INTRODUCTION

Journal of Business and Social Review in Emerging Economies (ISSN: 2519-089X & eISSN: 2519-0326) is a peer-reviewed research journal published bi-annually by CSRC Publishing, Center for Sustainability Research and Consultancy Pakistan. The journal is independently managed by the advisory board and associate fellows of CSRC comprising of distinguished faculty at higher education institutions. The journal aims to cover topics and issues in various sub-areas of business, social and behavioral sciences in context of emerging and developing economies. Purpose is to highlight the theoretical and practical issues faced by businesses and society in these economies. The journal specially welcomes submissions which cover the topical areas related to sustainable business and society.

SCOPE AND MISSION

Issues of sustainable economic development are mainly interwoven into economic policies and dynamics of business markets in emerging and developing economies. With this background JBSEE aims to be a premier forum for policy and theoretical discussion of high impact research in emerging economies.

The journal aims to cover topics and issues in various sub-areas of business, social and behavioral sciences in context of emerging and developing economies. Purpose is to highlight the theoretical and practical issues faced by businesses and society in these economies. The journal specially welcomes submissions which cover the topical areas related to sustainable business and society.
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Purchase Experience of Prepaid Electricity Users in South Africa

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ARTICLE DETAILS

ABSTRACT

Purpose: In South Africa residents and business owners are urged by government to manage the usage of electricity more effectively in order to curb consumption. Resistance from residents to convert to prepaid metering, led to the implementation of restrictions by electricity providers.

Design/Methodology/Approach: 389 low-income residents within the City of Tshwane were interviewed by means of a structured questionnaire. The purpose was to determine how prepaid users perceive the purchasing of credits, seeing that the fear of running out of electricity was one of the main reasons why post-paid users are reluctant to change.

Findings: In general, the results were positive, however, males and females of certain age groups and different levels of income had different opinion on some aspects. With regards to the reasons for running out of credits, and if and how this system encourage payment for usage were perceived by the users as convenient and easy.

Implications/Originality/Value: The results of this study could motivate post-paid users to convert to prepaid metering systems, if service providers adapt their current awareness campaigns by customising it to be reach specific target markets instead of following a generic approach that serve no purpose.

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Introduction

Prior to 1988, the Electricity Supply Commission of South Africa, (Eskom), supplied electricity to local municipalities as well as to industries such as the mining, metal and auto mobile industry (Fig, 2010). In turn, households and other commercial and industrial facilities, received electricity services, from their local municipalities (Van der Bijl, 2007). During the last century (1900-2000), electricity usage in South Africa, increased dramatically, despite a number of efforts to control it. With that said, Eskom attempted to manage the electricity usage through post-paid systems and prepaid metering systems that were introduced a few years later.
Post-paid metering, is an electricity service where users pay for electricity after consumption has taken place. This system created various challenges, such as illegal electricity connections, followed by the non-payment of monthly accounts (O’Sullivan, Howden-Chapman, Fogere, Hales and Stanley, 2013:278; Mburu and Sathyamoorthi, 2014; Kambule, Yessoufou, Nwulu and Mbohwa, 2018:174). The illegal usage and connection of electricity, placed tremendous pressure on the transformers, leading to explosions that resulted in unplanned outages for days at a time. The non-payment of monthly bills, required municipalities to take drastic measures against those who fail to pay. The City of Tshwane, left many businesses and other stakeholders in the dark, by forcing them to pay up, before the connection would be re-established. This type of behaviour motivated Eskom to introduce the prepaid electricity meters, that control electricity usage and promote payment before usage.

The current body of studies that investigate prepaid electricity metering, are divided into: the cost-and-benefit analysis of prepaid meters, and the perceptions and acceptance of prepaid electricity meters amongst consumers. Acknowledging the need for the acceptance and adoption of prepaid meters, various international scholars examined customers’ perceptions and usage of prepaid electricity metering (Nefale, 2004; Kaplan, Schoer & Haenlein, 2007; Pandey and Pandey, 2009; Quayson-Dadzie, 2012; Miyogo, Nyanamba & Nyangweso, 2013; Mburu & Sathyamoorthi, 2014; Samreen, 2017).

These studies were all conducted in developing countries, which means that limited research exists on how consumers in a third-world country, such as South Africa, experience the usage of prepaid electricity. With the exception of Miyogo, Nyanamba, and Nyangweso (2013) they investigated how electricity users in Kenya experienced the transition from post-paid to prepaid billing payment. The results showed that both businesses and household users of electricity, embraced the prepaid-billing system. The users indicated that by understanding the benefits of the prepaid-metering system, encouraged them to be more aware of their electricity consumption and spending patterns. Similarly, Jack and Smith (2015) conducted a study in South Africa on the electricity expenditure and purchasing patterns of low-income prepaid meter users. The purpose of the study was to find a possible way to encourage low-income households in Cape Town, which falls within the category of users that do not pay for electricity, to pay for the services rendered. Even though the findings indicated that the users felt that prepaid meters provide flexibility on how and when low-income households can purchase electricity, the non-payment still continues. Jack and Smith (2015) highlighted that limited literature on this topic is available; and more in-depth research is needed on how prepaid meters are perceived by other low-income households in South Africa (Jack and Smith, 2015).

Another fundamental and most recent study, conducted by Kambule, Yessoufou and Nwulu (2018), provided additional input for this study; as it tracked emerging and persistent trends in the prepaid electricity market for households. Kambule et al. (2018) indicated that in countries, such as South Africa, future research in low-income developing regions is needed, in order to assess the feasibility of prepaid meters. To address the identified need, 400 low-income households in the City of Tshwane were interviewed to establish how they perceived the buying and usage of prepaid meters. From an academic perspective, this study will contribute to the body of knowledge by evaluating the constructs that support the validity of the theoretical and statistical findings of this study. From a management perspective, service providers, such as electricity suppliers, municipalities and outlets from which prepaid credits can be purchased, will gain insight on how residents experience the purchasing process, and what reasons might lead to the low adoption of this system.

Based on the background provided and the literature review that will follow, this study aims to meet the following objectives:

**Research Objective 1:** To determine if households frequently run out of prepaid electricity credits due to the lack of money.
**Research Objective 2:** To determine is users perceive prepaid electricity meters as a motivational tool to pay for electricity.

**Research Objective 3:** To determine whether prepaid users found the buying of prepaid electricity credit convenient.

This article provides a theoretical framework that was used in guiding the research of the proposed study. The methods used as well as the results, the practical managerial implications and the recommendations for future research are discussed.

**The Literature**

**The Background and Usage of Prepaid Meters**

Great inventors such as Benjamin Franklin and Thomas Edison, among others, all moved the discovery, process and implementation of electricity forward into modern life (Eberbach, 2013:9; Kittner, Dimco, Azemi, Tairyan and Kammen, 2016:2). In the year 1881, South Africa, first introduced electricity in the mother city, Cape Town. The Electricity Supply Commission (Escom) was established in 1923, to govern electricity usage and supply as per the Electricity Act of 1922. As time passed, the Electricity Supply Commission replaced the name Escom with Eskom. McDonald (2009:1) and Inglesi-Lotz and Pouris (2016:628), found that in Africa, South Africa is leading when it comes to the regulation and implementation of this energy providing service. Seeing that by the late 1980’s most households in South African were equipped with electricity, while other African countries were still left in the dark. The role of Eskom is to provide sustainable electricity to all residents as well as to contribute to the economy at large (Makwarela, 2002:4; Tsekoa, 2017:2). According to Wazimap (2022), 74% of households in South Africa, have in-house prepaid meters, followed by 16% who have conventional meters; while 7.3% still have no access yet to electricity.

Nargotra, Thakur, Chatterji and Mahajan (2013:1) point out that the improvement in technology, along with the availability of new electronic devices and appliances, have led to an increase in the consumption of electricity. Additionally, illegal connectivity and the misuse by consumers, led to the development of prepaid-electricity meters. The purpose of these meters is to assist consumers to manage their electricity consumption and to encourage payment. Prepaid electricity meters, allows consumption of electricity after the customer has purchased and uploaded credits on the system (Aziz, Mustafa, Shareef and Aliyu, 2013:191; Jack and Smith, 2017:6). The prepaid metering system works similar to that of prepaid cellular services, where consumers need to purchase airtime before usage of the service can commence. A prepaid meter is installed by the service provider at the home or business of the consumer. The user must then upload the credits purchased, before electricity consumption can occur. Once the uploaded units are consumed and depleted, the prepaid meter, interrupts the electricity supply to the household or business, until new credits have been uploaded (Subramoney, 2009:7; Kambule et al. 2018:175).

Baptista (2013:4) and Ngcobo and Crous (2017:22) found that prepaid electricity meters are becoming more popular for every-day urban electricity usage. However, the perceptions regarding these meters across Sub-Saharan Africa, vary. South Africans, for instance, prefer water and electricity to be added to one metering system, whereas in a country, such as Mozambique, consumers prefer to use this system for electricity purchases only.

Prepaid electricity systems were welcomed across the globe, and were experienced as a favourable transformation system thus, doing away with the traditional post-paid metering system (Alom & Shahriar 2012:75; Esteves, Oliveria & Antunes, 2016:706). However, back at home, South Africans were not eagerly in favour of this new system (Tewari and Tushaar, 2003). The monthly billing system created a sense of relief for some households, seeing that the usage of electricity could then continue until a given date; while many prepaid consumers feared being left in the dark, once they had run out of credits.
Consumer Attitudes towards the Purchasing of Prepaid Electricity Credits

Consumer attitudes towards prepaid electricity can be tracked, once the prepaid meter is installed, and electricity credits are being purchased. According to Mpinganjira et al. (2013:128) an attitude is learned behaviour, that a consumer portrays (positive or negative), when faced with a given object. Furthermore, an individual’s non-stopping assessment, approach and leaning towards a specific idea or object are also viewed as an attitude (Joubert, 2010:80). By understanding and educating consumers about the advantages of prepaid electricity meters could influence consumers’ attitudes towards this system. Tewaria et al. (2003) highlight the advantages of prepaid electricity meters to consumers as follows:

<table>
<thead>
<tr>
<th>The advantages of prepaid electricity meters for consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The consumer is aware of exactly how much energy is consumed. This allows the consumer to switch off any unnecessary energy-consuming appliances.</td>
</tr>
<tr>
<td>There are no fixed charges; so, the consumer does not pay when no consumption takes place.</td>
</tr>
<tr>
<td>The consumer does not pay any fee for fuel and labour for the personnel doing the reconnections; because there are no reconnection fees.</td>
</tr>
<tr>
<td>Being able to manage energy consumption enables the consumers to manage their budget.</td>
</tr>
<tr>
<td>There are no bills to be delivered and no readings are needed, which eliminates monthly visits by Meter Readers.</td>
</tr>
<tr>
<td>The consumer can recharge or buy tokens at any time that is convenient for them.</td>
</tr>
<tr>
<td>Prepaid meters do not require the consumer to make a deposit before consumption.</td>
</tr>
</tbody>
</table>

Source: Tewaria et al. (2003)

Wagner and Wiegand (2018) state that the introduction of prepaid metering in low-income areas in Germany was well received, seeing that it assisted households in the planning and development of their monthly budgets. Around Johannesburg, various residents showed great resistance towards City Power, who announced the roll-out of post-paid meters to make way for the prepaid metering systems (Newsroom, 2018). The resistance to change might be caused by uncertainty of unforeseen circumstances that can occur once the credits on the meter are exhausted; whereas post-paid systems continue to provide electricity until the end of the month (Makonese et al., 2012:1; Von Schnitzler, 2013:670; Kambule et al. 2018:176). Statistics on the number of prepaid meters in Johannesburg are not available; however, Wazimap (2022) found that 65% of households within the Capital City of South Africa, Pretoria, have prepaid meters installed in their homes. Originally residents, were apprehensive about the installation of prepaid electricity meters, since these systems were predominately used by low-income households (Kambule et al., 2018). Okonga (2012:41) and Du, Guo and Wei (2017:325) are of the opinion that a lack of education and information regarding the benefits of prepaid electricity meters might be the cause for the reluctance. As time passed, the attitudes of consumers have shifted more favourably towards prepaid meters; and this is all due to the incorrect meter readings of post-paid systems, theft and social changes (Quayson-Dadzie, 2012:29). Today, more than 65 percent (seven million) of South African households have prepaid electricity meters installed; and this number could grow to approximately eight million by 2024 (ESI Africa, 2018; Kumbule et al., 2018).

The Research Methodology

This study applied a quantitative descriptive research approach, where residents within the City of Tshwane were approach to take part in personal interviews. The researchers applied for ethical clearance from the Tshwane University of Technology’s, Research and Ethics committee before the commencement of the research. The population of interest was low-income household representatives, who live in houses where prepaid electricity meters were installed by the municipality. The low-income
groups were identified as households that earn an average of R29 400 or less per year (Melzer, 2005; Wazimap, 2022). Through cluster sampling, the Tshwane region (population) was divided into smaller clusters, namely Garankuwa, Soshanguve and Atteridgeville. Even though the sample size for this study was calculated to be 384, a total number of 400 household representatives were randomly selected and interviewed. Two hundred respondents from the Soshanguve area (the largest low-income area in Tshwane, hence the higher number of respondents), followed by 100 in Garankuwa and 100 in Atteridgeville were interviewed. Eleven questionnaires were rejected during the editing process, due to incompleteness, bringing the total for data analysis to 389 questionnaires.

The Measuring Instrument
To explain the purpose of the study, as well as ethical considerations such as confidentiality and voluntary participation, a cover letter stating the process, accompanied the structured questionnaire. A screening question, asking respondents if they use a prepaid meter at their home were used to ensure that the respondents qualifies to take part in the research. Furthermore, to determine the purchase behaviour and the attitudes of the household representatives a structured questionnaire that consisted out of multiple-choice and closed-ended questions, as well as Likert-scale statements was used. The pre-testing of the questionnaire was conducted amongst, twenty household representatives.

The Data Analysis
The statistical package for social sciences (SPSS) Version 25 was used to conduct various statistical tests. The descriptive statistics were linked to the research objectives and to the hypothesis that was set for this study. A frequency table was used in the analysis of the demographic data and an independent sample t test as well as a t-test was used in the analysis of the scaled data. Additionally, the variables related to the attitudes and the perceptions were analysed by means of a two-tailed t-test, a Kruskal-Wallis test, cross-tabulation, two-sample Wilcoxon rank-sum (Mann-Whitney) test, an independent sample t-test and a Chi-square test. A 95% level of confidence was used along with a significance level of 5% (p-value ≤ 0.05), to establish the principles for rejecting the null hypotheses.

The Results
Sixty-two percent of the respondents interviewed were females older than forty years, of which 43.5% were employed, while 34% were unemployed. These findings correlate with the findings of Wazimap (2022), census data, which indicated that 51% of the residents were employed and 29% were not economically active; and 16% were unemployed. Thirty percent of the respondents had an income of more than R5000 per month, which correlates with the census findings of R29600. Additionally, 29.6% of the respondents, have been using the prepaid system for less than nine years while over 70.4% used it for more than 10 years.

The agreement and disagreement levels regarding the statements (purchasing behaviour) asked in the questionnaire were statistically analysed. For the purpose of this paper only those statements where significant differences exist, are discussed; however, the findings with relation to males and females were also added, for the completeness of the study.

Table 2 reflects the percentage distribution of the variables related to the statement: “I often run out of credits due to no money”.

The following hypothesis were used to tests the results (Hypothesis 1).

\textbf{H}_0: \text{No statistically significant differences exist with regards to the statement “I often run out of prepaid metering credits due to no money”}.

\textbf{H}_1: \text{Statistically significant differences exist with regards to the statement “I often run out of prepaid metering credits due to no money”}.

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Table 2: Analysis of the statement that “I often run out of prepaid metering credits due to no money”

<table>
<thead>
<tr>
<th>Demographic profile</th>
<th>Never (%)</th>
<th>Rarely (%)</th>
<th>Sometimes (%)</th>
<th>Very often (%)</th>
<th>Always (%)</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 30</td>
<td>31.7</td>
<td>11.1</td>
<td>54.0</td>
<td>0.0</td>
<td>3.2</td>
<td>100.0</td>
<td>2.32</td>
<td>1.029</td>
</tr>
<tr>
<td>31-40</td>
<td>38.5</td>
<td>7.7</td>
<td>46.2</td>
<td>2.6</td>
<td>5.1</td>
<td>100.0</td>
<td>2.28</td>
<td>1.161</td>
</tr>
<tr>
<td>41-50</td>
<td>53.8</td>
<td>6.2</td>
<td>35.4</td>
<td>3.1</td>
<td>1.5</td>
<td>100.0</td>
<td>1.92</td>
<td>1.076</td>
</tr>
<tr>
<td>51-60</td>
<td>49.0</td>
<td>6.1</td>
<td>42.9</td>
<td>0.0</td>
<td>2.0</td>
<td>100.0</td>
<td>2.00</td>
<td>1.061</td>
</tr>
<tr>
<td>61+</td>
<td>33.8</td>
<td>6.3</td>
<td>51.3</td>
<td>6.3</td>
<td>2.5</td>
<td>100.0</td>
<td>2.38</td>
<td>1.095</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42.7</td>
<td>7.2</td>
<td>44.5</td>
<td>2.7</td>
<td>2.7</td>
<td>100.0</td>
<td>2.16</td>
<td>1.100</td>
</tr>
</tbody>
</table>

**Kruskal Wallis Test**
Chi-Square = 12.717
df = 4
Asymp. Sig (p) = 0.012 [Ha supported]

<table>
<thead>
<tr>
<th>Employment</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>48.3</td>
<td>7.5</td>
<td>42.5</td>
<td>1.1</td>
<td>0.6</td>
<td>100.0</td>
<td>1.98</td>
<td>1.006</td>
</tr>
<tr>
<td>Unemployed</td>
<td>41.2</td>
<td>6.6</td>
<td>41.9</td>
<td>4.4</td>
<td>5.9</td>
<td>100.0</td>
<td>2.27</td>
<td>1.214</td>
</tr>
<tr>
<td>Pensioner</td>
<td>34.4</td>
<td>7.8</td>
<td>52.2</td>
<td>3.3</td>
<td>2.2</td>
<td>100.0</td>
<td>2.31</td>
<td>1.056</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42.7</td>
<td>7.2</td>
<td>44.5</td>
<td>2.7</td>
<td>2.7</td>
<td>100.0</td>
<td>2.16</td>
<td>1.100</td>
</tr>
</tbody>
</table>

**Kruskal Wallis Test**
Chi-Square = 6.739
df = 2
Asymp. Sig (p) = 0.034 [Ha supported]

<table>
<thead>
<tr>
<th>Monthly income</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Below R800</td>
<td>43.4</td>
<td>2.0</td>
<td>46.5</td>
<td>3.0</td>
<td>5.1</td>
<td>100.0</td>
<td>2.24</td>
<td>1.196</td>
</tr>
<tr>
<td>R801-R2000</td>
<td>33.3</td>
<td>10.8</td>
<td>47.5</td>
<td>4.2</td>
<td>4.2</td>
<td>100.0</td>
<td>2.35</td>
<td>1.113</td>
</tr>
<tr>
<td>R2001-R5000</td>
<td>44.8</td>
<td>8.6</td>
<td>44.8</td>
<td>0.0</td>
<td>1.7</td>
<td>100.0</td>
<td>2.05</td>
<td>1.033</td>
</tr>
<tr>
<td>R5001+</td>
<td>50.4</td>
<td>7.3</td>
<td>39.8</td>
<td>2.4</td>
<td>0.0</td>
<td>100.0</td>
<td>1.94</td>
<td>1.002</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42.7</td>
<td>7.2</td>
<td>44.5</td>
<td>2.7</td>
<td>2.7</td>
<td>100.0</td>
<td>2.16</td>
<td>1.100</td>
</tr>
</tbody>
</table>

**Kruskal Wallis Test**
Chi-Square = 8.378
df = 3
Asymp. Sig (p) = 0.038 [Ha supported]

50% of the household representatives (males and females) indicated that they rarely to never (42.7+7.3) run out of prepaid credits due to no money; while 5% indicated that they very often to always run out of prepaid credits while the remaining 44.6% of respondents showed that at times they run out of prepaid credits, due to no funds being available. With regards to the variables age, employment and monthly income Significant differences were visible. For these variables the null hypothesis is accepted. With regards to the other variables, the alternative hypothesis is not supported seeing that no significant differences (p>0.05) exist.

Table 3 reflects the findings of how prepaid electricity meters motivates households to pay for electricity usage. The following hypothesis were tested (Hypothesis 2).

**Ho2:** No statistically differences exist between the respondents with regards to how prepaid electricity meters motivates them to pay for electricity services.

**Ha2:** Statistically differences exist between the respondents with regards to how prepaid electricity meters motivates them to pay for electricity services.
78.7% of the respondents (male and female) agreed to strongly agreed that prepaid electricity meters motivate them to pay for electricity; while 12.2% disagreed to strongly disagreed, and 9.1% were not sure. With regards to the want/need for a prepaid electricity meter, differences did exist. The alternative hypothesis for this variable were therefore accepted.

Table 4 reflects the statement, that the buying of prepaid electricity credits is convenient. These results were verified as follows (Hypothesis 3):

**Ho:** No differences exist between the respondents with regards to how they view the buying of prepaid credits.

**Ha:** Differences exist between the respondents with regards to how they view the buying of prepaid credits.

### Table 3: Analysis of how prepaid electricity meters motivates households to pay for electricity usage

<table>
<thead>
<tr>
<th>Demographic profile</th>
<th>Strongly disagree (%)</th>
<th>Disagree moderately (%)</th>
<th>Not sure (%)</th>
<th>Agree moderately (%)</th>
<th>Strongly agree (%)</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>6.6</td>
<td>7.2</td>
<td>9.2</td>
<td>29.6</td>
<td>47.4</td>
<td>100.0</td>
<td>4.04</td>
<td>1.206</td>
</tr>
<tr>
<td>Female</td>
<td>3.6</td>
<td>7.7</td>
<td>8.9</td>
<td>25.4</td>
<td>54.4</td>
<td>100.0</td>
<td>4.14</td>
<td>1.111</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.7</strong></td>
<td><strong>7.5</strong></td>
<td><strong>9.1</strong></td>
<td><strong>27.0</strong></td>
<td><strong>51.7</strong></td>
<td><strong>100.0</strong></td>
<td><strong>4.14</strong></td>
<td><strong>1.149</strong></td>
</tr>
</tbody>
</table>

Two-sample Wilcoxon rank-sum (Mann-Whitney) test

Z = - 1.351  Asymp. Sig (2-tailed) (p) = 0.176 [Ha is not supported]

<table>
<thead>
<tr>
<th>Want/Need for the prepaid electricity meter</th>
<th>Strongly disagree (%)</th>
<th>Disagree moderately (%)</th>
<th>Not sure (%)</th>
<th>Agree moderately (%)</th>
<th>Strongly agree (%)</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>3.1</td>
<td>7.3</td>
<td>8.7</td>
<td>28.7</td>
<td>52.1</td>
<td>100.0</td>
<td>4.19</td>
<td>1.073</td>
</tr>
<tr>
<td>No</td>
<td>10.3</td>
<td>0.0</td>
<td>10.3</td>
<td>27.6</td>
<td>51.7</td>
<td>100.0</td>
<td>4.10</td>
<td>1.263</td>
</tr>
<tr>
<td>Not sure</td>
<td>8.2</td>
<td>10.6</td>
<td>9.4</td>
<td>21.2</td>
<td>50.6</td>
<td>100.0</td>
<td>3.95</td>
<td>1.335</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.7</strong></td>
<td><strong>7.5</strong></td>
<td><strong>9.1</strong></td>
<td><strong>27.0</strong></td>
<td><strong>51.7</strong></td>
<td><strong>100.0</strong></td>
<td><strong>4.14</strong></td>
<td><strong>1.149</strong></td>
</tr>
</tbody>
</table>

Kruskal Wallis Test

Chi-Square = 12.317  df = 2  Asymp. Sig (p) = 0.002 [Ha supported]
Table 4 indicate that 85% of the respondents (males and female) agreed to strongly agreed, while 5% disagreed to strongly disagreed with the statement “the buying of prepaid electricity credits is convenient”. The remaining 8.3% were not sure about this statement. With regards to employment, age, the level of education and the monthly income of the respondents, statistically differences were identified. Thus, the alternative hypotheses are accepted for these variables. Respondents aged between 41 to 50 years, were more in an agreement with this statement than the rest of the respondents.

Discussion
Through this study, the researchers determined how low-income households in Tshwane perceive the
purchasing of prepaid electricity credits.

Research objective 1 aimed to determine whether the prepaid electricity meters installed in the households often run out of credits, because of a lack of money. The findings of the study highlighted that budgeting became the norm amongst household representatives in Tshwane, seeing that they do not necessarily run out of credits because of a lack of funds, but rather because of poor planning, or the overuse of electricity. Wagner and Wiegand (2018) and Tewaria et al. (2003) both indicated that prepaid metering systems assist households in managing their energy consumption, as well as their budget. With regards to Research objective 2 the researchers wanted to determine, if households are more motivated to pay for prepaid electricity usage now that they have installed prepaid meters. The majority of the respondents did indicated that they did became more aware and motivated to pay for electricity, comparing to the past when they used post-paid metering systems. Consumers in low-income areas are now more motivated to pay for the services received, thanks to this added convenience (Miyogo et al., 2013:91; Gupta and Shukla, 2016:3).

Research objective 3 determined whether prepaid users found the buying of prepaid electricity convenient. The findings indicated that the majority of respondents experienced the purchase of prepaid electricity as convenient, seeing that alternative options for where and when to purchase are available. Today, prepaid credits can be purchased at leading supermarkets, banks, online, or via a cellular phone (Van Heusden, 2012).

Managerial Implications, Limitations and Recommendations

The findings of this study, highlighted several implications for electricity suppliers, municipalities and the businesses where these credits can be purchased. Firstly, electricity providers, municipalities, and retail outlets need to understand how residents experience the purchasing of prepaid electricity units, in order to establish a well-developed purchasing process that can encourage frequent purchase behaviour amongst users of prepaid meters. The users of post-paid meters might decide to replace their traditional metering system with a prepaid system if they are confident that the process of obtaining credits is easy and accessible. Secondly, ensuring that service delivery at all touch points is up-to-standard can lead to an increase of sales of units, which in turn, would contribute to the sustainability of these service providers. The immense pressure on the electricity supply of South Africa can also be regulated, if more households convert from traditional post-paid to prepaid metering systems. The fact that consumers have to budget monthly for the purchase of electricity has led to consumers being more conscious about their consumption of electricity. Furthermore, understanding the buying intentions of low-income consumers could assist service-providers in planning the overall energy consumption needed for a nation, as well as in developing marketing strategies to create awareness amongst non-users. By taking income, age, employment status and education into consideration when developing marketing strategies could assist in reaching the target market more effectively than a generic approach.

Due to the limited literature that is available on how South African consumers perceive the purchasing of prepaid credits as well as their knowledge and awareness of prepaid electricity meters, made it difficult for the researchers to verify the findings. The researchers, therefore relied on research conducted in other African and developed countries. Furthermore, the inputs and opinions of residents in surrounding areas were not obtained, seeing that this study only included households in the City of Tshwane. Additionally, the data collection took place during working hours, leading to the exclusion of certain age groups that could have had different opinions. Some of the respondents did not understand English, which led to the need for translation by the fieldworkers which in turn increased the duration of some interviews.

Conclusion

In the past, prepaid electricity meters were generally viewed by post-paid meter customers as being used
by low-income households. However, a lot has changed since then seeing that this milestone and the positive transformation in electricity, proofed to be more beneficial on the long run for both households and the municipalities that provide these services. The way households in Tshwane perceive the purchasing of prepaid electricity units were the main objective of this study and the results proofed to be favourable towards this innovation. The findings indicated that household representatives became more aware of budgeting and planning, seeing that they do not necessarily run out of credits, because of a lack of funds, but rather because of a lack of planning. Furthermore, the respondents indicated that they are more motivated to pay for the electricity services than they did in the past. However, even though the purchasing process were experienced as flexible and acceptable, differences did exit between certain age, income and education groups. Hence, awareness campaigns that are understandable and applicable to certain groups needs to be considered instead of a generic approach. With that said, future research could include how the perceptions of high-income and low-income households differ, when it comes to prepaid electricity and its usage. The type of awareness campaigns that electricity providers can use to reach a specific target audience can also be investigated. In conclusion, by creating awareness of this energy-saving system, could assist consumers in making more informed decisions, which in turn, would benefit both the economy and the planet at large.

References


vending industry. *Master’s dissertation.*


Mediating Role of Entrepreneurial Passion between Social Support and Students' Entrepreneurial Intentions among Indonesian College Students

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*Corresponding author’s email: elissa.lestari@umn.ac.id

**ARTICLE DETAILS**

**ABSTRACT**

**Purpose:** Since the number of entrepreneurs in Indonesia continues to lag behind that of other ASEAN countries, there is an urgent need to investigate the factors that influence the formation of entrepreneurial intentions as predictors of entrepreneurial behavior. So, this study looks into how social support and a passion for entrepreneurship affect the decision to become an entrepreneur. This study also wants to find out if entrepreneurial passion is a link between social support and the intention to start a business.

**Design/Methodology/Approach:**
This study employed a quantitative approach and a single cross-sectional descriptive research design. We used the purposive sampling technique in this study. There were 268 Indonesian student respondents among the participants. In this research project, the PLS-SEM method was used to analyze data.

**Findings:** The findings of this study confirm the direct positive impact that social support has on entrepreneurial passion and intention, as well as the direct positive impact that entrepreneurial passion has on entrepreneurial intention. The research also concluded that a passion for entrepreneurship helps explain the link between social support and the intention to start a business.

**Implications/Originality/Value:** The findings of this study contribute to the existing body of knowledge in the subject of entrepreneurial passion and social support. More specifically, the findings shed light on how entrepreneurial passion is influenced by social support as a contextual variable. The findings of this study contribute to the existing body of scholarly work on entrepreneurship by examining entrepreneurial passion as a mediator between social support and entrepreneurial intention.

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Introduction

Previous literature stated that entrepreneurship plays an essential role in the economic development of a nation (Ribeiro-Soriano, 2017) because it is a driving force for economic growth that plays a role in the process of equitable distribution of economic development, increasing Gross National Product Income and Per Capita Income, and encouraging the creation of innovation in a nation, as well as playing a role in creating jobs on a large scale to reduce the number of unemployed and poverty (Dhaliwal, 2016; Smith & Chimucheka, 2014).

Entrepreneurship is believed to be an effective strategy to solve employment problems, especially among youth (Sahban et al., 2016), since Indonesia is experiencing a demographic bonus in 2020-2035 (Dewi et al., 2018). However, in reality, the number of young entrepreneurs in Indonesia only reached 3.4 percent; to become a developed country, Indonesia needs 12-14 percent of young entrepreneurs (Santia, 2022). The potential economic benefits of demographic bonuses will be useless if the productive age population is more unemployed (Maryati, 2015). Survey data released by the Central Bureau of Statistics of Indonesia in February 2022 shows that 14 percent of the unemployment rate in Indonesia comes from graduates of the diploma and bachelor levels (Damayanti, 2022). Student entrepreneurial intentions in Indonesia are weak because most students have no plans to become self-employed and are more likely to work in large companies (Lestari et al., 2021; Sahban et al., 2016).

Research on entrepreneurial intent (EI) has become the focal point of inquiry in entrepreneurial research (Neneh, 2020), as EI is widely known as the best predictor of actual entrepreneurial behavior (Liñán & Chen, 2009). Entrepreneurial intent reflects an individual's intention to pursue an alternative career choice in order to establish a new venture rather than finding employment (Syed et al., 2020). But, often because the entrepreneurial process is often tricky because it is full of distractions and challenges, individuals will be tempted to pursue other, more accessible career paths so that the concept of entrepreneurial passion emerges as one of the constructs that can help individuals overcome these challenges (Stenholm & Nielsen, 2019).

Although passion plays a vital role in creating a new business, there is still little literature examining the extent to which entrepreneurial passion (EP) can build and influence the formation of entrepreneurial intentions (Biraglia & Kadile, 2016). Moreover, previous research on the EP-EI relationship was mostly conducted in the context of developed countries with little evidence shaping the context of the developing country (Neneh, 2020), such as Indonesia, and the findings regarding the direct influence of EP on EI are still inconsistent. Research conducted by Biraglia & Kadile, (2016), Neneh (2020), and Murad et al.,(2021), shows a positive direct influence, but not with the results of the research conducted by Karimi (2019). In addition, despite the fact that an interest in entrepreneurship has garnered a lot of attention as a potential indicator of successful business behavior, the study of what motivates entrepreneurs is still in its early stages (Gao et al., 2021). Therefore, research is needed to see the factors that shape entrepreneurial passion (Newman et al., 2021). According Li et al. (2020), one of the variables that can be studied to investigate the relationship among both entrepreneurial passion and entrepreneurial intention is family and social support.

From a contextual perspective, entrepreneurship is a social process because the economic activity carried out by entrepreneurs is highly dependent on their social environment. After all, achieving success involves a greater investment of resources (including financial resource, people, and informational resources, among others) (Farooq, 2018; Klyver et al., 2018). However, students often do not get parental support for a career as an entrepreneur. Most parents of university graduates associate the prospect of becoming an entrepreneur with high risk (Sahban et al., 2016).

Given the large research gap in analyzing the link between Social Support (SS)-Entrepreneurial Passion (EP)-Entrepreneurial Intention (EI), this study suggests that social support is an antecedent variable in the link between EP and EI. In light of the preceding discussion, this study made two significant
contributions. First, he used the context of Indonesia as a developing country with a low level of entrepreneurship to confirm the EP-EI and SS-EP-EI relationship. Second, this research enriches the study of entrepreneurial literature on the SS-EP-EI relationship by proposing and validating EP's role as a mediator.

Theoretical Background

Social Support and Entrepreneurial Passion

Langford et al., (1997) stated that social support is a variety of support that a person receives, namely emotional support, financial support, information support, and friendly support. According to Stenholm & Nielsen's (2019) study, perceived emotional support increases entrepreneurship passion because it evokes positive emotions, causing entrepreneurs even more willing to actively participate with their environment even to overcome challenges arising from an increased level of uncertainty. This emotional support gradually grows into a more excitement for their entrepreneurial efforts. Furthermore, the findings of a study conducted by Gao et al. (2021) on nascent entrepreneurs in China show that social support, particularly family support (in the form of family social support, family social capital support, and family emotional support), helps business owners have a positive outlook on the future while also assisting them in bouncing back swiftly from setbacks. Sahban et al. (2016) study also show that environmental and parental support is essential in fostering the mentality and motivation to engage in entrepreneurial activities. Therefore, the hypothesis in this study is:

H1: Social Support positively influences the development of student entrepreneurial passion.

The Link between Passion for Entrepreneurship and Entrepreneurial Intent

Cardon et al. (2009) state that entrepreneurial passion is an intense positive feeling that a person feels due to his involvement in entrepreneurial activity. It gives potential business owners the drive they need to face the risks and difficulties that are associated with establishing a new business. Studies also show that the spirit of entrepreneurship also plays a vital role in identifying new opportunities and innovations where students with high intensity and enthusiasm regarding entrepreneurship can quickly start business ventures in the market (Murad et al., 2021). Biraglia & Kadile (2016) discovered that the more passionate and enthusiastic a person is about starting a new venture, the more likely they will begin one in the future. Further, the results of studies conducted by Neneh (2020) also show that EP positively affects EI formation in developing countries such as South Africa. Therefore, the hypothesis in this study is:

H2: Entrepreneurial passion positively affects the formation of student entrepreneurial intentions.

Social Support and Entrepreneurial Intention

The support that a person expects from his surroundings is referred to as perceived social support. This assistance may come from a variety of sources, including family, relatives, necessary infrastructure, and entrepreneurial financial resources (Hossain et al., 2021). The results of previous studies by Molino et al., (2018) show that individuals' perceived affective support from the immediate environment, such as family and friends, positively affects their entrepreneurial interests. The desire to start a new business will be even higher when an individual gets a lot of social support from his immediate environment. Individuals who get support through networks, mentoring, and information from peers and parents will better understand how to start a business (Sahban et al., 2016). Therefore, the hypothesis in this study is:

H3: Social support influences the formation of student entrepreneurial intentions positively.

Passion for Entrepreneurship Acts as a Mediator between the Intent to Start a Business and the Social Support.

When starting a business, a person is often faced with some challenges and risks, so individuals need attention and support from social networks to support their activities whenever they need support (Wills, 1991). However, social support is frequently equated with the subjective norm in entrepreneurial research. The primary difference between these two ideas is that while subjective and social norms eventually reach a certain level of having certain entrepreneurship expectations that individuals have a
tendency to adhere to, social support goes beyond expectations to provide a possible social environment that encourages and fosters entrepreneurial behavior (Neneh, 2020). Therefore, the support received by individuals from their immediate environment, whether in the form of access to initial funding, information, networking, or emotional support (Edelman et al., 2016) will create a positive feeling regarding entrepreneurial activity (Cardon et al., 2009). Therefore, this study argues that individuals who receive support and love from the immediate environment will be more passionate and motivated to further explore diverse entrepreneurial activities. Therefore, the hypothesis in this study is 

H4: Passion for entrepreneurship acts as a mediator in the relationship between social support and the intention to start business.

Research Methodology
The study uses a descriptive quantitative research design with cross-sectional data because it allows data collection from a large number of scattered respondents quickly and in a relatively cost-effective manner (Maholtra, 2010). Furthermore, this study used non-probability sampling with judgmental sampling techniques. The selection of judgmental sampling techniques was carried out because the sample selection criteria used in this study were students who did not yet have their own business and planned to have their own business in the future. Furthermore, the research data collection process was carried out using a digital questionnaire distributed through google form.

This study employs a sample size calculation method based on Hair et al. (2009), in which the minimum number of samples is the observation value n x 5. Because there are 13 questions in this study, the minimum number of samples required is 65. The total number of respondents in this study was 268.

Measures
All questions in this study were assessed on a seven-point scale ranging from 7 (strongly agree with once) to 1. (strongly disagree). Furthermore, all of the constructions in this study were built using measurements from previous studies. The measurement of variable social support in this study comes from a previous study by Farooq (2018). The Entrepreneurial Passion variable was measured using Cardon et al. (2013), and the entrepreneurial intention measurements were acclimated from Liñán & Chen (2009).

Research Data Analysis
This study's data were analyzed using PLS-SEM, and the data were processed using SmartPLS 3 (Ringle et al., 2014). The PLS-SEM technique is a statistical modeling-based approach that predicts a group of equations at the same time by measuring concepts in the measurement model and their interactions. PLS also has the advantage of not requiring the assumption of rigid normality or large sample sizes. As a result, it is commonly referred to as soft modeling. PLS takes measurement errors into account and should yield more accurate predictions of interaction influences such as mediation. PLS-SEM analysis is performed in two steps. The first step is to evaluate the Measurement Model (Outer), which is followed by an evaluation of the inner structural model (Hair et al., 2014).

Data Analysis
From the demography profile, from 268 data that can be analyzed, the majority of respondents in this study are male with a percentage of 60%, aged 21-23 years by 55%, domiciled in Jabodetabek by 76%, and come from the Faculty of Business as much as 67%.

Measurement Model
Cronbach's Alpha and Construct Reliability (CR) values are used to determine the level of reliability. Cronbach's Alpha and CR must be greater than 0.7 for high internal consistency (Hair et al., 2011). According to table 1, all research items have Cronbach's Alpha and CR values greater than 0.7, indicating that the research instruments in this study are reliable.

The research construct's validity was assessed using convergent and discriminant validity. (Hair et al., 2011) proposed that the researchers assess convergent validity using factor loadings, CR, and average variance extracted (AVE). Tables 1 and 2 show the AVE values of all variables greater than 0.5, the CR value greater than 0.7, and the loadings factor value greater than 0.7. As a result, the discriminant validity in this study is high (Hair et al., 2011). Furthermore, the discriminant validity measurements in
this study were carried out by looking at indicator cross-loading measurements using Fornell-Larcker's criterion (Fornell & Larcker, 1981). Based on the Fornell-Larcker criteria in table 3, good discriminant validity is defined as the AVE value for each indicator is greater than the correlation between latent constructions (Hair et al., 2014, 2016).

Furthermore, despite the fact that all variables showed statistically significant correlations, an examination of the variance inflation factor (VIF) revealed that the model estimates were free of multicollinearity bias. The sample's VIF value is between 1.576 and 3.492, which is less than the recommended cut-off value of 5.00 (Hair et al., 2017).

Table 1
Cronbach’s Alpha, Construct Reliability (CR) and AVE

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Cronbach’s Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Intention</td>
<td>5</td>
<td>0.909</td>
<td>0.936</td>
<td>0.786</td>
</tr>
<tr>
<td>Entrepreneurial Passion</td>
<td>5</td>
<td>0.912</td>
<td>0.934</td>
<td>0.739</td>
</tr>
<tr>
<td>Social Support</td>
<td>4</td>
<td>0.784</td>
<td>0.859</td>
<td>0.604</td>
</tr>
</tbody>
</table>

Source: Author’s Compilation

Table 2
Fornell-Lacker Criterion (Discriminant Validity)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Entrepreneurial Intention</th>
<th>Entrepreneurial Passion</th>
<th>Social Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Intention</td>
<td>0.886</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Passion</td>
<td>0.799</td>
<td>0.860</td>
<td></td>
</tr>
<tr>
<td>Social Support</td>
<td>0.545</td>
<td>0.580</td>
<td>0.777</td>
</tr>
</tbody>
</table>

Source: Author’s Compilation

Table 3
Outer Loadings and Cross Loadings

<table>
<thead>
<tr>
<th></th>
<th>Entrepreneurial Intention</th>
<th>Entrepreneurial Passion</th>
<th>Social Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>EI_1</td>
<td>0.863</td>
<td>0.705</td>
<td>0.501</td>
</tr>
<tr>
<td>EI_2</td>
<td>0.910</td>
<td>0.702</td>
<td>0.466</td>
</tr>
<tr>
<td>EI_3</td>
<td>0.880</td>
<td>0.697</td>
<td>0.488</td>
</tr>
<tr>
<td>EI_4</td>
<td>0.892</td>
<td>0.727</td>
<td>0.478</td>
</tr>
<tr>
<td>EP_1</td>
<td>0.688</td>
<td>0.877</td>
<td>0.524</td>
</tr>
<tr>
<td>EP_2</td>
<td>0.658</td>
<td>0.842</td>
<td>0.442</td>
</tr>
<tr>
<td>EP_3</td>
<td>0.675</td>
<td>0.855</td>
<td>0.487</td>
</tr>
<tr>
<td>EP_4</td>
<td>0.713</td>
<td>0.859</td>
<td>0.508</td>
</tr>
<tr>
<td>EP_5</td>
<td>0.697</td>
<td>0.864</td>
<td>0.526</td>
</tr>
<tr>
<td>SS_1</td>
<td>0.474</td>
<td>0.507</td>
<td>0.814</td>
</tr>
<tr>
<td>SS_2</td>
<td>0.468</td>
<td>0.512</td>
<td>0.804</td>
</tr>
<tr>
<td>SS_3</td>
<td>0.351</td>
<td>0.371</td>
<td>0.726</td>
</tr>
<tr>
<td>SS_4</td>
<td>0.381</td>
<td>0.386</td>
<td>0.763</td>
</tr>
</tbody>
</table>

Source: Author’s Compilation

The Structural (Inner) Model Analysis
After determining that all variables are valid and reliable, the next step is to conduct a hypothesis test using the coefficient determinant (R²) (Chin, 1998b; Cohen, 1988). The coefficient of determination (R²) quantifies the variance described by the predictor variable in the yield variable. Chin (1998b) suggests that the R² value of the endogenous latent variable be 0.67 for a significant category, 0.33 for a moderate category, and 0.19 for a weak category. Following that, the relevance of the measurement model will be
determined by examining the values of and T Statistics (Hair et al., 2014, 2016; Ringle et al., 2018). In this study, 5,000 valid subsamples were extracted for the bootstrapping technique. The hypothesis test results, as measured by the Path coefficient and the T-value, will confirm the level of significance of the relationship between the hypothesized variables. Furthermore, in accordance with Hair et al. (2014), the study examined the predictive relevance (Q²) and effect size values (f²).

According to table 4, the adjusted R² value of this study for the entrepreneurial passion variable is 0.334, or the social support variable can explain 33.4% of the variance of the entrepreneurial passion variable. The R² value for the entrepreneurial intention variable is 0.646, which means that the exogenous variables entrepreneurial passion and social support explain 64.6% of the variance in the entrepreneurial intention variable. The R² value for the entrepreneurial passion variable is moderate, whereas the R² value for the entrepreneurial intention variable is significant (Hair et al., 2014, 2016; Henseler et al., 2009).

In this study, predictive relevance (Q²) measurements were performed using blindfolding procedures against endogenous variables in reflective measurements (Hair et al., 2014). A structural model is said to have good predictive capacity if the value of Q² is greater than 0 (Hair et al., 2014). According to table 4, the Q² value for entrepreneurial passion was 0.245 and the entrepreneurial intention variable was 0.500. All endogenous variable Q² values are greater than zero, indicating that the research model has good predictive relevance.
In the study, hypotheses were tested by examining the values of and T Statistics. The value of $\beta$ indicates the expected variation in a construct dependent on the variation of units in an independent construct. The higher the value of the $\beta$, the greater the substantial effect on the endogenous latent construction. However, the value of $\beta$ must be verified for its significance through a T-statistical test (Chin, 1998a). Furthermore, referring to Hair et al. (2014), this study assessed the effect size ($f^2$) to show substantive significance. Statistical significance, such as the P value, can only indicate whether an effect exists but does not indicate the size of the effect. Therefore, measurements of statistical significance (P value) and substantive significance ($f^2$ value) are both needed for good data reporting and interpretation (Sullivan & Feinn, 2012). Meanwhile, the size of the effect of $f^2$ in this study refers to Cohen (1988), who stated that the values of 0.02, 0.15, and 0.35, respectively, represent the measurement of small, medium, and large effects.

Overall all hypotheses in the study were accepted. Based on table 4, social support has been shown to positively affect entrepreneurial passion ($\beta=0.580$, $T=9.221$, $P=0.000$, with a large effect size where $f^2=0.597$); thus, hypothesis 1 is accepted. Furthermore, entrepreneurial passion also positively affects the formation of entrepreneurial intention ($\beta=0.727$, $T=17.339$, $P=0.000$, with a large effect size where $f^2=0.998$). Finally, the findings of this study revealed that social support had a positive impact on entrepreneurial intent ($\beta=0.123$, $T=2.884$, $P=0.002$, with a small effect size where $f^2=0.029$).

**Mediation Analysis**

In this study, the mediation effect test was performed by examining the indirect effect coefficient, confidence interval, and p-value (table 5). The findings of the mediation tests are presented in Table 6, and they demonstrate that a passion for entrepreneurship serves as a mediator in the connection between social support and entrepreneurial intention (p-value less than 0.05). Variance is used to evaluate indirect influence measures (VAF). VAF represents the ratio of indirect to total influence. Partial mediation occurs when the VAF value is between 0.2 and 0.8, whereas full mediation occurs when the VAF value is greater than 0.8 (Hair et al., 2017). The VAF value in table 6 is 0.774. This demonstrates that entrepreneurial intention mediates a portion of the relationship between social support and entrepreneurial intent.

### Table 4
**Path Analysis Result**

<table>
<thead>
<tr>
<th>Path Hypothesis</th>
<th>Standardized Beta ($\beta$)</th>
<th>T Statistic</th>
<th>P Value</th>
<th>Decision</th>
<th>$R^2$</th>
<th>$f^2$</th>
<th>$Q^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Social Support $\rightarrow$ Entrepreneurial Passion</td>
<td>0.580</td>
<td>9.221</td>
<td>0.000</td>
<td>Supported</td>
<td>0.334</td>
<td>0.597</td>
<td>0.245</td>
</tr>
<tr>
<td>H2 Entrepreneurial Passion $\rightarrow$ Entrepreneurial Intention</td>
<td>0.727</td>
<td>17.339</td>
<td>0.000</td>
<td>Supported</td>
<td>0.646</td>
<td>0.998</td>
<td>0.500</td>
</tr>
<tr>
<td>H3 Social Support $\rightarrow$ Entrepreneurial Intention</td>
<td>0.123</td>
<td>2.884</td>
<td>0.002</td>
<td>Supported</td>
<td>0.029</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source: Author’s Compilation**

### Table 5
**Mediation Analysis (Indirect Effect)**

<table>
<thead>
<tr>
<th>Path Hypothesis</th>
<th>Standardized Beta ($\beta$)</th>
<th>T Statistic</th>
<th>P Value</th>
<th>VAF</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4 Social Support $\rightarrow$</td>
<td>0.422</td>
<td>9.121</td>
<td>0.000</td>
<td>0.774</td>
<td>Supported</td>
</tr>
</tbody>
</table>
Entrepreneurial Passion → Entrepreneurial Intention

Source: Author’s Compilation

Discussion and Conclusion

Previous literature has discussed a lot about the vital role of entrepreneurship in the economic growth of a nation. Not surprisingly, the study of the factors that encourage an individual to choose a career as an entrepreneur has become a focal point in the study of entrepreneurial literature, especially in Indonesia, where the level of entrepreneurship is still small compared to the total population. Entrepreneurial passion is one of the crucial factors influencing an individual's desire to pursue a career as an entrepreneur (Biraglia & Kadile, 2016; Karimi, 2019; Neneh, 2020). However, there is still not much research discussing the factor that boosts the entrepreneurial passion itself. Therefore, this study seeks to examine contextual factors in the form of social support as factors that influence the formation of entrepreneurial passion because passion is not what is born and formed naturally in entrepreneurs (Cardon et al., 2009).

The results of this research indicate that there is a connection between the three factors of social support, entrepreneurial passion, and entrepreneurial intention among students in Indonesia. According to the hypothesis test results, all hypotheses in this study were accepted. The results of the hypothesis test show that social support has a direct impact on entrepreneurial passion. This finding supports the findings of previous studies by Stenholm & Nielsen (2019), and Gao et al. (2021). For university graduates, a career as an entrepreneur is often unappealing due to the numerous challenges, risks, and uncertainties. However, emotional and instrumental support from one's immediate environment in the form of information, networking, and even initial funding will be a safety net for individuals who foster passion, motivation, and determination to persevere in carrying out entrepreneurial activities (Laender & Focke, 2021). In addition, the findings of this study provide more evidence that social support has a direct and positive influence on the inclination to engage in entrepreneurial activity. In line with the results of previous studies conducted by Sahban et al. (2016), the social support facilitates the discovery of business opportunities, aids decision-making, and enables the mobilization of resources required in the process of launching a new business.

Furthermore, the results of this study also confirm the findings of previous studies, which stated that entrepreneurial passion has a positive effect on the formation of entrepreneurial intentions. Therefore, the results of this study confirm the results of previous studies (Biraglia & Kadile, 2016; Cardon et al., 2009; Neneh, 2020) which expresses the passion and strong positive feelings that individuals have regarding the activity of launching a new business will increase the interest in entrepreneurship. Individuals with a high entrepreneurial passion will focus, devote and dedicate time to pursuing their dreams as entrepreneurs. When they fail, their passion motivates them to try again. In conclusion, the results of this research indicate that an entrepreneurial passion partially mediate the link between social support and the intention to start an entrepreneurial venture. This is despite the fact that the direct influence between the research variables remains to be significant and positive. This demonstrates that, while social support influences the formation of entrepreneurial intentions, entrepreneurial passion is a strong construct in predicting individual intentions to start a new business.

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Assessing the Impact of Tableware and its Influence on the Fine Dining Experience

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**ABSTRACT**

**Objective:** This research aims to study the influence of ceramic tableware in the fine dining industry and the experience of diners towards the design of the product. The final stage plays an important role in evaluating the emotional responses of diners towards the aesthetical values of the product which will be measured based on the user’s experience (UX). UX is crucial in determining the success or failure of a product in the market. Therefore, the UX factor will determine the level of success of a product in the market.

**Methodology:** this study will focus on the experience of the diner based on the theory of

**Findings:** Norman’s Three Level of Design. Emotion refers to the feelings felt by humans. The success of a product is not merely dependent on the advantages and great design of the product. However, the success of a product in the market is assured when it is based on the 7 UX factors which include: usefulness, usability, availability, accessibility, reliability, value, fulfilling the current demands and needs as well as comprehensibility.

**Implications:** Chefs have to be creative in creating a menu that will reflect a unique dining experience through the attractive and special presentation of the meals provided. The elite category of diners does not put an emphasis on price rather they are focused on gaining the ideal fine dining experience which not only has the perfect ambience but also create an unforgettable memory.

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**Introduction**

In the past, the hotel industry had not taken the initiative to make improvements or changes in terms of choosing suitable tableware to heighten the dining experience. Nonetheless, recently numerous famous restaurants and also hotel restaurants have begun to start using handmade ceramic tableware rather than the traditional white and shiny ceramic tableware. This is a rising trend in the world of fine dining. Since then, chefs have started to provide the use of handmade ceramic tableware to their discerning diners than the typical white porcelain tableware that had been in use for many years in the past. This positive change has created a luxurious ambience in fine dining as the tableware collection used complements the delicious food being served to the diners. Locally handmade ceramic tableware presents a wonderful visual to the senses as the tableware is exquisitely made to present culinary delights to the diners and provide a fascinating dining experience too.

Nowadays, the chefs of the culinary world have adopted a more naturalistic approach. These chefs have a desire to involve the community such as farmers, fishermen and designers. This particular meeting point will result in a unique dining experience and make restaurants more famous than ever before. The current trend of diners of uploading their dining experiences on social media such as Instagram is rather common. Apparently, to most netizens the use of dark and matte handmade ceramic tableware creates a better and appealing visual on social media than the traditional shiny white ceramic tableware. The designers of ceramic tableware are creative and always thinking outside the box which resulted in the creation of elegant and beautifully designed tableware that appeals to the senses than the conventional shiny white tableware which is considered plain. When restaurants started using more unique and elegant tableware, it will elevate the image of these establishments as the food served is considered haute cuisine. As a result, the choice of tableware used in restaurants will reflect the overall concept of the respective restaurant as the tableware in question has high aesthetical values which will create a better image for the restaurant. The beautiful tableware being used will only complement the food being served which will lead to a wonderful fine dining experience. By using the appropriate tableware, it will lead to a better dining experience. This is evident in the way the majority of hotel restaurants have chosen to provide a unique experience to their hotel guests particularly those preferring a more elite-style vacation experience by using exquisite fine dining tableware at their respective restaurants.

**Literature Review**

At present, the factors that determine the success of a restaurant is not solely based on the financial success it reaps but also on the food source of the restaurant, the ceramic tableware used, the decoration technique, the interior décor, and an efficient management system. All these aspects will serve to heighten the senses of the diners and the fine dining experience itself. At present, the current trend of restaurants is in focusing on the entertainment aspect to create the ultimate dining experience. The interior décor of the restaurant, the choice of food being served, the use of lighting and background music will create the perfect ambience which will leave a favourable and lasting impression. Therefore, the ambience being created will create an interactive opportunity for the diners to further find out and also explore the history of the meal being presented to them.

The collaboration among ceramic product designers has opened the path in creating unique and elegant ceramic tableware. In the past, the chef is only known for his culinary expertise. However, nowadays the chefs do not merely rely on their culinary skills at creating tantalizing culinary masterpieces but also attempt to incite the interest of the diners about the ingredients being used and the origins of the food being served. This change has forced the chefs to only provide the best to the diners with discerning taste. One of the ways is by presenting the delicious culinary masterpiece with an added aesthetical value. Before one enjoys a meal, the visual senses must be stimulated first and this is done with the
attractive presentation of the food by using high quality tableware.

Many dining establishments have chosen to procure their ingredients from local producers as this will
ensure the freshness and quality of the ingredients. Consequently, this will help the local community to
generate income which will lead to an increase in high quality produce being sold and made available.
This results in a win-win situation whereby the chefs will be able to create delicious meals using the best
and freshest ingredients while helping the local community. Thus, the contribution made by the local
community is another significant factor in ensuring the success of a restaurant in providing high quality
meals.

As the economy of a country flourishes so does the demands of the consumers in which case they will
tend to gravitate towards luxurious and high-end products of high quality. Due to the high demand of
consumers, the food and beverage industry is forced to make certain changes in the way service is
provided. The new kind of consumers are highly educated, curious and want their dining experience to
be unique and memorable. Thus, chefs have to be creative in creating a menu that will reflect a unique
dining experience through the attractive and special presentation of the meals provided. The elite
category of diners does not put an emphasis on price rather they are focused on gaining the ideal fine
dining experience which not only has the perfect ambience but also create an unforgettable memory.

**Tableware Plays an Integral Role in the fine Dining Experience**

In the fine dining menu, the appetizer will be presented first. The appetizer plays a crucial role in
projecting a favorable impression and create excitement for the next course. In one experiment, diners
were given a salad as the appetizer but it was presented in three completely different ways. The first way
the salad was presented was clearly messy while the second one was presented in a very plain or
ordinary way. However, the third and final way the salad was presented was truly sophisticated and
attractive. The results of this experiment have shown that diners were willing to pay more for a salad if it
was presented in a sophisticated and pleasing manner.

The choice of the appropriate ceramic tableware which complements the interior design of a restaurant
will create the perfect ambience that will lead to the ultimate fine dining experience. The choice of the
appropriate tableware will reflect the image and give an added value to the respective restaurant.

The importance of colour or glaze of a ceramic product will bear a huge influence or impact on the user
or diner. The colour of the tableware set also plays an important role. According to the research
conducted by the Alicia Foundation in Spain, white is the preferred colour for tableware than black
especially in presenting desserts. Nevertheless, the present trend is to use black tableware to provide an
attractive contrast to the meal presented. Based on a study by Oxford university, when pink tableware is
used it will connote the idea of sweetness of the meal being presented even before it has been tasted or
consumed. However, when green tableware is used it represents the opposite: a bland or unsweetened
taste. On the other hand, red is found to stimulate the appetite while orange will provide oxygen to the
brain and increase the mental activity of an individual. Therefore, it is crucial to bear in mind that the
colour being used for the tableware and the interior design have an impact on the dining experience.

Food is not merely consumed to appease one’s appetite. However, food is connected closely to
unforgettable moments. Before an individual begin to eat the food being served, the visual senses need
to be stimulated beforehand and this is the main reason that an attractive presentation is vital. Only upon
giving a favourable visual impression will the other senses be stimulated such as aroma, taste and so
forth. Nonetheless, if the first impression is not favourable then it will lead to a devastating experience to
the diner. Hence, the use of appropriate tableware will provide the necessary added value to the meal
being presented by making it look appealing and more tantalising as well as making the diners
impressed with the service being provided.
The latest trend of every restaurant is in giving a personal and distinctive touch by having the restaurant logo or the signature printed on the tableware being used. The creation of a unique identity will elevate the status of the restaurant and this is done through the tasteful and captivating interior design of the respective restaurant. The trademark or identity of the restaurant is the exclusive right and property of the restaurant. The fine dining tableware along with the appropriate cutlery play a monumental role in serving to complement the elegantly unique presentation of the delicious meals being served at the restaurant. Consequently, this will lead to a higher level of satisfaction to the diners and generate a more profitable income for the establishment in question in the end.

The choice of tableware is dependent upon the type of restaurant and the overall concept of the restaurant in question. If the restaurant is a luxurious and high-end restaurant, it is crucial that the tableware being used should reflect and contain elements of luxury. To every chef, his culinary creations have their own unique identity which requires equally unique tableware as to create a positively surprising and exciting fine dining experience that is also unique to the discerning diners.

Furthermore, it is also important that more attention and detail should be put into choosing the most appropriate type of tableware. The presentation of the culinary masterpiece is as important as the exquisite taste of the meal being presented to the guest. In addition, more emphasis should be given to the presentation of the meal in question. For instance; the colour of the meal presented, its texture, the table size, the tableware design, as well as the method and arrangement of tableware. Hence, this will create a favourable impression on the diners as all of these aspects have wonderfully been integrated and being given emphasis.

It is imperative to create a wonderful ambience of fine dining as the saying states “The first impression will leave a lasting impression”. The creative and organised arrangement of furniture in a restaurant will elevate the fine dining experience of its diners and also create a favourable impression of the hotel and restaurant. For luxurious and high-end hotels, the choice of menu being provided is as important as the tableware being used as both aspects will lead to a fascinating and outstanding dining experience.

**Theory of Norman’s Three Levels of Design**

Therefore, this study will focus on the experience of the diner based on the theory of Norman’s Three Level of Design. Emotion refers to the feelings felt by humans (Albin, 1986). According to Gorp and Adams (2012), emotion is the effect that can influence the way a person pays attention, makes a decision, behaves and expresses himself. This effect is an affective response of an individual which refers to the emotions felt by someone due to a certain event or stimulation. Desmet (2002) believes that there are four affective responses: emotion, mood, sentiments and emotional/personality trait. This theory comprises of three emotional processes which relate to the product as described below:

**Visceral Level**

At this level, it involves the aesthetical design of the product and also its usability. The use of unique elements and design principles in designing a product will evoke an unforgettable experience among the users of the product. At this stage, an emotional response will be evoked upon seeing the visual aspect of the product. Furthermore, the aesthetical value has to surpass the emotional response created. However, failure to evoke a positive response will result in the user rejecting the product and not purchasing it in the end.

**Behavioural Level**

At this level, it is imperative that the designer consider the functionality and usability aspects of the product. It is also crucial to integrate qualities which include: convenience, ease of use, control, interactivity and heightening the user’s experience.
Reflective Level
At this level, it includes the interpretation and understanding of certain aspects such as worldly evaluation and self-reflection. This reflective stage has been determined after execution and it surpasses the previous two levels mentioned above. This means that through the process of reflection, both automatic behavior and emotional reaction can be ignored. The reflective design is defined as the overall image of a product design. The designer will take into account certain aspects such as the message being conveyed, the cultural aspect, the meaning of the product and whether it will leave a memorable experience to the user.

Framework Model

![Figure 1: The Framework Model of Emotion design based on the Theory by Donald Norman](image)

This study will use the conceptual, theoretical and principal approach as the research method. The framework of this study will involve the theory of Norman’s Three Level of Design. This study uses the emotional design concept that relates to the theory of Norman’s Three Level of Design that is based on 3 aspects of design: visceral, behavior and reflective. The result of integrating this concept, theory and principle has led to the framework of this study that will further explain the present study conducted.

UX = cognitive + emotion

The framework of this study aims to explain the way the individual thinks will control the emotions and behavior of that particular individual. At the Visceral level, the user responses quickly to a product through seeing, tasting, hearing as well as stimulation that will lead to a certain emotion or feeling being evoked. However, on the Behavioral level it functions to understand as well as control the daily usability, effectiveness and ergonomic features of a product and also involves daily routine such as talking and writing. On the other hand, the Reflective level involves the cognitive process that closely relates to memories, plans and experiences.

Emotions are evoked on every level as a result of the physiological and behavioral responses that are influenced by the reflective effects of the cognitive process. The main implication from this model is the affective characteristic that has given an impact on the way an individual processes thought. This is significant because it is focusing on the affective state of the user while using a certain product and the way this will affect the said product. Therefore, designers need to understand the physiological and emotional responses to design a good product.

The experience of the user in using a product will produce an affective effect. The diverse range of emotions will influence all levels of cognitive activity.

The model of this study is most suitable for this research method that is based on the theory of Norman’s Three Level of Design. For the Visceral level, it serves as a guide that include the physical aesthetic
value, taste, smell and sound in creating a particular design. On the other hand, the Behavior level refers to the method that relates to the usability of the product in terms of ergonomics. However, the Reflective level relates to the meaning, experience and value of the product design within a certain cultural context. The entire product experience is a result of the three levels combined. The guidelines from this particular theory in relation to this model exemplifies the significant role that user or individual emotional responses have upon the aesthetics of a product.

At the final phase of this model, it plays a vital role in indicating the emotional responses of a user towards the aesthetic value of a product and is measured using UX (user experience). User experience (UX) is really vital in determining the success or failure of a product in the market. At present, UX has clearly evolved from merely indicating the usability of a product to encompass all aspects of the user experience that can lead to the success of a product in the market.

User Experience (UX) refers to experience of a user in using a certain product (Garret, 2011). This also includes the emotions and attitudes of an individual about using a particular product, system or service. UX emphasises the functional aspect of the external design of a product or when it is used within a particular context by the user. A good user experience or significant UX is one that fulfils the needs of a particular user in the specific context where he uses the product.

The following are 7 main factors that depict the User Experience according to Peter Morville a pioneer in the field of UX:

**Useful**
For a designer, when designing a successful product aspects such as functional design and usefulness should be considered. Failure to do so will lead to the lack of success of the said product in the market. However a product will be successful if it has the following criteria: functions well, useful, practical and high aesthetic value.

**Usable**
Usability of a product relates to the ability of the user in using the product in terms of ease of use, comfort and simplicity.

**Findable**
This refers to a product that can be easily found. However if that is not the case, there is a high chance that the product will not be purchased by the user.

**Credible**
Credibility refers to the level of trust that the user has in the product. The product should be functional and durable to withstand wear, pressure or damage.

**Desirable**
The designer should create such a desirable product and to do this will include stages such as branding, image, identity, aesthetics and an emotion-evoked design. A product that is considered desirable has the potential of being bought by users. Consequently, this will create a chain reaction among other users to also purchase a similar product upon seeing the popularity of the product.

**Accessible**
Accessibility is often a neglected aspect in creating User Experience. Accessibility refers to the ability and ease of use which not only include ordinary users but also those with physical disabilities which include those that are blind, deaf or have learning disabilities. For instance, in creating a product a designer has to ensure that all types of users, including those with disabilities, understand the design features. If this aspect is neglected in designing a product, it will create a negative emotional effect among the users. These days, it is a must to consider the accessibility aspect in designing a product.
Moreover, it is actually against the law and liable to a heavy penalty to design a product that does not provide accessibility to all types of users.

**Valuable**

Every design should have its own unique value. It should give added value to the designer as well as the user. Without the integration of this particular aspect into the design of a product, it would be of no surprise when the product is proven to be unsuccessful even at the initial stage.

**Sample of Design**

![Figure 2](image2.png)

*Figure 2. Ceramic handmade from Ilham Studio at Kayu Putih Restaurant, Hotel St Regis, Langkawi*

![Figure 3](image3.png)

*Figure 3. Mr. Radzi’s black bee honey, panna cotta sour honey gel, vanilla sponge, grapefruit pomelo, orange, Thai basil, lime sorbet*
Conclusion
Essentially, each product design should possess its own unique value. The product design should provide added value to not only the designers but also the users. If a product does not possess a certain value, it will meet with failure even at the initial stage as it will not fulfill the demands of the current market.

The concept used in this research is based on the user’s experience according to the theory of Norman’s Three Levels of Design. This is an in-depth study that explores the complex experience of interacting with the product. In comprehending the affective experience, a clear approach needs to be taken to discover the relationship between analysing the behaviour of the user and the experience related to the product design in the market.

The framework model proposed in this research shows that there exists a clear difference in emotional responses through the user’s experience towards the product design that is available in the market. This method will evaluate the designer on whether the product design will lead to a different and unique experience.

The success of a product is not merely dependent on the advantages and great design of the product. However, the success of a product in the market is assured when it is based on the 7 UX factors which include: usefulness, usability, availability, accessibility, reliability, value, fulfilling the current demands and needs as well as comprehensibility.

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Relationship between the Informal Economy and Local Economic Improvement in the Thembisile Hani Local Municipality in South Africa

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**ABSTRACT**

**Purpose:** The LED in South Africa complies with the formalisation of economies, the legislative context and the economic development framework. It involves the progression of the informal economy through consideration of its characteristics and potentials together with the standard LED requirements that associate the notion of a green economy and the connections among the unregulated and the official economies. This study investigates the relationship between the informal economy and the LED in the Thembisile Hani local municipality in South Africa.

**Methodology:** The scholarship uses face-to-face interviews to collect data from respondents in the Thembisile Hani municipality regarding their economic survival experiences.

**Findings:** The study results show that several limitations such as infrastructure, capital, suitable skills, excessive regulations and security apprehensions compromise the informal economy growth. In addition, the study showed that employment opportunities are created in the informal sector for poverty reduction and economic improvement. Furthermore, inclusive economic development is required because the government have excluded the informal economy from their economic planning processes.

**Implications:** Municipalities should ensure the enhancement of basic knowledge and a better environment for the informal economy players to create the bridge between the unofficial economy and a sustainable LED in the country.
Introduction
South Africa lingers to face fundamental progressive tasks of redundancy, inequality as well as poverty. Alternative approaches to economic development are needed to achieve equitable economic expansion and growth. Often ignored in analyses of economic policy is the informal economy. Amplified attention on the informal economy based on the reflection that it employs a large number of people and therefore can contribute to the decline of poverty (Ndabeni, 2014:1). As economic transformation processes are managed and social and economic difficulties are faced, local governments are increasingly playing a significant role in these endeavours. The demand for inclusive economic growth emphasizes the need of including the informal economy in municipal economic planning. Because of the job and income options provided by the informal sector, this is more important and specifically connected to the LED (Ndabeni, 2014:2). Local governments will be persuaded to assist and hasten the creation of an environment that allows participants in the informal sector to make a living by promoting policies that recognise the casual economy as a crucial role played in LED (Ndabeni, 2014:2). Hobson (2011:6), asserted that there has been a change in perspective that has led municipalities to see the informal economy as a crucial component of service delivery. Local governments are best positioned to identify and address specific obstacles impacting certain informal sector activity (Ndabeni, 2014:2). In the informal sector of the economy, self-employment is increasingly being recognised as a viable solution to South Africa's growing unemployment and poverty problems (Hobson, 2011:1).

Background
LED would compel the local government to put in place a structure that will allow participants in the informal economy to make a living (Ndabeni, 2014:2). The Thembisile Hani Local Municipality is a rural municipality with poverty levels and the unemployment rate at 38.3% and 47.5% respectively (Mpumalanga Province, 2016). Thembisile Hani Local Municipality reflects several rural municipalities in South Africa in respect of poverty prevalence, unemployment, inequality, underdevelopment and lack of industrial development potential. Due to the high rate of joblessness, the majority of the people resorted to the creation of informal employment through participating in the informal economy to generate income and livelihoods.

Literature Review
Literature review for this study mainly concentrated on the theories related to both the informal economy and the LED as displayed in figure 1 below.

![Figure 1: Informal economies and local development theories](source)

Informal Economies and Local Development Theories
Theories Related to the Informal Economy
Four theories led the discourse of the large and heterogeneous informal economy regarding its nature and composition namely the structuralist, dualist, legalist and voluntarist schools of thought. These four schools of thought predominantly consent on the economic worth of the informal economy through its
input to the national GDP, in addition to the creation of work for the deprived, equally the rural and urban regions of improvement and predominantly, emerging nations (Chen, 2016; Schneider, Buehn & Montenegro, 2010).

The Dualist School of Thought
The International Labour Organisation World Employment Mission Kenya established the dualist school of thinking in 1972 and Hart in 1973. The dualist school focuses on those involved in traditional and survivalist activities and it views the informal economy as a separate segment of the economy characterised by low productivity, poor technology, low incomes and low levels of skills (WIEGO, 2014). It thus lacks the capabilities to comply with the requirements of the contemporary economy (La Porta & Schleifer, 2014). Wilson (2011), noted that those with low skill levels and low incomes see the informal economy to be their sole option for ensuring their livelihoods.

The Structuralist’s School of Thought
In 1989, when attention was focused on minor traders, producers, subcontracted employees, and casual workers, Castells and Portes presented the structuralist school of thinking. The informal sector is seen by structuralist as a source of subordinated economic resources and labour that helps giant capitalist companies compete more effectively by lowering input and labour prices (WIEGO, 2014). However, Wilson (2011), argued regarding the existence of the connections between the formal and informal economies that the latter is cowed and abused by the prior. Portes (1994:426-427), viewed the informally self-employed emphasis on their linkages with the formal economy. Both Castells and Portes believed that the informal sector consisted of inferior organisations and labourers who reduced costs as a means of contributing to the competitive growth of large capitalist businesses (Katalin, 2015:62-63).

The Legalist’s School of Thought
In 1989, Hernando De Soto developed the legalist school of thinking. The informal economy and entrepreneurs are emphasised by the legalist school of thinking. According to legal experts, the informal sector is home to brave businesspeople who choose to avoid the exorbitant and frightening costs, time, and effort of the official registration and who want legal rights to convert assets into a formally owned property (WIEGO, 2014). Legal scholars contend that the oppositional legal system that produced casual activities and informal extra-legal standards is to blame for the casual economy’s existence.

The Voluntarist’s School of Thought
William Maloney introduced the school of thought known as the voluntarists in 2004. The volunteers concentrated on the self-employed, particularly men in business and their side businesses (WIEGO, 2014). According to voluntarists, the informal sector is made up of entrepreneurs who prefer to operate haphazardly to avoid paying taxes, fines for breaking commercial regulations, rent and power bills, and other overhead associated with operating officially. The voluntarists pay little attention to the economic connections between informal businesses and formal businesses, but they hold the belief that since informal businesses avoid formal rules, taxes, and other production expenses, they pose an unfair competitive threat to established businesses (WIEGO, 2014).

Local Economic Development Theoretical Frameworks
Economic Fundamental Theory
Blakely and Leigh (2016), held the view that the economic base theory of an increase in a community's economy is directly related to and driven by demand for its goods and services in areas outside of its national economic confines. The philosophy considers that firms that use domestic means such as material and labour to produce merchandise and services transferred away to create domestic prosperity and career opportunities. Thus, the economic base theory may be essential in thoughtful of turbulences in the economic growth of a country in reaction, to modifications in overseas demands for merchandise produced in domestic regions (Blakely & Leigh, 2016).
The Location Theory

The locality principle seeks to shed light on how firms and industries choose sites that reduce the costs of manufacturing and shipping their goods to marketplaces for economic growth. To encourage different businesses to invest in their LED, domestic towns are going to play a key role in making sure that the infrastructure and quality of services are given. Guidelines created to address infrastructural and socioeconomic issues in rural regions are used in South Africa to guide the exploration of the LED process (Lukhele & Madzivhandila, 2018:880).

The Empowerment Theory

Kahika and Karyeija, (2017), observed that this philosophy is valid since the 1980s and entails supporting people in their efforts to improve themselves is what empowerment, especially in poor countries, is all about. The process of giving the weak and disadvantaged people their first opportunities and skills is called empowerment. The empowerment theorists argue that a lack of progress is due to the population not being able to initiate and improve their conditions due to the deficiency in power and capabilities to make choices.

The Neoclassical Economic Theory

Blakely and Leigh (2013: 78-79), submitted that neoclassical economic philosophy provides two main ideas for local and regional growth namely the mobility of capital and the equilibrium of economic systems that will reach a natural balance if resources can move around without restriction. The Neoclassical economic theory was tested in several states with devastating consequences and rejected by the advocates of regional and local economic development citing unfairness in its outcomes regarding lack of collective benefits.

Endogenous Development Philosophy

The thought of growth from within philosophy occurred about 1980 as part of the reaction to the exogenous model that argued that economic progress is a result of exterior elements. This philosophy held that economic advancement is significantly facilitated by investments in information, human capital, and innovation. The philosophy has significance to LED bearing recollect that the concept of “local” denotes the process of acknowledging and making use of endogenous abilities Kahika and Karyeija, (2017).

Contribution of the Study

The current study investigates the connection between the casual economy and LED in the Thembisile Hani local municipality in South Africa. This scholarship first highlights theories related to the informal economy and the LED before elaborating on the actual link between the two concepts. The study shows how LED in South Africa complies with the formalisation of economies, the legislative context and the economic development framework. The research additionally emphasises the progression of the informal economy through consideration of its characteristics and potentials together with the standard LED requirements that associate the notion of a green economy and the interconnections between the official and the unregulated economy.

Research Methods and Materials

A qualitative design technique was used in the current investigation, since it, elaborates on the perception and the experience of research participants regarding the association between the unofficial economy and LED in the Thembisile Hani local municipality in South Africa (Bless, Higson-Smith & Sithole, 2016:58). Information from the research participants was gathered using a well-structured interview questionnaire. The purposive sampling method was employed since the researcher used the narrative interview technique targeting opinions on a specific concern. The sample comprises 199 participants from three research sites. At these intersections of the roads where informal trade takes place, additionally, there are three major malls located in KwaMhlanga, Phola, and Kwaggafontein.
respectively. A questionnaire divided into four components, A, B, C, and D, was used to gather data for this study.

**Analysis and Discussion of Data**

**Socio-demographic Information**

The demographic information collected included the Age Bracket, Gender, Trading Licenses, Education and form of employment.

**Age Bracket:** 43% of participants were between 30 and 39 years old and the least number of respondents were 60 years and older (3%).

**Gender:** The sample comprised 137 female and 62 male respondents, which translated into 69% and 31% respectively. This is an indication that the sample was predominantly female.

**Trading License:** 61% of the participants have acquired trading licenses while 39% had no trading license to do business in Thembisile Hani Local Municipality.

**Education Level Frequency:** 75% of the respondents had secondary education and 4% of them had no formal schooling. 17% of the respondents have primary education and 8% held a diploma in education.

**Form of Employment:** 86% of the research participants were self-employed and 1% of them were employed. 13% of the respondents were unemployed. The results also indicate that most of the participants in the research were self-employed as the source of revenue. The literature suggests that approximately 37% of South Africa's poor work in the informal sector of the economy and it has been appraised that informal self-employment was responsible for 63% of the earnings of official employment (Rakabe, 2017).

**Figure 2** below depicts the relationship between the informal economy and the LED in South Africa in combination with the standard economic development approaches that transform the entire economy as elaborated in the upcoming sections.

**Unofficial Economy**

The prevalent perception of the economic relevance and expansion of the informal sector is that many of the operators would prefer regular work and do not possess the expertise and assets to manage an efficient formal firm (Turok, Scheba & Visagie, 2017). Thus, they trade in drenched markets and their merchandises and services add little worth parallel to their counterparts, so, their returns are low, and they make slim profits. Still, there is a more hopeful perspective, which suggests that the informal economy may service critical niche markets while increasing the impact of other events (Turok et al., 2017: 35).
Characteristics of the Casual Economy

Figure 3 below depicts the characteristics of the unofficial economy.

Figure 3: Characteristics of the unregulated economy

Significance of the Informal Economy

Rakabe (2017), argued that South African metropolises are described as adjoining parish housing settlements with insufficient regulated employment prospects and basic shortage. The Group Areas Act of 1950 officially constituted and implemented townships as housing settlements for non-white individuals, with a focus on the working class official and casually populated metropolitan areas forming before 1994. These locations are physically cut off from the commercial districts and city centres. The casual economy—which is widely defined as tiny, unregistered enterprises that are run out of people's homes, sidewalks, and other impromptu locations—has also grown considerably larger and more prevalent in the townships (Statistics South Africa, 2014: XII). Ghecham (2017), opined that the casual economy has been a serious challenge for emerging nations. It has a subject of numerous discourses that debated policies that support economic expansion and paucity lessening. The casualness of the economy is associated with the reduced tax collection in the country, the socially unprotected labour and the size-restricted firms.

Restrictions of the Informal Economy

Despite its importance, the informal sector has a lot of barriers that prevent it from being a successful economic force. Economic success is constrained by many factors, such as infrastructure, legislative obstacles, managerial and marketing capabilities, financial accessibility, and human capital. The most significant barrier preventing participants in the informal economy from increasing their productivity is considered to be access to money (Hobson, 2011). However, Cohen (2010:279), added to Madichie and Nkamnebe's opinion (2010:305), that economic hurdles are the main limitations that people face to effectively enter the casual economy. Due to their inability to obtain employment in the official sector, many people have little choice but to enter the informal economy. For the less fortunate, obtaining start-up money from loans or savings is particularly challenging (Madichie & Nkamnebe, 2010:307). In the townships, inappropriate land-use guidelines, construction criteria and registration procedures likewise deject endorsement and side-lined informal businesses.

Informal Economy and Women

Given the disproportionate contributions that females make and their participation in informal economy activities, paying specific attention to the needs of women in the casual economy has the potential for alleviating gender inequalities. Cultivating the performance of the casual economy is likely to positively influence women in terms of better revenue and employment outcomes (Hobson, 2011:4). Todaro and Smith (2015: 354), argued that in other areas of the world, women prevail among rural-urban immigrants and may even constitute the mainstream of the urban populace. As a result, women frequently constitute the majority of the informal economy labour supply, working for mediocre earnings at unsteady employment with no work or social safety benefits (Todaro & Smith, 2015: 354).
The Strategy for National Informal Business Upliftment (NIBUS)

The announcement of the NIBUS was a turning point for the informal economy strategy being the initial nationwide inventiveness concentrated on the informal economy, signifying a recognition from state that the unofficial economy was overlooked in the historic (DSBD & ILO, 2016:5). NIBUS suggested an all-embracing approach for the informal economy grounded on permitting the formalisation and incorporation of informal businesses into the formal economy. It acknowledged a sequence of probable intermediations to address inadequacies in informal and microenterprises such as financing, skills development, and infrastructure (Rogerson, 2016; Crush et al., 2015). NIBUS moreover suggested a novel Business Licencing Bill that would call for every enterprise to be licensed no matter how trivial. This has been severely condemned for being virtually impractical, hypothetically dispiriting informal entrepreneurship and discriminating in contrast to foreign immigrants by attempting to omit them (Rogerson, 2016; Crush et al., 2015). NIBUS envisioned generating an empowering strategy, managing and creating an environment that supports and encourages the integration of informal businesses into the bulk of South Africa's official economy (DTI, 2014:24; DSBD & ILO, 2016:3).

Informal Employment

ILO (2011:12), believed that unregulated labour that incorporates jobs contained within the notion of the job in the unregulated economy excluding those that are categorised as formal employments in the unregulated economy businesses denotes those employments that commonly lack rudimentary societal or lawful safeties or job assistances and could be learnt in the formal economy, traditional economy or households. These concentrated jobs acknowledge that enterprises occasionally hire employees informally, avoiding the expense of societal safety contributions, compensation expenses and other expenses in the instance of discharge.

Policy Approaches to Informal Employment

In philosophy, regimes hold numerous procedure alternatives for addressing informality. The government can choose to do nonentity and can pursue to lessen it either by derestricting the formal economy or by enabling formalisation and regularisation. In application though, a comprehensive universal procedure consent has been realised on the formalisation decision as echoed in the resolution regarding decent employment and the unregulated economy espoused by the ILO in 2002 (ILO, 2013a).

Formalisation of Economies

The formalisation of economies can be done through a firm technique which pursues to apply dissuasion procedures and or makes formalisation valuable and phlegmatic. It can also be done using a lenient technique that pursues to push for an ethos of obligation to act legitimately, counting through the quest for wider expansion objects (Williams, 2013). Generally, though, this firm technique espouses that partakers in the traditional economy are coherent economic mediators and that it is merely a circumstance of varying the expense/ advantage proportion antagonising them. The soft approach concentrates on sowing a value of obligations to being legitimate by moving the rule concentration from straight to ancillary controls. Explicit rule quantifies comprise cultivating individuals into the assistances of formality and not escaping workforce regulations, providing consciousness movements about assistances of formality (Williams, 2013).

LED in South Africa

Economic Development Framework

Building diverse and innovation-driven local economies, creating inclusive local economies, creating learning and skillful economies, supporting and fostering entrepreneurship, improving economic governance and infrastructure, and strengthening local innovation systems are the pillars of the National Framework for LED 2018–2030 (D-COG, 2018). The inclusive local economy pillar introduces six issues that are close to the informal economy from the LED perspective namely the Development of informal economies; Programs for small-town economic development; inclusive and integrated rural economies; and township economic development.
Context of Legislation and Policy
The South African government accepted responsibility for accelerating the development of LED policy. The policy and legislative context for the uplifting LED to a compulsory mandate for all South African domestic governments were at first acknowledged by the 1994 RDP and the 1996 Constitution, distinctly. The concept of developmental government is made known by the LED concept introduced in the 1998 White Paper on Domestic Government (Mpumalanga Province, 2016). The National Framework for LED was reviewed and adopted by the D-COG in November 2017. The National Road Traffic Act 93 of 1996, the Business Act and Business Amendment Act, Business Licenses, Safety and Health Regulations, Pollution, Noise, and Tobacco Regulations, the National Framework for LED: 2018–2030, the NDP, and Land Use Planning and Management are all included in the overall legislation (Turok et al., 2017).

Standard Local Economic Development
The debate on the concept of LED is viewed as one of the significant improvement approaches pursued by local governments in South Africa. Domestic economic enlargement is a fundamental domestic government directive and one that is nationally conceptualised as allowing for the pursuit of both socio-economic improvement recompense and economic improvement (Nel & Rogerson, 2015). Notwithstanding the momentous provision put into application for LED for nearly twenty years, outcomes have been unassertive and concerns about a latent over-focus on pro-poor LED at the expense of concurrently engaging with the private sector on pro-market interventions have been recognised as a limiting factor for a possible achievement (Nel & Rogerson, 2015). LED in recent years acknowledged mounting consideration worldwide, mainly for its assumed latent to address localised economic and social encounters and encourage domestic expansion.

The Informal Economy and the Green Economy
The view of a broad green economy from the perspective of sustainable growth and poverty extinction needs a method that involves the informal economy. Though the casual economy is ordinarily overlooked in the discourse on the green economy. The South African regime views a green economy as offering prospective evolution to a low-carbon economy, resource proficiency and the generation of pro-poor employment. Ordinarily, the green economy is not a new notion but a re-emerging idea, and it is getting a reputation in global and national deliberations (Smith & Musango, 2012:151). The United Nations Environment Programme describes the green economy as one that leads to enhanced human welfare and societal justice while considerably decreasing ecological threats and natural insufficiency. The consequence of the broad green economy is that together the formal and the informal economy necessitate highlights in green economy debates (Smith & Musango, 2012:151).

Relationships between the Official and Unregulated Economies
Narula (2018:587), noticed that rising nations frequently have a modern sector referring to the formal economy that is knowledge and capital-intensive and a traditional sector referring to the informal economy that is labour heavy. The post-industrial revolution era's division of the land economy and the capitalist economy into common sectors and geographical regions with varied resource endowments reflect on each component of this connection. Concerning its association with other sectors, the casual economy allied with a rural segment in that it permits a surplus workforce to outflow from risky rural paucity and underemployment while under residing and employment circumstances and for incomes that are barely improved (Todaro & Smith, 2015:350). It has been carefully connected to the official urban section. The informal economy depends on the formal sector for financial support and to pay its workers in goods, while the latter in turn depends on the growth of the former for a respectable portion of its commerce and income (Todaro & Smith, 2015:350). To comprehend the connections between informal and formal businesses it is imperative to reflect on the nature of the invention method through which they are connected. The connections occur through the distinct trades of which some informal firms or individual account operatives interchange products and services with formal businesses in whatever is possibly categorised as exposed or uncontaminated market interchanges. In such circumstances, the
central business regarding market understanding and influence typically the formal business reins the interchange or trade (Chen, 2012).

**Commendations and Final Thoughts**

**Commendations**

Thembisile Hani Local Municipality's overall development is improved by the recommendations made in light of the study's findings, which are provided for consideration. By laying up streams and value chains, you may create a thorough understanding of the many relationships that exist between informal economic activity. To advance the comprehensiveness, acceptance, approbation, and effectiveness of policies, this strategy will centre all management efforts on a vibrant public engagement with informal traders. By providing an appropriate trading environment, sufficient public lighting, and patrols, the municipality should provide a welcoming and safe environment for unregistered business owners, and as a result, support capacity building for the growth of the unregulated sector. Provide the casual traders with training in the form of short learnings for the enhancement of their basic knowledge to solidify the informal economy and thus create the bridge from the economy of subsistence to the regulated including workable commercial undertakings.

**Final Thoughts**

The general findings of this study's final deduction and analysis show that the informal economy contributes to and affects LED. Significant emphasis was placed on the relevance of the informal economy for economic growth and job creation. The presence 18-29 age group in the informal economy represents a failure of the education system which could have seen this age group taken to institutions of higher learning. Nevertheless, the informal economy was the only shelter that could accommodate this age group to generate income for survival. The dominance of females in the study indicates that they are mostly the breadwinners of their households. Unemployment and poverty are the sources of this kind of situation. Malls and shopping centres have become magnets attracting a huge number of shoppers that are also targeted by informal traders. A way to create jobs and fight poverty in the informal sector is through self-employment. However, this will go a long way to help feed, clothe, and pay for university tuition for countless people whose family depends on the informal sector for existence. The informal economy does, to some extent, offer actual sources of income albeit it is insufficient for many. The results of the study equally show that the informal economy participants contributed towards decreasing unemployment and poverty gave approximately 395 employment opportunities created in Thembisile Hani Local Municipality. In a family where there is no member with employment, the informal economy becomes highly significant since the entire family rely on the income that flows from the informal business on the daily basis.

The study results show that there are several limitations, counting, infrastructure, capital, suitable skills, excessive regulations and security apprehensions that limit the progress of the informal economy. The study's findings, however, indicated that job possibilities are being established in the unofficial sector to combat poverty. Because the government and municipalities have not included the informal economy in their economic planning procedures, further inclusive economic growth is necessary. This is supported by the necessity for government interventions, which will need that the government adopt a favourable stance toward the informal sector by creating appropriate laws and regulations for the informal economy's development. The South African LED conforms with the framework for economic development, the setting of the law, and the formalisation of economies. It entails the development of the informal economy via analysis of its traits and potentials together with the minimal LED standards that relate to the idea of a green economy and the connections between the unofficial and official economies.

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Influence of Customer Relation Management, Service Quality on Customer Trust

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ARTICLE DETAILS

ABSTRACT

Objective: This study was conducted at the Ministry of Industry which has provided licensing services for small and medium industries. The aim of this research is to know the effect of CRM, SQ and customer trust partially, simultaneously and the implications for customer trust.

Methodology: There are 3 hypotheses tested by SEM (LISREL 8.30), the number of respondents is 350 people.

Findings: The findings in this study are that CRM, SQ also have an effect on TC. Customer relationship management is proven to affect customer trust with the aim of establishing long-term cooperation with a value of t>2 (3.57> 2). Customer relationship management is an integrated way of acquiring, retaining and partnering with customers.

Implications: UPPP Ministry of Industry should consider several influential factors such as CRM, SQ and TC to maintain customer trust so they can become loyal and loyal consumers.

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Introduction

The era of globalization along with the development of scientific technology and the increase in living standards should be in line with the improvement of services to the public (Huei & Easvaralingam, 2011). Community service is expected to be better and more open (Thalassinos, Havliček, & Berezkinova, 2012). Public service is a mandate that must be carried out by the government.

Public service providers are activities carried out in line with the expectations and demands of the community (Ida Aju Brahmasari, Dipl, & Panjaitan, 2016). If the implementation of the Central Public Service Unit is carried out in accordance with government regulations, it will give satisfactory results in accordance with expectations. Public service to the community is the responsibility of the state (PM No
Satisfaction is a measuring tool to assess the service quality that has been provided. The importance of service to the community should be considered carefully and carried out properly in order to create satisfaction (Saxena & Khandelwal, 2016); (Havlíček, Břečková, & Zampeta, 2014).

Organizations recognize the importance of building partnerships with customers because retaining customers is more important than finding new customers and costs less (Saxena & Khandelwal, 2016); (Bondarenko, Kalieva, & Pisareva, 2018). Customer needs must be considered including product availability, comfort, shopping atmosphere, security and others. Customer needs for goods, services and services should be considered by the company to get satisfactory rewards from consumers (Havlíček, Břečková, & Zampeta, 2014). CRM is a strategic approach that relates company owners to customers in improving customer relationships (Gautam & Singh, 2014). Building closer relationships with customers will result in better profits for the company (Saxena & Khandelwal, 2016). The aim is to provide added value and to satisfy customers and benefit both parties in the long term (Amoako, Arthur, Bandoh, & Katah, 2012). If the company's products or services do not satisfy customers, then all marketing strategies that have been carried out are considered insufficient in customer service (Saxena & Khandelwal, 2016). By having loyal customers, it can be said that the company can have loyal customers so that it can reduce operational costs (Reinartz, Krafft, & Hoyer, 2012). If there is an additional 5% of customers, the meal can provide a profit of 25% to 75% and the costs incurred are cheaper than finding new customers (Ida Aju Brahmasari et al., 2016).

This study re-examines whether CRM can improve Service Quality and Consumer Trust. It is hoped that this research will provide input to decision makers so that Customer Relations Management, Service Quality and Consumer Trust can be improved.

Analytical Framework Dan Variabel
The implementation of CRM in the company will provide added value for buyers and sellers to gain profits (Alipour & Mohammadi, 2011). The use of CRM to create value for organizations and customers by maintaining customer relationships (Duńu & Hálmajan, 2011). Implementation of CRM in the company will be able to increase profits (Reinartz et al., 2012). The purpose of CRM is to increase the comfort of consumers (Saxena & Khandelwal, 2016). CRM is a business concept that is appropriate to be carried out with an integrated and accountable system (Havlíček et al., 2014). The objective of the CRM strategy is to understand customer needs and integrate with the organization (Saxena & Khandelwal, 2016). The essence of customer relationship management is to build trust and build a partnership with customers (Sarwar, Abbasi, & Pervaiz, 2012). SQ to customers with a system of establishing good relationships and providing satisfactory service (Setyaningrum, 2017).

Consumers are satisfied if the company provides good service and the quality of the purchased goods is in accordance with the desired expectations (Huei & Easvaralingam, 2011). To win a competition, companies should package their services well because service is the main key to attracting consumer sympathy (Basahel, 2016). The quality of the services offered should be maintained and maintained well so that the consumer's assessment of the company is always good (Gautam & Singh, 2014). Service quality is a determinant of the company's success in marketing products, if consumers are comfortable and satisfied when consuming the product, they will become loyal customers (Sarwar et al., 2012).

Hypothesis Development
Customer Relationship Management is a cooperative relationship between providers and consumers to benefit both parties (Alipour & Mohammadi, 2011). Customer Relations Management is value creation and competitive advantage (Velinov, 2018). Competitive advantage based on the provider's ability to help customers generate added value and to establish long-term relationships (Sugiyanto, Armanu, Rofiaty, & Noermijati, 2017). Customer Relations Management as a business strategy and science and
Technology aims to understand customers from various perspectives (Zuchowski & Brelik, 2017; Sriyana, Prabowo, & Syamsudin, 2017). The purpose of Customer Relations Management is to improve customer service, establish cooperation and retain existing customers (Saxena & Khandelwal, 2016). Commitment and trust are central roles of relational marketing (Orynbekova, Kopylova, & Valieva, 2018). Based on this, Hypothesis one will be tested, as follows:

**H1: Customer relations management affects customer trust**

Handling customer relationship management in developing and maintaining customer relationships to advance the company (Reinartz et al., 2012). What you want to achieve in managing consumers is to build good relations to make loyal customers (Amoako et al., 2012). Customers will feel happy with the services provided if they feel appreciated, cared for and treated according to expectations and eventually become loyal customers (Wahab, Mohd Zahari, Momani, & Mohd Nor, 2011); (Srinita, 2018); (Ananth, Ramesh, & Prabaharan, 2011). Loyal customers will provide many benefits and advantages to the company and are even willing to become company partners (Gilaninia & Mousavian, 2011).

Service Quality (SQ) is the customer's perception of the service received from the company (Saidani, 2017). Customer expectations in the form of good service from the company (Yousapronpaiboon, 2013). Good SQ provided to consumers will have a good impact on the company (Nawaz, 2016). From the description, a second hypothesis can be proposed, among others

**H2: Service quality also has an impact on customer trust**

Customer relationship management has an important role in the company to maintain good relationships with customers (Oogarah-Hanuman & Visvanathan Naicker, 2016). CRM is an analysis of scientific achievements in selling goods and services to customers (Saxena & Khandelwal, 2016). CRM is to cooperate with customers in sales, marketing and service (Reinartz et al., 2012). The application of CRM is carried out in order to be able to communicate well and understand customer conditions to provide a sense of comfort (Farichah, 2017). (Havlíček et al., 2014). The importance of building trust, customer confidence to get loyal and loyal customers. The quality of service that is done well can increase customer loyalty to the company (Saidani, 2017). Service quality should always be considered and improved in order to get loyal customers (Gilaninia & Mousavian, 2011). Retaining customers is easier than finding new customers and costs less than finding new custome. With this statement, the following H3 can be made

**H3: CRM and SQ simultaneously affect CT**

**Frame of Mind**

The following figure explains the influence of CRM, SQ on TC at the Ministry of Industry's UPPP.
Methodology
Objects in the research of Small and Medium Industries that use the Central Public Service Unit. The research time is January to 2021 to May 2022. In this study, primary and secondary data were collected with 350 respondents.

Test Data Normality Test
Non-parametric statistics are used when testing the level of normality of research data. If the probability ($p$) < 0.05 means that the variable does not contribute, conversely if $p$ = 0.05 then the variable is normally distributed (Suryanto & Ridwansyah, 2016). If the value of $r > 0.6$ indicates that all items have a greater correlation value, then the question item is valid ((Suryanto, 2016) (Grima, Grima, Thalassinos, Seychell, & Spiteri, 2018)).

Hypothesis Test
Multivariate SEM technique is used to test the hypothesis. SEM as a tool for multivariate tests built by structural model and measurement system models. The three stages of activity in the SEM analysis are validity, instrument reliability, model test of the relationship between variables. The measurement model is to determine the validity of the questionnaire, while the structural model will show the relationship in the hypothesis SEM as a test tool is used to see the relationship between exogenous and endogenous constructs, a measurement model to test the relationship between indicators and latent variables. (Suryanto, 2016).

Data Analysis
Descriptive Analysis
The purpose of this analysis is to interpret the data so that it becomes information and data visualization so that it is easy to understand. The results of data analysis using SPSS can be seen in the following table:

Table 1. Reliability Test for Research Variables (n=350)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Alpha Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM</td>
<td>0.725</td>
<td>Reliable</td>
</tr>
<tr>
<td>Service quality</td>
<td>0.847</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer trust</td>
<td>0.756</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

In Table 1 it can be seen that based on the results of the reliability test all variables have a Cronbach Alpha value > 0.7, so the instrument on 350 respondents is said to be reliable. (Suryanto, 2016). The next data processing is to analyze the data using the SEM structural equation, to see the size of the model's suitability with LISREL 8.30, so that the size of the model suitability is obtained in table 2, as follows:

Table 2. Model Fit Size

<table>
<thead>
<tr>
<th>GOF indicator</th>
<th>Expected size</th>
<th>Estimated Results</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Fit Size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GFI</td>
<td>GFI &gt; 0.90</td>
<td>0.94</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>RMSEA &lt; 0.08</td>
<td>0.062</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Incremental Fit Size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NNFI</td>
<td>NNFI &gt; 0.90</td>
<td>0.85</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>AGFI &gt; 0.90</td>
<td>0.87</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>RFI</td>
<td>RFI &gt; 0.90</td>
<td>0.76</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>IFI</td>
<td>IFI &gt; 0.90</td>
<td>0.90</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>CFI &gt; 0.90</td>
<td>0.88</td>
<td>Marginal Fit</td>
</tr>
</tbody>
</table>
Marginal Fit is the suitability of the model in measuring absolute fit, incremental fit criteria and can be continued for the next analysis if it is classified as good fit criteria (Suryanto, 2016). The seven suitability measures in table two obtained index models that meet the requirements (good fit) are GFI and RMSEA. The suitability index of other models is below the good fit measure, but is still within the scope of marginal fit so that it can be continued in the next analysis. The following is a standardized parameter estimate to state the validity of each sub-variable which is an indicator of the formation of the latent variable of customer trust.

### Table 3. Test of Suitability of Relationships Between Latent Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Standardized Coefficient/R²</th>
<th>t-value/F-value</th>
<th>Statistics Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM → TC</td>
<td>0.39</td>
<td>3.57</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality → TC</td>
<td>0.22</td>
<td>2.32</td>
<td>Significant</td>
</tr>
<tr>
<td>CRM and SQ → TC</td>
<td>0.71</td>
<td>7.12</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Hypothesis one (H₁) in table 3 states that customer relationship management has an effect on customer trust. The results of the CRM test obtained a value of t>2 (3.57>2), it can be stated that CRM has a positive and significant influence on CT. The effect of CRM on customer trust is 0.39, so that H₁ can be accepted, namely CRM has a significant effect on customer trust. If the service is improved, the publics trust in the Ministry of Industries UPPP will increase (Reinartz et al., 2012). Value creation is a key concept of customer relationship management in maximizing profits. The purpose of CRM is also to build relationships, satisfaction and increase customer loyalty and turn new customers into loyal customers (Mahanani, 2017); (Zamil, 2014). Customer relationship management is essentially a combination of making a profit for the company and consumers (Kurniati, Arifin, Hamid, & Suharyono, 2015). If the company increases the value to consumers, it will get loyal customer rewards (Das, 2012). The essence of this relationship is to turn new customers into regular customers and progressively can become a strong supporter for the company in retaining customers (Amine Nehari Talet, at all. 2011).

Hypothesis two (H₂) in the table above, it can be seen that service quality has a value of t>2 (2.32>2), so it can be concluded that service quality has a positive and significant influence on customer trust. Thus hypothesis two (H₂) is accepted which states that service quality has a positive and significant influence on consumer confidence. If service quality is improved, CT in UPPP will increase by 22% (Nawaz, 2016)(Мурашко М.А., 2017). The main key to achieving sustainable excellence lies in providing good quality services that will ultimately result in satisfied customers (Amoako et al., 2012); (Killa, 2017); (Yousapronpaiboon, 2013). The main task of service providers is to pamper customers and ensure customer satisfaction (Navickas & Navikaite, 2014); (Ahuja, Markanday, Seema Mahlawat, and Rana Zehra Masood. 2011).

The third hypothesis in table 3 can be seen that CRM and SQ simultaneously have a value of t> 2 (7.12>2), so it is proven that CRM and SQ have a positive and significant influence on CT. Thus the third hypothesis is proven and can be accepted, namely CRM and SQ simultaneously have a significant effect on customer trust. The effect of CRM and SQ on CT is 0.71, so the third hypothesis (H₃) is accepted and as a research finding that states CRM and SQ have a significant influence on CT (Reinartz et al., 2012) (Ida Aju Brahmasari et al., 2016). The influence of CRM and SQ simultaneously on customer trust can be seen in the following equation:

\[ TC = 0.050*CR + 0.25*SQ, \text{Errorvar.} = 0.93, R^2 = 0.073 \]  \hspace{1cm} (1)

\[
\begin{align*}
(0.074) & \quad (0.074) \quad (0.127) \\
0.68 & \quad 3.43 & \quad 7.16 \\
\end{align*}
\]

These findings are in accordance with the theory which shows that service quality is a comparison
between the benefits received by customers and the costs incurred (Yousapronpaiboon, 2013). (Duńu & Hălmăjan, 2011); Customer satisfaction is an important measure of a company's success and has been shown to have positive effects such as repeat purchases and promotion to the public (Navickas & Navikaite, 2014); (Ida Aju Brahmasari et al., 2016).

**Conclusion**
Customer relationship management is proven to affect customer trust with the aim of establishing long-term cooperation with a value of t>2 (3.57 > 2)(Ida Aju Brahmasari et al., 2016); (Nawaz, 2016). Customer relationship management is an integrated way of acquiring, retaining and partnering with customers (Alipour & Mohammadi, 2011).

Good service quality will affect the confidence of Small and Medium Industries in the Public Center Service Unit (Sarwar et al., 2012); (Ananth et al., 2011). (Ananth et al., 2011). Service quality is the formation of value in fostering relationships in creating added value for the company (Setyaningrum, 2017); (Gautam & Singh, 2014).

Building a relationship with customers aims to gain (a) consumer trust and confidence in the company's promises; (b) empathy is the organization's ability to understand consumers so that good cooperation is formed, (c) reciprocity in the form of benefits to companies and consumers (Bondarenko et al., 2018); (Sarwar et al., 2012); (Saxena & Khandelwal, 2016). Akbar and Parvez (2011); (Alipour & Mohammadi, 2011); (Amoako et al., 2012).

The findings in this study are that CRM, SQ also have an effect on TC. Suggestions to UPPP Ministry of Industry to consider several influential factors such as CRM, SQ and TC to maintain customer trust so they can become loyal and loyal consumers.

**Bibliography**


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