brand knowledge since the products being advertised are not fictitious.

The positive but insignificant effect of attitude towards the Ad on support intention aligns with Lafferty et al.'s (2002) work that discovered the weak link between attitudes towards the Ad on intention. Certain factors may come into play and influence the robustness of the path such as the content of the Ad or the product type (Lafferty et al., 2002).

However, the significant effects of branding on customer support is consistent with the observations made by many marketing scholars (Lafferty & Goldsmith, 1999b; Lafferty et al., 2002; Ranjbarian, Fathi, & Lari, 2011; Wahid & Ahmed, 2011). Again, the significant influence of brand attitude on support intention can be explained by the level of involvement of the decision maker. In the context of donation giving, brand attitude has a relatively higher effect when decision involvement is high (R. Miller & Gregory, 2012).

### **7.3. Theoretical Implications**

#### **7.3.1 Direct Influence of Endorser Credibility**

Goldsmith et al. (2000a) and Lafferty et al. (2002) called for the test of DCM under different circumstances, different products, different categories of ads (institutional, comparative, reminder), different endorsers (CEO versus celebrity), different corporations (real versus fictitious) and different media (broadcast versus print). The current study tests the DCM under very different conditions: in a social entrepreneurship context, with the social entrepreneur endorser or the CEO of the organization and using print advertising. The results showed that the DCM is not robust under these very different conditions. While Goldsmith et al. (2000a) and Lafferty et al. (2002) found no direct effect of endorser credibility on both attitude towards the Ad and attitude towards the brand, the current study found that social entrepreneur personal credibility that acts as the endorser for the SEs may have a direct link on both attitudes. There are several theories and explanations on why the study found a direct link between social entrepreneur personal credibility, attitude towards the Ad and attitude towards the brand. The first is the schema-relevant category (Batra & Homer, 2004)

which was explained earlier while the second is the perception of the consumers' on product involvement (Petty et al., 1983).

Goldsmith et al. (2000a) examined under what conditions the effects of corporate credibility on attitude towards the Ad and attitude towards the brand became stronger or weaker. While Lafferty and Goldsmith (1999a) found that endorser credibility had higher impact on attitude towards the Ad and corporate credibility had higher impact on attitude towards the brand, the research results showed that in a non profit business context and when the leaders serve as the endorsers for their institutions, the impact of endorser credibility on attitude towards the brand is stronger and so does the impact of endorser credibility on attitude towards the Ad.

### **7.3.2 Direct Influence of Celebrity**

Researchers who wanted to replicate the model were also asked to add moderating variables (Goldsmith et al., 2000a) or additional constructs (Lafferty et al., 2002), and thus, the current study added the celebrity construct. In several previous studies, the celebrity construct had been considered as the independent variable to credibility (La Ferle & Choi, 2005; Md Zabid Abdul et al., 2002; Nataraajan & Chawla, 1997; Zahaf & Anderson, 2008), attitude towards the ad (La Ferle & Choi, 2005), attitude towards the brand (La Ferle & Choi, 2005), intention (La Ferle & Choi, 2005; Wheeler, 2009). The current research showed that the celebrity status has direct and significant impact on both the credibility of the endorser of social entrepreneur credibility and credibility of the organization or social enterprise organizational credibility. However, the impact of the popularity level of the endorser is much higher on the social entrepreneur personal credibility rather than social enterprise organizational credibility.

## **7.4. Managerial Implications**

The study indicated several implications for the social entrepreneurship practices:

### **7.4.1. Social Entrepreneur Celebrity and Personal Credibility as Volatile Intangible Assets**

The current study showed positive and significant influence of social entrepreneur personal credibility on attitude towards the Ad and attitude towards the brand. The influence of social entrepreneur personal credibility is even much higher than the influence of social enterprise organizational credibility on attitude towards the Ad and attitude towards the brand which is also significant. The results imply that positive trust or belief about the endorser can simultaneously be transferred to the advertising and the brand.

However, the current study also indicated that it is not only the level of trust of customers on the endorser which leads to support intention but also the celebrity or the popularity of the endorser in the eyes of the customers which directly influences support intention. The study indicated that the social entrepreneur who simultaneously has celebrity qualities or a famous profile and commands some degree of public attraction and influence in day-to-day media can become an intangible asset to the social enterprise as social entrepreneur celebrities are proven to have a direct effect on the customers' intention to support SEs.

The current study found a significant influence of celebrity on social entrepreneur personal credibility, social enterprise organizational credibility, attitude towards the Ad and support intention. The results imply that having founders or leaders who are popular, prestigious, powerful, admired, and frequently seen in the press will bring advantages to social enterprise initiatives. However, these conditions should be



taken cautiously since social entrepreneur celebrity represents a volatile tangible asset to the SEs as the celebrity qualities may be inappropriate, irrelevant and undesirable at times (Erdogan, 1999). There are two situations where celebrity status may harm the relationship between social entrepreneur celebrities and the customers' intention to support SEs. The first situation is when there is negative media coverage of the social entrepreneur. Various empirical studies in marketing literature found that negative information about the endorser may result in lower credibility assessment which in turn influences the customers' attitude on the endorsed brand (Amos, Holmes, & Strutton, 2008; Till & Shimp, 1998; White, Goddard, & Wilbur, 2009).

The second happens in the death or succession of the social entrepreneur. Social entrepreneurs may depart from the social enterprise they have built due to death, poor health or other personal reasons. The departure of the celebrity leader from the well-established organization may create several problems to the organization. Although the celebrity concept is believed to be transferable to many other variables such as company, brand or product (Amos et al., 2008), there is no guarantee that the popularity of the previous leader is transferable to his successor. Most successors or new leaders very often do not have the experience, resources, or reputation of their predecessor (Miller, 1993). It is important to note that succession is a problematic issue in any organization, and the failure to address succession can cause short and long term problems and fewer social services (Santora, Caro, & Sarros, 2007).

#### **7.4.2. Importance of Establishing a Credible Organization**

The research results confirmed that social enterprise organizational credibility directly influences attitude towards the Ad, attitude towards the brand and customers' intention to support SEs. Although leader credibility is proven to have higher influence on customer attitudes, it is only social enterprise organizational credibility which has

direct influence on the intended variable, “customers’ support intention (Brown & Stayman, 1992; Goldsmith et al., 2000a; Lafferty et al., 2002; MacKenzie, Lutz, & Belch, 1986). Therefore, social enterprise organizational credibility is considered as a very important factor for customer support. The analysis also showed that social enterprise customers place trustworthiness as the first most important criteria in evaluating the credibility of social enterprises. As the current study is also related to donation giving, the results (Sargeant, Ford, & West, 2006) concurred with previous studies which found a strong influence of trust on the commitment of donors and their donation giving.

#### **7.4.3 Need to Build Strong Branding**

Organizational credibility can be assessed objectively by the customers through trustworthiness and other characteristics owned by the organization. However, branding is more subjective as effective branding makes organisations look beyond the basic offer of quality and price and how it appeals to the consumers’ emotions, values, or sense of identity (Allan, 2005).

According to Allan (2005), SEs combined both the non-profit and traditional business characteristics, and SEs may have more similarities with traditional businesses or mainstream marketing than they appear. In a stiffer competition situation among the SEs, customers are flooded with information and choices and thus need consumer agents to help choose among various SEs that claim they are benefiting the community (Allan, 2005). The many tools or consumer agents available include information sources and trusted brands (Allan, 2005). Building a strong brand and social label would help SEs in increasing their market share and social impact (Allan, 2005).

The results of the study showed that attitude towards the brand partially mediates the relationship between social enterprise organizational credibility and support intention, while for social entrepreneur personal credibility relationship to support intention, attitude towards the brand fully mediates those two variables. These findings indicate the importance of branding in social entrepreneurship. To build a superior and successful brand, the organization should spend considerable resources on developing brand trust, brand, brand satisfaction and brand attachment as these dimensions will influence the behaviour of the consumer (Esch, Langner, Schmitt, & Geus, 2006).

#### **7.4.4 Importance of Communication**

The results showed the insignificant influence of attitude towards the Ad on support intention either directly or indirectly via attitude towards the brand. Although the study found that customer intention to support social enterprise was not improved by advertising it does not suggest that communications is not an important factor for the customers. Therefore, the social entrepreneur and social enterprise should find more suitable forms of communication and maintain continuous contact as both are crucial to the development of trust in the organization especially in the non profit sector (Sargeant et al., 2006).

Additionally, in lower income countries where public expectations on prudent spending are high, social entrepreneurs must find more innovative ways to promote the business including through public relations and social activism. Social activism, in particular, deserves greater attention because of its ability to bring social entrepreneurs closer to marginalized communities and enhance customer awareness programs (Idris & Hati, 2013).

## **7.5 Study Limitations**

Despite attempts to conduct this research under the most rigorous constraints, limitations inherently exist. The current study only had limited applicability focuses on the application of DCM in the Islamic social entrepreneurship research context. It is worth noting that it is not only Islam that provides the seeds to social entrepreneurship. Many other religions in Asia such as Hinduism, the Jains, the Parsis, Christianity, Sikhism and Buddhism also enforce their followers to channel their religious alms to respected organizations (Shahnaz & Ming, 2009). Shahnaz and Ming (2009), also argued that SEs in Asia operate in very unique environments compared with SEs in other regions. Social entrepreneurship is highly contextual and depends on the social needs of the community being served (Bosma & Levie, 2010; Mair & Marti, 2006). Therefore, it is difficult to generalize the results across societies (Shahnaz & Ming, 2009).

Data collection was used using convenience sampling since the sampling frame for the population comprising the customers of the social enterprises was not obtainable. This undermines the ability to make generalizations from the sample to the population being studied. In addition, most of the data in the study were gathered from an online survey which was largely influenced by technological variations such as type of internet connection and configuration of the users' computers (Evans & Mathur, 2005). Based on the online response statistics of 289 respondents, only 197 (68.1%) respondents completed the survey while 92 (32.8%) respondents partially answered the questionnaires. The partial answers were probably influenced by the inconvenience of the gadgets used by the respondents such as answering questions via blackberry or by low speed internet connection.

The direct impact of social entrepreneur personal credibility on attitude towards the brand which is contrary to the findings of Goldsmith et.al (2000a) and Lafferty et al. (2002) is likely to be explained via the schema-relevant category (Batra & Homer, 2004) and product involvement (Petty et al., 1983). Unfortunately, this is beyond the scope of the studies.

Another limitation of the study is its reach of 239 respondents as it has several screening criteria: Muslims that donated their religious alms via Islamic social enterprises and had supported the SEs for the last 12 months. Although the annual potential of zakah collection in Indonesia reaches US\$ 217 million, less than 1 percent or around US\$ 1.5 million was collected by such institutions in 2010 (Ayuniyyah, 2011). Therefore, age, income, occupancy and internet literacy naturally eliminates all the Muslims who gave religious alms regularly but directly channelled it to the recipients or Muslims who regularly gave religious alms but do not have internet connection.

## **7.6 Suggestions for Future Studies**

It is expected that subsequent research will enrich social entrepreneurship literature as to date there has been limited research that have empirically explored the social entrepreneurship phenomenon despite the growing number of articles on the social entrepreneurship notion.

First of all, the current study relied on customers who frequently channel their donation via Islamic SEs. Considering that Muslims around the world also apply similar practices, it is recommended for other scholars to investigate whether the proposed research can be generalized for other Muslim countries in different regions. Moreover, a comparative study might explore similar models relating to non-Islamic customers.

Secondly, a cross cultural study may also be possible to compare the influence of celebrities and credibility between two or more cultures. This kind of extension to the present research is helpful to establish the validity of the new proposed model and could set the groundwork for the generalization of the findings.

Thirdly, further study may also examine and compare the use of advertising in all categories of social enterprises which ranges from purely philanthropic to purely commercial social enterprises.

Finally, Lafferty et al. (2002) also suggested researchers to include moderating variables such as involvement and knowledge on the DCM. This is consistent with the current study findings that the degree of customer involvement in decision making and the schema relevant category concept might cause the stronger influence of endorser credibility on brand attitude. Thus, future researchers should attempt the inclusion of other moderating variables such as product involvement and knowledge (Lafferty et al., 2002), schema-relevant category .

## **7.7 Conclusion**

This research began with a thorough literature review on social entrepreneurship in general and Islamic social entrepreneurship in particular. A literature review was also conducted to conceptualize the dual credibility model which fits the Islamic social entrepreneurship research context in Indonesia. The first baseline model was then developed and tested using off-line and on-line data collection methods. The results concluded that the current study signified the robust relationship between organizational credibility to all the three dependent variables namely: attitude towards the Ad, attitude towards the brand and intention which is aligned to many previous researches

(Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999a; Lafferty et al., 2002). Amongst these variables, another stable relationship identified was the relationship between endorser credibility to attitude towards the Ad and the relationship between attitude towards the brand and intention (Goldsmith et al., 2000a, 2000b; Lafferty & Goldsmith, 1999a; Lafferty et al., 2002). Similarly, support for such a relationship was found in the current social entrepreneurship research context.

However, relatively unstable relationships in the DCM were found in the relationships between (1) endorser personal credibility with the attitude towards the brand, (2) attitude towards the Ad with attitude towards the brand (3) and the attitude towards the Ad with the intention. Notably, the current study found a direct relationship between social entrepreneur personal credibility with the attitude towards the brand despite Goldsmith et al. (2000a) and Lafferty et al. (2002) observation of an indirect relationship between the two in previous studies. Nevertheless, the results are consistent with some evidence (Goldsmith et al., 2000b) which found that higher credibility endorsers bring forth more positive attitudes towards the brand than low credibility endorsers. Second, inconsistent results with previous research findings lie in the link between attitude towards the Ad and attitude towards the brand. The current study did not find any significant influence of attitude towards the Ad on attitude towards the brand although the results still showed a positive causality between both variables. The results in the social entrepreneurship research context did not support previous research results (Goldsmith et al., 2000a; Lafferty et al., 2002). The third inconsistency was found in the relationship between attitudes towards the Ad on intention. While the current study found a positive influence of attitude towards the Ad on support intention, it was not significant. Although Lafferty et al. (2002) had found significant influence of attitude towards the Ad on intention, they also predicted that the link will possibly not be robust. The significant influence of attitude towards the Ad on

intention only exists under certain circumstances and can be affected by the content of the Ads and the ability of the product to engender more effects (Lafferty et al., 2002).

The second model with the additional celebrity construct showed similar results on the impact of SEPC and SEOC on attitudes and support intention. In other words, SEPC directly influenced attitudes towards the Ad and Attitude towards the brand, while SEOC positively and significantly influenced all the dependent variables. The hypothesis testing results of model 2 also showed the insignificant influence of attitude towards the Ad on attitude towards the brand but significant influence of attitude towards the brand on support intention. Similar results were also found in the link between attitudes towards the Ad on support intention. The hypothesis testing showed insignificant influence of attitude towards the Ad on support intention. Moreover, the study added additional constructs or variables to the second model as suggested by Goldsmith et al. (2000a) and Lafferty et al. (2002). The additional celebrity variable was used as an independent variable to social entrepreneur personal credibility and social enterprise organizational credibility, attitude towards the Ad, attitude towards the brand and support intention. In previous studies, the celebrity construct was found to be the antecedent of endorser credibility, corporate credibility, brand credibility, attitude towards the Ad, attitude towards the brand and purchase intention (Biswas et al., 2006; O'Mahony & Meenaghan, 1997; Ranjbarian, Sekarchizade, & Momeni, 2010; Spry et al., 2009; Tom et al., 1992; Zahaf & Anderson, 2008). The hypothesis testing results showed that the celebrity level of the endorser positively and significantly influenced the SEOC, SEPC, attitude towards the Ad and support intention. Attitude towards the brand was the only variable which was not influenced by the celebrity variable. The results showed that celebrity effects on attitude towards the brand only works via both types of credibility: social entrepreneur personal credibility and social enterprise credibility. The study implies that branding should be developed based on the



credibility of the organization and the endorser. In other words, attitude towards the brand cannot be influenced by the level of popularity of the endorser alone but should also be based on the trustworthiness, expertise and attractiveness of the endorser and trustworthiness and expertise in the organization.

Theoretically, this study contributes to the literature by the application of the DCM theory within the marketing field and specifically in the social entrepreneurship research context. This research represents a new attempt to empirically examine social entrepreneurship from the marketing perspective. Using unique data obtained from a survey of social enterprises and their clients, it can be concluded that the celebrities and SEOC are the two variables which had direct influence on support intention, while SEPC only indirectly influenced support intention via attitude towards the brand.

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## **APPENDIX A - LIST OF PUBLICATIONS AND PAPERS PRESENTED**

The following papers and abstracts have been derived from original material contained in thesis.

### **Refereed Conference Papers in Proceedings**

Sri Rahayu Hijrah Hati and Aida Idris, 2014. "The Effect of Social Enterprise and Social Entrepreneur Credibility on Customer Attitude and Support Intention toward Social Enterprises in Indonesia". Proceedings of International Conference in Business and Management Research, Kyoto, 24-25 October. (*Non-ISI/Non-SCOPUS Cited Publication*)

Sri Rahayu Hijrah Hati and Aida Idris. 2012. Social movement and social enterprise development in Indonesia, 1895-1945. Proceedings of Asia-Pacific Economic and Business History Conference Australia National University, Canberra, 16- 18 February 2012. (*Non-ISI/Non-SCOPUS Cited Publication*)

Sri Rahayu Hijrah Hati and Aida Idris. 2011. The rise and fall of the morality workshop: a dual credibility model and organizational life cycle theory applied to social enterprise case in Indonesia. Proceedings of the Annual International Conference on Enterprise Marketing and Globalization, Penang, 7-8 April 2011 (*Non-ISI/Non-SCOPUS Cited Publication*)

### **Article in Academic Journal**

Sri Rahayu Hijrah Hati and Aida Idris. 2014. Antecedents of customers' intention to support Islamic social enterprises in Indonesia: The role of socioeconomic status, religiosity and organisational credibility. Asia Pacific Journal of Marketing and Logistics(Volume 26 Issue 5). (ABI Inform- EBSCO Host *Cited Publication*)

Aida Idris and Sri Rahayu Hijrah Hati. 2013. Social entrepreneurship in Indonesia: lessons from the past. Journal of Social Entrepreneurship (published online). (*SCOPUS-Cited Publication*)

## APPENDIX B - SURVEY QUESTIONNAIRE

### PART 1- SCREENING QUESTIONS

*In this part, you are kindly asked to answer several questions to determine your eligibility to take this survey.*

*Please tick or cross the box next the answer you consider appropriate:*

1. Are you a Muslim?
  - ☐ Yes
  - ☐ No (*We are sorry but you are not eligible to take this survey*)
  
2. Within the last 12 months, have you ever donated your charity via the Islamic Social Enterprises?
  - ☐ Yes
  - ☐ No (*We are sorry but you are not eligible to take this survey*)
  
3. Within the last 12 months, how frequently did you donate your charity via Islamic Social Enterprise? ----- times
  
4. What Islamic Social Enterprise do you donate most within the last 12 months?
  - ☐ Dompot Dhuafa
  - ☐ Dompot Peduli Umat Daarut Tauhiid (DPU-DT)
  - ☐ Pusat Pembibitan Penghapal Al Quran (PPPA Darul Quran)
  - ☐ Rumah Zakat
  - ☐ Badan Amil Zakat Nasional (Baznas)
  - ☐ Pos Keadilan Peduli Umat (PKPU)
  - ☐ Other ( *We are sorry but you are not eligible to take this survey*)

## PART 2. Attitudes and Intention

The following statements are designed to determine the Islamic social enterprise (SE) celebrity and credibility level. As their customer, please circle or tick the number along the continuum that corresponds to your attitudes and intention to support Islamic SEs you donated most!

This leader is honest

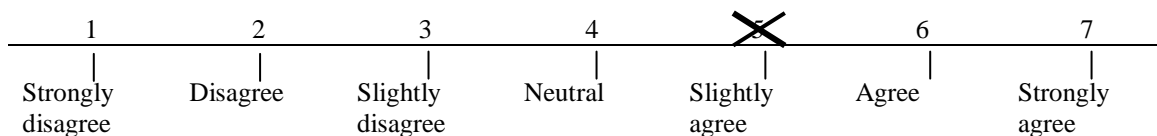
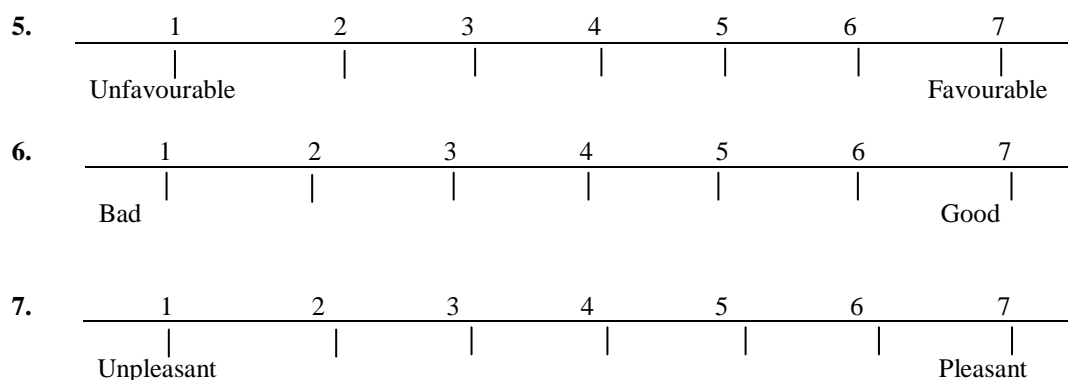


Image of Islamic SE's Advertising  
Insert Here

### Attitude toward the Ad

**Direction:** Please indicate your *attitude toward the advertising* shown in the previous page!



## Social Entrepreneur Celebrity

**Direction:** Please indicate your perception about the **popularity of the leader** of the SE you donated most as shown in the advertising in the previous page!

### 8. The SE leader portrayed in the Ad is well known

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree

### 9. The SE leader portrayed in the Ad is often in the press

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree

### 10. The SE leader portrayed in the Ad is powerful

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree

### 11. The SE leader portrayed in the Ad is prestigious

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree

### 12. The SE leader portrayed in the Ad is admired.

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree

### Social Entrepreneur Credibility

**Direction:** Please indicate your attitude toward the **leader credibility** of the SE you donated most as you answered in the previous screening section!

13.	1	2	3	4	5	6	7
	Insincere						Sincere
14.	1	2	3	4	5	6	7
	Untrustworthy						Trustworthy
15.	1	2	3	4	5	6	7
	Inexpert						Expert
16.	1	2	3	4	5	6	7
	Inexperienced						Experienced
17.	1	2	3	4	5	6	7
	Unattractive						Attractive
18.	1	2	3	4	5	6	7
	Not Classy						Classy

### Social Enterprise Credibility

**Direction:** Please indicate your attitude toward the **organization credibility** of the SE you donated most as you answered in the previous screening section!

**19. This Islamic SE has a great amount of experience**

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree

**20. This Islamic SE is skilled in what they do**

1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree

**21. This Islamic SE has great expertise**

1	2	3	4	5	6	7
Strongly	Disagree	Slightly	Neutral	Slightly	Agree	Strongly

disagree		disagree		agree		agree	
<b>22. This Islamic SE does not have much experience</b>							
1	2	3	4	5	6	7	
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree	
<b>23. I trust this Islamic SE</b>							
1	2	3	4	5	6	7	
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree	
<b>24. This Islamic SE makes truthful claim</b>							
1	2	3	4	5	6	7	
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree	
<b>25. This Islamic SE is honest</b>							
1	2	3	4	5	6	7	
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree	
<b>26. I do not believe what this Islamic SE tell me</b>							
1	2	3	4	5	6	7	
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree	

Attitude toward the Brand							
<b>Direction:</b> Please indicate your attitude toward the <b>organization brand of the SE</b> you donated most as you answered in the previous screening section!							
27.	1	2	3	4	5	6	7
	Bad						Good
28.	1	2	3	4	5	6	7
	Unfavourable						Favourable
29.	1	2	3	4	5	6	7

Unsatisfactory	Satisfactory
----------------	--------------

Intention to Support Islamic SE						
<b>Direction:</b> Please indicate your <i>intention to support</i> the SE you donated most as you answered in the previous screening section!						
<b>30. I feel a sense of belonging to this SE</b>						
1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
<b>31. I care about the long term success of this SE</b>						
1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
<b>32. I would describe myself as a loyal supporter of this SE</b>						
1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
<b>33. I wish to support this SE in the future</b>						
1	2	3	4	5	6	7
Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree



### **PART 3 - DEMOGRAPHY**

*In this part, you are kindly asked to give some information regarding to your personal data.  
Please tick or cross the box next the answer you consider appropriate.*

**34. Gender**

☐ Male ☐ Female

**35. Age in years?** \_\_\_\_\_ years old

**36. Marital status**

☐ Married ☐ Divorce ☐ Single ☐ Widowed

**37. Number of Children?** \_\_\_\_\_ children

**38. Approximately how much is your family income per month (in million rupiahs)?**

IDR \_\_\_\_\_ million

**39. Job/Occupation?**

☐ Staff public ☐ Staff private ☐ Professional ☐ Entrepreneur  
☐ Housewife ☐ Student ☐ Other (please specify) \_\_\_\_\_

**40. Educational background (tick the highest qualification you have):**

☐ Secondary schooling ☐ College/Certificate/Diploma ☐ Bachelor degree  
☐ Master ☐ Doctorate

***Thank You for Your Participation***

**KURBAN  
BUKTI CINTA**

"Bagi social entrepreneur  
seperti saya, kurban adalah  
momentum berbagi  
keuntungan penuh cinta  
untuk kebahagiaan sesama!"



**Harga  
Korban  
Rp1.300.000,-  
Harga Sahi  
Rp8.888.000,-  
(1/11 Sahi)  
Rp. 1.300.000**

**Ayo berkorban melalui ...**

Transfer kurban Anda ke nomor rekening:

Bank Mandiri : 111.000.500.5000  
Bank Nagari : 2100.0105.00297.1  
BNI Syariah : 234.66666.6

**THK**  
Tubuh Hewan Korban

**DOMPET  
DHUFAFA**  
SUKSES

Alamat Kontak  
Graha Kemandirian  
Jl. Ir.H. Juanda No.31 C  
Padang - Sumatera Barat

Hotline: **085374252777**

[www.tebarhewan.or.id](http://www.tebarhewan.or.id)  
[www.dompethuafasloggalang.org](http://www.dompethuafasloggalang.org)

ADVERTISING 1 - Dompethuafa

**Tabligh 614**

# TABLIGH AKBAR

DERSEMBAHAN CINTA  
KELUARGA INDONESIA

Bersama **Aa Gym**

🕌 **Jumat 20 April 2012**

🕒 **Pukul 13.00 - 15.00 WIB ( LIVE RADIO MQ 92,3 FM Jogja )**

🕌 **Di MASJID JAMI' AT TAQWA MINOMARTANI**  
**Jl. Piranha Raya Minomartani, Ngaglik, Sleman 55581**

🕌 **IKUTI DAN MERIAHKAN ACARA PENDUKUNG**

## BAKTI SOSIAL

**Pukul 08.00 - 11.00 WIB**


- DONOR DARAH (untuk 50 Peserta )
- KONSULTASI KELUARGA (50 Peserta )
- PEMERIKSAAN IFA ( Kesehatan Organ Kewanitaan )  
(Untuk 50 Peserta yang sudah Menikah )

Pendaftaran melalui  
MQ 92,3 FM JOGJA 0274 884206 dan Masjid JAMI' AT TAQWA Minomartani

📞 **Contact Person :**  
BAKTI SOSIAL : 085753800670 ( Iwan )  
TABLIGH AKBAR : 0817 548 9705( Azam )

Persiapkan Infaq Terbaik Anda yang akan disalurkan melalui  
Takmir MASJID JAMI' AT TAQWA Minomartani dan  
DOMPET PEDULI UMMAT DAARUT TAUHID ( DPU DT )

Perserahan :



**DOMPET PEDULI UMMAT**  
**DPU-DT**  
**DAARUT TAUHIID**  
Lembaga Amil Zakat Nasional

UNDUK MASYARAKAT KELUARGA INDONESIA  
JAKARTANYA 100100

ADVERTISING 2 Dompot Peduli Umat Daarut Tauhiid (DPU-DT)



PPPA

PUSAT PEMBIBITAN PENGHAPAL AL QUR'AN

DAARUL QUR'AN

SURAKARTA



wisatahati

menata HATI

menata KEHIDUPAN



SMP PPPA

DAARUL QUR'AN

**MEMBUKA PENDAFTARAN PENERIMAAN SISWA/SANTRI BARU  
PERIODE TAHUN AJARAN 2011 / 2012**

Pusat Pembibitan Penghapal Al Qur'an (PPPA) Daarul Qur'an membuka pendaftaran penerimaan siswa/santri baru lulusan SD/MI yang sederajat untuk di didik dan dilatih menjadi generasi yang berwawasan keilmuan dan teknologi serta berbasis qur'ani.

**Tempat  
Pendaftaran**

Kampung Sanggir Rt.02 Rw.07  
Desa Paulan Colomadu Karanganyar  
Jawa Tengah Indonesia  
Telp (0271) 9324000

ADVERTISING 3 Pusat Pembibitan Penghapal Al Quran (PPPA Darul Quran)



Mohon Doanya Kami Berubah Menuju  
**World Class Socio-Religious NGO**



*Abu Syauqi*  
*Pendiri Rumah Zakat*

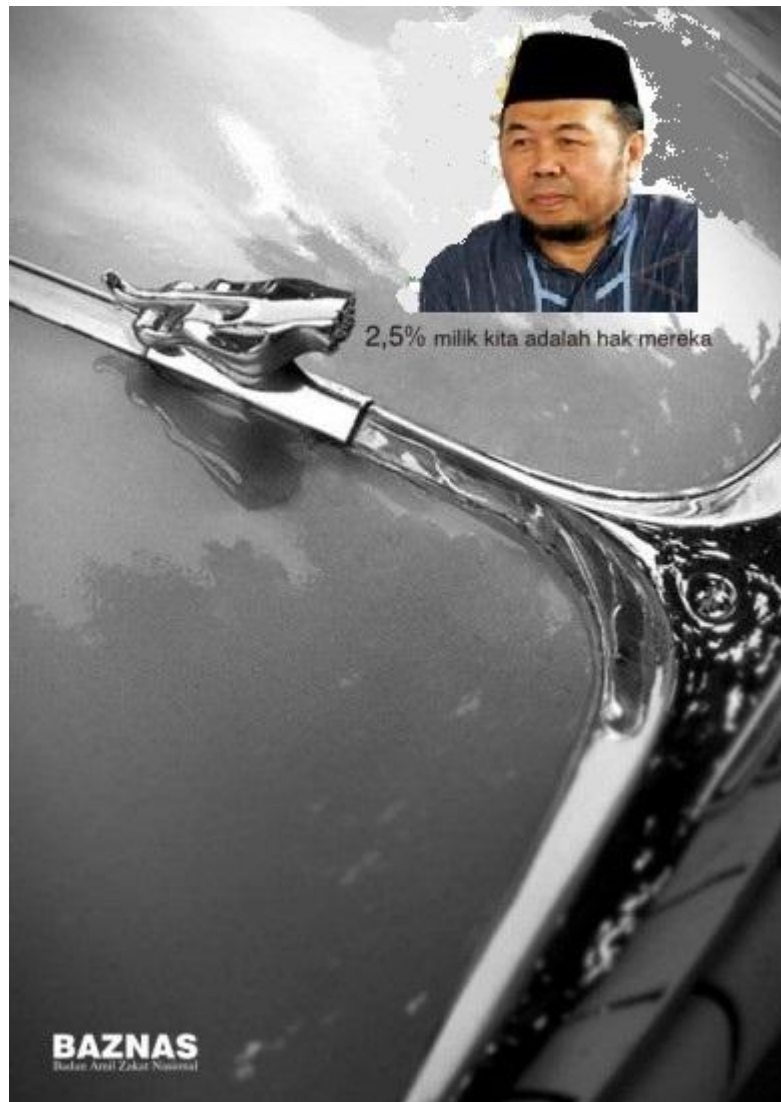
**Trusted | Progressive | Humanitarian**

Mengambil inspirasi dari perjalanan 12 tahun berdiri, kami belajar banyak bahwa kekuatan, keceriaan, persahabatan, dan semangat menolong senantiasa membutuhkan perbaikan. Kini kami, Rumah Zakat tampil dengan identitas baru sebagai bentuk komitmen menyempurnakan diri mengusung perubahan agar tampil lebih baik melayani bangsa dan menjadi NGO bertaraf global.



Call centre 0804 100 1000  
SMS Centre 0815 7300 1555  
[www.rumahzakat.org](http://www.rumahzakat.org)

**ADVERTISING 4 Rumah Zakat**



**ADVERTISING 5** Badan Amil Zakat Nasional (Baznas)

**pkpu** KEADILAN PEDULI UMAT



program  
**1000  
JAMBAN**

*"Untuk Sehatnya Keluarga Indonesia"*



Info Lengkap :  
**PKPU Yogyakarta**  
Jln Prof Dr Sardjito No. 4 Yogyakarta  
Telp. (0274) 561 525, 555 041

**[www.1000jamban.com](http://www.1000jamban.com)**

ADVERTISING 6 Pos Keadilan Peduli Umat (PKPU)

## APPENDIX D - DESCRIPTIVE STATISTICS

### Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	120	56.1	56.1	56.1
	Female	94	43.9	43.9	100.0
	Total	214	100.0	100.0	

### age nominal

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29	70	32.7	32.7	32.7
	30-39	107	50.0	50.0	82.7
	40-49	29	13.6	13.6	96.3
	>49	8	3.7	3.7	100.0
	Total	214	100.0	100.0	

### Marital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	60	28.0	28.0	28.0
	Married	151	70.6	70.6	98.6
	Div orce	3	1.4	1.4	100.0
	Total	214	100.0	100.0	

### Number of Children

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	80	37.4	37.6	37.6
	1.00	49	22.9	23.0	60.6
	2.00	55	25.7	25.8	86.4
	3.00	21	9.8	9.9	96.2
	4.00	6	2.8	2.8	99.1
	5.00	2	.9	.9	100.0
	Total	213	99.5	100.0	
	Missing Sy stem	1	.5		
Total		214	100.0		



### Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Professional	33	15.4	15.9	15.9
	Civil Servant	77	36.0	37.0	52.9
	Self Employed	11	5.1	5.3	58.2
	Private Staff	67	31.3	32.2	90.4
	Student	9	4.2	4.3	94.7
	Housewife	10	4.7	4.8	99.5
	Freelance	1	.5	.5	100.0
	Total	208	97.2	100.0	
Missing	System	6	2.8		
Total		214	100.0		

### Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Senior High School	19	8.9	8.9	8.9
	College	1	.5	.5	9.3
	Undergraduate	162	75.7	75.7	85.0
	Master	25	11.7	11.7	96.7
	PhD	7	3.3	3.3	100.0
	Total	214	100.0	100.0	

### percent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1%-50%	66	30.8	30.8	30.8
	>50%	148	69.2	69.2	100.0
	Total	214	100.0	100.0	

### Donation Frequency to Islamic SE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 x/year	130	60.7	60.7	60.7
	6-10x/year	23	10.7	10.7	71.5
	11-15x/year	51	23.8	23.8	95.3
	16-20x/year	10	4.7	4.7	100.0
	Total	214	100.0	100.0	

## APPENDIX E – T TEST AND ANOVA

### T- test by Gender

**Group Statistics**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Total Experience SE	male	120	23.8250	2.79755	.25538
	Female	94	23.7234	3.28045	.33835
Total Trust SE	male	120	23.4750	2.95616	.26986
	Female	94	23.6277	3.16222	.32616
Total Trust Leader	male	120	12.8750	1.64783	.15043
	Female	94	12.3511	1.95491	.20163
Total Experience Leader	male	120	12.6083	1.56267	.14265
	Female	94	12.3085	1.88387	.19431
Total Attract Leader	male	120	11.8167	1.90525	.17392
	Female	94	11.0426	2.11962	.21862
Total Celebrity	male	120	24.0750	5.28063	.48205
	Female	94	24.2447	5.24186	.54066
Total Attitude Toward the Brand	male	120	19.3833	1.94540	.17759
	Female	94	18.4149	2.64945	.27327
Total Intention to Support	male	120	20.8500	3.57783	.32661
	Female	94	20.6170	3.40179	.35087

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Total Experience SE	Equal variances assumed	2.427	.121	.244	212	.807	.1016	.41582	-.71807	.92126
	Equal variances not assumed			.240	182.783	.811	.1016	.42391	-.73479	.93799
Total Trust SE	Equal variances assumed	.685	.409	-.364	212	.717	-.1527	.41986	-.98030	.67498
	Equal variances not assumed			-.361	193.167	.719	-.1527	.42332	-.98759	.68227
Total Trust Leader	Equal variances assumed	4.705	.031	2.126	212	.035	.5239	.24642	.03819	1.00968
	Equal variances not assumed			2.083	181.412	.039	.5239	.25156	.02757	1.02030
Total Experience Leader	Equal variances assumed	4.823	.029	1.272	212	.205	.2998	.23567	-.16474	.76438
	Equal variances not assumed			1.244	179.513	.215	.2998	.24105	-.17583	.77548
Total Attract Leader	Equal variances assumed	4.194	.042	2.807	212	.005	.7741	.27577	.23052	1.31771
	Equal variances not assumed			2.771	188.852	.006	.7741	.27937	.22303	1.32519
Total Celebrity	Equal variances assumed	.224	.636	-.234	212	.815	-.1697	.72500	-1.59882	1.25946
	Equal variances not assumed			-.234	200.574	.815	-.1697	.72435	-1.59800	1.25864
Total Attitude Toward the Brand	Equal variances assumed	8.030	.005	3.082	212	.002	.9684	.31420	.34908	1.58780
	Equal variances not assumed			2.972	165.125	.003	.9684	.32591	.32496	1.61192
Total Intention to Support	Equal variances assumed	.035	.851	.483	212	.630	.2330	.48231	-.71777	1.18373
	Equal variances not assumed			.486	204.185	.627	.2330	.47936	-.71214	1.17810

## T test by Marital Status

Group Statistics

	Marital	N	Mean	Std. Deviation	Std. Error Mean
Total Celebrity	Single	60	24.3500	5.39876	.69698
	Married	151	24.0993	5.25453	.42761
Total Experience Leader	Single	60	12.1833	2.02937	.26199
	Married	151	12.6159	1.54428	.12567
Total Trust Leader	Single	60	12.4167	2.02770	.26178
	Married	151	12.7616	1.69198	.13769
Total Attract Leader	Single	60	11.4500	2.28054	.29442
	Married	151	11.5099	1.93517	.15748
Total Experience SE	Single	60	23.7000	3.40637	.43976
	Married	151	23.8344	2.87386	.23387
Total Trust SE	Single	60	23.3333	3.37321	.43548
	Married	151	23.6556	2.91444	.23717
ATADTOT	Single	60	15.6000	3.94109	.50879
	Married	151	16.2583	3.01654	.24548
Total Attitude Toward the Brand	Single	60	18.8000	2.60248	.33598
	Married	151	19.0066	2.23158	.18160
Total Intention to Support	Single	60	20.7667	3.83722	.49538
	Married	151	20.7417	3.38125	.27516

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Total Celebrity	Equal variances assumed	.939	.334	.310	209	.757	.2507	.80816	-1.34252	1.84385
	Equal variances not assumed			.307	105.875	.760	.2507	.81769	-1.37052	1.87184
Total Experience Leader	Equal variances assumed	7.889	.005	-1.672	209	.096	-.4326	.25872	-.94260	.07748
	Equal variances not assumed			-1.489	87.453	.140	-.4326	.29057	-1.01006	.14494
Total Trust Leader	Equal variances assumed	3.504	.063	-1.260	209	.209	-.3449	.27365	-.88438	.19454
	Equal variances not assumed			-1.166	93.352	.247	-.3449	.29578	-.93225	.24241
Total Attract Leader	Equal variances assumed	4.110	.044	-.193	209	.847	-.0599	.31111	-.67324	.55338
	Equal variances not assumed			-.180	94.547	.858	-.0599	.33389	-.72283	.60296
Total Experience SE	Equal variances assumed	2.471	.117	-.290	209	.772	-.1344	.46296	-1.04711	.77824
	Equal variances not assumed			-.270	94.131	.788	-.1344	.49808	-1.12337	.85450
Total Trust SE	Equal variances assumed	2.345	.127	-.692	209	.490	-.3223	.46560	-1.24017	.59558
	Equal variances not assumed			-.650	95.874	.517	-.3223	.49588	-1.30662	.66203
ATADTOT	Equal variances assumed	7.060	.008	-1.306	209	.193	-.6583	.50419	-1.65224	.33568
	Equal variances not assumed			-1.165	87.795	.247	-.6583	.56492	-1.78097	.46441
Total Attitude Toward the Brand	Equal variances assumed	2.142	.145	-.578	209	.564	-.2066	.35744	-.91128	.49804
	Equal variances not assumed			-.541	95.311	.590	-.2066	.38192	-.96479	.55155
Total Intention to Support	Equal variances assumed	.860	.355	.046	209	.963	.0249	.53656	-1.03283	1.08272
	Equal variances not assumed			.044	97.377	.965	.0249	.56667	-1.09969	1.14958

## ANOVA by SEs

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Total Celebrity	Between Groups	189.391	5	37.878	1.383	.232
	Within Groups	5668.524	207	27.384		
	Total	5857.915	212			
Total Experience Leader	Between Groups	10.524	5	2.105	.711	.616
	Within Groups	612.528	207	2.959		
	Total	623.052	212			
Total Trust Leader	Between Groups	8.951	5	1.790	.543	.743
	Within Groups	682.213	207	3.296		
	Total	691.164	212			
Total Attract Leader	Between Groups	47.072	5	9.414	2.337	.043
	Within Groups	834.036	207	4.029		
	Total	881.108	212			
Total Experience SE	Between Groups	56.389	5	11.278	1.256	.284
	Within Groups	1858.400	207	8.978		
	Total	1914.789	212			
Total Trust SE	Between Groups	73.656	5	14.731	1.612	.158
	Within Groups	1891.395	207	9.137		
	Total	1965.052	212			
ATADTOT	Between Groups	61.736	5	12.347	1.132	.345
	Within Groups	2258.470	207	10.910		
	Total	2320.207	212			
Total Attitude Toward the Brand	Between Groups	21.648	5	4.330	.793	.556
	Within Groups	1130.051	207	5.459		
	Total	1151.700	212			
Total Intention to Support	Between Groups	121.983	5	24.397	2.064	.071
	Within Groups	2447.200	207	11.822		
	Total	2569.183	212			

## ANOVA by Age

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Total Celebrity	Between Groups	25.283	3	8.428	.303	.824
	Within Groups	5849.932	210	27.857		
	Total	5875.215	213			
Total Experience Leader	Between Groups	5.292	3	1.764	.597	.617
	Within Groups	620.091	210	2.953		
	Total	625.383	213			
Total Trust Leader	Between Groups	19.984	3	6.661	2.078	.104
	Within Groups	673.026	210	3.205		
	Total	693.009	213			
Total Attract Leader	Between Groups	.404	3	.135	.032	.992
	Within Groups	880.980	210	4.195		
	Total	881.383	213			
Total Experience SE	Between Groups	11.632	3	3.877	.424	.736
	Within Groups	1921.045	210	9.148		
	Total	1932.678	213			
Total Trust SE	Between Groups	42.204	3	14.068	1.532	.207
	Within Groups	1928.917	210	9.185		
	Total	1971.121	213			
ATADTOT	Between Groups	6.160	3	2.053	.185	.906
	Within Groups	2330.461	210	11.097		
	Total	2336.621	213			
Total Attitude Toward the Brand	Between Groups	23.743	3	7.914	1.472	.223
	Within Groups	1128.879	210	5.376		
	Total	1152.621	213			
Total Intention to Support	Between Groups	54.893	3	18.298	1.508	.213
	Within Groups	2547.481	210	12.131		
	Total	2602.374	213			

## ANOVA by Occupation

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
Total Celebrity	Between Groups	81.171	5	16.234	.584	.712
	Within Groups	5589.708	201	27.809		
	Total	5670.879	206			
Total Experience Leader	Between Groups	20.685	5	4.137	1.408	.223
	Within Groups	590.532	201	2.938		
	Total	611.217	206			
Total Trust Leader	Between Groups	35.862	5	7.172	2.245	.051
	Within Groups	642.234	201	3.195		
	Total	678.097	206			
Total Attract Leader	Between Groups	39.906	5	7.981	1.968	.085
	Within Groups	815.206	201	4.056		
	Total	855.111	206			
Total Experience SE	Between Groups	204.729	5	40.946	4.808	.000
	Within Groups	1711.706	201	8.516		
	Total	1916.435	206			
Total Trust SE	Between Groups	118.332	5	23.666	2.605	.026
	Within Groups	1826.257	201	9.086		
	Total	1944.589	206			
ATADTOT	Between Groups	164.191	5	32.838	3.164	.009
	Within Groups	2085.992	201	10.378		
	Total	2250.184	206			
Total Attitude Toward the Brand	Between Groups	31.122	5	6.224	1.164	.328
	Within Groups	1074.800	201	5.347		
	Total	1105.923	206			
Total Intention to Support	Between Groups	13.274	5	2.655	.210	.958
	Within Groups	2540.910	201	12.641		
	Total	2554.184	206			



## Multiple Comparisons

Tukey HSD

Dependent Variable	(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Total Experience SE	Professional	Civil Servant	-2.1126*	.60717	.008	-3.8596	-.3655
		Self Employed	-.1515	1.01599	1.000	-3.0749	2.7719
		Private Staff	-.7499	.62061	.832	-2.5357	1.0359
		Student	1.6465	1.09740	.664	-1.5112	4.8041
		Housewife	-.6424	1.05340	.990	-3.6735	2.3886
	Civil Servant	Professional	2.1126*	.60717	.008	.3655	3.8596
		Self Employed	1.9610	.94062	.299	-.7455	4.6676
		Private Staff	1.3627	.48755	.062	-.0402	2.7655
		Student	2.1126*	1.02801	.004	.8010	6.7170
		Housewife	2.1126	.60717	.008	.3655	3.8596
	Self Employed	Professional	1.9610	.94062	.299	-.7455	4.6676
		Civil Servant	1.3627	.48755	.062	-.0402	2.7655
		Private Staff	3.7590	1.02801	.004	.8010	6.7170
		Student	1.7980	1.31164	.744	-1.9761	5.5721
		Housewife	-.4909	1.27506	.999	-4.1598	3.1780
	Private Staff	Professional	.7499	.62061	.832	-1.0359	2.5357
		Civil Servant	-1.3627	.48755	.062	-2.7655	.0402
		Self Employed	.5984	.94936	.989	-2.1333	3.3301
		Student	2.3964	1.03601	.194	-.5847	5.3774
		Housewife	.1075	.98929	1.000	-2.7391	2.9541
	Student	Professional	-1.6465	1.09740	.664	-4.8041	1.5112
		Civil Servant	-3.7590*	1.02801	.004	-6.7170	-.8010
		Self Employed	-1.7980	1.31164	.744	-5.5721	1.9761
		Private Staff	-2.3964	1.03601	.194	-5.3774	.5847
		Housewife	-2.2889	1.34083	.529	-6.1470	1.5692
	Housewife	Professional	.6424	1.05340	.990	-2.3886	3.6735
		Civil Servant	-1.4701	.98091	.665	-4.2926	1.3524
		Self Employed	.4909	1.27506	.999	-3.1780	4.1598
		Private Staff	-.1075	.98929	1.000	-2.9541	2.7391
		Student	2.2889	1.34083	.529	-1.5692	6.1470

## Multiple Comparisons

Tukey HSD

Dependent Variable	(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Total Trust SE	Professional	Civil Servant	-1.2165	.62716	.381	-3.0210	.5881
		Self Employed	1.0303	1.04944	.923	-1.9894	4.0500
		Private Staff	.2881	.64105	.998	-1.5564	2.1327
		Student	.3030	1.13352	1.000	-2.9586	3.5646
		Housewife	.4030	1.08808	.999	-2.7278	3.5339
	Civil Servant	Professional	1.2165	.62716	.381	-.5881	3.0210
		Self Employed	2.2468	.97159	.194	-.5489	5.0424
		Private Staff	1.5046*	.50360	.037	.0555	2.9536
		Student	1.5195	1.06186	.708	-1.5359	4.5749
		Housewife	1.6195	1.01320	.601	-1.2959	4.5349
	Self Employed	Professional	-1.0303	1.04944	.923	-4.0500	1.9894
		Civil Servant	-2.2468	.97159	.194	-5.0424	.5489
		Private Staff	-.7422	.98061	.974	-3.5638	2.0794
		Student	-.7273	1.35482	.995	-4.6256	3.1711
		Housewife	-.6273	1.31703	.997	-4.4169	3.1624
	Private Staff	Professional	-.2881	.64105	.998	-2.1327	1.5564
		Civil Servant	-1.5046*	.50360	.037	-2.9536	-.0555
		Self Employed	.7422	.98061	.974	-2.0794	3.5638
		Student	.0149	1.07012	1.000	-3.0642	3.0941
		Housewife	.1149	1.02186	1.000	-2.8254	3.0552
	Student	Professional	-.3030	1.13352	1.000	-3.5646	2.9586
		Civil Servant	-1.5195	1.06186	.708	-4.5749	1.5359
		Self Employed	.7273	1.35482	.995	-3.1711	4.6256
		Private Staff	-.0149	1.07012	1.000	-3.0941	3.0642
		Housewife	.1000	1.38496	1.000	-3.8851	4.0851
	Housewife	Professional	-.4030	1.08808	.999	-3.5339	2.7278
		Civil Servant	-1.6195	1.01320	.601	-4.5349	1.2959
		Self Employed	.6273	1.31703	.997	-3.1624	4.4169
		Private Staff	-.1149	1.02186	1.000	-3.0552	2.8254
		Student	-.1000	1.38496	1.000	-4.0851	3.8851

## Multiple Comparisons

Tukey HSD

Dependent Variable	(I) Occupation	(J) Occupation	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
ATADTOT	Professional	Civil Servant	-1.3420	.67027	.345	-3.2706	.5867
		Self Employed	1.0806	1.12158	.934	-2.1667	4.2879
		Private Staff	-.2298	.68512	.999	-2.2011	1.7416
		Student	2.2727	1.21145	.420	-1.2131	5.7586
		Housewife	-.7939	1.16288	.984	-4.1400	2.5522
	Civil Servant	Professional	1.3420	.67027	.345	-.5867	3.2706
		Self Employed	2.4026	1.03838	.193	-.5853	5.3905
		Private Staff	1.1122	.53822	.309	-.4364	2.6609
		Student	3.6147*	1.13486	.021	.3493	6.8802
		Housewife	.5481	1.08286	.996	-2.5678	3.6639
	Self Employed	Professional	-1.0806	1.12158	.934	-4.2879	2.1667
		Civil Servant	-2.4026	1.03838	.193	-5.3905	.5853
		Private Staff	-1.2904	1.04803	.821	-4.3060	1.7252
		Student	1.2121	1.44796	.960	-2.9543	5.3785
		Housewife	-1.8545	1.40758	.775	-5.9047	2.1956
	Private Staff	Professional	.2298	.68512	.999	-1.7416	2.2011
		Civil Servant	-1.1122	.53822	.309	-2.6609	.4364
		Self Employed	1.2904	1.04803	.821	-1.7252	4.3060
		Student	2.5025	1.14369	.248	-.7884	5.7933
		Housewife	-.5642	1.09211	.995	-3.7066	2.5783
	Student	Professional	-2.2727	1.21145	.420	-5.7586	1.2131
		Civil Servant	-3.6147*	1.13486	.021	-6.8802	-.3493
		Self Employed	-1.2121	1.44796	.960	-5.3785	2.9543
		Private Staff	-2.5025	1.14369	.248	-5.7933	.7884
		Housewife	-3.0667	1.48018	.306	-7.3258	1.1924
	Housewife	Professional	.7939	1.16288	.984	-2.5522	4.1400
		Civil Servant	-.5481	1.08286	.996	-3.6639	2.5678
		Self Employed	1.8545	1.40758	.775	-2.1956	5.9047
		Private Staff	.5642	1.09211	.995	-2.5783	3.7066
		Student	3.0667	1.48018	.306	-1.1924	7.3258

## ANOVA by Education

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Total Celebrity	Between Groups	151.529	4	37.882	1.383	.241
	Within Groups	5723.686	209	27.386		
	Total	5875.215	213			
Total Experience Leader	Between Groups	21.484	4	5.371	1.859	.119
	Within Groups	603.899	209	2.889		
	Total	625.383	213			
Total Trust Leader	Between Groups	21.122	4	5.281	1.643	.165
	Within Groups	671.887	209	3.215		
	Total	693.009	213			
Total Attract Leader	Between Groups	18.870	4	4.718	1.143	.337
	Within Groups	862.513	209	4.127		
	Total	881.383	213			
Total Experience SE	Between Groups	47.840	4	11.960	1.326	.261
	Within Groups	1884.838	209	9.018		
	Total	1932.678	213			
Total Trust SE	Between Groups	55.110	4	13.777	1.503	.203
	Within Groups	1916.012	209	9.168		
	Total	1971.121	213			
ATADTOT	Between Groups	91.910	4	22.977	2.139	.077
	Within Groups	2244.712	209	10.740		
	Total	2336.621	213			
Total Attitude Toward the Brand	Between Groups	31.630	4	7.907	1.474	.211
	Within Groups	1120.992	209	5.364		
	Total	1152.621	213			
Total Intention to Support	Between Groups	99.133	4	24.783	2.069	.086
	Within Groups	2503.241	209	11.977		
	Total	2602.374	213			

## **APPENDIX F - LISREL OUTPUT FOR BASELINE MODEL**

DATE: 7/16/2014

TIME: 6:06

L I S R E L 8.51

BY

Karl G. Jöreskog & Dag Sörbom

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The following lines were read from file C:\Users\Sri Rahayu Hijrah Ha\Documents\Dissertation FINAL\Print Disertasi\baseline model EJM.spj:

Raw Data from file laf9janejm.PSF

Sample Size = 214

Latent Variables SEOC SEPC AaD AB SI ExpSE TrustSE ExpLead TrustLead AttractLead

Relationships

Exp1 Skill1 Comp1 Noexp2=ExpSE

Trust Truth Honest1 Distrust=TrustSE

Honest2 Trusted=TrustLead

Competent Experienced=ExpLead

Attractive Elegant= AttractLead

AD1 AD2 AD3= AaD

Good Fav Satisfy = AB

Bond Care Loyal Supp= SI

TrustSE ExpSE=SEOC

TrustLead ExpLead AttractLead=SEPC

AaD=SEOC SEPC

AB=SEOC SEPC AaD

SI= SEOC SEPC AaD AB

Set the error covariance between SEOC and SEPC to 0

Let the covariance between SEOC and SEPC be free

LISREL OUTPUT EF

Options AD=OFF

Path Diagram

Method of Estimation: Maximum Likelihood

End of Problem

Sample Size = 214

Covariance Matrix

	AD1	AD2	AD3	Exp1	Skill1	Comp1
	-----	-----	-----	-----	-----	-----
AD1	1.35					
AD2	1.12	1.36				
AD3	1.17	1.12	1.45			
Exp1	0.23	0.21	0.15	0.75		
Skill1	0.22	0.17	0.14	0.53	0.64	
Comp1	0.20	0.19	0.17	0.53	0.54	0.81
Noexp2	0.18	0.14	0.14	0.42	0.32	0.29
Trust	0.23	0.20	0.21	0.41	0.38	0.43
Truth	0.29	0.24	0.28	0.27	0.27	0.28
Honest1	0.25	0.21	0.21	0.39	0.34	0.39
Distrust	0.20	0.15	0.17	0.35	0.31	0.29
Honest2	0.35	0.28	0.33	0.20	0.16	0.14
Trusted	0.31	0.23	0.32	0.17	0.12	0.11
Competen	0.33	0.24	0.34	0.18	0.17	0.22
Experien	0.23	0.16	0.26	0.21	0.20	0.18
Attracti	0.52	0.45	0.55	0.18	0.15	0.15
Elegant	0.54	0.47	0.56	0.14	0.15	0.18
Good	0.29	0.22	0.26	0.23	0.24	0.19

Fav	0.35	0.25	0.34	0.25	0.25	0.26
Satisfy	0.32	0.27	0.34	0.24	0.23	0.23
Bond	0.30	0.21	0.19	0.11	0.18	0.15
Care	0.29	0.25	0.24	0.09	0.13	0.20
Loyal	0.28	0.27	0.25	0.16	0.18	0.21
Supp	0.13	0.12	0.14	0.14	0.18	0.20

#### Covariance Matrix

	Noexp2	Trust	Truth	Honest1	Distrust	Honest2
	-----	-----	-----	-----	-----	-----
Noexp2	0.66					
Trust	0.26	0.68				
Truth	0.30	0.42	0.94			
Honest1	0.30	0.52	0.56	0.78		
Distrust	0.41	0.34	0.35	0.40	0.72	
Honest2	0.22	0.17	0.21	0.20	0.26	0.91
Trusted	0.23	0.09	0.16	0.16	0.22	0.75
Competen	0.25	0.16	0.17	0.16	0.26	0.61
Experien	0.26	0.14	0.12	0.15	0.31	0.53
Attracti	0.22	0.22	0.33	0.22	0.26	0.65
Elegant	0.20	0.20	0.22	0.18	0.14	0.59
Good	0.24	0.26	0.26	0.27	0.22	0.30
Fav	0.23	0.25	0.18	0.21	0.27	0.34
Satisfy	0.26	0.25	0.27	0.30	0.35	0.35
Bond	0.07	0.13	0.23	0.21	0.07	0.26
Care	0.07	0.16	0.19	0.19	0.11	0.25
Loyal	0.07	0.26	0.27	0.24	0.13	0.25



Supp	0.05	0.25	0.26	0.25	0.15	0.14
------	------	------	------	------	------	------

# Covariance Matrix

Trusted	Competen	Experien	Attracti	Elegant	Good
---------	----------	----------	----------	---------	------

-----	-----	-----	-----	-----	-----
-------	-------	-------	-------	-------	-------

Trusted	0.83					
Competen	0.63	0.87				
Experien	0.54	0.62	0.82			
Attracti	0.59	0.62	0.54	1.19		
Elegant	0.54	0.56	0.47	0.88	1.18	
Good	0.30	0.32	0.33	0.29	0.29	0.69
Fav	0.35	0.41	0.39	0.33	0.34	0.58
Satisfy	0.35	0.38	0.40	0.40	0.37	0.47
Bond	0.23	0.13	0.13	0.27	0.29	0.15
Care	0.19	0.16	0.14	0.19	0.22	0.19
Loyal	0.15	0.11	0.10	0.36	0.32	0.16
Supp	0.10	0.12	0.01	0.06	0.02	0.25

# Covariance Matrix

Fav	Satisfy	Bond	Care	Loyal	Supp
-----	---------	------	------	-------	------

-----	-----	-----	-----	-----	-----
-------	-------	-------	-------	-------	-------

Fav	0.87				
Satisfy	0.50	0.76			
Bond	0.24	0.23	1.30		
Care	0.31	0.28	0.70	0.98	
Loyal	0.24	0.29	0.79	0.73	1.31

Supp	0.27	0.28	0.45	0.49	0.64	1.01
------	------	------	------	------	------	------

Number of Iterations = 29

LISREL Estimates (Maximum Likelihood)

Measurement Equations

AD1 = 1.09\*AaD, Errorvar.= 0.17 , R<sup>2</sup> = 0.88

(0.034)

5.01

AD2 = 1.03\*AaD, Errorvar.= 0.30 , R<sup>2</sup> = 0.78

(0.051)	(0.040)
---------	---------

20.18	7.64
-------	------

AD3 = 1.08\*AaD, Errorvar.= 0.27 , R<sup>2</sup> = 0.81

(0.051)	(0.040)
---------	---------

21.15	6.92
-------	------

Exp1 = 0.75\*ExpSE, Errorvar.= 0.19 , R<sup>2</sup> = 0.75

(0.027)

6.98

Skill1 = 0.71\*ExpSE, Errorvar.= 0.14 , R<sup>2</sup> = 0.79

(0.043) (0.022)

16.59 6.22

Comp1 = 0.73\*ExpSE, Errorvar.= 0.28 , R<sup>2</sup> = 0.65

(0.051) (0.034)

14.41 8.32

Noexp2 = 0.49\*ExpSE, Errorvar.= 0.42 , R<sup>2</sup> = 0.36

(0.052) (0.043)

9.50 9.73

Trust = 0.68\*TrustSE, Errorvar.= 0.21 , R<sup>2</sup> = 0.68

(0.030)

7.23

Truth = 0.66\*TrustSE, Errorvar.= 0.50 , R<sup>2</sup> = 0.46

(0.063) (0.055)

10.50 9.14

Honest1 = 0.76\*TrustSE, Errorvar.= 0.19 , R<sup>2</sup> = 0.75

(0.055) (0.032)

13.97 6.11

Distrust = 0.53\*TrustSE, Errorvar.= 0.43 , R<sup>2</sup> = 0.40

(0.056) (0.046)

9.54 9.43

Honest2 = 0.87\*TrustLea, Errorvar.= 0.15 , R<sup>2</sup> = 0.84

(0.026)

5.54

Trusted = 0.86\*TrustLea, Errorvar.= 0.089 , R<sup>2</sup> = 0.89

(0.040)

(0.023)

21.40

3.82

Competen = 0.85\*ExpLead, Errorvar.= 0.15 , R<sup>2</sup> = 0.82

(0.033)

4.58

Experien = 0.74\*ExpLead, Errorvar.= 0.27 , R<sup>2</sup> = 0.67

(0.050)

(0.035)

14.75

7.84

Attracti = 0.98\*AttractL, Errorvar.= 0.23 , R<sup>2</sup> = 0.81

(0.057)

3.95

Elegant = 0.90\*AttractL, Errorvar.= 0.36 , R<sup>2</sup> = 0.69

(0.068)

(0.057)

13.20

6.41

Good = 0.71\*AB, Errorvar.= 0.18 , R<sup>2</sup> = 0.74

(0.029)

6.17

$$\text{Fav} = 0.78 * \text{AB}, \text{Errorvar.} = 0.25, R^2 = 0.71$$

(0.056)      (0.038)

13.91      6.69

$$\text{Satisfy} = 0.67 * \text{AB}, \text{Errorvar.} = 0.32, R^2 = 0.58$$

(0.054)      (0.038)

12.40      8.32

$$\text{Bond} = 0.83 * \text{SI}, \text{Errorvar.} = 0.61, R^2 = 0.53$$

(0.074)

8.23

$$\text{Care} = 0.80 * \text{SI}, \text{Errorvar.} = 0.35, R^2 = 0.65$$

(0.075)      (0.050)

10.62      6.91

$$\text{Loyal} = 0.94 * \text{SI}, \text{Errorvar.} = 0.43, R^2 = 0.68$$

(0.088)      (0.066)

10.77      6.44

$$\text{Supp} = 0.63 * \text{SI}, \text{Errorvar.} = 0.61, R^2 = 0.40$$

(0.074)      (0.066)

8.50      9.14

Structural Equations

$$\text{AaD} = 0.20 * \text{SEOC} + 0.33 * \text{SEPC}, \text{Errorvar.} = 0.80, R^2 = 0.20$$

(0.081)	(0.078)	(0.094)
2.51	4.15	8.54

$$\text{AB} = 0.077 * \text{AaD} + 0.37 * \text{SEOC} + 0.45 * \text{SEPC}, \text{Errorvar.} = 0.49, R^2 = 0.51$$

(0.068)	(0.076)	(0.076)	(0.079)
1.14	4.86	5.85	6.19

$$\text{SI} = 0.12 * \text{AaD} + 0.22 * \text{AB} + 0.20 * \text{SEOC} + 0.010 * \text{SEPC}, \text{Errorvar.} = 0.81, R^2 = 0.19$$

(0.081)	(0.12)	(0.10)	(0.10)	(0.14)
1.49	1.87	1.90	0.10	5.65

$$\text{ExpSE} = 0.79 * \text{SEOC}, \text{Errorvar.} = 0.37, R^2 = 0.63$$

(0.081)	(0.089)
9.79	4.14

$$\text{TrustSE} = 0.90 * \text{SEOC}, \text{Errorvar.} = 0.18, R^2 = 0.82$$

(0.088)	(0.100)
10.32	1.82

$$\text{ExpLead} = 0.94 * \text{SEPC}, \text{Errorvar.} = 0.11, R^2 = 0.89$$

(0.064)	(0.054)
14.64	2.11

$$\text{TrustLea} = 0.89 * \text{SEPC}, \text{Errorvar.} = 0.21, R^2 = 0.79$$

(0.065)	(0.047)
13.65	4.41

$$\text{AttractL} = 0.80 * \text{SEPC}, \text{Errorvar.} = 0.36, R^2 = 0.64$$

(0.069) (0.069)

11.62 5.17

#### Reduced Form Equations

$$\text{AaD} = 0.20 * \text{SEOC} + 0.33 * \text{SEPC}, \text{Errorvar.} = 0.80, R^2 = 0.20$$

(0.081) (0.078)

2.51 4.15

$$\text{AB} = 0.39 * \text{SEOC} + 0.47 * \text{SEPC}, \text{Errorvar.} = 0.49, R^2 = 0.51$$

(0.075) (0.074)

5.15 6.41

$$\text{SI} = 0.31 * \text{SEOC} + 0.15 * \text{SEPC}, \text{Errorvar.} = 0.85, R^2 = 0.15$$

(0.091) (0.084)

3.38 1.84

$$\text{ExpSE} = 0.79 * \text{SEOC} + 0.0 * \text{SEPC}, \text{Errorvar.} = 0.37, R^2 = 0.63$$

(0.081)

9.79

$$\text{TrustSE} = 0.90 * \text{SEOC} + 0.0 * \text{SEPC}, \text{Errorvar.} = 0.18, R^2 = 0.82$$

(0.088)

10.32

ExpLead = 0.0\*SEOC + 0.94\*SEPC, Errorvar.= 0.11, R<sup>2</sup> = 0.89

(0.064)

14.64

TrustLea = 0.0\*SEOC + 0.89\*SEPC, Errorvar.= 0.21, R<sup>2</sup> = 0.79

(0.065)

13.65

AttractL = 0.0\*SEOC + 0.80\*SEPC, Errorvar.= 0.36, R<sup>2</sup> = 0.64

(0.069)

11.62

#### Correlation Matrix of Independent Variables

	SEOC	SEPC
	-----	-----
SEOC	1.00	
SEPC	0.38	1.00
	(0.07)	
	5.21	

#### Covariance Matrix of Latent Variables

AaD	AB	SI	ExpSE	TrustSE	ExpLead
-----	-----	-----	-----	-----	-----



AaD	1.00						
AB	0.38	1.00					
SI	0.27	0.39	1.00				
ExpSE	0.26	0.45	0.29	1.00			
TrustSE	0.30	0.51	0.33	0.72	1.00		
ExpLead	0.38	0.58	0.26	0.28	0.32	1.00	
TrustLea	0.36	0.55	0.24	0.27	0.31	0.84	
AttractL	0.32	0.50	0.22	0.24	0.28	0.75	
SEOC	0.33	0.57	0.36	0.79	0.90	0.36	
SEPC	0.40	0.62	0.27	0.30	0.34	0.94	

#### Covariance Matrix of Latent Variables

	TrustLea	AttractL	SEOC	SEPC
TrustLea	1.00			
AttractL	0.71	1.00		
SEOC	0.34	0.30	1.00	
SEPC	0.89	0.80	0.38	1.00

#### Goodness of Fit Statistics

Degrees of Freedom = 237

Minimum Fit Function Chi-Square = 472.55 (P = 0.0)

Normal Theory Weighted Least Squares Chi-Square = 468.32 (P = 0.0)

Estimated Non-centrality Parameter (NCP) = 231.32

90 Percent Confidence Interval for NCP = (173.65 ; 296.78)

Minimum Fit Function Value = 2.22

Population Discrepancy Function Value (F0) = 1.09

90 Percent Confidence Interval for F0 = (0.82 ; 1.39)

Root Mean Square Error of Approximation (RMSEA) = 0.068

90 Percent Confidence Interval for RMSEA = (0.059 ; 0.077)

P-Value for Test of Close Fit (RMSEA < 0.05) = 0.00089

Expected Cross-Validation Index (ECVI) = 2.79

90 Percent Confidence Interval for ECVI = (2.52 ; 3.10)

ECVI for Saturated Model = 2.82

ECVI for Independence Model = 17.62

Chi-Square for Independence Model with 276 Degrees of Freedom = 3704.40

Independence AIC = 3752.40

Model AIC = 594.32

Saturated AIC = 600.00

Independence CAIC = 3857.18

Model CAIC = 869.38

Saturated CAIC = 1909.79

Normed Fit Index (NFI) = 0.87

Non-Normed Fit Index (NNFI) = 0.92

Parsimony Normed Fit Index (PNFI) = 0.75

Comparative Fit Index (CFI) = 0.93

Incremental Fit Index (IFI) = 0.93

Relative Fit Index (RFI) = 0.85

Critical N (CN) = 131.97

Root Mean Square Residual (RMR) = 0.060

Standardized RMR = 0.065

Goodness of Fit Index (GFI) = 0.85

Adjusted Goodness of Fit Index (AGFI) = 0.80

Parsimony Goodness of Fit Index (PGFI) = 0.67

The Modification Indices Suggest to Add the

Path to	from	Decrease in Chi-Square	New Estimate
Noexp2	AB	7.9	0.16
Noexp2	ExpLead	12.9	0.18
Noexp2	TrustLea	11.5	0.17
Trust	ExpSE	10.5	0.23
Honest1	ExpSE	8.0	-0.22
Distrust	ExpLead	14.0	0.20
Distrust	TrustLea	9.4	0.16
Honest2	AttractL	8.2	0.21
Trusted	ExpLead	9.5	0.75
Satisfy	AttractL	8.1	0.16
AaD	AttractL	18.8	0.62
AttractL	AaD	19.6	0.28

The Modification Indices Suggest to Add an Error Covariance

Between	and	Decrease in Chi-Square	New Estimate
AttractL	AaD	18.8	0.22
Comp1	Skill1	13.1	0.10

Noexp2	Exp1	12.4	0.09
Noexp2	Comp1	10.4	-0.09
Honest1	Truth	14.8	0.13
Distrust	Noexp2	31.5	0.18
Trusted	Trust	12.3	-0.05
Competen	Comp1	8.7	0.06
Experien	Distrust	13.9	0.10
Attracti	Truth	8.0	0.10
Elegant	Distrust	9.2	-0.10
Good	Distrust	8.5	-0.07
Fav	Good	16.2	0.17
Satisfy	Distrust	12.4	0.10
Loyal	Attracti	10.1	0.11

#### Total and Indirect Effects

##### Total Effects of X on ETA

	SEOC	SEPC
	-----	-----
AaD	0.20	0.33
	(0.08)	(0.08)
	2.51	4.15
AB	0.39	0.47
	(0.08)	(0.07)

5.15    6.41

SI    0.31    0.15

(0.09)    (0.08)

3.38    1.84

ExpSE    0.79    - -

(0.08)

9.79

TrustSE    0.90    - -

(0.09)

10.32

ExpLead    - -    0.94

(0.06)

14.64

TrustLea    - -    0.89

(0.07)

13.65

AttractL    - -    0.80

(0.07)

11.62

Indirect Effects of X on ETA

	SEOC	SEPC
	-----	-----
AaD	--	--
AB	0.02	0.03
	(0.01)	(0.02)
	1.07	1.11
SI	0.11	0.14
	(0.05)	(0.06)
	2.16	2.25
ExpSE	--	--
TrustSE	--	--
ExpLead	--	--
TrustLea	--	--
AttractL	--	--

#### Total Effects of ETA on ETA

AaD	AB	SI	ExpSE	TrustSE	ExpLead
-----	-----	-----	-----	-----	-----

AaD	--	--	--	--	--	--
AB	0.08	--	--	--	--	--
	(0.07)					
	1.14					
SI	0.14	0.22	--	--	--	--
	(0.08)	(0.12)				
	1.68	1.87				
ExpSE	--	--	--	--	--	--
TrustSE	--	--	--	--	--	--
ExpLead	--	--	--	--	--	--
TrustLea	--	--	--	--	--	--
AttractL	--	--	--	--	--	--

#### Total Effects of ETA on ETA

TrustLea    AttractL

-----

AaD      --      --

AB      --      --

SI	--	--
ExpSE	--	--
TrustSE	--	--
ExpLead	--	--
TrustLea	--	--
AttractL	--	--

Largest Eigenvalue of  $B \cdot B'$  (Stability Index) is 0.066

#### Indirect Effects of ETA on ETA

	AaD	AB	SI	ExpSE	TrustSE	ExpLead
	-----	-----	-----	-----	-----	-----
AaD	--	--	--	--	--	--
AB	--	--	--	--	--	--
SI	0.02	--	--	--	--	--
	(0.02)					
	0.97					



ExpSE	--	--	--	--	--	--
TrustSE	--	--	--	--	--	--
ExpLead	--	--	--	--	--	--
TrustLea	--	--	--	--	--	--
AttractL	--	--	--	--	--	--

#### Indirect Effects of ETA on ETA

	TrustLea	AttractL
	-----	-----
AaD	--	--
AB	--	--
SI	--	--
ExpSE	--	--
TrustSE	--	--
ExpLead	--	--
TrustLea	--	--

AttractL    --    --

Total Effects of ETA on Y

	AaD	AB	SI	ExpSE	TrustSE	ExpLead
	-----	-----	-----	-----	-----	-----
AD1	1.09	--	--	--	--	--
AD2	1.03	--	--	--	--	--
	(0.05)					
	20.18					
AD3	1.08	--	--	--	--	--
	(0.05)					
	21.15					
Exp1	--	--	--	0.75	--	--
Skill1	--	--	--	0.71	--	--
			(0.04)			
			16.59			
Comp1	--	--	--	0.73	--	--
			(0.05)			
			14.41			

Noexp2	--	--	--	0.49	--	--
				(0.05)		
				9.50		
Trust	--	--	--	--	0.68	--
Truth	--	--	--	--	0.66	--
				(0.06)		
				10.50		
Honest1	--	--	--	--	0.76	--
				(0.05)		
				13.97		
Distrust	--	--	--	--	0.53	--
				(0.06)		
				9.54		
Honest2	--	--	--	--	--	--
Trusted	--	--	--	--	--	--
Competen	--	--	--	--	--	0.85
Experien	--	--	--	--	--	0.74
				(0.05)		
				14.75		

Attracti	--	--	--	--	--	--
Elegant	--	--	--	--	--	--
Good	0.06	0.71	--	--	--	--
	(0.05)					
	1.14					
Fav	0.06	0.78	--	--	--	--
	(0.05)	(0.06)				
	1.14	13.91				
Satisfy	0.05	0.67	--	--	--	--
	(0.05)	(0.05)				
	1.14	12.40				
Bond	0.12	0.19	0.83	--	--	--
	(0.07)	(0.10)				
	1.68	1.87				
Care	0.11	0.18	0.80	--	--	--
	(0.07)	(0.09)	(0.08)			
	1.68	1.87	10.62			
Loyal	0.13	0.21	0.94	--	--	--
	(0.08)	(0.11)	(0.09)			
	1.68	1.87	10.77			

Supp	0.09	0.14	0.63	--	--	--
	(0.05)	(0.08)	(0.07)			
	1.67	1.86	8.50			

# Total Effects of ETA on Y

	TrustLea	AttractL
--	----------	----------

	-----	-----
--	-------	-------

AD1	--	--
-----	----	----

AD2	--	--
-----	----	----

AD3	--	--
-----	----	----

Exp1	--	--
------	----	----

Skill1	--	--
--------	----	----

Comp1	--	--
-------	----	----

Noexp2	--	--
--------	----	----

Trust	--	--
-------	----	----

Truth	--	--
-------	----	----

Honest1	--	--
---------	----	----

Distrust	--	--
Honest2	0.87	--
Trusted	0.86	--
	(0.04)	
	21.40	
Competen	--	--
Experien	--	--
Attracti	--	0.98
Elegant	--	0.90
	(0.07)	
	13.20	
Good	--	--
Fav	--	--
Satisfy	--	--
Bond	--	--
Care	--	--

Loyal	--	--
-------	----	----

Supp	--	--
------	----	----

# Indirect Effects of ETA on Y

	AaD	AB	SI	ExpSE	TrustSE	ExpLead
	-----	-----	-----	-----	-----	-----
AD1	--	--	--	--	--	--
AD2	--	--	--	--	--	--
AD3	--	--	--	--	--	--
Exp1	--	--	--	--	--	--
Skill1	--	--	--	--	--	--
Comp1	--	--	--	--	--	--
Noexp2	--	--	--	--	--	--
Trust	--	--	--	--	--	--
Truth	--	--	--	--	--	--

Honest1	--	--	--	--	--	--
Distrust	--	--	--	--	--	--
Honest2	--	--	--	--	--	--
Trusted	--	--	--	--	--	--
Competen	--	--	--	--	--	--
Experien	--	--	--	--	--	--
Attracti	--	--	--	--	--	--
Elegant	--	--	--	--	--	--
Good	0.06	--	--	--	--	--
	(0.05)					
	1.14					
Fav	0.06	--	--	--	--	--
	(0.05)					
	1.14					
Satisfy	0.05	--	--	--	--	--
	(0.05)					
	1.14					



Bond	0.12	0.19	--	--	--	--
	(0.07)	(0.10)				
	1.68	1.87				
Care	0.11	0.18	--	--	--	--
	(0.07)	(0.09)				
	1.68	1.87				
Loyal	0.13	0.21	--	--	--	--
	(0.08)	(0.11)				
	1.68	1.87				
Supp	0.09	0.14	--	--	--	--
	(0.05)	(0.08)				
	1.67	1.86				

#### Indirect Effects of ETA on Y

	TrustLea	AttractL
	-----	-----
AD1	--	--
AD2	--	--
AD3	--	--
Exp1	--	--

Skill1	--	--
Comp1	--	--
Noexp2	--	--
Trust	--	--
Truth	--	--
Honest1	--	--
Distrust	--	--
Honest2	--	--
Trusted	--	--
Competen	--	--
Experien	--	--
Attracti	--	--
Elegant	--	--
Good	--	--

Fav	--	--
-----	----	----

Satisfy	--	--
---------	----	----

Bond	--	--
------	----	----

Care	--	--
------	----	----

Loyal	--	--
-------	----	----

Supp	--	--
------	----	----

Total Effects of X on Y

	SEOC	SEPC
	-----	-----
AD1	0.22	0.35
	(0.09)	(0.09)
	2.51	4.15
AD2	0.21	0.33
	(0.08)	(0.08)
	2.51	4.12
AD3	0.22	0.35
	(0.09)	(0.09)
	2.51	4.13

Exp1    0.60    - -

(0.06)

9.79

Skill1    0.57    - -

(0.06)

9.96

Comp1    0.58    - -

(0.06)

9.34

Noexp2    0.39    - -

(0.05)

7.50

Trust    0.62    - -

(0.06)

10.32

Truth    0.60    - -

(0.07)

8.76

Honest1    0.69    - -

(0.06)

10.77

Distrust    0.48    --  
(0.06)  
8.18

Honest2    --    0.78  
(0.06)  
13.65

Trusted    --    0.77  
(0.05)  
14.33

Competen    --    0.80  
(0.05)  
14.64

Experien    --    0.69  
(0.06)  
12.38

Attracti    --    0.79  
(0.07)  
11.62

Elegant    --    0.72  
(0.07)  
10.42

Good    0.28    0.34  
(0.05)   (0.05)  
5.15    6.41

Fav    0.30    0.37  
(0.06)   (0.06)  
5.12    6.37

Satisfy    0.26    0.31  
(0.05)   (0.05)  
5.02    6.17

Bond    0.26    0.13  
(0.08)   (0.07)  
3.38    1.84

Care    0.24    0.12  
(0.07)   (0.07)  
3.41    1.85

Loyal    0.29    0.15  
(0.08)   (0.08)  
3.42    1.85

Supp    0.19    0.10  
(0.06)   (0.05)  
3.31    1.83

Time used: 0.967 Seconds

## APPENDIX G - LISREL OUTPUT FOR COMPETING MODEL

DATE: 7/16/2014

TIME: 6:45

LISREL 8.51

BY

Karl G. Jöreskog & Dag Sörbom

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The following lines were read from file C:\Users\Sri Rahayu Hijrah Ha\Documents\Dissertation  
FINAL\Print Disertasi\Syntax competing model.spj:

Raw Data from file laf9janejm.PSF

Sample Size = 214

Latent Variables SEC SEOC SEPC AaD AB SI ExpSE TrustSE ExpLead TrustLead AttractLead

Relationships

Popular1 Media1 Inspiring1 Powerful1 Admired1 = SEC

Exp1 Skill1 Comp1 Noexp2=ExpSE

Trust Truth Honest1 Distrust=TrustSE

Honest2 Trusted=TrustLead

Competent Experienced=ExpLead

Attractive Elegant= AttractLead

AD1 AD2 AD3= AaD

Good Fav Satisfy = AB

Bond Care Loyal Supp= SI

TrustSE ExpSE=SEOC

TrustLead ExpLead AttractLead=SEPC

SEOC=SEC

SEPC=SEC

AaD=SEOC SEPC SEC

AB=SEOC SEPC AaD SEC

SI= SEOC SEPC AaD AB SEC

LISREL OUTPUT EF

Options AD=OFF

Path Diagram

Method of Estimation: Maximum Likelihood

End of Problem



Sample Size = 214

# Covariance Matrix

	AD1	AD2	AD3	Exp1	Skill1	Comp1
	-----	-----	-----	-----	-----	-----
AD1	1.35					
AD2	1.12	1.36				
AD3	1.17	1.12	1.45			
Exp1	0.23	0.21	0.15	0.75		
Skill1	0.22	0.17	0.14	0.53	0.64	
Comp1	0.20	0.19	0.17	0.53	0.54	0.81
Noexp2	0.18	0.14	0.14	0.42	0.32	0.29
Trust	0.23	0.20	0.21	0.41	0.38	0.43
Truth	0.29	0.24	0.28	0.27	0.27	0.28
Honest1	0.25	0.21	0.21	0.39	0.34	0.39
Distrust	0.20	0.15	0.17	0.35	0.31	0.29
Honest2	0.35	0.28	0.33	0.20	0.16	0.14
Trusted	0.31	0.23	0.32	0.17	0.12	0.11
Competen	0.33	0.24	0.34	0.18	0.17	0.22
Experien	0.23	0.16	0.26	0.21	0.20	0.18
Attracti	0.52	0.45	0.55	0.18	0.15	0.15
Elegant	0.54	0.47	0.56	0.14	0.15	0.18
Good	0.29	0.22	0.26	0.23	0.24	0.19
Fav	0.35	0.25	0.34	0.25	0.25	0.26
Satisfy	0.32	0.27	0.34	0.24	0.23	0.23
Bond	0.30	0.21	0.19	0.11	0.18	0.15

Care	0.29	0.25	0.24	0.09	0.13	0.20
Loyal	0.28	0.27	0.25	0.16	0.18	0.21
Supp	0.13	0.12	0.14	0.14	0.18	0.20
Popular1	0.35	0.33	0.36	0.09	0.08	0.09
Media1	0.42	0.36	0.41	0.10	0.15	0.14
Inspirin	0.32	0.32	0.29	0.06	0.09	0.17
Powerful	0.29	0.27	0.22	0.02	0.07	0.14
Admired1	0.29	0.28	0.24	0.00	0.01	0.10

#### Covariance Matrix

	Noexp2	Trust	Truth	Honest1	Distrust	Honest2
	-----	-----	-----	-----	-----	-----
Noexp2	0.66					
Trust	0.26	0.68				
Truth	0.30	0.42	0.94			
Honest1	0.30	0.52	0.56	0.78		
Distrust	0.41	0.34	0.35	0.40	0.72	
Honest2	0.22	0.17	0.21	0.20	0.26	0.91
Trusted	0.23	0.09	0.16	0.16	0.22	0.75
Competen	0.25	0.16	0.17	0.16	0.26	0.61
Experien	0.26	0.14	0.12	0.15	0.31	0.53
Attracti	0.22	0.22	0.33	0.22	0.26	0.65
Elegant	0.20	0.20	0.22	0.18	0.14	0.59
Good	0.24	0.26	0.26	0.27	0.22	0.30
Fav	0.23	0.25	0.18	0.21	0.27	0.34
Satisfy	0.26	0.25	0.27	0.30	0.35	0.35
Bond	0.07	0.13	0.23	0.21	0.07	0.26
Care	0.07	0.16	0.19	0.19	0.11	0.25

Loyal	0.07	0.26	0.27	0.24	0.13	0.25
Supp	0.05	0.25	0.26	0.25	0.15	0.14
Popular1	0.08	0.14	0.15	0.13	0.11	0.30
Media1	0.07	0.13	0.13	0.11	0.06	0.28
Inspirin	0.02	0.17	0.13	0.17	0.07	0.26
Powerful	-0.06	0.13	0.08	0.14	0.06	0.28
Admired1	-0.06	0.07	0.02	0.08	0.02	0.26

#### Covariance Matrix

	Trusted	Competen	Experien	Attracti	Elegant	Good
-----	-----	-----	-----	-----	-----	-----
Trusted	0.83					
Competen	0.63	0.87				
Experien	0.54	0.62	0.82			
Attracti	0.59	0.62	0.54	1.19		
Elegant	0.54	0.56	0.47	0.88	1.18	
Good	0.30	0.32	0.33	0.29	0.29	0.69
Fav	0.35	0.41	0.39	0.33	0.34	0.58
Satisfy	0.35	0.38	0.40	0.40	0.37	0.47
Bond	0.23	0.13	0.13	0.27	0.29	0.15
Care	0.19	0.16	0.14	0.19	0.22	0.19
Loyal	0.15	0.11	0.10	0.36	0.32	0.16
Supp	0.10	0.12	0.01	0.06	0.02	0.25
Popular1	0.20	0.15	0.18	0.43	0.38	0.04
Media1	0.19	0.14	0.18	0.38	0.30	0.06
Inspirin	0.18	0.14	0.10	0.37	0.31	0.08
Powerful	0.21	0.11	0.10	0.33	0.29	0.05
Admired1	0.20	0.13	0.08	0.32	0.30	0.01

# Covariance Matrix

	Fav	Satisfy	Bond	Care	Loyal	Supp
Fav	0.87					
Satisfy	0.50	0.76				
Bond	0.24	0.23	1.30			
Care	0.31	0.28	0.70	0.98		
Loyal	0.24	0.29	0.79	0.73	1.31	
Supp	0.27	0.28	0.45	0.49	0.64	1.01
Popular1	0.06	0.10	0.31	0.23	0.33	-0.02
Media1	0.13	0.12	0.32	0.24	0.35	-0.12
Inspirin	0.16	0.14	0.35	0.32	0.38	0.08
Powerful	0.13	0.12	0.37	0.32	0.35	0.05
Admired1	0.11	0.12	0.33	0.29	0.33	-0.02

# Covariance Matrix

	Popular1	Media1	Inspirin	Powerful	Admired1
Popular1	1.54				
Media1	1.39	1.85			
Inspirin	0.90	1.01	1.24		
Powerful	0.85	0.92	1.04	1.27	
Admired1	0.92	0.98	1.03	1.15	1.32

Number of Iterations = 77

LISREL Estimates (Maximum Likelihood)

Measurement Equations

AD1 = 1.07\*AaD, Errorvar.= 0.17 ,  $R^2 = 0.87$

(0.033)

4.98

AD2 = 1.01\*AaD, Errorvar.= 0.30 ,  $R^2 = 0.77$

(0.051)

(0.040)

19.87

7.64

AD3 = 1.07\*AaD, Errorvar.= 0.28 ,  $R^2 = 0.80$

(0.051)

(0.040)

20.76

6.95

Exp1 = 0.75\*ExpSE, Errorvar.= 0.19 ,  $R^2 = 0.75$

(0.027)

6.98

Skill1 = 0.71\*ExpSE, Errorvar.= 0.13 ,  $R^2 = 0.79$

(0.043)

(0.022)

16.59

6.17

Comp1 = 0.73\*ExpSE, Errorvar.= 0.28 , R<sup>2</sup> = 0.65

(0.051)            (0.034)

14.43            8.29

Noexp2 = 0.49\*ExpSE, Errorvar.= 0.43 , R<sup>2</sup> = 0.36

(0.052)            (0.044)

9.42            9.74

Trust = 0.68\*TrustSE, Errorvar.= 0.21 , R<sup>2</sup> = 0.69

(0.029)

7.14

Truth = 0.66\*TrustSE, Errorvar.= 0.51 , R<sup>2</sup> = 0.46

(0.063)            (0.055)

10.50            9.16

Honest1 = 0.76\*TrustSE, Errorvar.= 0.19 , R<sup>2</sup> = 0.75

(0.054)            (0.032)

14.08            6.05

Distrust = 0.53\*TrustSE, Errorvar.= 0.44 , R<sup>2</sup> = 0.39

(0.056)            (0.047)

9.43            9.47

Honest2 = 0.87\*TrustLea, Errorvar.= 0.15 , R<sup>2</sup> = 0.84

(0.026)

5.61

Trusted = 0.86\*TrustLea, Errorvar.= 0.088 , R<sup>2</sup> = 0.89

(0.040)	(0.023)
21.47	3.82

Competen = 0.85\*ExpLead, Errorvar.= 0.15 ,  $R^2 = 0.83$

(0.034)
4.41

Experien = 0.74\*ExpLead, Errorvar.= 0.28 ,  $R^2 = 0.66$

(0.050)	(0.035)
14.61	7.81

Attracti = 0.98\*AttractL, Errorvar.= 0.23 ,  $R^2 = 0.81$

(0.057)
3.98

Elegant = 0.90\*AttractL, Errorvar.= 0.36 ,  $R^2 = 0.69$

(0.068)	(0.057)
13.23	6.41

Good = 0.68\*AB, Errorvar.= 0.18 ,  $R^2 = 0.72$

(0.030)
6.03

Fav = 0.74\*AB, Errorvar.= 0.26 ,  $R^2 = 0.68$

(0.057)	(0.038)
12.94	6.70

Satisfy = 0.63\*AB, Errorvar.= 0.32 ,  $R^2 = 0.56$

(0.055)	(0.039)
---------	---------

11.64      8.29

Bond = 0.83\*SI, Errorvar.= 0.60 ,  $R^2 = 0.54$

(0.073)

8.22

Care = 0.79\*SI, Errorvar.= 0.34 ,  $R^2 = 0.65$

(0.074)      (0.050)

10.66      6.92

Loyal = 0.94\*SI, Errorvar.= 0.42 ,  $R^2 = 0.67$

(0.087)      (0.065)

10.80      6.51

Supp = 0.62\*SI, Errorvar.= 0.62 ,  $R^2 = 0.38$

(0.074)      (0.067)

8.32      9.24

Popular1 = 0.89\*SEC, Errorvar.= 0.75 ,  $R^2 = 0.51$

(0.075)      (0.077)

11.89      9.73

Media1 = 0.97\*SEC, Errorvar.= 0.91 ,  $R^2 = 0.51$

(0.082)      (0.094)

11.77      9.74

Inspirin = 0.99\*SEC, Errorvar.= 0.26 ,  $R^2 = 0.79$

(0.060)      (0.032)



16.43          8.13

Powerful = 1.05\*SEC, Errorvar.= 0.17 , R<sup>2</sup> = 0.87

(0.059)          (0.026)

17.78          6.45

Admired1 = 1.06\*SEC, Errorvar.= 0.19 , R<sup>2</sup> = 0.86

(0.060)          (0.028)

17.65          6.67

#### Structural Equations

SEOC = 0.15\*SEC, Errorvar.= 0.98, R<sup>2</sup> = 0.023

(0.079)

1.93

SEPC = 0.26\*SEC, Errorvar.= 0.93, R<sup>2</sup> = 0.065

(0.075)

3.39

AaD = 0.20\*SEOC + 0.31\*SEPC + 0.16\*SEC, Errorvar.= 0.80 , R<sup>2</sup> = 0.20

(0.074)   (0.073)   (0.071)          (0.094)

2.78      4.19      2.29          8.51

AB = 0.40\*SEOC + 0.51\*SEPC + 0.094\*AaD - 0.085\*SEC, Errorvar.= 0.54 , R<sup>2</sup> = 0.46

(0.074)   (0.077)   (0.072)   (0.067)          (0.089)

5.36      6.63      1.31      -1.28          6.05

$$SI = 0.17*SEOC - 0.028*SEPC + 0.065*AaD + 0.24*AB + 0.27*SEC, \text{Errorvar.} = 0.75, R^2 = 0.25$$

(0.094) (0.10) (0.079) (0.11) (0.077) (0.13)

1.81 -0.27 0.82 2.17 3.51 5.62

$$\text{ExpSE} = 0.77*SEOC, \text{Errorvar.} = 0.41, R^2 = 0.59$$

(0.085) (0.100)

8.99 4.12

$$\text{TrustSE} = 0.93*SEOC, \text{Errorvar.} = 0.13, R^2 = 0.87$$

(0.096) (0.12)

9.76 1.04

$$\text{ExpLead} = 0.93*SEPC, \text{Errorvar.} = 0.13, R^2 = 0.87$$

(0.065) (0.055)

14.31 2.42

$$\text{TrustLea} = 0.90*SEPC, \text{Errorvar.} = 0.19, R^2 = 0.81$$

(0.066) (0.047)

13.68 4.09

$$\text{AttractL} = 0.80*SEPC, \text{Errorvar.} = 0.35, R^2 = 0.65$$

(0.069) (0.069)

11.59 5.13

#### Reduced Form Equations

$$SEOC = 0.15*SEC, \text{Errorvar.} = 0.98, R^2 = 0.023$$

(0.079)

1.93

SEPC = 0.26\*SEC, Errorvar.= 0.93, R<sup>2</sup> = 0.065

(0.075)

3.39

AaD = 0.27\*SEC, Errorvar.= 0.93, R<sup>2</sup> = 0.073

(0.072)

3.78

AB = 0.13\*SEC, Errorvar.= 0.98, R<sup>2</sup> = 0.017

(0.076)

1.72

SI = 0.34\*SEC, Errorvar.= 0.88, R<sup>2</sup> = 0.12

(0.078)

4.38

ExpSE = 0.12\*SEC, Errorvar.= 0.99, R<sup>2</sup> = 0.014

(0.061)

1.90

TrustSE = 0.14\*SEC, Errorvar.= 0.98, R<sup>2</sup> = 0.020

(0.073)

1.94

ExpLead = 0.24\*SEC, Errorvar.= 0.94, R<sup>2</sup> = 0.057

(0.069)

3.43

TrustLea = 0.23\*SEC, Errorvar.= 0.95, R<sup>2</sup> = 0.053

(0.067)

3.42

AttractL = 0.21\*SEC, Errorvar.= 0.96, R<sup>2</sup> = 0.042

(0.061)

3.37

#### Correlation Matrix of Independent Variables

SEC

-----

1.00

#### Covariance Matrix of Latent Variables

SEOC    SEPC    AaD    AB    SI    ExpSE

-----

SEOC    1.00

SEPC    0.04    1.00

AaD    0.24    0.36    1.00

AB    0.43    0.53    0.35    1.00

SI    0.33    0.20    0.25    0.36    1.00

ExpSE    0.77    0.03    0.18    0.33    0.25    1.00

TrustSE    0.93    0.04    0.22    0.40    0.31    0.72

ExpLead	0.04	0.93	0.33	0.50	0.19	0.03
TrustLea	0.03	0.90	0.32	0.48	0.18	0.03
AttractL	0.03	0.80	0.29	0.43	0.16	0.02
SEC	0.15	0.26	0.27	0.13	0.34	0.12

#### Covariance Matrix of Latent Variables

	TrustSE	ExpLead	TrustLea	AttractL	SEC
TrustSE	1.00				
ExpLead	0.03	1.00			
TrustLea	0.03	0.84	1.00		
AttractL	0.03	0.75	0.72	1.00	
SEC	0.14	0.24	0.23	0.21	1.00

#### Goodness of Fit Statistics

Degrees of Freedom = 358

Minimum Fit Function Chi-Square = 770.43 (P = 0.0)

Normal Theory Weighted Least Squares Chi-Square = 745.95 (P = 0.0)

Estimated Non-centrality Parameter (NCP) = 387.95

90 Percent Confidence Interval for NCP = (313.46 ; 470.19)

Minimum Fit Function Value = 3.62

Population Discrepancy Function Value (F0) = 1.82

90 Percent Confidence Interval for F0 = (1.47 ; 2.21)

Root Mean Square Error of Approximation (RMSEA) = 0.071

90 Percent Confidence Interval for RMSEA = (0.064 ; 0.079)

P-Value for Test of Close Fit (RMSEA < 0.05) = 0.00

Expected Cross-Validation Index (ECVI) = 4.23

90 Percent Confidence Interval for ECVI = (3.88 ; 4.61)

ECVI for Saturated Model = 4.08

ECVI for Independence Model = 23.11

Chi-Square for Independence Model with 406 Degrees of Freedom = 4865.14

Independence AIC = 4923.14

Model AIC = 899.95

Saturated AIC = 870.00

Independence CAIC = 5049.75

Model CAIC = 1236.13

Saturated CAIC = 2769.20

Normed Fit Index (NFI) = 0.84

Non-Normed Fit Index (NNFI) = 0.90

Parsimony Normed Fit Index (PNFI) = 0.74

Comparative Fit Index (CFI) = 0.91

Incremental Fit Index (IFI) = 0.91

Relative Fit Index (RFI) = 0.82

Critical N (CN) = 118.00

Root Mean Square Residual (RMR) = 0.097

Standardized RMR = 0.10

Goodness of Fit Index (GFI) = 0.81

Adjusted Goodness of Fit Index (AGFI) = 0.76

Parsimony Goodness of Fit Index (PGFI) = 0.66

The Modification Indices Suggest to Add the

Path to	from	Decrease in Chi-Square	New Estimate
Noexp2	SEPC	12.0	0.17
Noexp2	AB	8.8	0.16
Noexp2	ExpLead	12.4	0.17
Noexp2	TrustLea	11.4	0.16
Trust	SEOC	11.3	1.13
Trust	ExpSE	10.3	0.23
Honest1	SEOC	9.9	-1.16
Honest1	ExpSE	8.3	-0.23
Distrust	SEPC	12.0	0.17
Distrust	ExpLead	14.6	0.19
Distrust	TrustLea	10.3	0.16
Trusted	ExpLead	8.7	0.62
Trusted	AttractL	8.6	-0.22
SEOC	SEPC	18.0	0.35
SEOC	AaD	18.0	1.16
SEOC	AB	18.0	0.66
SEOC	SI	18.0	2.90
SEOC	ExpLead	18.5	0.35
SEOC	TrustLea	13.4	0.29
SEOC	AttractL	16.0	0.33
SEPC	SEOC	18.0	0.34
SEPC	AaD	18.0	1.66
SEPC	AB	18.0	0.81
SEPC	SI	18.0	1.19
SEPC	ExpSE	17.4	0.31

SEPC	TrustSE	16.5	0.31
SEPC	ExpLead	11.7	4.85
SEPC	AttractL	9.6	-1.84
AaD	AttractL	14.5	0.55
AttractL	AaD	20.4	0.27
ExpLead	SEC	11.7	-0.18
AttractL	SEC	9.6	0.18

The Modification Indices Suggest to Add an Error Covariance

Between and Decrease in Chi-Square New Estimate

SEPC	SEOC	18.0	0.33
ExpLead	SEPC	11.7	0.64
AttractL	SEPC	9.6	-0.65
AttractL	AaD	14.5	0.19
Comp1	Skill1	12.3	0.09
Noexp2	Exp1	13.4	0.09
Noexp2	Comp1	9.9	-0.09
Honest1	Truth	15.4	0.14
Distrust	Noexp2	32.7	0.18
Trusted	Trust	11.5	-0.05
Competen	Comp1	8.8	0.06
Experien	Distrust	13.8	0.10
Attracti	Truth	8.0	0.10
Elegant	Distrust	9.1	-0.10
Good	Distrust	8.8	-0.07
Fav	Honest1	8.1	-0.06
Fav	Good	17.7	0.19
Satisfy	Distrust	12.7	0.10
Loyal	Attracti	9.3	0.11



Media1	Popular1	100.7	0.61
Powerful	Popular1	23.5	-0.16
Powerful	Media1	21.4	-0.17
Admired1	Inspirin	9.4	-0.09
Admired1	Powerful	49.1	0.23

#### Total and Indirect Effects

##### Total Effects of KSI on ETA

SEC

-----

SEOC 0.15

(0.08)

1.93

SEPC 0.26

(0.08)

3.39

AaD 0.27

(0.07)

3.78

AB 0.13

(0.08)

1.72

SI 0.34

(0.08)

4.38

ExpSE 0.12

(0.06)

1.90

TrustSE 0.14

(0.07)

1.94

ExpLead 0.24

(0.07)

3.43

TrustLea 0.23

(0.07)

3.42

AttractL 0.21

(0.06)

3.37

Indirect Effects of KSI on ETA

SEC

-----

SEOC    --

SEPC    --

AaD    0.11

(0.04)

3.11

AB    0.22

(0.06)

3.77

SI    0.07

(0.04)

1.75

ExpSE    0.12

(0.06)

1.90

TrustSE    0.14

(0.07)

1.94

ExpLead    0.24

(0.07)

3.43

TrustLea 0.23

(0.07)

3.42

AttractL 0.21

(0.06)

3.37

# Total Effects of ETA on ETA

	SEOC	SEPC	AaD	AB	SI	ExpSE
	-----	-----	-----	-----	-----	-----
SEOC	--	--	--	--	--	--
SEPC	--	--	--	--	--	--
AaD	0.20	0.31	--	--	--	--
	(0.07)	(0.07)				
	2.78	4.19				
AB	0.42	0.54	0.09	--	--	--
	(0.07)	(0.07)	(0.07)			
	5.72	7.28	1.31			
SI	0.29	0.12	0.09	0.24	--	--
	(0.08)	(0.08)	(0.08)	(0.11)		
	3.56	1.61	1.09	2.17		

ExpSE	0.77	--	--	--	--	--
	(0.09)					
	8.99					
TrustSE	0.93	--	--	--	--	--
	(0.10)					
	9.76					
ExpLead	--	0.93	--	--	--	--
	(0.07)					
	14.31					
TrustLea	--	0.90	--	--	--	--
	(0.07)					
	13.68					
AttractL	--	0.80	--	--	--	--
	(0.07)					
	11.59					

#### Total Effects of ETA on ETA

	TrustSE	ExpLead	TrustLea	AttractL
	-----	-----	-----	-----
SEOC	--	--	--	--
SEPC	--	--	--	--

AaD	--	--	--	--
AB	--	--	--	--
SI	--	--	--	--
ExpSE	--	--	--	--
TrustSE	--	--	--	--
ExpLead	--	--	--	--
TrustLea	--	--	--	--
AttractL	--	--	--	--

Largest Eigenvalue of  $B \cdot B'$  (Stability Index) is 2.739

Indirect Effects of ETA on ETA

	SEOC	SEPC	AaD	AB	SI	ExpSE
	-----	-----	-----	-----	-----	-----
SEOC	--	--	--	--	--	--
SEPC	--	--	--	--	--	--
AaD	--	--	--	--	--	--

AB	0.02	0.03	--	--	--	--
	(0.02)	(0.02)				
	1.24	1.28				
SI	0.11	0.15	0.02	--	--	--
	(0.05)	(0.07)	(0.02)			
	2.26	2.29	1.12			
ExpSE	--	--	--	--	--	--
TrustSE	--	--	--	--	--	--
ExpLead	--	--	--	--	--	--
TrustLea	--	--	--	--	--	--
AttractL	--	--	--	--	--	--

#### Indirect Effects of ETA on ETA

	TrustSE	ExpLead	TrustLea	AttractL
	-----	-----	-----	-----
SEOC	--	--	--	--
SEPC	--	--	--	--
AaD	--	--	--	--

AB	--	--	--	--
SI	--	--	--	--
ExpSE	--	--	--	--
TrustSE	--	--	--	--
ExpLead	--	--	--	--
TrustLea	--	--	--	--
AttractL	--	--	--	--

#### Total Effects of ETA on Y

	SEOC	SEPC	AaD	AB	SI	ExpSE
	-----	-----	-----	-----	-----	-----
AD1	0.22	0.33	1.07	--	--	--
	(0.08)	(0.08)				
	2.78	4.19				
AD2	0.21	0.31	1.01	--	--	--
	(0.07)	(0.07)	(0.05)			
	2.77	4.16	19.87			
AD3	0.22	0.33	1.07	--	--	--
	(0.08)	(0.08)	(0.05)			



	Exp1	Exp2	Exp3	Exp4	Exp5	Exp6
Exp1	0.58 (0.06) 8.99	--	--	--	--	0.75
Skill1	0.55 (0.06) 9.13	--	--	--	--	0.71 (0.04) 16.59
Comp1	0.56 (0.06) 8.64	--	--	--	--	0.73 (0.05) 14.43
Noexp2	0.37 (0.05) 7.09	--	--	--	--	0.49 (0.05) 9.42
Trust	0.64 (0.07) 9.76	--	--	--	--	--
Truth	0.62 (0.07) 8.37	--	--	--	--	--
Honest1	0.71 (0.07) 10.12	--	--	--	--	--

Distrust	0.49	--	--	--	--	--
	(0.06)					
	7.79					

Honest2	--	0.79	--	--	--	--
	(0.06)					
	13.68					

Trusted	--	0.78	--	--	--	--
	(0.05)					
	14.38					

Competen	--	0.79	--	--	--	--
	(0.06)					
	14.31					

Experien	--	0.68	--	--	--	--
	(0.06)					
	12.08					

Attracti	--	0.79	--	--	--	--
	(0.07)					
	11.59					

Elegant	--	0.72	--	--	--	--
	(0.07)					
	10.42					

Good	0.29	0.37	0.06	0.68	--	--
	(0.05)	(0.05)	(0.05)			
	5.72	7.28	1.31			
Fav	0.31	0.40	0.07	0.74	--	--
	(0.05)	(0.06)	(0.05)	(0.06)		
	5.68	7.19	1.31	12.94		
Satisfy	0.27	0.34	0.06	0.63	--	--
	(0.05)	(0.05)	(0.05)	(0.05)		
	5.52	6.89	1.31	11.64		
Bond	0.24	0.10	0.07	0.20	0.83	--
	(0.07)	(0.06)	(0.07)	(0.09)		
	3.56	1.61	1.09	2.17		
Care	0.23	0.10	0.07	0.19	0.79	--
	(0.06)	(0.06)	(0.06)	(0.09)	(0.07)	
	3.60	1.61	1.09	2.18	10.66	
Loyal	0.27	0.11	0.08	0.23	0.94	--
	(0.07)	(0.07)	(0.08)	(0.10)	(0.09)	
	3.60	1.61	1.09	2.18	10.80	
Supp	0.18	0.08	0.05	0.15	0.62	--
	(0.05)	(0.05)	(0.05)	(0.07)	(0.07)	
	3.47	1.60	1.09	2.15	8.32	

# Total Effects of ETA on Y

	TrustSE	ExpLead	TrustLea	AttractL
	-----	-----	-----	-----
AD1	--	--	--	--
AD2	--	--	--	--
AD3	--	--	--	--
Exp1	--	--	--	--
Skill1	--	--	--	--
Comp1	--	--	--	--
Noexp2	--	--	--	--
Trust	0.68	--	--	--
Truth	0.66	--	--	--
	(0.06)			
	10.50			
Honest1	0.76	--	--	--
	(0.05)			
	14.08			
Distrust	0.53	--	--	--

(0.06)

9.43

Honest2    --    --    0.87    --

Trusted    --    --    0.86    --

(0.04)

21.47

Competen    --    0.85    --    --

Experien    --    0.74    --    --

(0.05)

14.61

Attracti    --    --    --    0.98

Elegant    --    --    --    0.90

(0.07)

13.23

Good    --    --    --    --

Fav    --    --    --    --

Satisfy    --    --    --    --

Bond    --    --    --    --

Care	--	--	--	--
------	----	----	----	----

Loyal	--	--	--	--
-------	----	----	----	----

Supp	--	--	--	--
------	----	----	----	----

Indirect Effects of ETA on Y

	SEOC	SEPC	AaD	AB	SI	ExpSE
	-----	-----	-----	-----	-----	-----
AD1	0.22	0.33	--	--	--	--
	(0.08)	(0.08)				
	2.78	4.19				
AD2	0.21	0.31	--	--	--	--
	(0.07)	(0.07)				
	2.77	4.16				
AD3	0.22	0.33	--	--	--	--
	(0.08)	(0.08)				
	2.77	4.17				
Exp1	0.58	--	--	--	--	--
	(0.06)					
	8.99					
Skill1	0.55	--	--	--	--	--
	(0.06)					

9.13

Comp1    0.56    --    --    --    --    --

(0.06)

8.64

Noexp2    0.37    --    --    --    --    --

(0.05)

7.09

Trust    0.64    --    --    --    --    --

(0.07)

9.76

Truth    0.62    --    --    --    --    --

(0.07)

8.37

Honest1    0.71    --    --    --    --    --

(0.07)

10.12

Distrust    0.49    --    --    --    --    --

(0.06)

7.79

Honest2    --    0.79    --    --    --    --

(0.06)

13.68

Trusted	--	0.78	--	--	--	--
		(0.05)				
		14.38				

Competen	--	0.79	--	--	--	--
		(0.06)				
		14.31				

Experien	--	0.68	--	--	--	--
		(0.06)				
		12.08				

Attracti	--	0.79	--	--	--	--
		(0.07)				
		11.59				

Elegant	--	0.72	--	--	--	--
		(0.07)				
		10.42				

Good	0.29	0.37	0.06	--	--	--
	(0.05)	(0.05)	(0.05)			
	5.72	7.28	1.31			

Fav	0.31	0.40	0.07	--	--	--
	(0.05)	(0.06)	(0.05)			
	5.68	7.19	1.31			



Satisfy	0.27	0.34	0.06	--	--	--
	(0.05)	(0.05)	(0.05)			
	5.52	6.89	1.31			

Bond	0.24	0.10	0.07	0.20	--	--
	(0.07)	(0.06)	(0.07)	(0.09)		
	3.56	1.61	1.09	2.17		

Care	0.23	0.10	0.07	0.19	--	--
	(0.06)	(0.06)	(0.06)	(0.09)		
	3.60	1.61	1.09	2.18		

Loyal	0.27	0.11	0.08	0.23	--	--
	(0.07)	(0.07)	(0.08)	(0.10)		
	3.60	1.61	1.09	2.18		

Supp	0.18	0.08	0.05	0.15	--	--
	(0.05)	(0.05)	(0.05)	(0.07)		
	3.47	1.60	1.09	2.15		

#### Indirect Effects of ETA on Y

	TrustSE	ExpLead	TrustLea	AttractL
--	---------	---------	----------	----------

	-----	-----	-----	-----
--	-------	-------	-------	-------

AD1	--	--	--	--
-----	----	----	----	----

AD2	--	--	--	--
-----	----	----	----	----

AD3	--	--	--	--
Exp1	--	--	--	--
Skill1	--	--	--	--
Comp1	--	--	--	--
Noexp2	--	--	--	--
Trust	--	--	--	--
Truth	--	--	--	--
Honest1	--	--	--	--
Distrust	--	--	--	--
Honest2	--	--	--	--
Trusted	--	--	--	--
Competen	--	--	--	--
Experien	--	--	--	--
Attracti	--	--	--	--
Elegant	--	--	--	--

Good	--	--	--	--
Fav	--	--	--	--
Satisfy	--	--	--	--
Bond	--	--	--	--
Care	--	--	--	--
Loyal	--	--	--	--
Supp	--	--	--	--

#### Total Effects of KSI on Y

SEC

-----

AD1    0.29

(0.08)

3.78

AD2    0.27

(0.07)

3.76

AD3    0.29

(0.08)

3.77

Exp1 0.09

(0.05)

1.90

Skill1 0.08

(0.04)

1.90

Comp1 0.08

(0.04)

1.90

Noexp2 0.06

(0.03)

1.87

Trust 0.10

(0.05)

1.94

Truth 0.09

(0.05)

1.92

Honest1 0.11

(0.06)

1.94

Distrust 0.07

(0.04)

1.91

Honest2 0.20

(0.06)

3.42

Trusted 0.20

(0.06)

3.43

Competen 0.20

(0.06)

3.43

Experien 0.18

(0.05)

3.39

Attracti 0.20

(0.06)

3.37

Elegant 0.19

(0.06)

3.34

Good 0.09

(0.05)

1.72

Fav 0.10

(0.06)

1.72

Satisfy 0.08

(0.05)

1.71

Bond 0.28

(0.06)

4.38

Care 0.27

(0.06)

4.46

Loyal 0.32

(0.07)

4.47

Supp 0.21

(0.05)

4.22

Time used: 1.841 Seconds