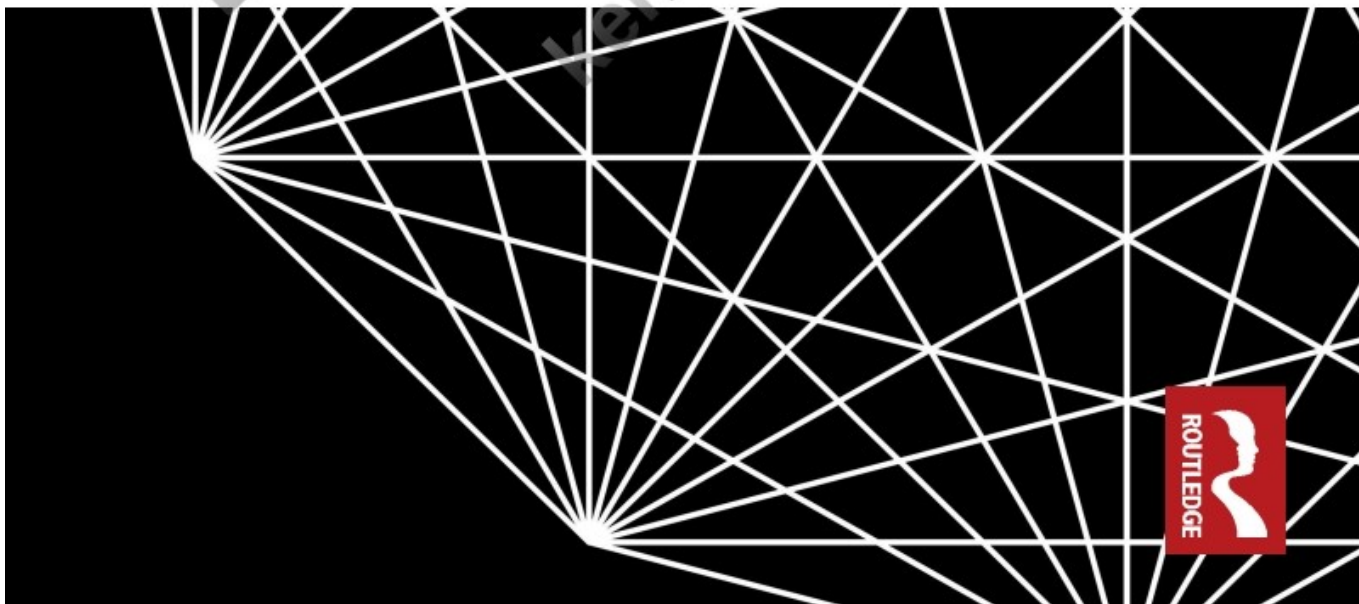




# THE FUTURE OPPORTUNITIES AND CHALLENGES OF BUSINESS IN DIGITAL ERA 4.0

Edited by

Satria Bangsawan, Mahrinasari MS, Ernie Hendrawaty,  
Rindu Gamayuni, Nairobi, Hendrati Dwi Mulyaningsih,  
Ani Wahyu Rachmawati and Santi Rahmawati



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# The Future Opportunities and Challenges of Business in Digital Era 4.0

*Edited by*

Satria Bangsawan, Mahrinasari MS, Ernie Hendrawaty, Rindu Rika Gamayuni  
& Nairobi

*Faculty of Economics and Business, University of Lampung, Indonesia*

Hendrati Dwi Mulyaningsih

*Universitas Islam Bandung, Bandung, Indonesia  
Research Synergy Foundation, Bandung, Indonesia*

Ani Wahyu Rachmawati

*International Women University, Bandung, Indonesia  
Research Synergy Foundation, Bandung, Indonesia*

Santi Rahmawati

*Research Synergy Foundation, Bandung, Indonesia*



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## Foreword

The Faculty of Economics and Business of Universitas Lampung, in cooperation with the Research Synergy Foundation, organized the 2nd International Conference of Economics, Business and Entrepreneurship (2nd ICEBE). An international conference which had the theme “Future Opportunities and Challenges of Business in Digital Era” was attend by lecturers, students, and professionals from various countries, such as Indonesia, Australia, Malaysia, Macedonia, and India.

Three invited keynotes speakers were welcomed to give lecture for an audience of a hundred researchers, academics, and professionals. Dr. Muhammad Haseeb (Senior Lecturer at Taylor’s Business School, Taylor’s University Lakeside Campus, Subang Jaya Selangor, Malaysia), Hus-sain Rammal, Ph.D (Director of the Master of Business Administration (MBA) and coordinator for the Bachelor of Business - International Business programs, UTS Business School) and Gadaf Rexhepi, Ph.D. (Associate Professor at South-East European University, Republic of Macedonia).

The conference particularly encouraged the interaction of mostly practitioners and some academics with the developing academic community in the public sector to present and discuss their current work. Their contributions helped to make the Conference as fruitful as expected. The papers presented the most recent scientific knowledge available in the field of Business Administration, Behavioural Economics, Economic Development, Econometrics, Financial Accounting, Management, Management Accounting, Micro, Small and Medium Entrepreneurship, Public Sector Accounting, Social Entrepreneurship and Startup Entrepreneurship Research.

These Proceedings will enrich the academic environment with the latest developments in public sector research. I believe that this will be a pathway to collaborate with other researchers from various disciplines and various parts of the world.

We hope that knowledge and best practices discussed in the seminar and published in its proceeding will enrich the reference for all experts in the field of education and accordingly stimulate further researches in wider areas.

We thank all authors and participants for their contributions.

Conference Chair,

Dr. Mahrinasari MS

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## Scientific review committee

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## The impact of trust, satisfaction, and people's pride on purchasing intention in the Indonesian batik sector

Keni Keni, Lerbin R. Aritonang R. & Ary Satria Pamungkas  
*Faculty of Economics and Business, Universitas Tarumanagara, Indonesia*

**ABSTRACT:** The purpose of this study was to determine the impact of trust, satisfaction, and pride on the intention to purchase in the Indonesian Batik sector. A survey method was used, in which a total of 150 questionnaires were collected from respondents in Yogyakarta and Solo who had bought Batik during the six months preceding the research. All the data collected were analyzed using partial least squares-structural equation modeling (PLS-SEM). The results showed that trust, satisfaction, and pride positively affected consumers' purchase intention.

**Keywords:** trust, satisfaction, people's pride

### 1 INTRODUCTION

Batik has long been understood and acknowledged as the national identity of Indonesia, despite numerous attempts by Malaysia to claim it as its heritage. It has formally been declared to belong to Indonesians and foreign residents who use it while going to work or school. Consequently, it has become an important aspect embedded in the lives and beliefs of Indonesians and immigrants. Wearing it induces particular pride and a sense of belonging to the nation, in terms of people's intention to buy Batik as the preferred uniform for work, school, or attending formal events. Kim and Arthur (2003) and Taute et al. (2017) established that the willingness to buy a product is motivated by their strong perception about its usage as a form of embracing their culture. This confirms the national pride of the people toward the product. According to Williams and DeSteno (2008: 1007), pride is the feeling of excitement, joy, and happiness associated with using commodities with a relative link to a country. For this reason, it plays a significant role in influencing people's purchases. Indonesians perceive Batik as the most superior fabric locally available. Wilson and Keni (2018) and Zhou et al. (2009) stated that trust and satisfaction have a positive impact on purchase behavior. Trust could be defined as customers' willingness to be involved in any risks associated with the company, while satisfaction is judgment of product or services offered, based on whether the quality of the commodity exceeds customer expectations (Wilson, Keni, & Tan, 2019). The purpose of this study is to determine the impact of pride, trust, and satisfaction on purchase behavior. Understandably, no study has attempted to analyze the relationships between these factors and their impact on Indonesia's Batik Industry.

### 2 LITERATURE REVIEW

#### 2.1 *Trust*

Wilson, Keni, and Tan (2019) define trust as customer willingness to be involved in any risks associated with the company. Alternatively, people dare to conduct the transaction with the organization, either in the short or long term (Wilson and Keni, 2018).



## 2.2 Satisfaction

Satisfaction refers to customer judgment on company performance based on their expectations (Wilson et al., 2019). It also relates to the consumers' attempt to understand whether the quality of the product or services fulfilled their expectations (Ma & Yang, 2018). Xiao, Zhang and Iqbal (2018) further define it as customers' assessment by comparing it with products from other companies in the same industry.

## 2.3 People's pride

Pride is the feeling of pleasure and excitement while using certain technologies, products, or services associated with the users' home country (Tracy & Robins, 2007). According to Williams and DeSteno (2008: 1007), it is a positive, self-conscious emotion arising from achievements attributed to one's abilities or efforts. Also, Helm, Renk, & Mishra (2016) define pride as pleasure one receives by being associated with a brand.

## 2.4 Purchase intention

Purchase intention is the buyers' plan to engage in an exchange relationship, such as to share information, maintain business connections, and perform transactions (Dachyar & Banjarnahor, 2017). Younus, Rasheed, and Zia (2015) define it as consumers' preferences to buy the product or service. Xiao, Yang and Iqbal (2018) call it is the willingness of people to conduct a business transaction with a certain company. Also, it might be perceived as the motivation to buy or try certain commodities from a company within a specific period (Vahdati & Nejad, 2016).

## 2.5 Hypotheses development

### 2.5.1 The impact of trust toward purchase intention

According to Wilson and Keni (2018), trust has a positive impact on purchase and repurchase intentions, while Zhou et al. (2009) established that it has an affirmative impact on repurchase intention. As trust toward a brand or product grows stronger, people's intentions toward other commodities diminish. Therefore, trust should not to be underrated in the intention of buying, for it plays a vital role in determining the success of a product in the market. In view of this literature, the following hypothesis could be suggested: H1 Trust has a positive impact on purchase intention.

### 2.5.2 The impact of satisfaction on intention

Wilson and Keni (2018) and Wilson et al. (2019) suggested that customer satisfaction plays a vital role in influencing purchase and repurchase decisions. According to Bernarto et al. (2019), satisfaction has a positive impact on the intention to buy or rebuy the same products or buy from the same vendor. Unsatisfied people shift their preference to buy the product from other stores or producers. However, contented consumers have a higher, near-certain tendency to buy the product from the same vendor in the future. Therefore, companies need to not underestimate the importance of satisfaction in determining customers' preference to buy their products. Based on this literature, the following hypotheses could be suggested: H2 Satisfaction has a positive impact on purchase intention.

### 2.5.3 The impact of pride on purchase intention

Taute et al. (2017) noted that pride plays a vital role in purchase intentions. Additionally, Kim and Arthur (2003) stated that customer pride concerning certain products influences their decisions to buy and rebuy them or to deal with the same vendor in the future. According to Soscia (2007) and Martinez and Jaeger (2017), pride underlines the intention of the user to purchase repurchase the same commodities from the vendor again. The following hypothesis



is, therefore, derived from these analogies: H3 Pride has a positive impact on purchase intention.

### 3 RESEARCH METHODOLOGY

The study used a survey method, utilizing questionnaires to gather all the data from the respondents. The research comprised of 150 residents of Yogyakarta and Solo, selected based on their experience in purchasing and using Batik. All the questionnaires were physically distributed to the respondents and implemented a five-point Likert scale, with the responses on the statement varying as illustrated as follows:

1	“strong disagreement”
2	“disagreement”
3	“neutrality”
4	“agreement”
5	“strong agreement”

Data collected was analyzed using the PLS-SEM method, with the help of SMART-PLS. During data analysis, the outer model was used before applying the inner one to test the results obtained and the outline as a whole. In this analysis, there are some parameters that all the data were required to pass, including a) factor loadings of each item to exceed 0.50, b) the AVE of each variable to be more than 0.50, c) the composite reliability of each factor to be above 0.70, and d) Fornell-Larcker value of each element to be higher than its highest squared correlation with any other variable.

There were 24 indicators representing four variables: trust, satisfaction, pride, and intention. However, after the initial examination, a total of 9 indicators were omitted since they failed to fulfill the general validity criteria. Afterward, the rest of the data was reanalyzed, and all indicators had fulfilled the validity and reliability criteria. In general, out of 15, trust, satisfaction, pride, and purchase intention were represented by 4, 3, 4, and 4 indicators, respectively.

### 4 RESULTS AND DISCUSSIONS

From a total of 150 respondents, 58% and 42% were male and female, respectively. Furthermore, 64.67% of them were married, while the rest were either single or had other kinds of relationships. On the purpose of the Batik, 72% of the respondents wore it to work, and the rest used it for social events such as national celebrations.

After the assessment of the profile of the respondents, all the data were analyzed to understand the impact of trust, satisfaction, and pride on the intention to buy or use Batik. Before the inner model evaluation to assess and determine the impact or relationships of variables was discussed, the outer model analysis was executed to determine the appropriateness of the data. In this analysis, all data and the model factor loadings of each item needed to exceed 0.50, while the AVE of each variable was supposed to be more than 0.50. Also, the composite reliability (CR) of each element was to be above 0.70, while the Fornell-Larcker value of each factor was supposed to be higher than the squared correlation with any other latent construct (discriminant validity analysis). The results of the outer model analysis indicate that all values, variables, and model exceeded the criteria required.

The analysis was executed to determine the relationships between the variables discussed in this study. The results were used to determine whether the hypotheses were accepted. Importantly, the results of the inner model analysis showed that all the independent variables have a significant impact on the Batik purchase intention.



Table 1. Hypotheses testing results.

	Hypotheses	Cut-Off Value	t-value	Conclusion
H1	Trust had a positive impact on Purchase Intention	1.96	2.931	H1 Supported
H2	Satisfaction had a positive impact on Purchase Intention	1.96	2.007	H2 Supported
H3	Pride had a positive impact on Purchase Intention	1.96	2.496	H3 Supported

## 5 CONCLUSIONS AND LIMITATIONS

This research was meant to determine the impact of trust, satisfaction, and pride on people's purchase intentions and the use of Batik. The results show trust, satisfaction, and pride positively affect purchase intention. Since Batik is believed to be the national symbol of Indonesia, buying and using it is a way of promoting and communicating the authenticity of the nation to the public. Therefore, it enables people to feel pride while using it, something they would not experience while using other materials. Moreover, satisfaction on buying and using Batik plays an integral role in the intention to purchase it since people believe it possesses things other materials lack. This research reiterates the importance of trust, pride, and satisfaction in purchase intention. Based on these findings, Batik craftsmen and companies need to maintain the service and the quality of the products to increase the level of trust and satisfaction.

With the rigorous nature of this research, there were notable limitations. For instance, the sample size was too small for generalization of the results. Therefore, the sample size used needs to be significantly higher to enable generalizability of results in future studies. Furthermore, the study aimed to determine the impact of trust, satisfaction, and pride on the purchase intention in the Batik industry. This might also render the results difficult or hard to generalize to other industries. Lastly, there is a need to widen the scope of the researches to accommodate more study groups and the industry in question.

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1

# The Impact of Trust, Satisfaction, and People's Pride on Purchasing Intention in the Indonesian Batik Sector

Keni Keni

Lerbin R. Aritonang, R.

Ary Satria Pamungkas

*Faculty of Economics and Business, Universitas Tarumanagara, Indonesia*

1

**ABSTRACT:** The purpose of this study was to determine the impact of trust, satisfaction, and pride on the intention to purchase in the Indonesian Batik sector. A survey method was used, in which a total of 150 questionnaires were collected from respondents in Yogyakarta and Solo who had bought Batik during the six months preceding the research. All the data collected were analyzed using partial least squares-structural equation modeling (PLS-SEM). The results showed that trust, satisfaction, and pride positively affected consumers' purchase intention.

**KEYWORDS:** Trust, satisfaction, and people's pride

## 1 INTRODUCTION

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## 2 LITERATURE REVIEW

### 2.1 Trust

Wilson, Keni, and Tan (2019) define trust as customer willingness to be involved in any risks

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Satisfaction refers to customer judgment on company performance based on their expectations (Wilson et al., 2019). It also relates to the consumers' attempt to understand whether the quality of the product or services fulfilled their expectations (Ma & Yang, 2018). Xiao, Zhang and Iqbal (2018) further define it as customers' assessment by comparing it with products from other companies in the same industry.

## 2.3 People's pride

Pride is the feeling of pleasure and excitement while using certain technologies, products, or services associated with the users' home country (Tracy & Robins, 2007). According to Williams and DeSteno (2008: 1007), it is a positive, self-conscious emotion arising from achievements attributed to one's abilities or efforts. Also, Helm, Renk, & Mishra (2016) define pride as pleasure one receives by being associated with a brand.

## 2.4 Purchase intention

Purchase intention is the buyers' plan to engage in an exchange relationship, such as to share information, maintain business connections, and perform transactions (Dachyar & Banjarnahor, 2017). Younus, Rasheed, and Zia (2015) define it as consumers' preferences to buy the product or service. Xiao, Yang and Iqbal (2018) call it is the willingness of people to conduct a business transaction with a certain company. Also, it might be perceived as the motivation to buy or try certain commodities from a company within a specific period (Vahdati & Nejad, 2016).

## 2.5 Hypotheses development

### 2.5.1 The impact of trust toward purchase intention

According to Wilson and Keni (2018), trust has a positive impact on purchase and repurchase intentions, while Zhou et al. (2009) established that it has an affirmative impact on repurchase intention. As trust toward a brand or product grows stronger, people's intentions toward other commodities diminish. Therefore, trust should not to be underrated in the intention of buying, for it plays a vital role in determining the success of a product in the market. In view of this literature, the following hypothesis could be suggested: H1 Trust has a positive impact on purchase intention.

### 2.5.2 The impact of satisfaction on intention

Wilson and Keni (2018) and Wilson et al. (2019) suggested that customer satisfaction plays a vital role in influencing purchase and repurchase decisions. According to Bernarto et al. (2019), satisfaction has a positive impact on the intention to buy or rebuy the same products or buy from the same vendor. Unsatisfied people shift their preference to buy the product from other stores or producers. However, contented consumers have a higher, near-certain tendency to buy the product from the same vendor in the future. Therefore, companies need to not underestimate the importance of satisfaction in determining customers' preference to buy their products. Based on this literature, the following hypotheses could be suggested: H2 Satisfaction has a positive impact on purchase intention.

### 2.5.3 The impact of pride on purchase intention

Taute et al. (2017) noted that pride plays a vital role in purchase intentions. Additionally, Kim and Arthur (2003) stated that customer pride concerning certain products influences their decisions to buy and rebuy them or to deal with the same vendor in the future. According to Soscia (2007) and Martinez and Jaeger (2017), pride underlines the intention of the user to

purchase repurchase the same commodities from the vendor again. The following hypothesis is, therefore, derived from these analogies: H3 Pride has a positive impact on purchase intention.

### 3 RESEARCH METHODOLOGY

The study used a survey method, utilizing questionnaires to gather all the data from the respondents. The research comprised of 150 residents of Yogyakarta and Solo, selected based on their experience in purchasing and using Batik. All the questionnaires were physically distributed to the respondents and implemented a five-point Likert scale, with the responses on the statement varying as illustrated as follows:

- 1 "strong disagreement"
- 2 "disagreement"
- 3 "neutrality"
- 4 "agreement."
- 5 "strong agreement"

Data collected was analyzed using the PLS-SEM method, with the help of SMART-PLS. During data analysis, the outer model was used before applying the inner one to test the results obtained and the outline as a whole. In this analysis, there are some parameters that all the data were required to pass, including a) factor loadings of each item to exceed 0.50, b) the AVE of each variable to be more than 0.50, c) the composite reliability of each factor to be above 0.70, and d) Fornell-Larcker value of each element to be higher than its highest squared correlation with any other variable.

There were 24 indicators representing four variables: trust, satisfaction, pride, and intention. However, after the initial examination, a total of 9 indicators were omitted since they failed to fulfill the general validity criteria. Afterward, the rest of the data was reanalyzed, and all indicators had fulfilled the validity and reliability criteria. In general, out of 15, trust, satisfaction, pride, and purchase intention were represented by 4, 3, 4, and 4 indicators, respectively.

### 4 RESULTS AND DISCUSSIONS

From a total of 150 respondents, 58% and 42% were male and female, respectively. Furthermore, 64.67% of them were married, while the rest were either single or had other kinds of relationships. On the purpose of the Batik, 72% of the respondents wore it to work, and the rest used it for social events such as national celebrations.

After the assessment of the profile of the respondents, all the data were analyzed to understand the impact of trust, satisfaction, and pride on the intention to buy or use Batik. Before the inner model evaluation to assess and determine the impact or relationships of variables was discussed, the outer model analysis was executed to determine the appropriateness of the data. In this analysis, all data and the model factor loadings of each item needed to exceed 0.50, while the AVE of each variable was supposed to be more than 0.50. Also, the composite reliability (CR) of each element was to be above 0.70, while the Fornell-Larcker value of each factor was supposed to be higher than the squared correlation with any other latent construct (discriminant validity analysis). The results of the outer model analysis indicate that all values, variables, and model exceeded the criteria required.

The analysis was executed to determine the relationships between the variables discussed in this study. The results were used to determine whether the hypotheses were accepted. Importantly, the results of the inner model analysis showed that all the independent variables have a significant impact on the Batik purchase intention (see Table 1.).

Table 1. Hypotheses testing results

Hypotheses	Cut-Off Value	t-value	Conclusion
H1 Trust had a positive impact on Purchase Intention	1.96	2.931	H1 Supported
H2 Satisfaction had a positive impact on Purchase Intention	1.96	2.007	H2 Supported
H3 Pride had a positive impact on Purchase Intention	1.96	2.496	H3 Supported



## 5 CONCLUSIONS AND LIMITATIONS

This research was meant to determine the impact of trust, satisfaction, and pride on people's purchase intentions and the use of Batik. The results show trust, satisfaction, and pride positively affect purchase intention. Since Batik is believed to be the national symbol of Indonesia, buying and using it is a way of promoting and communicating the authenticity of the nation to the public. Therefore, it enables people to feel pride while using it, something they would not experience while using other materials. Moreover, satisfaction on buying and using Batik plays an integral role in the intention to purchase it since people believe it possesses things other materials lack. This research reiterates the importance of trust, pride, and satisfaction in purchase intention. Based on these findings, Batik craftsmen and companies need to maintain the service and the quality of the products to increase the level of trust and satisfaction.

With the rigorous nature of this research, there were notable limitations. For instance, the sample size was too small for generalization of the results. Therefore, the sample size used needs to be significantly higher to enable generalizability of results in future studies. Furthermore, the study aimed to determine the impact of trust, satisfaction, and pride on the purchase intention in the Batik industry. This might also render the results difficult or hard to generalize to other industries. Lastly, there is a need to widen the scope of the researches to accommodate more study groups and the industry in question.

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