

# **DETERMINANTS OF BEHAVIORAL INTENTION TOWARDS SOCIAL ENTERPRISE PRODUCTS**

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**HALAMAN PERSETUJUAN**

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# **DETERMINANTS OF BEHAVIORAL INTENTION TOWARDS SOCIAL ENTERPRISE PRODUCTS**

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## **ABSTRACT**

This research addresses a critical gap in understanding the determinants influencing behavioral intention towards social enterprise products in Indonesia. Despite the growing interest in social entrepreneurship, comprehensive studies on consumer behavior towards these products are lacking. The study aims to explore the interplay between attitudes, subjective norms, and perceived behavioral control in shaping behavioral intentions, employing Partial Least Squares (PLS) for data analysis. Based on 67 eligible responses gathered between December 23, 2023, and January 10, 2024, the findings reveal significant relationships between attitudes, perceived behavioral control, subjective norms, and behavioral intention. The results contribute valuable insights into Indonesian consumer behavior towards social enterprise products, informing the conclusion that certain factors play a pivotal role in shaping behavioral intentions.

Keywords: social enterprise, TPB, behavioral intention

# **FAKTOR-FAKTOR PENENTU NIAT PERILAKU TERHADAP PRODUK KEWIRAUSAHAAN SOSIAL**

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## **ABSTRAK**

Penelitian ini mengatasi kesenjangan penting dalam memahami faktor-faktor yang mempengaruhi niat perilaku terhadap produk kewirausahaan sosial di Indonesia. Meskipun minat terhadap kewirausahaan sosial semakin berkembang, studi yang komprehensif tentang perilaku konsumen terhadap produk-produk ini masih kurang. Penelitian ini bertujuan untuk mengeksplorasi interaksi antara sikap, norma subjektif, dan kendali perilaku yang mempengaruhi niat perilaku, dengan menggunakan Partial Least Squares (PLS) untuk analisis data. Berdasarkan 67 tanggapan yang memenuhi syarat yang dikumpulkan antara 23 Desember 2023 dan 10 Januari 2024, temuan menunjukkan hubungan yang signifikan antara sikap, kendali perilaku yang dirasakan, norma subjektif, dan niat perilaku. Hasil ini memberikan wawasan berharga tentang perilaku konsumen Indonesia terhadap produk kewirausahaan sosial, sehingga menyimpulkan bahwa faktor-faktor tertentu memainkan peran kunci dalam membentuk niat perilaku.

Kata kunci: kewirausahaan sosial, TPB, niat perilaku

## FOREWORD

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Author

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background

Social entrepreneurship has emerged as a distinct business activity in Indonesia, focusing on innovative products that benefit society and the environment. The concept of social entrepreneurship was first introduced to Indonesia by Ashoka Indonesia in 1983. Unlike traditional entrepreneurship, social entrepreneurship emphasizes the positive impact of business activities on society rather than solely pursuing personal gains. In 2018, a joint study by the British Council, UNESCAP, and PLUS delved into the definition and categorization of social enterprise within the Indonesian context. According to this study, a social enterprise is characterized as a business primarily driven by a social or environmental mission, with a substantial portion of its profits being reinvested towards achieving this mission. This definition closely aligns with the criteria outlined in the National Entrepreneurship Draft Law (Article 1, Section 6), which specifies that social enterprises should have a mission to address social issues and/or create a measurable positive impact on the well-being of the community and the environment through planning, development, empowerment, and reinvestment of a significant portion of profits to support their mission.

Based on the British Council report (2018), the number of social enterprises in Indonesia is notable, with a substantial presence in the creative industry. Many of these enterprises are relatively young, indicating the

growing interest in this sector. The report also highlighted the potential of social entrepreneurship in fostering a creative and inclusive economic sector in Indonesia. These creative and social enterprises are outperforming other businesses in job creation, offering employment opportunities for people of all ages, including the youth, women, and disabled individuals.

In 2017, the creative industry in Indonesia contributed more than 7 percent to the country's GDP and employed around 15.9 million individuals (British Council, 2021). Projections indicated that by 2020, the creative sector's value would reach approximately IDR 1.924 trillion (about USD 130 million). Additionally, the Social Enterprise sector has the potential to contribute approximately 1.9% of the GDP.

However, despite the promising potential and positive impact of social enterprise products, the British Council's report on Supporting Social Enterprises in Indonesia (2021) identified three main issue areas the country still faces, i.e. identity, recognition, and impact; access and availability of resources; and finance. Social enterprises often struggle to establish a clear and distinct identity, gain recognition for their social impact efforts, and effectively communicate their positive contributions to society. This struggle hampers their ability to differentiate themselves in the market and convey their social mission to potential consumers. Limited resources such as financial support, skilled labor, and market opportunities can impede their expansion and ability to scale their impact. Limited access to finance can hinder their ability to invest in product development, marketing, and business expansion. As a result, they may struggle to compete with traditional

businesses, limiting their market reach and impact. Further research could explore consumer perceptions, attitudes, and motivations towards socially and environmentally conscious products offered by social enterprises in Indonesia to foster their business growth.

Social enterprises can greatly benefit from targeting niche markets comprising environmentally conscious and socially aware consumers (Robichaud & Yu, 2021; Herbst, 2019; Allan, 2005). In today's digital age, consumer engagement with brands, products, and information has profoundly transformed, primarily across various digital channels such as social media platforms, e-commerce websites, and online communities (Lamberton & Stephen, 2016). This evolution in consumer behavior is intertwined with the rapid growth of digital, social media, and mobile (DSMM) marketing, a phenomenon propelled by relentless technological advancements (Lamberton & Stephen, 2016). The transformative impact of DSMM echoes through diverse market contexts, reshaping how buyers exchange information and establish interactions with brands (Lamberton & Stephen, 2016). As consumer interactions have become increasingly centered around digital platforms, the potential for social enterprises to effectively communicate their missions, engage with customers, and showcase their positive impact has expanded exponentially.

The explication of consumer behavior and purchase intentions across a range of contextual domains has been significantly facilitated by three pivotal theoretical frameworks: the Technology Acceptance Model (TAM), the Theory of Reasoned Action (TRA), and the Theory of Planned Behavior

(TPB). These frameworks collectively offer a refined perspective on how individual beliefs, attitudes, and societal norms collaboratively influence the intricacies of decision-making processes. Within this discourse, the Technology Acceptance Model (TAM), originally formulated within the realm of technology adoption, has exhibited an adaptable framework for analyzing consumer behavior, where perceived benefits and ease of engagement similarly influence intentions to purchase. The Theory of Reasoned Action (TRA), an antecedent to the subsequent Theory of Planned Behavior (TPB), underscores the salience of normative influences in shaping choices. Theory of Planned Behavior (TPB), also developed by Ajzen, further incorporates the concept of perceived behavioral control.

The TPB is a widely recognized and extensively researched theory in consumer behavior. It not only aims to predict human behavior but also seeks to provide explanations for the underlying factors influencing it (Ajzen, 1991). At its essence, the TPB asserts that human behavior is influenced by the salient information or beliefs individuals hold regarding a specific behavior. Despite having a multitude of beliefs about a behavior, only a select few become prominent in individuals' minds at any given moment. These salient beliefs are considered the primary drivers of individuals' intentions and consequent actions. Ajzen's research in 1991 emphasizes the pivotal role of intentions in determining specific behaviors, such as the likelihood of consumers purchasing a product. These intentions are molded by three key determinants within the TPB framework: consumers' attitudes towards the product, their perceived behavioral control, and subjective norms.

Prior research on the Theory of Planned Behavior (TPB) has extensively examined its application in various domains of consumer behavior and purchase intentions. Lee et al. (2020) conducted a study to examine the determinants of purchase intention towards social enterprise products. The research findings demonstrated that attitudes, subjective norms, and perceived behavioral control were solid and reliable predictors of purchase intention among the 360 respondents who participated in the study. The study employed the Partial Least Square (SmartPLS) technique and adopted Ajzen's Theory of Planned Behavior (TPB) as the theoretical framework for the research.

As social entrepreneurship gains prominence in Indonesia (British Council, 2018), exploring consumer attitudes becomes particularly relevant for the sector's sustainable growth. Consumer attitudes reflect their favorable or unfavorable feelings towards a product or a brand, which greatly influence their likelihood of purchasing (Robichaud & Yu, 2021; Lee et al., 2020). According to Ajzen (1991), attitudes are formed based on the beliefs individuals hold about the object of their attitude. In the case of attitudes towards social enterprise products, consumers associate these products with various attributes, such as their perceived social and environmental impact (Herbst, 2019; Ferdousi, 2017), ethical production practices (Hibbert et al., 2005), or unique stories (Aure et al., 2020).

Subjective norms, which encompass the opinions and behaviors of friends, family, colleagues, and the broader social circle, also significantly influence purchase intentions (Robichaud & Yu, 2021; Lee et al., 2020; Aure

et al., 2020). When individuals perceive support and engagement from those around them in purchasing social enterprise products, it will likely influence their purchase intentions positively. The favorable attitudes and acceptance towards buying from social enterprises enhance consumers' conviction in making socially responsible choices.

Trust (Choi, 2021) and altruism (Hibbert et al., 2005) are essential factors in consumers' decision-making processes and serve as additional antecedents of attitudes and subjective norms. Trust in social enterprises, which involves the belief in their ability to produce high-quality products and utilize consumers' money for social and environmental impact, positively influences purchase intentions (Lee et al., 2020). Respondents with prior purchasing experience exhibited higher subjective perception, feelings of trust, and intentions to purchase compared to those without past experience (Weisberg et al., 2011). Similarly, altruistic motivations, such as fulfilling a sense of duty to society and helping others by purchasing ethically and sustainably produced products, further enhance purchase intentions (Hibbert et al., 2005).

Consumers' beliefs in a company's social mission (Hibbert et al., 2005) and their preference for products with unique stories (Aure et al., 2020) or cultural heritage play crucial roles in shaping their perceived behavioral control. When consumers perceive a strong alignment between a social enterprise's mission and their personal values and beliefs, they feel empowered and confident in supporting the enterprise through their

purchasing decisions (Choi, 2021). Conversely, low self-efficacy may hinder consumers' perceived behavioral control (Aure et al., 2020).

The impact of demographic factors on behavioral intention is another important aspect to consider in the context of consumer behavior towards social enterprise products in Indonesia. Demographic factors, such as age, gender, occupation, and education, influence consumer behavior and purchase intentions (Benson et al., 2019). Younger consumers, in particular, are more inclined to purchase socially responsible products (Robichaud & Yu, 2021).

This thesis seeks to explore and understand the general understanding of factors that impact the behavioral intention of social entrepreneurial products among Indonesian consumers within the constructs of the Theory of Planned Behavior (TPB). The Theory of Planned Behavior typically encompasses three main constructs: attitudes toward behavior, subjective norms, and perceived behavioral control. By examining the influence of background factors, attitudes, perceived behavioral control and subjective norms on behavioral intentions, social enterprises can develop effective marketing strategies tailored to the Indonesian market, benefiting the business community and academic community alike.

## **1.2 Problem Identification**

The research identifies a research gap in understanding the determinants influencing behavioral intention towards social enterprise products in Indonesia. Despite the burgeoning interest in social entrepreneurship and the rise of social enterprises in the country, there is a lack of comprehensive research on the current state of consumer behavior towards these products.



While existing literature acknowledges this gap, a deeper investigation is essential to unravel the factors shaping consumers' intentions to behavioral social enterprise products.

### **1.3 Research Question**

The study proposes the following research questions:

1. How do attitudes, subjective norms, and perceived behavioral control interact to collectively influence behavioral intention for social entrepreneurial products?
2. Are there external factors beyond the TPB constructs that significantly impact behavioral intention for social entrepreneurial products in Indonesia? Are there variations in the factors influencing behavioral intention and the role of moderators across different demographic groups (e.g., age, income, education)?

### **1.4 Research Objective**

Based on the provided research questions, the research objectives can be defined as follows:

1. Examine and analyze how these TPB constructs collectively contribute to shaping consumers' behavioral intentions.
2. Investigate and analyze variations in the factors influencing behavioral intention for social entrepreneurial products across different demographic groups, such as age, income, and education.