ABSTRACT

In recent years, social business branding - how a company brands itself as socially responsible - are beginning to become a popular method of branding for companies. Of these companies, online taxis are known as good examples of socially responsible companies, especially as a source of income for online taxi drivers. Online Taxis are transportation and logistics companies that provide services to connect customers and drivers through the use of mobile applications. This paper aims at understanding how Social Business Branding is perceived by customers of Online Taxi Companies. By inspecting the perception of a customer (CP) to a company’s brand image mediated by the company’s Social Business Branding and real life Social Impact that the company has. 121 responses were obtained via convenience sampling in Jakarta through online surveys. SEM-PLS was used to analyse the working hypotheses. It is found that Social Business Branding does moderately influence Customer Perception and does play a meditative effect between Perceived Social Impact and Customer Perception. Additionally, Social Business Branding is found to greatly improve Perceived Social Impact. The results show that Social Business Branding is not a major influence on Customer Perception as other factors such as product and service quality are often prioritised and preferred. But Social Business Branding is useful to improve brand quality and loyalty. Which can be a powerful tool used to protect and differentiate the brand. A balance of both Social Business Branding and Product/Service Quality is recommended. This research might not be applicable to other companies and might prove differently in other populations. But contributes to the literature by showing that Jakartan consumers are affected by how socially responsible a company is, which in turn affects their perception of a company’s brand image. Which might suggest the current surge in trend of companies conducting social business branding.

Keywords: VAHU; VACA; STVA; Financial Performance; Beta; size
INTRODUCTION

Social Business, or Social Entrepreneurship is known to be a fairly new type of entrepreneurship in which businesses’ value proposition includes having positive social impact. According to the Stanford Social Innovation Review, it has already begun to take centre stage on the business scene. More and more large companies are trying to brand themselves and are taking steps to have a positive impact (Martin and Osberg, 2007). In fact in recent years, consumers are more engaged with brands that communicate with a deeper purpose (Olenski, 2018). Another study by Paul Haynes regarding Consuming Sustainability Narratives supports this idea, in which customers are affected by positive impacts of a company, but careful communication on the company itself is crucial to avoid detachment with consumers (Haynes and Holloway, 2015).

Some of the rising and popular Social Businesses in Jakarta are Online Taxis. In definition, Online Taxi connects customers and drivers through mobile application to provide customers with logistics services (Virginia Department of Motor Vehicles, 2016). Online taxis are an increasing form of service in Jakarta, utilising the increasing popularity of internet users as well as mobile users. Online taxis has identified a problem in Jakarta in which there is an excess of underpaid and unemployed individuals (Badan Pusat Statistik, 2016). They've acted upon it by creating job opportunities for these individuals. As of currently, there are only 2 existing Online Taxis in Jakarta; Grab and Gojek (Majiid, 2016).

Understanding customer perception is key to obtaining their attention. Which in turn can be converted into sales and profit for companies (Eggert and Ulaga, 2002). Though little research has been done on social business, more and more companies - Corporate and Start ups - are slowly making an effort to create positive impact towards society and branding themselves as socially responsible (Hoeffler and Keller, 2002). An understanding behind the ‘why’ of this choice needs to be achieved, to better understand customer’s intentions and choices.

MATERIAL AND METHODS

MATERIAL

Social Business Branding

Branding is a set of tangible and intangible attributes used to construct a desired reputation of oneself into an audience (Sammut-Bonnici, 2015). In the case of Social Business - as an ethical business practising corporate social responsibility (CSR) with social impact at its core - they rely heavily on the market and therefore community for profit. Protecting their brand image from negativity is highly important to build trust with their customers. This is done through careful branding or Social Business Branding (SBB). Therefore, Social Business Branding can be defined as a set of tangible and intangible attributes used to construct a desired reputation of being socially responsible into an audience. Which is used by Social Businesses by conducting social impact focused marketing and branding to connect with the community (Allan, 2005).

In measuring how effective Social Businesses are in conducting branding, we can refer to how it is perceived by the customers. In which, if a customer perceive a company as socially impactful, it means that the company has successfully communicated that they are a social business. Perceived Social Business
Branding is built over time through the company’s efforts to communicate and establish their brand. This could be done through marketing, advertising and more (Dobni and Zinkhan, 1990).

To further understand Perceived Social Business Branding as a concept, we have to understand what Social Business is defined as. Social Business is a type of entrepreneurship wherein the primary goal of a company is to create social benefits for a specific cause in pursuit of “mission-related impact” as coined by Dees (2001). It has 3 main components, according to Martin and Osberg (2007) which are:

1. To identify a stable but unjust environment/situation in which the parties affected lack financial means to improve the said situation.
2. To identify an opportunity in said situation and to take action against it by establishing themselves as a new variable in said situation that will actively try to alleviate it in anyway they can.
3. Through their actions, to stabilize the new environment to create a lasting positive ecosystem.

As of currently, studies regarding Social Business Branding is rare. Alternatively, looking into CSR (Corporate Social Responsibility) branding may serve as solution as research suggests the direct correlation between CSR branding and Social Business Branding due to the similarity of their purpose; to communicate the company’s social impact (Szegedi et al., 2016). In terms of previous research regarding CSR branding and its implications, it is found that well executed CSR programs may enhance customer-based brand equity (Hoeffler and Keller, 2002). Another experiment done in Thai banking shows that CSR programs may moderately improve brand preference Chomvilailuk and Butcher (2010) found no statistically significant relationship between CSR and brand value. This implies that CSR may have a role in creating brand value towards customers, but it might not be as significant or direct as previously thought. Although, this might not be relevant since Gherghina and Simionescu (2015)’s research focuses on for-profit corporate entities (which doesn’t prioritize social impact) while this research focuses on social businesses which places social impact as the primary focus of the company.

Social Impact and Online Taxi Companies

The online taxi industry is quite a new but fast growing industry in Indonesia. According to the Oxford Business Group regarding the Online Taxi Industry in Indonesia, the value of this market is expected to jump from USD $800,000 on 2015 to USD $5.6 Billion by 2025 in proportion with the growth of smartphone and broadband uptake (Oxford Business Group, 2018). This particular industry interestingly has a reputation of having social related impacts as the centre of their principles which they adopted and reflected on their Social Business related brandings. Social impact refers to the impact that a company makes that can be felt by their stakeholders in a daily basis (Szegedi et al., 2016). In this study, social impact is considered and defined as what impact Online Taxi companies make without investing large additional efforts (such as campaigns), which is part of their business model. For example, Grab’s core activity in providing transportation services by employing drivers, in which job opportunities are created as social impact.
In the case of online taxi, the social impact that they made are not only towards their partners (Which are individuals or businesses collaborating with them. For example a restaurant listed in GoFood) but also towards their customers.

**Customer Perceived Value and Customer Perceptions**

Customer Perceived Value (CPV) is defined as what the customers perceive as worth the benefits versus costs in regards to what the business is offering, which will directly affect their purchase intentions (Yang and Peterson, 2004). A lot of companies are using this measure to determine the best way to maintain and improve customer relationship and loyalty. Often, CPV is measured through surveys to customers to determine what variables are most important to them and what they expect of the company to deliver (Eggert and Ulaga, 2002).

Customer Perception refers to what the customers currently feel/experiences are of the services and products that businesses offer. This measure is usually widely used in measuring customer satisfaction of a company (Anderson, Fornell and Lehmann, 1994). In terms of previous studies done of Gojek, an Online Taxi company and customer satisfaction measured using Importance Performance Analysis (IPA), it is found that customers feel fairly satisfied with the services offered (Rutman Lumantoruan and Malau, 2018).

**Hypotheses Building and Research Model**

Unlike conventional Taxi that employs their own drivers, Online Taxi companies rely on driver communities and connects them with potential customers. This suggests that Online Taxi companies does not have direct control over their drivers or partners that they are collaborating with. This includes standardization of services, products, etc (Indrata, 2018). Therefore, controversies that their partners make directly affects their company image, such as the recent demonstration of unsatisfied Gojek drivers on 5th August (Tempo, 2019). Despite the controversies, Online Taxi companies are great examples of startup success stories. Customers are still flocking to use their services.

What these companies have done is to give incentives and ratings of their drivers to improve quality of service as much as possible. Another strategy that are conducted is through marketing and managing their company image. It is suggested that Online Taxi companies in Jakarta - Gojek and Grab - have often conduct Social Business related branding. Countless of articles are written of Online Taxi drivers success stories in the news (Yonathan, 2019).

Therefore, in relation to effectiveness of Social Business Branding and its benefits, it is hypothesised that:

- **H1: Perceived Social Business Branding directly improves Customer Perception.**
- **H2: Social Business Branding greatly improve Perception of the Social Impact of Online Taxi Companies.**
- **H3: Perceived Social Impact directly affects Customer Perception.**
METHODS

Measurement

The measures used are in correspondence with the 3 major variables of the study, namely: Perceived Social Business Branding, Perceived Social Impact and Customer Perception in terms of the Online Taxi Company as a whole. This includes all of the offered services of Online Taxi Companies (such as online payment, food delivery, ticket buying, coupons and so on).

Measuring Perceived Social Business Brand, Caroll’s Pyramid is used as basis for latent variables to represent measurements (Carroll, 1991) with additional latent variables adapted from Michael Hopkins’ paper regarding measurement of Corporate Social Responsibility (Hopkins, 2005). Perceived Social Impact is adapted from Tingchi Liu et al. (2014)’s study. This is categorised into 2 latent variables: Impact towards Online Taxi Partners (composed of online taxi drivers, vendors of online taxi and everyone who relies on Online Taxi for income) and Customers of Online Taxi (users of Online Taxi services). Customer Perception is adapted from Asgarpour, Sulaiman and Abdul Hamid (2015) with an additional latent variable Brand Quality.

Finally, the demographic of respondents are collected in terms of their location of residence, gender, age, occupation, how often they use online taxi services and if they have been a partner before. All of the questions are asked in the Indonesian language and assessed based on a 6-point Likert Scale regarding the customer’s opinion on the variables; whether they truly agree or disagree.

Sample and Procedure

Sample questions done in the Indonesian language was done and was back-translated to the English to ensure further validity of questions. A targeted amount of a minimum 100 samples are targeted. According to (Hinkin, 1998) a minimum of 65 samples should be adequate. And a total of 118 respondents was acquired through convenience sampling (Center for Innovation in Research and Teaching, 2013) by sharing the survey online through Google Forms. The targeted age range of young adults (17-22) are chosen to ensure that the respondents are active, familiar with technology and the internet, as well as managing their own funds (Badan Pusat Statistik, 2016).

Data Treatment

After obtaining data from the survey, data was compiled and inputted to SPSS. Data was converted into a numerical value to enable analysis on SEM-PLS. Partial Least Squares Structural Equation Modeling (SEM-PLS) on SmartPLS 3 was used to analyze the data (Hair, Hult, Ringle & Sarstedt, 2017). All the latent variables used are reflective and Consistent Bootstrapping is used with a cycle of 5000 bootstrap resamples with 95% confidence level as recommended by Preacher & Hayes (2008). After analysis, due to the undesirable factor loading, the latent variable “Environment” belonging to Social Business Brand as well as
"Social Business Brand" belonging to Customer Perception was disposed of.

Validity and Reliability

Using SEM-PLS, the resulting Validity and Reliability of the samples are shown below:

<table>
<thead>
<tr>
<th>Table 1. Resulting Validity and Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Customer Perception</td>
</tr>
<tr>
<td>Perceived Social Business Branding</td>
</tr>
<tr>
<td>Perceived Social Impact</td>
</tr>
</tbody>
</table>

All values have a significance value of $p > 0.01$ and are therefore valid. As shown, all the variable has passed has passed the validity and reliability tests in terms of Composite Reliability, rho_A and Cronbach’s Alpha as indicated by the green bolded values. While in terms of AVE, only Customer Perception and Perceived Social Impact passed. This is considered acceptable as stated by Borsboom, Mellenbergh and van Heerden (2004), as long as composite reliability is 0.70 and above.

As for the discriminant validity, HTMT was used with results as shown below:

<table>
<thead>
<tr>
<th>Table 2. Discriminant Validity - HTMT Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Perceived Social Business Branding → Customer Perception</td>
</tr>
<tr>
<td>Perceived Social Impact → Customer Perception</td>
</tr>
<tr>
<td>Perceived Social Impact → Perceived Social Business Branding</td>
</tr>
</tbody>
</table>

Based on the table above, all the variables are different enough from each other and are valid. As the values of the ratio as all less than 1.

RESULT AND DISCUSSION

Based on statistical analysis, results of hypothesis testing are provided in Table 3 as follows.

Based on the table above, Perceived Social Impact does not directly affect CP ($H_1$; $t = 1.74$, $p > 0.05$) this might be caused by the need of Social Business Branding of Social Impact in order for customers to be affected, as witnessed in $H_4$ in which Perceived Social Business Branding mediates the relationship between PSI and CP. The demographic of the respondents might also affect it. Most of the respondents that are interviewed has wages that are between IDR 1-5 Million per month while the standard cost of living in Jakarta (all-inclusive) is around IDR 3-5 Million per month (Sekar, 2019). And according to Maslow’s Hierarchy of Needs, morality (the act of giving) is on the top of the pyramid. Which makes it a low priority for a lot of people who have limited resources (Maslow, 1943).

In terms of the relationship between Perceived Social Business Branding and Perceived Social Impact, it is directly positively correlated with each other and greatly supports each other ($H_2$; $t = 9.76$, $p < 0.001$). This proves that SBB is needed to prompt improved Perception of customers. Such as when Online Taxi Companies actively promoted through campaigns, articles and even partnership to create Social Business Branding. This is supported by Chung et al. (2015) research on the relationship between CSR and loyalty in China, which identified the moderating effect that CSR has on Corporate Image and Customer
Satisfaction. Therefore, communication of what companies have contributed to the community needs to be done.

While the relationship between CP and Perceived SBB through H2 ($t = 2.92, p < 0.001$) suggests that Social Business Branding is done to improve Customer Perception. This is in accordance to Tingchi Liu et al. (2014)'s research on the effect of CSR and Perception on Chinese hotels, the act of Social Business Branding might be done to alleviate expectations and manage brand image through controlling Customer Perception.

Therefore, conducting Social Business Branding might be done to differentiate themselves from the competition or as protection of their reputation. As indicated from previous studies, CSR related activities can increase brand preference and protects the brand from negativity (Tingchi Liu et al., 2014). This has been effectively used by online taxis since the Online Taxi industry is full of controversy surrounding it. Receiving protests from traditional Taxi drivers and even their own partners (Tempo, 2019). These online taxi companies deal with people (partners) who they cannot directly control but represent them. And the actions that these partners do are hard to control because of the sheer number of them, lack of contract and their partners essentially being these companies’ customers too. And the uncontrolled actions may result to hugely negative reputation which may affect the brand quality of these companies. In turn affecting brand preference which affects profit. Online taxi companies can only do so much with customer service and compensation, therefore they started doing social branding in order to alleviate some of the controversies and increase trust between them and others.

Social Impact of each company are unique to the nature of the corresponding companies. Which is determined by their focus, strength and business model. Social Impact of Online Taxi creates something effective and personal for these companies. In which they do not have to go the extra mile to make a ‘Socially Responsible’ impact, but is already included in the nature of their business. So if Social Impact and Social Business Branding are combined, the resulting push will be powerful (Allan, 2005).

Resulting to the results above, in which most customers do believe that Online Taxi does have real Social Impact worth believing in. This creates trust between customers and company, resulting to brand preference, loyalty, reputation, even more new customers and ultimately profit.

This strategy is known as User Acquisition Strategy which is a highly popular and important strategy to tech companies which sells platform. Therefore, having high quality brand to make a good first impression is important for these companies. Especially for these Online Taxi companies who are slowly and has evolved into a multipurpose tech company like Wechat. Evidenced by the service that the 2 major online taxi companies offer; Gojek with Gopay, Godeals, Gotix and more, as well as Grab with their strategic partnership with Ovo offering voucher, ticket buying and various other services (App Industry Marketplace, 2019).

This strategy of blending Social Business Branding and Social Impact in order to acquire users proved effective. Gojek, an online taxi company which arguably embraces Social Business Branding more than their competitors are currently the leading Ride-Hailing App which are most used by Indonesians (Prabowo, 2018).
CONCLUSION

Managerial Implication

As mentioned, the online taxi industry, especially in Indonesia, is a highly competitive market. It is very difficult to enter and survive. And so, having an edge and maintaining their reputation and fragile relationship with both customers and partners is important.

What Online Taxis can take away is that although Social Business Branding and Social Impact is useful to protect brand, a proper balance between maintaining it and offered Service/Product Quality is important. Since the findings show that Social Business Branding is not as significant as previously thought. Additionally from the comments obtained, lots of customers are still left unsatisfied with Online Taxi Companies’ offered service and product quality. In which the lack of reliable and standardized service, information and product is questioned. A lack of proper regulation and collaboration with the government are also of concern.

An increase of Brand Quality also brings a risk of which customers are more likely to expect more from a higher quality brand. This could be in terms of service, brand and more. If online taxi companies wants to become an all-rounder, multipurpose tech company, they also need to step up their offered products, services and even social impact to be up to par with their ‘acclaimed’ brand quality.

Limitation and Future Studies

This study focuses on the relationship of Social Impact and Social Business Brand towards Customer Perception in the Online Taxi industry using convenience sampling. Which may not be applicable in other industries or vastly different demography without further studies. But perhaps, similar tech focused companies with ‘partners’ might find it useful such as Tokopedia or Traveloka. Perhaps a larger sample size with a more dynamic demography may be able to serve as a more accurate portrayal of this study. Another that could be done is to conduct qualitative analysis, in which both customers and partners are interviewed for a more in-depth analysis.

It is good to consider that there might be other effects and variables not included that might affect the results of this study. Including the current state of the company, political environment, laws and more.

Sustainability is also of concern, because a lot of socially focused impact fail because of the lack of sustainability. And these failed sustainability may often receive worse backlash of leaving the supposedly helped communities in a much more devastating condition. So perhaps, studies regarding the sustainability of online taxi’s social impacts can be further inspected.

Another that might be interesting is to conduct a comparison study between the major online taxi company; Gojek and Grab regarding their branding strategy. This might give a more interesting result and analysis to this study.

ACKNOWLEDGEMENTS

This research would not have been possible without the help and collaboration of several parties, especially both from the fellows at the Department Bio Entrepreneurship, Indonesia International Institute for Life Sciences.

REFERENCES


