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A Delphi Method Exploration of Performance Pressures and Ethical Leadership Compromises in Business Organizations

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ABSTRACT

A deep understanding of the dynamics between performance pressures and ethical leadership becomes crucial in an era of stressful economic recovery. This research explores the complex relationship between organizational performance pressures and ethical leadership, focusing on how these pressures impact ethical decision-making and the challenges of maintaining ethical integrity in demanding environments. Employing a convenience sampling method and the rank-type Delphi method, the study engaged 40 experts from both academic and practical fields to identify and rank key performance pressures that compromise ethical leadership. Significant pressures identified include the imperative to generate positive financial reports, achieve greater efficiency, withstand competitive pressures, and pursue aggressive growth strategies, all eroding ethical leadership. These pressures lead to unethical practices, such as falsifying financial reports, exploiting working conditions, unfair competition, and aggressive merger and acquisition tactics. The findings underscore the critical need for leaders to recognize and manage these pressures effectively to foster an environment conducive to ethical leadership. This study contributes valuable insights into the mechanisms by which performance pressures undermine ethical leadership and highlights the importance of cultivating a culture that promotes normative behavior and addresses ethical challenges, thereby enriching the existing body of knowledge on organizational ethics and leadership.

Keywords:
Competitive, Delphi method, ethical leadership, market share growth pressures, performance pressure, profitability, productivity.

ABSTRAK

Pemahaman mendalam tentang dinamika antara tekanan kinerja dan kepemimpinan etis menjadi krusial di era pemulihan ekonomi yang penuh tekanan. Penelitian ini mengeksplorasi hubungan kompleks antara tekanan kinerja organisasi dan kepemimpinan etis, dengan fokus pada bagaimana tekanan ini memengaruhi pengambilan keputusan etis dan tantangan dalam mempertahankan integritas etis di lingkungan yang menuntut. Dengan menggunakan metode pengambilan sampel yang mudah dan peringkat metode Delphi, penelitian ini melibatkan 40 pakar dari bidang akademis dan praktis untuk mengidentifikasi dan memberi peringkat tekanan kinerja utama yang membahayakan kepemimpinan etis. Tekanan signifikan yang diidentifikasi meliputi keharusan untuk menghasilkan laporan keuangan yang positif, mencapai efisiensi yang lebih besar, menahan tekanan kompetitif, dan mengejar strategi pertumbuhan yang agresif, yang semuanya mengikis kepemimpinan etis. Tekanan ini mengarah pada praktik yang tidak etis, seperti memalsukan laporan keuangan, mengeksploitasi kondisi kerja, persaingan tidak sehat, dan taktik merger dan akuisisi yang agresif. Temuan ini menggarisbawahi kebutuhan *kritis bagi para pemimpin untuk mengenali dan mengelola tekanan ini secara efektif untuk menumbuhkan lingkungan yang kondusif bagi kepemimpinan etis. Penelitian ini memberikan kontribusi tentang mekanisme bagaimana tekanan kinerja melemahkan kepemimpinan etis dan menyoroti pentingnya menumbuhkan budaya yang mempromosikan perilaku normatif dan mengatasi tantangan etika, sehingga memperkaya pengetahuan yang ada tentang etika dan kepemimpinan organisasi.*

Kata Kunci:
Kompetitif, metode Delphi, kepemimpinan etis, produktivitas, tekanan pertumbuhan pangsa pasar, tekanan kinerja, profitabilitas.

INTRODUCTION

Organizational leaders are under intense pressure to achieve economic success amid the ongoing global recovery from the COVID-19 pandemic and growing local and global competitive pressures. These issues, combined with continuous organizational moral dilemmas, have elevated ethical leadership to the top of the priority list for both local and multinational firms (Shin *et al.*, 2015). Little is known about the empirical interplay between organizational performance pressures and ethical leadership.

According to Shin *et al.* (2015), organizations are under significant performance pressures to prosper in the face of economic adversities such as sluggish economic growth, intense competition, and customer socioeconomic challenges. Recent examples of ethical corporate failures such as Steinhoff inflated profits and assets by R250 billion, Tongaat Hulett overstating the value of the company by R3.5 to 4.5 billion, KPMG's failure in their independent auditing duties when it failed to report the alleged Gupta wrongdoing and many more, serve as a sharp reminder of the potentially disastrous consequences of business leaders' unfettered pursuit of profit maximization (Business Insider SA, 2020). Internationally, the collapses of Enron, Arthur Anderson, and WorldCom, which have been extensively documented in the literature, as well as the 2008 global financial crisis, which resulted in significant financial reforms following the collapse and bailout of organizations such as Lehman Brothers and Merrill Lynch, highlight the ongoing prevalence of unethical business practices (Drezner & McNamara, 2013).

Recent scholarly work reveals a growing interest in ethical leadership mechanisms and their impact on organizational integrity and performance. Studies have explored various aspects, including the definition and conceptualization of ethical leadership (Brown & Mitchell, 2010; Banks *et al.*, 2020), its antecedents and outcomes (Ko *et al.*, 2018; Roy *et al.*, 2023), and its embeddedness in societal, industry, and organizational contexts (Eisenbeiss & Giessner, 2012). Researchers have identified the need for more empirical validations and longitudinal studies to better understand the direct impact of ethical leadership on decision-making and organizational culture (Roy *et al.*, 2023). These studies underscore the importance of ethical management but frequently leave the direct impact of external pressures on ethical decision-making less examined. The ethical concerns that triggered these scandals were almost always linked to issues of ethical leadership. Recent research highlights the significant role of search engines, particularly Google, in shaping public perception of corporate scandals. Google Trends data has been used to analyze interest in business ethics, revealing geographical and temporal patterns (Kiss, 2019). This troubling tendency, in which each scandal outperforms the preceding one in terms of rand value and complexity of ethical misconduct, raises significant concerns about the role of leadership in these ethical crises

These corporate crises have been linked to various unethical leadership activities, including bid-rigging, price-fixing, collusion, fabrication of financial statements, corruption, and others (Competition Tribunal of South Africa, 2009; Pops, 2006). To emphasize the significance and relevance of the current study, which intends to identify organizational performance pressures and the factors that compromise ethical leadership when the two intersect. Management and academics must identify and better understand the interplay between the two constructs; the current study identifies these factors through a rank-type Delphi method.

Despite widespread recognition that performance pressures in today's business environment have become increasingly sophisticated as a result of the need for short-term results, growing global competition, and the economic downturn, there has been little systematic investigation into how these pressures impact ethical leadership behavior. The current study seeks to fill this void by identifying factors that risk ethical leadership under performance pressure. Brown and Mithcell (2010) define ethical leadership as normatively appropriate conduct demonstrated through personal acts, interpersonal interactions, and decision-making. This ethical leadership framework has two critical components: the leader as an ethical manager who directs subordinates to behave ethically, and the leader as an honorable person who embodies ethical behavior. Despite a wealth of research on ethical leadership, the impact of performance pressures on ethical leadership behavior has yet to receive much consideration. Most research on ethical leadership has focused on organizational culture, moral awareness, leadership styles, perceptions, and profitability.

The evaluation of ethical leadership under performance pressures is crucial in today's business environment, characterized by global economic instability and rising competitiveness. Recurring organizational failures reinforce this viewpoint, typically based on unethical leadership actions, such as the abovementioned ethical failures. There is a significant study vacuum in addressing the empirical link between ethical leadership and performance pressures, necessitating a thorough analysis to disentangle the complex dynamics at work. This research could be critical in developing effective ways to minimize ethical issues, thereby improving organizational sustainability and contributing to the global business ethics conversation.

Identifying organizational performance pressure and factors that compromise ethical leadership is critical for scientific knowledge of organizational behavior, effectiveness, and ethical management practices. This study adds to the body of knowledge by identifying and investigating how high-performance pressure environments can influence ethical behavior in the context of leadership. It can lead to new models and theories that provide a more nuanced understanding of leadership behavior and decision-making processes under challenging circumstances. Furthermore, the study's findings can be used to generate empirical evidence for creating strategies and treatments that encourage ethical leadership, even in high-performance contexts. As a result, the research has the potential to significantly increase ethical leadership quality and organizational performance and contribute to the broader area of management science. This study is relevant for leadership and organizational behavior studies because it investigates how critical stakeholders' pressures and expectations might impact individual and organizational behavior.

The influence of stakeholders' pressures and expectations on ethical leadership and organizational behavior comes before individual leaders and organizational levels. It highlights how these pressures influence decision-making, shaping corporate ethical standards and culture, performance expectations, accountability, regulatory pressures, innovation and sustainability pressures, and talent attraction and retention. Stakeholders, including investors, customers, employees, suppliers, and the community, have their expectations and demands from the organization. Leaders must navigate these pressures to align with ethical standards and promote positive organizational behavior. Performance expectations, accountability, transparency, compliance with regulations, and innovation and sustainability pressures also shape an organization's ethical culture. Leaders must cultivate an environment that values ethical behavior to attract and retain talent.

Freeman & Dmytriyev (2017) argued that the stakeholder theory framework offers comprehension of how businesses can run in a way that considers the interests of all stakeholders, not just shareholders. This theory posits that the success of an organization depends on its ability to manage and integrate the needs and demands of its diverse stakeholders, which include customers, employees, suppliers, the community, and the environment, in addition to its shareholders. Integrating Stakeholder Theory with the perspective of stakeholder pressures and ethical leadership involves adopting a holistic and balanced approach to decision-making and organizational behavior.

An understanding of organizational behavior that is both complicated and nuanced can be attained by combining the theoretical frameworks of performance pressure and ethical leadership. Theories are conceptual frameworks that present definitions, assertions, and qualities that aid in understanding, forecasting, and exercising control over phenomena. In this setting, the theory of performance pressure and ethical leadership are subjected to in-depth analysis.

According to Zimbardo & Leippe (1991), the term "performance pressure" refers to a mentality that leads to negative assessments concerning a person's level of performance and the idea that one's current level of performance is not adequate for the achievement of the following desired goal. Overstreet *et al.* (2013) define organizational performance as a process leading to accomplishing goals and objectives, and Kent (2018), who identifies pressure as situational incentives for optimal performance, contributes to expanding this concept. Together, these researchers provide an essential contribution. However, this pressure can lead to ethical issues when goals are ill-conceived (Mitchell *et al*., 2018) and stakeholders exert undue pressure (Donaldson & Dunfee, 1994; Mitchell *et al.*, 1997), as stated in the previous paragraph. Both Friedman's (1970) shareholder primacy position and Miles' (2017) stakeholder theory provide further illustration of the ethical responsibility of leaders and the source of such performance pressures.

According to Brown and Michell (2010) and also Ko *et al.* (2018), ethical leadership is a concept that combines ethics and leadership. This type of leadership is characterized by normatively appropriate behavior that is expressed through personal actions and interpersonal connections. Ethical leaders are aware of what behaviors and actions are appropriate and inappropriate when it comes to the pursuit of organizational prosperity, and they can influence the behaviors and actions of individuals for the sake of goal attainment (Botha & Musengi, 2012). According to Wart (2014), ethical leadership requires treating all stakeholders fairly and honestly and combining a variety of ethical perspectives, such as virtue ethics, deontology, and utilitarianism.

However, performance pressure and ethical leadership necessitate a critical assessment. Excessive performance pressure can erode ethical leadership, leading to company crises and loss of trust among stakeholders, according to evidence from real-world circumstances (Business Insider SA, 2020). Theoretical foundations are helpful, but practical evidence shows that this can occur. The complexities and challenges in the real world, such as competing stakeholder interests, the ever-changing nature of organizational goals, and the diverse ethical norms and practices in different cultures and nations, must be considered in the theories. Furthermore, they should include ways to prevent and mitigate ethical issues caused by performance pressures.

The theories must address the dichotomy between shareholder primacy and stakeholder theories. The former places an exclusive emphasis on the interests of shareholders, whilst the latter promotes a fair and equitable approach to all relevant stakeholders. These competing interests must be reconciled, and performance demands must be managed not to compromise ethical leadership. The theories need to provide clear guidance for how to do this. The KPMG case serves as a reminder that ethical practices should be ensured by regulatory bodies as well as independent auditors (Business Insider SA, 2020).

Although performance pressure and ethical leadership provide valuable insights, the theories underlying these concepts must be continuously refined and critically evaluated to keep up with the ever-changing, complex, and challenging environment in which modern organizations operate. To address this need, the current study aims to close this gap by identifying factors that compromise ethical leadership under threat-appraised performance pressure. The research is guided by the following questions: (RQ1) What factors determine organizational performance pressures?; (RQ2) What are the factors that compromise ethical leadership when performance pressure is exerted?; (RQ3) What is the rank order of the most significant performance pressures and factors that compromise ethical leadership? This research not only fills a critical gap but also integrates the diverse needs and expectations of all stakeholders, thereby guiding ethical leadership practices and corporate strategies. This approach is pivotal in enhancing the organization's overall effectiveness, sustainability, and moral integrity (Freeman, 1994).

RESEARCH METHODS

This research revolves around the expert interplay between performance pressure and ethical leadership constructs. The study involved 40 experts, including 21 academics and 19 practitioners, from various fields, including ethics. The criteria for choosing these academic experts emphasized ethics, specific expertise, experience, and scholarly contributions. The aim was to gather a diverse group with varied perspectives and backgrounds to enrich the study, ensuring the credibility and relevance of their insights through their professional standing and recognition in the academic community. The selection process prioritized individuals who were knowledgeable, willing, and capable of effectively communicating and making meaningful contributions to the research objectives. The study used non-probability convenience sampling techniques and the rank-type Delphi. The Delphi method is a valuable approach for researching ethical leadership and organizational performance. It allows for iterative, confidential exchanges between experts on sensitive topics (Fletcher & Marchildon, 2014; Okoli & Pawlowski, 2004).

The Delphi Method, a renowned consensus-building technique, was utilized to harness the collective wisdom of the expert panel. This method, grounded in the principles of group decision-making, is particularly suitable for our quest to explore and rank-order factors of threat-appraised performance pressure. Enabling anonymity and iterative feedback mitigates the risk of dominant voices unduly influencing the group's consensus (Fletcher & Marchildon, 2014; Okoli & Pawlowski, 2004). The Delphi process unfolded over three phases. In the first brainstorming phase, experts were encouraged to generate factors related to performance pressure and ethical leadership through questionnaires 1 and 2. The second phase narrowed down these factors, using Questionnaire 3. The final phase focused on ranking pertinent factors via a fourth questionnaire, which underwent three iterations. The process was guided by a stop criterion (Kendall's W, 0.7), ensuring a robust consensus (Fletcher & Marchildon, 2014; Okoli & Pawlowski, 2004).

A custom measurement tool was created to capture the dynamics of organizational performance pressure. The instrument is grounded in Rubin *et al.* (2010) three-time measure and Mitchell *et al.*'s (2018) daily performance pressure measure. Experts were invited to respond to questions about identifying performance pressure and elucidating its negative manifestations in leadership behavior.

Parallel to exploring performance pressure, the study delved into ethical leadership. An instrument was crafted, drawing on three authoritative sources: The Ethical Leadership Scale (ELS) by Brown *et al.* (2005), the Ethical Leadership at Work Questionnaire (ELWQ) developed by Kalshoven *et al.* (2011), and the Ethical Leadership Questionnaire by Yukl *et al.* (2013). These tools, renowned for their reliability and validity, guided the development of questions that probed into ethical leadership factors and how these factors compromise leadership behavior under performance pressure. This methodological design serves as a pathway to navigate the intricate nexus of performance pressure and ethical leadership. It combines rigorous consensus-building techniques with robust measurement tools, offering an insightful exploration of the constructs under scrutiny.

RESULTS AND DISCUSSIONS

The fundamental purpose of our research study is to contribute to the body of social scientific knowledge by expanding our understanding of the ethical leadership and performance pressure organizations face as they strive to achieve economic success. An instrument that was painstakingly designed to answer our research questions was based on the Brown *et al.* (2010) Ethical Leadership Scale (ELS), the Yukl (2006) Ethical Leadership at Work Questionnaire (ELWQ), and Rubin *et al.*'s (2010) Performance Pressure Scale. It allowed us to negotiate this complex interface and provide answers to our research questions. Under the strain of threat-appraised performance pressure, a three-phased rank-type Delphi approach was used, which offered an enriched identification of the factors that compromise ethical leadership.

Phase 1. Unearthing the Underlying Factors

In the first phase of our research, we generated four lists of organizational performance pressures: Organizational Performance Pressures List (OPPL), Profitability Pressures List (PPL), Productivity Pressures List (PrPL), Competitive Pressures List (CoPL), and Market Share Growth Pressures List (MSPL). We also generated a list of factors that negatively influence and compromise ethical leadership (FCEL). These lists of factors were identified through coding and categorization, and themes emerged and were placed under the list in Table 1.

During this stage, 157 antecedents of organizational performance pressures and 53 antecedents that compromise ethical leadership were identified. These two sets of findings characterized this phase. Only five of each performance pressure is presented in these results to focus the study. These crucial antecedents, referred to as 'factors' for uniformity from this point forward, provide a comprehensive map of the pressures and leadership behaviors associated with them that permeate the organizational landscape.

The summary of the factors as identified by the top 60% of all experts is shown in Table 1, and a few participants' quotes are presented thereafter: Academic Experts are denoted by AE, and PE and the participant number denote the participant number and Practitioner Experts. The recap of Organizational Performance Pressures List (OPPL) and Factors that Compromised Ethical Leadership List (FCEL) can be presented in Table 1.

Table 1. Organizational Performance Pressures List (OPPL) and Factors that Compromised Ethical Leadership List (FCEL)

Organizational Performance Pressures List (OPPL)	Factors that compromised Ethical Leadership List (FCEL)
Profitability Pressure (PPL)	Absence of ethics reporting and training
Pressure to reduce costs	Abuse of power and influence
Pressure from the financial control mechanism	Absence and weak code of ethics.
Pressure to achieve business goals at all costs	Conflict of interest
Pressure to present a positive financial statement	Lack of value-based decision-making
Pressure to increase sales and revenues	Disrespect
	Failure to consider environmental and ecological issues.
Productivity Pressure (PrPL)	Lack of ethical guidance/sensitivity
Pressure to achieve greater efficiency	Instilling fear and intemperance
Pressure to meet daily, monthly, and yearly production targets	Imposing unrealistic organizational goals
Pressure to improve quality products and services	Greed
Pressure to use cost-effective ingredients	Imprudence
Pressure to report complaints/ incidences	Ineffective and deceptive communication
	Inhumane practices
	Injustices
Competitive Pressure (CoPL)	Lack of accountability
Pressure to Achieve Competitive Advantage: Competitive Pressure	Lack of compliance
Pressure from competitive pricing	Lack of dignity
Pressure for brand recognition	Lack of empathy
Pressure to achieve higher creativity and market /product innovation	Lack of integrity & Dishonest
Pressure from suppliers	Lack of power-sharing
	Low moral judgement
Market Share Growth Pressure (MSPL)	Manipulation
Pressure to acquire other organizations to grow the market share (Mergers)	Overemphasis on efficiency
Pressure to increase the sales share	Punishing whistleblowing and inconsistencies on the issue
Pressure to keep market share lead and dominate competition	Preference of perceived important stakeholders
Pressure to develop the market to other territories	The culture of profitability over all other concerns
Pressure to develop new products and improve existing products	Self-interest
	Short-termism
	Superstar leadership transactional leadership style
	Lack of transparency
	Unfairness
	Untrustworthiness
	Weak corporate governance

Source: Authors' work (2024)

Quotes:

"…profits are a necessary evil in business; if you don't have a profit, you don't have a business. Beyond optimal performance, adverse pressure starts to creep in. In difficult economic conditions, there is no growth in profits, so reducing costs and restricting operations becomes the strategy…negative behavior: ..in dealing with costs, it becomes important to identify and reduce the biggest cost item, which is salaries. It is where exploitation of illegal economic migrants comes in…" AE20.

"…unbelievable pressure on lowering production costs keeps most production staff and the executives awake at night, and the level of burnout results in increased stress-related sickness within the production with production teams. Negative behaviour: it is common practice in this country to resort to sourcing cheap labour; the influx of economic migrants, many of them illegal, are used as cheap labour to realise competitive production costs." AE1

*"…some industries have high input costs, particularly labor costs, failure to collaborate on labor cost may prove detrimental to the whole industry; …employers association come together as associations to determine industry salaries to forge uniformity. There is pressure to belong and join industry associations to achieve this…N***egative behaviour:** *From these interactions, relationships are formed amongst senior managers, and they start to illegally collaborate with competitors in price-fixing and collusion, bid rigging, and collaboration to divide up the market and limit competition" PE19*

*"Organic organizational growth can sometimes be a daunting task. Big businesses usually take the route of acquisitions and mergers to grow at a faster rate…I guess it is the issue of resources for business for big businesses. Boards demand executives to be consistent in looking for potential acquisitions. N***egative behavior***: These industry manoeuvers lead to acquisitions of competitors to close them down to limit competition and maintain business growth." PE19*

Phase 2. Refining the Factors

The academic and practitioner lists were refined throughout the second phase of the study, which helped narrow down the organizational performance pressures. It was essential to go through this pruning procedure to narrow down the most important factors relevant to the study issue. During this phase, academics identified 15 organizational pressures (AOPL) and 16 factors compromising ethical leadership (AFCEL), each supported by more than 60% of the academic experts. Similarly, our practitioner experts have distilled their views into 17 organizational performance factors (POPL) and 18 factors that negatively influence and compromise ethical leadership (PFCEL). The summary of the refined factors, as identified by the top 60% of the experts, is shown in Tables 2 and 3.

Table 2 presents the answer to RQ1 Academics and Practitioner Experts: What factors determine organizational performance pressures.

Table 2. Organizational Pressures List (AOPL and POPL)

%	AOPL	%	POPL
91%	Pressure to present positive financial reports	92%	Pressure to achieve competitive advantage: Competitive Pressures
91%	Pressure to acquire other organizations: Mergers	92%	Pressure to present a positive financial statement
83%	Achieving greater efficiency pressure	92%	Pressure To Buy other organizations
83%	Market pressure	84%	Pressure to keep the market share and dominate the market

%	AOPL	%	POPL
83%	Pressure to achieve competitive advantage: Competitive pressures	76%	Pressure to increase sales and revenues
83%	Internal process: productivity and innovation	76%	Legislative pressure
75%	Declining customer base	76%	Pressure to achieve greater efficiency
75%	Innovation competitors	76%	Pressure to dominate the value chain
66%	Government pressures	76%	Pressure to collaborate with other organizations
66%	Share prices	76%	Pressure To Contain Costs
66%	Market access and consumer retention	69%	Pressure to improve the quality of products and services
66%	Societal pressure	61%	Pressure to have effective and impactful marketing communication
66%	Growth through acquisition pressures	61%	Pressure from financial control mechanisms
66%	Demanding customers	61%	Pressure to meet production targets:
66%	Pressure from the financial control mechanism	61%	Pressure from competitive pricing

Source: Authors' work (2024)

The answer to RQ2: Academics and Practitioner Experts: What factors compromise ethical leadership? It is presented in the Table 3.

Table 3: Ethical leadership (AFCEL and PFCEL)

Ranking	AFCEL	Ranking	PFCEL
91%	Lack of ethical guidance/sensitivity	84%	Lack of integrity & dishonesty
83%	Lack of accountability	76%	Lack of accountability
83%	Untrustworthiness	62%	Lack of transparency
83%	Lack of integrity & Dishonesty	62%	Conflict of interest
75%	Weak corporate governance	62%	Imprudence
75%	Lack of power-sharing	62%	Injustices
75%	Low moral judgement	62%	Low moral judgement
75%	Lack of empathy	62%	Self-interest
66%	Ineffective & deceptive communication	62%	Preference of perceived important stakeholders
66%	Lack of value-based decision-making	62%	Short-termism
66%	Fear and intemperance	61%	Lack of ethical guidance/sensitivity
66%	Greed	61%	Unfairness
66%	Injustices	61%	Lack of compliance
66%	Lack of transparency	61%	Absence and weak code of ethics
66%	Unfairness	61%	Weak corporate governance
		61%	Ineffective & deceptive communication

Source: Authors' work (2024)

Phase 3: Ranking and Consensus Building

The answer to SrQ3: What is the rank order of the most influential organizational performance pressure and factors that compromise ethical leadership? It is presented in Table 4.

The final phase of the research endeavored to achieve a consensus on ranking factors among academic and practitioner experts. This culminated in a convergence of viewpoints on the constructs that were the subject of the examination. The culmination of this thorough iterative process was establishing the final ranked order of organizational performance pressures by the academic and practitioner experts. The results of the academic experts ranking order are presented in Table 4 .

Table 4. AOPL and AFCEL rank order

The AOPPL academic rank order		The AFCEL academic rank order	
Rank Order		Rank Order	
1	Competitive pressure	1	Lack of accountability
2	Achieving greater efficiency	2	Lack of integrity
3	Declining customer base	3	Dishonesty
4	Demanding customers	4	Lack of ethical guidance/sensitivity
5	Control mechanism	5	Low moral judgement
6	New innovative competitors	6	Lack of transparency
7	Pressure to present positive financial reports	7	Unfairness
8	Internal process: Productivity and innovation	8	Limited power-sharing
9	Market pressure	9	Injustices
10	Social pressure	10	Tolerance to ethical violations
11	Innovation pressure	11	Untrustworthiness
12	Share prices	12	Lack of empathy
13	Market access and customer retention	13	Fear and intemperance
14	Government pressure	14	Greed
15	Mergers	15	Ineffective communication
		16	Ineffective decision making

Source: Authors' work (2024)

Academics ranked the performance pressure as competitive pressure, achieving greater efficiency, declining customer base, demanding customers, and Controlling mechanisms, among the top five highest organizational performance pressures. Academic experts identified. These AFCEL: *Lack of accountability, Lack of integrity, Dishonesty, Lack of ethical guidance/sensitivity, and Low moral judgement* are the top five highest in Table 4.

Table 5. POPL and PFCEL

The POPL Practitioner rank order		The PFCEL Practitioner rank order	
Rank Order		Rank Order	
1	Competitive pressures	1	Lack of accountability
2	Achieving greater efficiency	2	Dishonesty
3	Pressure to present positive financial reports	3	Lack of integrity
4	Growth through acquisition pressures	4	Short-termism
5	Quality	5	Low moral judgement
6	Pressure to contain costs	6	Unfairness
7	Income and profitability pressures	7	Transparency
8	Declining customer base	8	Lack of ethical guidance/sensitivity
9	Market pressures	9	Conflict of interest
10	Demanding customers	10	Injustices
11	Environmental pressures	11	Weak corporate governance
12	Regulatory compliance	12	Lack of compliance
13	Collaboration (that leads to price-fixing, market division, collusive tendering)	13	Imprudence
14	Abuse of dominance	14	Ineffective code of ethics
15	Bonuses	15	Ineffective communication
16	Pressure to buy competitors	16	Preferential stakeholders approach
17	Distribution channels	17	Process orientation
		18	Self-interest

Source: Authors' work (2024)

After the practitioners' ranking iteration process was completed, the following outcome emerged from the ranking process: the practitioner experts' final organizational performance pressures and the factors that compromise ethical leadership were concluded. The results of the practitioner experts' ranking order are presented in Table 5. Practitioners ranked *competitive pressure, Pressure to present positive financial reports, Growth through acquisition pressures, and Quality as the top five highest organizational* performance factors. Practitioners ranked *Lack of accountability, Dishonesty, Lack of integrity, Short-termism, and Low moral judgement* as the top five highest factors that compromise ethical leadership in Table 5. The results from these three phases, thus, provide a nuanced understanding of the organizational performance pressures and their interplay with ethical leadership, forming a robust foundation for further academic exploration and practical application.

Discussion

This study aimed to investigate the factors that influence ethical performance pressures and their negative expression on organizational leadership behavior. Three secondary research questions were considered to answer the primary research topic. The secondary research questions' aims were as follows: Identifying the factors influencing organizational performance pressures was the primary topic of the first secondary research question. The second secondary research question sought to uncover specific performance pressures. Finally, the third secondary research question determines the rank order of the factors that put the most pressure on organizational leaders and compromise ethical behavior.

Factors Influencing Organizational Performance Pressures

The findings suggested two methods for answering RQ1. The first strategy focused on recognizing and characterizing broad performance pressures, while the second focused on finding and expressing specific performance pressures. A pattern evolved that differentiated between internal and external performance pressures. Internal performance pressures influenced ethical leadership intention directly, but external performance pressures influenced ethical leadership indirectly. The study's context focused on factors directly influencing ethical leadership. After coding and categorizing the data, academic experts had 15 themes, and practitioner experts had 17 themes on performance pressures.

Performance Pressures Results

The study identified performance pressures and found that they could lead to outcomes perceived as either threat appraisal (negative) or challenge appraisal (positive). However, the present literature must clearly indicate the proper appraisal that could positively or negatively influence ethical leadership behavior (Bateman *et al.*, 2019). A demarcation inside the study was required to understand the influence of performance pressure on ethical behavior without the necessity for a prefix such as "threat appraised." The second element of the research question looked into particular performance pressures that directly impact ethical leadership behaviors.

Competitive pressure, pressure to achieve greater efficiency, pressure to present positive financial statements, and pressure to grow through acquisitions were identified as the top five factors influencing ethical leadership behaviors under specific performance pressures. Upon an examination of these results, it emerged that these pressures were aligned with the Kaplan and Norton Balanced Scorecard perspectives: pressure to present positive financial statements aligned with the financial perspective: profitability; competitive pressure was aligned with the customer perspective: outcompeting rivals in serving customers; business process perspective was aligned with pressure to achieve greater efficiency: productivity; and growth perspective was aligned with pressure to grow through acquisitions Kaplan and Norton's (1992): Challenged-appraised performance pressure evaluations resulted in high levels of performance, whereas threat-appraised evaluations resulted in ethical leadership issues. Organizational stakeholders put much pressure on leaders to meet performance targets, which changed ethical leadership behavior and led to unethical practices.

Factors that compromise ethical leadership under performance pressure:

The second layer of the research sought to identify the factors that negatively impact and compromise ethical leadership when performance pressure is exerted. To answer this question, the study focuses on consensus and disagreement among expert groups on these parameters. The goal was to identify the performance demands that negatively impact ethical leadership and define the accompanying undesirable behavior. After coding and categorizing the data, ethical leadership experts identified 16 themes and practitioner experts identified 18 themes.

Expert Consensus

The findings show that ten elements were identified as negatively influencing and undermining ethical leadership under performance pressure by both sets of experts. Lack of accountability, lack of integrity, dishonesty, lack of ethical guidance, low moral judgement, lack of transparency, unfairness, injustices, self-interest (greed), and inadequate communication are among these causes. According to academic and practitioner experts, a lack of accountability is the most important element influencing ethical leadership. All experts agree that the top five consensus elements, including lack of accountability, integrity, dishonesty, and low moral judgment, negatively impact ethical leadership in South Africa.

Disagreement among experts

Academic and practitioner professionals disagree on the elements negatively influencing ethical leadership under performance pressure. Academic experts recognized the lack of power-sharing, tolerance for ethical infractions, untrustworthiness, lack of empathy, and fear and intemperance as elements influencing ethical leadership. On the other hand, short-termism, weak corporate governance, lack of compliance, imprudence, favored stakeholders, process orientation, and conflicts of interest were highlighted by practitioner experts as variables impacting ethical leadership.

Implications and Significance

Identifying these factors, both agreed upon and causing disagreement among experts, has significant consequences for practice and theory. Understanding the factors experts agree on sheds light on the behaviors and practices detrimental to ethical leadership. However, the appearance of varying perspectives among specialists underlines the issue's complexity and the need for more investigation. It should be noted that there are numerous elements impacting ethical leadership, but this study focused particularly on those that resulted from evaluating organizational performance pressure.

While there is limited empirical evidence regarding the influence of culture, principles, values, attitudes, and norms on these identified factors, there are notable similarities and differences in perceptions when performance targets are met or exceeded. For example, the literature emphasizes the importance of accountability in the South African context, but Western literature emphasizes the importance of integrity (Brown *et al.*, 2005).

Ranking of the Most Influential Organizational Performance Pressure and Factors Compromising Ethical Leadership:

The study used the participants' rankings from Tables 4 and 5 to identify the rank order of the most influential organizational performance pressure and factors compromising ethical leadership. The findings show the following: Academics identified and ranked *competitive pressure, achieving greater efficiency, declining customer base, demanding customers, and Controlling mechanisms* as the top five highest in organizational performance pressures. Academic experts identified and ranked Lack of accountability, Lack of integrity, Dishonesty, Lack of ethical guidance/sensitivity, and Low moral judgment as the top five highest in Table 4**.**

Practitioners identified and ranked *competitive pressure, Pressure to present positive financial reports, Growth through acquisition pressures, and Quality as the top five highest organizational* performance factors. Practitioners ranked *Lack of accountability, Dishonesty, Lack of integrity, Short-termism, and Low moral judgment* as the top five highest factors that compromise ethical leadership in Table 5.

According to these findings, academic and practitioner experts agree on ranking the most impactful organizational performance factors, with competitive pressure being identified as the greatest influence on ethical leadership behavior. The study analyzed the rankings from Table 3: Academic: Factors Compromising Ethical Leadership (FCDEL) and Table 4: Practitioners: Factors Compromising Ethical Leadership (FPDEL) for the factors that compromise ethical leadership. The outcomes are as follows: Both academic and practitioner experts agreed on ranking factors threatening ethical leadership, with lack of accountability being rated as the most crucial. In declining order of significance, the remaining factors include a lack of integrity, dishonesty, low moral judgment, ethical guidance, transparency, unfairness, injustices, self-interest (greed), and inefficient communication.

It is worth noting that academic experts identified additional factors, including a lack of power-sharing, tolerance for ethical violations, untrustworthiness, a lack of empathy, fear, and intemperance. On the other hand, practitioner experts highlighted factors such as short-termism, poor corporate governance, a lack of compliance, imprudence, favoured stakeholders, process orientation, and conflict of interest. These rankings provide valuable insights into the factors that compromise ethical leadership under performance pressure, emphasizing the need to address accountability, integrity, moral judgment, and ethical advice.

Furthermore, this study also sheds light on the factors that harm and compromise ethical leadership under performance pressure. The found consensus factors and the factors causing disagreement among experts contribute to a complete knowledge of the issues confronting leaders attempting to uphold ethical norms. Further study can be conducted to identify techniques and interventions that promote ethical leadership while mitigating the impact of performance expectations.

The findings show the impact of organizational performance pressure on ethical leadership behavior. Performance pressures, including profitability, productivity, competitive pressure, and market share growth, have a negative impact on ethical leadership behavior when they are threat appraised. It emphasizes the importance of defining performance pressure evaluation to understand its impact on ethical behavior. Results also add to the body of knowledge on organizational performance pressure and its impact on ethical leadership. Organizations can proactively solve these difficulties and promote ethical decision-making and behavior among their leaders by recognizing the specific business pressures and factors that negatively influence ethical leadership behavior.

CONCLUSION AND RECOMMENDATIONS

This study aimed to identify different types of organizational performance pressures that organizational leaders face and the effects of these pressures on ethical decision-making and behavior. By analyzing secondary research questions and considerable empirical research, this work has provided valuable insights into the complex relationship between performance pressure and ethical leadership.

The findings reflect various performance pressures organizational leaders face. General organizational factors were recognized as indirect influencers on ethical leadership behavior, including market/economic pressure, competitive pressure, regulatory compliance/government pressure, growth through acquisition pressure, and societal pressure. External pressure comes from many stakeholders, like competitors, the government, and society, making it difficult for leaders to uphold ethical standards.

The study emphasized the factors that have a negative impact on and compromise ethical leadership when performance pressure is applied. The leading factors undermining ethical leadership are a lack of accountability, followed by a lack of integrity and dishonesty, low moral judgment, lack of transparency, unfairness, injustices, self-interest (greed), and inefficient communication. These factors illustrate leaders' ethical dilemmas while under pressure to reach and exceed performance targets.

The findings also show ranking the most influential organizational performance pressures, with market/economic pressure being rated as the most influential factor on ethical leadership behavior. This rating was agreed upon by both academic and practitioner experts, emphasizing the importance of economic factors in molding leaders' ethical behavior. This research adds to the body of knowledge by providing light on the multidimensional relationship between performance pressure and ethical leadership. It thoroughly explains the many performance demands that leaders encounter and their impact on ethical decision-making and behavior. This study enables firms to establish focused interventions and strategies to promote ethical leadership practice by identifying the factors that undermine ethical leadership.

Understanding that ethical leadership is a complicated and dynamic process influenced by various contextual factors is critical. The study's findings provide a foundation for future research and examination into the intricacies of performance pressure and its implications for ethical leadership. Future research could examine the cultural, social, and individual factors influencing the link between performance pressure and ethical behavior.

The study had two major limitations. The first limitation is related to the response rate. Even though the researcher had to contact and establish a rapport between himself and the participants, the response rate was an issue due to iterations that brought about response fatigue. Furthermore, the data collection happened at the height of the COVID-19 pandemic lockdown. Much time was spent calling and asking respondents to send back their responses, which took longer than was planned for this phase of the study.

The second limitation was methodology, where the researcher experienced most limitations. The Delphi method required the panel of experts to respond comprehensively; some respondents were very brief in their answers. People are increasingly brief in their written communication in the “sound bite” world presented by platforms such as social media. The situation required the researcher to go back and forth in cases where it was difficult to decode the meaning of their brief statements. The process took a considerable amount of time.

Further research should be conducted into organizational pressures unrelated to performance. The results show that pressure must be viewed as internal pressure (performance-aligned) and external pressure (non-performance-related). Internal pressures (performance) are related to profitability, productivity, competition, and market share growth, and external pressures are related to environmental business pressures such as societal pressure, political pressure, legal pressure, technological pressure, and ecological and environmental pressures. More research is required on the effects and impact of external business pressure on ethical leadership to understand how these pressures result in unethical business leadership behavior.

Finally, this study emphasizes the need to recognize and resolve the performance constraints that organizational leaders experience and their impact on ethical leadership. Organizations can develop ethical decision-making and behavior among leaders by recognizing the sorts of pressures and factors impacting ethical behavior and ranking the order of influential performance pressures. Finally, encouraging ethical leadership benefits organizations and improves society's well-being.

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Baznas *Micro-Crowdfunding*: Risk Management-Based Organizational Design on the Transformation of Baznas Micro Zakat Bank

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ABSTRACT

Bank Zakat Micro (BZM) is a microfinance service initiated by BAZNAS to leverage ZIS-DSKL funds for providing capital to micro business mustahik under the al-Qardh principle, which entails interest-free financing. The main goal of this study is to develop a strategic model that transforms BCM's operational framework into an independent institution capable of generating organizational revenue while fostering community participation in poverty alleviation. This applied research employs a qualitative descriptive approach to explain, design, and process data into a practically implementable model. The data collection technique was systematically performed using a sequential transformative strategy that involved stakeholder interviews, regional observations of BZM activities, and the analysis of internal and external institutional reports. Using the method of interviews with *stakeholders*, observations of BZM in several regions, and document studies in the form of internal and external reports of the institution. The findings led to the creation of a risk-based organizational design to transform BZM into BAZNAS *Micro-Crowdfunding*, which is a crowdfunding service for Mustahik MSMEs in the form of KSPPS. Additionally, future BZM services are anticipated to encompass a combination of Qardh-based savings and loans, micro-crowdfunding investments, and assistance for Mustahik MSMEs. The research also outlines a comprehensive guide to implementing micro-crowdfunding schemes, from business processes to the impact assessment of the results, and demonstrates the practical applications of the study.

Keywords:
Micro zakat bank; organizational design; risk management; self-reliance scheme; transformation

ABSTRAK

Badan Zakat Mikro (BZM) adalah layanan keuangan mikro yang diinisiasi BAZNAS, untuk mendayagunakan ZIS-DSKL kepada mustahik pelaku usaha mikro dalam bentuk permodalan menggunakan prinsip al-Qardh, yaitu pembiyaan tanpa keuntungan. Sejalan dengan jumlah penyaluran dana yang besar, BZM mendapatkan permintaan replikasi yang tinggi di beberapa daerah untuk segera mentrasnformasikan skema operasional BZM menjadi lembaga yang mandiri dan menghasilkan pemasukan organisasi dengan melibatkan partisipasi masyarakat dalam mengentaskan kemiskinan. Penelitian ini bertujuan untuk menjelaskan, merancang dan mengolah data menjadi sebuah model strategis yang dapat digunakan secara implementatif. Penelitian ini menggunakan pendekatan deskriptif kualitatif. Teknik pengumpulan data dilakukan dengan strategi transformatif sekuensial menggunakan metode wawancara dengan stakeholder, observasi terhadap BZM di beberapa daerah, dan studi dokumen berupa laporan internal maupun eksternal lembaga. Penelitian ini menghasilkan desain organisasi berbasis risiko dalam proses transformasi BZM menjadi BAZNAS Micro-Crowdfunding yaitu layanan urun dana bagi UMKM mustahik berbentuk KSPPS. Adapun layanan BZM ke depan dapat berbentuk gabungan dari beberapa layanan berupa simpan-pinjam berbasis Qardh, investasi urun dana mikro berupa micro-

crowdfunding serta pendampingan usaha bagi UMKM mustahik. BZM dapat menjalankan panduan skema micro-crowdfunding mulai dari proses bisnis hingga pengukuran dampak dari hasil penelitian ini.

Kata Kunci:
Bank zakat mikro; desain organisasi; manajemen risiko; skema kemandirian; transformasi

INTRODUCTION

The concept of microfinance is familiar to the people of Indonesia. It is recorded that since the colonial era, people's credit institutions have been born to handle the community's financial needs. The presence of zakat institutions and the Sharia economic movement that became popular in the early 1990s gave a new nuance to the world of microfinance. Recent advancements in digital technology and regulatory frameworks have significantly enhanced the scope and efficiency of microfinance services, establishing a new state of the art in how these services are delivered and managed. BAZNAS, as a government institution that manages zakat nationally, seeks to find a zakat-based microfinance model as a form of socio-economic engineering to spread benefits through capital and financial facilities. Through BAZNAS Decree No. 20 of 2018, BAZNAS Microfinance (BMFi) was born, which is currently changing its name to Bank Zakat BAZNAS, which has microfinance services in each village sector called Bank Zakat *Micro* (BZM). As of December 2022, 15,756 *Mustahik* partners have been assisted, covering 3,939 heads of families with a total disbursed fund of Rp. 9,501,233,530 (Aziz, 2023).

In line with the large fund distribution, BZM has received high demand from regional BAZNAS to form BZM in various regions in Indonesia. This scheme needs to be more balanced compared to the capabilities of human resources in the Bank Zakat division and the level of performance loan (Aziz, 2023). Which is low from the *mustahik* partners. Therefore, the idea of transforming BZM into a micro stock exchange that can generate organizational income by involving community participation in alleviating poverty in their environment has emerged. However, the existing independence plan is hit by BZM's operational scheme, which still uses loan services (Aziz, 2023). *Qardh*, no income covers the institution's operational needs. Thus, this transformation process needs to be designed using a new strategy related to BZM's organizational design so that the institution can be more flexible in managing its operational processes.

To produce the right strategy proposals, BZM requires a risk-based organizational design to oversee the transformation process and ensure it runs smoothly. BAZNAS risk management documents are still in the formulation stage, so no official guidelines can be used in the organization's BAZNAS Bank Zakat division design. If so, the organizational design that will be made later must be able to accommodate risks during the transformation process and an escort scheme so that the implementation of the independence scheme can run optimally.

Islamic microfinance is a source of capital for economic development that has helped reduce multidimensional poverty by having a moderate but positive impact on the poor's standard of living, health, and education, thereby improving their lives. Low access to financing is often the biggest obstacle in building physical collateral for people with low incomes. Therefore, Sharia microfinance institutions (LKMS) can be seen as an effort to provide financial access to people experiencing poverty who do not have collateral (Rahman *et al.,* 2014; Kassim & Rahman, 2018)

Risk management involves risk identification, collection or combination of similar risks, risk assessment, control, and monitoring (Manan & Shafiai, 2015). Risk management in financial institutions intends to improve the Performance and financial sustainability that determines the sustainability of MFIs (Wafi & Muhammad, 2023; Wediawati *et al.*, 2018). Other research has found that business age, risk-taking, innovation, and being proactive impact MFIs (Rahman & Dean, 2013; Yewoh *et al.*, 2021). Furthermore, sustainability is one of the challenges for MFIs. Sustainability in Islamic microfinance will enable the community's economic empowerment in the long term to overcome the wider shortcomings and vulnerabilities of people with low incomes. This shows the importance of risk management for MFIs to improve their efficiency to benefit the wider community (Al-Rahahleh, 2019).

To serve the community, they offer various types of financing with a profit-sharing system for buying and selling, leases, and pure loans (without compensation). In these cases, MFIs are unique in terms of the risks they face (Wulandari *et al.*, 2016). This type of risk is unique because Islamic microfinance institutions share the risk between the MFI and the customer under a profit-sharing contract. Since microfinance institutions' customers come from the poorest segments with low levels of education, Islamic microfinance institutions face high risks – not only credit risk but also risks related to liquidity management, market conditions, transactions, fraud, governance, and reputation (Khan & Astha, 2014).

From the existing phenomenon, it is necessary to mitigate risks under the source and type of risk, as well as the characteristics of Islamic microfinance institutions, so that they can reduce adverse choices in their lending process by conducting a strict selection of prospective borrowers using risk assessment-based assessments (Hernandez & Torero, 2014). Furthermore, it is important to know that borrower selection and portfolio management are ways to mitigate risks in Islamic microfinance institutions (Tamanni, 2019). In addition, other studies state that a risk management work unit is a necessary mechanism for better risk control, and companies with such units tend to perform better than those without them (Ghazieh & Chebana, 2021; Jia & Bradbury, 2021).

This research proposes that a risk-based organizational design can effectively enhance the sustainability and independence of BZM, enabling it to operate without central institutional assistance and thereby fostering a self-sustaining, socially responsible community through improved financial mechanisms. This approach aims to transform BZM into a more stable and sustainable institution, capable of operating independently without the need for central institutional assistance, and proposes a new organizational design within Baznas in 2025. This design intends to build a socially conscious community equipped to sustain itself through enhanced capital and financial facilities.

RESEARCH METHODS

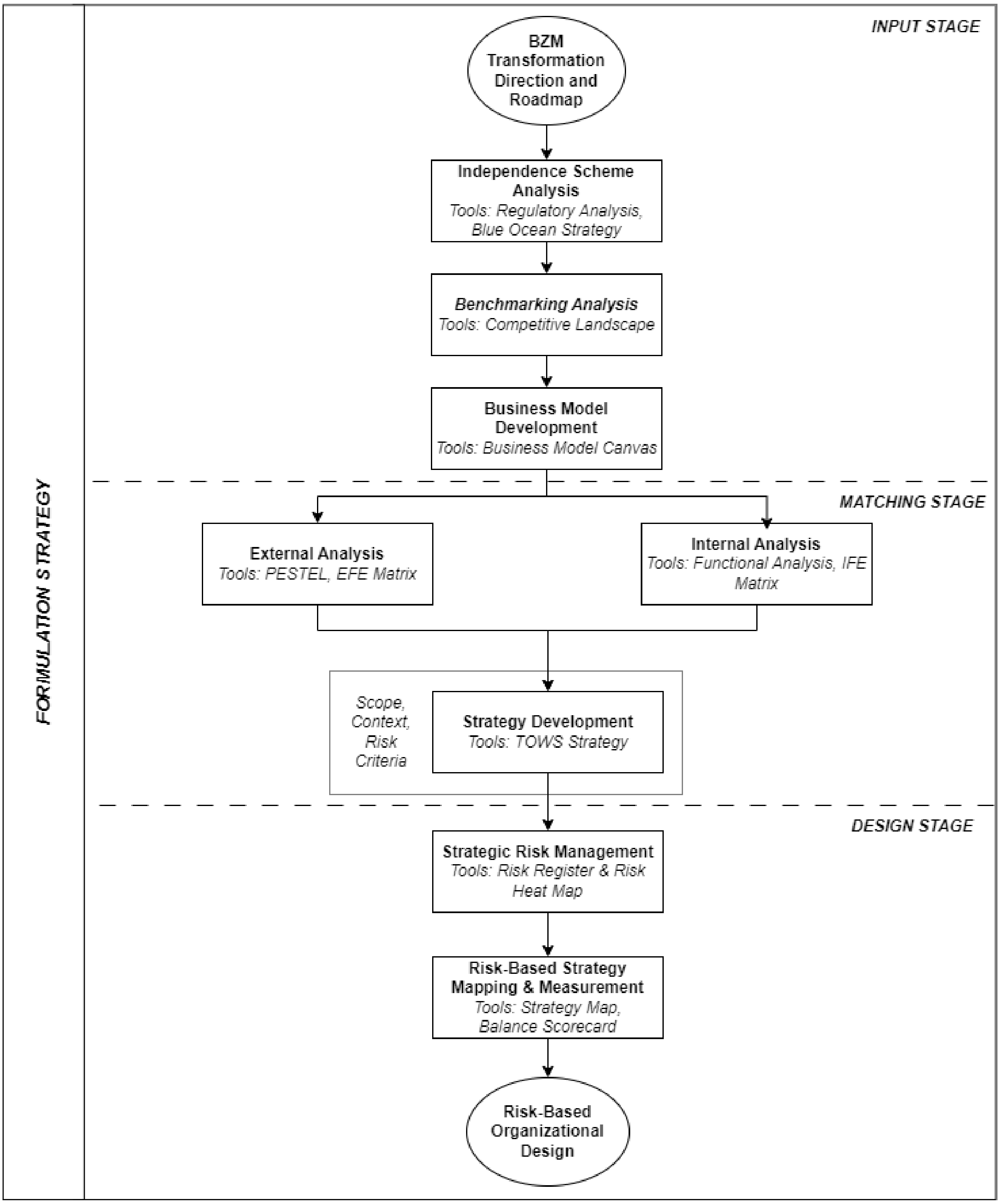

Figure 1. Research Outline
Source: Authors' work (2023)

This study uses a qualitative descriptive approach where the research design is prepared to provide a systematic overview of scientific information derived from the research object. (Sanusi, 2014) The object of implementing this research is the division of Bank Zakat BAZNAS, focusing on transforming Bank Zakat Micro (BZM) services. This type of research is applied research that aims to explain, design, and process data into a strategic model that can be implemented. This study's data type is document data using internal and external data sources.

The data collection technique uses a sequential transformative strategy that combines data from one method with another. This study's data collection technique uses an interview with the Head of the Micro Zakat Bank Division under the Central BAZNAS, interviews with Micro Zakat Banks (BZM) in *Bedono, Sawojajar, Matraman*, and *Bojong Rangkas*, and document studies in the form of internal and external reports of the institution. Activities in qualitative data analysis are carried out interactively and continuously until complete so that the data is saturated. Data analysis and processing methods use several tools (Sugiyono, 2021) *tools* as shown in **Figure 1**.

RESULTS AND DISCUSSION

In response to both macro and micro dynamics and changes, Bank Zakat *Mikro* (BZM) must continuously refine and develop to address community needs effectively. This ongoing development aims to foster a socially minded society that is independent and sustainable, spreading benefits through capital and financial facilities. Micro Zakat Bank – hereinafter referred to as BZM – is a microfinance service initiated by BAZNAS to utilize ZIS-DSKL to *mustahik* micro business actors in the form of capital financing and business development at the village level. BZM financing uses the al-*Qardh* principle, which does not attract profits in profit sharing, margin, or other similar terms. The increasing demand from the regions to form a new BZM encourages BAZNAS to independently manage several BZMs and manage the institution independently from the funds circulating through business model innovation. This is following the BAZNAS milestone plan, which has prepared a sustainability plan for BZM in five stages, namely the initiation stage, operational stage, strengthening stage, institutionalization stage, and take-off stage.

Analysis of the Independence Scheme

The transformation of BZM is very closely related to the form of institutions and operational schemes that are carried out. As a service that has intersected with thousands of rural communities, the transformation that BZM will carry out must follow applicable regulations to prevent future problems. In connection with existing regulations, it is necessary to choose a form of legal entity that will be used as a basis by BZM in the future. Four rules are studied as the basis for the form of a legal entity for BZM independence, namely:

1. Law of the Republic of Indonesia No. 25 of 1992 concerning Cooperatives
2. Law of the Republic of Indonesia No. 1 of 2013 concerning Microfinance Institutions.
3. PermenKopUMKM RI No. 11/PER/M.KUKM/2017 concerning the Implementation of Sharia Savings and Loan and Financing Business Activities by Cooperatives.

4. Government Regulation of the Republic of Indonesia No. 7 of 2021 concerning the Facilitation, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises explains the Law of the Republic of Indonesia No. 11 of 2020 concerning Job Creation.

From the analysis of the four regulations, it was found that the form of legal entity that is most in line with BZM's independence strategy is KSPPS, namely Sharia Savings and Loan and Financing Cooperatives. The reason for choosing KSPPS is based on the unpreparedness of KSPPS management human resources and business systems that are not so rigid as MFIs, so the scheme is flexible if various kinds of cases are encountered in the field. Therefore, BZM is more suitable for direct instruction in the form of KSPPS, noting that the supervision system must be strengthened.

Along with BAZNAS's mission, which is to optimize the distribution and utilization of zakat for poverty alleviation, improvement of community welfare, and moderation of social inequality, it is necessary to formulate the concept of BZM independence by these targets. Crowdfunding is one of the alternative concepts that can encourage Indonesia's economic progress and accelerate the growth and development of MSMEs through easy access to MSMEs ' capital. As a legal entity that will later be in the form of KSPPS, BZM has the potential and advantage of implementing a crowdfunding system. One of the main goals of KSPPS with this crowdfunding system is to maximize profits for the common benefit of members. This distinguishes cooperative-based crowdfunding from crowdfunding that is rampant in the form of corporations.

Benchmarking Analysis

Based on POJK 57/POJK.04/2020 concerning Securities Crowdfunding (SCF), SCF institutions that are members of ALUDI (Indonesian Crowdfunding Services Association) were formed. This SCF institution is the cornerstone in creating the Competitive Landscape as a business analysis method that identifies direct or indirect competitors to help understand their mission, vision, core values, market niche, strengths, and weaknesses. The following is the Competitive Landscape of the KSPPS BAZNAS micro-crowdfunding concept in Appendix 1.

Business Model Canvas

From the analysis of the formulation of the concept above, it is found that the BZM independence scheme needs to be fully invested in crowdfunding in debt and equity crowdfunding or fully donated crowdfunding. BZM as a BAZNAS service is in the middle of the second concept that gave rise to micro-crowdfunding. Micro-Crowdfunding is an alternative scheme for the lower middle class to invest small amounts of money through organizers to micro businesses/enterprises. Micro-Crowdfunding aims to remove common barriers to investing to micro investors, such as minimum balances/deposits and fees per transaction, and improve the accessibility of funding/capital to micro businesses/ventures. This is also an alternative solution for people to use their money productively through affordable investment opportunities with good returns. The role of BZM in this micro-crowdfunding scheme is depicted in the canvas of Appendix 2.

TOWS Matrix

TOWS analysis is used to formulate a strategy to be developed by BAZNAS Micro-Crowdfunding from internal and external factors. Business actors in the micro-crowdfunding scheme are MSMEs in the regions/villages. From a macro point of view, MSMEs have various potentials to become the subject of this micro-crowdfunding concept. The external analysis uses the PESTEL method to examine the potential of MSMEs in the micro-crowdfunding scheme. To transform into a micro-crowdfunding scheme, it is also necessary to review the potential of the Performance of services that have been run previously. The internal analysis of BZM uses functional analysis. Then, the internal and external analysis results are compiled in the TOWS Matrix, as seen in Appendix 3.

Strategic Risk Management

Strategy risk management formulates a list of risks used to generate strategy goals that have been mitigated from risks. The risk management results of this strategy will later be useful as a basis for determining strategy measurement using a balanced scorecard. The list of risks of BAZNAS Micro-Crowdfunding is found in Appendix 4.

Then, the results of the risk register in Appendix 4 are processed into risk heat mapping as a form of visualization of the results of risk analysis, which is used to make it easier for BAZNAS to see the potential dangers contained in the Micro-Crowdfunding concept and determine risk control priorities that must be carried out first with the ultimate goal of achieving the predetermined targets. The following is the Risk Map of BAZNAS micro-crowdfunding in Figure 2. The strategic objectives of the risk management process are made into a strategy map, which shows an overview of achieving the goals of the BAZNAS Micro-Crowdfunding concept, as shown in Figure 3.

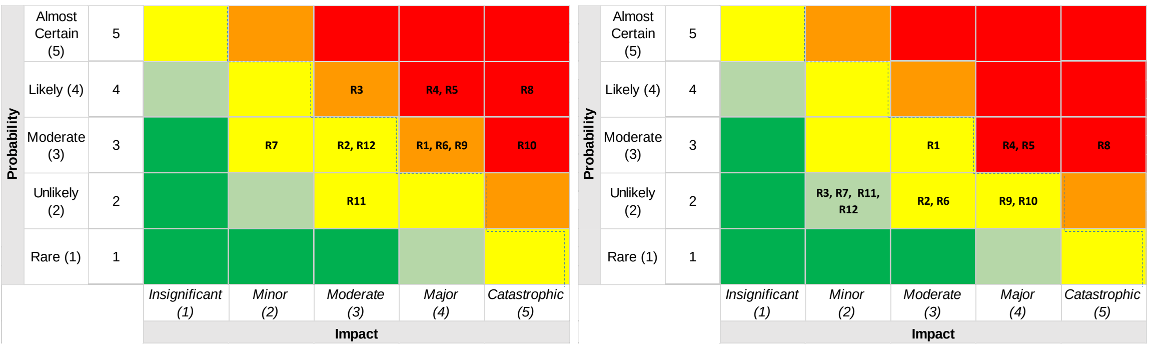

Figure 2. ***Risk Heat Map***
Source: Authors' work (2023)

Balanced Scorecard

From the strategic goals that have been mitigated through risk management and goal depiction through the strategy map, a balanced scorecard is then made as an implementation of the BAZNAS micro-crowdfunding strategy. The following is the balanced scorecard formulated in **Appendix 5.**

Risk-Based Organizational Design

1. Business Model

BZM's business model is a micro-investment facilitator that conducts channeling agencies between BZM partner business actors and micro-investors from the general public through Sharia Savings, Loans, and Financing Cooperatives (KSPPS).

2. Business Process

   Business processes are a series of procedures related to each other to form a flow that aims to run a business smoothly, efficiently, and effectively. The business processes carried out by BZM can be seen in Figure 4.

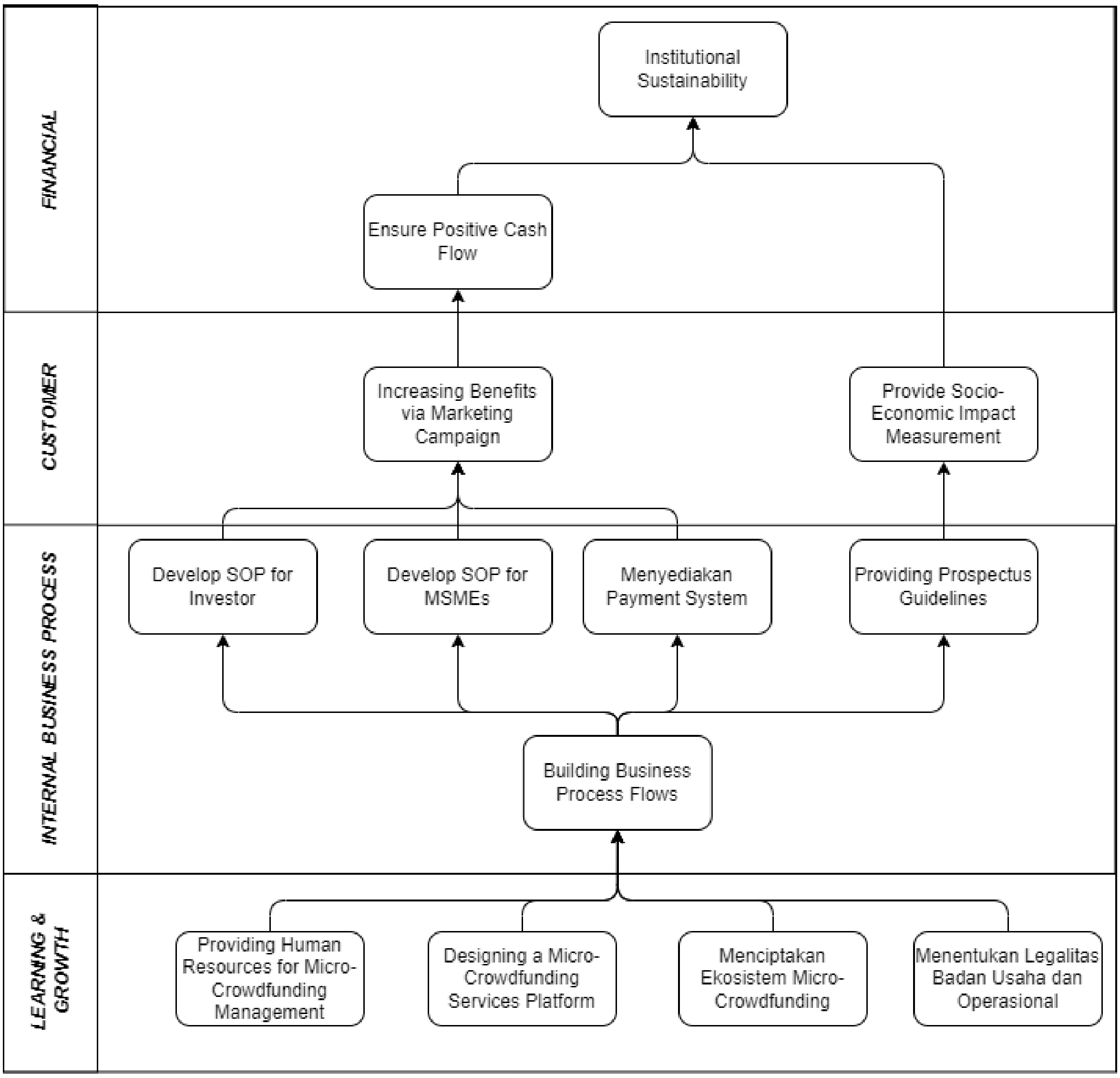

Figure 3. ***Strategy Map***
Source: Authors' work (2023)

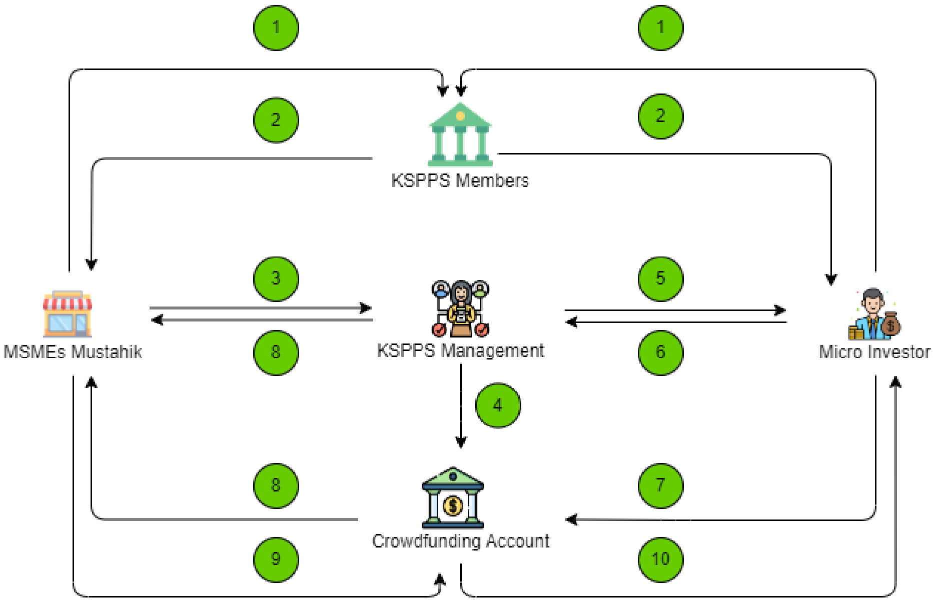

Figure 4. Business Process
Source: Authors' work (2023)

BZM acts as a hub or liaison between the community as investors and MSMEs needing funds. The information on the business process above is as follows:

1. Member submission is a condition for participating in the micro-crowdfunding scheme consisting of old/new partners of Mustahik MSMEs, and the community is a micro-investor.
2. Furthermore, an assessment of the eligibility of members is carried out with criteria
   a. MSMEs are assessed based on commitment, feasibility, and business sustainability
   b. Investors are assessed based on the feasibility of the motive and the ability to invest
3. After becoming a member, MSMEs submit an application for funding needs to BZM.
4. If passed, the application for the needed funds was packaged as fundraising in a crowdfunding scheme. It will be submitted to the *Qardh* loan scheme if it does not pass.
5. KSPPS managers inform fundraising offers after the listing is collected through prospectuses to micro investors
6. Micro Investors interested in investing register as cooperative members and then buy transaction tools in the form of tokens.
7. Tokens purchased by micro investors are used as capital to invest in potential MSMEs according to investors' tastes.
8. The funds collected during the investment period are channeled to *Mustahik* MSMEs trained and nurtured to develop their businesses and achieve the target return. MSMEs are obliged to provide business activity reports to investors through BZM.
9. After the period ends, MSMEs provide profit-sharing returns to crowdfunding accounts.
10. The manager is entitled to a 5% fee before the profit share is distributed to investors according to the proportion of Investment as the cost of organizing micro-crowdfunding

1. Human Resources

In the work process, BZM requires a person to be in charge of the following fields.

1. The division that helps invite the public to become micro investors, as well as selects and regulates these human resources, is called the Networking and member Management division
2. The MSME Development & Feasibility Assessment division checks and assesses the feasibility of MSMEs listed on the micro-crowdfunding scheme. It helps develop them to generate returns according to the specified targets.
3. The Transaction Supervision & Compliance division organizes, supervises, and monitors the micro-crowdfunding transaction scheme and ensures that distributed funds reach eligible recipients.
4. The part that ensures the main system and support system runs by the operational workflow is the Chief Executive Officer or Manager

2. Operating Scheme for Investors

The following is an overview of BAZNAS's micro-crowdfunding operation scheme for investors as follows:

1. Complete the entire registration procedure
2. Selection of member eligibility based on institutional criteria
3. Socialization from the organizer to micro-investors on investment schemes risks
4. Opening an investment period during a predetermined time
5. Profit-sharing to all stakeholders involved

3. Operation Scheme for MSMEs

The following is an overview of BAZNAS's micro-crowdfunding operation scheme for partner MSMEs as follows:

1. Complete the entire registration procedure
2. Business Feasibility Selection based on institutional criteria
3. Socialization of MSME registration with communication strategies according to funding needs
4. Fundraising from micro-investors to funds raised at the right time and amount
5. Profit-sharing to all stakeholders involved

4. Transaction Scheme

This transaction scheme guides all BZMs that will implement the existing micro-crowdfunding system. Figure 5 shows the flow of the transaction scheme Figure 5. In this scheme, BZM requires a payment gateway to transfer existing funds. The payment gateway option with a token as the currency in the micro-crowdfunding scheme is determined. In the future, this token will be a medium of exchange from investors to MSMEs.

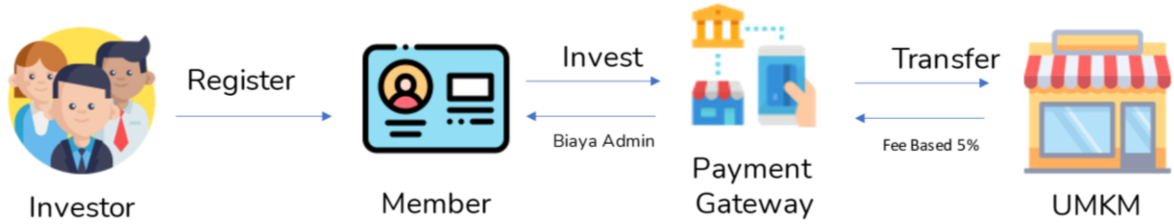

Figure 5. Transaction Scheme
Source: Authors' work (2023)

5. Prospectus Format Provisions

A prospectus is a document that elaborates on investment offerings from partner MSMEs to investors. The prospectus contains company profiles and annual reports to provide an overview of the business conditions of MSMEs offered to the public. The contents of the prospectus include the following:

1. Industry Highlight contains the potential of the industry in the business field that MSMEs are engaged in, where it will discuss Product Potential, Business Competitors, Sales Trends
2. Business Overview contains history, business description, address, and supporting data
3. Business Bio which contains: Business Name, Entrepreneur Biodata, Business Description, Business Address, Number of Employees, Employee Biodata, Legality Aspects
4. Income Statement & Balance Sheet
5. The Plan for the Use of Funds contains the number of Financing Applications, the Purpose of Use, the Plan of Use, the Term of Use, and the Draft Financing Needs.
6. Cooperation Scheme contains profit-sharing levels policies, rights obligations of MSMEs
7. Constraints & Handling

6. Campaign Plan

The campaign plan will reach the target consumers in an interesting, creative, and multi-media-engaging way. BZM requires a campaign plan consisting of the following components to promote the new micro-crowdfunding scheme.

1. The target, namely BZM, needs to compile and determine what targets to be achieved from this micro-crowdfunding scheme are more than just profits
2. The audit is that BZM needs to check what human resources and skills they have to carry out the existing campaign plan. If it is still far from capable, then BZM needs to determine what gaps need to be met so that the campaign plan can continue to run
3. Method: BZM needs to choose the form of the campaign plan that suits the budget
4. Prepare is to build a campaign plan with the following steps:
    a. Business selection by selecting MSMEs that are suitable for Investment with criteria that BZM has previously determined
    b. Prepare a campaign plan that includes success stories, attractive cooperation schemes, future business milestones, and projected fundraising profits.

c. Campaign execution according to the plan made accompanied by periodic evaluations

7. Impact Measurement

Impact Measurement uses two methods, namely SROI and SLIA. As a test of the scheme micro-crowdfunding, Bank Zakat issued the Ramadan 2023 financing program, which is a loan Qardh with modified conditions adjusting the scheme micro-crowdfunding, namely the determination of a ceiling above 3 million to a maximum of 10 million with the condition of a maximum return of 2 months. Social Return on Investment (SROI) is a tool for measuring and calculating the broader concept of impact calculation by measuring the changes experienced by people or organizations in relevant ways. (Gargani, 2017; Hastono & Ratnasari, 2020; Venezia, 2020). The results of SROI's financing analysis show that 18 out of 33 MSMEs managed to increase business growth from the previous months.

Then, the Sustainable Livelihood Impact Assessment (SLIA) aims to measure changes in MSME assets by evaluating the program's sustainability in five assets: human, natural, financial, physical, and social. In this impact measurement analysis, a sample of data on Mrs. Narti's MSMEs from BZM *Sawojajar* was used in the prospectus. The results of the assessment of asset components produced a positive trend in all aspects, with an average value of 1,266 points or "Moderate." Blue line indicates before financing and orange line indicate after financing. This indicates that Ramadan financing positively impacts Mrs. Narti's MSMEs. The results of the visualization of the SLIA method can be seen in Figure 6.

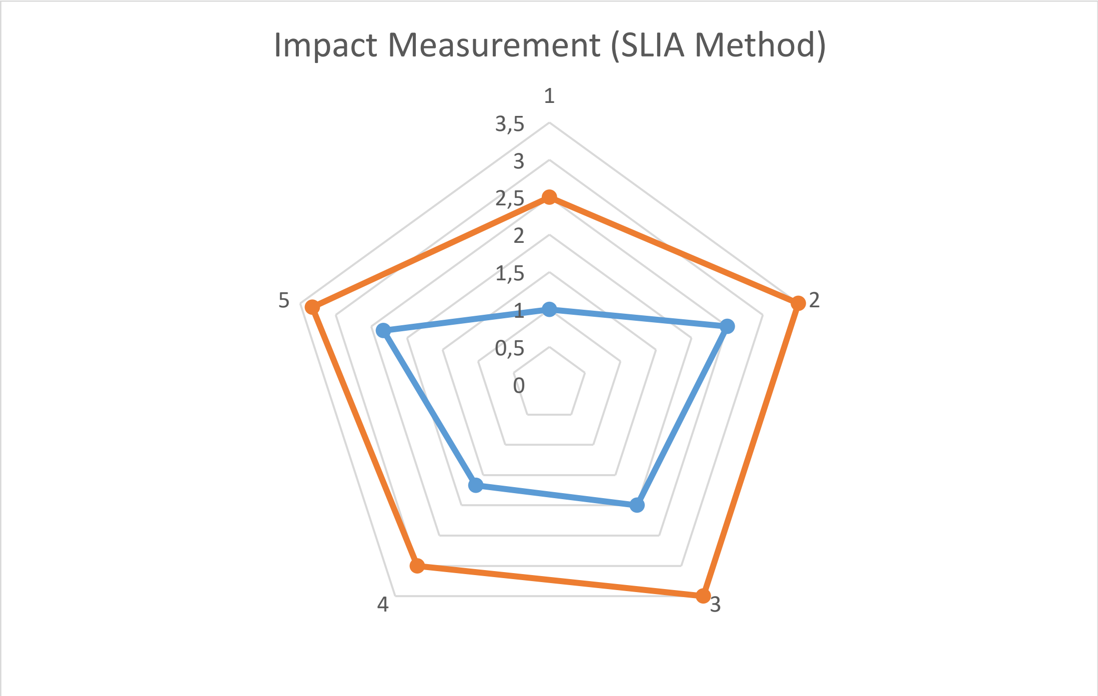

Figure 6. Visualization of Impact Measurement Using the SLIA Method
Source: Authors' work (2023)

8. Financial Scenario

In planning BZM's independence strategy, the most important thing is how BZM can run independently and generate positive cash flow, which is the remaining income minus needs per year. The financial feasibility analysis starts from the total cash budget on the balance sheet of BZM *Bojong Rangkas*, which can be seen in Table 1.

From the sample data of 33 MSMEs in BZM *Matraman*, it was found that the average profit of MSMEs was 140.5%, indicating that the existing capital can generate more than two times the profit of the running business. The data also found that for one semester, 66.7% of the total *mustahik* MSMEs needed a new ceiling where the funding needed was more than 5 million.

Then, in determining the percentage of return on Investment (ROI) and the number of profit-sharing turnovers in a year, it is necessary to model supply and demand simulations to determine the equilibrium point. The conclusion of equilibrium point modeling from the three simulations was obtained, and the criteria for determining the ceiling based on annual ROI turnover with a default ceiling standard of 10 million were achieved if the ROI of MSMEs had reached a rate of 15-20% and was considered able to achieve the ROI in 2x for a year.

Table 1. BZM Independence Business Model

ASSETS			PASSIVA		
A	CURRENT ACTIVATION		A	OBLIGATION	
	Cash	205.000,00		Debt	0,00
	Placement of Funds in Banks (BSI)	738.003.333,87		*Total Liability*	*0,00*
	Placement of Funds in Banks (BPRS)	50.000.000,00			
	Qardh Loans	552.402.500,00	B	PROGRAM FUNDING	
	Fees Paid in Advance	15.500.000,00		BZM Initiation and Development Fund	28.185.000,00
	Office Supplies	0,00		Program Grant Funds *Qardh BAZNAS* Revolving Fund	1.324.250.000,00
	Total Current Assets	*1.356.110.833,87*		Operating Surplus	16.360.833,87
B	FIXED ACTIVITIES			*Total Program Funds*	*1.368.795.833,87*
	Office Equipment	12.685.000,00			
	Accumulated Depreciation	0,00			
	Assets Remain Clean	*12.685.000,00*			
TOTAL ACTIVITIES		1.368.795.833,87	TOTAL PASSIVA		1.372.795.833,87

Source: Authors' work (2023)

The existing balance sheet data was modeled into an analysis of BZM's financial feasibility with a positive cash flow target in a year; preliminary data was obtained, namely the total number of *mustahik* who have become partners of BZM *Bojong Rangkas* of 740 people and the annual needs of each BZM of Rp. 166,800,000. The following are the results of the financial projections of the Micro-Crowdfunding Scheme, which can be seen in **Appendix 6**. From the financial feasibility analysis, the following conclusions were obtained:

1. 10 out of 12 BZMs can implement a crowdfunding scheme with a partial subsidy scheme in the first year. And complete independence in the second year
2. 2 Other BZMs require additional *mustahik* to be independent in the second year
3. BZM must be committed to being able to collect card funds according to the existing collection target

MSMEs registered in the micro-crowdfunding scheme must commit to sharing 20% of profits with micro-investors.

9. Regulatory Scenarios

In carrying out its independence strategy, BZM will implement a micro-crowdfunding scheme, an innovation of the crowdfunding system referring to POJK regulations No. 16 /POJK.04/2021, POJK No. 77/POJK.01/2016, and POJK No. 37/POJK.04/2018. The selection of financing scheme regulations with POJK rules will tend to encourage institutions to be bound in the form of MFIs (Microfinance Institutions) rather than KSPPS, which is more difficult to implement BZM in the regions due to the capacity of less qualified human resources and institutions. However, if BAZNAS continues to use POJK as a financing scheme, the directive on the form of a legal entity of KSPPS must be clarified whether to change to the MFI format or continue to maintain the form of KSPPS. Therefore, based on the conditions of institutional regulations, BZM has prepared three regulatory scenarios to overcome existing problems.

a. Scenario 1: In the first year of operation, BZM uses the form of a KSPPS legal entity that distributes financing schemes from BZM funds and member funds to MSME partners as members. The system used is the *mudharabah - muqayyadah* scheme.
b. Scenario 2: If the micro-crowdfunding scheme expands, BZM must license business activities as MFIs while still using the KSPPS legal entity.
c. Scenario 3: If the micro-crowdfunding scheme is increasingly in demand and requires the participation of the general public in its operations, then BZM needs to take care of POJK licensing in implementing the scheme for the general public

These three scenarios are a win-win solution for the regulatory problems BZM faces. The selection of this scenario is also a consideration for approval by BAZNAS leaders to ratify the transformation of BZM institutions from microfinance to micro-crowdfunding. In the first year of operation, BZM can start with the first scenario and then gradually move on to the second and third scenarios, looking at the situation and conditions that will be faced later.

10. Ecosystem Strengthens the Concept of Micro-Crowdfunding

The micro-crowdfunding scheme is an innovation in the scope of micro and even ultra-micro business capital. The most important aspect BZM must achieve as the organizer is generating a relationship of trust between members involved in the scheme and creating economic stability in the journey of MSMEs and investors. This can be achieved when BZM prioritizes management transparency to create a sustainable crowdfunding ecosystem.

CONCLUSIONS AND RECOMMENDATIONS

Based on the analysis conducted for the independence strategy of Bank Zakat Micro (BZM), a suitable risk-based organizational design was obtained in the form of Sharia Savings and Loan and Financing Cooperatives (KSPPS) through a financing scheme with a crowdfunding concept with the branding BAZNAS Micro-Crowdfunding. Recommendations for BZM services in the future are a combination of several services in the form of *qardh*-based savings and loans, micro-crowdfunding in the form of micro-crowdfunding, and business assistance for *mustahik* MSMEs. The practical contribution of this research is that BZM can carry out micro-crowdfunding scheme guidelines in the future, starting from business processes and measuring the impact of the results of this research. The policy contribution to government regulation includes an analysis of the issuance of the Law of the Republic of Indonesia Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector. The PPSK Law says that KSP can collect and distribute funds to parties other than members. That is why, in the future, KSP supervision will be under the OJK, so there is an opportunity to develop the BAZNAS Micro-Crowdfunding concept without worrying about potential regulatory problems.

This research certainly has limitations where the context of the organizational design formulated only has the scope of work units in the BAZNAS Zakat Bank division, outside the scope of the BAZNAS enterprise. In addition, in connection with the scope within the work unit, the new business process produced in the form of work unit business processes and the designed risk management design is only limited to the scope of the transformation process in the work unit so that the identification of existing risks will only dwell on the activities carried out on the existing organizational design elements. In this context, the resulting organizational design is limited to important and urgent needs in the form of an implementation plan used in the early stages of organizational operations. So, future research is expected to analyze research at the stage of organizational sustainability and its impact on the economic and social aspects of the surrounding environment. The technical suggestion for implications to BAZNAS is to monitor the implementation plan that has been prepared as well as assess the Performance of the achievement of BAZNAS Micro-crowdfunding from the predetermined target. This monitoring task can be assigned to existing division members or add a special role in monitoring and evaluation in the Micro Zakat Bank division.

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APPENDIX

Appendix 1. Table of Indonesia's Crowdfunding Competitive Landscape

Aspects	santara	visiku	SHAFIQ	BZM
Description	*Equity Crowdfunding* SME Business Investment	*Securities Crowdfunding* through various types of securities such as stocks, bonds, derivatives, and others	*Securities Crowdfunding* based on Sharia principles.	*Micro-Crowdfunding* with a cooperative investment scheme for profit-sharing
Source of Funds	General Public through the purchase *of tokens* for investment	The investor's investment uses the *Danamon* Account and is subject to a financier transaction service fee of 4% of the investment value for each securities purchase.	Financiers through *balance top-up*	People who are recorded as members by purchasing *tokens* for investment facilities
Amount of Funds per Issuer (Maximum Collection)	10 billion (POJK 57 of 2020)	10 Billion	10 Billion	10 Million
Share Offering Period	60 Days	45 days	45 Days	60 days
Fee Collection	*annual fee* as marketing expenses and *maintenance* paid every annual (final) dividend distribution. The annual *fee* will be agreed in writing	• *registration fee* for financiers & issuers. • Publishers are required to pay *Platform Fees*, *Management Fees*, *Annual Fees*, and other fees to third parties related to the *Listing process*	• IDR 5,000,000 when the business is approved • 7% of the value of the raised funding	• Transaction *token* fees • *Fee-Based* 5% of profit-sharing
Contracts/ Agreements	*Annual Fee*	*Platform Fee*, *Management Fee*, *Annual Fee*	Stocks (*Musyarakah Musahamah*)	*Mudharabah - Muqayyadah*

Source: Authors' work (2023)

Appendix 2. Figure of Business Model Canvas BAZNAS Micro-Crowdfunding

<table>
<tr>
<td rowspan="2">Key Partner
• Micro Investors
• Community
• Government Relief Fund
• Corporate CSR</td>
<td>Key Activities
• Attracting investors
• Providing a transaction system
• Selecting MSMEs
• Overseeing crowdfunding schemes</td>
<td rowspan="2">Value Propositions
• Easily Accessible to Local Communities
• Presenting Trusted Investment Bonds
• Sharia Ecosystem
• Economic Empowerment of Micro Communities</td>
<td>Customer Relationships
• Incubation
• Socialization
• Training
• Listings
• Direct Friendship</td>
<td rowspan="2">Customer Segments
• Ultra Micro & Micro Vital Ventures</td>
</tr>
<tr>
<td>Key Resource
• Managers, Managers & Supervisors of KSPPS
• Platform Crowdfunding
• Secretariat</td>
<td>Customer Channels
• Event
• Social Media
• Grant Program</td>
</tr>
<tr>
<td colspan="3">Cost Structure
• Institutional Design & Attributes
• Rent Office
• Salary & Benefits
• Office Operations</td>
<td colspan="2">Revenue Streams
• Fee-Based
• Return on Investment
• Operational Infaq
• Independent Business Revenue</td>
</tr>
</table>

Source: Authors' work (2023)

Appendix 3. Figure of PESTEL Analysis of *Micro-Crowdfunding Business Actors*

TOWS Matrix Strategy			***Strength***	***Weakness***
			Can reach a very large micro market in one area	MSMEs and Micro Communities have *Bad* Loan Performance
			Sizable revolving funds for initiation	The number and capability of human resources are still lacking in carrying out operations
Opportunity	**Politics**	President Joko Widodo has given directions so that financial support to the MSME sector is a priority in the National Economic Recovery. In Indonesia, ALUDI ALUDI (Indonesian Crowdfunding Service Association) has been formed	Taking the moment of government support for MSMEs by targeting positive *cash flow* through an invitation to as many people as possible to get involved	Preparing human resources for managers in accordance with applicable regulations so that they can assist the community and MSMEs in participating in *the crowdfunding system*
	Economics	Based on data from the Ministry of Cooperatives & MSMEs in 2022, the contribution of MSMEs to GDP is 61.07% or worth Rp 8,573.89 trillion and is targeted to increase to 63% in 2022	With the great potential of existing MSMEs, a good marketing strategy will increase the beneficiaries even more	With limited operations, one way to regulate Micro MSMEs is to implement good SOPs for MSMEs
	Technology	The use of digital technology in financial institutions is an *enabler* to expand financial access to areas that have not been served optimally, in addition to an increase in technological literacy in the community	With many target *beneficiaries*, it is necessary to create a good payment system in regulating the transaction flow of the existing system	Creating a simple technology-based service platform that makes it easier for managers to manage transaction schemes ranging from: *Excel database*, Online *Form*, Online Prospectus, etc.
	Legal	OJK Regulation (OJK) Number 16/POJK.04/2021 concerning Amendments to Financial Services Authority Regulation Number 57/POJK.04/2020 concerning Securities *Crowdfunding* Offerings.	Determine the legality of the business in accordance with the provisions in order to become a *sustainable* institution in carrying out operations	Designing a business model scheme that is in accordance with *the applicable* crowdfunding rules.
Threat	**Social**	Investment traps ensnare small communities, those who are the largest economic strata in Indonesia have low financial literacy so they are vulnerable to being deceived by fraudulent investments	With a large number of segments but minimal financial literacy, a simple document containing overall business information is made so that it is easy for the general public to understand	With limited operations, one way to regulate the micro community is to implement good SOPs for investors
	Milieu	Various elements in society that have potential funds but cannot be properly empowered due to the lack of reach of investment facilities among small communities	Apart from the success of the transaction scheme, with the number of parties involved, the socio-economic impact given must be measured	Build an operational ecosystem that supports and engages all parties in the business to run existing systems

Source: Authors' work (2023)

Appendix 4. Table of List of *Micro-Crowdfunding Strategies*

No	List of Strategies	Risk Events	Causes of Risk	Risk Mitigation
1	Ensuring that BZM's *Micro-Crowdfunding* Independence Scheme can run by generating *positive* cash flow	BZM cannot meet its operational needs	The Micro-Crowdfunding *scheme* that is run is not financially feasible	Creating a financial scheme with various scenarios for MSMEs that are netted in order to generate *positive* cash flow
2	Increase community participation and funds collected	Fundraising *funding target* not achieved	There are no promotional means from MSMEs that reach target consumers in an attractive way	Creating *a marketing campaign* from *a micro-crowdfunding* scheme to increase MSMEs that partner
3	Ensuring *Micro-Crowdfunding* schemes can be economically and socially beneficial	Programs don't feel socially beneficial	There is no framework for measuring the impact of social financing	The creation of an impact measurement scheme from the scheme that is carried out so that it can be economically and socially beneficial
4	Regulating Micro MSMEs to run the *Micro-Crowdfunding* scheme properly	MSMEs do not run the scheme correctly	MSMEs do not have the necessary experience to run *a micro-crowdfunding scheme*	Making SOPs to regulate Micro MSMEs to help operational supervision schemes
5	Arrange Micro Investors to run *Micro-Crowdfunding* schemes properly	Investor Complaint for not understanding the scheme	Investors do not have the necessary experience to run a *micro-crowdfunding scheme*	Making SOPs to regulate Micro Investors to assist in the operational supervision scheme
6	Setting up and ensuring the payment system runs smoothly	Inhibition of financial transactions	Absence of a transaction scheme that accommodates the needs of members	Creation of a simple financial transaction scheme that regulates the payment system
7	Ensure overall business information is easily understood by the general public	Failure to make investment decisions	Asymmetric information about the business conditions of MSMEs offered to the public	Creating a simple Prospectus that contains information about the entire business so that it is easy for the general public to understand
8	Ensure BZM's business processes run in accordance with applicable rules	Failure of *Micro-Crowdfunding Scheme*	Absence of procedures or workflows in running *a Micro-Crowdfunding scheme*	Preparation of business processes in accordance with *crowdfunding rules* that strictly regulate the operation of the institution.
9	Preparing qualified human resources who can assist the community in using *the Micro-Crowdfunding scheme*	HR Management is not running optimally	Determination of duties and authorities is not based on existing business processes	Preparation of qualified human resources to be able to assist the community so that they can understand *the Micro-Crowdfunding scheme*
10	Creating a technology-based simple *Micro-Crowdfunding* scheme service platform	Public Disinterest in Following the Scheme	The public does not understand the description of how the business or scheme will be carried out	Creation of a simple technology-based service platform
11	Creating a business ecosystem with the participation of various	Instability of *Micro-Crowdfunding Scheme*	There is no bond of trust between the parties involved (government,	Creation of a business model ecosystem that supports participatory sharing

No	List of Strategies	Risk Events	Causes of Risk	Risk Mitigation
	parties so that the scheme can be run smoothly		MSMEs, community) in the scheme	
12	Determine the basis for business legality in accordance with applicable regulations	Contradictions of regulatory analysis related to legal entities and operating schemes	The financing scheme from POJK will encourage legal entities to become MFIs that are heavy on BZM implementation	Determination of business legality scenarios that comply with the provisions

Source: Authors' work (2023)

Appendix 5. Table of Balanced Scorecard BAZNAS Micro-Crowdfunding

Aspect	***Objectives Based Risk Mitigation***	***Measures***	***Target***	***Initiatives***	***Primary Responsibility***	***Timeline***
Financial	Creating a financial scheme with various scenarios for MSMEs that are netted in order to generate *positive* cash flow	Rupiah	166.800.000	Creating a Financial Feasibility Scenario	BZM Manager	Q3 2023
Customer Perspective	Creating *a marketing campaign* from *a micro-crowdfunding* scheme to increase MSMEs that partner	% *Existing Partners*	30	Creating a Marketing *Campaign Guide* for MSMEs	MSME Division	Q4 2023
	The creation of an impact measurement scheme from the scheme that is carried out so that it can be economically and socially beneficial	*Assessment*	1	Making an Impact Measurement Tool	BZM Manager	Q3 2023
Internal Process Business	Making SOPs to regulate Micro MSMEs to help operational supervision schemes	Document	1	Making SOPs for MSMEs	MSME Division	Q3 2023
	Making SOPs to regulate Micro Investors to assist in the operational supervision scheme	Document	1	Making Investor SOPs	Investor Division	Q3 2023
	Creation of a simple financial transaction scheme that regulates the payment of existing systems	Process Chart	1	Creation of Micro-Crowdfunding *Service Transaction Scheme*	Transaction Division	Q3 2023
	Creating a simple Prospectus that contains information about the entire business so that it is easy for the general public to understand	Document	1	Drafting simple prospectus creation rules	MSME Division	Q3 2023
	Preparation of business processes in accordance with *crowdfunding rules* that strictly regulate the operation of the institution.	Process Chart	1	Creating a Micro-Crowdfunding *Service Business Process Flow*	Transaction Division	Q 2023
Learning & Growth	Preparation of qualified human resources to be able to assist the community so that they can understand *the Micro-Crowdfunding scheme*	Org-Chart	1	Workflow-Based Organizational Structure Creation	BZM Manager	Q 2023
	Creation of a simple technology-based service platform	Document	1	Determination of the Business Model of *Micro-Crowdfunding Services*	BZM Manager	Q3 2023
	Creation of a business model ecosystem that supports participatory sharing	Document	1	Creating a Transparency-Based Ecosystem	BZM Manager	Q3 2023
	Determination of business legality scenarios that comply with the provisions	Document	1	Phased Regulation Scenario Creation	BZM Manager	Q4 2023

Source: Authors' work (2023)

Appendix 6. Table of Financial Projections of *Micro-Crowdfunding Scheme*

	Y1	Y2	Y3	Y4	Y5	Y6
Total Mustahik	**740**	**740**	**740**	**740**	**740**	**740**
Requirements Per Year	166.800.000	166.800.000	166.800.000	166.800.000	166.800.000	166.800.000
Fee Based (Micro-Crowdfunding*)* Ratio	10%	30%	50%	70%	90%	100%
Qard *Loan Ratio*	90%	70%	50%	30%	10%	0%
Cash + Bank - Operating Surplus	771.847.500	771.847.500	771.847.500	771.847.500	771.847.500	771.847.500
Micro-Crowdfunding *Budget* from Cash + Bank	77.184.750	231.554.250	385.923.750	540.293.250	694.662.750	771.847.500
Performance *Qardh*	200.635.000	200.635.000	200.635.000	200.635.000	200.635.000	200.635.000
Qardh Collection Performance *Ratio*	100%	100%	100%	100%	100%	100%
Fee *Based Budget (Micro-Crowdfunding*)	20.063.500	60.190.500	100.317.500	140.444.500	180.571.500	200.635.000
Qardh Loan Budget	180.571.500	140.444.500	100.317.500	60.190.500	20.063.500	-
Non-Performance Qardh	351.767.500	351.767.500	351.767.500	351.767.500	351.767.500	351.767.500
Qardh Collection Non-Performance *Ratio*	50%	50%	50%	50%	50%	50%
Fee *Based Budget (Micro-Crowdfunding)*	17.588.375	52.765.125	87.941.875	123.118.625	158.295.375	175.883.750
Qardh Loan Budget	158.295.375	123.118.625	87.941.875	52.765.125	17.588.375	-
Total Fee *Based Budget*	114.836.625	344.509.875	574.183.125	803.856.375	1.033.529.625	1.148.366.250
Target MSMEs netted	10%	30%	50%	70%	90%	100%
Initiation Fund	1.551.846	1.551.846	1.551.846	1.551.846	1.551.846	1.551.846
Portion of Funding	31%	31%	31%	31%	31%	31%
Number of MSMEs netted	74	222	370	518	666	740
Assumptions of the Average *of Micro-Crowdfunding funds*	5.000.000	5.000.000	5.000.000	5.000.000	5.000.000	5.000.000
Turnover Per Year	2	2	2	2	2	2
Return on Investment (20%)	45.934.650	137.803.950	229.673.250	321.542.550	413.411.850	459.346.500
Return from *Fee based* (5%)	37.000.000	111.000.000	185.000.000	259.000.000	333.000.000	370.000.000
Total Return Fee Based Income (A)	**82.934.650**	**248.803.950**	**414.673.250**	**580.542.550**	**746.411.850**	**829.346.500**
Qardh Loan Capital	1.033.529.625	803.856.375	574.183.125	344.509.875	114.836.625	-
Average Number of Loans2 / Person	1.551.846	1.551.846	1.551.846	1.551.846	1.551.846	-
Number of *Mustahik Beneficiaries*	666	518	370	222	74	-
Infaq Per Person/Month	5.000	5.000	5.000	5.000	5.000	-
Total Operational Contribution Per Person/Cycle (10 Months)	50.000	50.000	50.000	50.000	50.000	-
Total Operational Infaq Income (B)	**33.300.000**	**25.900.000**	**18.500.000**	**11.100.000**	**3.700.000**	**-**
Operational Surplus (Minus)	16.360.834	21.268.847	15.653.896	16.273.213	3.370.000	6.244.575
Profit Projection (C) (*Return* 20%)	3.272.167	4.253.769	3.130.779	3.254.643	674.000	1.248.915
Total Income	119.506.817	278.957.719	436.304.029	594.897.193	750.785.850	830.595.415
Final Cash Flow	- 47.293.183	112.157.719	269.504.029	428.097.193	583.985.850	663.795.415

Source: Authors' work (2023)

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Online Purchase Intentions on Instagram Social Media: Mediation of Advertising Attitude, Advertising Clicks, and Product Evaluation

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ABSTRACT
The rapid growth of social media users in Indonesia has prompted researchers to identify factors that impact consumer purchase intentions through advertising click activities, such as informativeness, entertainment, irritation, emotional appeal, credibility, and privacy concerns mediated by advertising attitude. This research examines how informativeness, entertainment, emotional appeal, and privacy concerns simultaneously influence attitudes toward advertising and purchase intentions. This study employed a quantitative approach through an online survey with a sample of 321 respondents residing in major cities in Indonesia. This study applied purposive sampling with individual criteria as Instagram users were exposed to ads within the last month, and the data were analyzed through structural equation modeling. The results of this study show that advertising attitude fully mediates informativeness, entertainment, emotional appeal, and credibility toward advertising clicks, which drive purchase intentions. Meanwhile, irritation and privacy concerns have a negative impact on advertising attitudes. This research proved that Incentives have a direct influence on purchase intention. Suggestions for future researchers need to consider the classification of ad product or service categories so that advertisers can better understand consumer behavior and provide ad impression effectiveness according to the target audience.

Keywords:
Advertising click, advertising value model, purchase intention, social media

ABSTRAK
Pesatnya pertumbuhan pengguna media sosial di Indonesia mendorong peneliti untuk mengidentifikasi faktor-faktor yang berdampak terhadap niat beli konsumen melalui aktivitas klik iklan, seperti: informativeness, entertainment, irritation, emotional appeal, credibility, dan privacy concerns yang dimediasi oleh advertising attitude. Penelitian ini bertujuan mengkaji bagaimana factor informativeness, entertainment, emotional appeal, dan privacy concerncs secara bersamaan memengaruhi sikap terhadap iklan dan niat beli. Penelitian ini menggunakan pendekatan kuantitatif melalui survei online dengan jumlah sampel 321 responden yang berdomisili di kota-kota besar di Indonesia. Penelitian ini mengaplikasikan purposive sampling dengan kriteria individu pengguna media sosial Instagram dan pernah terpapar iklan dalam kurun waktu satu bulan terakhir, dan data di analisis melalui structural equation modelling. Hasil dari penelitian ini menunjukan bahwa advertising attitude memediasi penuh informativeness, entertainment, emotional appeal, dan credibility terhadap advertising clicks yang berperan sebagai pendorong intensi pembelian. Sedangkan, irritation dan privacy concerns berpengaruh negatif terhadap advertising attitude. Penelitian ini membuktikan bahwa Incentive memiliki pengaruh langsung terhadap purchase intention. Saran penelitian berikutnya, perlu mempertimbangkan klasifikasi kategori produk atau jasa yang diiklankan, agar pengiklan lebih memahami perilaku konsumen dan dapat memberikan efektivitas tayangan iklan yang sesuai dengan target audience.

Kata Kunci:
Advertising click, advertising value model, media sosial, niat pembelian

INTRODUCTION

In today's digital era, the Internet and social media have become the most dominant advertising platforms, surpassing traditional advertising media (Mahmoud, 2014). According to Alalwan (2018), the advantage of social media lies in its ability to facilitate two-way communication between companies and customers, allowing companies to convey more information while interacting with customers. Currently, social media is at the core of brand marketing, with as many as 73% of marketers believing that their efforts on social media have been effective in driving business (Mohsin, 2022). Mustafi & Hosain (2020) emphasize the importance of good information in the purchasing process, as customers need information that can be accessed through effective advertising to make purchase decisions.

In line with the points mentioned above, this research focuses on social media users' behavior in clicking on ads and evaluating products as further steps to create purchase intention. Clicking on ads on social media refers to users' behavior of clicking on ads after viewing them (Zhang & Mao, 2016). Previous research has shown that high engagement with display ads can effectively attract users' attention to click on them (Mao & Zhang, 2017). In fact, the act of clicking on ads is considered a measure of the success of online advertising, being more accountable than mere ad exposure. Globally, as many as 16.1% of internet users interact with a brand through ad-clicking activities on social media in promoted or sponsored formats, whether images or videos (We Are Social & Hootsuite, 2022).

Meanwhile, advertising value is used as a crucial criterion by individuals in evaluating an ad's effectiveness, enabling marketers to develop more effective advertising strategies (Chen *et al.*, 2022). Informativeness, for example, is considered a process where consumers recognize that the content of an ad contains informative material about the advertised product/service (Lee *et al*., 2017). Additionally, customers' perception of informativeness is an important factor that motivates them to exhibit a positive attitude toward the ad (Nguyen *et al.*, 2022). Other factors, such as entertainment, have also positively influenced consumer purchase intentions (Chen *et al*., 2022; Nguyen *et al.*, 2022). Entertainment can be defined as ads that amuse users, enhancing a positive attitude toward the brand in the ad (Logan *et al.*, 2012). Entertainment in advertising is a significant factor in influencing consumer attitudes towards brands. Advertisers utilize entertainment to enhance the effectiveness of their messages and create positive associations with their brands (Nguyen–Viet et al., 2022). Conversely, irritation with ad displays negatively impacts the attitude toward the ad, as consumers tend to be less persuaded by ads they perceive as overly intrusive, offensive, or manipulative (Chen *et al*., 2022).

The research continues with the antecedent constructs of advertising attitude, namely emotional appeal, and credibility, to explore social media users' attitudes toward ad effectiveness and to delve deeper into how consumers' attitudes towards social media ads can be influenced by emotional aspects and the credibility of the ad (Chen *et al.*, 2022). Emotional appeal is an effective factor in advertising, as a well-crafted ad appeal can enhance consumers' impressions of the product (Aslam *et al*., 2016). This perception impacts consumers' trust in the advertisement and the advertiser, affecting belief in the reliability and trustworthiness of the information presented in the ad (Adzani, 2023).

Moreover, the credibility of advertising is crucial not only for consumer perception but also for significantly impacting advertising effectiveness. Research indicates that the credibility of an ad directly affects its effectiveness, with more credible ads being perceived as having higher value (Sembiring & Fahlevi, 2023). Based on research from Chen *et al*. (2022) showed that attitudes toward ads influence their willingness to purchase and serve as a factor for consumers to click on ads. Clicking on ads is used to measure an individual's behavioral response after viewing the ad (Zhang & Mao, 2016). After clicking on the ad, consumers will evaluate the brand and product before ultimately deciding on their purchase intention (Zhang & Mao, 2016; Chen *et al*., 2022). The effectiveness of monetary incentives in advertising is also evident in the perceived utility and attraction to the monetary benefits of advertising (Salem *et al*., 2018; Alalwan, 2018)). Consumers are likely to participate in programs offered by advertisers, with incentives such as discounts, coupons, sweepstakes, and prizes considered to impact their intention to accept mobile advertising (Varnali *et al*., 2012; Chen *et al*., 2022).

Finally, in this study, the researcher adds the construct of privacy concern, as suggested by Chen *et al*. (2022), as an antecedent of advertising attitude. Various studies support this idea. For example, Kim (2021) explores the impact of privacy concerns on consumer behavior, emphasizing the substantial influence of privacy on consumer decision-making processes. However, privacy concerns are a key driver of customer trust in using social media to purchase products online (Alzaidi & Agag, 2022).

Recent research has shown that social media advertising not only serves as an informational tool but also as a means of interaction that enhances customer engagement. This study further examines how variables such as informativeness, entertainment, and emotional appeal influence consumer attitudes toward ads and, ultimately, their purchase intentions. Meanwhile, the impact of negative factors such as irritation and privacy concerns on attitudes and purchase intentions has not been extensively explored, indicating a need for more in-depth research in this context (Chen *et al*., 2022; Lee *et al*., 2017; Nguyen *et al.,* 2022). Furthermore, this study refers to the advertising value model, which includes informativeness, entertainment, irritation, emotional appeal, credibility, and privacy concern as antecedents of advertising attitude and advertising clicks. These elements drive consumers to explore products through evaluation and incentives, directly influencing their purchase intentions.

In line with the points mentioned, this research focuses on delving into social media users' behavior in clicking on ads and evaluating products as subsequent steps to create purchase intention. This study aims to fill the gap in this area by examining how factors such as informativeness, entertainment, emotional appeal, and privacy concerns simultaneously influence attitudes toward ads and purchase intentions. Clicking on ads on social media refers to users' behavior of clicking on ads after viewing them, which is an important indicator of engagement and ad effectiveness (Zhang & Mao, 2016). This research employs structural equation modeling (SEM) to assess the strength of empirical relationships within the proposed model. This study also contributes to marketers and can be used for social media advertising. Marketers can use the proposed research model in this study to perform marketing activities to capture attention and understand online consumer behavior, as social media has a unique user-to-user ecosystem.

RESEARCH METHOD

This study employs a quantitative method to examine the influence of advertising value on advertising attitude and advertising clicks as predictors of purchase intention in Instagram social media advertisements. Using a single cross-sectional design, the research collected data at a single point in time from a purposively selected sample of Instagram users who had been exposed to ads in the form of video ads on Stories or the feed in the past month. In this study, quantitative data were obtained through an online survey using Google Forms distributed on social media.

Before the main test, the researcher conducted a wording test on statement items in the research instrument. Respondents were asked to provide feedback and suggestions for each statement if any were difficult to understand or ambiguous. This stage involved five respondents to evaluate the questionnaire's word choice and language structure. Before proceeding to the main test, a pre-test was conducted involving 35 respondents. This phase aimed to measure the validity and reliability of the constructs to be examined in the study (Malhotra, 2016).

This testing was done to mitigate potential errors in the main test phase. Subsequently, the main test was conducted using a questionnaire with a clear structure, employing a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was distributed online for four weeks to respondents who had prior exposure to Instagram ads, including video ads on Stories or the feed. Upon completion of the survey, 358 respondents were successfully gathered. Data analysis for this study utilized Partial Least Squares Structural Equation Modeling (PLS-SEM), chosen for its ability to provide robust estimates for testing new research models, particularly those involving formative constructs.

RESULTS AND DISCUSSION

Characteristics of Respondents

Out of the total 358 respondents gathered in the main survey of this research, 321 respondents (89.6%) were deemed valid for this study. The demographic characteristics can be seen in Table 1.

Table 1. General Profile of Respondents

Category	Detail	Total (N=321)	Percentage (%)
Gender	Male	130	40.5
	Female	191	59.5
Age	18-25 years old	98	30.5
	26-35 years old	208	64.8
	36-45 years old	13	4.0
	46-55 years old	2	0.6
Education	High School	31	9.7
	Diploma (D1/D2/D3)	29	9.0
	Bachelor’s	237	73.8
	Master’s	24	7.5
Occupation	Student	36	11.2

Category	Detail	Total (N=321)	Percentage (%)
	Private Sector Employee	211	65.7
	Government employee	16	5.0
	Entrepreneur	52	16.2
	Others	6	1.9
Daily Social Media Usage (Per Day)	0-1 hours	23	7.2
	1-2 hours	114	35.5
	2-3 hours	73	22.7
	More than three jam	111	34.6
Frequently Used Social Media	*Instagram*	231	72
	TikTok	41	12.8
	YouTube	16	5.0
	Facebook	8	2.5
	Twitter	25	7.8

Source: Authors' work (2023)

Analysis of Measurement Model

The measurement model is assessed through the reliability and construct validity presented by the researcher in Tables 2 and Table 3. Construct reliability is measured using composite reliability (CR) and Cronbach's Alpha, with values exceeding 0.7 (Hair *et al.*, 2017). Convergent validity is assessed using Average Variance Extracted (AVE) and Loading Factors, which should exceed 0.5 (Hair *et al.*, 2017).

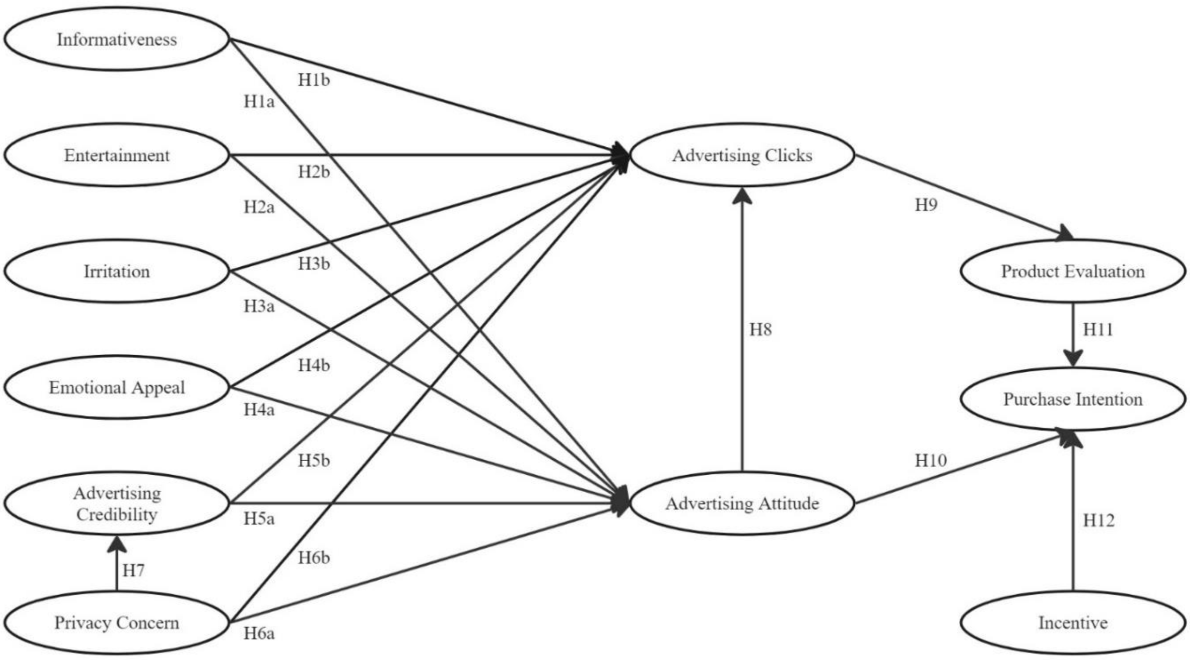

Figure 1. Research Model
Source: Authors' work (2023)

Furthermore, discriminant validity is evaluated using the heterotrait-monotrait (HTMT) ratio, where values should not exceed 0.9 to ensure discriminant validity between two reflective constructs (Hair *et al.*, 2017). The results of discriminant validity can be seen in Table 3.

Table 2. Constructs with Items in Reliability and Validity Testing

Constructs	Outer Loading	AVE	Conbrach's Alpha	Composite Reliability
Informativeness (INF) (Adapted from Chen *et al*., 2022)				
Relevance of Information	0.761	0.517	0.844	0.882
Helpful Information	0.769			
Current Information	0.690			
New Product Information	0.688			
Comfortable Information	0.711			
Accessible Information	0.646			
Providing Relevant Information	0.759			
Entertainment (ENT) (Adapted from Chen *et al*., 2022)				
Enjoyable Ads	0.846	0.690	0.909	0.930
Entertaining Ads	0.847			
Providing Interesting Information	0.829			
Enjoyable	0.899			
Diversity in Ads for Comparison	0.782			
Enjoyable Personalization	0.774			
Privacy Concerns (PC) (Adapted from Chen *et al*., 2023)				
Data Information	0.858	0.679	0.881	0.913
Control over Personal Data	0.794			
Transparency in Data Management	0.875			
Data Security and Assurance	0.789			
Access to Personal Data	0.822			
Irritation (IRR) (Adapted from Chen *et al*., 2022)				
Ads can be intrusive	0.832	0.655	0.867	0.904
Confusing ad information	0.804			
Ad information does not match the personal profile	0.707			
Ads can be annoying	0.862			
Ads can consume user's time	0.833			
Emotional Appeal (APL) (Adapted from Chen *et al*., 2022)				
Engaging ad visuals	0.792	0.660	0.871	0.906
Interest in ad message	0.841			
Emotional appeal in ads	0.863			
Enjoyable ad visuals	0.825			
Strong feelings toward ads	0.736			
Credibility (CRE) (Adapted from Chen *et al*., 2022)				
Trust in ads	0.838	0.679	0.881	0.913
Belief in ads	0.794			
Credible	0.875			
Alternative purchases	0.789			
Providing customer service	0.822			
Advertising Attitude (ATT) (Adapted from Chen *et al*., 2022)				
Advertising experience	0.846	0.702	0.894	0.922
Liking ads	0.880			
Positive attitude towards ads	0.830			
Providing solutions and ideas	0.815			
Time efficiency	0.816			
Advertising Clicks (CLK) (Adapted from Chen *et al*., 2022)				
Frequent ad clicking	0.807	0.678	0.881	0.913
Likely to click ads	0.827			
Making purchases from ad clicks	0.758			
Obtaining product information from ad clicks	0.867			
Understanding products from ad-clicking	0.853			
Product Evaluation (PEV) (Adapted from Chen *et al*., 2022); Lam & Mukherjee, 2005)				
Brand preference	0.875	0.717	0.901	0.927
Positive evaluation	0.865			
Providing a positive attitude	0.838			

Constructs	Outer Loading	AVE	Conbrach's Alpha	Composite Reliability
Meets expectations	0.820			
Very useful	0.835			
Incentive (INC) (Adapted from Chen *et al*., 2022)				
Engagement in sweepstakes	0.770	0.698	0.891	0.920
Ads containing coupons or vouchers	0.865			
Cost-free	0.780			
Providing information about sweepstakes	0.864			
Rewards can provide satisfaction	0.891			
Purchase Intention (PIN) (Adapted from Chen *et al*., 2022)				
Interest in purchasing after seeing an ad	0.860	0.659	0.895	0.920
Likelihood to purchase after seeing an ad	0.793			
Readiness to purchase after seeing an ad	0.880			
Purchasing according to needs	0.654			
Intention to purchase in the future	0.829			
Recommendation of the ad	0.834			

Source: Authors' work (2023)

Table 3. Result of Discriminant Validity Test

Item	ATT	CLK	CRE	APL	ENT	INC	INF	IRR	PC	PEV	PIN
ATT											
CLK	0.768										
CRE	0.869	0.731									
APL	0.774	0.655	0.710								
ENT	0.845	0.636	0.699	0.759							
INC	0.658	0.561	0.611	0.545	0.535						
INF	0.747	0.588	0.687	0.674	0.700	0.464					
IRR	0.602	0.478	0.429	0.467	0.541	0.243	0.444				
PC	0.175	0.147	0.118	0.124	0.118	0.143	0.102	0.281			
PEV	0.849	0.738	0.797	0.751	0.762	0.567	0.755	0.492	0.063		
PIN	0.861	0.809	0.789	0.722	0.747	0.702	0.652	0.544	0.205	0.772	

Source: Authors' work (2023)

Structural Model Analysis

The researcher tested the research model using the bootstrapping procedure in SmartPLS. As illustrated in Figure 2 and Table 4, informativeness (β = 0.136; t = 3.485), entertainment (β = 0.296; t = 5.956), irritation attitude (β = -0.136; t = 4.211), emotional appeal (β = 0.110; t = 2.431), and advertising credibility (β = 0.379; t = 7.998) influence advertisings. Thus, hypotheses H_{1a}, H_{2a}, H_{3a}, H_{4a}, and H_{5a} are all supported. However, in this study, informativeness (β = 0.032; t = 0.403), entertainment (β = 0.022; t = 0.299), irritation (β = -0.067; t = 1.114), emotional appeal (β = 0.142; t = 1.908), and privacy concerns (β = -0.024; t = 0.493) were found to be insignificant in influencing advertising clicks. Therefore, hypotheses H_{1b}, H_{2b}, $H3_b$, H_{4b}, and H_{6b} are rejected. Nevertheless, advertising credibility significantly impacts advertising clicks (β = 0.256; t= 2.884), and privacy concerns significantly influence advertising credibility (β = -0.122; t = 2.109). Hence, hypotheses H_{5b} and H_7 are supported. As expected, advertising clicks significantly positively impact product evaluation (β = 0.659; t = 16.237), thereby supporting H_9. Additionally, advertising attitude (β = 0.462; t = 7.613), product evaluation (β = 0.210; t = 3.330), and incentive (β = 0.255; t = 5.007) positively influence significantly. Thus, hypotheses H_{10}, H_{11}, and H_{12} are all supported.

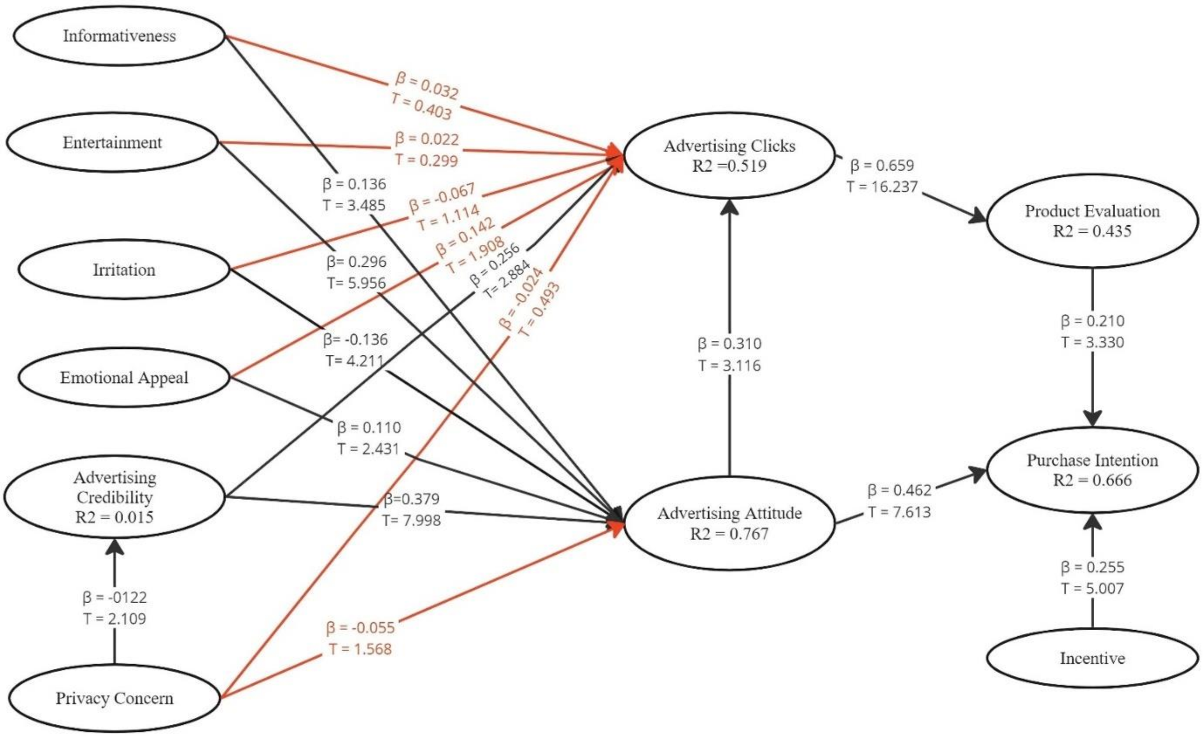

Figure 2. Hypothesis Testing Results
Source: Authors' work (2023)

Table 4. Results of Path Coefficient Test

Hipotesis	Path	*B*	t	Result
H_{1a}	INF → ATT	0.136	3.485	Supported
H_{1b}	INF → CLK	0.032	0.403	Rejected
H_{2a}	ENT → ATT	0.296	5.956	Supported
H_{2b}	ENT → CLK	0.022	0.299	Rejected
H_{3a}	IRR → ATT	-0.136	4.211	Supported
H_{3b}	IRR → CLK	-0.067	1.114	Rejected
H_{4a}	APL → ATT	0.110	2.431	Supported
H_{4b}	APL → CLK	0.142	1.908	Rejected
H_{5a}	CRE → ATT	0.379	7.998	Supported
H_{5b}	CRE → CLK	0.256	2.884	Supported
H_{6a}	PC → ATT	-0.055	1.568	Rejected
H_{6b}	PC → CLK	-0.024	0.493	Rejected
H_7	PC → CRE	-0.122	2.109	Supported
H_8	ATT → CLK	0.310	3.116	Supported
H_9	CLK → PEV	0.659	16.237	Supported
H_{10}	ATT → PIN	0.462	7.613	Supported
H_{11}	PEV → PIN	0.210	3.330	Supported
H_{12}	INC → PIN	0.255	5.007	Supported

Source: Authors' work (2023)

Discussion

This study determined how informativeness, entertainment, irritation, emotional appeal, advertising credibility, and privacy concerns influence consumers' responses to advertisements. Its goal was to motivate consumers to click on ads on Instagram social media, which ultimately lead to purchase intentions. Firstly, privacy concerns were added to the research model to explore further how consumers' attitudes toward social media ads are influenced by their worries about data information and privacy breaches. Findings from this study align with previous research indicating that privacy concerns negatively influence users' attitudes toward ads on social media and also contribute to impacting ad credibility (Wang & Genç, 2019; Nguyen *et al.*, 2022; Rana & Arora, 2022).

Secondly, credibility has a significantly greater influence on advertising attitude compared to informativeness and irritation. This means that the credibility construct can effectively explain consumers' attitudes toward ads on Instagram. When consumers perceive ads as providing trustworthy, convincing, and accurate content, their positive attitude toward those ads and their likelihood to click on them increases. This finding is consistent with previous research, where consumers are more likely to be persuaded to purchase products when they receive quality and up-to-date information from social media ads (Aslam *et al*., 2016; Chen *et al*., 2022; Nguyen *et al.*, 2022).

Thirdly, entertainment is the second largest predictor that influences advertising attitude. This indicates that entertaining ads can satisfy consumer desires, thereby positively impacting consumer attitudes toward ads and their willingness to engage with them (Zhang & Mao, 2016; Chen *et al*., 2022). This study is consistent with previous research where entertainment serves as a predictor of advertising attitude that can influence consumer purchase decisions (Chen *et al*., 2022; Nguyen *et al.*, 2022; Rana & Arora, 2022). However, in this study, entertainment does not directly influence consumers to engage by clicking on ads, which contradicts previous research findings (Zhang & Mao, 2016; Chen *et al*., 2022). This may suggest that consumers currently do not need the products or services being advertised and are more likely to bypass the ads without clicking on them.

Fourthly, informativeness and emotional appeal in Instagram social media ads significantly and positively influence advertising attitudes. The findings of this study are consistent with previous research where ads that provide clear information and highlight emotional aspects affecting consumers' feelings and moods tend to receive positive attitudes from consumers (Wang & Genç, 2019; Nguyen *et al.*, 2022; Rana & Arora, 2022). However, in this study, informativeness and emotional appeal do not directly influence ad-clicking activities, which differs from previous research (Chen *et al*., 2022). This suggests that when consumers browse social media ads, even if they are interested in the product information, they may not intend to click on the ad until they have developed a positive attitude toward it (Chen *et al*., 2022).

Fifthly, advertising clicks positively influence product evaluation, which aligns with previous research indicating that product evaluation—liking or disliking a product—can influence the likelihood of purchasing it (Zhang & Mao, 2016; Chen *et al*., 2022). In other words, in this study, consumers must go through the product evaluation stage after clicking on the ad before they ultimately decide to make a purchase.

Lastly, advertising attitude was found to be a significant predictor of purchase intention. This finding is consistent with previous research, where consumers recognize the value of products in ads, positively influencing their purchase decisions (Chen *et al*., 2022; Nguyen *et al.*, 2022). Additionally, incentives play a significant role in enhancing purchase intention, as consumers tend to be more interested in an ad if there are rewards such as discounts, vouchers, or sweepstakes. This aligns with prior studies where incentives increase consumer interest, leading them to decide to purchase the advertised products or services (Varnali *et al*., 2012; Chen *et al*., 2022).

Several implications can be applied by managers in marketing products or services through advertisements on Instagram and social media. First, the research findings show that informativeness, entertainment, and emotional appeal positively influence users' perceptions of advertisements on Instagram. Marketers must pay attention to aspects of brand or product information in advertisements, ensuring that the ads shown are relevant to the target audience. Additionally, they should consider entertainment elements that can be enjoyed by Instagram users, providing a pleasant, entertaining, and engaging impression for consumers. It's also important to consider emotional factors such as happiness, sadness, and joy, as emotional factors can persuade consumers to agree with the advertisements being shown.

Secondly, irritation, credibility, and privacy concerns all have a negative impact on shaping consumers' attitudes toward advertisements on Instagram social media. When presenting an advertisement, it's crucial to build a positive ad reputation with consumers to generate a favorable advertising attitude by avoiding disruptive mobile advertising formats (such as full-screen pop-ups). Additionally, marketers should ensure that customers understand all privacy policy options. Finally, incorporating incentives in advertising messages can effectively motivate consumers to open and read the messages, ultimately leading to product and service purchases.

CONCLUSION AND RECOMMENDATION

This study shows that advertising value plays a crucial role in advertising attitude, which directly influences users' likelihood to click on ads and forms their purchase intention. When Instagram users are exposed to ad displays, they develop a positive attitude that further encourages them to click on the ads and sparks their desire to purchase. Moreover, when customers encounter ads that are informative, entertaining, emotionally engaging, and trustworthy, they respond positively to these ad displays. Conversely, when users feel disturbed, irritated, and concerned about privacy issues, they respond negatively. User attitudes in this study impact the frequency of ad clicks and drive their purchasing interest.

The research findings indicate that users' privacy concerns significantly impact the credibility of ad displays. When users perceive their privacy being violated, they view the ads as less trustworthy, potentially reducing their likelihood of making purchases. From these results, it can be concluded that advertising value, comprising informativeness, entertainment, irritation, emotional appeal, advertising credibility, and privacy concerns, is fully mediated by advertising attitude before users click on ads (advertising clicks) and decide to make a purchase (purchase intention). Furthermore, when consumers have a positive attitude towards ad displays and decide to click on them, they engage in a more thorough product evaluation, which helps shape their purchasing decisions. Interestingly, the presence of monetary incentives such as discounts, vouchers, and sweepstakes significantly enhances their purchase intentions.

This study was predominantly focused on the younger age group of 18-35 years, categorized as millennials. To achieve more representative and generalized results, it is recommended that future research expand the sample by collecting data from various age groups or generations. Additionally, the types of ads in this study were limited to video advertising, photo advertising, and display advertising on the Instagram social media platform. Future research could consider other social media platforms such as TikTok, YouTube, or even Google Advertising to understand the factors influencing the effectiveness of ad displays and how ad clicks directly impact online sales. The study did not focus on specific product or service categories advertised on Instagram. Future research could classify product or service categories to better understand consumer behavior within those categories. This could assist advertisers in enhancing the effectiveness of ad displays that are more targeted and aligned with the preferences and needs of their target audience.

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The Analysis of Sustainable Firm Performance in Textiles SMEs in Bogor, Indonesia

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ABSTRACT

Green supply chain management (GSCM) is an environmentally friendly initiative for all stages of the product life cycle, from product design to handling when the product life cycle ends. This research aims to determine the impact of green entrepreneurial orientation, market orientation, and green supply chain management practices on sustainable firm performance. The sample used was textile SMEs in Bogor Regency, with 62 respondents. The technique used for sampling is purposive sampling with the criteria of SMEs applying the green supply chain management concept. Data was collected through a questionnaire and analyzed using PLS (Partial Least Square). The study shows that green entrepreneurial orientation does not affect green supply chain management practices. Market orientation influences green supply chain management practices. Green supply chain management practices influence sustainable firm performance. Green supply chain management practices do not mediate the relationship between green entrepreneurial orientation and sustainable firm performance but do mediate the relationship between market orientation and sustainable firm performance.

Keywords:
Environmental impact, green entrepreneurship orientation, green supply chain management practices, market orientation, sustainable firm performance,

ABSTRAK

Manajemen rantai pasokan hijau (green supply chain management/GSCM) merupakan inisiatif ramah lingkungan untuk semua tahap siklus hidup produk mulai dari perancangan produk hingga penanganan saat siklus hidup produk berakhir. Penelitian ini dilakukan untuk mengetahui dampak dari orientasi kewirausahaan hijau, orientasi pasar dan praktik manajemen rantai pasokan hijau pada kinerja perusahaan yang berkelanjutan. Sampel yang digunakan adalah IKM tekstil dan produk tekstil di Kabupaten Bogor sebanyak 62 responden. Teknik yang digunakan untuk pengambilan sampel adalah purposive sampling dengan kriteria IKM yang menerapkan konsep manajemen rantai pasokan hijau. Data dikumpulkan melalui kuesioner dan dianalisis menggunakan analisis PLS (Partial Least Square). Dari hasil penelitian diketahui bahwa orientasi kewirausahaan hijau tidak berpengaruh terhadap praktik manajemen rantai pasokan hijau. Orientasi pasar berpengaruh terhadap praktik manajemen rantai pasokan hijau. Praktik manajemen rantai pasokan hijau berpengaruh terhadap kinerja perusahaan yang berkelanjutan. Praktik manajemen rantai pasokan hijau tidak memediasi hubungan antara orientasi kewirausahaan hijau dan kinerja perusahaan yang berkelanjutan tetapi memediasi hubungan antara orientasi pasar dan kinerja perusahaan yang berkelanjutan.

Kata Kunci:
Kinerja perusahaan yang berkelanjutan; orientasi kewirausahaan hijau; orientasi pasar; praktik manajemen rantai pasokan hijau,

INTRODUCTION

In the current era of industrialization, industrial waste is something that companies must focus on to find solutions for. This problem then prompted serious discussions regarding the implementation of environmentally friendly industrialization. Environmentally friendly industrialization has also been encouraged by the government through Government Regulation Number 41 of 2015 concerning Industrial Resource Development, where industrial companies and industrial area companies must utilize natural resources efficiently, environmentally friendly, and sustainably.

Green supply chain management (GSCM) is an environmentally friendly initiative for all stages of the product life cycle, from product design to handling when the product life cycle ends. The factors from which organizations make decisions regarding resource deployment and strategic practices such as GSCM remain unexplored, and among these factors are green entrepreneurial orientation and market orientation (Habib *et al.*, 2020). This research was conducted to replicate research conducted by Habib *et al.* (2020), with updates in terms of the research object, namely textile SMEs in Indonesia, which have different characteristics and conditions from the previous research object, namely the textile industry in Bangladesh.

Habib *et al.* (2020) stated that there is a link between green entrepreneurial orientation and GSCM practices through a dynamic capabilities' perspective. Green entrepreneurial orientation is the tendency to recognize potential opportunities to create prosperity regarding material sufficiency and a healthy environment by starting green activities. Typically, entrepreneurial orientation captures a company's decision-making posture in critical company-level tasks, strategy-making processes, and managerial ideas to discover new opportunities for organizational growth and renewal (Hughes *et al.*, 2017).

Meanwhile, the relationship between market orientation and GSCM practices is explained through resource superiority theory (Habib *et al.*, 2020). According to resource superiority theory, market orientation is a valuable intangible resource that identifies customer needs and demands, further enhancing customer value delivery. Market orientation increases management knowledge to recognize market demands, seeking to develop policies for sustainable business practices (Wilburn Green *et al.*, 2015).

Green entrepreneurial orientation and market orientation, which are antecedents of GSCM practices, will ultimately encourage companies to improve sustainable performance. Companies oriented towards green practices can also differentiate themselves from their competitors while increasing sales profits due to increased market legitimacy and more significant social approval. Achieving a balance between economic profits and environmental image is becoming increasingly important for companies to face challenges and pressures (Younis *et al.*, 2016).

Based on the phenomena described, the literature discussing the importance of implementing GSCM practices and their impacts is not comparable to the literature on the antecedents of GSCM practices. This gap can be addressed by examining the effect of green entrepreneurial orientation and market orientation as antecedents of GSCM practices and their indirect impact on sustainable corporate performance.

The purpose of this research is to determine and analyze the influence of green entrepreneurial orientation and market orientation on GSCM practices, determine and analyze the influence of GSCM practices on sustainable firm performance, determine and analyze the influence of green entrepreneurial orientation on sustainable firm performance through GSCM practices, determine and analyze the influence of market orientation on sustainable firm performance through GSCM practices.

The Relationship Between Green Entrepreneurial Orientation and Green Supply Chain Management Practices

From dynamic capabilities view, an organization's strategic orientation (e.g., green entrepreneurial orientation) can be considered an invaluable intangible capability to respond to and implement strategic practices (e.g., GSCM) and result in higher corporate performance (Altinay *et al.*, 2016). Dynamic capabilities consist of three attributes that can be conceptualized to possess in a green entrepreneurial orientation: sensing, seizing, and transformation capabilities (Teece, 2016). Simultaneously, green entrepreneurial orientation has three intrinsic characteristics, namely green innovative, proactive, and risk-bearing (Jiang *et al.*, 2018), which have an unclear relationship to GSCM practice. The sensing capabilities of a green entrepreneurial orientation identify appropriate market opportunities and typically take proactive action to adopt green practices in response to emerging challenges from environmentally conscious customers and stakeholders both now and in the future (Nikolaou *et al.*, 2018).

Companies with a green entrepreneurial orientation will innovate, produce, and deliver environmentally friendly products and services to capture customer value. The study found a relationship between green entrepreneurial orientation and innovation performance. The results of this research direct a green entrepreneurial orientation emphasizing GSCM practices to design and produce environmentally friendly products and services to increase competitive advantage. The proactive capability of green entrepreneurial orientation encourages companies to mobilize resources to adopt green technology and manufacturing, increasing production efficiency by reducing energy consumption and preventing pollution (Jiang *et al.*, 2018). To uphold the company's reputation, companies with a green entrepreneurial orientation carry out internal environmental management practices such as ISO 14.000, environmental management systems, environmental compliance, and audit programs (Zhu *et al.*, 2013). The transformational capabilities of green entrepreneurial orientation encourage companies to adopt green strategies in uncertain environments. Traditional practices are changing into environmentally friendly practices in the essence of the forward-looking green entrepreneurial orientation towards market opportunities (Teece, 2016). The following is the first hypothesis:

H_1: Green entrepreneurial orientation influences green supply chain management practices.

The Relationship between Market Orientation and Green Supply Chain Management Practices

Previous research has established a relationship between market orientation and implementing environmentally friendly practices such as GSCM (Wilburn Green *et al.*, 2015). Recently, growing concerned about environmental issues, customers are demanding environmentally friendly products; hence, market-oriented companies are significantly adopting GSCM practices to meet customer demands by manufacturing their products in an environmentally sustainable manner (Wilburn Green *et al.*, 2015). Market-oriented companies prioritize customer needs, analyze competitors, and develop capabilities like green supply chain management (GSCM) to gain a competitive advantage (Choi, 2014; Borazon *et al.*, 2021). Resource advantage theory suggests that market orientation is an intangible resource that develops a company's ability to generate intelligence in changing customer demands and utilize company resources to satisfy customers through green innovation and GSCM practices (Wilburn Green *et al.*, 2015). The following is the second hypothesis:

H_2: Market orientation influences green supply chain management practices.

The Relationship between Green Supply Chain Management Practices and Sustainable Corporate Performance

The relationship between GSCM practices and firm performance has been studied extensively and established empirically in the production and operations management literature (Vanalle *et al.*, 2017). GSCM practices improve economic performance by minimizing waste production, reducing waste processing costs, reducing environmental accidents, and saving energy. From meta-analysis, Geng *et al.* (2017) emphasized that cooperation with customers, one of the GSCM practices, achieves better economic performance. GSCM practices contribute to environmental performance by reducing the consumption of water, energy, and hazardous and toxic materials in production, as well as reducing the generation of liquid waste, solid waste, air emissions, and environmental accidents and improving the health and safety of workers and communities (Wilburn Green *et al.*, 2015). The GSCM involves integrating environmental practices into supply chain activities to reduce pollution, waste, and energy consumption from product design to end-of-life management (Cao, 2024). In recent years, social sustainability has gained much attention in manufacturing companies due to increasing awareness of safety, job security, equality, education, and ethical business practices (Eriksson & Svensson, 2015). Social sustainability primarily considers human health, safety, welfare, and its impact on society (Yadlapalli *et al.*, 2018). The following is the third hypothesis:

H_3: Green supply chain management practices influence sustainable firm performance.

The Relationship between Green Entrepreneurial Orientation, Green Supply Chain Management Practices, and Sustainable Corporate Performance

Green practices are valuable and temporary entrepreneurial actions that win companies' favor and gain a competitive advantage. It can be ascertained that green entrepreneurial orientation combines several entrepreneurial characteristics as a posture for decision-making towards the strategy-making process (Hughes *et al.*, 2017), which cannot directly achieve corporate performance without tactical actions, such as GSCM practices. Habib *et al.* (2020) also argues that there is some missing mediating relationship between green entrepreneurial orientation and performance (Real *et al.*, 2014). In RBV theory, it is found that organizational resources and capabilities often mediate entrepreneurial orientation and performance. Instantly, Martin & Javalgi (2016) found that marketing capability mediates the relationship between entrepreneurial orientation and innovation performance. The following is the fourth hypothesis:

H_4: Green entrepreneurial orientation influences sustainable firm performance through green supply chain management practices.

The Relationship between Market Orientation, Green Supply Chain Management Practices, and Sustainable Corporate Performance

Market orientation is an important concept for many researchers, as it is the basis for identifying market knowledge and guidelines for marketing practices (Montiel-Campos, 2018). According to resource superiority theory, market orientation is an intangible resource with which companies can achieve superior performance through appropriate management decisions to occupy a distinctive market position over their competitors and achieve competitive advantage (Wilburn Green *et al.*, 2015). Market changes and needs often influence decision-making and managerial practices. When customer demand for environmentally friendly products increases, green entrepreneurial orientation companies act quickly to meet market demand in an environmentally sustainable manner, such as GSCM practices for environmentally friendly customer satisfaction (Wilburn Green *et al.*, 2015). Collecting, monitoring, and analyzing competitor strategies systematically and continuously helps companies take environmental initiatives such as GSCM practices. Ultimately, green practices can positively impact a company's sustainability performance through cost advantages, increasing competitiveness through increasing capabilities, improving production and environmental performance, creating new capabilities, reducing waste, and improving product and process quality (Wijethilake, 2017). The following is the fifth hypothesis:

H_5: Market orientation influences sustainable firm performance through green supply chain management practices.

RESEARCH METHODS

Sampling and Data Collection Techniques

This research was conducted using a quantitative approach. Sugiyono (2014) states that quantitative research is systematic empirical research regarding natural or social phenomena through statistics, mathematics, or other calculations. This research uses purposive sampling techniques by distributing online and offline questionnaires filled in directly by respondents. The statement items in the questionnaire were adapted from previous research by Habib *et al.* (2020) with a 5-point Likert scale.

Textile SMEs in Bogor Regency that met the sampling criteria so that they were eligible to be sampled were 62 SMEs from a total population of 96 textile SMEs in Bogor Regency. The criteria used in purposive sampling are textile SMEs that apply the green supply chain management concept. The author chose textile SMEs in Bogor Regency to be used as research subjects because the textile SMEs are a part of the fashion industry where the fashion industry contributes 20% of liquid waste in the world (quoted from valid news. id). Fashion is not only a primary need but has also become an artistic need to encourage the growth of this industry more rapidly. The textile industry and textile products are one of the industries that are prioritized for development because they have a strategic role in the national economy, namely as a contributor to the country's foreign exchange, absorbing quite many workers, and as an industry that is relied upon to meet national clothing needs. Textile SMEs are also among the five largest industries in Bogor Regency, with 96 SMEs as of 2021 (Bogor Regency Cooperatives and MSMEs Office).

Variable Measurement

1. Green Entrepreneurship Orientation

Green entrepreneurial orientation is the tendency of companies to focus on opportunities that generate financial and environmental benefits by introducing environmentally friendly products and services (Habib *et al.*, 2020). To examine this variable, items were taken research from Jiang *et al.* (2018):

a. Strong emphasis on environmentally friendly practices
b. Be proactive in capturing potential green opportunities
c. Initiate environmentally friendly actions
d. Be at the forefront of introducing environmentally friendly products or services
e. Adopt a competitive posture of ‘canceling out competitors’

2. Market Orientation

Market orientation is an intangible resource that identifies customer needs and demands, which will increase customer value delivery (Habib *et al.*, 2020). To examine this variable, items were taken research from Frambach *et al.* (2003):

a. Superior to competitors in knowing customer wants and needs
b. Using customer information to improve company technology
c. Collect information about competitors regularly and systematically
d. Synergize in exchanging information about competitor strategies with other divisions in the company
e. React quickly to competitors' actions

3. Green Supply Chain Management

Green supply chain management is an environmentally friendly initiative covering all product life cycle stages (Zhu *et al*., 2007). There are various green supply chain management practices. The practices used in this research refer to research from Habib *et al.* (2020), internal environmental management, environmentally friendly design, and customer collaboration.

a. Internal Environmental Management

   Internal environmental management is developing environmental sustainability as a strategic organizational imperative through commitment and support from senior and middle managers (Zhu *et al.*, 2007). To examine this variable, items were taken from Zhu *et al.* (2007)

   1) Top management commitment to green supply chain management
   2) Involvement of middle-level management in supporting the implementation of green supply chain management
   3) Emphasis on cross-functional collaboration for environmental improvement
   4) Environmental management system

b. Eco-Friendly Design

   Eco-design is a tool for improving a company's environmental performance, addressing product functionality, and reducing the ecological effects of the product life cycle (Jabbour *et al.*, 2015). To examine this variable, items were taken from from Zhu *et al.* (2007):

   1) Emphasis on environmentally friendly product design
   2) Emphasis on product design that is reusable, easy to recycle, and fast material recovery
   3) Product design emphasizes avoiding or reducing hazardous products and manufacturing processes

c. Cooperation with Customers

   Collaboration with customers involves gaining knowledge about each other's operations and the need to plan and determine environmental improvement goals (Eltayeb *et al.*, 2011).

   To examine this variable, items were taken research from Zhu *et al.* (2007):

   1) Cooperate with customers for eco-friendly designs
   2) Collaborate with customers for cleaner production
   3) Cooperate with customers for environmentally friendly packaging

4. Sustainable Firm performance

Sustainable firm performance results from organizational activities in all dimensions to drive company sustainability (Habib *et al.*, 2020). One way to measure sustainability performance is by approaching the triple bottom line (TBL), which includes economic, environmental, and social dimensions.

a. Economic Performance

   Economic performance relates to a company's ability to reduce costs related to purchased materials, energy consumed, waste processing and disposal, and fines for environmental accidents (Zhu *et al.*, 2008). To examine this variable, items were taken from Paulraj (2011) research:

1) Reducing material costs
2) Reduced energy consumption
3) Reduced waste disposal costs
4) Increased return on investment
5) Increased earnings per share

b. Environmental Performance

Environmental performance is related to a company's ability to reduce pollution, reduce waste, prevent the use of hazardous substances, and reduce environmental accidents (Yildiz Çankaya. & Sezen, 2019). To examine this variable, items were taken from Paulraj (2011) research:

1) Reduction of air emissions
2) Waste reduction
3) Reduced consumption of hazardous materials
4) Reducing the frequency of work accidents
5) Improved energy savings

c. Social Performance

Social performance concerns the welfare of all stakeholders, social projects, and educational opportunities for all personnel (Yildiz Çankaya. & Sezen, 2019). To examine this variable, items were taken from Paulraj (2011) research:

1) Improving the well-being of stakeholders
2) Increased community safety
3) Increased environmental risks to society
4) Increased employee work safety
5) Increased awareness and protection of the rights of people in the community.

Data analysis method

This research uses partial least squares (PLS) to process data. Figure 1 shows a variable's influence on other variables.

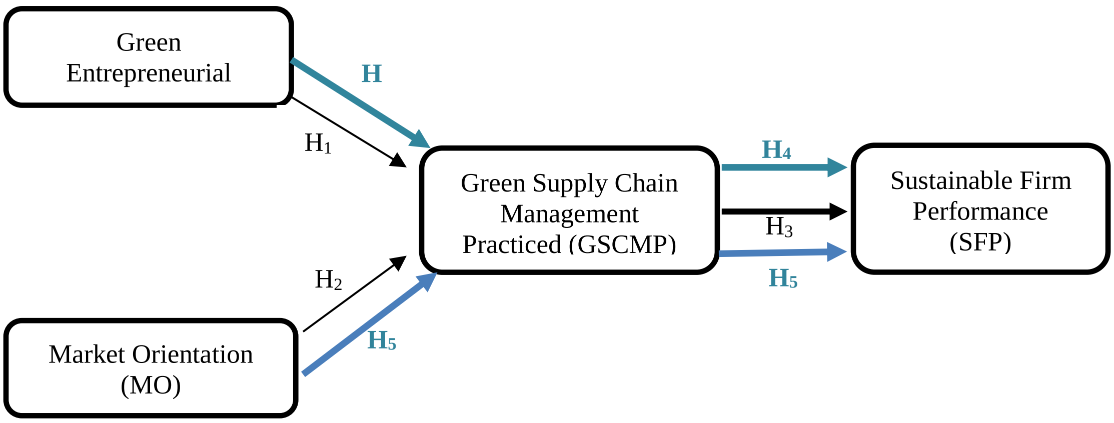

Figure 1. Research Framework
Source: Authors' work (2022)

The software used is SmartPLS 3.0. The PLS analysis technique uses two linear equations called the outer model, which shows the relationship between latent variables and a group of manifest variables that can be measured directly, and the inner model, which shows the relationship between latent variables.

RESULTS AND DISCUSSION

The respondents in this research were Textile and Textile Product SMEs in Bogor Regency. The number of respondents used as samples in this study was 62, representing 65% of the population. Of the 96 textile SMEs in Bogor Regency recorded by the Bogor Regency Office (2021), it is known that nine SMEs are no longer operating, four SMEs cannot be found, 13 SMEs are not willing to fill out the questionnaire, eight SMEs do not meet the criteria, and 62 SMEs others are those who have met the respondent's criteria, namely implementing green supply chain management practices. Based on the results of descriptive analysis, the age characteristics of SMEs can be seen in Table 1.

Table 1. Descriptive Age Characteristics of SMEs

Characteristics	Category	Amount	Percentage
Age of SMEs	< 5 Years	32	52%
	5-10 Years	16	25%
	> 10 Years	14	23%
Total		62	100%

Source: Authors' work (2022)

This research went through five stages of testing, which were part of the testing outer model and inner model, as follows:

1. Convergent validity can be seen in section outer loading when the PLS Algorithm is run; the value loading can be considered sufficient if it has a value of more than 0.50 (Ghozali, 2016)—indicators with a value of less than 0.50 need to be eliminated to produce a valid model. After testing and eliminating indicators with a value of less than 0.50, several indicators were obtained which were declared valid in relation to the construct. The result's convergent validity can be seen in Table 2.

Table 2. Test Results *Convergent Validity*

Indicator	Mark Loading	Indicator	Mark Loading
GEO1	0.745	SFP1	0.692
GEO2	0.580	SFP2	0.775
GEO4	0.704	SFP3	0.672
MO1	0.592	SFP4	0.808
MO2	0.789	SFP5	0.682
MO3	0.729	SFP6	0.907
MO5	0.511	SFP7	0.854
GSCMP1	0.893	SFP8	0.782
GSCMP2	0.822	SFP9	0.739
GSCMP3	0.832	SFP10	0.940
GSCMP4	0.735	SFP11	0.582
GSCMP5	0.588	SFP12	0.856
GSCMP6	0.565	SFP13	0.865
GSCMP8	0.797	SFP14	0.649
		SFP15	0.865

Source: Authors' work (2022)

2. Discriminant validity is carried out to ensure that each concept from each latent model is different from other variables. This can be seen by comparing the values loading on the targeted construct, which is greater than those on other constructs (Ghozali, 2016). Indicators that still have value loading for the target construct lower than the value for the other construct must be eliminated to produce a valid model. After testing and elimina.
3. ting indicators that did not meet the criteria, several indicators were obtained which were declared valid in relation to the construct. Test results discriminant validity can be seen in Table 3.

Table 3. Test Results Discriminant Validity

Indicator	GEO	MO	GSCMP	SFP
GEO1	0.745	0.047	0.198	0.175
GEO2	0.583	0.104	0.170	0.213
GEO4	0.702	0.13	0.294	0.310
MO1	0.235	0.615	0.432	0.427
MO2	0.294	0.858	0.710	0.478
MO3	0.149	0.652	0.374	0.627
GSCMP1	0.313	0.632	0.893	0.680
GSCMP2	0.054	0.728	0.822	0.592
GSCMP3	0.297	0.501	0.832	0.653
GSCMP4	0.352	0.743	0.735	0.529
GSCMP5	0.276	0.391	0.588	0.528
GSCMP6	0.303	0.163	0.565	0.414
GSCMP8	0.261	0.596	0.797	0.604
SFP1	0.089	0.571	0.642	0.681
SFP2	-0.004	0.408	0.629	0.768
SFP3	-0.053	0.337	0.344	0.681
SFP4	0.368	0.538	0.611	0.817
SFP5	0.076	0.493	0.558	0.696
SFP6	0.274	0.681	0.736	0.901
SFP7	0.99	0.647	0.684	0.843
SFP8	0.447	0.745	0.700	0.786
SFP9	0.387	0.466	0.561	0.748
SFP10	0.357	0.634	0.670	0.941
SFP12	0.364	0.455	0.574	0.862
SFP13	0.355	0.467	0.628	0.872
SFP14	0.354	0.332	0.394	0.664
SFP15	0.346	0.613	0.610	0.869

Source: Authors' work (2022)

4. Composite reliability and AVE show that a questionnaire containing indicators of the variables is consistent. Mark composite reliability must be ≥ 0.70, and the AVE value must be ≥ 0.50 (Ghozali, 2016). Variables with less than that need to be modified by eliminating indicators with the lowest outer loading in that variable. After testing and modifying variables that do not meet the criteria, reliability results can be seen in Table 4.

Table 4. Reliability Test Results

Variable	Composite Reliability	AVE
GEO	0.728	0.578
MO	0.756	0.513
GSCMP	0.901	0.572
SFP	0.961	0.640

Source: Authors' work (2022)

5. The coefficient of determination tests the significance of the independent variable to the dependent variable, which is indicated by the value R-square. Mark R-square 0.67 indicates a strong model, 0.33 indicates a moderate model, and 0.19 indicates a weak model (Ghozali, 2016). The results of the coefficient of determination test can be seen in Table 5.

Table 5. Values *R-Square*

Variable	R-square	Information
GSCMP	0.565	Moderate
SFP	0.580	moderate

Source: Authors' work (2022)

6. Hypothesis testing is carried out to determine whether the research hypothesis proposed in the research model is accepted or rejected. The hypothesis will be declared accepted if the p-value is less than 0.05 and the value t-statistic is greater than the t-table value (1.96). The results of hypothesis testing can be seen in Table 6.

Table 6. Hypothesis Test Results

	Direct/Indirect	t statistics	p-values	Information
GEO → GSCMP	Direct	0.861	0.390	Rejected
MO → GSCMP	Direct	11.628	0.000	Accepted
GSCMP → SFP	Direct	15.346	0.000	Accepted
GEO → GSCMP → SFP	Indirect	0.868	0.386	Rejected
MO → GSCMP → SFP	Indirect	8.307	0.000	Accepted

Source: Authors' work (2022)

Based on the test results, it was found that green entrepreneurial orientation did not affect GSCM practices. This does not support the results of Habib *et al.* (2020). Based on the knowledge spillover theory of entrepreneurship proposed by Colombelli & Quatraro (2017), it is assumed that the amount of knowledge available locally and the resulting technological diversity are positively related to the creation of green, innovative start-ups. However, proactive indicators that encourage technological leadership and innovation do not follow the objective conditions of the subjects of this research, causing green entrepreneurial orientation not to affect GSCM practices in textile SMEs in Bogor Regency. Market orientation influences GSCM practices (Habib *et al*., 2020). Companies with a strong market orientation will prioritize customer needs and desires, analyze competitor strategies, and develop the capabilities of companies like GSCM to satisfy their customers (Habib *et al.*, 2020).

GSCM practices influence sustainable firm performance (Habib *et al*., 2020). Implementing GSCM practices improves economic performance by minimizing waste processing costs, reducing environmental accidents, and saving energy. GSCM practices also contribute to environmental performance by reducing the consumption of hazardous materials and minimizing waste. Apart from that, GSCM practices can also improve social performance by increasing awareness of work safety, equality, education, and ethical practices in business (Eriksson & Svensson, 2015).

GSCM practices do not mediate the effect of green entrepreneurial orientation on sustainable firm performance, which is different from the findings of Habib *et al*. (2020). Green entrepreneurial orientation combines several entrepreneurial characteristics as a posture for decision-making efforts toward the strategy-making process (Hughes *et al.*, 2017), which cannot directly achieve firm performance without tactical action. The fact that green entrepreneurial orientation has no impact on GSCM practices may be the reason why this hypothesis is rejected.

GSCM practices mediate the influence of market orientation on sustainable firm performance. This supports the findings of Habib *et al.* (2020). According to resource superiority theory, market orientation is an intangible resource that allows companies to achieve superior performance through appropriate management decisions to maintain a distinctive market position over their competitors and achieve competitive advantage (Wilburn Green *et al.*, 2015). When customer demand for environmentally friendly products increases, market-oriented companies will take management decisions such as GSCM practices for environmentally friendly customer satisfaction. In the end, it will improve the firm performance in a sustainable manner (Wijethilake, 2017).

CONCLUSION AND RECOMMENDATION

The first conclusion that can be drawn is that green entrepreneurial orientation has no impact on chain management practices. Market orientation influences GSCM practices, and GSCM practices influence sustainable firm performance. GSCM practices do not mediate the influence of green entrepreneurial orientation on sustainable firm performance but mediate market orientation and sustainable firm performance.

Further research could be conducted with research subjects in different sectors from different geographies because these differences can produce better-expected effects and limitations. Researchers also suggest that textile SMEs in Bogor Regency can be market-oriented by collecting information about customer needs and desires and capturing customer desires for environmentally friendly products. SMEs can initiate environmentally friendly actions such as carrying out environmentally friendly designs, collaborating with customers to create environmentally friendly products, and implementing an environmental management system. Ultimately, these actions will provide economic advantages due to reduced waste disposal costs and can also reduce the frequency of environmental accidents, thereby reducing environmental impacts and risks for the general public.

The limitation of this research is that it only uses questionnaire data without using other data collection methods, so the research results may not be complete and comprehensive. In addition, the questions in the questionnaire may give rise to different understandings for each respondent, so there is a possibility of inconsistent answers. Another limitation is that the sample size is too small and the unavailability of supporting data outside of the questionnaire results, meaning that the research results may not be generalizable to a wider population.

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The Impact of Social Concepts on Adventure Tourism Participation: A Mixed Method Study

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ABSTRACT

Self-identity theory in social psychology highlights the importance of social groups, interactions, and context in shaping an individual's sense of self and how this self-identity influences thoughts, feelings, and behavior. This research seeks to review various literature on adventure tourism by providing a specific exploration of the role of self-identity in triggering participation in forms of adventure tourism using a mixed-method research design, 50 visitors were identified as informants for the qualitative research, and 329 respondents were surveyed as visitors to surfing tourist destinations at Menganti, Widarapayung, and Parangtritis beaches. All hypotheses proposed in this research were accepted. This shows that comparisons between regions show little difference among young consumers. The model presented and tested in this research provides a solid theoretical framework and can help understand self-identity as a driver of consumer participation. Managerial implications can provide understanding for surf destination managers so that they reflect the importance of creating a positive attitude towards the product before traveling.

Keywords:
Adventure tourism, intention to participate, mixed-method study, self-identity, surfing

ABSTRAK

Teori identitas diri dalam psikologi sosial menyoroti pentingnya kelompok sosial, interaksi, dan konteks dalam membentuk rasa diri seseorang, dan bagaimana identitas diri ini mempengaruhi pikiran, perasaan, dan perilaku. Penelitian ini berusaha untuk meninjau berbagai literatur dalam pariwisata petualangan dengan memberikan eksplorasi khusus tentang peran identitas diri dalam memicu partisipasi dalam bentuk-bentuk pariwisata petualangan. Dengan menggunakan desain penelitian mix method, 50 pengunjung diidentifikasi sebagai informan untuk mendapatkan penelitian kualitatif dan 329 responden diberikan kuesioner pengunjung destinasi wisata selancar di pantai Menganti, Widarapayung, dan Parangtritis. Semua hipotesis yang diajukan dalam penelitian ini diterima. Hal ini menunjukkan bahwa perbandingan antar wilayah menunjukkan sedikit perbedaan di antara konsumen muda. Model yang disajikan dan diuji dalam penelitian ini memberikan kerangka teori yang solid dan dapat membantu memahami identitas diri sebagai pendorong partisipasi konsumen. Implikasi manajerial dapat memberikan pemahaman bagi pengelola destinasi selancar sehingga dapat merefleksikan pentingnya menciptakan sikap positif terhadap produk sebelum melakukan perjalanan.

Kata Kunci:
Berselancar, identitas diri, niat untuk berpartisipasi, studi mixed-method, wisata petualangan

INTRODUCTION

Motivation in tourism that can be the basis of different decision-making patterns is usually divided into intrapersonal and interpersonal motivations (Leotta, 2016; McIntosh *et al.*, 1995). Four distinct categories of motivations are identified: material, cultural, interpersonal, and status/ prestige. Prestige refers to the level of status a traveler wishes to display to enhance his/her social image, as described by Veblen (1899). This is largely achieved by choosing attractive destinations and experiences (Crouch, 2023). Leibenstein (1950) found that social status is influenced through conspicuous consumption (conformist) or through differentiated consumption (snob). Several authors from different disciplines have proven this. In the field of tourism, Correia & Kozak (2012) have studied such impacts. Status may also be important in people's lives, as individuals with higher status tend to be superior and fitter (Anderson *et al.,* 2015; Li, 2024).

Adventure-seeking is a powerful multi-generational motivator for young consumers to travel (Gardiner & Kwek, 2017; Selem *et al.,* 2023). Before the COVID-19 pandemic disrupted international travel, young travelers (aged 15-29) were the single fastest-growing segment of the international travel market. This segment highlights overall global travel and its impact on tourism development around the world. In some countries, young travelers account for most of the international travel, with 1 in 5 trips made by young people. The number of international trips made by young people is expected to increase to nearly 300 million by 2023 (Blomberg-Nygard & Anderson, 2016; Huang, 2024). In Indonesia, young people make up the largest segment of the international visitor population. Blomberg-Nygard & Anderson (2016) describes young travelers as one of the most resilient markets, stating that "youth travel is generally unaffected by terrorism, civil strife, and political, natural disasters or disease." The prediction is that the young traveler market will be one of the first markets to recover after the outbreak and will be at the forefront of recovery efforts (Kuo, 2021; Lemy *et al.,* 2021).

One of the activities of young tourists is surfing on a choppy beach. This activity was chosen because it can be done because there is no demand for pre-existing skills. Even non-swimmers can participate as they can stand in the water and catch waves. This type of activity is commonly referred to as soft adventure tourism and is the cornerstone of the adventure tourism industry as it is accessible to everyone. Adventure tourism has shifted its focus from extreme activities to more mainstream activities (Gross & Sand, 2020). This research is based on the social psychology theory of self-identity (Sirgy, 1982), which has been widely used to study consumer motivation in various fields, including tourism (Desforges, 2000; Gardiner *et al.,* 2013; Shaw *et al.,* 2000; Soron, 2010; Zhang *et al.,* 2021). The impact of self-identity on adolescent consumer behavior is well-known in the marketing literature. Noble *et al.* (2009) and Pinna (2019) found that young people use products and activities to define their identity to discover who they are and reconcile the difference between their ideal and real selves. By investigating the impact of self-identity, a socially constructed self-perception, on intentions to participate in adventure tourism, this study aims to contribute to the existing literature on adventure tourism. Identity theory suggests that consistency in self-identity can increase self-esteem and self-worth. Consumers often purchase products and experiences to reinforce their mental representations and enhance their identity (Escalas & Bettman, 2003; Moldes *et al*., 2019). Adventure tourism refers to tourism that involves risk, excitement, physical activity, and challenging natural environments (Janowski *et al.*, 2021).

Participating in adventure activities requires confidence in one's own abilities. Thus, an understanding of adolescent consumer behavior or personal self-identity is not enough to capture interest in participating in this activity. From the data obtained from pre-survey research, responses regarding the attractiveness of Menganti, Widarapayung and Parangtritis Beaches Tourism, especially for surf sport tourism from 100 visitors, 25% stated that the attractiveness of tourism was interesting, 1% stated that it was less interesting, and most visitors, namely 74%, stated that the attractiveness of surf sport tourism still needed to be improved considering the considerable potential of Menganti Beach Tourism *(Author own research: data changes from February 2023 to February 2024).*

A literature gap is found as the basis for this research to develop a problem statement based on the aforementioned background of the problem. Understanding the factors that drive consumer attitudes and intentions towards the market is critical to inform tourism adaptation and recovery planning after the pandemic. Many factors influence consumption behavior and intentions. This study focuses on self-identity as a key driver, given how self-identity influences attitudes and intentions, particularly among young traveler consumers (Franklin *et al.*, 2010; Gardiner *et al.*, 2013; Gardiner *et al.*, 2023). A mixed-methods approach is essential for a deeper understanding of adventure tourism (Sand & Gross, 2019). Therefore, this study took a sequential mixed methods approach, moving from an exploratory qualitative phase to a confirmatory quantitative phase (Hair *et al.*, 2019). This approach is the ideal way to build theory because it allows for the flexibility and insight of qualitative work at the outset, before moving on to the rigour of statistical testing to prove or disprove the theory.

The focus of this research is specifically on the issue of identity: How do the efforts of Menganti, Widarapayung, and Parangtritis Beach surfers destination managers increase visitors' intention to participate in surf sports activities at Menganti, Widarapayung and Parangtritis Beach surfer? What are the positive benefits of applying the self-concept and adventure tourism for Menganti, Widarapayung, and Parangtritis Beach destination surfers? This research aims to add to the adventure tourism literature by examining the impact of social constructions of self on self-perceptions and intentions to engage in adventure tourism. In addition, wave surfing is a globally recognized sport with a large following. Understanding the factors influencing tourist attitudes and behavior is critical in informing tourism adaptation and recovery plans after the pandemic, as many factors influence customer behavior and intentions.

RESEARCH METHODS

To gain a comprehensive understanding of the phenomenon, Gross & Sand (2020) argue that a mixed-methods approach is essential in adventure tourism research. Therefore, this study used a sequential mixed method design, beginning with an explorative qualitative stage, which informed a confirmatory quantitative stage (Hair *et al.*, 2019). This approach allows the flexibility and richness of qualitative approaches in the early stages of theory development, followed by measurable statistical tests to prove or disprove the theory definitively. To make efficient use of the advantages of both qualitative and quantitative approaches, the research adopts a pragmatic epistemology. It recognizes that research cannot be separated from the context and that participants have different individual adventure tourism experiences. However, it asserts that their activity perceptions are socially constructed (Hughes & Morgan, 2007; Munir *et al.*, 2023). There is a need to develop a common understanding of what is involved and how this can be achieved. Hinkin (2005) demonstrated that conducting a qualitative phase before the quantitative phase can aid hypothesis development and scale construction. The successful scale development for Study 2 supports this approach, providing high confidence in the validity of the study's findings. In study 1, five core self-identity constructs were identified that significantly affected attitudes towards and readiness to engage in the activity. The literature was used to develop a theoretical model and hypotheses. These hypotheses were then tested using AMOS 25.

Study 1: Exploratory Qualitative

To gain a comprehensive understanding of young travellers' consumer attitudes towards destinations visited for surfing, this study used a two-stage interview approach. The research was conducted at Menganti Beach, Kebumen Regency, Central Java. Participants were interviewed on two occasions (before and after the surfing experience). In the present study, each participant was an informant who attended two surf classes between the survey and the second survey. Mystery shopper is a research technique in which participants act as customers (Gardiner *et al.*, 2023; Lee & Choi, 2020). Mystery shopper has the advantage that participants have an active involvement with the activity and could describe their impressions. This is as opposed to relying on a generalized perspective, often in post-experience surveys. This came in handy as most of the participants were new to surfing. Mystery shopper surveys allow participants to experience the activity in a real-world setting. This approach allows for a more in-depth understanding of the experience. It can lead to a more accurate assessment of how it is perceived by the consumer in comparison to other methods. Existing participants invited their friends to volunteer using snowball sampling. The next stage of this research is to test the research hypotheses using quantitative methods. For the research using a quantitative design in Study 2, this study sought responses from individuals aged 17 to 30, focusing on adult respondents (greater than 18 years old) to capture individuals eligible to travel independently without a parent or guardian. The full study was distributed by a professional survey panel. The data was collected at the beach tourism destinations of Menganti Beach, Widarapayung Beach, and Parangtritis Beach.

The 'Surf School' is the provider of the service. This design ensures that all research participants have the same experience, which is learning by participating in surfing activities at the Menganti Beach tourist destination in Kebumen Regency. This is known as the 'control' feature (Knodel, 1993). The requirement for purposive sampling in this study was that the participants had to be trained in alternative surfing experiences as well. To allow participants to compare their experiences in each surfing activity, different surf schools were used. The alternative surfing classroom makes it possible to differentiate between participants based on their characteristics (Knodel, 1993). Three contexts were selected for the initial stage of this research: local Kebumen, domestic/Indonesia and international tourists. Maintaining clarity and objectivity was important, avoiding bias or emotion, using precise wording, and following conventional academic structure and format, including clear section headings and a consistent citation style. This study focuses on the young traveller market, a major tourism market in Indonesia (Briandana *et al.*, 2023). A sample of ten local and international travelers was recruited to explore cross-cultural differences in consumer expectations of adventure tourism at Menganti Beach in the Kebumen Regency. The sampling was adequate and well-saturated (Braun & Clarke, 2021; Muellmann *et al.*, 2021).

Participants were instructed to search online for Menganti Beach in the Kebumen Regency, a tourist destination, prior to the first interview. They had 30 minutes to explore the different experiences and record their search strategy. They were asked to record search terms, online advertising, and their impact on selected activities and companies. Other questions included which business sites people visited, which words and images caught their attention, and how long people spent looking. This was fixed to fulfill the desired characteristics of objectivity, logical completeness and structure, conventional structure, clear and objective language, format, formal register, structure, balance, appropriate word choice, and grammatical correctness.

Participants were asked about their search strategy, the information they obtained, the attractiveness of the activity, and their exploration during the first (preliminary) interview. This was all related to their identity and reasons for choosing a surf center. Participants were then asked to choose two surf schools from a list of three: a specialized and a general surf school. During the learning process, all participants received 20 surf lessons. Respondents were told they should not identify themselves as research participants, as providers and staff should treat them as regular clients. To better understand participants' browsing experiences, an interview was conducted before the learning session. Participants were asked to reflect on their browsing and observations of the worksheet during the interview. They then attended two separate learning sessions and recorded their experiences on evaluation sheets as soon as possible after the learning sessions. As part of the study, interviews were conducted with participants to explore their reflections on their surf lessons. The first involved them reflecting on each experience with reference to their questionnaire answers, and the second asked them to compare their experiences and perspectives before and after the surf learning experience.

As an incentive, in addition to the two surf lessons, participants will also receive a free entry voucher to the Menganti beach tourist destination in Kebumen Regency upon completion of the second interview, with an average duration of one hour for each interview. Retaining respondents through the two stages of data collection is required by a research assistant and transcribed verbatim. Data from the interviews will be analyzed inductively by reading the transcripts in detail, using qualitative descriptive analysis techniques (Figure 1).

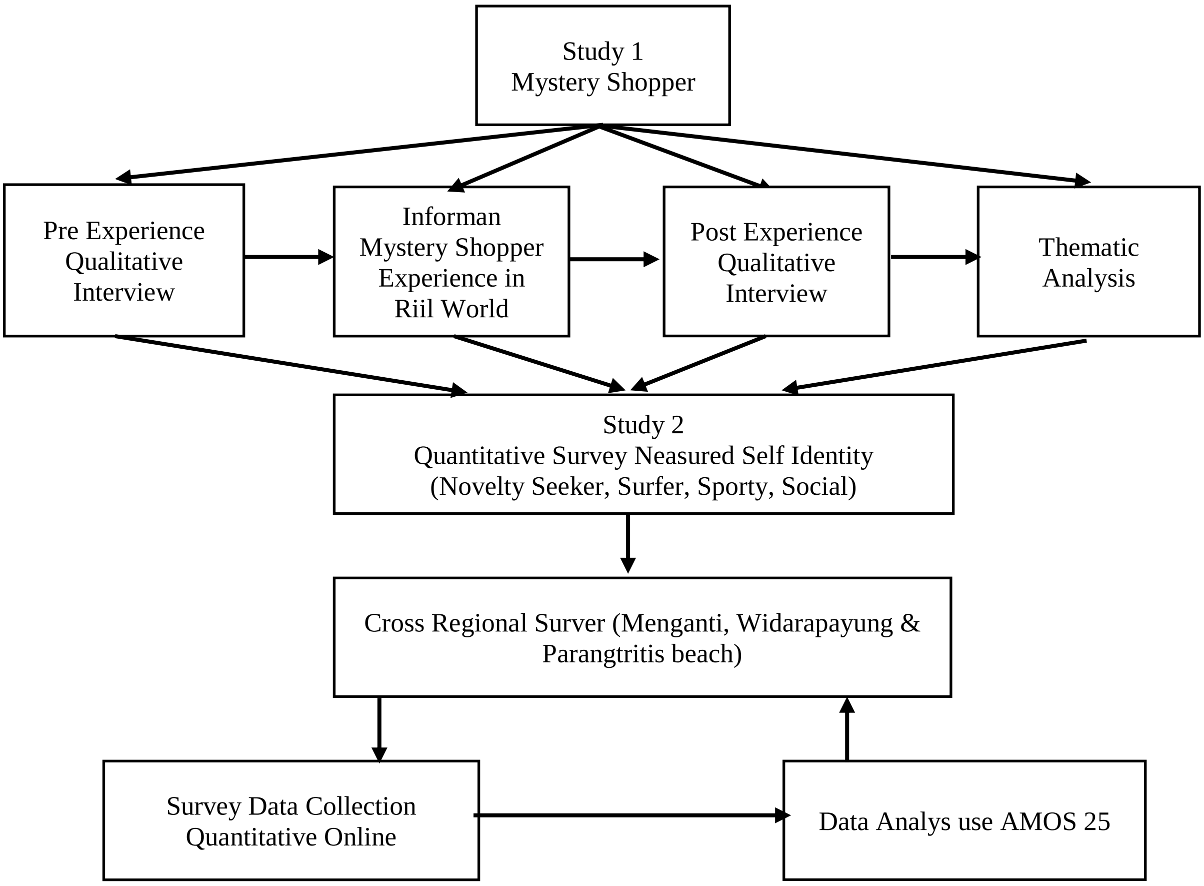

Figure 1. Flowchart Mix Methode Study as an Overview
Source: Authors' work (2024)

Study 2: Quantitative Online Survey

Novelty Seeker Self-Identity, Attitude towards the Activity, and Intention to Participate in the Activity

Behavioral research has shown that seeking new information or novelty motivates to consume (Cohen, 1972; Hirschman, 1980; Skavronskaya *et al.*, 2020). Involvement in adventure tourism activities is associated with a range of research (Janowski *et al.*, 2021). This research seeks to provide a form of empirical contribution from qualitative results and has been obtained from the previous discussion in showing the existence of a form of novelty-seeking concept that will be driven by feelings of pleasure and excitement when tourists will participate in a form of adventure activity. New tourism activities, especially adventure tourism, may involve meeting new people and learning new skills. Williams *et al.* (2017) have shown that pleasure in novel and different experiences can be associated with adventure tourism. The values that will be obtained and felt in the form of a feeling of adventure and satisfying the Surfer's curiosity and feeling the beauty of the activities that they find and are still new. This will contribute to positive intentions to participate in adventure tourism, which has been supported by empirical results from previous researchers who found that learning a novelty in terms of search and finding people with higher levels of sensation seekers will tend to engage in severe behavior of new survey activity actors (Aden *et al.,* 2020; Lepp & Gibson, 2008). Recently, researchers at the academic level and their students have begun to provide culturally related explorations of novelty-seeking.

Research has shown that adventure travel motivates novelty-seeking Chinese Generation Y students (Gardiner & Kwek, 2017; Gardiner *et al.,* 2023). In addition, cross-cultural differences in the search for novelty carried out by super actors will also be able to bring a form of impact on increasing the existence of a good form of activity (Williams *et al.*, 2017). In this study, the researcher examines that novelty seekers are expected to have an essential contribution to adventure tourism participation. Finally, the involvement of surfers to engage in their new experiences will be an indicator of the existence of an act of novelty seeker chef Identity; this will have an impact on the emergence of actions to assume that surfing is a form of good action so that this will encourage them to have the intention to participate. based on the arguments that are built, the following hypothesis can be drawn:

H_1: Novelty seekers save identity positively affects atitude towards the activity

H_6: The relationship between a person's attitude towards an activity, novelty seeking, self-identity and intention to participate in the activity was examined

Surfer Self-identity, Surfer Sporty Self-identity Attitude towards Activity and Intention to participate

Social belonging and connectedness can also be interpreted as self-feeling (Gössling *et al.*, 2018; Gardiner *et al.*, 2023). It is commonly understood as a form of openness that travelers are expected to embrace to engage in activities (Cao & Liu, 2022; Meşter *et al.* 2023). Recent research has demonstrated that aligning a brand with an individual's sense of self can significantly influence consumer attitudes towards the brand, ultimately increasing the likelihood of purchase (Oh *et al.*, 2019). In sport, a form of social connectedness concept has been shown to encourage a form of comprehensive and cognitive involvement in sports organizations (Hoye *et al.*, 2015; Schellenberg & Gaudreau, 2023). Surfing self-identification has been shown to positively influence sport participation (Gardiner *et al.,* 2023; Guest & Schneider, 2003; Lamont-Mills & Christensen, 2006). It aims to determine a relationship between respondents' self-identification and their attitudinal beliefs about sport, and their intention to participate in sport:

H_2: Surfer self-identity has a positive impact on attitude towards the activity.

H_3: Surfer sporty self-identity has a positive impact on attitude towards the activity.

H_7: Attitude towards the activity mediates the relationship between surfer self-identity and intention to participate in the activity.

H_8 : Attitudes towards the activity mediate the relationship between surfer self-identity and intention to participate in the activity.

Social Self Identity, Attitude Towards the Word of Activity and Intention to Participate in the Activity

Consumer decision-making is generally driven by a variety of social motivations (Gössling *et al.*, 2018). Previous research (Oh *et al.,* 2019) has shown that when a brand aligns with a person's sense of self, consumers have stronger feelings about the brand and are more likely to intend to purchase the product offered. In tourism, the concept of connectedness is of scholarly interest and is the subject of extensive research, which shows that connectedness is strongly associated with culture and places (Groulx *et al.,* 2016; Weaven *et al.*, 2021). In sporting activities social relationships have been shown to encourage involvement in sport organizations (Adebayo, 2022; Hoye *et al.*, 2015; Sánchez-Santos *et al.,* 2022). This is because people consider themselves to be athletic and believe that it has a positive impact on their participation (Guest & Schneider, 2003; Guest, 2018). This is because individuals perceive themselves as athletic and believe this positively affects engagement (Guest & Schneider, 2003; Guest, 2018). Different perceptions suggest that a positive or negative outcome of the behavior influences its performance (Gardiner *et al.*, 2023). A better understanding of attitudes can lead to positive behavioural intentions. Hence, tourism decision-making studies have often measured attitudes and intentions (Gardiner *et al.*, 2023). Given the above premise, it can be concluded that it is optimal for promoting positive attitudes and intention to participate in the activity. Based on the premise proposed above, the following hypothesis can be drawn (Figure 2):

H_4: Social Self Identity positively influences the attitude towards the activity.

H_5: Attitude towards the activity influences intention to participate the activity.

H_9: attitude towards the activity mediate effect between social self identity and intention to participate the activity

The research in the next stage aims to test the hypotheses proposed in this study to generalize the results of the process using qualitative methods from the previous stage. Six latent constructs were measured, and 17 indicator constructs were obtained using a quantitative survey. For social self-efficacy behavior and participation intentions, we used the following measures (Martin & Gill, 2016; Vealey et al., 1998). Sampling was carried out in three places; the first was Menganti Beach, Parangtritis Beach, and Widoro Payung Beach; two interviews were conducted (before and after the event).

Each participant completed two mystery shopping sessions between the first and second interviews. A 'mystery shopper' is a person pretending to be a customer. This allowed participants to describe their experience of a particular activity rather than referring to a generalised perspective, as in retrospective research. This was particularly useful for this study as most participants had never surfed before. Mystery shopping allows the participants to experience the activity in a 'real life' situation and therefore to understand it more fully. This can lead to a more accurate interpretation of the customer experience than other approaches.

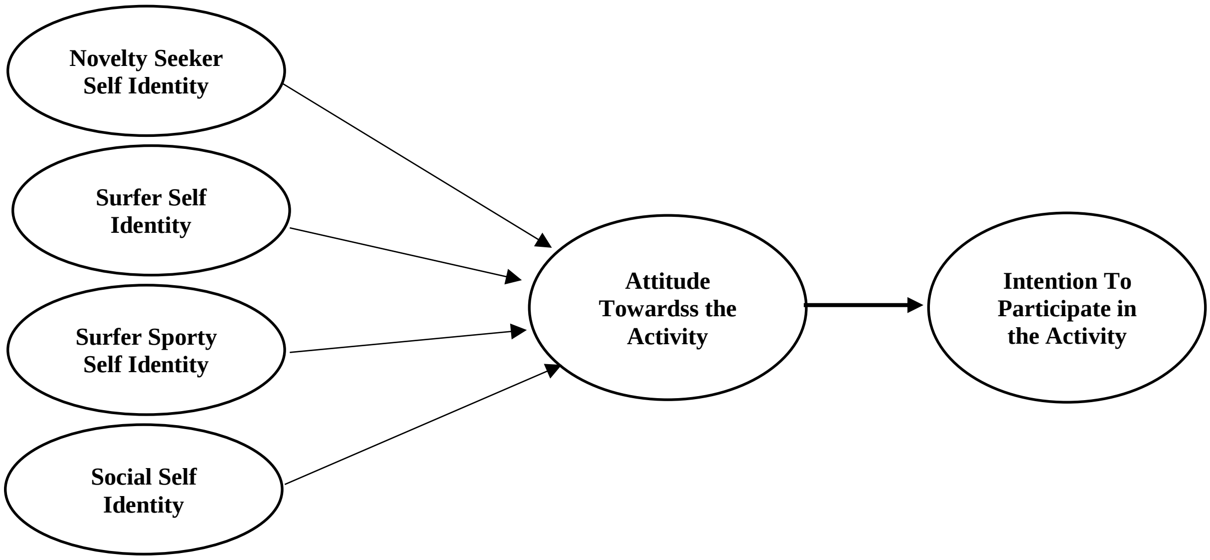

Figure 2. Theoritical Model
Source: Author's Work (2024)

The survey was tested on visitors and made a separation specifically for students from the survey obtained for people aged 17 years to 25 years. In addition, when there are tourists, they are also given a questionnaire for the data collection process. Overall, 324 people responded, but 26 people dropped out, leaving only 298 responses for further analysis. Data analysis in this study used the AMOS 25 SEM program with various stages.

RESULTS AND DISCUSSION

Results of Study 1

This research used a two-stage interview approach to gain a deep and comprehensive understanding of the feelings of teenage tourists who were about to take surf lessons. The research was conducted at Menganti beach in Kebumen, Widarapayung beach in Cilacap and Parangtritis beach in Jogjakarta. Participants were interviewed twice regarding their experience (before and after the experience). In the interviews conducted in the first stage and the second stage the participants will be given the opportunity to follow two lessons in learning to surf as a mystery shopper. The use of this mystery software or mystery shopper will involve participants providing a disguise as a customer. Participants are actively involved in providing actionable insights using a discovery-based learning approach. This will be demonstrated by various interesting and instructive activities (Gardiner *et al.*, 2023).

This will provide a form of comparative benefit with reference to the various perspectives that will generally occur in post-experience survey research. This is expected to deliver an advantage. The research evidence is that most participants have no experience of surfing. This allows participants to understand the activity more critically. For this reason, a mystery shopping approach is used in this study. The concept of recruiting participants will be explained as follows. Participants are expected to be made aware of the researcher's surfing activities through email or advertisements and then the sampling is done on a snowball. This is chosen because participants may invite various friends to volunteer in the research. The research also seeks to provide a form of information from the planning of the leading surf schools in the cities. These providers will then be recognised as a concept called surf schools. With the existence of such standardised schools the research will utilise a design that aims to ensure that all participants of the study share the same experience of focussing on surf schools thus providing a control characteristic for conducting a preliminary phase of the study in the provinces of Yogyakarta and Central Java.

This study aims to explore cross-cultural perceptions of a specific adventure activity. The potential of Parangtritis Beach in the Special Region of Yogyakarta and Menganti Beach and Widoro payung Beach in the province of Central Java is a potential tourism market for teenagers in the area. Therefore, these areas are the focus of this study. To gain an understanding of the cultural differences that influence consumer expectations of adventure tourism in these two destinations, ten students were recruited. In the present study, it was expected that data saturation would be achieved by having a sufficiently diverse sample, as described by (Braun & Clarke, 2021). Prior to the first interview, participants had 30 min to search online for surf schools in both counties and to document their search strategy on a sheet. The worksheet also recorded the search results. This text examines terms used in online advertising and how they can affect your chosen business. It was also possible to find out why people chose these words and pictures. They had to choose two surf schools and contact them, as instructed by the researcher, based on the results. The first meeting was used to select two surf schools and to inform them accordingly. They are asked about their internet search strategies, information found on the internet and attractiveness. The activity and the study of the connection to the self-identity and the reasons why they chose the base. After reviewing the list of schools, the interviewer selects the primary surf school.

The interview process will be explained in detail. Students must enrol directly with the provider and are reimbursed for lessons paid for by this survey. They are told this is important. The provider and its staff must treat them as normal, ordinary clients who use their facilities. Before class, interviews were held asking participants to reflect on their research. The students conducted internet research and wrote observational journals. Participants are expected to engage in two learning activities, to be held on different days. Participants should record their evaluations and experiences on the worksheet immediately after. After the two surf lessons, participants are interviewed and asked to reflect. Each participant will be asked to collaborate on their experience before and after the surfing session. Each interview is recorded and transcribed verbatim by the researcher. They lasted 30 minutes on average. Data analysis was inductive. The data were then coded by hand using a coding concept. This was done as a fairly iterative process that is expected to refine these concepts into some core constructs that will be investigated in future studies. The activities in the form of visiting surf beaches and smooth activities can be viewed as an action that has been done by all participants used as a sample in this study to show their unique experiences in Indonesia.

From the results of interviews and the induction process carried out by researchers at the coding level, several participants argued that they had a desire to experience this activity as part of their trip to tourist attractions in Central Java and the Special Region of Yogyakarta even though their level of ability and experience was still different. Some participants had tried surfing before so they had confidence in the physical sport and were able to show improvement in terms of swimming ability These participants would have a tendency to view themselves as a reflection so they would conclude themselves as having the most visible sportive and self-identity This was done from the participants who visited Menganti beach in Kebumen area of Central Java province The participants from Parangtritis beach of Yogyakarta Special Region were mostly pessimistic about their ability and skills in participating in the surfing activity. They tended to have concerns about their physical ability to do various activities such as standing on top but they tended to have an effort to try the survey activities.

The analogy that we can draw from these findings is that the participants in this area are less able to demonstrate a form of interest in being sporty enough to be the type of surfer. The language used is clear, objective and value-free, with formal register and precise word choice. The text is grammatically correct and without mistakes. However, if a surfer is nervous about something unfamiliar, it's reasonable to assume that the surfer needs to learn more to succeed. Some participants from outside Menganti Beach, especially widoropayung Cilacap, consider themselves novice surfers and ocean explorers. This is why it is important to build up your confidence at sea before you try. They argue that images found on various internet search sites such as the web are able to build their confidence. This can be shown through one of the participant's statements that reads "I was quite scared of the safety issues that are a consideration for our safety but when I saw the various videos on the web the problems I faced turned out to be quite superficial to deal with. These people will see pictures and kids learning to surf and they will always think. They were able to do it well so we thought that I should be able to do it well too. They will have a form of fluent experience that wants to learn more about the sea that can be reflected through reading waves and their fractions. This will help you understand the ocean and improve your surf skills. This will be a reflection for the participants from Menganti, widarapayung and parangtritis beach. For example, one student mentioned that she found the first hour of the activity difficult, especially with the new stand-up style. "*I was still getting used to it but all participants will generally have some form of belief that learning to surf is easy and they will like that most surf schools will promote this quite aggressively in ways that are their competitive advantage. This will help to reassure them that they can learn how to surf. People who lack confidence in their athletic abilities may also lack confidence in their ability to surf. In fact, in one of the interviews that the researcher obtained, they always promoted it as a fun, easy safety measure and suitable for weak swimmers who have not mastered various techniques so that we can experience the thrill of surfing*."

There are various social elements they are also expected to be able to tell and provide various information to others that they have tried this displaced activity the ability of the surf coaches in each training has given them a form of comfort and confidence in their abilities with this they will be able to carry out various activities that are quite important in the survey activities. The interaction between trainers and participants will hopefully help bridge the gap between trainers to surfers who will be perceived as symbolising aesthetics and culture to surfers and participants who have quite a bit of affinity (Gardiner *et al.*, 2023). This would allow for a limited range of connectedness to their self-identities to emerge. If coaches have strong customer identity, they are perceived as experienced surfers. Being a coach has several key characteristics that make it a better choice. Their aim is to transfer knowledge to surfers. This is very necessary because the participants previously felt that they had mastered the basics of the activity such as riding waves. This is very necessary because the participants previously felt that they had mastered the basics of the activity such as riding waves with a surfboard and getting better but this increase in competence is expected to be obtained better through the various knowledge provided by the coach. Larger sample sizes would increase validity and generalisability of these findings.

Responding also revealed a social aspect, the social aspect of the activities. Surfing instructors' ability to build confidence and comfort were seen as essential. The interaction between instructor and trainee helps to bridge the gap between the instructor, who is often seen as the embodiment of the aesthetic and culture of surfing, and the trainee, who may feel less connected to this identity. In surf coaching, coaches with a strong surfer identity are often perceived as more experienced and therefore better equipped to impart expert knowledge. This is because the main performance criteria in these lessons is the imparting of expert knowledge rather than subjective assessments of the coach's surfing ability. This was particularly important for participants who have previous surfing experience and feel that they have already mastered basic surfing skills. It identified five fundamental factors which influence people's attitudinal and participation intentions. These include four main factors: novelty-seeking identity, sporty identity, surfer identity, self-mastery, and social self-identity. Study 2 aimed to validate the qualitative findings with a larger sample, increasing their validity and generalisability. The qualitative findings were also used to adapt the existing scale construct to this context.

Results of Study 2

The validity and reliability of the research indicators in this study were tested by confirmatory analysis. The criteria for the determination of the validity of the research indicators have been the criteria for the determination of the reliability of the research indicators. According to the results of this study, the normality criteria were met by the distribution of the data analyzed using Amos 25. Abnormal data were treated using negative solutions with the Xn = 1/(k-X) formula. As suggested by (Tabachnick *et al.*, 2013), the study construct's item validity level was assessed using the average convergence value of the extracted variance or (AVE). The result can be seen in Table 1.

As recommended by Kline (2023), structural equation modeling was used to test the data using the AMOS program. Parameters were rigorously tested, and causal hypotheses evaluated using established criteria to ensure the validity and reliability of the model. As a rule, an indicator is considered invalid if the loading factor is greater than 0.6, while a Cronbach's alpha value greater than 0.6 indicates validity.

Table 1. Validity and Reliability Testing

Variables	Loading Factor	*t*-values	Cronbach's alpha	Composite Reliability
Novelty Seeker Self-Identify (Gardiner *et al.*, 2023)				
NSSI 1 (Williams *et al.*, 2017)	0.809	8.905	0.893	0.838
NSSI 2	0.785	9.167	0.804	0.871
NSSI 3	0.806	9.895	0.907	0.843
NSSI 4	0.826	11.906	0.843	0.905
Surfer Self-Identify (Gardiner *et al.*, 2023)				
SSI 1 (Williams *et al.*, 2017)	0.804	3.908	0.709	0.911
SSI 2	0.806	7.098	0.865	0.870
SSI 3	0.772	6.734	0.821	0.883
SSI 4	0.838	6.095	0.842	0.889
Sporty Self-Identify(Gardiner *et al.*, 2023)				
SPSI 1 (Williams *et al.*, 2017)	0.804	9.511	0.806	0.906
SPSI 2	0.873	6.908	0.908	0.894
SPSI 3	0.798	7.112	0.871	0.904
Social Self-Identify (Gardiner *et al.*, 2023)				
SCSI 1 (Williams *et al.*, 2017)	0.839	2.984	0.904	0.908
SCSI 2	0.805	3.569	0.811	0.852
SCSI 3	0.835	9.704	0.926	0.804
Attitude Towards the Activity (Gardiner *et al.*, 2023)				
ATA 1 (Williams *et al.*, 2017)	0.895	9.087	0.884	0.889
ATA 2	0.843	5.895	0.805	0.845
ATA 3	0.804	8.061	0.905	0.862
Intention to Participate in the Activity (Gardiner *et al.*, 2023)				
IPA 1 (Williams *et al.*, 2017)	0.787	9.081	0.805	0.887
IPA 2	0.605	7.806	0.911	0.894
IPA 3	0.507	8.894	0.972	0.809

Source: Authors' work (2024)

The goodness of fit of the model in this study, structural equation modeling (SEM) based on variance to analyze the collected data, including formally measured constructs (Haenlein & Kaplan, 2004; Korzynski *et al.*, 2020, 2021; Leguina, 2015). The model has a good fit, as indicated by the goodness of fit test results exceeding the minimum acceptable level of statistical significance of 0.05. The RMSEA values were between 0.03 and 0.08, while the GFI, TLFI, and CFI values were shown in Table 2. As noted by Tabachnick *et al.* (2013), the significance of the Chi-square values is dependent on the size of the sample and the non-statistical magnitude of the goodness of fit. Therefore, there are no issues with the model's construction.

A rigorous three-step process was used to test the hypotheses. Firstly, the model proposed in this study was evaluated for its fitness. Then, the model and its associated hypotheses were subjected to statistical analysis in three stages. A fit test to assess the feasibility of the model and its acceptability within the research framework was carried out in the first stage. The model's feasibility has been successfully evaluated based on the Chi-Square value of 208.904, a significance level of 0.00, GFI of 0.952, NFI of 0.991, CFI of 0.975, TLI of 0.929, and RMSEA value of 0.05. This evaluation procedure requires further analysis to test our proposed hypotheses, as it leads to modal acceptance according to (Arbuckle, 2016; Tabachnick *et al.*, 2013). We will proceed with confidence to test our proposed hypotheses.

Table 2. Goodness of Fit Testing

The Goodness of Fit Test	Cut off Value	Result	Conclusion
Chi-square at a significance level of 5%	Expected Small	124.36	Not fit
P	≤ 0.05	0.02	Fit
GFI	≥ 0.90	0.952	Fit
NFI	≥ 0.95	0.991	Fit
TLI	≥ 0.90	0.929	Fit
CFI	≥ 0.95	0.975	Fit
RMSEA	0.03 ≤ RMSEA≤ 0.08	0.05	Fit

Source: Authors' work (2024)

Table 3. Hypothesis Testing

Hypothesis	Std estimates	estimate	Critical ratio	ρ	Conclusion
Novelty seeker self Identify→ Attitude Towards the Activity	0.607	0.709	6.906	0000	Accepted
Surfer Self Identify→ Attitude Towards the Activity	0.566	0.407	7.882	0000	Accepted
Sporty Self Identify→ Attitude Towards the Activity	0.504	0.591	9.008	0000	Accepted
Social Self Identify→ Attitude Towards the Activity	0.607	0.572	9.043	0000	Accepted
Attitude Towards the Activity→ Intention to Participate in the Activity	0.612	0.608	8.197	0000	Accepted
Novelty seeker self Identify→ Attitude Towards the Activity Attitude→ Towards the Activity	Z: 7.90436			0000	Accepted
Surfer Self Identify→ Attitude Towards the Activity→ Intention to Participate in the Activity	Z: 6.58923			0000	Accepted
Sporty Self Identify→ Attitude Towards the Activity→ Intention to Participate in the Activity	Z: 5.69025			0000	Accepted
Social Self Identify→ Attitude Towards the Activity→ Intention to Participate in the Activity	Z: 8.58045			0000	Accepted

Source: Authors' work (2024)

The second process of the study is hypothesis testing, as shown in Table 3. A hypothesis is considered significant and accepted if the probability value is below 0.05 and the CR value is above 1.96. The confirmatory factor analysis model is transformed into a structural model for hypothesis testing. The results of the hypothesis testing process are presented in Table 3, which contains the regression coefficients for each hypothesized pathway. All the proposed hypotheses were accepted, as indicated by H1=0.709, H2=0.407, H3=0.591, H4=0.572, and H5=0.608.

To test the proposed mediation hypothesis, this study uses the Sobel test with confidence. In this test, a z-value greater than 1.96 and a probability value of less than 0.05 are considered significant with confidence. For this study's purpose, we will use the Hayes *et al.* (2009) approach. The confident test results indicate a mediating effect of each tested variable, at H6: This means that H6: Z: 7.90436, H7: Z: 6.58923, H8: Z:5.69025, H9: Z:8.58045 indicates that each of these variables mediates one another. The mediation hypotheses proposed in this study are confidently accepted as the tested variables have a mediating effect.

This research echoes previous research on the link between self-concept and adventure tourism (Gardiner *et al.*, 2023). Nevertheless, this study demonstrates for the first time the role of self-identity in motivating and rewarding the participation of young people in adventure tourism. This study aims to identify the key elements that drive positive attitudes and intentions toward adventure tourism activities by examining the identity perspective towards learning to surf across different countries. As noted in previous adventure tourism research (Lepp & Gibson, 2008; Williams *et al.*, 2017), this study reinforces the importance of novelty in adventure tourism experiences. According to the study, it is important to see oneself as a seeker of novelty to maintain a positive attitude to participation. This chapter contains the analysis results and discussions if there are tables, charts, or images prohibited on the print screen and information on reading and understanding them. Explain the research data analysis, describe the statistics required, and discuss the findings. There are four strategic pathways for increasing intention to participate in the Kebumen Regency, Cilacap Regency, and Yogyakarta Special Region Province surfing activity. The first step path is from novelty seeker save identity to Attitude to Word De Activity to intention to participate in the activity. The first path strategy results from the implications of accepting the first hypothesis, the fifth hypothesis (H5), and the sixth hypothesis (H6). When the novelty seeker variable self-identity can influence attitude to words in the activity, attitude to words in the activity can influence intention to participate, and attitude word the activity can provide a mediating role to the novelty seeker variable self-identity, which is towards intention to participate.

So, a description of the path strategy can be built that provides how the role of each concept is able to drive antecedents to the following consequences. We have found surfers have participated in various new experiences, and this will encourage them to want to surf immediately because this action can be considered as a form of motivation or encouragement to try surfing activities, so it will give rise to surfing intentions when they visit South Beach. Another assumption is that when they see various new experiences and often feel the experience matches what they feel, then this will encourage efforts to assume that surfing is a form of good action and brings various benefits. This will give rise to a form of intention when they visit the beach, which means they have to try surfing activities. When surfers consider that they like to do new things, then this will create an attitude that surfing is a good action, and they will try it and encourage others to do similar activities.

In the discussion of the chapter on results, it is forbidden to show statistics; the discussion should be as complete as possible and be accompanied by previous studies. Separate by subchapters on the relationship between variables one by one and previous studies either support or do not support them. They should be given the reason it happened. In addition, it also shows differences from previous studies. The second strategy is the path from surfer self-identity to activity attitude to activity intention. The second path strategy is the result of the implications of accepting the second hypothesis (H2), fifth hypothesis (H5), and seventh hypothesis (H7). When the surfer self-identity variable is able to influence Attitude to words, the activity, Attitude to Word, the activity is able to influence intention to participate, and Attitude words, the activity, is able to provide a mediating role to the Surfer Self-Identity variable towards intention to participate. So a description of the path strategy can be built that shows how the role of each concept is able to drive the antecedents to the consequences as follows: When surfers can recognize the people in the pictures, in this case, the people they see in the pictures when they do the training, this will have an impact on their assumptions and perceptions that surfing is a good action so that this will encourage them to surf when visiting surf beaches in the three districts.

In addition, when the surfers feel a personal connection with the images they see during the training process, this will encourage them to want to surf immediately so that once they are at the beach places that provide the activity alone, they will immediately book a surfing activity. When they feel that being a surfer is a form of reflection of themselves, then this will encourage a form of attitude formation that both themselves will feel encouraged to take part in this activity. He will also encourage others to take part in surfing activities, which will cause them to do surfing activities when they visit these beaches. The third strategic path is from sports self-identity to activity attitude to activity intention to participate. The third path strategy is the result of the implications of accepting the third hypothesis (H3), fifth hypothesis (H5), and seventh hypothesis (H7). When the variable surfer sporty Self-identity can influence Attitude to words the activity, Attitude to Word the activity is able to influence intention to participate, and Attitude words the activity is able to provide a mediating role to the variable Surfer sporty Self-identity towards intention to participate. So, a description of the path strategy can be built, which provides how the role of each concept is able to drive the antecedents to the consequences.

When tourists can identify themselves as people who like sports activities, especially survey activities, this will become an attitude that considers that surfing is a sport full of challenges and surfing is considered a pretty good sport, so this will encourage the intention to surf when visiting these beaches. In addition, the participation they provide in this server sport activity reflects the condition of the Surfer. This will encourage themselves and others to participate in surfing; this impact will impact the possibility of booking lessons when their children do the launching with a form of practice first. This is done when they visit the surf beach before doing learning activities when they see themselves as people who have participated in student sports activities then this will encourage them to participate in surfing and foster the intention always to do surfing activities when visiting Menganti beach Widarapayung beach and Parangtritis beach. The fourth pathway strategy is social self-identity, attitudes towards activity, and intentions to participate. The fourth path strategy is the result of the implications of accepting the fourth hypothesis (H4), fifth hypothesis (H5), and ninth hypothesis (H9). When the Social self-identity variable can influence the Attitude to words the activity, Attitude to Word, the activity can influence the intention to participate, and Attitude to words the activity is able to provide a mediating role to the Surfer sporty Self-identity variable towards intention to participate.

So, a description of the path strategy can be built, which provides how the role of each concept is able to drive the antecedents to the consequences as follows. When people think that they should go surfing and this gets support from people around, then it becomes a form of attitude that provides motivation for me to encourage others also to take part in surfing activities so that this will bring up the intention to surf when visiting the surf beach. When my friends and parents think that we should go surfing, this will encourage us to do the activity immediately. We will also direct them to join training activities for those who have not mastered this ability and train and improve their abilities when they already have it. However, it is not optimal so that they will be willing to join this surfing activity.

Therefore, the social value of participating in surfing was lower than in Menganti where participation in surfing activities is more popular. It also has no surfing beaches, making it less suitable for this activity than Widara Payung, which has many surfing beaches close to the major towns. While the ability to surf and take surfing lessons may be new, the opportunity to learn surfing is low unless they travel abroad. Menganti is also a society that values academic achievement, and as such, learn-to-surf lessons may not have a strong and significant relationship with social self-identity compared to Widarapayung and Parangtritis youth who have grown up in a sport-oriented society and are more exposed to water sports such as surfing. It is, therefore, important to understand how sport is perceived in terms of social support (Adebayo, 2022; Yılmaz & Genç, 2024;)..

It is assumed that social support (for example, counseling, competence acknowledgment, and social belonging) directly and indirectly impacts intention and social identity. This study has some limitations. These limitations are related to the selection of the mystery shopper sample for study one in the qualitative exploration and the selection of the younger generation as the sample in Study 2 in the qualitative survey, which only focused on three different regions located in two different provinces. Future research could provide a more comprehensive view to expand on this research by investigating other potential surfing destinations across several provinces in Indonesia. It is hoped that this will provide an understanding of the interaction between geography in providing opportunities for participation and engagement with beach culture between regions. This is a focus area of research that could be explored further. This is necessary to uncover further the similarities and differences based on nationality and tourism markets of various young people. This can also provide a form of implication for the behavior of adventurers that should also be taken into consideration for future research. In addition to the limitations in the selection of mystery shoppers in the first study, various weaknesses occurred in the data collection that occurred in Study 2 in the qualitative survey. This study did not provide a random selection of participants and measure response rates, and no quotas were involved more widely except for the three regions that were sampled in this study.

The impact of this is that there is a lack of representation of the sample selected to provide a holistic understanding of surf destinations nationally or internationally. However, based on the sample selection limitations, the model presented in this study, when tested, provided a strong theoretical framework and an understanding of social identity as a driver of consumer motivation to participate. The acceptance of all hypotheses that occurred in this study showed that the model proposed in this study was good enough to show its contribution in increasing the intention to participate. Although the model can provide a form of contribution to increasing intensive participation in terms of research models, some limitations will be described as follows: The model was only tested on the younger generation in the three areas of Menganti, Widoropayung, and Parangtritis. The model was only tested on young people who visited these tourist destinations, so it does not represent the conditions of the younger generation globally. This research is also limited to studying only one type of activity, namely surfing activities, which may be less popular or even familiar to respondents in Central Java and the Special Region of Yogyakarta. This means that the youth adventure tourism market has occurred a homogenization and differentiation approach based on nationality. This is a form of study that is a form of originality of object exploration that was not previously thought of by the researcher. This may be due to the internet's widespread connectivity and globalization's impact. The study also seems to indicate a form of motivation for young consumers who are less able to provide a form of representation on an international and national scale. Qualitative research in determining regional differences can also be used as information in finding potential differences between regions in Central Java and the Yogyakarta Special Region.

These findings have several important theoretical implications in social psychology and adventure tourism theory. The choice of mixed method design in this research provides an in-depth qualitative understanding. This process is then continued sequentially to test the results of concepts understood qualitatively. Then, quantitative testing will be carried out, which will strengthen the theory of social psychology and adventure. The fields of social psychology and adventure tourism can develop more effective strategies for understanding and influencing individuals' attitudes and intentions toward surfing activities. Apart from that, practically, this research will provide implications for existing surf tourism destination industry managers and surf schools to implement various strategies in optimizing surfing activities in these tourist destinations, including through building a strong brand identity, promoting a sense of community, increasing authentic experiences, providing personalized learning experiences, promoting sustainability and environmental conservation and finally building an active online community.

CONCLUSION AND RECOMMENDATION

This study confirms that self-identity is a key factor in forming attitudes and intentions toward participation in surf tourism adventures. The scientific facts presented show that consumers give a subjective report on various constructs in some of the places studied. However, there are some exceptions, which are explained. Various socio-cultural and geographical factors explain these exceptions. This study investigates the impact of novelty, surfing self-consciousness, surfing culture, and social self-consciousness on the attitude to an activity. Its findings have significant implications for practitioners seeking to design and market activities to young people, particularly students. Using novel experiences is essential. The study does have some limitations, as it is only the opinions of young consumers from a few places, and the findings are not generalizable. Future research will be on the extension of the replication within the country and the investigation of this country's role in different regions.

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Unveiling the Impact of Audience Involvement, Celebrity Worship, Brand Awareness, and Perceived Product Quality on Purchase and Visit Intentions

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ABSTRACT
The level of popularity of Korean music is in line with the increasing number of K-pop fans in Indonesia. Despite K-Pop's increasing popularity in Indonesia, K-beauty's reputation has declined. This study explores the influence of the Korean wave on consumer behavior in Indonesia, focusing on the K-Pop and K-Beauty industries. The research analyzes the effects of audience involvement, celebrity worship, brand awareness, and perceived product quality on purchase and visit intentions using survey data of 221 K-pop fans. Data were analyzed using Partial Least Squares (PLS). Findings reveal that audience involvement positively influences celebrity worship, which, in turn, boosts brand awareness, and sigficantly impacts perceived product quality. This perceived product quality positively affects consumers' intentions to purchase and visit, highlighting the interconnectedness of these factors. These results underscore the substantial role of audience involvement and celebrity worship in enhancing brand awareness and perceived product quality, which are pivotal in shaping purchase and visit intentions. The study offers valuable insights for businesses and marketers in the K-Pop and K-Beauty industries, emphasizing the need to understand and leverage these dynamics within the Indonesian consumer market.

Keywords:
Audience involvement, brand awareness, celebrity worship, perceived product quality, purchase and visit intention

ABSTRAK
Tingkat popularitas musik Korea sejalan dengan meningkatnya jumlah penggemar K-pop di Indonesia. Meskipun popularitas K-Pop meningkat di Indonesia, reputasi K-beauty telah menurun. Studi ini mengeksplorasi pengaruh gelombang Korea terhadap perilaku konsumen di Indonesia, dengan fokus pada industri K-Pop dan K-Beauty. Penelitian ini menganalisis pengaruh keterlibatan audiens, pemujaan selebriti, kesadaran merek, dan kualitas produk yang dirasakan terhadap niat pembelian dan kunjungan menggunakan data survei dari 221 penggemar K-pop. Data dianalisis menggunakan Partial Least Squares (PLS). Temuan mengungkapkan bahwa keterlibatan audiens secara positif memengaruhi pemujaan selebriti, yang pada gilirannya, meningkatkan kesadaran merek, dan secara signifikan memengaruhi kualitas produk yang dirasakan. Kualitas produk yang dirasakan ini secara positif memengaruhi niat konsumen untuk membeli dan berkunjung, menyoroti saling keterkaitan faktor-faktor ini. Hasil ini menggarisbawahi peran substansial keterlibatan audiens dan pemujaan selebriti dalam meningkatkan kesadaran merek dan kualitas produk yang dirasakan, yang sangat penting dalam membentuk niat pembelian dan kunjungan. Studi ini menawarkan wawasan berharga bagi para pelaku bisnis dan pemasar di

industri K-Pop dan K-Beauty, dengan menekankan perlunya memahami dan memanfaatkan dinamika ini dalam pasar konsumen Indonesia..

Kata Kunci:
Celebrity worship, keterlibatan audiens, kesadaran merek, persepsi kualitas produk, niat pembelian dan kunjungan

INTRODUCTION

The entertainment industry in Indonesia has been penetrated by Korean entertainment products such as Korean series or dramas, K-Pop shows, Korean movies, and Korean variety shows. The Korean wave, or Hallyu, has started to disrupt Indonesia's music and film markets, as Indonesian people's enthusiasm for the Korean wave is high. The Korean wave is a term given to the cultural wave of Korea through Korean series or dramas, K-Pop shows, Korean variety shows, Korean movies, and other forms of entertainment that are widely spread throughout the world, including Indonesia (kumparan.com). Audience involvement is analyzed to determine its influence on celebrity worship. Audience involvement encompasses how active and engaged consumers are in following celebrities, specifically in the context of K-Pop and K-Beauty (Halim & Kiatkawsin, 2021).

The high level of interest in the Korean wave in Indonesian society can be seen from the airing of Korean dramas or shows that feature K-Pop idols on various TV networks in Indonesia. The level of interest in Korean entertainment in Indonesia contributes to the increasing number of K-Popers in Indonesia. Korean drama and K-Pop fans in Indonesia never fail to provide trending hashtags about their Korean idol artists on social media applications such as Twitter (Jeong *et al.*, 2017; Rakhmat, 2020; Rahmawati, 2020; Lee *et al.*, 2020). The data collected from 500 respondents in Indonesia indicates that 59 percent of respondents are very familiar with K-Pop, 29.8 percent are quite familiar, 9.4 percent are familiar only to a few people, and 1.8 percent are not familiar. This suggests that not all people in Indonesia are familiar with Korean music and idols to the same extent. These findings have important implications for marketing and business strategies related to promoting and distributing K-pop products in Indonesia (Statista.Com, 2022). Companies may consider targeting these regions for promotional activities and events to capitalize on the strong economic support of K-pop fans in these areas. Indonesia has been ranked as the country with the most K-pop fans in the virtual world in 2021 (CNN, 2022). This is not the first time that Indonesia has received this title, as it was also the country with the highest number of K-Pop fans in the virtual world in 2020. This finding is significant for businesses and marketers in the K-Pop industry, as it highlights the potential market opportunities in Indonesia to distribute and promote K-Pop products.

Furthermore, the prevalence of K-pop fans in Indonesia, as highlighted by (Fadilah, 2022), underscores the substantial market potential and opportunities for expansion in the K-beauty sector, particularly in targeting these enthusiastic and engaged fans. However, in 2021, despite K-Pop's increasing popularity in Indonesia, K-beauty's reputation has declined. As described by Riani (2021), there has been a decrease in the usage of K-beauty products among the K-pop community in Indonesia. Based on the research conducted by Halim (2021), it can be concluded that there is a positive relationship between audience involvement and celebrity worship, celebrity worship and brand awareness, brand awareness, and perceived product quality. In the context of K-Pop and K-Beauty fans, it involves their personal assessment of the quality of products that are endorsed by or associated with Korean celebrities. This perception is shaped by various factors such as the celebrity endorsement's credibility, the product's visibility in media, and the fans' own experiences or beliefs about the product. It is a crucial element in consumer decision-making, as a positive perception of product quality can lead to increased trust, loyalty, and willingness to purchase, while a negative perception can deter potential buyers. Essentially, it is the lens through which fans view and determine the value and effectiveness of K-Pop and K-Beauty products (Halim & Kiatkawsin, 2021). Perceived product quality also influences purchase intention, as well as perceived product quality and visit intention.

Therefore, there is a gap in the literature that needs to be addressed. This study uses the Theory of Planned Behavior (TPB), which explains that an individual's intention towards a behavior is formed by two factors, namely subjective norm and attitude towards the behavior (Danarti *et al.*, 2021). TPB further adds one more factor: perceived behavior control. Subjective norms are highly related to social relationships and create pressure due to the perception of not performing or performing a behavior. Perceived behavior control is related to the ease or difficulty of performing a behavior and can be seen as reflecting past experiences or anticipating obstacles and barriers (Danarti *et al.*, 2021). TPB is often used in empirical research, with over 4.200 papers cited in the Web of Science bibliographic database. It is one of the social and behavioral sciences' most widely applied theories (Bosnjak *et al.*, 2020).

Two main pathways to Audience Involvement in entertainment are identification and transportation. In identification, a general feeling we experience when we get lost in a story is that we care deeply about the characters (Tal-Or & Cohen, 2010). In transportation theory, readers, listeners, or viewers are sometimes taken through a process in which they are lifted into a narrative, where their thoughts and attention are focused on the events happening to them. In this transportation process, audience members enter the world presented in the narrative and temporarily lose access to the facts of the real world (Tal-Or & Cohen, 2010). Audience Involvement is rooted in "parasocial interaction" (PSR) and refers to the imagined interconnectedness between individual audience members and media characters, often celebrities. This has been extensively documented in previous film tourism studies with different terms, including representative or empathetic response (Kim, 2018).

Additionally, Celebrity Worship is relevant in the context of K-beauty products and K-Pop. Celebrity Worship is defined as a consumer's obsessive liking for a celebrity, which can be measured through three stages: Entertainment Social, Intense Personal, and Borderline Pathological (Emmanuella, 2020). The behavior of Celebrity Worship is often associated with possessive love for a favorite celebrity and jealousy towards others who are close to the celebrity. This behavior is more common among female fans and is often expressed through posters, joining fan clubs, and seeking personal connections with celebrities (Adiesia & Sofia, 2021). Based on the research and theory presented, the first hypothesis proposed in the current study is that audience involvement positively influences celebrity worship. Therefore, we posit that,

H_1: Audience involvement positively influences celebrity worship

Brand Awareness is a sub-dimension of brand knowledge. It refers to the consumer's ability to recall and recognize a brand in different situations and associate it with a specific product category (Celik, 2022). From the consumer's perspective, brand awareness is an important factor that directly affects brand loyalty and brand love. Additionally, brand awareness is important in indirectly affecting brand loyalty through the role of brand liking (Celik, 2022). Awareness of a brand and its products plays an important role in helping customers compare products and make consequent purchases. Customers can purchase products based on a brand's logo and name even when they may have little direct knowledge about the product. In the context of the relationship between celebrity worship and brand awareness, it can be inferred that the emotional connection between fans and celebrities can significantly impact their brand attitudes and preferences. Celebrity endorsements can increase brand awareness among consumers, and consumers may develop a preference for a particular brand due to the emotional connection they feel with the celebrity endorser. Thus, celebrity worship and brand awareness are intertwined, and marketers can utilize celebrity endorsements to enhance brand awareness and influence consumer attitudes toward the brand. Based on the research and theory presented, the second hypothesis proposed in the current study is that celebrity worship has a positive influence on brand awareness.

H_2: Celebrity worship positively influences brand awareness

Perceived Quality is the consumer's perception of the overall quality or superiority of a product or service, with a focus on the intended purpose of the product or service compared to other alternatives (Qomariah & Prabawani, 2020). The existing literature has no single, precise concept of Perceived Product Quality, as its definition varies according to the situation and context. Perceived quality differs from actual quality due to the higher level of abstraction involving consumers in evaluating the experience. Perceived quality is the consumer's subjective evaluation of the overall excellence or superiority of a product and service provided by a company. High perceived quality indicates that consumers perceive a brand as differentiated and superior through their experience (Bae, 2022). When collaborating with influencers, brands can have a strong presence in the social media environment and interact with their target audience.

Additionally, brands can encourage their target audience to have brand awareness and brand loyalty, thanks to influencers who promote and maintain the brand in the social media environment (Celik, 2022). Awareness of a brand and its products is important in helping customers compare products and make consequent purchases. Customers can purchase products based on a brand's logo and name even when they have little direct knowledge about the product (Foroudi, 2019). In the context of the relationship between brand awareness and perceived product quality, it can be inferred that high brand awareness can positively impact perceived product quality. Consumers aware of a brand are more likely to perceive the brand as differentiated and superior through their experience, leading to a higher perceived product quality.

H_3: brand awareness positively influences perceived product quality

The study by Nakpathom *et al.* (2022) found that product packaging, product quality, and price significantly positively influence female purchasing intention of Korean cosmetics brand image. Consumers focus on visual packaging features such as colors, graphics, image forms, typography, and illustrations, which play an important role in influencing purchasing decisions. Product quality is a key factor influencing perceptions of brand preference, and consumers tend to be loyal to a brand that provides good quality products. Price perception also greatly affects a consumer's decision to purchase a product, and female consumers are willing to pay more for cosmetics that they perceive as worth the price. These findings are consistent with previous research on the influence of product packaging, product quality, and price on purchasing intention in the cosmetics industry (Nakpathom *et al.*, 2022). According to Yoon *et al.* (2020) and Le *et al.* (2020), a product's quality significantly impacts how customers perceive a brand's equity and overall excellence compared to other available options. When customers feel that a product is of good quality, they are more likely to automatically develop loyalty towards that brand.

H_4: Perceived product quality positively influences purchase intentions for K-beauty products

Consumers compare their perception of product quality before and after using a product (Bae, 2022). The quality of K-beauty products significantly impacts tourists' intention to visit Korea. K-beauty has gained global acclaim for its innovative and high-quality beauty products, which has sparked strong interest among consumers in Korean culture. Consequently, many consumers are more inclined to visit Korea to explore the country's beauty and skincare offerings. This highlights the strong correlation between K-beauty product quality and the intention to visit Korea, underscoring the importance of maintaining high-quality standards in the K-beauty industry to attract more tourists (Ingels, 2020). There is a positive relationship between recommended product quality and consumers' desire to visit (visit intention), which can also be interpreted as tourist loyalty to enjoy a particular product and destination (Yildirim, 2021).

H_5: Perceived product quality positively influences visit intentions to Korea

Research related to K-pop and K-beauty in Indonesia is still important to be conducted, as this phenomenon significantly influences consumer behavior in terms of repeat purchases and intention to visit Korea. By understanding the factors that affect consumer behavior, companies can design more effective marketing strategies to increase sales and enhance the popularity of their brands in Indonesia. Based on the aforementioned phenomenon, this research replicates the study model from Halim & Kiatkawsin (2021), with the conceptual framework outlined in the next section.

RESEARCH METHODS

This research aims to examine the impact of audience involvement, celebrity worship, brand awareness, and perceived product quality on purchase intention and visit intention. Data was collected using an online questionnaire distributed through non-probability purposive sampling. The respondents were Indonesian women who are fans of Korean dramas/films/TV shows, idolize Korean celebrities/K-Pop idols (K-Popers), and are aware of Korean beauty products.

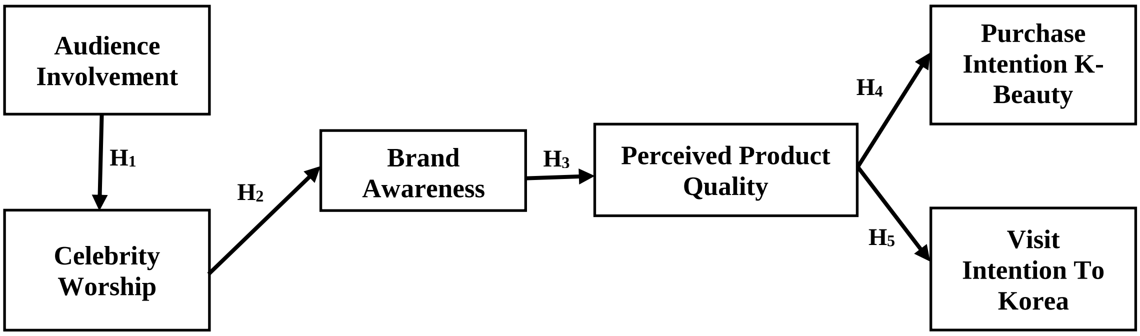

Figure 1. Conceptual Framework
Source: Authors' work (2024)

An online questionnaire was used due to its ease of use, broad respondent range, and ability to store, process, and obtain data in statistical analysis format. Purposive sampling was utilized because the research focused on individuals who are fans of Korean dramas/films/TV shows, idolize Korean celebrities/K-Pop idols (K-Popers), and are aware of Korean beauty products. According to Kwong & Wong (2019), a sample size of 100 to 200 is considered sufficient for creating good parameters for PLS-SEM. Hair *et al.* (2017) recommended a sample size of 100 to 200 respondents for exploring models using Structural Equation Modeling (SEM). The study distributed an online questionnaire to collect data from 270 respondents via social media platforms. However, only 221 respondents met the sample criteria. The respondents were Indonesian women who enjoy Korean dramas/films/TV shows, idolize Korean celebrities/K-Pop idols (K-Popers), and know Korean beauty products. The study provides information on the respondents' profile, including their domicile, age, marital status, occupation, educational background, and monthly income.

The research study used interval scales in popular Likert scales ranging from 1 to 5 (Likert scales range from 1 (strongly disagree) to 5 (strongly agree). The measurement indicators for each variable were adopted from Thalia & Kiatkawsin (2021). In the process of constructing composite reliability and construct validity, composite reliability is calculated using both higher-order constructs and lower-order constructs. Lower-order constructs are latent constructs consisting of several observed variables and measured using several indicators in confirmatory factor analysis (CFA) or partial least squares-structural equation modeling (PLS-SEM). The indicators used to measure lower-order constructs are tested to ensure their validity and reliability through tests of convergent validity, discriminant validity, and internal reliability. In addition to lower-order constructs, higher-order latent constructs have indicators derived from other latent constructs. Higher-order composite reliability can be used to measure the reliability of higher-order constructs, which measures the consistency and reliability of the indicators used to measure the higher-order latent construct. The ideal value for higher-order composite reliability is above 0.7 to ensure that the research results obtained are reliable and valid. It is important to pay attention to the value of higher-order composite reliability in CFA or PLS-SEM to ensure the reliability and validity of the research results (Hair *et al.*, 2017; 2019; 2020; Sarstedt *et al.*, 2020).

RESULT AND DISCUSSION

The survey primarily represents young, single individuals from the Jabodetabek and Java Island regions, with 69.2% aged 17-24. Over half (53.8%) are students, and a notable portion (37.6%) hold a bachelor's degree. The most common income bracket is below Rp. 1,000,000, indicating a lower-income demographic. This profile suggests a youthful, urban, and educationally diverse group with limited financial resources in Appendix 1.

Table 1 and Appendix 2 present the results of the validity and reliability tests conducted on the higher-order construct variables. In contrast, Appendix 2 displays the results of the validity and reliability tests conducted on the lower-order construct variables. Hair *et al.* (2017) state that indicators with outer loading values below 0.708 should only be eliminated if the AVE value is less than 0.5. Therefore, indicators with outer loading values less than 0.708 are not required to be removed if the AVE value already satisfies the condition of being greater than or equal to 0.5. The composite reliability values of all variables were above 0.7, which is an ideal value to ensure the reliability and validity of the research results. In CFA or PLS-SEM, it is crucial to consider the higher-order composite reliability values to ensure the validity and reliability of the research findings.

Table 1. Construct Reliability and Construct Validity (Higher Order Construct)

Construct	Dimension	Factor Loading	AVE	Composite Reliability
Celebrity Worship	Entertainment Social	0,862	0.894	0,894
Celebrity Worship	Entertainment Social	0,862		
	Intense Personal	0,935		
	Borderline Pathological	0,772		
Audience Involvement	Behavioural Involvement	0.878	0,700	0,875
	Emotional Involvement	0.847		
	Referential Reflection	0.784		

Source: Authors' work (2024)

Table 2 displays HTMT values <0.90, thereby confirming the validity of all variables and indicators. Some HTMT values exceed 0.90, namely Borderline Pathological and Intense Personal; nevertheless, these values are still deemed valid as they fall into the category of HTMT inference, which remains acceptable if the HTMT value is <1.00 (Henseler *et al.*, 2015). The symbols (***) present in the table signify variables and their respective dimensions.

Table 2. HTMT

	AI**	BI	BP**	BA	CW**	EI	ES	IP	PPQ	PI	RR	VI
Audience Involvement (AI)												
Behavioral Involvement (BI) *	***											
Borderline Pathological (BP)	0.524	0.310										
Brand Awareness (BA)	0.610	0.455	0.763									
Celebrity Worship (CW)*	0.804	0.633	***	0.684								
Emotional Involvement (EI)*	***	0.773	0.705	0.620	0.899							
Entertainment Social (ES)	0.837	0.712	0.511	0.522	0.959	0.866						
Intense Personal (IP)*	0.696	0.528	0.947	0.673	***	0.807	0.734					
Perceived Product Quality (PPQ)	0.669	0.544	0.550	0.787	0.660	0.652	0.614	0.604				
Purchase Intention (PI)	0.476	0.360	0.559	0.708	0.542	0.463	0.495	0.467	0.723			
Referential Reflection (RR)	0.884	0.560	0.534	0.640	0.698	0.816	0.691	0.611	0.644	0.509		
Visit Intention (VI)	0.583	0.515	0.240	0.270	0.476	0.558	0.635	0.294	0.436	0.454	0.492	

Note: *=Higher Order Construct (HOC); **=Lower Order Construct (LOC); ***=cannot establish discriminant validity between LOC and HOC (Hair et al., 2018); Threshold value

Source: Authors' work (2024)

The data from the SmartPLS processing indicated that the VIF values are all below 3, which was considered to have successfully passed the multicollinearity test in accordance with the criteria outlined by Hair *et al.* (2019). R^2 is often used as the primary metric for assessing the model's predictive ability in structural modeling. Also known as the coefficient of determination, R^2 measures the degree of in-sample prediction for all endogenous constructs. It should be noted that R^2 is a measure of predictive ability only for the specific sample of data used in calculating the results and cannot be inferred to the population. The minimum value for R^2 is 0, but this is rarely seen in practice. As with multiple regression, the more independent variables (constructs) included in the structural model, the higher the R^2, assuming these independent variables are related to the dependent variable constructs. However, it is important to keep in mind that the maximum value for R^2 is 1, and extremely high values are infrequent (Hair *et al.*, 2020). In the context of research, it is generally accepted that R^2 values of 0.75, 0.50, and 0.25 can be respectively categorized as substantial, moderate, and weak (Hair *et al.*, 2019).

Table 3. *R*-Square

Construct	*R*-Square
Celebrity Worship	0.531
Brand Awareness	0.396
Perceived Product Quality	0.524
Purchase Intention	0.426
Visit Intention	0.171

Source: Authors' work (2024)

Based on the results of Table 3, it can be concluded that celebrity worship, perceived product quality, and purchase intention have a moderate level of explanatory power. On the other hand, brand awareness and visit intention have a weaker level of explanatory power. These findings suggest that factors such as celebrity endorsement and perceived product quality may have a stronger influence on consumer behavior compared to brand awareness and visit intention. However, it is important to note that other factors not included in this study may also play a significant role in shaping consumer behavior. Further research is needed to gain a more comprehensive understanding of the factors that influence consumer behavior.

The *f*-square (f^2) is a secondary measure used to evaluate the predictive capability of a structural model. Effect size, commonly denoted as f^2, is classified into small, medium, and large categories based on its magnitude. A value between 0.02 and 0.15 is considered a small effect size, while a value between 0.15 and 0.35 is considered a medium effect size. A value of 0.35 or greater is considered a large effect size (Cohen, 1988; Hair *et al.*, 2019; 2020). The results of the f^2 analysis suggest that in the context of K-Pop and K-Beauty consumer behaviour, the factors of audience involvement, celebrity worship, brand awareness, and perceived product quality have a significant impact on purchase intention. The effect sizes for these relationships are all large, indicating that these factors play a crucial role in influencing consumer behaviour in the context of K-Pop and K-Beauty. However, the effect size between perceived product quality and visit intention is medium, indicating that while perceived product quality is still an important factor in influencing visit intention in the context of K-Pop and K-Beauty, it may not be as significant as the other factors. Overall, these findings suggest that marketers and practitioners in the K-Pop and K-Beauty industries should focus on leveraging the power of celebrity worship, brand awareness, and perceived product quality to influence consumer behavior and improve purchase intention.

Q-Square is not solely a measure of out-of-sample prediction but combines both aspects of out-of-sample prediction and in-sample explanatory power. If Q2 > 0, it indicates that the model has predictive relevance, while $Q^2 < 0$ indicates that the model has limited predictive relevance. As a general guideline, Q^2 values greater than 0, 0.25, and 0.50 indicate a small, medium, and large level of predictive relevance, respectively, for the PLS-path model. (Hair *et al.*, 2019; 2020). The PLSpredict method helps to generalize the predictive capability of the PLS regression model beyond the sample data used to estimate the model. This allows the model to be used to make predictions on new data, which is a critical aspect of the model's practical applicability in real-world settings. Based on the *Q*-square and *Q*-square predict values obtained from the analysis in the context of K-Pop and K-Beauty consumer behavior, it can be concluded that the model's predictive power varies across the constructs studied. All the *Q*-square predict values are substantially higher than zero values, indicating that the model has a good ability to predict these constructs for new and unseen data.

A research study's hypothesis testing stage involves measuring the significance level and the relationship between variables. To do this, researchers typically analyze the *t*-Statistics and *p*-values, which must meet certain criteria for statistical significance. Specifically, the *t*-statistic value should be greater than 1.65 (one-tailed), while the *p*-value should be less than 0.05. Table 4 displays the results of the hypotheses constructed in this research study.

Table 4. Hypothesis Testing

Hypotheses	Regression Path	Coefficient	*t*-Statistic	*p*-value	Conclusion
H1	Audience Involvement towards Celebrity Worship	0.729	16.088	0.000	supported
H2	Celebrity Worship towards Brand Awareness	0.629	15.207	0.000	supported
H3	Brand Awareness towards Perceived Product Quality	0.724	22.565	0.000	supported
H4	Perceived Product Quality towards Purchase Intention	0.652	15.097	0.000	supported
H5	Perceived Product Quality towards Visit Intention	0.413	6.953	0.000	supported

Source: Authors' work (2024)

Based on the statistical analysis presented in Table 4, all the hypotheses tested in this research are supported (as shown in Figure 2). Specifically, there is a significant positive relationship between audience involvement and celebrity worship, celebrity worship and brand awareness, brand awareness and perceived product quality, perceived product quality and purchase intention, and perceived product quality and visit intention. These findings suggest that audience involvement in a celebrity can contribute to increased celebrity worship, which can, in turn, lead to greater brand awareness. Additionally, higher levels of brand awareness can positively impact perceived product quality, and both perceived product quality and brand awareness can influence purchase intention and visit intention.

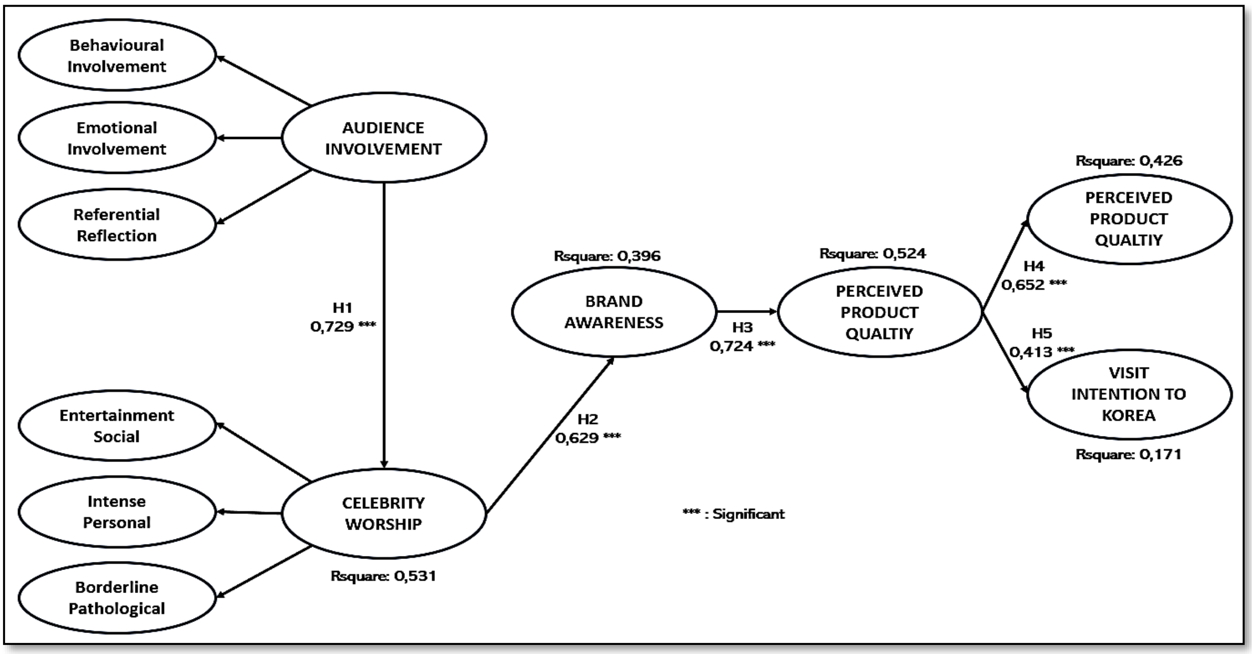

Figure 2. Hypothesis Testing
Source: Authors' work (2022)

In the context of K-beauty and K-Pop, TPB can be applied to explain the formation of the intentions and behaviors towards K-beauty and K-Pop, with the subjective norm, attitude towards the behavior, and perceived behavior control influencing the formation of purchase and visit intentions. Therefore, understanding the factors that shape consumer behavior and attitudes towards K-beauty and K-Pop can help companies design more effective marketing strategies and improve their products and services (Christine *et al.*, 2020; Surya, 2020).

The consumer behavior of Indonesian fans towards Korean media indicates a profound emotional and psychological connection with their favorite idols and actors. These fans exhibit a strong desire for personal engagement, demonstrated by their eagerness to meet these celebrities in person. Their viewing habits are characterized by intense loyalty, consistently seeking out and watching any content featuring their idols. They find these personalities highly engaging and captivating, and this engagement is further reinforced by the belief that Korean TV dramas, films, and programs address relevant and meaningful issues that align with their personal interests. This deep connection and sustained commitment highlight a highly dedicated and involved audience within the Indonesian market.

However, an interesting finding for the Korean entertainment industry is the notable gap in the immersive experience that these fans feel while consuming Korean media. Despite their strong emotional investment and commitment, Indonesian fans feel that Korean dramas, films, and TV shows fall short in fully bringing stories to life, as if they were experiencing them firsthand. This indicates an opportunity for the Korean entertainment industry to enhance the storytelling and experiential aspects of their content to better meet the expectations of this audience. By addressing this gap, there is potential to further deepen fan engagement and strengthen the already significant influence that Korean celebrities and media have within the Indonesian market. The result of current research supports the previous research conducted by Kim (2018), Myrick (2019), Emmanuella (2020), Adiesia *et al.* (2021), and Halim *et al.* (2021).

The analysis of Indonesian Korean fans' behavior reveals a complex relationship between their admiration for celebrities and the impact on brand awareness. Fans who enjoy associating with others who share their admiration and actively follow news about their favorite Korean idols exhibit behaviors that can positively influence brand awareness and marketing efforts. These fans derive pleasure from staying updated on their idols, which can translate into sustained interest in the brands these celebrities endorse. This suggests that engagement with celebrity-driven content can effectively enhance brand visibility, especially when fans are motivated by social connections and the enjoyment of following celebrity news.

However, the findings also highlight an interesting paradox: while these fans feel a deep emotional connection with their favorite idols, this connection does not necessarily translate into profitable actions for the brands associated with these celebrities. Statements such as considering their idols as soulmates or feeling an inexplicable bond with them reflect an intense fandom that is more personal and emotional than transactional. Although these fans may feel immense pride and joy in their idols' achievements, this emotional investment does not necessarily lead to increased brand loyalty or purchasing behavior. This insight is crucial for the Korean entertainment industry and associated brands, as it indicates that while emotional engagement with celebrities is high, leveraging this connection into tangible brand benefits may require more targeted strategies. The result of the current research supports the previous research conducted by Emmanuella (2020), Halim *et al.* (2021), Foroudi (2019), and Zuardi (2019).

The analysis of the influence of brand awareness on perceived product quality among Indonesian consumers reveals that familiarity with Korean beauty brands, especially those featured in popular media such as TV dramas, films, or programs, significantly enhances the perceived quality of these products. Consumers readily recognize these brands, with Korean beauty products often being top-of-mind when thinking of beauty products. However, despite this strong brand recognition, there is a notable gap in consumer knowledge about the actual quality of these products, and they may struggle to distinguish them from other competing brands in the market. This indicates that while Korean beauty brands have successfully established visibility through media exposure, there is an opportunity to improve consumer education and communication about the quality of their products. For the Korean entertainment industry, this finding underscores the potential of leveraging popular media to boost brand awareness while also highlighting the need for more targeted marketing efforts to inform and educate consumers about product quality to strengthen the market position in Indonesia. The result of the current research supports the previous research conducted by Qomariah and Prabawani (2020), Rosillo-Díaz (2020), Bae (2022), Celik (2022), and Foroudi (2019).

The analysis of consumer behavior towards K-Beauty products in Indonesia reveals that consumers are more drawn to unique and exceptional features rather than consistent quality when making their purchase decisions. This suggests that Indonesian consumers are particularly responsive to innovation and differentiation in the K-Beauty market, valuing products that offer something distinct from their competitors. This behavior indicates that K-Beauty brands can enhance their market position by continuously introducing innovative products that capture consumer interest. For the Korean entertainment industry, which plays a pivotal role in promoting K-Beauty products, this highlights an opportunity to emphasize the unique and standout qualities of these products through their platforms, aligning with consumer preferences for novelty and innovation. This approach could further strengthen the connection between K-Beauty products and the trendy, cutting-edge image often associated with Korean pop culture, thereby driving consumer engagement and purchase intention in Indonesia. The result of the current research supports the previous research conducted by Nakpathom *et al.* (2022), Yoon *et al.* (2020), and Le *et al.* (2020).

The analysis of consumer behavior towards K-Beauty products and their influence on visit intentions to Korea reveals that Indonesian consumers are more attracted to the unique and innovative features of these products rather than their consistent quality. This indicates that consumers are motivated by the novelty and differentiation that K-Beauty products offer, which can also translate into an interest in experiencing the culture and origins of these innovations firsthand by visiting Korea. However, the perception of consistent quality does not seem to be a significant factor in driving visit intentions. For the Korean entertainment industry in Indonesia, this insight suggests that highlighting the innovative and unique aspects of Korean culture and products through media can enhance the allure of visiting Korea. By showcasing the cutting-edge and distinctive features of K-Beauty products, the industry can tap into consumers' curiosity and desire for novel experiences, potentially boosting tourism interest in Korea. The result of the current research supports the previous research conducted by Bae (2022), Noviyati Nabila et al. (2021), Ingels (2020), Yildirim (2021), and Santosa (2019).

CONCLUSION AND RECOMMENDATION

The analysis of Indonesian K-pop fans' behavior underscores the profound emotional and psychological connection these fans have with their favorite Korean idols and actors. This strong engagement, characterized by intense loyalty and an eagerness to consume content featuring their idols, presents a significant opportunity for companies involved in the Korean entertainment industry in Indonesia. Fans' deep emotional investment enhances brand awareness and can positively influence marketing efforts, particularly when leveraging the social connections and enjoyment derived from following celebrity-driven content.

However, the findings also highlight critical managerial implications for companies in this industry. While fans' emotional connection is robust, it does not automatically translate into profitable actions or increased brand loyalty. This gap suggests a need for more targeted strategies that move beyond emotional engagement to foster tangible brand benefits. Additionally, the emphasis on unique and innovative features over consistent quality in K-Beauty products points to a consumer preference for novelty and differentiation. Companies should focus on developing and promoting standout product features and enhancing storytelling and experiential aspects of content to better meet fans' expectations. Businesses and organizations targeting Indonesian Korean fans should focus on creating engaging content, improving the quality of their content, and providing opportunities for fans to connect with their favourite idols/actors to build a solid and loyal fan base (Indonesian K-Popers). This study confirms that audience involvement positively influences celebrity worship, which improves brand awareness of K-beauty products. Improved brand awareness would positively relate to perceived product quality, which in turns purchase intentions and visit intentions to Korea.

The study's conclusions are based on a narrow demographic of Indonesian Korean entertainment viewers, predominantly comprising young, lower-income students from the Jabodetabek and Java Island regions. This sample may not fully represent the diversity of Korean entertainment's audience in Indonesia, such as male viewers, who also constitute a significant segment. While these male viewers may not be the primary consumers of Korean beauty products, the male skincare market is expanding globally, suggesting they should not be overlooked in future research. Additionally, Korean entertainment showcases a range of products beyond beauty items, including food, fashion, and automobiles, which future studies could explore in terms of the impact of media and celebrity influence. Korean entertainment's global popularity also suggests that validating the conceptual model in different cultural contexts could enhance its robustness and generalizability. Finally, contrasting the influence of local versus foreign entertainment media could provide valuable insights for brands and marketers.

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APPENDIX

Appendix 1. Table Description of Respondent Profile

Demographics	Category	Frequency	Percentage (%)
Domicile	Jabodetabek	110	49.8
	Java Island	68	30.8
	Sumatera Island	28	12.7
	Kalimantan Island	6	2.8
	Sulawesi Island	2	0.9
	Maluku Island	0	0
	Bali Island	4	1.9
	NTT – NTB Island	2	0.9
	Papua	1	0.5
	< 17 years old	21	9.5
Age	17 – 24 years old	153	69.2
	25 – 40 years old	44	19.9
	41 – 55 years old	3	1.4
	> 55 Tahun years old	0	0
Marital Status	Married	34	15.4
	Single	187	84.6
	Students	119	53.8
Occupation	Private Employee	57	25.8
	Government Employee	1	0.5
	Entrepreneur	17	7.7
	Freelancer	8	3.6
	Laborer	19	8.6
Educational Background	Elementary School	2	0.9
	Junior High School	5	2.3
	High School	112	50.7
	Diploma	17	7.7
	Bachelor's Degree	83	37.6
	Master	1	0.5
	Doctoral	1	0,5
	< Rp. 1.000.000	97	45,5
Monthly Income	Rp. 1.000.001 – Rp. 2.500.00	32	15
	Rp. 2.500.001 – Rp. 3.500.000	17	8
	Rp. 3.500.001 – Rp. 4.500.000	26	12.2
	Rp. 4.500.001 – Rp. 5.500.000	9	4.2
	Rp. 5.500.001 – Rp. 6.500.000	17	8
	> Rp. 7.500.000	15	7.1

Source: Authors' work (2022)

Appendix 2. Table Indicator reliability, Construct reliability, and Construct Validity (Lower Order Construct)

Construct	Indicators	Factor Loadings	AVE	Composite Reliability
Celebrity Worship	Entertainment Social		0.524	0.907
	1. I am delighted to discuss my favorite Korean celebrity idol with friends.	0.740		
	2. One of the main reasons why I am interested in my favorite Korean celebrity idol is to relieve boredom from my daily routine.	0.667		
	3. Following the developments and information about my favorite Korean celebrity idol is a very enjoyable activity for me.	0.784		
	4. I enjoy conversing with others who admire my favorite Korean celebrity idol.	0.776		
	5. Learning about the life story of my favorite Korean celebrity idol is a fun experience.	0.746		
	6. I am thrilled to gather with others who also appreciate my favorite Korean celebrity idol.	0.749		
	7. When my favorite Korean celebrity idol experiences failure, I feel like I'm experiencing it with them.	0.576		
	8. I enjoy watching and listening to news about my favorite Korean celebrity idol, especially when I am in a crowded place.	0.630		
	9. Keeping up with the news about my favorite Korean celebrity idol is an entertaining form of self-entertainment.	0.816		
	Intense Personal		0.513	0.894
	1. Meeting my favorite Korean celebrity idol would be a dream come true, and I am sure they would recognize me as their biggest fan.	0.737		
	2. I share an unexplainable bond with my favorite Korean celebrity idol that goes beyond mere admiration.	0.784		
	3. I am extremely interested in the details of my favorite Korean celebrity idol's life and closely follow their career.	0.714		
	4. When my favorite Korean celebrity idol achieves something great, I feel an immense sense of pride and joy as if it's happening to me.	0.759		
	5. I have a special place to store all the merchandise related to my favorite Korean celebrity idol.	0.509		
	6. The success of my favorite Korean celebrity idol feels like my own success, and I take pride in it.	0.767		
	7. I consider my favorite Korean celebrity idol as a soulmate and feel a deep connection with them.	0.775		
	8. My admiration for my favorite Korean celebrity idol is so intense that I often find myself thinking about them, even when I don't want to.	0.787		
	9. If my favorite Korean celebrity idol were to pass away, I would feel a profound sense of loss and grief, as if a part of me died too.	0.556		
	Borderline Pathological		0.650	0.847

Construct		Indicators	Factor Loadings	AVE	Composite Reliability
	1.	I often feel a strong urge to learn about the personal habits of my favorite Korean celebrity idol.	0.816		
	2.	If I were lucky enough to meet my favorite Korean celebrity idol, I might even do something illegal if they asked me to do so.	0.753		
	3.	If someone were to give me money to spend as I please, I would consider buying personal items that were once used by my favorite Korean celebrity idol.	0.847		
Audience Involvement		Behavioural Involvement		0.519	0.882
	1.	I make sure to watch any TV drama, film, or program featuring my favorite Korean idol/actor.	0.787		
	2.	I find my favorite Korean idol/actor to be very engaging and captivating when they appear in the TV dramas, films, or programs that I watch.	0.811		
	3.	I read news about my favorite Korean idol/actor in the media (newspapers, internet, or magazines).	0.694		
	4.	I feel sad when my favorite Korean idol/actor is reported to have made a mistake.	0.512		
	5.	I feel sad when my favorite Korean idol/actor experiences something negative.	0.717		
	6.	I hope to see my favorite Korean idol/actor in every episode of the TV dramas, films, or programs that I watch.	0.799		
	7.	Sometimes, I comment about my favorite Korean idol/actor while watching TV dramas, films, or programs.	0.683		
		Emotional Involvement		0.515	0.810
	1.	When watching Korean TV dramas, films, or programs, I feel like I am a part of every storyline.	0.717		
	2.	While watching Korean TV dramas, films, or programs, I feel like my favorite idol/actor is like an old friend to me.	0.689		
	3.	I have a strong desire to meet my favorite idol/actor in person who appears in Korean TV dramas, films, or programs.	0.749		
	4.	I enjoy hearing the voice of my favorite idol/actor from the Korean TV dramas, films, or programs I watch at home.	0.715		
		Referential Reflection		0.749	0.899
	1.	I feel that Korean TV dramas, films, or programs portray life lessons that are connected to my personal life.	0.835		
	2.	I feel that Korean TV dramas, films, or programs bring stories to life as if they were experiencing it themselves.	0.874		
	3.	I feel that Korean TV dramas, films, or programs address story types of issues that I want to know more about.	0.887		
Brand Awareness	1.	I am familiar with beauty brands that appear in Korean TV dramas, films, or programs.	0.770	0.693	0.918

Construct	Indicators	Factor Loadings	AVE	Composite Reliability
	2. When thinking of beauty products, Korean brands are among the first brands that come to mind.	0.819		
	3. I am well acquainted with the quality of beauty products from Korea.	0.866		
	4. I am highly knowledgeable about each beauty brand from Korea.	0.842		
	5. I can recognize Korean beauty products among other competing brands in the same product category.	0.863		
Perceived Product Quality	1. Korean beauty brands offer products of exceptional quality.	0.913	0.852	0.958
	2. Korean beauty brands offer products with consistent quality.	0.935		
	3. Korean beauty brands offer reliable products.	0.918		
	4. Korean beauty brands offer products with outstanding features.	0.928		
Purchase Intention	1. I will consider buying Korean beauty products.	0.842	0.763	0.906
	2. I might purchase Korean beauty products.	0.895		
	3. I will buy Korean beauty products if I ever need beauty products.	0.884		
Visit Intention	1. I might visit Korea in the future.	0.943	0.920	0.962
	2. I have plans to visit Korea in the future.	0.947		
	3. I have hopes of visiting Korea in the future.	0.947		

Source: Authors' work (2022)

AUTHOR GUIDELINES

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