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Research paper



Influence of Customer Generosity to Intention in Participating to Future Charity Directly or Mediated by Positive Emotion

Diena Dwidienawati1*, Mts Arief 2, Sri Bramantoro Abdinagoro3

1Doctor of Research Program, Bina Nusantara University (BINUS)
2,3Doctor of Research Program, Bina Nusantara University (BINUS)
**Corresponding author E-mail: diena.tjiptadi@gmail.com*

Abstract

This study taps into the questions of whether there is a direct relationship between customer generosity to customer intention in participating in charity program or there is a mediating role of positive emotion in the relationship. Previous study showed inconsistency on the motivation of people being generous. We hypothesize that there are direct and indirect relationship between customer generosity to customer intention in participating in future charity program. Using descriptive quantitative method, this study was conducted in Indonesian adults in several cities in Indonesia. A structured questionnaire regarding the construct of the study was designed using 6 Likert scale. Data from total 100 returned questionnaires was analyzed with PLS-SEM. The result of the study confirms the hypotheses that people has intention to participate in future charity program is not only motivated by the positive emotion but also motivated pure empathy.

Keywords: *Charity, Generosity, Intention, Positive Emotion*

1. Introduction

People are being more generous. According to the World Giving Index, more than 30% of the world population has given money to charity, and 45% of the world has helped strangers in anyway (Datablog, 2010). The money involves in charitable giving is huge. In the U.S., the total money given to charity in 2011 alone was $298.42 billion – over 2% of U.S. GDP, and this number is estimated to grow (Chuan & Samek, 2014). Indonesia has a progressive trend on giving. Forty five per cent of Indonesian reportedly gave money for donation (Djatmiko, 2017). For such developing country, the high percentage of people give donation is deliberating.

Why people become generous? The results of studies about motivation of people involve in generous act are inconsistency. Authors such as (Hur, 2013; Kandul, 2016; Sharp & Randhawa, 2014; Wang & Tong, 2015), state that people can become generous without any motive. It can be just because of pure empathy or pure altruism. However other studies show ulterior motives behind the generous act. Studies show that people motivation of being generous is extrinsic reward such as reciprocity or expecting something tangible in return, recognition from other and avoiding social sanction (Greenberg, 2014; Hur, 2013; Natter & Kaufmann, 2015). DeClerck, Boone, & Emonds (2013) argue the reward that people seek in being generous is more intrinsic reward rather than extrinsic one.

One of the most common intrinsic reward of generosity is positive emotion. Study from Corcoran (2015) and Lynn & Starbuck (2015) show that when people feel good they will donate more or tip more. (Aronson, Wilson, & Sommers, 2015) say that "Feel Good, Do Good". Feel Good or positive emotion has been linked to behavior intention (Brunner-sperdin, Scholl-grissemann, & Stokburger-sauer, 2014; Ladhari, Souiden, & Dufour, 2017).

This study is the extension of pilot study done by similar authors which aim to see whether people intention to participate in good cause is influenced by how the customer feels good about themselves, or because of pure empathy to the cause.

2. Literature Review

Generosity is reaching forward to effect on something beyond limit of duty. Generosity transcends virtue (La Belle Assemble, 1806). Generosity is defined as giving to others – especially at a level that exceeds minimum needs or obligation (Wilcox & Dew, 2016). Generosity comes in many ways, such as giving money, possessions, time, attention, emotional availability, etc. But people typically help worthy causes in two ways: giving money and volunteering (List, 2011). Customer generosity defines as past behaviour of generosity act conducted by customer to describe customer generosity attitude (Savas, 2016).

The results of studies about motivation of people involve in generous act are inconsistent. Studies state that people can become generous without any motive. It can be just because of pure empathy or pure altruism (Hur, 2013; Kandul, 2016; Sharp & Randhawa, 2014; Wang & Tong, 2015). However other studies show ulterior motives behind the generous act. Studies show that people motivation of being generous is extrinsic reward such as reciprocity or expecting something tangible in return, recognition from other and avoiding social sanction (Greenberg, 2014; Hur, 2013; Natter & Kaufmann, 2015). DeClerck, Boone, & Emonds (2013) argue the reward that people seek in being generous is more intrinsic reward rather than extrinsic one.

Intrinsic reward is reported by various authors. Llamas & Uth (2016) argue that the main reasons people are generous are to gain luxury, feel pleasure and purpose, and feel connected with humankind (intrinsic). DeClerck et al. (2013) state that people enjoy giving because of the rewards of human cooperation (intrinsic).

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The "Warm Glow" motivation of generosity is reported by Kandul (2016). Feeling enjoyment, joy, pride, happiness are part of positive emotion (Condon & Mendenhall, 2013).
Studies show that positive emotion is one of the outcome of being generous. studies from Aknin, Dunn, Whillans, Grant, & Norton, (2013), Anik, Norton, Aknin, & Dunn (2013), Matz, Gladstone, & Stillwell, (2016) show that being generous leads to more happiness and satisfaction. Giving prosocial bonuses in the form of donations to charity leads to happier and more satisfied employees (Anik et al., 2013). Generous acts can increase happiness. Moll et al., 2016 in Cryder & Loewenstein (2015) argue that when we receive rewards also activate when we donate to charity mesolimbic reward systems in the brain that activate.
Therefore, based on above review, this study proposes hypotheses:
H1: Customer Generosity influences Positive Emotion

Intention is defined as state when customer declares his willingness to act on specific behaviour (Amoroso & Lim, 2017; Oliver, 2015). Refer to the theory of reasoned action (TRA) the immediate predictor of actual action is person's intention to perform or not performed a particular activity (Ajzen & Fishbein, 1977). Motivational factors that influence a behavior are captured by behavior intention.
Charitable giving involves a huge amount of money. In the U.S., the total money given to charity in 2011 alone was $298.42 billion – over 2% of U.S. GDP, and this number is estimated to grow (Chuan & Samek, 2014). Charities often emphasize the broad scope of a need. It can involves helping people in needs to improve education level, raising money for certain important causes. Some causes need continuous support such as foster home, scholarship for the poor. Some other causes needs huge goals to achieve such as renovate church, helping earthquake victim. Therefore, understanding the factors affecting behavioural intention to participate in charitable activity is important to ensure the successful of the goals of the causes.
Positive emotion has been known to have a relationship with customer decision-making (Brunner-sperdin et al., 2014), loyalty (Chang, Lv, Chou, He, & Song, 2014; Rychalski & Hudson, 2017), purchase and repurchase intention (Lastner, Anne, Folse, Mangus, & Fennell, 2016)(Papagiannidis, See-to, & Bourlakis, 2014) and behaviour intention (Brunner-sperdin et al., 2014; Ladhari et al., 2017).
Therefore, the following hypothesis is proposed:
H2: Positive Emotion Influences Intention in Participating of future charity Program

However, some authors argue that generosity can be a pure altruism act. People act generously without expecting something in return. People are giving, sharing, and contributing because they are moved by inequality, solidarity of the needy, helping others, are concerned with the welfare of others, and are driven by (Hur, 2013; Kandul, 2016; Sharp & Randhawa, 2014).
Therefore, there is a possible direct relationship of generosity to intention. Based on the literature review, the following hypothesis is proposed:
H3: Customer Generosity has a Positive Direct Influence on Intention in Participating future charity program.

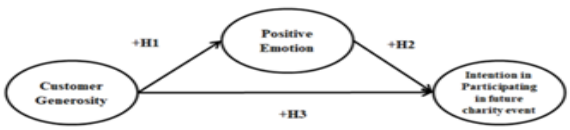


Figure 1. Research Framework from Dwidienawati & Abdinagoro (2018)

3. Material and Method

This study was a descriptive quantitative study. A survey was conducted to test the hypotheses discussed previously. A structured questionnaire was designed while the measures were adapted from previous studies. Each question item was set with a 6-point Likert scale from strongly disagree (1) to strongly agree (5). The mid-point was omitted to avoid the social tendency bias.
The questionnaire was divided into two parts: first focused on respondent demographic such as age, gender and education background. Second part was about questions regarding the constructs proposed in the study. The item related to customer generosity was adapted from (Savas, 2016), taping the respondents evaluation on past behaviour on donating time, donating money and participating charity event. The measurement for positive emotion was adapted from Taute and McQuitty (2004) in Savas (2016) taping the respondents evaluation on the positive emotion such as happy, proud and "Warm and Glow", because of generosity acts. While the measurement for intention to future charity program was modified from Bergami and Bagozzi (2000) in Savas (2016) taping the evaluation of respondent intention to participate in future charity program such as continue to support and recommend the program to others.
The target respondents were people in several cities in Jawa island Indonesia. Due to time and resource limitation, sample collection method was done with snowball sampling method.
Questionnaires were distributed to thirteen respondents and they were asked to distribute to their acquaintances in Jakarta, Bogor, Bekasi, Bandung, Tanggerang, Tuban. One hundred six questionnaires were returned. However due to missing data only one hundred questionnaires were analysed.
Data analysis used PLS-SEM with SmartPLS software. PLS-SEM was chosen because of its advantages over covariance-based modelling for small sample size (Hair, Hult, Ringle, & Sarstedt, 2017). The model was evaluated for measurement evaluation, structural evaluation and hypotheses testing.

Table 1. Measurement Evaluation (1)

Latent Variable	Indicators	Covergent Reliability		Internal Consistency	
		Loading (>0.7)	AVE (>0.5)	Composite Reliability (0.6-0.9)	Cronbach Aplha (0.6-0.9)
GEN	GEN1	0.831	0.743	0.743	0.827
	GEN2	0.851			
	GEN3	0.902			
PEM	PEM1	0.882	0.641	0.641	0.711
	PEM2	0.646			
	PEM3	0.852			
INT	INT1	0.888	0.772	0.772	0.715
	INT2	0.868			

Statistical analysis confirms that the measurement model is reliable and valid. There is only one indicators with a loading factor less than 0.7 (PEM2). According to Hulland (1999), in Hair et al. (2017) loading factor for social science can be less than 0.7. The composite reliability increased when the one indicator was deleted; therefore, according Hair et al (2017) PEM2 should be retained. Composite reliability is between 0.6 and 0.9 which regarded as satisfactory. Discriminant validity with Fornell-Larcker criterion showed that each construct's AVE should be the greater than it highest correlation with any other construct.

Table 2. Measurement Evaluation (2) Fornell-Larcker Criterion

	Generosity	Positive Emotion	Intention to Future Charity
Generosity	**0.862**		
Positive Emotion	0.664	**0.800**	
Intention to Future Charity	0.672	0.714	**0.878**

4. Result and Discussion

Fifty six per cent of respondents were female and 44% respondent were male. Two per cent were below 20 years old, 25% were from 20 to 30 years old, 62% were from 30 to 50 years old and 11% were above 50 years old. Regarding the educational background, 26% were high school graduate, 3% % were diploma degree, 59% were bachelor degree and 12% were master. Ten per cent of respondents were from Tuban city, 5% from Bogor, 3% from Bandung, 20% from Bekasi and 19% from Tanggerang and 43% from Jakarta. More than 50% were from outside Jakarta. Forty per cent of respondents were from religious community.

The structural evaluation was conducted with the evaluation of VIF, R2, f2 and path coefficient. VIF analysis show that the VIF was higher than 0.2 and lower than 5. Therefore there was no issue on collinearity.

The structural evaluation R2 (Table 4) showed that the exogenous latent variable of Intention to charity has moderate predictive power (0.580). However, it was low for positive emotion. The effect size f2 (Table 5) of exogenous variables to their endogenous variables are medium and high.

Table 3. Structural Evaluation (2) R2

	Original Sample	T-Stat	P Value
Positive Emotion	0.440	6.813	0.000
Intention to Future Charity	0.580	8.681	0.000

Table 4. Structural Evaluation (3) Path Coefficient, Indirect effect and total effect

	Path Coefficient			Indirect Effect			Total Effect		
	Original Sample	T-Stat	P Value	Original Sample	T-Stat	P Value	Original Sample	T-Stat	P Value
Generosity -> Intention to Future Charity	0.355	3.063	0.002	0.318	4.602	0.000	0.672	10.760	0.000
Generosity -> Positive Emotion	0.664	13.622	0.000				0.664	13.622	0.000
Positive Emotion->Intention to Future Charity	0.479	4.420	0.000				0.479	4.420	0.000

Table 5. Structural Evaluation (1) f2

	Original Sample	T-Stat	P Value
Generosity -> Intention to Future Charity	0.168	1.302	0.193
Generosity -> Positive Emotion	0.787	3.523	0.000
Positive Emotion->Intention to Future Charity	0.306	1.623	0.105

The path coefficient analysis showed that all relationship in the constructs were significant (>0.005). The analysis of indirect effect showed there was indirect relationship between the two constructs, which was mediated by positive emotion. Based on the path coefficient analysis, this study accepted all the proposed hypotheses.

Table 6. Hypotheses testing

	Path Coefficient			
	Original Sample	T-Stat	P Value	Decision
Generosity -> Intention to Future Charity	0.355	3.063	0.002	Accepted
Generosity -> Positive Emotion	0.664	13.622	0.000	Accepted
Positive Emotion->Intention to Future Charity	0.479	4.420	0.000	Accepted

The study result is confirming previous studies' result which state that being generous until become intention or actual act involves intrinsic reward of positive emotion. People are being generous because they get 'benefits' for themselves. People are being generous because they want to feel good about themselves. The belief is shared by Wilcox & Dew (2016) who argue that there is a paradox in people being generous. Generosity according to Wilcox & Dew (2016) is not only benefiting the people on the receiving hand but it also benefiting the one who give. People have ulterior motives behind the giving act.

People are being generous because they want to get something back. The reward that they expect is not necessarily extrinsic reward such as reciprocity in tangible goods or social recognition or praise. Most of the time, it is about intrinsic reward. The "Warm Glow" feeling, life satisfaction and feeling more connected to humankind are the types of intrinsic reward (DeClerck et al., 2013; Greenberg, 2014; Hur, 2013; Kandul, 2016; Liu & Hao, 2017; Llamas & Uth, 2016; Lynn, 2015; Natter & Kaufmann, 2015; Sharp & Randhawa, 2014). Those studies show that intrinsic reward positive emotion is the motivation of generous people to participate in the act of generosity.

This study contradicts the previous smaller study conducted by Dwidienawati and Abdinagoro (2017). This study showed positive direct influence of customer generosity to intention to future charity, yet the previous smaller study failed to see the direct relationship. The previous study showed that the main reason people have intention to participate in CRM because they want to feel good about themselves. That's confirms the concept that people are self-interest (Jensen, 2016).

This study on the contrary showed that people are having intention to do good not only because of self-interest but also because pure empathy. As Dwidienawati & Abdinagoro (2017) state that one possible reason of why the previous study failed to show a direct relationship between customer generosity and intention to participate in CRM are the demographic of respondent. Most of the respondents in those study were from metropolitan Jakarta. In this study the respondents were not only from Jakarta but also from other smaller cities such as Bogor, Bekasi, Tanggerang, Bandung and Sidoarjo.

The respondents in this study were more diverse compare to the previous study mentioned above. People in Jakarta might be more selfish, status-seeking, and considered high-level. People from other cities might be less selfish and not status seeking. Moreover almost 40% of respondent came from religion community. Choi & Seo (2017) and Liu & Hao (2017) conclude that there is different motivation between status-seeking and high-level people. Status-seeking and high-level people are generous because they are expecting reciprocity and recognition. That might also explain why the pure altruism motivation failed to be confirmed in previous study but positively confirmed in this study.

This study strengthens the building evidence of the relationship between positive emotion and intention such as shown by Lastner et al., (2016), Papagiannidis et al. (2014), Brunner-sperdin et al. (2014) and Ladhari et al. (2017) that positive emotion influence people intention. Being happy, satisfied and contentment will make people intention to do something, such as purchase and repurchase intention, give good recommendation, doing good act.

5. Conclusion

This study confirms that people are generous because they expect positive emotion, which will lead to their intention to participate in future charity program. Intrinsic reward is one important motivation of generous people commit to future charity program. This study also confirms that people can act generously without ulterior motive, just pure empathy. This study also strengthen the building evidence on the relationship of positive emotion to intention.

The limitations of the study that it did not review the demographic attribute and whether there are different motivations of being gen-

erous in big cities, urban or sub-urban. Relation to religion community and gender can also be considered as further research. This study has both theoretical and practical implications. The contribution to the theoretical is that this study gives empirical evidence of the relationship between generosity and intention. The practical implication is that this study can give insight to managers to involve activity which raise the positive emotion to attract customer to participate in future charity program.

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