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ICEBM

The Fourth International Conference on
Entrepreneurship and Business Management

"Building Sustainable
Business Networks:
The Role Of
Entrepreneurs
and Professionals"

Bangkok | **5-6**
Thailand | NOV 2015
Conference Venue:
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Organized and hosted by:

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PREFACE

The International Conference of Entrepreneurship and Business Management (ICEBM) brings together researchers and practitioners to facilitate the discussion on various topic in the field of entrepreneurship and business management. This conference was organized by Tarumanagara University together with partner institutions. This year, the Fourth ICEBM is held in Bangkok in collaboration with: Dusit Thani College, Kun Shan University, Universiti Sains Malaysia, and Ciputra University. The focus of the Fourth ICEBM is Building Sustainable Business Networks: The Role of Entrepreneurs and Professionals.

In this information era, businesses are challenged by the fierce competition. The way firms and its stakeholders communicate are changing due to the development of the Internet. The Internet has created an open hyper-connected world where individuals or institutions are free to voice their opinions quick and easy. For instance, websites are considered as an additional communication field where firms and stakeholders interact. Extant research considers business networks as a prominent source of firms' performance. Academic researchers note that business practices increasingly discuss the terms "relationships" and "networks". Hence, it is prominent to develop sustainable business networks in order to answer the competition.

Each paper submitted to the Fourth ICEBM 2015 has gone through a stringent peer review process by members of the ICEBM Scientific Committee, comprising 39 reviewers from 17 different institutions and 10 different countries. A total of 61 papers have been accepted out of 79 papers and 123 abstracts submitted to the conference. The reviewing process of this year conference was on a two-step reviewing process. First, the abstract was submitted and reviewed. After notified the acceptance of the abstract, the author(s) was asked to submit the full paper. Then, the full paper was reviewed using double blind peer-review process. Finally, the author(s) submitted the revised version of the full paper.

These papers address diverse areas of application in entrepreneurship and business management. Starting from the field of accounting and finance, economics, marketing, and so forth through addressing a wide variety of theoretical and methodological approach. We hope that this book of proceedings could promote and stimulate further the discussion of practitioners and academics. Particularly on what research needed to be conducted to advance the body of knowledge in the field of entrepreneurship and business management, which could help firms deal with diverse issues.
Finally, we wish to acknowledge the support of the collaborating institutions, sponsors, scientific committee, and organizing committee. We would also like to thank all the contributing authors for their valuable work in supporting the success of the Fourth ICEBM. Thanks for you contribution, the Fourth ICEBM 2015 would not have been possible without your support.

Conference Chair,

Arnold Japutra, Ph.D.

SPEECH FROM THE RECTOR

Welcome to Bangkok and to the Fourth ICEBM,

It's an honor to open the Fourth ICEBM on this lovely day in Bangkok, Thailand. This year, this conference put forward the theme of "Building Sustainable Business Networks: The Role of Entrepreneurs and Professionals."

It is without a doubt that in this era, businesses are faced with challenges in order to face the competition and to grow. Particularly, due to the development of a very dynamic communication through the Internet, which creates a hyper-connected world.

Firms all over the world are looking for ways to expand their business. However, with limited resources, firms need to find a solution to deal with this issue. One of their strategies is to collaborate and build sustainable business networks. What is considered a sustainable business networks? How to build sustainable business networks? What should professionals and entrepreneurs do to achieve a sustainable business networks? These are some of the questions arising that needs to be addressed.

This conference brings together practitioners and academics that are well known in their fields to address this theme. We are proud to present Mr. Chanin Donavanik as the CEO of Dusit International – a well-know firm in hotel management and education, which comprises a unique international portfolio of distinctive hotels and resorts. I believe that his knowledge and expertise would be valuable in addressing the theme of this conference. We are also proud to present Prof. Carunia M. Firdausy (Untar), Prof. Chen Cheng-Nan (Kun Shan), and Dr. Chong Chee Leong (UniSIM) that would share their expertise to address the conference theme.

I would also like to take this opportunity to congratulate all the parties who are involved in hosting and organizing this conference – partner institutions (Dusit Thani College, Kun Shan University, Universiti Sains Malaysia, and Ciputra University), scientific committee, organizing committee, and the sponsors. I believe that through this conference, where great minds gather, we will be able to advance our knowledge in findings innovative ways and solutions to build sustainable business networks.

Once again, welcome and enjoy the conference.

Prof. Ir. Roesdiman Soegiarso, M.Sc., Ph.D.
Rector

SPEAKERS

Mr. Chanin Donavanik
(Managing Director and CEO Dusit International, Thailand)

Prof. Carunia Mulya Firdausy, Ph.D.
(Tarumanagara University, Indonesia)

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APPLICATION OF ELABORATION LIKELIHOOD MODEL
ON BATIK ADVERTISING

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Abstract

This study will examine the influence of argument quality and peripheral signals on batik advertising to batik consumers' attitude moderated by their involvement with batik. 100 participants will be selected from 200 undergraduate students and divided into 2 groups based on their involvement with batik where they will be given the same batik ads treatment. Batik ads treatment usesprint media and is designed to contain the same number and strength of arguments and peripheral signals. The study design is 2(Involvement: High or low) x 2(Ads: Before ads and After ads) factorial design. We hypothesize that both argument quality and peripheral signals in batik advertising will affect batik consumer attitude, but their involvement will strengthen the influence of argument qualityon attitude and weaken the influence of peripheral signals on attitude.

Keywords: Elaboration Likelihood Model, Advertising, Batik.

Introduction

The existence of batik in Indonesia is inseparable from the long history of batik origins and its presence in other countries. Batik was first performed in ancient Egypt, but experienced largest growth in Java since 7th century and was introduced to Europe by Dutch traders in 17th century ("Batik", 1984:353).In its development, batik patterns and motifshave deep meaning with regard to social status, community, history, and cultural heritage (UNESCO nomination form, 2009). UNESCO legitimized Indonesian Batik as Masterpiece of Oral and Intangible Heritage of Humanity on 2 October 2009. This inauguration is an international recognition of Indonesian culture.

Althoughdomestic batik sales have increased from 2008, batik imports have also increased.Data processed from Indonesian Central Bureau of Statistics (Badan Pusat Statistik, n.d.) shows an increase in batik import in 2013 compared with2012. Traditional batik import increased from 1,321,526 kg (US $ 37,431,349) to 1,392,444 kg (US $ 37,431,349) while printed batik increased from 7,451,834 kg (US $ 70,796,459) to 8,932,743 kg (US $ 77,989,435).Batik import data is obtained by using code of HS (Harmonized System) 2012. HS 2012 includes 60 codes for "printed by traditional batik process"and 59 codes for "other/not printed by traditional batik process".

Description of "printed by traditional batik process" and "other/not printed by traditional batik process" on HS 2012 shows that the categorization is based on process of making batik. This categorization is in accordance with the definition of batik by Encyclopedia Americana, Encyclopedia of Indonesia, UNESCO, and Ministry of Industry of Republic of Indonesia in which batik is the process of coloring by hand and using wax as color barriers ("Batik",1984; "Batik",1990; UNESCO,2009; Kementerian Perindustrian Republik Indonesia, 2007). Based on the definition, there are only three original/traditional batiks, namely *batik tulis* (hand drawn), *batik cap* (hand stamped), and *batik kombinasi* (hand drawn and stamped). Printed batik or textile batik or so-called batik printing is done by a machine and does not use wax. Printed batik is an imitation of traditional batik and not batik products.

Consumer perceived value is the ratio between total benefits perceived by consumers and total sacrifices made by consumers to obtain these benefits (Kotler &Keller, 2012:). If there is a choice to fulfill the same need, then consumers will evaluate the value of products that can satisfy the same need and give weight to different attributes for different consumer groups. Consumers' beliefs and attitudes will influence their purchasing decisions (Kotler & Keller, 2012:190-191). Printed batik import indicates that there are consumers who perceive the value of printed batik is higher compared with traditional batik.Consumer decision to choose traditional batik or textile batik may be influenced by their beliefs and attitudes. Affecting consumers' attitude towardstraditional batik will influence their decision to choose between traditional batik or textile batik.

What is an effective way to communicate the difference between traditional batik and textile batik? Berkowitz, Kerin, Hartley, & Rudelius (2000:500-501) described that advertising and public relations have the highest level of importance in the pre-purchase stage. Kotler and Keller (2012:516) also illustratedthat advertising and publicity are the most effective for awareness and understanding stage.

Elaboration Likelihood Model (ELM) explains how attitude can be influenced by argument quality and peripheral signals in advertising(Petty, Cacciopo, & Schumann, 1983; Petty & Cacciopo, 1986).If previous ELM researches used product of chocolate (Harari, Lampert, & Wilzig, 2007), razor (Areni & Lutz, 1988; Petty et al., 1983), pet insurance

(Dotson & Hyatt, 2000), IT acceptance (Bhattacherjee & Sanford, 2006), and blog (Fu & Chen, 2012), then there has never been any study that tests ELM on batik. This research is going to test ELM in batik advertising.

Literature review

ELM explains how message processing is influenced by the level of involvement of the message recipient(Petty et al., 1983; Petty & Cacciopo, 1986). At high involvement, attitude is more influenced by argument quality than peripheral signals in ad (central route). At low involvement, attitude is more influenced by peripheral signals than argument quality in ad (peripheral route). Involvement as moderating variable is determined by motivation, opportunity, and ability to process the message.

Attitude is generally and relatively enduring evaluations people have of other people, objects, or ideas (Petty & Cacioppo, 1986; Petty et al., in press). Attitude toward a brand would be more positive if the brand is considered to be favorable and more negative if the brand is considered to be unfavorable (Shimp, 2003). Attitude can influence behavior. The more favorable attitude towards the goods (or brand), the more likely the person to buy or use the goods (or brand). But having a favorable or unfavorable attitude toward an object does not mean the same behavior toward the object (Peter & Olson, 2002).

Attitude is latent constructs (Zikmund, Babin, Carr, & Griffin, 2010; Cooper & Schindler, 2011). Attitude includes cognitive, affective, and conative aspect (Ajzen & Fishbein, 1980; Schiffman & Wisenblit, 2015). Previous research results show that attitude can be influenced directly by argument quality (Petty, Cacioppo, 1983; Areni & Lutz, 1988; Dotson & Hyatt, 2000; Harari et al., 2007; Fu & Chen, 2012) or indirectly through perceived usefulness (Bhattacherjee & Sanford, 2006).

There are several definitions of argument quality. Petty & Cacioppo (1986:133) defines argument on ELM as "bits of information contained in a communication that are relevant to a person's subjective determination of true merits of an advocated position". Petty, Priester, & Brinol (2002:176) argues that an argument is "the most relevant information to explain true meaning". Fennis & Stroebe (2010:17) defines argument quality as "what is communicated about the product and thus the strength or persuasiveness of the arguments used to support a position or offer".

Perhaps the most appropriate definition of argument in context of advertising is "specific claims about the product attributes or demonstrations of functional and psychosocial consequences, along with supporting evidence" (Peter & Olson, 2002:438). Based on that definition, then different arguments are used for different advertised products because of different product attributes.

In the case of razor, arguments can be in form of design, sharpness, rust prevention, handle, edge, angle placement, size, shapes, colors (Petty et al., 1983; Areni & Lutz, 1988). In the case of writing proficiency exams, argument can be in form of percentage number of evaluators who are also university writing proficiency exams evaluators (Hennesey & Andersen, 1990). In the case of IT acceptance, argument can be in the form of whether the subject believes that the information given is informative, helpful, valuable, and persuasive (Bhattacherjee & Sanford, 2006). In the case of chocolate, arguments can be in the form of taste and package (Harari et al., 2007). In the case of blog, argument can be in the form of blog comments (Fu & Chen, 2012).

In this study, argument is defined as information in ads that is relevant to the product.Because the advertised product in this study is batik, then the arguments that will be included in the advertisement are related with batik, such as batik making process andmotifs. Since previous studies showthat argument qualityaffects attitude (Areni & Lutz, 1988; Petty et al., 1983; Hennesey & Andersen, 1990; Dotson & Hyatt, 2000; Bhattacherjee & Sanford, 2006; Harari et al., 2007; Fu & Chen, 2012), then this study proposes the following:

H1. Argument quality on batik advertising has a positive effect on batik consumer attitude.

Previous researches' resultsalso show that attitude can be influenced by peripheral signals (Areni & Lutz, 1988; Petty et al., 1983; Dotson & Hyatt, 2000; Bhattacherjee & Sanford, 2006; Harari et al., 2007; Fu & Chen, 2012).

Perhaps the simplest definition of peripheral signal is "anything other than the product" (Peter & Olson, 2002:438). Blackwell et al. (2012:487) defines peripheral signal as stimuli devoid of product-relevant information. Peripheral signal involves elements that are not relevant in a message (Shimp, 2003:247). But even if it is not related or relevant to the product, attitude can still be changed if the product is associated with strong peripheral signals or weak peripheral signals that are continuously attached to the object to be addressed (Petty & Caccipo, 1986:129,131).

In the case of razor, the peripheral signal can be in the form of product endorser (Petty et al., 1983; Areni & Lutz, 1988). In the case of writing proficiency exams, peripheral signal can be in the form of expert endorsement (Hennesey & Andersen, 1990). In the case of pet insurance, peripheral signal can be in the form of religious symbol (Dotson & Hyatt, 2000). In the case of IT acceptance, peripheral signal can be in the form of source credibility (Bhattacherjee & Sanford, 2006). In the case of chocolate, peripheral signal can be in the form of character attractiveness (Harari et al., 2007). In the case of blog, peripheral signal can be in the form of number of comments (Fu & Chen, 2012).

Another literature review shows various forms of peripheral signals like number of arguments, extreme position, suspicious source, dislike to magazine in which ads are shown (Aakers & Myers, 1987), reciprocity, consistency, social proof, liking, authority, scarcity (Martin, 1999; Cliffe, 2013), background music, source factors, humor, religious symbol (Dotson & Hyatt, 2000), imagery, emotion, association, celebrity, music (Duncan, 2005:144), sex, money,

celebrity (Jae & Delvicchio, 2004), source credibility, source likeability, people reaction to the message (O'Keefe, 2008:147), picture on printed advertising, scenery or actor on television advertising (Peter & Olson, 2002:439), background music, scenery, attractive model, salesman physical appearance, salesman dressing, salesman talk accent, cute babies, sexy people, and amazing scenery (Shimp, 2003:247).

In this study, peripheral signal is defined as information in ads that is not relevant to the product. Some peripheral signals that can be used in batik advertisement are advertising model and background. Previous studies'resultsshow that peripheral signals can affect attitude (Petty et al., 1983; Areni & Lutz, 1988; Hennesey & Andersen, 1990; Dotson & Hyatt, 2000; Bhattacherjee & Sanford, 2006; Harari et al., 2007; Fu & Chen, 2012). Hence, this study proposes:

H2. Peripheral signals on batik advertising havea positiveeffect on batik consumer attitude.

The initial concept of involvement from Krugman (1965 in Greenwald & Leavitt, 1984:581-582) is a "bridging experiences, connections, or personal references". In the concept, communication for high involvement is directed to change beliefs while for low involvement is directed to change perception. As consequences, change in attitude on the consumer with a low level of involvement is more likely to occur after trial compared to direct communication (Greenwald & Leavitt, 1984:582).

Schiffman & Wisenblit (2015:165) defined consumer involvement as "the degree of personal relevance or the product purchase holds for the consumer". High-involvement purchasesare very important for consumers, high risk, and provoke problem solving and information processing extensively. Low-involvement purchases are not so important, low risk, and create limited information processing.

Involvement plays an important role in Elaboration Likelihood Model. Involvement can affect how people process information. When a person level of involvement is high, then that person will follow central route where argument quality will be more influential to attitude than peripheral signals. When a person level of involvement is low, then that person will follow peripheral route where peripheral signals will be more influential to attitude than argument quality. (Petty et al., 1983; Petty & Cacioppo, 1984; Petty & Cacioppo, 1986). This means involvement has a positive moderating effect on the association between argument quality and attitude and negative moderating effect on the association between peripheral signals and attitude.

In ELM, Petty and Cacioppo (1986) measured involvement from motivation and ability. Motivation includes personal relevance, need for cognition, personal responsibility, and so on. Ability is seen from interruption, repetition, previous knowledge, the completeness of the message, and so on. O'Keefe (2008:1475) used the term elaboration motivation and elaboration ability, while Shimp (2003:239) used the term MOA (Motivation Opportunity Ability).

In this study, involvement is defined as the degree of personal relevance or the product purchase holds for the consumer(Schiffman & Wisenblit, 2015). Involvement in this study is involvement with batik, which means a person's personal relevance with batik.

There are different findings where involvement does not moderate the association between argument quality and peripheral signals that way. Bhattacherjee & Sanford (2006) used user expertise and job relevance as involvement. User expertise has a positive moderating effect on central route and negative moderating effect on peripheral route, but job relevance has a positive moderating effect on central and peripheral route. Harari et al. (2007) study result showsthat involvement does not have a moderating effect on central and peripheral route on young people aged 4-15.

However, there are researches that support that involvement has a positive moderating effect on association between argument quality and attitude and negative moderating effect on the association between peripheral signals to attitude (Areni & Lutz, 1988; Hennesey & Andersen, 1990; Dotson & Hyatt, 2000; Bhattacherjee & Sanford, 2006; Fu & Chen, 2012). Therefore, this study proposes:

H3. Involvement has a positive moderating effect on the association between argument quality and batik consumer attitude.

H4. Involvement has a negative moderating effect on the association between peripheral signals and batik consumer attitude.

Relationships between variables and hypotheses in this study are illustrated in **Figure 1** where argument quality and peripheral signals have a positive influence on attitude, involvement has a positive effect on the association between argument quality and attitude, and involvement has a negative effect on the association between peripheral signals and attitude.
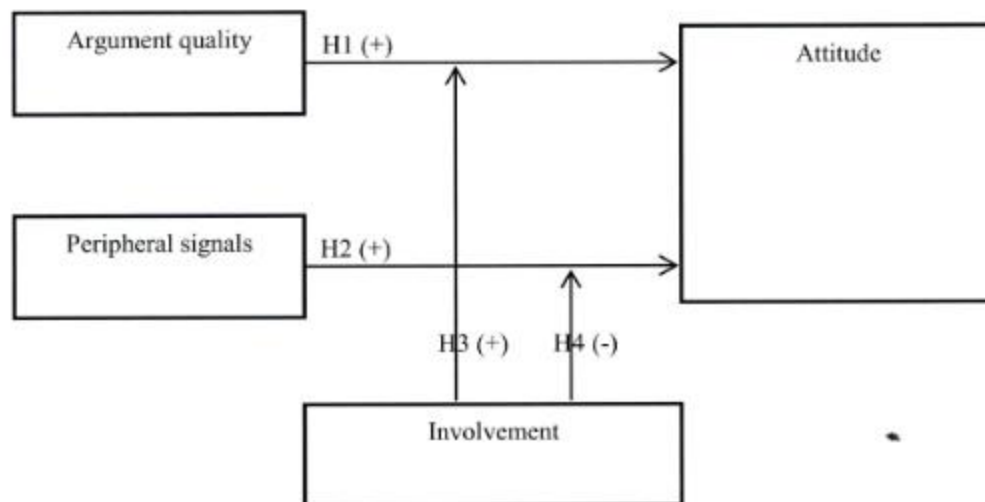
Figure 1. Research model

Method

Participants

This research use convenience sampling by recruiting undergraduates as participants' (Malhotra, 2015). 200 undergraduates will be recruited as participants based on their batik ownership, willingness to participate in the experiment, andinvolvement with batik.To participate in the experiment, students must have batik and be willing to participate in the experiment.

Selection of 200 samples is carried out so that the number of participants who will be involved in every cell in the experiment exceeds the adequacy of at least 50 participants. A sample size of 50 is considered to be adequate for modeling in Partial Least Square Path Modeling (PLS-PM) method. This study is built with two formative relationships that are influence of argument quality and peripheral signals on attitude. The minimum sample size required for the PLS model consists of two formative relationships with a significance level $\alpha=5\%$ and the lowest coefficient of determination R2=0.50 is 37. (Hair, Hult, Ringle, & Sarstedt, 2014: 21). Sample size of 50participants for each group already meets the minimum sample size requirement.

Based on their involvement with batik, 200 selected students will be divided into four quartiles. The highest and lowest quartiles, 50 participants each, are divided into high involvement (HI) and low involvement (LI) group. Matching will be done based on genderbecause of the tendency for women to give higher value both for argument and peripheral signals (Petty et al., 1983). These 100 participants in 2 groups will receive a small amount of extra credit in a college course.

Materials

There are 1 batik advertisement and 5 questionnaires. Batik advertisement is used for treatment. Questionnaires are used to measure batik ownership & willingness to participate in experiment, involvement with batik, manipulation check, argument quality in ads, peripheral signals in ads, and attitude towards batik.

Batik advertisement is designed to contain 2 arguments and 2peripheral signals. Twoarguments put into the ads are batik making process andbatik motif. Two peripheral signals put into the ads are model and advertising background. To create the same strength between arguments and peripheral signals in print media, half of the media room will be used for arguments and the other half will be used by peripheral signals. To determine choice of arguments and peripheral signals that will be used in advertising, we will collect examples of batik advertisements, discuss with advertising practitioners, and discuss with batik manufacturersand retailers.

Questionnaire number 1 is used to ask name, gender, batik ownership, and willingness to participate in experiment. Questionnaire number 2consists of 7 questions with 5 points of semantic differential scale from Personal Involvement Inventory (Zaichowsky, 1994) to measure involvement with batik. Questionnaire number 3 consists of 4 questions to measure manipulation check of batik ads treatment. Questionnaire number 4 consists of 12 questions with 5 points of Likert scale to measureargument quality and peripheral signals in batik ads (Bhattacherjee & Sanford, 2006; Petty et al., 1983). Questionnaire number 5 consists of 8 questions with 5 points of Likert scale to measure attitude toward batik (Zaichowsky, 1994;Esch, Langner, Schmitt, & Geus, 2006; Siti, Pan, & Mohaini, 2013).

Procedure

Two groups(HI and LI)will be put into two different rooms. Each room has one officer.Before experiment starts, the officers will introduce themselves, tell the research purpose, and explain the experiment procedure to all participants.

Each participant will be asked about their attitudes towards batik at the beginning of the experiment.Each participantwill be given batik ads and asked to look at the adsas long as they need.After viewing the ads, they will be asked about the manipulation check of batik ads treatment, argument quality and peripheral signals in batik ads, and

their attitudes towards batik.Each participant will put their names on anattendance sheet provided after they complete all questionnaires. The whole process of experimentis expected to last for 45 minutes.

Experiment design is described in **Table 1** where the attitudes measurements are performed before and after batik ad treatment given to both HI and LI group.

Table 1. Experiment Design

Groups	Attitudes before ads	Batik ads treatment	Attitudes after ads
HI group	O1	X	O2
LI group	O3	X	O4

Data Analysis

Measurement scales validity and reliability will be tested by usingcorrected item-total correlationand Cronbach's alpha. Measurement scales validity will be considered valid if its corrected item-total correlation ≥ 0.30 (Nunnaly, 1978 in Aritonang, 2007). Measurement scales will be considered reliable ifCronbach's alpha≥ 0.70 (Ferguson & Takane, 1989 in Aritonang, 2007).

Two models will be used to test the hypothesis. The first model will examine the main effects specified in hypotheses H1 and H2, while the second model adds involvement as moderating effect stated in H3 and H4. Results of the analysis for each phase include standardized path coefficients, path significances, and variance explained (R^2 value) for dependent variable.

Hypothesis 1 and 2 will be tested by using standardized path coefficients and path significances (Chin, Marcolin, &Newsted, 2003). H1 is supported if path coefficientis positive ($\beta > 0$)and significant ($p < 0.05$).H2 is supported if path coefficient is positive($\beta > 0$) and significant($p < 0.05$).

Hypothesis 3 and 4 will be tested by using standardized path coefficients and path significances (Chin et al., 2003). H3 is supported if path coefficientis positive ($\beta > 0$) and significant ($p < 0.05$). H4 is supported if path coefficient is negative ($\beta < 0$) and significant($p < 0.05$).

Explainedvariance(R^2 value) between the first model and the second model will be compared. If $R^2$for the second model $>R^2$for the first model and significant (F-test, $p<0.05$), then involvement as hypothesized moderating effects indeed provides superior explanation of attitude over and above their corresponding main effects (Bhattacherjee& Stanford, 2006).

Conclusions

Although the research has not been finished, we hypothesize that both arguments and peripheral signals will influence batik consumer attitude, but consumer involvement will have influence on the association between argument quality andperipheral signals with attitude. Involvement will strengthen the influence of argument qualityon attitude and weaken the influence of peripheral signals on attitude.

Results are expected to give insight on how consumers process information in ad. We also hope that the model used in this study may become a general overview of Elaboration Likelihood Model and can be used to examine Elaboration Likelihood Model in different contexts.

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