The rise and fall of the Morality Workshop

A dual credibility model and organizational life cycle theory applied to social enterprise case in Indonesia

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Abstract—The purpose of this paper is to explore the formation of credibility and the relationship between personal credibility, organization credibility and the consumers' attitude and intention in the social entrepreneurship context. The dual credibility model and organization life cycle theory is applied to the “Morality Workshop” foundation, one of Indonesia's largest social enterprises which experienced fast growing and declining due to the decline of its leader credibility. The case shows that personal credibility of social entrepreneur is very important in the start-up and early growth phase of social enterprise but it may threaten the organizational sustainability at a later stage when the leader's personal credibility is transferred into the organization credibility and when the leader receive negative publicity.

Keywords: personal credibility; organizational credibility; attitude toward the brand; purchase intention; organizational life cycle.

I. INTRODUCTION

For so many years, leadership has become one focal point in social entrepreneurship research [1-7]. The growth and success of the social enterprises – an organization which conduct profit making activities and accrue the benefits taken from the activities to the same segment of society in order to achieve its social mission, [8] had been strongly associated with the founders’ or leaders’ figure either they are working in the private, non-profit or public sector e.g. Body Shop label with Anita Roddick, Grameen Bank in Bangladesh with Muhammad Yunus [1], and Ashoka foundation with Bill Drayton. Similar pattern also found in Indonesia. Many social enterprises in Indonesia had been developed based on the personal credibility of the leader.

Unfortunately, there is a “law of buy in” in followership in which followers will only supports the organizations as long as they love the leaders [9]. Thus, the leaders are required to maintain good reputation and credibility in order to get continuous support from their stakeholder, including the customers. The failure to do so would only lead the stakeholder to turn down their support.

In social entrepreneurship literatures, there are various groups which are identified as their stakeholder. The groups are ranging from beneficiaries, donors, consumers, government, etc. As the “business activity” had become one of the main characteristic of social entrepreneurship, consumers are logically become the key stakeholder for social enterprise [10]. To maintain the sustainability of its “business like” initiative, social entrepreneurs are suggested to conduct marketing efforts which is commonly executes by the business enterprise. One of the issues related to marketing efforts that should be managed by the social entrepreneurs is branding. The branding issue is very essential for the social enterprise as currently they are facing more challenging situation due to the increasing cost of running the enterprise and much stiffer competition for getting the grants and charities from external sources[11]. Specific attention to branding issues also gives more promising answer for the social enterprise to increase its market share and social impact [10]. For this reason, it is particularly important for the scholars to explore the social enterprise from the branding perspective. To achieve the objective, the authors applied the dual credibility model theory as it enable the researchers to explain the intention formation of the consumers from two perspectives, the social enterprises itself and the leaders who set up and lead the organization.

The research will contribute to social entrepreneurship body of research as there is still little research on social entrepreneurship using the consumers’ perspective [10]. The research will specifically illustrate the formation of credibility in social enterprise and the relationship of the credibility variable with the consumers’ attitude toward the social enterprise brand and their purchase intention. The research will also give practical implication for the social entrepreneurs to rely more on cooperation or team work [12] compare to the reliance on their personal branding to gain success for their initiatives. It is also very important for the social entrepreneurs to gradually reduce the associative link between the founder and organization in order to enhance the consumers’ support to the organization in spite of the existence of personal credibility crisis of the social entrepreneur. To enrich the study, the organization life cycle theory was also used in the analysis to give an insight on the configuration of the leader.