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Chapter 7

Corporate Credibility, Religion and Customer Support Intention toward Social Enterprises

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Abstract

Social enterprise (SE) outputs are not merely a result of the social entrepreneur’s personal vision, but an accumulation of resources and support from multiple stakeholders, particularly customers. Although marketing communication studies have long established the effects of corporate credibility on consumer attitudes and behaviors, it is worth noting that corporate credibility comprises three distinct dimensions, namely trustworthiness, expertise and dynamism, which do not necessarily have equal levels of influence on the endogenous variables. Additionally, from a social entrepreneurship perspective, the relationship between corporate credibility and consumer psychology requires a deeper inspection because of the role of religion in charitable and care-giving activities. Most religions stress the importance of spirituality, which may override their concern with the business aspects of the SE. In other words, for religious customers, it is likely that trustworthiness has a higher influence on their attitudes and support intention than expertise and dynamism. These conceptual relationships among corporate credibility, religion and consumer psychology in social entrepreneurship are elaborated in this article through a literature review, followed by the development of a theoretical framework and its associated propositions. The article concludes with some implications for SE governance, distinguishing societies with different religious backgrounds.

Keywords: corporate credibility, customer support intention, moderating effect, religion, Social Enterprises

1. Introduction

A social enterprise (SE) is distinguished primarily by its social purpose and exists in multiple and varied organizational forms [1–5]. According to Dees [6], social entrepreneurship bridges
the old culture of charity and the modern culture of entrepreneurial problem-solving. SEs do not engage in charity in the traditional, alms-giving sense but transform traditional charity, such as monetary donations from their supporters, into sustainable improvements. Although there are criticisms over the value of donations and fundraising in social entrepreneurship [7], in reality many SEs rely on donor contributions, at least in the initial phase of the venture, as they enable the social entrepreneur to carry the required enthusiasm and necessary capital to the table [8]. In social entrepreneurship, donors can be defined as customers [9, 10] because of the financial transactions involved between them and the SE. Based on this definition, SE customers are distinguished from its beneficiaries, who are the ultimate users of its final products and services.

Newth [11] argued that the outputs of a SE are not merely a result of the entrepreneur’s personal vision, but an accumulation of resources and support from multiple stakeholders, particularly customers. Despite the importance of stakeholder support as a driver of social entrepreneurship growth [12–16], little is known about the determinants of customer support intention in the social entrepreneurship context. Although marketing communication research has long established the effects of corporate credibility on consumer attitudes and behaviors [17–20], from the perspective of social entrepreneurship, this relationship requires a deeper inspection because there are differences between conventional profit-oriented businesses and SEs that may affect differently the psychology of their customers.

Due to the role of religion in charitable and care-giving activities [21–23], several dimensions of religion are proposed in the current study as additional variables that are expected to influence customer support for SEs. By considering the potential effects of religious affiliation, religiosity and religious values on the relationship between corporate credibility and consumer psychology in the context of social entrepreneurship, the study extends past applications of trust theory in SE consumer behavior research. The conceptual relationships among corporate credibility, religion and consumer psychology are forwarded here through a critical review of related literatures, followed by the development of a theoretical framework and its associated propositions. The article concludes with some implications for SE governance, distinguishing societies with different religious backgrounds.

2. Literature Review

2.1 Trust and credibility

Known as ethos in ancient Greek, trust is commonly referred to as credibility in contemporary marketing literatures [24, 25]. Credibility can be defined as the extent to which a source of communication is trusted by a listener or an audience [19]. It is related to the general trust theory since both trust and credibility refer to elements of honesty, reliability and authenticity in the communication process [24]. Considered as one of the biggest challenges in leadership effort, credibility is about getting people to trust the source, believe the message and in turn support the cause [26]. Therefore, it is often included as one of several specific competencies in communication that should be mastered by businesses.
Since communication sources can be either individuals or organizations, scholars have distinguished between the two and investigated separately the credibility effect of each source on customer support. In this study, the focus is on organizational or corporate credibility because SEs are collective efforts that cannot succeed without sound organizational management. Corporate credibility has long been cited in marketing literature to have an influence on customer support, mediated by its effect on customer attitude to corporate advertisement and brand [17–19, 27].

Similar to conventional business entrepreneurs, a social entrepreneur too engages in a process of continuous learning, adaptation and innovation which involves uncertainties and risks of failure [28]. In social entrepreneurship, stakeholder trust is particularly important because the financial risks of the venture are often borne not only by the entrepreneur but also by external supporters such as the government and donors. Credibility plays a critical role especially in the initial stage of the venture, tapping the necessary resources and building the required network to fulfill the social mission [13–15, 29].

The overall relationship between corporate credibility and customer support intention has been forwarded in many studies [30–34]. However it is worth noting that corporate credibility comprises three distinct dimensions, namely trustworthiness, expertise and dynamism [24, 35–38], which do not necessarily have equal levels of influence on customer support intention. Each of these dimensions of corporate credibility is defined below.

1. **Trustworthiness** - describes the extent to which an enterprise can be relied upon; honesty, confidence and believability are some of the terms used interchangeably to define the trustworthiness dimension.

2. **Expertise** - represents the competence and capability of a firm in making and delivering its products/services; also measures its past experience within a particular industry, or serving the needs of a particular market.

3. **Dynamism** - measures the active-ness (versus passive-ness) of a source’s communication behavior; also describes a firm’s proactiveness in its outreach efforts; audience reaction is influenced through images of vibrant personalities.

Conceptually, depending on their social and individual characteristics, customers may emphasize the importance of one specific dimension over the others, which in turn affects their intention to support social entrepreneurship. For example, religious societies tend to stress the importance of spiritual qualities such as sincerity, honesty and faith [39–41], which may override their concern with the more material aspects of the SE such as technical skills, experience and entrepreneurial drive. In other words, for religious customers, it is likely that SE trustworthiness has a higher influence on their support intention than its expertise and dynamism. On the other hand, non-religious customers are expected to be influenced more by expertise and dynamism than trustworthiness.

To allow for a greater understanding of the potential effects of religion on customer support for social entrepreneurship, a review of the role of religion in entrepreneurship and consumer psychology is needed. This topic is discussed as follows.
2.2 Religion, entrepreneurship, and consumer psychology

Consistent with a multidimensional model of religion, this article adopts Schmidt et al.’s [41] definition of religion as systems of meaning embodied in a pattern of life, a community of faith, and a worldview that articulate a view of the sacred and of what ultimately matters. Studies of the role of religion in entrepreneurship have mainly revolved around its effects on entrepreneurial attitude and consumer behavior [21, 42-46]. According to Dodd and Seaman [47], religion can affect a believer’s entrepreneurial tendencies, choice of business activities, management style and networking. In the field of consumer behavior, previous studies have largely focused on the topic of segmentation, which involves dividing the market into segments based on religious affiliation or level of religiosity, and serving those segments differently [48]. Examples would include avoiding marketing pork products to Jews or Muslims due to kosher and halal religious laws [49, 50]. Religion has also been found to affect consumer information-seeking behavior, attitude to innovation, and brand loyalty [51-55]. However, as noted by Mathras et al. [56], studies of the effects of religion on consumer psychology and behavior are still scattered and unsystematic, and much more remains to be discovered and explained.

With regard to social entrepreneurship, religion stresses on caring and giving virtues as well as a community spirit which align very well with the objective of creating positive social changes through business activities. Audretsch et al. [21] examined the role of religion in entrepreneurship in India and found that Hinduism inhibits the entrepreneurial spirit as a result of its caste system. However the dharma philosophy is supportive of social entrepreneurship due to its emphasis on material prosperity, stability and happiness for all members of society. Dharma has inspired Hindu entrepreneurs to establish businesses that can reduce social problems [22]. Poverty eradication is also stressed in Christianity, which explains the success of SEs such as Oxfam and Christian Aid. Social entrepreneurship reflects the Christian thought that concern for the poor is the main indicator of righteousness, which God will reward in the afterlife [22].

Similarly in Islam, entrepreneurship is encouraged as a strategy for solving social problems [23]. For example, Islam views poverty as a social ill that should be addressed by the community through collective efforts to develop the economy [39, 57-59]; [22]. The call for social entrepreneurship among Muslims is documented in the following verses of the Quran:

That which ye lay out for profit (and self-preservation) will have no increase with Allah: But that which ye lay out for others, seeking the countenance of Allah (will increase): it is these which will get a reward 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 (tithe). They fear a Day in which their hearts and eyes will be in turmoil. (24:37)

Based on Islamic teachings, wealth should be distributed evenly via zakah, waqaf, infaq and sadaqah mechanisms, as elaborated below.
1. Zakah: Tithe or an obligatory tax paid to the state which represents the pillar of a formal economic system for equitable wealth redistribution, to combat poverty and other social ills [58, 59]. It began as a form of social security that later developed into a global and complex system of charitable institutions and foundations [59].

2. Waqaf: Voluntary and permanent donation of fixed assets such as land and buildings to support long-term socio-economic growth [22, 39, 57]. Managed by the state or formally registered organizations, waqaf has evolved into a successful Islamic social entrepreneurship agenda as it encourages the use of business skills and innovations to provide social services especially in the areas of education and health [57].

3. Infaq: Donation of money or other types of resources for specific religious activities, such as building mosques and religious schools, to be managed by formal organizations. It is ruled as sunnah or highly recommended [60].

4. Saddaqah: Financial donations or any form of charitable activities performed spontaneously and voluntarily without any time or quantity limits [60]. The recipient can be any individual and organization, formal or informal.

The above studies indicate that religion may be a much more significant topic in social entrepreneurship than conventional business research. At the same time, they also suggest that religion emphasizes the importance of the SE spiritual traits (e.g., sincerity, honesty, and genuineness) more than its business characteristics (e.g., entrepreneurial experience, skills, and competitiveness). How this is expected to influence customer support intention toward SEs is described in the next section.

3. Conceptual Framework and Propositions

Since there is a dearth of research on marketing communication and consumer behavior in the context of social entrepreneurship, the subsequent hypotheses are developed based on related studies in the profit business environment. They are deemed adaptable to the current article based on the premise that conventional business theories and practices are also applicable to SEs [6, 12, 14, 29].

3.1 Effect of corporate credibility on customer attitude and support intention

Fombrun [36] defined organizational reputation as the perceptual representation of a company’s collective actions and prospects, past and future - an aggregate of many personal judgments of the company that affects its ability to attract and retain customers. Within the broad area of corporate reputation, credibility has been identified as possibly the most outstanding element, comprising the trustworthiness, expertise and dynamism dimensions [37].

Information exposed in a marketing communication will be processed mentally by consumers through both central and peripheral routes [17, 61]. Firms with a higher credibility will be in a better position to have their advertising claims accepted by consumers since they are judged,
through the peripheral routes, to have the necessary expertise and accountability to back those claims [18]. Simultaneously, through the central routes, consumers’ existing perceptions of a firm will also influence their assessment of its brand [27]. These propositions can be adapted to social entrepreneurship as follows:

Proposition 1: SE corporate credibility is positively and directly related to customer ad attitude.

Proposition 2: SE corporate credibility is positively and directly related to customer brand attitude.

Studies suggest that organizational credibility is a valuable asset of the company as it directly affects relationship commitment and customer loyalty [62]. Fombrun [36] posited that corporate credibility improves customer intention to purchase because perceptions of the expertise and trustworthiness of a company are part of the information used to judge the quality of its product. Subsequently, even in situations where brand attributes are lacking in the ad, corporate credibility can still directly give consumers a higher confidence in the firm and increase their willingness to purchase the products [19]. Extending this to SEs, the following hypothesis is therefore proposed:

Proposition 3: SE corporate credibility is positively and directly related to customer support intention.

The effect of ad attitude on brand attitude has been studied by a number of conventional business scholars [20, 63–67]. Lutz et al. [68] argued that convincing ads will create a communication effect that leads to customers trying the brand or reinforcing existing brand attitudes. The action basically reflects the chain of cognitive, affective and conative dimensions of attitude [68, 69]. Ad attitude influences brand attitude because of its impact on brand cognition [70]. Applying the same principle to social entrepreneurship, it is hypothesized that:

Proposition 4: Customer attitude toward the SE ad is positively and directly related to their brand attitude.

Mehta [71] and Mehta and Purvis [72] proposed a direct link between customer ad attitude and purchase intention. An effective advertising communication is one that can break through noise and gain customer attention. Clear information delivered through the ad will result in a positive customer attitude toward the ad and increase purchase intention [72]. For SEs, it is therefore proposed that:

Proposition 5: Customer attitude toward the SE ad is positively and directly related to their support intention.

According to Allan [73], branding is all about getting consumers to look further than the basic offer of quality and price. The concept of brand is important to SEs as it can help them reach a wider audience of concerned consumers. Together with ad attitude, attitude toward the brand has also been shown to have a significant impact on purchase intention [19, 65, 66]. Additionally, Biehal et al. [74] found that brand attitude can be formed during a previous purchase which determines the likelihood of future purchases. In other words, brand attitude
can significantly improve purchase intention when consumers see the brand as a highly satisfactory choice based on a previous experience. These propositions can be adopted for the current study since it deals with existing customers who can evaluate the SE brand based on their previous experiences with the firm. The following hypothesis is hence developed:

Proposition 6: Customer attitude toward the SE brand is positively and directly related to their support intention.

3.2 Effect of customer attitude on the relationship between corporate credibility and customer support intention

Petty et al. [17] suggested that customer ad attitude mediates the relationship between source credibility and purchase intention. While the source can directly reach out to customers, its direct access to customers is nevertheless limited and advertising is normally used to improve communication. Effective advertising can serve as a bridge between the endorser and customers. Hence a positive ad attitude will enhance the effect of credibility on customer support intention. This proposition has found evidence in several other studies [19, 68, 75]. Thus, the following hypothesis is developed:

Proposition 7: Customer ad attitude mediates the relationship between SE corporate credibility and support intention.

While ad attitude affects customers via peripheral routes of communication, brand attitude does it through the central routes [17, 61, 72]. Subsequently, scholars have posited brand attitude as a mediating variable between ad attitude and purchase intention [19, 63, 65, 76]. Based on a study by MacAdams [76], the influence of ad attitude on purchase intention cannot be studied in isolation from brand attitude as effective ads typically contain sufficient information that strengthens the brand, which in turn affects support intention. In view of this:

Proposition 8: Customer brand attitude mediates the relationship between their ad attitude and support intention.

Finally, although corporate credibility can have a direct effect on customer purchase intention, its role is usually amplified by the indirect effect of brand loyalty because loyalty signifies a long-term commitment to the firm and the customer’s intention to make repeat purchases [19, 65, 66, 74]. Hence brand attitude is usually expected to mediate the effect of corporate credibility on customer purchase intention. This argument can be extended to the social entrepreneurship context as follows:

Proposition 9: Customer brand attitude mediates the relationship between SE corporate credibility and support intention.

3.3 Effects of religion on customer attitudes/support intention

As a construct, religion comprises multiple dimensions, with the main ones being religious affiliation, religiosity and religious values [56]. Religious affiliation denotes the particular faith that the individual relates to [e.g., Islam, Christianity, Buddhism, and Hinduism] while
religiosity measures the extent to which one observes his/her religious obligations [e.g., how strictly a Muslim abstains from alcohol and pork]. On the other hand, religious values sum up the fundamental beliefs and philosophies of religion such as charity, spirituality, righteousness, patience, goodwill, faith, and hope.

Some of the effects of religious affiliation and religiosity on consumer psychology have been described earlier in the literature review section, which include customers’ perception of the firm’s image and the messages that it tries to communicate, as well as their brand loyalty and choice of products and services [51–55]. To illustrate the point within the context of ad and brand attitudes, the following examples are given. For Muslim consumers, high religiosity is usually related to a low tolerance for sexually explicit ads and a strict requirement for halal brands, which in turn affect their intention to purchase the products. In a similar vein, religious Buddhists may tend to support vegetarian ads and brands, whereas religious Hindus reject beef consumption.

Extending this argument to the social entrepreneurship environment, the same direct relationships are expected. For example, a SE advertising and supplying free condoms to unmarried couples will not be welcomed by religious Muslims since Islam rejects sexual promiscuity. Based on the above, the following propositions can be forwarded.

**Proposition 10:** Religious affiliation and religiosity directly affect customer attitude to the SE ad.

**Proposition 11:** Religious affiliation and religiosity directly affect customer attitude to the SE brand.

Contrary to religious affiliation and religiosity, religious values have not received equal attention in past studies, thus presenting a knowledge gap which is taken up in this article. Although fundamental differences exist among them, most religions are unified by spiritual values such as sincerity, righteousness, generosity, patience, and goodwill [40, 41]. To a certain extent, the strong emphasis on spiritual wellbeing will possibly subdue the believer’s concern with more material aspects of life, including business skills, entrepreneurial drive and competitiveness. This may explain why religious societies very often have lower economic growth [77].

Considering the three dimensions of corporate credibility, one is able to draw analogy between trustworthiness and spiritual strength, whereas expertise and dynamism can be equated to materialism. It is thus reasonable to predict that consumers with stronger religious values are more likely than those with weaker religious values to prioritize SE trustworthiness over its expertise and dynamism, and vice versa. In turn, the customers’ varying priorities will affect their attitude to the SE ad and brand, as well as their intention to support it. The following proposition represents these expected relationships:

**Proposition 12:** Religious values moderate the effect of corporate credibility on SE customer attitude and support intention.

All 12 propositions forwarded above are captured in Figure 1:
This study is a conceptual exploration of the determinants of customer support intention toward SEs. Based on a review of literature in marketing communication, consumer psychology and social entrepreneurship, initially a basic framework was derived depicting the direct and indirect effects of corporate credibility on customer support intention. Further, three constructs of religion were introduced to the framework.

In the resulting discourse, religious affiliation and religiosity are proposed to affect customer support intention indirectly, and the role of religious values is likely influenced by the multiple constructs of corporate credibility. While the effects of religious affiliation and religiosity on customer support intention have been well researched in conventional business literature [21, 42, 45, 46, 78, 79], religious values are an emerging construct of religion, which have received scarce attention in the past [56]. This knowledge gap is taken up in the current study by conceptualizing religious values as spiritual virtues including honesty, righteousness, patience, goodwill and faith, and analyzing the potential relationship between them and each
of the three dimensions of corporate credibility. The article forwards the proposition that customers with stronger religious values tend to support SEs with high trustworthiness even if they score low on the expertise and dynamism scales. On the other hand, customers with weaker religious values are expected to prefer SEs with higher scores of expertise and dynamism than trustworthiness. Thus religious values are predicted to have a moderating effect on the relationship between corporate credibility and the endogenous variables.

The above proposition brings with it an implication that religious customers can be very trusting and are therefore more susceptible to exploitation than non-religious customers. This unquestioning attitude of religious societies may explain why they are often associated with low economic growth [77]. However, the article is in no way calling for a reduced role of religion in society; rather, due to its emphasis on charity, spirituality and social equality [21, 22, 39, 57, 58], religion should be embraced as a way of life that can provide solutions to various social ills. The argument forwarded here is that, for social entrepreneurship to work in religious societies, there must be better enforcement of corporate governance regulations by the government and local authorities than what is required in non-religious societies. Since the government and its agencies are often themselves key donors or customers of SEs, clear separation of powers is needed to distinguish between the donor function and enforcement function within the government. From an enforcement point of view, SEs should be treated as normal enterprises that require formal registration and monitoring, particularly in relation to the management of donations to achieve their social goals. In return for good governance, the firms can be considered for government aids such as grants and tax exemptions which will help to further enhance their development.

The theoretical framework generated in this article can serve as a platform for future empirical investigations of SE customer support intention. Their findings are expected to contribute to increased understanding of social entrepreneurship development in multiple settings, drawing diverse lessons for societies with different values and backgrounds. Hence, despite the universality of the concepts of social entrepreneurship, marketing communication and consumer behavior, the article underlines the importance of context in research and will hopefully spur more comparison studies across nations, societies and cultures.

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