

**Perspectives in  
Entrepreneurship,  
Marketing and Tourism**



# **Perspectives in Entrepreneurship, Marketing and Tourism**

**Editor**

**Amer Hamzah Jantan**



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## **Preface**

This book contains twenty one chapters contributed by the authors who specialized in their own areas of entrepreneurship, marketing and tourism. This publication provides a platform for contributors to address the topics of their choices that are generally current in nature. It is also a platform for PhD students to write together with members of their supervisory committees. The readers would find a wide array of findings, conceptual frameworks and suggestions for further research being offered by the respective authors. It is hoped that this book is of great value to the readers for its informative and useful nature. The Chapters in this book contain current challenges and opportunities in the areas of organizational behavior and leadership. The Editor would like to thank all contributors of the chapters for their commitment and dedication; and to the Head of Department of Management and Marketing, Assoc. Prof. Dr. Ho Jo Ann; and the Dean of Faculty of Economics and Management, Professor Dr. Azali Mohamed, for their endless support in making this publication possible. Thank you.

**Amer Hamzah Jantan**

2018



# 1

## **Does the Contingent Role of Turbulent Environment Moderate the Entrepreneurial Competencies and Venture Success Relationship?**

Ghazala Khan, Mass Hareeza Ali, Amer Hamzah Jantan and  
Ahmed Razman Abdul Latiff

### **INTRODUCTION**

Entrepreneurial competencies are internal and intangible resources for business and they run a striking part in the improvement of SMEs venture success. According to the researchers the latest competency approach needs more attention (Brophy & Kiely, 2002), to identify entrepreneur's behaviors related to the excellent ventures' performances. Entrepreneurial competency approach assists in understanding the question that, why some venture succeeds, and another fails to survive under the same circumstances (Irene, 2016; Ahmad, 2007). McClelland (1987) stated that entrepreneurs should be equipped with three more significant entrepreneurial competencies. For instance, proactiveness, desire to achieve and commitment. Furthermore, Hoffmann (1999) introduced three diverse methods to explain capabilities, (i) the standard of a person's performance, result (ii) observable performance (iii) knowledge, skills, and abilities of an entrepreneur. The third definition of competency which deals with knowledge, skills and abilities are widely used in the literature to describe entrepreneurial competencies (Ahmad, 2007).

In line with this, Baum, Locke, and Smith (2001) declared that entrepreneurial abilities are the physiognomies such as capabilities, skills, and acquaintance, that are essential for the performance of a particular job. Brownell (2008) described entrepreneurial competencies

as a definite approach, specific skills, and attributes. On the other hand, some researchers have linked the entrepreneurial competencies with the individual behaviors as well. For instance, Woodruffe (1993) stated entrepreneurial competencies as some patterns of the different behaviors of an individual to do tasks and functions skillfully. Likewise, Thompson (1997) viewed entrepreneurial competencies as combined sets of a person's actions to achieve goal effectively. Similarly, Brophy and Kiely (2002) defined them as behaviors, approach, attitude, skills, and knowledge needed to efficiently execute a function.

### **Entrepreneurial Competencies and Resource Based View**

This study advocates that excellent competencies are forecaster of successful venture. Secondly, this study also supports the resource-based view theory that the exclusive set of resources produces viable benefits for the companies (Campbell & Park, 2017; Saffu et al., 2008; Ahmad, 2007; Hoopes, Madsen, & Walker, 2003; Barney, 2001; Peteraf, 1993; Wernerfelt, 1984). RBV states that entrepreneurial competencies have variety and due to its immovable characteristic, it leads the business toward the ecological competitive edge. Similarly, Barney (2001) argued that a mixed set of entrepreneurial competencies can invent competitive lead on the fulfillment of these two basic conditions. The first one states that the entrepreneurial competencies must be valued, that empower the firm in diffusing business threats and in exploiting most suitable opportunities in the competitive business environment.

The second most important is, that only some companies in a particular competitive business environment have command over such specific capabilities. However, from RBV theoretic point of view, the current study contends that these competencies are the fundamental reserves of the company. Thus, the best arrangement of entrepreneurial abilities drives the businesspersons to avail the available opportunities from their external environments and can utilize these chances for their venture success. Moreover, all entrepreneurs do not have fundamental competencies. Therefore, the success of numerous ventures can be differentiated, based on their competencies as well. Previous literature depicts that, the entrepreneur's behavior, demographic individualities, managerial abilities, and technical capabilities/skills are the vital elements of success or failure

of any enterprise (Rasmussen & Wright, 2015; Rasmussen, Mosey, & Wright, 2011; Ahmad, Ramayah, Wilson, & Kummerow, 2010; Man et al., 2008; Man et al., 2002; Chandler & Hanks, 1994).

## **Environmental Turbulence and Fit Approach in Strategic Contingency Theory**

This research study supports that the entrepreneurial competencies alone cannot succeed in the business, as many external features for instance, business environment plays a crucial role in the success of Malaysian business. In Malaysia external environment is highly turbulent for SMEs. Therefore, SMEs success depends on the environmental turbulence as well. Environmental turbulence characterizes the unpredictable fluctuations in the environment of an organization (Shah, Othman, & Mansor, 2016; Goll & Rasheed, 2004). It signals a situation of uncertain environment which has been mentioned as an incapability to forecast speedy vicissitudes in the economic circumstances (Dess & Beard, 1984). This concept explains the connotations of unpredictability or variability in the marketplace (Aldrich, 1979) and in the arena of technology (Moorman & Miner, 1997). Sohi (1996) clarifies the significance of the turbulent environment in diverse ways. Researcher elucidated it as the action of competitor, customer's penchants, and technology change.

This study supports strategic contingency theory in considering the moderating impact of environmental turbulence. The contingency theory is very well-liked because of its assumption that there are many best ways to systematize and organize more effectively under all types of situations (Galbraith, 1973). Strategic management explained that this concept is grounded on the supposition that the resources of an organization must complement or should be appropriate for the external environment. Hence, it has been trusted worldwide strategies varies for all businesses accordingly, despite their origin with the environmental context (Ginsberg & Venkatraman, 1985). The essence of the fitness in the contingency theory evokes that a proper alliance among exterior and interior administrative factors within the organization will absolutely a have positive influence on the performance and success of any organization (Linton, 2014).

Wiklund & Shepherd (2005) argued that the basic gist of contingency theory in the literature on entrepreneurship explains, that every decision of

entrepreneurs must be allied with the anticipated results. “Contingency fit” characterizes a basic approach of alignment, consistency, and the match of the organizational mechanism with its situation and circumstances, that lead to the business performance (Linton, 2014). Moreover, contingency theory is considered as an indispensable component in the research field of entrepreneurship and has a long history in entrepreneurial research (Qureshi, Aziz, & Mian, 2017; Patel & Conklin, 2012; Chowdhury, 2011; Short et al., 2010; Wiklund & Shepherd, 2005; Robinson, Phillips, & McDougall, 2001; Zahra & Covin, 1995; Covin & Slevin, 1989). Thus, based on fit approach of strategic contingency theory, this study claims that the capabilities should match with the external environment of business to face threats and to avail opportunities. In other words, entrepreneurs of Malaysian SMEs must be equipped with latest competencies to defend their venture against any rapid change in the venture’s environment and to maintain the SMEs business success in highly turbulent environment.

## **THE BUSINESS SUCCESS CONCEPT IN SMES**

Every entrepreneur’s aim is success and advancement in the business. Success can be explained in enormous ways, but to achieve the target in a business, businesspersons must comprehend the features which are essential component in the contribution of SMEs performance. The criteria of successful business sensed by the businessperson enable them in the organization and implementation of exact and perfect strategies. Which helps them in the achievement of their goals? Murphy, Trailer, and Hill (1996) insisted that perfect blend of performance and success ensures the accurateness in identification of the crucial success factors in business.

## **Financial and Non-Financial Dimensions of Business Success**

The literature showed lack of agreement over what constitutes the criteria of success. Some researchers focused on the role of financial indicators while others considered non-financial indicators of success. The former asserted on traditional financial measures of performance, such as profitability, return on investment, and sales turnover to predict the success or failure of a firm (Brüderl & Preisendörfer, 1998). The researchers who prefer financial measures of success usually argued that for the success of the

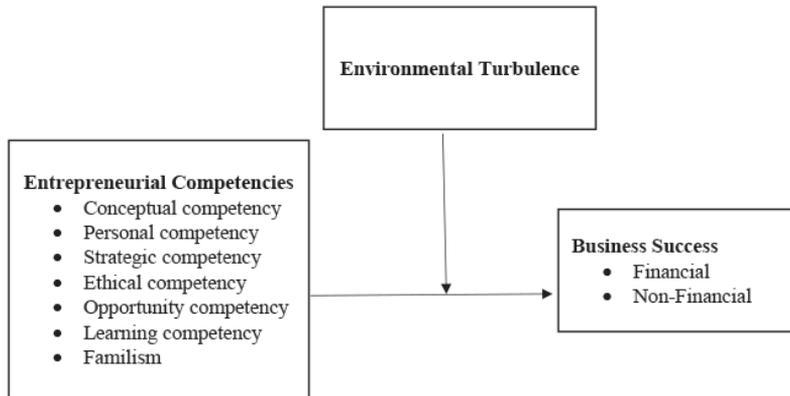
organizations, it is vital to generate income and profits, and demonstrate some levels of growth which are indicated by their sales and income (Perren, 2000). Some researchers also argued survival is aim of many small businesses rather, than growth, but the researchers of this group asserted that although growth is not considered important, while survival of business also requires financial strength. In contrast, the latter group emphasized more on the importance of non-fiscal measures of success (Hoque, 2004; O'Regan & Ghobadian, 2004; Frese, Brantjes, & Hoorn, 2002).

Similarly, Jennings and Beaver (1997) justified the contribution of non-financial measures and stated that fiscal achievements are not much significant as the personal quality and responsibility is considered as the principal criteria for success. Literature also shows criticism by many other researchers regarding the measures of the firm's success. For instance, Parasuraman et al. (1996) realized the adaption of the limited view of success, where it is measured by the "hard" measures of the performance and that such studies ignored the "soft" measures of the firm's performance, which also reflect the internal career. Wiklund (1999) suggested that financial and non-financial performance complement each other and indicate the actual performance of the business. Thus, it is not sufficient to concentrate exclusively on financial performance while neglecting the other criteria that indicate the business success as well (Buttner & Moore, 1997). Murphy et al. (1996) argued that both the financial and non-financial dimensions of organizational performance needed to emphasize in the future studies to capture total organizational performance.

## **HYPOTHESISED THEORETICAL FRAMEWORK**

In the following hypothesized theoretical framework, the entrepreneurial competencies are supposed to be independent variable, while business success is considered as self-reported dependent variable. Additionally, the framework also presents the environmental turbulence as moderator. A review of previous literature implied that the perceptions and dealing style of entrepreneurs within the turbulent environment might influence the venture performance (Shane & Kolvereid, 1995; Chandler & Hanks, 1994; Tsai et al., 1991). Therefore, this research study contends that entrepreneurial competencies will impact the venture success, and it

will also improve the connection between both proposed variables. The hypothesized framework is shown in Figure 1.



**Figure 1** Proposed theoretical framework

## **DISCUSSION**

This research paper addressed the validation of the competency approach in business success for SMEs. An authenticated model, particularly in Malaysian SMEs context will stipulate better grasp over the significance of entrepreneurial competencies for venture success. The observed research work exposed the facts that despite of having deficient resources, the entrepreneurs can enable their ventures to survive and succeed in this intense competitive and speedily varying business environment. Ahmad (2007) and Tehseen and Ramayah (2015) classified entrepreneurial competencies in Malaysian context for SMEs. Researchers revealed that Malaysian entrepreneurial competencies are specific to the region. These competencies have seven dimensions. For instance (1) Personal competency (2) Conceptual competency (3) Ethical (4) Strategic competency (5) Learning competency (6) Opportunity competency and (7) Familism.

These specific competencies may be applicable only to countries having same culture. Consequently, this research will emphasize on the comprehensive empirical study in future. Therefore, the experimental test of the proposed model will identify the influence of this region-specific competencies on the success of SMEs. Malaysian SMEs need to enhance

their entrepreneurial competence in the turbulent business environment to compete the unexpected business threats and opportunities respectively. This research paper stipulates that entrepreneurial competencies of Malaysian entrepreneurs are crucial for the survival, success, and growth of Malaysian SMEs. This research paper claims that if Malaysian SMEs in service sector equipped themselves with most essential entrepreneurial competencies, they can certainly boost the economy of the country and will help in achievements of the vision 2050. Consequently, successful SMEs add more towards the GDP of the country, exports, and employment status. It also helps in elimination of poverty.

## **CONCLUSION**

This paper has revealed the importance of entrepreneurial competencies for the success of SMEs ventures Eastern contexts. Moreover, previous studies are evident that culture plays a vital role in the development of entrepreneurial competencies. Thus, it would be interesting to investigate the impact of diverse cultures of ethnic entrepreneurs towards their business approaches in the context of Malaysia, where Malays, Indians and Chinese are the major ethnic entrepreneurs whose competencies might differ from each other due to their intra-cultural orientations. Therefore, this paper has mentioned the construct of entrepreneurial competencies in the proposed model to investigate their effects on the business success. The existing literature has also revealed the important contribution of the business environment as a moderator to improve the association between business competencies and SMEs business success in different contexts. However, high environmental turbulence is assumed around the Malaysian SMEs and it is also expected that elevated level of SMEs' and entrepreneurial competencies will contribute more towards the venture success in the Malaysian SMEs context. Thus, the empirical testing of the proposed model will provide useful insights regarding the importance of environmental turbulence as the moderator to facilitate the relationships between entrepreneurial competencies and business success in the context of Malaysian SMEs.

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# 2

## **Moderating Effect of Culture on the Relationship between Psychological and Institutional Factors and Entrepreneurial Intentions among Undergraduate Students of Universities in Nigeria: Conceptual Framework**

Bukar Ali Bularafa and Abdul Rashid Abdullah

### **INTRODUCTION**

The study emanated as a result of high and persistent unemployment and poverty among people especially university graduates in Nigeria and the North-eastern region in particular. Nigeria the most populated nation in Africa, joblessness among its university graduates is one of the problems confronting the country (Ekore & Okekeocha, 2012). Entrepreneurship and new venture creation globally have been recognised as a vehicle for job creation, income generation and poverty alleviation (Díaz-García & Jiménez-Moreno, 2010). However, many countries including Nigeria have embraced entrepreneurial activities as a means to reduce unemployment and poverty. Therefore, having recognised the role of entrepreneurship towards promoting economic activities, government put in place several policies and programmes geared towards the promotion of entrepreneurship such as entrepreneurship courses, entrepreneurship centres, (Ramoni, 2016), small and medium enterprises development agency (SMEDAN), National Directorate of Employment(NDE) and so on.

Despite government effort in encouraging entrepreneurship development among graduates through the provision of support services, the enthusiasm of graduates towards enterprise culture is low; some are still looking for a white colour job, refused to engage in entrepreneurship

(Onuorah, 2014). Statistics showed unemployment in Nigeria in 2015 stood at 75.9 million which is 4% of global unemployment figure, of this 1.1 million represent unemployed graduates (National Directorate of Employment, 2015), while the incidence of poverty in the country was above 69% in 2011, North-East 76.3% among the worse affected among the six geopolitical zones of the country (National Bureau of Statistics (NBS), 2012).

However, this situation creates a threat to the peace and security of the whole country which includes; terrorism, kidnapping, robbery, fraudulent act, cyber-crimes (Ihugba, Odii, & Njoku, 2013). Therefore, the study seeks to explore the moderating role of culture on the relationship between some psychological and institutional factors' effect on entrepreneurial intentions among university undergraduate students of North-eastern, Nigeria, with the view to influencing entrepreneurial intentions of these university graduates.

## **LITERATURE REVIEW**

### **Entrepreneurial Intention**

According to UNDP et al. (2009) entrepreneurship development is a 'process of enhancing entrepreneurial skills and knowledge through structured training and institution building programmes.' Therefore, entrepreneurial intentions has been defined as conscious state of mind that control the attention, experience, and the behaviour towards planned entrepreneurial behaviour (Bird, 1988), intention is seen as the strongest predicting element of entrepreneurship activity, it is the key and most commonly studied variable in modern entrepreneurial research (Krueger Jr, Norris F, Reilly, & Carsrud, 2000). Therefore, since the choice to be an entrepreneur may be conceivably seen as willingly and deliberate (Krueger Jr et al., 2000), it is rational to assess how that choice happened. In this case, entrepreneurial intention can be passed and influential variable towards demonstrating entrepreneurial act (Fayolle & Degeorge, 2006). In return, the intention of performing a certain behaviour rely on the individual's attitudes towards the behaviour (Ajzen, 1991).

The entrepreneurial intention can best predict this behaviour. Previous scholars on entrepreneurial intention developed their theoretical model/framework based on either Theory of Planned Behaviour (TPB) or

Entrepreneurial Event Theory (EET) Therefore, to minimise ambiguity and to accept generality gained by TPB from researchers, this conceptual paper adopted TPB.

Theory of Planned Behaviour which developed by Ajzen (1991) asserted that an individual's action is guided by three elements (i.e., attitude, subjective norms, and perceived behavioural control). Attitude is the belief about the anticipated outcome of a behaviour; subjective norms are beliefs that anticipations of specific inducement resulted to a particular behaviour and perceived behavioural control is about believing in the sufficiency of components that motivate or demotivate the execution of the action and the strength of those components.

## **CONCEPTUAL FRAMEWORK**

### **Self-efficacy**

According to Campo (2011), self-efficacy is the judgment individual's make about their (cap)ability to execute a particular task. Sata (2013) opined that self-efficacy connected in terms of theory and empirical perspectives with various managerial and entrepreneurial marvels. The greater the strength of self-efficacy the stronger individuals are in taking on the risky circumstances that cause fatigue and the more noteworthy their victory in forming them more to their enjoying. Previous studies revealed self-efficacy as significant on university students entrepreneurial intention (Syamsul & Adda Harnida, 2017).

### **Risk Taking Propensity**

Risk taking is the individual's willingness to take decisions that involve uncertainty about success or failure (Zhao, Seibert, & Lumpkin, 2010). Risk taking propensity is an essential characteristic related to a business venture, and it is considered as a 'hallmark of the entrepreneurial personality' (Zhao et al., 2010). Risk taking propensity is a necessary mien since people who are slanted to embrace risk are interested in becoming entrepreneurs (Zhao et al., 2010). Results of studies indicate that (Chipeta & Surujlal, 2017) risk-taking significant in predicting university students entrepreneurial intention.

## **Locus of Control**

Locus of control is connected to the expectation of success or failure in a judgemental activity when a person attributes the reason for an act either to himself or to others (external environment). Those individuals who have control over such behaviours are referred to as having an internal locus of control, while those that do not have such control over their behaviours are referred to as having an external locus of control (Rotter, 1971).

## **Need for Achievement**

According to Tong, Tong, and Loy (2011) need for achievement is an impulse drive in undertaking committed duties impeccably and accomplishing victory. Accomplishment inspiration is a characteristic that is predominant among business people. Need for achievement is a noteworthy variable that shows how a person adapts to challenging circumstances and the interest of greatness (Sesen, 2013). Moreso, a person with a high level of need for achievement, show a higher need for entrepreneurial activities.

## **Innovativeness**

The term innovation as expressed by Thompson (1965) as the ‘generation, acceptance and implementation of new ideas, processes, product, or service.’ Many kinds of literature have emphasised on the role of innovation in the process of entrepreneurship development (Schumpeter, 1934). Innovation defined as an action that portrays entrepreneurship (Lumpkin & Dess, 1996). Innovation has been found to have a significant effect on entrepreneurship (Suffian, Rosman, Norlaila, Norizan, & Hasnan, 2018).

## **University Environment**

Entrepreneurship is seen as a panacea to the graduate unemployment problem. However, it has become an issue to stakeholders, that need to produce nascent entrepreneurs with immediate effect. The sole reason behind this is to turn out plenty of graduate entrepreneurs and to promote entrepreneurship education, through entrepreneurship activities among university students (Nabi and Liñán, 2013). The primary importance of entrepreneurial education to assist students to think of establishing

the business as an alternative career and inculcating optimistic attitudes towards entrepreneurship (Fayolle & Gailly, 2008). Entrepreneurship education was found to be significant in predicting university students' entrepreneurial intention (Zaki, 2017).

## **Government Support Programme**

Government support refers to a supportive environment for entrepreneurship to flourish such as institutional and legal structures for smooth operation of entrepreneurship activities such as favourable government policies, provision of training and infrastructure that will increase entrepreneurial intention (El-Namaki, 1988). Previous work on entrepreneurial environment showed that country that gives tax-free system, motivation, counseling and training services for nascent entrepreneurs increase their likelihood of a new entrant into entrepreneurship (Dana, 1987). Furthermore, sufficient funds, incentives, industrial layout, regular training and research from universities are seen as necessary for raising the number of nascent entrepreneurs (Pennings & Curran, 1982).

However, the inconsistency of literature of factors that have an effect on entrepreneurial intentions among graduates students and the weak relationship between some predictors and the dependent variable indicates there is a need for moderating variable as suggested (Baron & Kenny, 1986).

## **Moderating Role of Culture**

Culture according to Hofstede, Bond, and Luk (1993), is seen as a collection of computing mind that differentiate one class or group of persons from another. Hofstede proposed five cultural dimensions that separate people in a particular country or region. Thus, power distance, individualism vs. collectivism, uncertainty avoidance, masculinity vs. femininity, Confucian dynamism (long term vs. short term orientation). *Power distance* is related to inequality among people, *Individualism vs. collectivism* refers to the belief about the comparative effect of the person and class to which he/she belongs, *Uncertainty avoidance* refers to the feeling about unknown and ambiguous circumstances. *Masculinity vs. femininity* refers to the gender differences in terms of goals and aspirations and the separation of feelings

and *long-term vs. short-term orientation* applies to the situation in which individuals are oriented and motivated to work towards future goals and aspirations Hofstede (2001).

## **CONCLUSION AND RECOMMENDATION**

Studies indicate that joblessness and poverty among youth especially university graduates posed a serious threat to the peace and security of any nation, which consequences are terrorism, kidnapping, robbery and so on. Though, it is agreed that entrepreneurship could be a solution. But it was found that some regions are more entrepreneurial while others are less entrepreneurial, despite all the encouragement and available support. Hence, the paper concludes that cultural values could be a factor that may cause the differences in the level of entrepreneurial aspiration of youth especially university graduates. Finally, the article recommends that culture is a critical factor in one's decision in vocational choice; hence universities should encourage a culture of entrepreneurial spirit among students, and furthermore, same studies should be conducted using mentoring, government support as moderating variables.

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# 3

## **Cultural Empowerment and Barriers to Malaysian Indian Women's Participation in Entrepreneurship**

Maniyarasi Gowindasamy and Amer Hamzah Jantan

### **INTRODUCTION**

Women's role in the 21<sup>st</sup> century change as we can see and hear that women are very much keen towards the economic growth and development. This clearly reflected in most of the first world country comparatively in the third world country. In Malaysia, women empowerment and their role in entrepreneurship is not a new phenomenon, however today, even in the 21<sup>st</sup> century gender inequality persists everywhere and stagnates the social progress (Puspha,2016). The current World Economic Forum highlights it is important to measure the important aspects, especially the gender inequality and gaps between women and men across the four key areas; health, education, economic and politics, which ultimately leading to the women empowerment especially focusing on the male dominated society. Women empowerment is an ideological process to overcome in the patriarchy or male dominated society. There is much evidence that there is lack emphasis given to the role of Indian female entrepreneurs. The latest report from the Malaysian Chamber of Commerce Indian, Malaysia reported that even there are a number of Indian females enrolled themselves as entrepreneurs, but then at a point they are not able to be fully committed. The ultimate question that arises here is why there is lacking participation of Indian female in entrepreneurship.

In Indian culture, during the ancient (Vedic period) women got their recognition, respect and honor in the society. At the moment women is treated equal to their god and feel that they possess a good quality of women and give freedom to work and education. However in the later period of the

Vedic age , women lost their independence and situation become worse as their recognition was not much been emphasis on the culture and it starts to pay attention and gives more credit to the male and change the society as a male dominated culture. Many researchers feel that it happens after the Aryans took over the Ganges and introduce the cast system (Puspha,2016). Later it become worse in the 17<sup>th</sup>, 18<sup>th</sup>,19 and 20<sup>th</sup>. Even in the 21<sup>st</sup> we can still feel the impact of this culture and society's suppression. According to Jayaprakash (2012) women empowerment is essential to expand economic growth and promote social development which encourages them to be educated. This will enable them to participate actively in decision making and contributes to the economy of their household and therefore to the country. It is always highlighted that men should be encouraged to have equal participation in child rearing and household task, as much as the women need to have equal participation.

## **LITERATURE REVIEW**

According to Siri (2015), Malaysia has the growing rate of 39.2% in the female entrepreneurship. United States, Australia and United Kingdom have the high female entrepreneur rate. The growing rate is from 70.6% to 82.9%. The researcher explains that these three countries have a highest growing rate is due to the growth of tech sector business, Small-Medium enterprise support and training, research and development expenditure. The reasons that Malaysia has slow growing rate in female entrepreneur compare to other countries which is the willingness to start business and keen on tech sector business. However, female entrepreneurs in Malaysia are motivated through the opportunity business and technology transfer. The acceleration of economic growth requires an increased supply of female entrepreneurs (Shah, 2012). Female entrepreneurship development has acquired significant attention in Malaysia recently. Ahmad (2011) mentions that young people and women living in the city become an asset once those with potential entrepreneur are selectively groomed for self-employment and enterprise formation, leading to further job opportunities for others as well. Entrepreneurs will be able to hire new vacancy due to unemployment and job dissatisfaction issues in Malaysia. National Association for Female entrepreneurs of Malaysia provides female entrepreneurship development program which alleviation combining

motivation, training, and counseling, which has become an effective tool to encourage people to become an entrepreneur. However, the training may not be applicable for all businesses and it still need to depend on their personal ability. Few factors cause the female entrepreneurship grows in Malaysia. Due to opportunity recognition in Malaysia, Kuala Lumpur tends to have better opportunities compare to other states due to being the center of Metropolitan city. Service sectors such as beauty, hair salon, lodging, and others tend to have high demand due to the large volume of visitors from various countries. Traditionally, most of the small businesses in Malaysia are owned and operated by male entrepreneurs (Shah,2012). However, of late more and more women are taking the initiative to start their own business ventures and also getting involved in the creation of new industries. The Malaysian Government has used business activities as one of the main vehicles to overcome poverty among the women's community. From the perspective of history and tradition, Malaysian women have long been involved in the business arena. A search of the literature showed that in Malaysia, there is still a dearth of research data about women entrepreneurs (Shah, 2012).

There is growing appreciation that the conditions, which support women's ability to start and grow ventures, may be different from those that help men, there is a need to examine factors that impact women's enterprise development (Singer, 2014). The success of female entrepreneur is driven by important key factors. Early approaches are to study female entrepreneurship involved comparisons of individual characteristics of male and female entrepreneurs, an example is: demographic of age and education as well as attitudes and perceptions, growth ambition, interest, and risk aversion. Most of today's biggest startups are founded and run by men, but some women are changing the scene (Shamsul, 2015). Obviously, the female entrepreneurs are growing. Although men still small compare the number to the businesses own, but it does not mean that the female is poor or weak in managing business. The recent education and technology have changed the lifestyle of women. Most of the women are no longer just obligated to reproductive chores such as housework and childcare related works. Nowadays women are willing to take challenges, risks and eager to success.

80% of Indian Female's in Indian family are not bound to make their own decision and need to depend on the man in the family (Anita &

Swarnalatha, 2016). This has been well supported by Paula (2016) that Indian females when they are single, they tend to discuss with their father or male in the family and after marriage they tend to depend on a husband. This is because the nature of Indian culture saying that “males are better in decision making and able to balance between emotions and family, whereby females are more suitable to do the housework and nurture the children (Jayaprakash, 2012). Even they are females who come out of this cultural constraint they tend to have supports from their male in the house. There are a lot of articles mentioned that Indian Females are not able to control their emotions and tend to make the wrong decision. Most of the Indian males do not prefer their wife to be in the business or IT world due to the time and they feel that women should be home early and care ore of the family (Jayaprakash, 2012). Paula (2016) added that 45% of Indian male and did not prefer wife to go work and added their females’ in-law prefer females to stay home and do housework. However, there were 35% males prefer women to work and earn money to support the family. None of them say that the give freedom to female to choose their career for themselves. However, there were no researches done in Malaysia context to see the validity of this issue. Women’s responsibilities for child care are often cited as reasons for women’s low participation in skills training and literacy programs, which are crucial for building the business management skills of female enterprises (Richard, 2010; cited by Jayaprakash,2012). Similarly, Starchier (1996; cited by Shamsul,2015) argued that women’s family obligations often bar them from becoming successful entrepreneurs. He further argued that having primary responsibility for children, home and older dependent family members deprive women of the opportunity to devote more time and energy to their businesses. Indeed, small and micro businesses require women to devote longer hours to them. Veena, Venakatachalam and Joshi (2012 cited by Jayaprakash,2012) noted that “it is common to find Indian female business owners, particularly those who are mothers, displaying the feeling of guilt, because they do not fulfill the traditional female role”.

Female entrepreneurs are encountering bigger barriers to balance between family life and work life, which caused them to have fewer time to participate in entrepreneurial activity (Singer, 2014). Owing to this primary factor, female entrepreneurs will be like less likely to success in their ventures. In order to aid female entrepreneurs, there are various

female entrepreneur and industry organizations have been grouped as serve as platform for them to broaden and built their network, to conduct training programs, seminars and motivations (Ahmad,2011). Paula (2016) mentioned that work-life balance is a goal of many entrepreneurs, regardless of their gender, but mothers who start a business have to simultaneously run their families and their company. Paula (2016) also mentions female entrepreneurs could be more effective running their business if they do not have to deal with their kids. This is very important for female entrepreneur to become “momprenneur” which have dual responsibilities to their business and do their families. This is very difficult for them to find ways to devote time for both business and families. “Momprenneur” needs to manage well in work-life balance. According to Paula (2016), women have higher labor burden (time poor) as opposed to men. He further maintains that family and community responsibilities take a lot of women’s time that could be applied to improving their income generating efforts.

Rapport et.al (2002) and True et. al (2011) define that there is always a strong cultural prejudice in the South Asian culture that men have the natural characteristics of being a leader as most of them are still being stereotyped on the credibility of a female to lead the organization or as entrepreneurs. According to Rumi (2016), women empowerment is essential because it narrows the gender gap not only in employment but from the house. Zahidi and Ibarra (2010) added that women are not given equal power as male in a working environment due to their own emotional weakness and this is the strong arguments used by men to discourage women from making their own decision in Indian society even if the female holding higher education (Jayaprakash,2012). “An enlightened woman is a source of infinite energy” (Swami Vivekanda, cited by Jayaprakash,2012) which means women as the ultimate power and energy to steer a family and generation. Even now women have gone through many changes in life, attitude, behavior and mindset and start to empower them through education but still not able to gain a proper recognition. 65% of Malaysian Indian females are still being discriminated and torture through physical and emotional and they are required to be back home by 8pm (Jayaprakas,2012). Puspha (2016) argued that gender equality and empowerment got a positive relationship; when a female feels that she is empowered, then it able to reduce the gender gap but then the ultimate constraint is basically culture and male dominance society. Researchers proof that entrepreneurship is the vehicle

of women empowerment and the program helps to train women, which create a situation of women and freedom which at the end may provide an equal status in the society equally with man (Jayaprakash, 2012). Most of the time women decide for self employment because of the easier balancing of family and job commitments was inferred from this (Amrit, 2016). Most females can result in a work – family conflict that can result in a harm physiological well being, feels that female need to be at home most of the time they need to spend outside which may reflect instabilities of emotion (Siri, 2015). Indian women are stressed in the cultural context of having children, taking care of the husband, in laws and parents is one of the factors that most females feel reluctant to join the entrepreneurship root since it requires more time and energy (Jayaprakash, 2012). A culture which starts to empower the female starts to develop more barriers as the society continues to emphasize a woman's basic role as that of mothering and as a married woman they must uphold and bear major responsibility for household chores and childcare (Subramaniam, 2011). Cultural values also hold women back because in the society, culture defines the roles of man and woman, which reinforce by the belief and society where it encourages the patriarchal attitude restricting the woman's responsibilities to domestic and family work. Rumi (2016) mentioned that the cultural rights can overturn female characteristics and capabilities, which to a large extend, determine the scope of activities that women can undertake. Not only in India but among the Indian female in Malaysia are still suffering from the male dominant society and not being treated well (Jayaprakash, 2012).

## **CONCLUSION**

The Malaysian government is actually giving a lot of training and development towards the improvement of females in Malaysia in entrepreneurship and they have created the special task unit in Amanah Ikhtiar Malaysia to help to improve Malaysian Indian female, however, from their current report exhibit that less Indian female is grabbing the opportunities as compared to the Chinese and Malay female in Malaysia. This could be also a part of reflection of the society. Many of the arguments have proven that culture did not empower the female, but then it just plays more as a barrier and suppress the female entrepreneurs.

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# 4

## The Trial of Effectuation in Entrepreneur Development in Education

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### INTRODUCTION

As a developing country towards Vision 2020, Malaysia currently faces economic and social structural changes. With this, there needs to be an innovative and entrepreneurial response to deal with such challenges and to also create opportunities from them. There is a consensus that entrepreneurship activities generate employment, create wealth and stimulate developing countries (Ahmad & Xavier, 2012; Johansen, 2007). With this, Malaysia Ministry of Higher Education has taken the initiative by making entrepreneurship subjects compulsory to all students in public universities and so private universities should begin to follow suit.

Graduates are key to national growth. Inspired, self-confident, talented entrepreneurial graduates are more likely to initiate and lead dynamic new organizations and social ventures and to have the capacity to transform the organizations they lead and manage. Entrepreneurship education programmes must then begin at university level to expose students to environments that foster entrepreneurial mind sets, behaviours and capabilities to deal with an increasingly complex and uncertain world. This study explores the use of experimentation in teaching entrepreneurship in a Business School that eventually links to the discovery of theory of Effectuation

## **Entrepreneurship in Education**

Entrepreneurship can be defined in many various ways. Webster (2007) defines an entrepreneur as a person who “organizes, manages, and assumes the risks of a business or enterprise.” Another good definition is by Kent (1990) who see the entrepreneur as a person who see opportunities or an “unexploited niche, and fill it by developing a new product, devising a new service, discovering a new technology, or formulating a new organization.” Entrepreneurial skills include creativity, decision-making, leadership, communication skills, the ability to work in a team, marketing, and management, the ability to accept failure, flexibility, risk-taking, confidence, and passion. To sum up the definitions of entrepreneurship, Lundstrom and Stevenson (2005) would say entrepreneurship is “first and foremost a mindset.”

There are discrepancies over the definition of entrepreneurship education and these differences stem from different country backgrounds and at different level and phases of student education. However, at its core entrepreneurship education is a platform to develop new entrepreneurs. Entrepreneurship education must be able to provide the learner with the understanding of the nature, structure and purpose of a business and its relationship with what is happening in the society and economy. It should be able to impart skills through the educational system that enable individuals to develop new, innovative plans (Lundström and Stevenson, 2001; Klapper, 2004). Researchers have suggested that entrepreneurship education should start early within the education system (Kourilsky and Walstad, 1998; Stevenson and Lundström, 2002; Kroon and Meyer, 2001).

## **Traditional Methods**

Traditionally, entrepreneurship has been taught in classrooms using a didactic approach; The use of didactic methods helps students to become accustomed to using immediate data, analysis and interpretation of these data (Garavan and O’Cinneide, 1994b). The examples of didactic methods include lectures, provision of selected readings, text books, seminars and assignments (Garavan and O’Cinneide, 1994b; Hytti and O’Gorman, 2004). However, Davies and Gibb (1991) criticise the adoption of traditional education methods, which focus mainly on theory and didactic

approaches, suggesting that they are “inappropriate” in the teaching of entrepreneurship.

Klandt (1993) suggest that the most frequently used method in teaching entrepreneurship include: reading, lectures, guest speakers, case studies, on-site visits, research papers, thesis/dissertations, and workshops. For specifically educating about entrepreneurship, Klandt (1993) added the following methods more commonly utilised: consulting services by students and researches while educating for entrepreneurship involves using techniques such as: videos, practical work, writing business plans, computer simulations, role playing games, working with entrepreneurs, and joining a students’ entrepreneurial club. Presently, there are other ways in which a realistic image of the entrepreneur can be brought into the classroom, such as accessing a Web site, watching a television series and using a training pack (Heck et al., 2000; Hytti and O’Gormon, 2004).

In awareness of the issue, the discussion below will focus on the alternative methodologies that related to entrepreneurship teaching and learning entrepreneurship.

## **Non-Traditional Methods**

### **Experiential Learning (EL)**

Experiential learning builds on the work of Dewey, Lewin, and Piaget (Kolb, 1984). It is common to all three traditions of experiential learning to put emphasis on development toward a life of purpose and self-direction as the organising principle for education (p.18). The association for Experiential Learning Association (ELA) defines EL as a process in which a student can create knowledge, skills and values from direct experience. Experiential learning theory defines learning as “the process whereby knowledge is created through the transformation of experience (Kolb and Kolb, 2005). EL is formulated based on the student and not the facilitator. The student is involved in carrying out activities, formulating questions, conducting experiments, solving problems, being creative and creating meaning from the acquired experience (Esters, 2004). Experiential learning is a learner- centred approach that caters to individual learning styles. Encouraging reflection along with the activity structure has proven to be an effective component of the cycle for students (Miettinen, 2000). Experiential learning provides the indigenous student with the task of

being conscious about and taking responsibility for the reality of his/her own political and cultural awareness (O'Connor, 2009).

Experiential learning is holistic in that it combines experience, perception, cognition (thinking) and behaviour. Ideas are formed and reformed through experience - a process which permits adaptation (Chell, 2001: p.97). The premise of experiential learning is that individuals create knowledge through the transformation of their lived experiences into existing cognitive frameworks, thus causing individuals to change the way they think and behave (Kolb, 1984).

### **Problem-Based Learning (PBL)**

Problem-based learning (PBL) is used to develop creative and problem-solving students (Klofsten, 2000). It is particularly useful for entrepreneurship, which is not distinguished as a specific subject but permeates all the activities of the university, including courses, research, and external activities (Gibb, 1987). Students are encouraged to actively work with material and turn to the teacher for advice, mentorship, and answers to specific problems instead of being passive recipients of lectures. Students have a great deal of autonomy over how they learn, when they learn and where they learn (Jones and English, 2004). Unlike traditional teaching strategies, it is not a passive experience, but rather a deeper learning process. It includes collaborative activities, goal-driven tasks, intellectual discovery, activities that heighten thinking and activities that provide practice in learning skills. A combination of new technology and traditional resources is used to provide students with a rich variety of learning experiences. The objective is to create an environment in which students are encouraged to engage actively with the entrepreneurial process rather than simply read about it.

The development of the entrepreneurial education curriculum needs to include the principle of experiential and contextual education. Students can develop the skills and required knowledge effectively through the application of the entrepreneurial curriculum in situations that resemble the real business world (Norasmah et al., 2008). They added PBL provides opportunities to the students to: examine and experiment with what they know, explore what they need for knowledge, develop spiritual skills in order to achieve high performance in their groups, improve their oral and

written communication skills, state and defend their arguments with the available evidence, be more flexible in processing knowledge and fulfilling obligation and practice skills that are needed after graduation.

### **Characteristics of Effective Entrepreneurship Programs**

In the implementation of any entrepreneurship education it is important to distinguish that every course have certain unique characteristics. Kourilsky (1997) concludes that curriculum does indeed matter in ensuring an effective entrepreneurship program. It is not enough just to have a chapter on entrepreneurship rather as Rabbior (1990) suggests programs must have characteristics that “motivate, interest and inspire” students. This means that entrepreneurship programs must be hands-on where it creates an environment in which students learn through experience. Traditionally, student would often write business plans, create products or services and present them to their classmates. However, successful entrepreneurship program involves teaching methods that go beyond the traditional lecture format. The courses must finally encourage students to seek alternative ways at approaching a problem. Effective entrepreneurship programs should also contain a community involvement component. Entrepreneurs constantly examine their surroundings to determine how they can better their communities. Students of entrepreneurship should be encouraged to do the same. In a 1998 survey, 70 percent of students thought that entrepreneurs had an obligation to give something back to the community (Kourilsky and Walstad 2000). Community service activities also provide for an opportunity to improve relations between the school and the community (Rabbior 1990).

Pedagogy is an important topic that is generally discussed in academic institutions. In the early stage of entrepreneurship education development, it has been debated whether entrepreneurship can be taught or not. In addition, majority of researchers in entrepreneurship scholar argues the effectiveness of teaching entrepreneurship particularly in tertiary education. In a Malaysian polytechnic, a study on entrepreneurship education by Ismail (2010) shows that entrepreneurship curriculum is not effective and need to be improved. Accordingly, the study revealed that lecturers lacked relevant entrepreneurial skills, knowledge or training and teaching approaches were inappropriate (Ismail, M.Z, 2010). There

exists a need for a guiding model that is able to capture the dynamic nature of business and the start-up process, while incorporating the non-linear complexities and variables involved in a start-up process.

## **METHODOLOGY**

This paper will utilise the case study method to investigate the use of the effectuation principles in entrepreneurship, particularly in the case of new venture creation relating to entrepreneur(s) with no prior entrepreneurship experience.

In the case analysis,

1. Samples of the most recent student projects we have worked with using effectuation principles in pedagogy (looking at learning process, outcomes, challenges) will be investigated: FruniPrint Sdn Bhd and Ryse Apparel
2. Qualitative interview with selected entrepreneurs that have “graduated” from the course and is a current entrepreneur will be conducted to explore their experiences and learnings as a result of their experience in this programme; with particular focus on areas that has produced surprising insights.

It is almost impossible to fully describe each and every instance where the effectuation principles have been successfully applied in this paper, although the principles have been successfully applied in varying degrees at a majority of the possible failure points, and has led to the progression of the business venture. As such, this paper will only address key areas where the following has occurred:

1. Where the principles of effectuation has been applied but has not worked
2. Where effectuation has failed to be applied by the entrepreneur(s)
3. Where effectuation has been applied, and unexpected lessons were discovered

Where information is available and obtainable, a review of the impact will be addressed.

## **Course design**

The course objective is to ensure that the student entrepreneur achieve product market fit (PMF) for their business by the time they complete the programme. The requirement for a PMF for their projects ensures that the student entrepreneurs will strive to create a business that meets market and consumer requirements. A big part of the course delivery and assessment revolves around achieving PMF, with project checkpoints designed to ensure that the major start up process is covered by each of the student entrepreneur.

The learning outcomes of the course includes both personal and enterprise development objectives. The research consulted and the premise behind this decision; the entrepreneur is driver behind the business especially during the start-up stage, and the combination of his/her background, abilities, knowledge and skills, values and other personal development related components forms a major influence in decision making, thus affecting the possible growth and direction of the company (Kuenne & Danner 2017, Bates 1990, Young & Shepard 2004).

## **Effectuation**

The course utilises effectuation from the problem/ gap identification to the PMF stage. The search for a model that is action based, addresses non-linear decision making, and one that is capable of dealing with the control of variables affecting event outcomes led to the use of effectuation in the course design.

Effectuation says that entrepreneurs are constantly making decision and taking action. Effectual logic leads to what Sarasvathy (2003) called the “entrepreneurial expertise”, where entrepreneurs define what they can do by looking at what they have. Whereas if a linear approach is used in the decision making process, then an entrepreneur will first define goals and then find resources to achieve them (Verzat et al, 2016). Causation rests on a logic of prediction, effectuation on the logic of control.

The following principles of effectuation (Sarasvathy, 2003) are utilised in an effort to minimise the negative impact of variables on any particular event by encouraging students to use non-predictive controls.

- The bird-in-hand principle
- The patchwork quilt principle
- The affordable loss principle
- The lemonade principle
- The pilot-in-the-plane principle

### **The Business and Personal Coaching (BPC) Model**

A semi-flexible coaching model is used as the preferred method in supporting the entrepreneur in their business venture. There are multiple objectives and benefits in using coaching in the model; and in the case of this course design, coaching is used for the following reasons:

1. Coaching allow for close monitoring of student entrepreneur performance. Thus allowing coaching to be more proactive and reactive in picking up on and working with entrepreneurs to address any areas of concerns in the business. This also enables coaches to pick up on any critical “knowledge or skill gaps” that may exist in the student entrepreneur and provide immediate support
2. Coaches provide both intrinsic and extrinsic motivations to entrepreneurs
3. The use of coaching enables the most efficient delivery of the entrepreneurial process model possible and the use of effectuation principles at each possible failure points.

Both the student entrepreneur and the main coach commit to meet one face to face meeting per week, with additional consultations and mentoring conducted through either further face to face meeting, telecommunication, e-mail or other means of contact.

## **THE CASES**

The selected cases for this paper were inducted into the programme from the idea validation stage. FruniPrint and Ryse were incubated in a Malaysian private higher education institute, free from the confines of the standard academic requirements. At each possible failure points, the use of all five principles of effectuation were encouraged in the decision making process in each coaching, mentoring and review sessions.

### **FruniPrint Sdn Bhd**

#### **Case Background**

FruniPrint is a student-initiated project by Alexis Ang, a last semester business student in 2015. To date, FruniPrint has received three rounds of investments to a total of RM875 000 from a Malaysian government linked investment agency and private investors. It currently employs 5 people and has a turnover of RM420 000 as the end of 2016.

Work began with FruniPrint at the idea stage. Alexis observed a business providing free printing to students by charging advertisers for access to the students through advertisement placements on the printouts in Japan. Realising the issues relating to the high printing cost that his fellow course mates were having, he wanted to adopt a similar localized model in Malaysia.

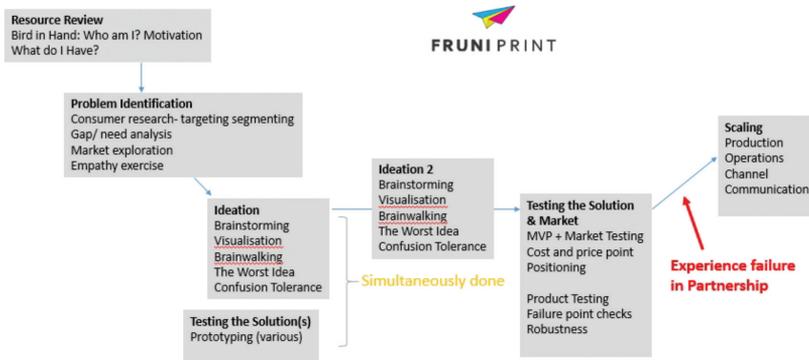
FruniPrint approached his alma mater with regards to the above project, and was promised general support in getting his business up and running. Before work started on the business itself, Alexis spent almost two weeks conversing with his coach to explore his personal motivation, reasons for starting a business. This was done to clarify his own personal objectives, and ensure that the key strengths and weaknesses are identified before further progress. A review of the key resources and partners to support the new venture until the MVP stage was done and found to be available and accessible. Alexis had in fact had experience with three of his proposed partners. In areas where he had little expertise and where a resource gap exists, he had approached key partners that he would work with and obtained their commitment by the time he reached the second iteration of his prototype.

### Issues with Partnership; Willingness to Commitment changes with time

Early in his business, Alexis extensively explored and reviewed possible project partners to join his business venture. Based on extensive interview, review and conversations with market leaders, he finally selected a medium sized IT provider who had pledge their commitment to the investing and building of the backbone infrastructure required for the business in return for the promise of equity in FruniPrint.

Alexis negotiated a final outcome with the IT partner based on their capability, commitment and his vision for growth. Alexis has already completed his prototyping early on, and at this point of time, the agreement between the partners focuses on the MVP and a scaled-up version of the IT system that they believed could be achieved, and that would support the commercialisation of the business venture. The milestones and resources were agreed upon, with some flexibility allowed for changes in market conditions and feedback. Expectations were that the IT system will continue to improve and evolve as the business grows, and the IT provider will continue to be a significant partner in the business venture in the future.

## Start Up Process of FruniPrint Sdn Bhd



As the project progress, the work and resources related to the network and software building becomes more complex. With each MVP, the market feedback is compiled and where required, improvements are agreed upon with the partner and implemented. It was during one of these review

sessions, that the vendor and Alexis realized that the vendor was not able to deliver on the proposed network system agreed on, and a significant investment is required to further the MVP so that it meets the market needs and is ready for scaling. Alexis also started to realise that his partners does not share his business values in running their partnership, and this caused conflict in the decision making of their daily business and building of the MVP.

To ensure continuity of the venture, both parties renegotiated their partnership agreement, and agreed to continue working with each other until Alexis found another supplier to take on the project. This however, caused its own set of problem:

1. Alexis is back to square one, where he has to look for a new vendor for this critical element of his business
2. He now has to ensure that the transfer of knowledge and technology is done between both partners in its entirety so that there is smooth transition in the transaction and venture
3. There is also the issue of the ownership of the work that is being done that the previous partner has invested in, that needed to be sorted out

### **Learnings from FruniPrint**

In treating the project partner as part of a resource, this means that Alexis has had to review his partners periodically as how he would his resources or means. As his venture progresses and grow, he has a choice of adding on to his network of partners to meet the resource demands of his business, wait for his partner to upskill or alternatively work with a new partner who are able to contribute a bigger range of resource to the venture. With each new step of decision making involving the business progress and growth, comes the review of resource- and in this case partnerships goes through periodical review too. Responding to the results from MVP also mean that the means/ resources, especially in relation to key partner capacity and willingness to commit, have to be periodically reviewed and realigned as the business needs changed in response to the market. This is an organic process that has to be done not just in the beginning of the venture, but periodically as the venture progress.

Alexis, as a new entrepreneur with limited experience and network, found it difficult to fully benefit from the patchwork quilt principle as he has little experience with reliable partners.

### **Ryse Apparel (Lift and Conquer Enterprise in 2015, now M N Ryse Sdn Bhd as of 2017)**

Ryse Apparel was founded by Vivian Heng and Raymond H'ng as students. Vivian attended an entrepreneurship class in her alma meter, and realized that she is interested in starting up a business. Upon completing the class, she and her partner, Raymond proceeded to explore possible market gap and opportunities and products to work on. Ryse now specializes in high technology performance wear for sports enthusiasts. It has received a total of RM200,000 in private investment, employs 6 people and has a turnover of RM120,000 as at the end of 2016.

Vivian and Raymond were inducted into coaching at the opportunity/gap exploration stage. A preliminary coaching session was done with both of them to explore the “why” of them wanting to start the business and to explore their area of passion. Both wanted to achieve a higher goal of proving to themselves (according to Raymond, this is in line to the general concept of YOLO that their generation prescribe to- You Only Live Once) that they can make this happen, and at the same time contribute back to the society by doing this. At this point of time, their “why” was a very raw idea to them, and there was no specific vision behind it. From the preliminary session, it was discovered that Vivian is interested in fashion, and Raymond in sports. The left the coaching session with the advised to evaluate their existing resources, and further delve into their “why”.

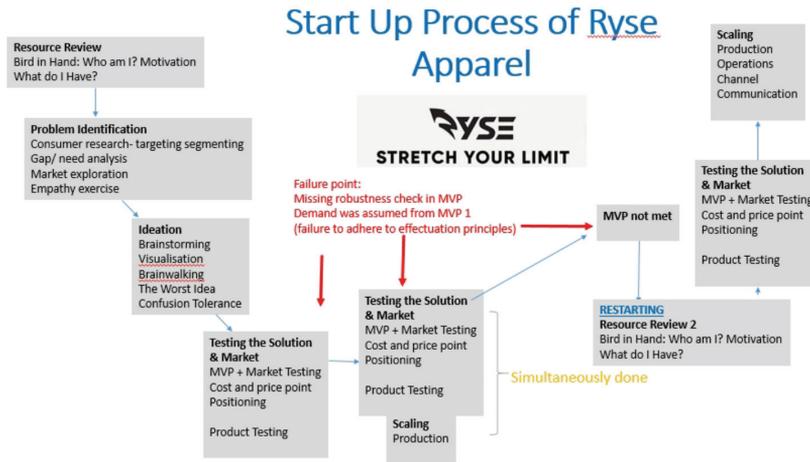
Vivian and Raymond spent quite a bit of time talking to their network to explore options. They needed three things at this stage: money to start a business, manpower in the form of partners and a market they can explore for the venture. While talking with their network, they found another fellow student who prescribed to their version of “why” and was also interested in starting a business. This partner has the ability to fund the venture, and the pair invited the fellow student to join them. The team of three, had different passion and objectives but at this point of time, they have decided to combine their passion for fashion, sports and design into a business that taps into the market closes to them: the student market.

The idea was to sell a lifestyle based casual sportswear to the students' market. At this point of time, the team were asked to explore other possible market segments too, and ensure that there is a real need for the particular lifestyle product that the team has decided to work on. This is a very important possible failure point in the model: too little demand, and the venture will not be able to make enough to survive, high cost of production means that the product might be too expensive for the consumer and they will find it difficult to buy or will not buy, and the possibility of not being able to meet the MVP final milestone is very high as lifestyle concepts are abstract, and information on the consumer requirements are not clearly define and easily available.

### **The Failure Point: Use of Causation Model in Decision Making**

The subsequent coaching sessions were focused on the need to prototype and test the market. The team was advised to test a few possible markets to spread their risk and obtain more information on the market so that a more accurate decision can be made, but after some consideration, they have decided to focus solely on the lifestyle based casual sportswear market.

In general marketing testing for the fashion business is a challenge; it was almost impossible to test the lifestyle market with just a "prototype". Fit and form is a very important product feature in the consumer buying process in the apparel and fashion industry- and as such, Ryse needed to directly produce the MVP of the product for testing. Luckily for the venture, due to their earlier work in exploring and determining their resources, there are now sufficient immediate resources available for an MVP.



The team spent almost six months on product design and creating a few versions of the MVP. By the first round of testing, the team has three possible ranges of product available for the MVP testing. The team tested the MVPs on the student market, and one of the concepts received better feedback than the rest. From there, the team decided to focus on the one range of MVP which has received the better feedback.

It was also decided that there was sufficient data to justify the increase in investment in doing a mass MVP (version 2), and the team decided to spend the majority of their available finances on the second MVP by going “all out” on mass producing version 2 of the MVP. On reflection, Vivian and Raymond recalled being very confident in their product choice in the beginning. It was this confidence that had led them to decide on pumping the majority of their financial resources on the production of version 2 and treating it as their “finished product”. The decision to mass produce an MVP commercially also meant that the production lead time for the MVP is now longer, and they are only able to test the second version of the MVP another four months later. Upon receiving the second version of the MVP four months later, the team went on ground and tried to sell the product. It was then that the team experience their real feedback with regards to the products; the product fit did not meet the requirements of the majority of the market, and the team was pushing a product too hard into a student market that does not see a need for the product. At this point of time,

the team realized that they have rushed through their product design, and insufficient market research was done before the financial resource were allocated into scaling the production.

### **Learnings from Ryse Apparel**

Ryse's use of the causation approach halfway in doing the MVP led them into imbesting the majority of their resources into scaling the marketing and production of their products, before they have received the relevant product market fit (PMF) information from their MVP tests. There was minimal market test conducted, and there has led to minimal learnings from the MVP process and led to the lack of available means in the form of consumer knowledge. At the same time, premature decision to utilise the majority of their financial resources in the production and marketing means that they have less available means to work with in their next round of decision making. As such, when they decide to shift their goal the next time or embark on a new goal, they now have a resource issue.

The Ryse team also initially found it difficult to move from ingrain causation approach in decision making that they have been familiar with in the education system, to the effectuation approach. The time required for the learning curve and adaptation has directly led to an initial period of confusion where both approaches were used simultaneously or where the effectuation method was/were totally neglected.

## **LEARNINGS AND RECOMMENDATIONS**

From the testing of the models in the cases, we derived the learnings are relevant to the following two areas of research: the use of effectuation in the creation of new venture and the use of effectuation in teaching and learning.

### **Learnings from the use of Effectuation in New Venture Creation**

#### **Adopting the effectual process takes time**

The student entrepreneurs took time to prescribe to the effectuation approach in decision making. Most were stuck at the causation-based

approach for quite some time early in the venture. This is especially true when the student entrepreneurs were asked to solve problems and in objective setting. Ultimately all the entrepreneurs ended up learning and utilizing the effectuation process, but not before incurring some cost as a result of the learning process.

### **Trial and Error Approach in Selecting Partners**

In a new venture where the student entrepreneur has little network and experience, identifying a reliable and trusted partner in decision making is challenging. It is difficult for a new venture with no prior experience with their proposed partner to make a clear decision on the quality of the partnership. The start-up entrepreneurs started with an idea of who they would like to work it, but they will not know whether they right one until the relationship progresses.

All the start-ups in the cases had to use a trial and error approach before identifying the “right” partner for their business. All the businesses have worked with new partners who they have no prior experience with. Many of these partnerships presented surprises that the entrepreneurs had to address later in the venture. Ryse in looking to manufacturing enmass realised that although they had the initial manufacturer, they used for their first mass production were not able to produce products as per design requirements. In their second attempt of their entrepreneurship journey, they were more cautious with partner selection. They went into more reliable platforms to seek recommendations and ensure that do a thorough check of the partners before engaging them (check certification, check samples, factory visit and took more steps into consideration in their screening process to ensure credibility) before engaging partner.

### **Partnership Requirements Changes as the Business Venture Progresses, Thus Requiring a Review of the Commitment between Partners from Time to Time**

As the business venture grows and progress, the alignment in the envisioned outcome that has been co-created by the partners might change. This could affect the partnership relationship if the partnerships are viewed solely as a resource, and where one of partners can or is no longer willing to deliver

on the pivoted/ new envisioned outcome and subsequently withdraw their commitment.

### **Start with Fast and Cheap MVP Tests**

Fast and cheap MVP test and prototyping are important to ensure that the PMF of the venture is confirmed as soon as possible, and to ensure that the sustainability of the business by minimising outflow of finances into one big test. Doing MVPs in smaller batches also means that the entrepreneur is fully able to collect more information relating to their market before they finally put in a bigger investment in the production.

### **Do Not Put All Your Eggs in One Basket**

It is recommended that MVP testing is done in smaller batches and tests a few possible market segment or options to ensure that all possible markets are addressed before a decision is made to target the market. This will ensure that the risk is spread out, and changes of success increases with the spread of the risk.

### **Bootstrap All the Way (This may affect the entrepreneurs' available means in future endeavours)**

Regardless of the available resource that an entrepreneur has to start with, overspending on any item in business means that the entrepreneur will have little resource left for the next round of decision making, and thus limiting their option of possible actions. A very good example of this is Ryse in their management of their second round of MVP testing. By spending the majority of their funds on that particular testing which did work out, they then have very little financial resources left. They subsequent rely heavily on collaboration for their future endeavours.

### **Learnings Relating to Teaching and Learning**

From the conducted cases, the following challenges were identified when working with student entrepreneurs with regards to teaching and learning:

**Cost of testing for students.** Student entrepreneurs need to be ready to invest in the business. Although MVP can be done at a minimal cost, there will still be costs accrued.

**Moving away from causation mindset.** As reflected in the cases, all the entrepreneurs currently took some time to move away from the causation approach in decision making

**Assessment.** Due to the complexity of the business venture process and the use of effectuation. It is difficult to capture all the components involved in the building of the venture and objectively assess them. This is especially true when an adaptive non-linear model is used in the module.

**Academic requirements.** Some of the elements that could stifle the process of entrepreneurship as a result of academic requirement: the need for specific structure in delivery of a module, along with the need for objectivity in assessment means that the current academic and application of current basic theoretical principles in areas related to business could be counter-productive to the entrepreneurial process.

## **Recommendations**

Further case studies are required to identify new areas and ways of how effectuation is used and effects student entrepreneurs. These are currently limited research available with regards to this, with little available samples of delivery model for reference. Further testing into the impact of using a mixed model in decision making using the causation and effectuation approach in the future is also needed to find the most effective mode of decision making for entrepreneurs.

The area relating coaching in entrepreneurship is also another area for possible future research. Coaching is already a widely used methodology in the environment outside of academics to support entrepreneur development, but it yet to be utilised in higher education institutions in the delivery of the entrepreneurship programmes. The upskilling of entrepreneur instructors is also a possible requirement in the future to ensure that the students receive the maximum realistic learning experience from their academic programmes. The role of the instructor in class might also need to evolve from its current role, to one that is more student-centred and focused on supporting the entrepreneurship process and experience.

## **ACRONYMS AND ABBREVIATIONS**

BPC	Business and Personal Coaching Model
EL	Experiential Learning
MVP	Minimum Viable Product
PBL	Problem Based Learning
PMF	Product Market Fit
SME	Small Medium Enterprises

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# 5

## **Crowdfunding as Potential Engines for Capital Source for Survival Startups**

Mansur Ahmed Kazaure and Abdul Rashid Abdullah

### **INTRODUCTION**

Crowdfunding allows initiatives of social, cultural and profit maximization companies that advertised their project on web in search for financial support (Mollick 2013) to raise funds from the crowd rather than a very small group of individuals (Cordova et al 2015). These days, with the advancement of new technology business owners' seeking for survival start-ups became more independence and innovative in raising capital through the crowdfunding models (Rahman and Duasa 2016). Many entrepreneurs' used crowdfunding to raise fund successfully (Bao and Huang 2017). In order to raise fund via crowdfunding the project owner must both present a product suitable for funding as well as create a suitable campaign for that product through crowdfunding platform. The main aim of this paper is to serve as an introduction to study that seeks to finds how crowdfunding serves as potential engines for capital source for firm survival start-ups. Crowdfunding has recently emerged as a new way of financing new projects. As a novel and emerging concept in business investment, the definition of crowdfunding is still open for discussion in academia (Forbes and Schaefer 2017). It is the funding of a venture or a new project by a group of people instead of traditional institution, allowing the creators of for-profit, cultural or social projects to request money from crowd, often in return for future goods or equity (Puspa 2016; Suhaili and Palil 2016; Sanday et al 2017).

## **Crowdfunding Models and Their Platform**

### **Donation-based Crowdfunding**

Donation based crowdfunding allows the community to donate money or pledged a financial support to a project without seeking for financial return. Its offers individual startups the independence and broader opportunities to pursue their business by way of no returns for any money paid to the platform (Muktarrudin 2017), The donation crowdfunding is mostly for charitable organization and the popular platform of donation-based crowdfunding is Just Giving (Forbes and Schaefer 2017).

### **Reward-based Crowdfunding**

A reward is considered commission based by the donor and provided by the party using crowdfunding to source fund. Reward-based crowdfunding works by means of the exchange of gift inform of reward or voting rights in order to support enterprises for specific purposes. The reward could be in the form of an appreciation letter, thank-you mail, writing of the donor's name on the cover of a film CD or DVD (Muktarrudin 2017). The main platform for reward-based crowdfunding is Kickstarter and Indiegogo (Forbes and Schaefer 2017).

### **Equity-based Crowdfunding**

Equity crowdfunding refers to the process of raising money for entrepreneurial finance mostly through internet-based platforms, where by the contributors receive equity in exchange for his investment (Mamonov and Malaga 2017). The main platform for Equity-based crowdfunding is Seeders and Crowdcube (Forbes and Schaefer 2017)

### **Loan or Peer to Peer lending-based Crowdfunding**

Peer to peer crowdfunding was considered to be a little riskier compared to other crowdfunding model as it based on the provision of a loan to the owner of the project. It is an investment mechanism through which backers provide money inform of loan to entrepreneurs to support their project in exchange for getting return in the form of interest payments (Puspa et al.

2016). the main platform for peer-to-peer crowdfunding is funding circle (Forbes and Schaefer 2017).

According to the crowdfunding industry, report (2015) Donation-based and Reward-based dominated the crowdfunding market. The result shows that donation-based account to 49%; follow by reward base with 22% then equity with 18% while lending base has only 11% respectively. This is in line with the (Muktarrudin 2017; Biggelli 2016; Kraus et al 2016) finding.

## **LITERATURE REVIEW**

Research conducted so far has both focused on the crowdfunding campaign success, risk and reward in the crowdfunding models. On the other hand, scholars have investigated the reason behind donors' decision to invest in crowdfunding platform. Golic (2014) undertakes his research on the advantages of crowdfunding as an alternative source of financing of small and medium size enterprises. Author concluded that, crowdfunding serves as the best alternative means of financing the SMEs start-ups capital, which in turn create more job and increase the country GDP. Crowdfunding is rapidly growing and it is likely to become one of the main sources of financing new and existing business in the near future (Barbi and Bigelli 2017; Paschen 2017). However, Crowdfunding can play important roles in organizational fund-raising strategy (Riley-Huff et al 2016; Suhaili and Rizal 2016).

Mokhtarrudin et al (2017) found that Malaysian youth prefer to used donation and reward-based crowdfunding models as their main sources of start-up capital. They concluded that donation and reward-based crowdfunding are the best sources of start-up capital while equity-based crowdfunding has higher risk which includes; market risk, executive and agency risk (Mamonov and Malaga 2017). Their finding is similar with Kraus et al's (2016) finding which indicates that, crowdfunding is primarily changing the strategy of funding the new project, they concluded that, reward-based crowdfunding has dominated the crowdfunding market with 14% of funding volume compare to equity-based crowdfunding with only 4%.

Zvilichovsky et al (2018) undertakes their research on the factors that motivate the backers to invest in a project. Their finding indicates that, the

factors that motivate backers to invest in a project is rely on the desire of the donors to make the product happen. The authors' uses 200,000 projects from Kickstarter platforms as a sample size. Further, Forbes and Schaefer (2017) stated that, backers prefer a tangible reward as the motivational factors rather than a material such as T-shirt and Stickers. They concluded that, to be successful, the crowdfunding campaigns should be short, product features should be use to address important information about the product development, time scales, business plan and the budget breakdown. Moreover, information about entrepreneurs' education; skills, product quality and usefulness of the product is the key factors that motivate the backer to invest in a project (Allison et al 2017). Moreover, desire of the product consumption and the intention to make the product happen are the main motivational factors for successful crowdfunding not physical or other valuable rewards (Steigenberger 2016). Nevertheless, backers invested in a project when they have confidence that, their contribution will make a positive impact on the project (Kuppuswamy and Bayus 2016). But Davis et al (2016) stated that, perceived product innovativeness is positively associated to crowdfunding campaigns success.

However, Maier (2016) argued that, in crowdfunding campaign transparency is more important than economic reward or relationship aspect. Company information and assessment of the previous campaign performance has little influence on investors' investment decision, successful crowdfunding campaign usually depends on the networking skills and effort of the funder of the project (Kaur and Gera 2017). In addition, campaign creator needs to use networking to mobilize individual to invest in his project at the same time communicate his project on social media in order to persuade individual to donate in his project. Parhankangas and Renko (2016) concludes that, linguistic styles are significantly important in social entrepreneurs compare to commercial entrepreneurs' they further suggested that, social entrepreneurs should use linguistic styles to attract more backers.

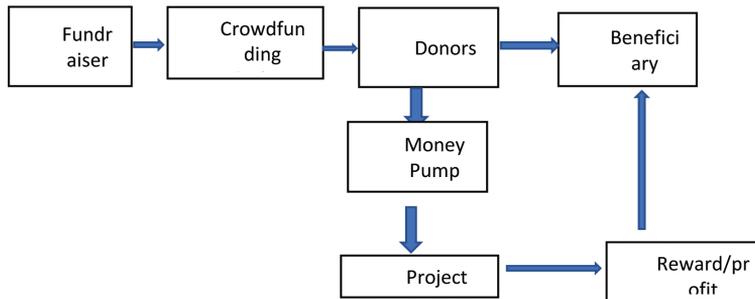
Although, Hornuf and Schwenbacher (2017) has a contrary view, they stated that, security of the platform is the main motivational factor behind the crowdfunding success. They concluded that, backers based their decision on information provided by the project funders as well as the comments of other crowd donors. However, perceived sympathy, Perceived risk trustworthiness and openness is significant important in

reducing perceived information irregularities of investors in crowdfunding campaigns (Moritz 2015; Zheng et al 2015; Lacan and Desmet 2017). While, Kang et al (2016) stated that, both calculus trust and relationship trust transmit the effect of network externality, perceived informativeness, perceived accreditation, third party seal and social interface link to investment intention.

Rupeika-Apoga and Danovi (2015) stated that despite the growing of crowdfunding market SMEs in Latvia and Italy prefer to use the traditional sources of finance such as banks, family and friend and business angel as the main source of finance. The main reason is that crowdfunding lack legal backing in the two countries. Consequently, to ensure fairness, efficiency and transparency in crowdfunding industry, there is need for rule and regulation. The rules should protect the both parties against immoral practices (Kabai 2017). On the other hand, Kim and Kim (2017) suggested that, to reduce risk in crowdfunding the entrepreneurs should source their funds from local investors because fund offered by local investors' has lower interest rates and less default risk because of the geographical distance between the crowd.

## **Crowdfunding Conceptual Framework**

The general crowdfunding conceptual framework is based on the idea that, project seeking for funding must undergo some process by describing, advertising, promoting and marketing his idea using social networking via the Web platform (Suhaili and Palil 2016). The design style of the website permits the fundraiser to create a social networking access in promoting the needs fund by revealing project profile, pictures and description of how the fund raised should be use (Kirby and Worner 2014). Operationalization of the framework needs at least two parties participating; one is the project owner and second is the crowdfunding platform. The platforms serve as intermediaries in managing the transfer of the fund raised from the donors to the fundraiser (Abdullah 2016). The project donor received a reward in terms of gift, dividend, and interest or appreciated letter in return of his donation.



**Figure 3.1** General conceptual framework of crowdfunding operationalization. Adopted from Suhaili and Pilil (2016) with modification

However, in crowdfunding operationalization framework the platform facilitates as the third party of the campaign from donors to the fundraiser. The platform in turn, use banks to facilitate the process of deposits and withdrawals of fund raised from their various donors. However, the platform charges some amount of money as a service fee for the maintenance of the portals, the services fee varies from platform to platform. For example, Spacehive.com charge affordable cost (Hollow 2013) while JustGiving and Spot.us is free of charge (Kuppuswamy and Bayus 2013). The platforms manage the funding process and takes the responsibility of tracking the project progress based on the projects' funding campaign objectives.

### **Crowdfunding as Potential Engines for Capital Source**

Since the analysis of Joseph Schumpeter, finance has been seen as a significant part of business innovation process, growth and survival, yet access to finance is the major problem facing the business owners these days (Lee et al 2015). However, in the undergoing of declining bank lending, severer regulation and general destruct of the financial service after the 2008 financial crises, some business owners sought new source of financing their business through new technological intermediaries commonly known as Fintech or financial digital companies (Wille and Hoffer 2017). Moreover, Drover et al (2017) mention that, firms with high-growth potential start-ups has mostly focused on external finance such

as venture capital (VC) angel investment (AI) corporate venture capital (CVC) and Crowdfunding (CF). There is growing interest in the potential roles play by crowdfunding in early-stage of finance. For example, in April 2012, Obama the president of America signed into a law called the “jump start our Business Start-ups” (JOBS) act with the sole aim of reducing regulatory restrictions on raising capital for micro, small and medium businesses in the country (Agrawal et al 2015).

Further, crowdfunding industry report shows that, the global crowdfunding market is growing annually, in 2012; 2.7 billion dollars was raise while in 2013 the amount increases to 6.1 billion dollar, 2014 and 2015 was 16.2 and 35 billion dollars respectively. North America is the largest region with crowdfunding market; Europe has also experienced the growth, similarly in Asian region the market is growing at high rate but the market in Oceania, South America and Africa regions is not growing may be because of less development in terms of technology.

This indicates that firm all over the globe are using crowdfunding to finance their business. Despite the benefit of crowdfunding models in financing the project, the major problem, facing the industry is the issue of risk. The risk facing the industry includes idea stealing and Cybercrimes (Schwienbacher 2017).

## **CONCLUSION**

Based on the review from the literature and evidence from the crowdfunding industry report, crowdfunding can serve as the best source of external finance for business seeking for growth and survival. Hence, in this paper, the author has discussed the concept of crowdfunding, its models, crowdfunding conceptual framework and crowdfunding as potential source of capital for firm survival startups. It could be further, concluded that, crowdfunding mechanism as a fundraising tool is becoming popular that business organizations must exploit to it. Finally, the model must be supported with government policies and reliable web platform that is capable of connecting e-communities (fundraiser and backers).

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# 6

## **Graduate Employability Model: A Malaysian Perspective**

Seetha Nesaratnam and Reanu Chelladurai

### **INTRODUCTION**

University graduates around the world are facing the challenge of a precipitous trend of unemployment (Rae, 2008; Thern, et.al, 2017). Samkin and Stainbank (2016) had raised the argument that, the curriculum of Higher Education Institutions (HEIs) has failed to prepare work-ready graduates to meet employers' expectation in terms of skills, attributes and professional qualities. These thrusts the notion that graduate employability requires graduates to be equipped with the necessary attributes and skills aligned to the requirements of the labor market.

Malaysia is currently facing an unemployment problem amongst local graduates not because of limited employment opportunities, but mainly because the graduates are not work-ready (Hanapi and Nordin, 2014; Rahmat, Ayub and Buntat, 2016). The Department of Statistics Malaysia (2014) reported that the highest in number of unemployed Malaysian workers are between 20 and 29 years old in the graduate and postsecondary category. Bank Negara Malaysia (2017) in its policy Outlook Report states that the graduate employability in Malaysia is a rising concern as graduates represent 23% of total youth unemployment in the country.

The need for research in the area of graduate employability therefore, is imperative not only for contributing to the body of knowledge, but also in aiding the development of the Malaysian workforce.

## LITERATURE REVIEW

### Defining Graduate Employability

Dacre Pool and Sewell (2007, 2014) describe graduate employability as graduates who own an inventory of skills, knowledge, understanding and personal attributes that make them more likely to obtain jobs which are satisfying and rewarding. Another perspective of employability can be explained as the graduate's propensity for demonstrating a specific skill-set personality trait needed to be a fully functioning employee (Govender and Wait, (2017). Researches seemed to concur that employability is when graduates are able to gain employment, sustain the employment, cross function with other units in the organization whilst fully utilizing their specific skills-set in a way in a way that develops themselves and also benefit the organization and the economy of the nation (Hillage and Pollard, 1998, Harvey, 1999, York and Knight, 2007). Table 1 below highlights and summarizes "Graduate Employability" from the views of diverse and prolific researchers in the domain.

**Table 1** Summary of Graduate Employability

Graduate Employability	Authors
<ul style="list-style-type: none"><li>• Ability to gain employment, grow in that capacity of work and move to another employment within the job market with relative ease.</li></ul>	Hillage & Pollard (1998)
<ul style="list-style-type: none"><li>• Ability to use their specific skills set in a way that is expected by the employer for the benefit of the organization.</li></ul>	Harvey (1999)
<ul style="list-style-type: none"><li>• Having a set of skills and putting them to use in an occupation that gives the graduates a sense of satisfaction and fulfillment.</li></ul>	Dacre Pool & Sewell (2007)
<ul style="list-style-type: none"><li>• Having an inventory of skills and personal attributes that not only allow them to gain employment but to contribute to their personal success as well as the organization and the economy.</li></ul>	Yorke & Knight (2007)

## **Employers' Expectation**

The Malaysia Educational Blueprint for Higher Education 2015 – 2025 addressed the challenges of the 4<sup>th</sup> Industrial Revolution under its Education 4.0 framework highlighting that in spite of digital advancement; graduates need to be equipped with soft skills such as communication, problem solving, lifelong learning skills and collaborative skills. Research on employability, indicate strongly that employers place a higher value on soft skills compared to other factors (Mazlan, Sui and Jano, 2015). Finch et al., (2013) further defined the wide encompassing concept of employability skills to mean soft skills such as, interpersonal skills, communications skills, critical thinking and problem-solving skills. Dinning (2017) highlighted a common complaint among employers about their new hires, explicitly reiterating that they enter the workplace with much knowledge on theories and principles and information but are poorly equipped with soft skills.

The Malaysian graduate employability problem was captured by a study done by Jobstreet Malaysia (2015), where it reported that a staggering 64% of employers reported turning down graduate candidates for unrealistic salary expectation, 60% owing to poor character and attitude problems. More than 50% cited poor communication skills and a poor command of the English language. The same survey identified 70% of respondents who said that the competence demonstrated by graduates at work were just average, whilst 24% said they were of poor quality and only 6% said that their hires were competent.

Drawing from the body of literature on employers' expectation of soft skills, the next section will provide a narrative of the most sought-after soft skills as required by the employers.

## **Most Sought-After Soft Skills**

### **i. Communication skills**

Communication is described as the exchange of information, feedback or response, ideas, and feelings. It provides knowledge, strengthens relationships, establishes predictable behaviour patterns, helps retain attention to the task at hand, and more importantly, it is a management tool (Kumar et al., 2013; Jo and Jangwan, 2016). As a result of lack

of effective communication, a message may possibly turn into an error, misunderstanding, or frustration. The National Association of College Education United Kingdom's survey (2009) concentrating on employers, reported that communication was the most important skill which needs to be mastered by graduates in the workplace and unfortunately, it was reported to be the one skill in which graduates were most deficient. Similarly, communication skills have been noted as essential for graduates and acknowledged as one of the strong employability factors by both academics and practitioners (Russ, 2009). Correspondingly, the employers place high value on graduates who possess good written and spoken communication skills as being a key job requirement (Masclé, 2013; Towers-Clark, 2015).

ii. Leadership skills

Leadership by definition is the accomplishment of goals through and with the efforts of others (Prieto, 2013). Leadership as a form of soft skills allows graduates to negotiate with others, to participate in a team environment, to provide service to clients/customers/peers, and to resolve conflicts (Weber et al., 2010). Present day educators are also concerned with developing the leadership skills of students, especially college-aged students, and intentional leadership training in an undergraduate curriculum could positively influence a student's potential leadership qualities (Hu, 2011, Lok and Crawford, 2004). Starkey, Tempest and Mckinlay (2004) argued that leadership is not limited to top level management or executives in an organization but, it is inherent at all levels at which, individuals share common goals and visions in varying magnitudes.

iii. Problem solving

Being a problem solver indicates that an individual is able to think critically, logically and creatively and be able to see things from multiple perspectives (Syafii and Yasin, 2013). Problem solving has been described as the cognitive-affective-behavioural process by which an individual reportedly identify, discover, or invent effective or adaptive coping responses for specifically problematic situations

(Pellegrini et al., 2008). Problem solving is thus the ability to plan, organize, take action, evaluate and adopt. Being a problem solver may have significant influence on one's success in life especially so for graduates (Belzer, et al., 2002). By utilising this skill, the graduates would in the process develop and discover their capabilities, whilst, supporting the employer.

iv. Teamwork

Teamwork has become the norm of today's workplace, and teamwork skills are often cited as key criteria for hiring (Brock et al., 2017). Teamwork has been acknowledged as being one of the major skills involving workforce readiness and has become an integral part of the education in which educators assign students to group projects that may require collaborative tasks (Ahles and Bosworth, 2004). As teamwork is increasingly used in the workplace, firms have begun to concentrate on hiring graduates and potential candidates with (or developing) necessary skills to work in a team (Agwu, 2015). Table 2 below is a collation and summary of key definitions of the four skills discussed above predicated by various revered researchers.

**Table 2** Summary of Soft Skills Most Sought after by Employers

Soft skills	Author
<p>Communication skills</p> <ul style="list-style-type: none"> <li>• Verbal communication is important</li> <li>• Oral communication is critical</li> <li>• Ability to express one’s ideas with clarity</li> <li>• Most basic element of human functioning because it is considered as the foundation of strong, healthy interpersonal relationships</li> <li>• It provides knowledge, strengthens relationships</li> </ul>	<p>Kumar et al. 2013; Russ, 2009; Masclé,2010;Towers-Clarke, 2015;Mazlan, Sui and Jano, 2013</p>
<p>Leadership</p> <ul style="list-style-type: none"> <li>• Assertiveness, decisiveness, flexibility, judgment, initiative &amp; stress tolerance</li> <li>• Being able to lead a team</li> <li>• Empowers one or more individuals under their stewardship to achieve and accomplish tasks and missions</li> <li>• Great leaders possess dazzling social intelligence and accomplish difficult tasks</li> <li>• Strong willed and dominant and confident</li> </ul>	<p>Perreault, 2014; Drucker,1954; Dubrin, 2007; Allio, 2012; Hassan et al., 2013</p>
<p>Problems Solving</p> <ul style="list-style-type: none"> <li>• Critical thinking</li> <li>• Ability to think of multiple solutions</li> <li>• Analytical and decisive</li> <li>• The ability to embrace multiple perspectives and challenge thinking</li> <li>• Cognitive-affective-behavioural process by means of which individuals reportedly identify, discover, or invent effective</li> </ul>	<p>Fairuzza et al, 2011; Sparks and Wait, 2011; Pellegrini et al. 2008;</p>
<p>Team work</p> <ul style="list-style-type: none"> <li>• Gaining willing cooperation from team members</li> <li>• Being empathetic</li> <li>• Prioritising team goals rather than individual goals</li> <li>• Fostering teamwork is a top priority for many leaders and in the business world, companies realize the value of teaming in creating greater employee involvement, leveraging human resources</li> </ul>	<p>Brock et al., 2017; Diamond et al, 2009; Ahles and Bosworth, 2004</p>

## **Emotional Intelligence (EQ)**

In today's intensely competitive world, producing subject matter experts alone may not be enough. HEIs should also equally focus on a holistic aspect of developing an entire personality of the students such as intelligence, EQ and social skills which may help graduates in their future endeavours (Seal et al., 2011). Hancock (2017) defined the term EQ as the ability to manage one's own feelings and emotions and to be able to use knowledge and information to guide one's thoughts and action. In addition, Goleman (1998) postulated EQ as the ability to be able to identify one's own feelings and of others for effective interpersonal relationships, and for handling emotions whilst avoiding conflicts at the workplace.

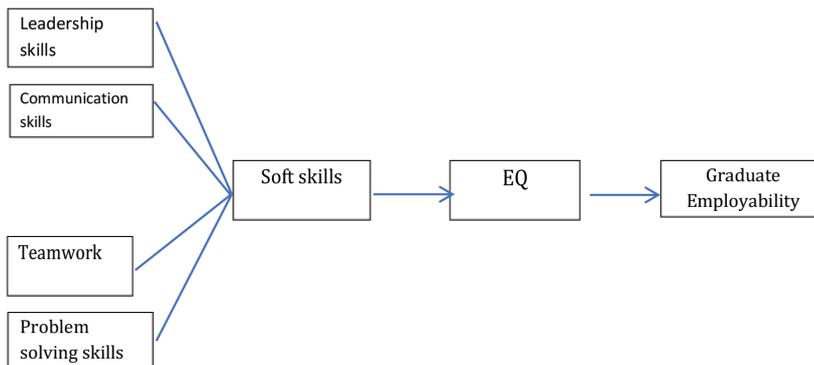
HEIs business programs only focus on providing education to students in relation to theory and research. Faculty members may rarely have the time to train their students and willingly help them to gain such skills, which may relate to their professional lives and workplace. Due to such a lack of these skills among graduates, organizations may therefore, have to incur additional cost for training these unprepared graduates (Clark et al., 2003). Notwithstanding, in the context of business schools there seems to be a positive turnaround with more institutes reportedly considering benefits from research addressing EQ as a medium to develop both the intrapersonal and interpersonal skills among the students (Joshi et al., 2012). EQ has been shown to relate to job success more than IQ (Goleman, 1998), but unfortunately, a major proportion of the curriculum assessment reportedly only tests a student's intellectual ability (Clark, et al., 2003).

The CareerEdge Model and the JET Model identified EQ as a key construct in graduate employability and related studies have clearly indicated that EQ is capable of successfully mediating the relationship between soft skills and graduate employability (Coppes and Plimmer, 2013; Dacre Pool & Sewell, 2007).

## **Graduate Employability Model**

Overall, an investigation of the antecedents that may influence graduate employability is important to give students, HEIs and employers the necessary insights to overcome the problem of graduate employability in Malaysia. This graduate employability model combines the views and arguments raised by scholars in relation to what employers think about

the value of graduates and what constitutes employability. This book chapter has synthesized relevant literature on graduate employability and proposes a graduate employability model. In this regard, the model draws relationship with three different domains comprising various constructs, namely independent, dependent and mediating. Specifically, one main independent construct was identified i.e., soft-skills and four sub-constructs which are communication skills, leadership skills, teamwork and problem-solving skills. In addition, one dependent construct was identified for the present context, which is graduate employability. Similarly, one mediating construct ie EQ based on past research is said to enhance the relationship between both the dependent and independent construct.



**Figure 1** Graduate employability framework

## CONCLUSION

An international report cited that 62% of business organizations in Malaysia mulled on the difficulty of hiring right-skilled employees, setting Malaysia as the highest in the ASEAN region with unemployable graduates (“Grant Thornton: Press release”, 2013). This scenario suggests that there is a gap between skills supplied by universities with those demanded by employers. The findings of this research therefore is significant as it provides a wide spectrum of applicability, for the key stakeholders such as the government and its policy making departments, universities, employers, students and graduates.

Moving forward is the need for an in-depth research that considers the employers' and the graduates' perspectives to cross-examine findings of one group against another and to identify employability mismatch between these two stakeholder groups.

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# 7

## **Investigation of the Effective Factors of Customer Satisfaction in E-Banking: Bangladesh Perspective**

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### **INTRODUCTION**

In Bangladesh, banks are divided into two types such as Schedule Bank and Non-schedule Bank. Since the banking industry is one of the most important industries in this country, most banks have their own banking websites as move to increase their effectiveness. E-banking brings convenience to customers and encourages customers to conduct transactions more easily and efficiently through the banking website.

E-banking also helps the banks to reduce their operating costs. The development of e-banking in each country is dependent on the speed of internet access, the features of new online banking, and the frequency of e-banking usage (Nupur, 2010). Bashir et al., (2015) said that the e-banking is giving in popularity for a number of reasons, including convenience, cheaper, multifunctional services, trendy and hassle free. "E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels." (Shahriari, 2014). E-banking is of paramount significance in meeting user anticipations. Customer satisfaction leading to gain loyal customers can be achieved by delivering high quality services (Gronroos, 2000). With rest of the world, Asian consumers are on the quick move to digital banking (Barquin & HV, 2015). And no doubt that automation of banking procedures has unlocked new door of prospects for banking sector in Bangladesh. There are various influencers that work significantly in the relationship of e-banking and customer satisfaction.

The current study has three major research questions: First, How do evaluate the effectiveness factors of customer satisfaction in e-banking in Bangladesh? Second, Why do assess the relative importance of these factors on the overall satisfaction of these e-banking customers? Finally, What should do to recommend appropriate suggestions for effective e-banking in Bangladesh?

There are three objectives of this research paper. First objective is to evaluate the effectiveness factors of customer satisfaction in e-banking in Bangladesh. Second, to assess the relative importance of these factors on the overall satisfaction of these e-banking customers. Third, to recommend appropriate suggestions for effective e-banking in Bangladesh. This research paper contributes to the literature of the relationship between e-banking and customer satisfaction.

## **LITERATURE REVIEW**

Businesses activities depend on effective and rapid access to banking information to review cash flow, auditing and processing of daily financial transaction. E-banking offers various amenities such as ease of access, user friendliness, secure transactions, convenience, and 24-hour banking facility (Caruana, 2002). To compete effectively in an information-driven business companies that do not make effective use e-banking are at a competitive disadvantage. E-banking also known as Internet banking or online banking in which banks deliver their services by using electronic channels or devices such as ATM, personal computers, mobile phone, telephone, desktop software, or digital television. Electronic banking refers to the use of information and communication technology (ICT) and electronic means by a bank to carry out transactions and conduct interaction with its stakeholders (Parkinson, 2008). Electronic banking can be following types:

- Home Banking
- Office Banking
- Online Banking
- Internet Banking
- Mobile Banking

- Telephone Banking
- SMS Banking

Customer's satisfaction can be defined as the extent to which the business, emotional, and psychological needs of customers are fulfilled the company (Che-Ha & Hashim, 2007). However, due to different attitudes, personalities, and experiences customers have different levels of satisfaction (Sadiq et al , 2003). Measurement of customer satisfaction allows a bank to recognize the key drivers that create satisfaction or dissatisfaction; and how they affect customer satisfaction when a service is experienced. Customers have some minimum expectations such as fulfilled of a promises, quality, availability, fair price, after sale services, up-to date information, complaints handling process etc. during transactions (Parasuraman et al, 2010). E-banking users therefore become satisfied with the nature of service rendered if the e-channel is perceived useful to achieve daily objectives and if they can easily operate the channels with less stress Salimon et al, 2014). Influence of e-banking on customer satisfaction may vary based on the personal variable such as gender, age, income, marital status, educational level, profession, computer literacy, and internet accessibility (Shankar et al , 2003). Some effective factors affect the customer satisfaction in e-banking such as service quality, brand perception and perceived value (M'Sallem et al , 2009).

It is expected that, the developing countries will face many unexpected and complex factors that inhibit the speed and scale of e-banking adoption.(Qureshi & Davis, 2007). For the last decades due to high labor costs and maintenance cost of physical facilities banking organizations are now looking for automation of some of their functions ( Ali et al , 2015). Moreover customer satisfaction has gained much concern and is considered as the heart of their service business. Customers are now more time conscious and looking for easy to access, convenience, and user friendliness in their transactions (Srinivasan et al., 2002).

Service quality as "The discrepancy between consumers' perceptions of services offered by a particular firm and their expectations about firms offering such services". E-banking is a form of banking business and provides banking services to individuals and corporate entities, which are offered and performed with the use of computer networks and telecommunications media (electronic support). E-banking includes conducting banking activities using information and telecommunication

technologies (Parasuraman et al, 1985) E-banking can offer speedy, faster and reliable services to the customers for which they may be comparatively satisfied than that of common system of banking of dealing with a record. E-banking is regarded as a great distribution channel that offered one-stop services and information unit to gain competitive advantages in banking sector(Mat, 2011). E-banking has been reported as an efficient route for delivering banking service. E-banking or Internet banking or online banking are analogous and defined as the conduct of banking services and business using electronic delivery channels such as ATM, Tele-banking and PC banking(Al-Smadi & Al-Wabel, 2011). For this reason bank should develop adequate security solution to avoid the risk. Private networks used in corporate banking and retail banking are an effective solution to secure transactions.

Measurement of customer satisfaction allows a bank to recognize the key drivers that create satisfaction or dissatisfaction; and how they affect customer satisfaction when a service is experienced. Customers have some minimum expectations such as fulfilled of a promises, quality, availability, fair price, after sale services, up-to date information, complaints handling process etc. during transactions (Zeithaml, 2002). Lassar, (2005) argued that Individuals who are expert and permanently using the web on a very basic level impact the receiving of E-banking service. Customers who are expert about using computers and the Internet will influence them to use E-banking services. E-banking has paved the way of business to customer and business to business transactions. In e-banking fund transfer, delivering software or payment of money are conducted by using electronic channels such as point of sale terminals, automatic teller machines, telephones, and PCs (Kim et al., 2013). A buyer's enthusiastic or cognitive response post-subjective assessment and comparison of pre-purchase expectations and genuine performance ensuing of the utilization of the product or service, after that surveying the individuals fetches incurred.

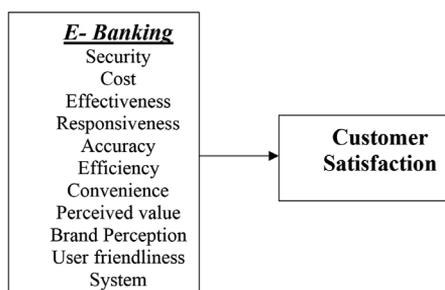
Furthermore reductions reaped done a particular buy considerably or about whether previously, course of transacting with an organization. (Srivastava & Rai, 2013). Now a day's banks are focusing on marketing strategy. The movement of the business focus have created burden on delegates for enduring things to the customers as opposed to endeavoring and urging incredible experience to the customers (Bashir et al., 2015). In order to enhance customer relationships and customer satisfaction banks

is now turning to personalized online banking services through Internet banking portals and mobile banking. Banks are now focusing not only on customer acquisition but also on customer retention, customer satisfaction to build and maintain long lasting customer relationship by using electronic channels known as electronic customer relationship management (E-CRM) (Kim et al., 2013).

Customer satisfaction is correlated with customer relationship as satisfied customer want to continue relationship with a bank over time. E-banking has improved customer satisfaction, reduced waiting time for customers, and decreased frequency of bank hall for banking service (Auka, 2012). Though various amenities has offered by Internet banking, now- a-days both bank management and customers are concerned with the risk involved in the transaction over the internet (Kim et al., 2013). For this reason bank should develop adequate security solution to avoid the risk. Private networks used in corporate banking and retail banking are an effective solution to secure transactions.

### **Effective Factors of Customer Satisfaction in E-Banking**

The article highlights the effective factors of customer satisfaction in e-banking that their relative importance in enhancing customer satisfaction that was not identified by previous researchers. Customer satisfaction is measured by service quality and service quality can be measured by various measurement tools and instruments like ‘Perceived Service Quality Model, SERVQUAL, SERVPERF, SITQUAL, WEBQUAL. Factors contributing to the customer satisfaction in e-banking are convenience, easiness, accessibility, user friendliness, accuracy, security, responsiveness, usefulness, cost effectiveness, bank image, and web site design. Some of these factors show a noteworthy statistical difference between males and females.



**Figure 1** Conceptual Model of E-

a. Service Quality and Customers' Satisfaction

Due to the very nature of customer satisfaction is very hard to provide considerable quality service so that all the customers will be satisfied. Besides that, the factors that can satisfy the customers today might not work in the future. So the extinction of the customers in terms of quality changes all the time. However, the level of customer satisfaction is highly dependent on the quality of the service so it is not an easy task to maintain the high quality standard all the time. Wahab, et al. (2009) noted that customer satisfaction is determined by evaluating the expected service with the postal service and if the perceived service is matched with expected service then the customers become satisfied. But the reason of providing better quality service to satisfy the customers is because the companies think if they can differentiate themselves by providing good service and then it'll be easy to attract the customers and make them satisfied.

Parasuraman, et al. (1988) pointed that service quality and customer satisfaction as service quality is a global judgment or attitude relating to the superiority of the service, whereas satisfaction is related to a specific transaction. Satisfaction is considered as an experience of most consumption because it is the outcome of the customers after experiencing the product by using it. And if the product is good enough to fulfill the needs of the customers then the customers might be satisfied. Customer satisfaction and is the evaluation of customers expected and perceived where service quality is a global evaluation of a company's service delivery system (Ely, D. 2006).

A very strong relationship exists between service quality and customer satisfaction. All of these things create customer satisfaction and help banks to retain valued customers. Service quality is one of the most important service dimensions in measuring customer satisfaction. Service quality in e-banking can be measured in terms of system availability, accuracy, efficiency, security, responsiveness, convenience, cost effectiveness, problem handling & compensation, brand perception, brand image, and perceived value etc.

- b. System availability, E-fulfillment and customer satisfaction  
System availability is the most significant factor in measuring customer satisfaction. It includes up-to-date equipment and physical facilities such as full branch computerization, ATM, POS, internet banking, telephone banking, mobile banking, SMS banking, credit card, ECS, EFT, E-bill pay. Banks having well equipped physical facilities and providing up-to-date information during transaction can gain more customers and retain customers as customers are satisfied with their services. Moreover, scope of services offered, digitalization of business information, availability of global network, and variety of services as part of e-fulfillment affect customer satisfaction.
  
- c. Brand perception and customer satisfaction  
Brand reputation or brand image has a positive impact on the customer's satisfaction in e-banking. Brand image plays a vital role in the customer's experience with a particular brand among an evoked set of brands. Perceived brand reputation in the banking sector means the bank's reputation and existing place of the bank in the banking industry that measures the customer's experience of how he/she feels with this brand and their services. A brand perception is a significant factor in e-banking services because a satisfied customer will spread positive word of mouth to others. E-banking endows a bank with additional opportunity to differentiate itself and to develop a superior brand image that leads to customer satisfaction.

d. Perceived value and customer Satisfaction

Perceived value is one of most important factors of customer satisfaction measurement and used to evaluate the actual benefits of the service. Perceived value is the difference between price paid for the services by the customer and utility derived from the service. In e-banking customer's perceived value can be increased by the use of ATM, credit card, debit card, and Point of sale in paying of e-money and transfer of funds. Several form of e-banking such as internet banking, online banking, mobile banking, telephone banking, SMS banking are used to provide superior value to customer to increase customer satisfaction.

## **METHODOLOGY OF THE STUDY**

For the purpose of measuring the extent of satisfaction and importance quantitative research, primary data were collected through a structured questionnaire which was administered personally to the bank customer. Convenient sampling technique has been used for choosing 385 respondents from different banks [HSBC, Islami Bank Bangladesh Limited, Standard Chartered Bank, BRAC Bank Ltd., Dutch Bangla Bank Ltd., Eastern Bank Ltd., and Dhaka Bank Ltd.]. Four demographic variables of the respondent were measured age, gender, income and profession. The questionnaire was developed by using a 5 point Likert scale, whereas 1= High Satisfactory, 2= Satisfactory, 3= Neutral, 4= less important, 5= unimportant to measure the importance of these factors. At the end of questionnaire, an open-ended question is attached to trace customer opinion. Questionnaire was pretested several times to ensure text formatting. Several sources were used for enhancing the insights of this paper, such as articles published in different journals, books, working papers and websites.

## FINDINGS & DISCUSSIONS

Here we have taken ten factors of customer satisfaction in e-banking, which have different dimensions to consider in measuring customer's satisfaction and importance at the significant level of 5%.

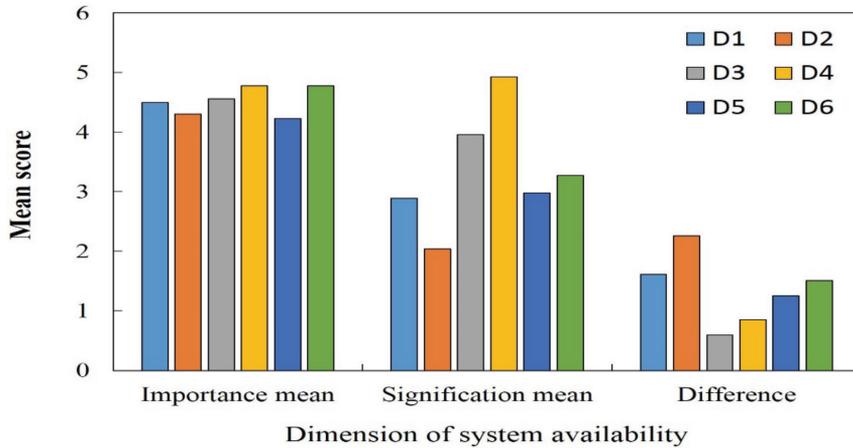
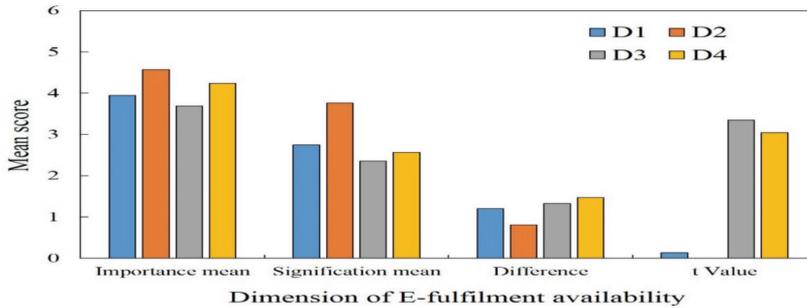


Figure 1 System availability in E-banking system

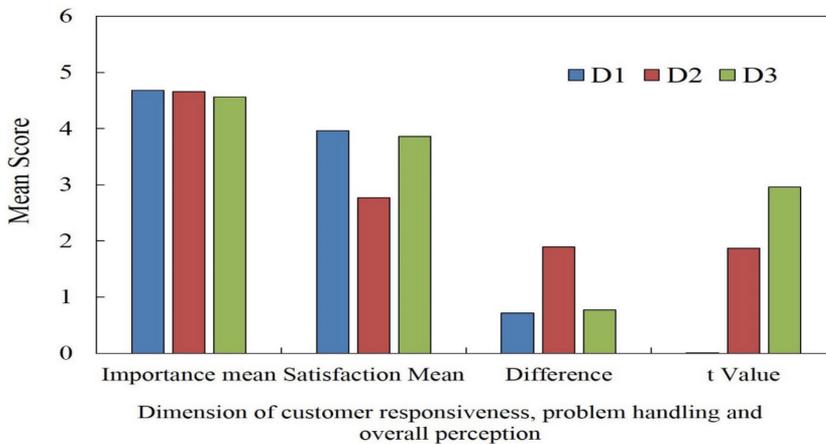
### System availability in E-banking system

From figure 1 we can see that the importance level of all of these dimensions is higher than satisfaction level. Results indicate that significant differences exist in both satisfaction and importance levels of all dimension of system availability of e-banking. Here we have found that importance mean score is higher in POS security and accessibility in compare to the other e-banking services and satisfactory mean score is also higher in this field. Like Internet banking, mobile banking we have found higher importance mean score and significant difference and higher t-value. If we consider system availability in e-banking then internet banking, mobile banking, POS, ATM will be given higher values.



**Figure 2** E-fulfillment in E-banking System

The satisfaction and importance scores on e-fulfillment are shown in figure 2. Though high importance of e-fulfillment; consumers have lower satisfaction regarding e-fulfillment. Digitalization of business information provides higher values in importance mean score at the same times satisfaction mean score and significant difference contain in this field. The higher t- value that indicates higher satisfaction level and as higher e-fulfillment that exist in the field of Availability of global network.



**Figure 3** Responsiveness, problem handling, brand perception and perceived value of E-banking system

Moreover, brand perception and perceived value contribute a lot to the satisfaction. The importance mean score is higher in prompt and timely services and satisfactory mean score is also higher and found significant difference. Here we have found higher t-value in customer overall perception and consolidated perception about banking services that means though there have some shortcoming the banking sector is doing well and overall perception in the customer regarding e-banking is good.

### **Accuracy, Efficiency, Security, User Friendliness and Convenience**

**Table 1** Accuracy, efficiency, security, user friendliness and convenience

Dimensions	Importance Mean Score	Satisfaction Mean Score	Difference	t-value
Trust, privacy and security level of transaction	4.53	2.86	1.43	2.24
Efficiency and correctness of financial transaction report	4.80	3.74	1.06	.915
Efficiency Speed of service (clearing, depositing, money transfer, and quick response etc.)	3.98	3.78	0.2	3.56
Immediate and quick transaction and check out with minimal time.	3.78	2.56	1.22	.57
User friendliness of the system	4.56	3.78	0.78	.008
Error free e-services through e-banking channels	3.67	2.55	1.12	5.78
Service skills of trained human resources	4.56	2.87	1.69	.006

*cont'd* Table 1

Customized services, appropriate language support, and timesaving	3.67	3.25	0.42	1.26
Cost of internet usage	4.60	3.50	1.1	0.43
Flexibility of use internet in our country	4.85	4.65	0.20	1.74
Convenient and easier operation	4.29	3.53	0.76	2.34

Most of the people depends on banking sector for the purpose security and e-banking plays that role to fulfill customer demand. Here importance mean score and satisfactory mean score is higher in efficiency and correctness of financial transaction report and we have found significant difference in this field. Trust, privacy and security level of transaction is the vital issues in banking business and we found a higher t-values and significant difference. Errors could be arising in e-banking service and banks should take initiative to overcome these problems and banks should establish error free e-services through e-banking channels.

## **RECOMMENDATION**

After conducting this detailed research, it is very clear that for all e-banks in Bangladesh. Banks should introduce e-banking in Bangladesh. E-banking is the key service for customer satisfaction. Moreover, if banks want that their customers to be loyal with the bank, they should focus on customer satisfaction on e-banking.

## **LIMITATIONS AND FUTURE RESEARCH**

There are some limitations in this study. The total number of e-banking, sample size and covered areas of the study should be increased in order to achieve a proper result. For future research, additional e-banking dimensions should be investigated such as interactivity and website services ability. Despite these limitations, the study has provided important

information and therefore contribution to the body of knowledge on e-banking dimensions for e-banking customers in Bangladesh.

## **CONCLUSION**

With the advancement of computer technology banking organization has faced with dynamic evolution made by modern banking. Now-a-day banks are adapting its business to global marketplace changes and adopting a new customer-oriented philosophy of banking business. Electronic banking is a new form of banking business that use of information and telecommunication technologies, computer networks and telecommunications media to provide banking services to individuals and corporate entities. Enhancement of customer satisfaction requires easy and accessible mode of transaction in e-banking. Moreover, to survive in the increase competition banks should have automation of their functions by making effective use of online banking system. The result of the study shows that 11 variables were found significant predictors of overall customer satisfaction in e-banking. Therefore, bank management and e-banking service designers should consider these dimensions to make possible changes in the e-banking services to meet the customers' expectations.

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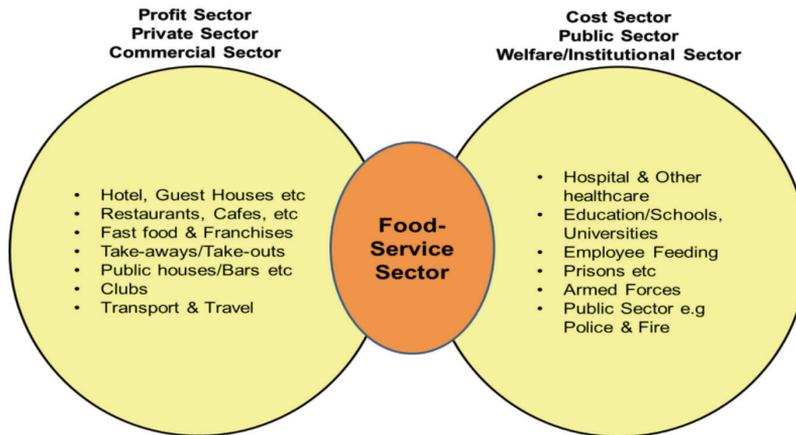
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# Halal Food Service Industry in Malaysia: The Opportunity for Growth

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## INTRODUCTION

In the ever-changing market environment, today's food service operators need to consider sustainability with strategic implementation and put highly understanding of the global market needs. According to Haas (2008), food service industry can be classified as the fastest growing industry in the global market. In order to enhance business performance during the economic uncertainty and turbulence, players of food service industry have to practice the best performance by offering promotional deals or increasing availability to meets all types of consumer demand. During economic downturn, food service industry players' have to remain competitive to maintain their performance in the market. One of the constant challenges for food service is to catch consumer preference. Food service sector has been categorized on two sectors; profit sector and cost sector (Edwards and Hartwell, 2009).



Source: Adapted from Edwards and Hartwell (2009)

**Figure 1** Possible classification of sectors in the food service industry.

According to Figure 1, the first category of food service sector included the profit, private, or commercial sector, which includes establishments such as various types of restaurants, cafes and fast foods outlets. The full-service restaurants usually dominate by sales, in terms of sizes and types of restaurants (Euromonitor International, 2011). Second category of food service sector is the cost, public or welfare/institutional sector. This sector is looked as less glamorous, but in reality this sector is probably more difficult and demanding, therefore where more research is needed (Edwards, 2013).

Nowadays, many people resort to catering services for wedding, meeting, and other ceremony. Therefore, the food providers such as catering business need to be Halal and toyib, especially to cater Muslims. The catering business also provides food and beverages to people since it covers all sectors of society including childcare, schools, hospitals, businesses, and nursing homes (Kinton et al., 1994). In addition, it was identified that many factors have contributed to this circumstance, including the increase of travelling for business and pleasure, the lifestyles changes, the increase of purchasing power and also increasing number of elderly people in nursing homes (Anonymous, 2008; Araluce, 2001). It is shows that catering business industry has grown quite strong and

undergone profound changes in recent years. As for Muslim consumer, the Halal criteria are always being the priorities in all of these activities. The existence of Halal standard is seen as important criteria that influence consumer's decision making.

## **HALAL FOOD SERVICE INDUSTRY IN MALAYSIA**

In food industry supply chain, the food service industry is believed to be the final link to ensure the food served is safe and suitable for consumers. Basically, the food service industry in Malaysia can be classified into five main categories; roadside hawkers and hawker centers, food courts, coffee shops, fast food outlets, and dine-in restaurant (Heng & Guan, 2007). However, these groups of food service shall apply for the Halal certification within the same category and procedures underline by JAKIM.

As one of the Islamic countries, the certification of Halal food has been conducted by the Department of Islamic Development of Malaysia (JAKIM). Halal certification issued by JAKIM has been well recognized worldwide (Latif et al., 2014). Current Malaysia food safety standard MS 1500:2009 is conducted as to be harmonized with Codex Alimentarius, international food safety/quality standards (GHP, GMP, HACCP) and local public legislation in order to minimise redundancy and conflicts between standards (Ahmad et al., 2017; Talib and Ali, 2009). In fact, MS1500 is used as a basis for Halal certification (Department of Standards Malaysia, 2017). It is found that the consumer has more confidence with the halal logo provided by JAKIM rather than certificate issued by its counterpart from the non-Muslim countries (Golnaz et al., 2012). Apart from it, Halal certification and logo in Malaysia has successfully created awareness among the non-Muslim.

Socio-environmental factors in Malaysia such as mixing with Muslims socially with the presence of advertised Halal food significantly influence non-Muslim understands of Halal principles (Golnaz et al., 2012). Carla Power (2009) found that non-Muslims may choose to purchase Halal food to satisfy their concerns about food quality (i.e., the clean aspect of food processing and preparation). According to Alam and Sayuti (2011), the fastest growing Halal food market is due to two reasons: first, Halal food is considered as healthier, cleaner and tastier; and second is due to the acceptance of Halal within global population among Muslim and non-

Muslim. Therefore, Malaysia food service industry is expected to continue its positive performance due to the growing sophistication and affluence amongst food service customer.

## **Drivers for the Growth of Halal Foodservice Industry in Malaysia**

The Muslim foodservice customers are very much concerned about the authenticity of halal food products claimed by food. There are several factors that lead people to choose the food that they want to consume. Factors such level of awareness among Muslim, with religious belief (Johnstone, 1975), educational exposure (Patnoad, 2001), and health issues (Bonne et al., 2007) are found as important factors influence the decision on food taken. Therefore, Muslims used Halal trademarks, logo and certification as a guideline towards the cleanliness, hygiene and syariah requirement towards particular food that they wish to take. Ambali and Bakar (2014) found that the introduction of Halal logo and certification by JAKIM has generated a positive impact on level of awareness among Muslims on the importance of consuming and engaging with Islamic products that follow Islamic guidelines and principles.

Nevertheless, there are increasing level of awareness towards halal food products among non-Muslim consumer in Malaysia. With the population report by religion from Statistics Department of Malaysia, even though non-Muslim represents about 38.7% from total populations, it is believed as too huge to be ignored. According to Mathew et al. (2014) non-Muslim consumers also should be included as target market for Halal food in Malaysia since there are non-religious values and practices influence attitude towards halal food itself. It can be concluded that taking halal food is a lifestyle for non-Muslim consumers.

The interrelation of demand and supply for Halal foodservice sector has led to increasing economic growth in Malaysia. According to Lada et al. (2009), Halal is the realm of business and trade, and is becoming a global symbol for lifestyle choice and quality assurance. According to Sungkar (2008), there are five major growth factors of the food service industry in Malaysia. The factors include increasing number of working women, declining in family eating tradition, increasing of household

income, increasing demand for western food and increasing numbers of international tourist visiting Malaysia.

Therefore, next sub sections will identify drivers for the demand of Halal food from local and international tourist, and how these factors are able to capture the awareness of food service industry players' in Malaysia to implement Halal in business operations.

## **Consumer Lifestyle**

The rise in Halal food is highly demanded with Malaysian eating lifestyles that changing drastically over the years. Survey found that 67% of Malaysians dine at restaurants at least once a week (The Star, 2014). Further, it is identified in urban area, most of working class Malaysian choose to dine out instead of cooking at home because of the phenomenon of increasing hectic schedule (Rahman et. al, 2012). This phenomenon supported by (Helen and Andrew, 2007) which found factors such as differences working styles, wider accessibility of eating establishments and spending power of urban households has driven them to expand more in meals away from home.

According to Shamsudin and Selamat (2005), spending power and lifestyle of Malaysian consumer has been changing due to rising income and education levels. In addition, Malaysians like to try out new eating places as recommended by relatives and friends due to thought that eating out is common lifestyle and is relatively inexpensive (Syed Marzuki et al., 2012). According to Sirakaya and Woodside (2005), factors that influence decision making that requires further exploration is lifestyle. Awareness of food to consume is much more influence by consumer lifestyle.

A survey undertaken by Josiam and Foster (2009) found that the quality of food, cleanliness of restrooms, general hygiene, cleanliness and value for money are the important characteristics chosen by consumer to select the dining place. However, the halal certification is among the most important attributes to be chosen by consumer (Josiam et al. 2007). Consumer lifestyle has influence halal food demand in Malaysia. Therefore, the food service industry player should take the opportunity to implement Halal in the business operation, since there is increasing demand for Halal food in the market. Prior to this situation, it is believed that tourism industry has affected the demand for Halal food in Malaysia.

## **Tourism and Demand for Halal Food**

As a Muslim country, Malaysia is the most favorite country to be visited by Muslim from all around the world. According to Thomson Reuters Global Islamic Report 2017, Malaysia is in the first ranking of Halal friendly destination for Muslim vacation. The tourism sector in Malaysia is succeeding in managing Halal hotels and beach resorts, to Halal dining options.

During travel, much of enjoyment has been associated with dining out and sampling novel foods (Gee et al., 1997). Hence, food is not only considered as basic need, but as a major attraction to some destinations. According to Henderson (2009), one important factor that influences the choice to visit a particular place and affects tourist's attitudes, decisions, and behavior is food. Even though food is considered as a basic essential to life, people still have strong feelings in food selecting. Therefore, people including tourists, are very selective about what they consider as suitable food.

As a multiracial country, Malaysia has perceived in having varieties of interesting food and ethnic cuisines which are worth to be explored by international tourists. On the top of that, Malaysia has established an excellent Halal tourism ecosystem compared with other competitors in other Muslim country in the world (Thomson Reuters, 2017). It shows that demand for clean and hygiene is important factors to be in criteria for food selected among tourists. Therefore, it is important for the food service industry to take an action based on the relationship between number of tourist and the effect of their expenditure for food while travelling in Malaysia.

## **CONCLUSION**

Overall, the demand on Halal food has increased among Muslim and non-Muslim market. Basically, demand on halal food among consumer has created the opportunity towards food service industry to grow because Halal food is one of the criteria in competitive advantage. Therefore, it is important for foodservice industry players such as hotel catering, hospital catering, and restaurant owner to implement Halal food services with Halal certification as assurance for quality of food supplied for consumers. Study by Syed Marzuki (2012) found that restaurant managers agreed that Halal

certification reinforces a positive image of the restaurant. Furthermore, past experience and religious factor is found as important factors that influence food consumption among local people (Mak et al., 2012). They believe that Halal certified by JAKIM is monitoring to ensure that not only food served is Halal, but it is safe for consumption with respect to hygienic preparation. Nevertheless, standard implemented may increase potential to be ‘preferred supplier’ status among buyers, hence create a better image in the market place and access to a global Halal market (Talib et al., 2015).

Therefore, government agencies such as JAKIM, HDC, and Ministry of Tourism should take a responsibility to update the latest information on Halal products/services in market especially halal food, halal accommodation and halal restaurant provided in Malaysia as a way to promote Malaysia as the best “Halal Tourism” provided in Asia. Increasing the quality for Halal foodservice industry may increase the opportunity for growth for Halal tourism in Malaysia.

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# 9

## Millennials Mom Decision Making in Choosing Birthplace

Farah Raihana Ismail and Amer Hamzah Jantan

### INTRODUCTION

Making a decision on where to give birth is not an easy task like choosing where to go for grocery shopping. Choosing the right birthplace is a complex task for childbearing women because there are numerous factors that they need to consider before making the final call (Hendrix et al., 2009; Edwards, 2008). Childbearing women takes birthplace decision seriously, as for them childbirth is the most important life events where it involved bodily process (Grigg et al., 2014; Overgaard et al., 2012; Kornelsen et al., 2010; Perry, 2008; Gibbins & Thomson, 2001). Literatures also supported that childbirth and birthplace is crucial phases for women as it significantly influences women psychological development i.e. cognitive, emotional, intellectual and social capabilities) and their maternal wellbeing (Kornelsen et al., 2010; Larkin et al., 2009; Hofberg & Ward, 2003; Berg & Dahlberg, 1995;).

Scholars aware how important childbirth and birthplace decision to women, thus, vast research has been done to understand these life events comprehensively (see for example: Grigg et al., 2015; Grigg et al., 2014; Kornelsen et al., 2010). However, research on birthplace decision making is not the major highlights on most of previous studies (Grigg et al., 2014; Murray-Davis et al., 2014; Hadjigeorgiou et al., 2012; Patterson, 2009; Madi and Crow, 2003; Waldenstrom et al., 2003; O’Cathain et al., 2002; Hundley et al., 2000; Chamberlain et al., 1997; Davies et al., 1996; McKay and Smith, 1993; Cunnigham, 1993), it heavily viewed from medical lenses and most importantly, it did not emphasize on generation cohort outcomes.

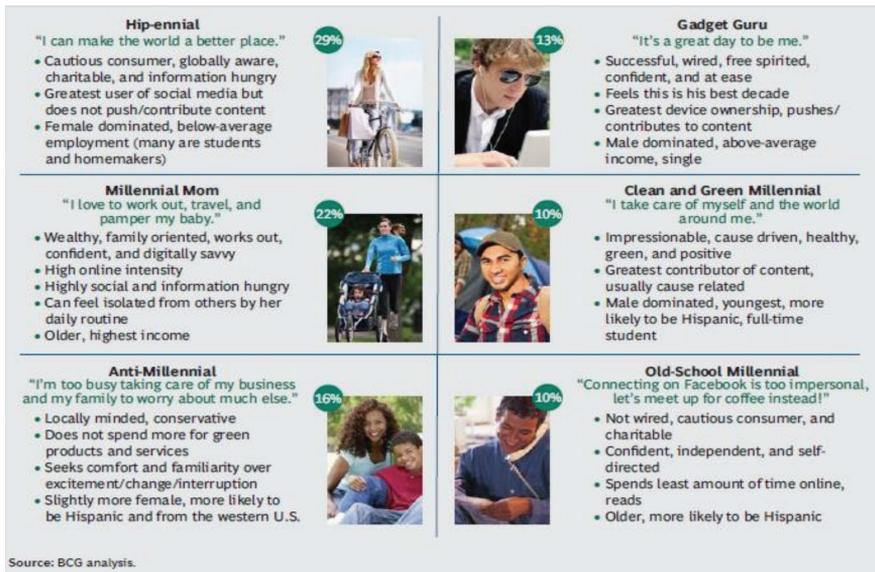
Moreover, majority of childbirth and birthplace studies address women as a patient rather than as a customer and limiting women participation in decision process. This is due to the fact that pregnancy and childbirth are treated as illness and decision about it are much influenced by health expert back then. However, rapid development and technological advancement has changed the paradigm, with ease of access to unlimited information, women nowadays especially millennial mom generation are more engaged and demand to be part of the process.

Study on birthplace decision making should further emphasize on how millennial mom choose their preferred birthplace since millennial generation are the current heaps in the market and most challenging cohort to please (Jang et al., 2011; Solka et al., 2011; Tran, 2008). Millennial is different than previous generation, they are known as the most influential and powerful generation (Muda et al, 2016; Fromm & Garton, 2013; Moore, 2012; Fromm et al., 2011; Noble et al., 2009) and have enormous purchasing power estimated worth of \$500 billion a year with total estimation of \$1trillion growth in global consumer market (Nielsen, 2017; Fromm & Garton, 2013; Anna Solka et al., 2011).

Additionally, industry expert noticed that millennial generation offered tremendous windows of opportunities and not being able to understand and cater their need and demand will be a loss for business. For effective segmentation, industry experts have further classified millennial market into six different market segments (figure 1) and noticeably, millennial mom segmentation is one of important and lucrative segment.

## **MILLENNIAL MOMS: WHAT WE KNOW ABOUT THEM**

Industry expert stated that millennial moms market constituted second largest of total millennial market segments (Barton et al., 2012; Fromm & Garton, 2011), this market segments make up important global market share with its huge spending power worth of \$200 billion per year and estimated to grow \$10 trillion throughout lifetime (BabyCenter, 2015).



Source: Barton et al., (2012) & Fromm & Garton, (2011)

**Figure 1** Types of millennial segmentation

Millennial mom segments are accounted for 22% from total millennial population, making this segment as the second largest millennial segment in the market, survey by Pew research center identified that, more than million are entering millennial mom market each year making this segment more lucrative than ever (Livingston, 2017).

From & Garton, (2013), classified millennial mom as the wealthiest and family-oriented segment, they are highly engaged to online activities, spent most of the times for social activities, information searching, online shopper and habitually relied on user generated content as primary information sources for parenting advice and purchase decision (Baby Centre, 2015).

Born as digital native, millennial mom is digital-savvy generation, they are the generation that it is not easily sway by marketer generated content activity (i.e. traditional marketing) (B. Valentine & L. Power, 2013). Market survey by Weber Shandwick, (2013) and Ovia Insight, (2017), reported that millennial mom is a significant influencer, they are highly connected to social network, active content creator (i.e. product review) and capable to influence others purchase decision.

Development of digital communication platform like user generated content (UGC) enables millennial mom to widen their virtual network, sharing opinion and thoughts openly and make them as informed consumers. They shared boundlessly and trust others (i.e. friend, family, and peer) more in making decision (Padveen, 2017; Moore, 2012; Barton et al., 2012).

This generation is hard to crack, they consumed information generated from others experiences and evaluate based on reviews from others. On top of that, this generation demand to be part of product offering, they are no longer play passive consumer role, with edge of information technology, they want to co-create together and participate in decision making process.

## **USER GENERATED CONTENT (UGC) AND EXPERIENCE ECONOMY**

Scholars defined user generated content (UGC) as information produced by consumer that enabled consumer to add, modified, share the content (i.e. photo, comments, video, text, etc.) with others over the web (Steffes & Burges, 2009; Fernando, 2007; Riegner, 2007). User generated content is more efficient in influencing consumer purchase behavior as compared to marketer generated content (Goh et al., 2013).

User generated content has significant impact toward service industry, Akehurst, (2009) found that UGC helps generated \$10 billion on online booking for tourism services and influenced consumer trip planning (Sarks, 2007). Content such as customer review and rating provide valuable insights and it helps consumer to reduce the uncertainty and risk associated with purchase of service product (Utkarsh, 2017; Murray, 1991).

Moreover, O'Neil et al., (2014) and Anderson et al., (2012) reported that healthcare services are also impacted by UGC. Survey by Price Waterhouse Coopers (PwC) indicated that social media platform is changing the way communication of health information (Anderson et al., 2012). Rapid development of internet technology makes the information on health is accessible by many and boundlessly (Nuehauser & Kreps, 2003; Fox & Rainie, 2002; Rice, 2001).

Rapid growth of user generated content is embraced within social media platforms, in recent time social media has become a crucial platform for health-related information sharing where people are using social media (i.e. Facebook, Instagram, Wikipedia, Tumblr, etc.) to give and receive

social support and information regarding particular health condition from various social media user and virtual community especially those who shared similar particular health issues (Greene et al., 2010; Moreno et al., 2009).

Studies by Strecher, (2007) stated that at the present time, social networking sites (SNS; Facebook, Instagram, Twitter) are crucial in deliberation of health-related information especially to young adults where SNS medium enabled wider information sharing at faster speed and in cheaper cost to reach the targeted audience. Features of SNS (i.e. collaborative, interactive, and widespread) enabled the user to interplay role as information receiver and producer (Bennett & Glasgow, 2009; Kamel Boulos & Wheelert, 2007).

Previous research by Bottles, (2009) revealed that patient with chronic disease use SNS as medium to reach for an update information from specific SNS page (i.e. specific organization or group) which it helps them to better alleviate their chronic health problem (Jin et al., 2015) Furthermore, relating to birthplace decision, UGC is capable to influence millennial mom birthplace decision through online community, Facebook Page, forum and many more.

Numerous virtual community page on Facebook such as Kelab Ibu Hamil Malaysia, Kelab Soal Jawab Bakal Ibu dan IBu Comel, Medical Myth buster Malaysia, Hypnobirthing Malaysia acted as an open sources library for millennial mom to seek advice, support and reviews in making optimal decision. However, UGC may also bring more catastrophic outcomes, not all information posted and shared over the net or through virtual community is reliable and medically safe. Take it for example on unassisted home birth cases that caused fatal incidents due to influences from particular virtual group advice.

Another explanation on the rising trend of unsafe birth might cause by limited or low involvement in decision process. Millennial mom wants to be part of the process, they embrace all hands on the decks concept in making decision. Millennial mom embraces role of active consumer rather than passive consumer, they expect businesses will engaged them a part of the delivery process. Scholars addressed this new paradigm of millennial consumer participation as participation economy or experience economy. The term of participation economy was developed by Tim Brown, CEO of IDEO (global design firm), Brown described participation economy as a

form of innovation that enables businesses and marketers to interconnect consumer with technological advancement and fully utilize the internet-fuelled economy to better segment and capture the market (Fromm & Barton, 2013; Fromm et al., 2011).

Millennial is a generation that valued experiences (Bilgihan, 2016; William & Page, 2010), in the context of service industry, the concept of experience economy has shift from selling services to selling experiences promoting engagement with customers (Pine & Gilmore, 1998). Participation economy is progressively embedded as part of the healthcare service delivery. More scholars are focusing on patient-centered-care to involve patient as part of the service (for example Mohammed et al., 2016; Liberati et al., 2015). Decision making theories such as shared decision making model and informed decision-making model applied the same concept of participation economy.

Numerous childbirth and birthplace studies (for example, Nieuwenhuijze et al., 2014) have applied theory like shared decision making and informed decision to replace old technocratic paternalistic model of health decision making. These two theories promote participation and engagement between health practitioner and patient, reduce the relationship gap, creating more trust upon professional practitioner and reduce unsafe birthplace decision.

## **CONCLUSION**

Millennial mom generation bring new enigma to both scholars and industry expert, catering this market need a whole lot of creative way to capture their attention. Details like differences between generational cohorts cannot be simply disregard and at the same time cannot be disregard or treated the same way without pay attention to possible differences that might cause by cultural differences and etc. Undeniably, transformation towards experience economy and application of advance technology (UGC) change the market landscape tremendously and businesses cannot apply 'one size fit all' strategy in tackling millennial mom decision making.

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# 10

## **Electronic Word of Mouth: How Bad News Travels Fast**

Kauthar Nasiruddin and Amer Hamzah Jantan

### **INTRODUCTION**

The Internet offers massive amounts of information, but not all of it can be trusted (Henry, 2014). Information on social media spreads very fast. Human brains have evolved to heavily weigh negative input in order to dodge dangers and keep out of harm's way. Negative complaints, personal insults or incriminating gossips make far bigger impacts on humans than do positive comments, and given the right environment, have the ability to spread like wildfire. Marketers or managers must be aware that a negative incident within their store may affect a company's reputation worldwide after the incident "goes viral." With enough momentum of anger, messages circulated through social channels are quickly picked up by mainstream media outlets.

### **The Impact of Negative Electronic Word of Mouth**

Incidents of negative publicity are widely prevalent in the marketplace, ranging from safety concerns with the use of airlines or food intakes. Such information can be devastating, resulting in major losses of revenue and market share. A study by DDB Needham Worldwide (Advertising Age 1995) found that negative publicity and how the company handles it are among the most important factors influencing consumers' buying decisions. The potential impact of negative publicity is not surprising. Publicity is considered a relatively credible source of information and therefore is more influential than other marketer-driven communications

(Bond & Kirshenbaum 1998). Furthermore, negative as opposed to positive information is known to be more attention getting (Fiske, 1980; Ahluwalia, Burnkrant, & Unnava, 2000).

A high proportion of negative online consumer reviews elicits a conformity effect. As the proportion of negative online consumer reviews increases, high-involvement consumers tend to conform to the perspective of reviewers, depending on the quality of the negative online consumer reviews; in contrast, low-involvement consumers tend to conform to the perspective of reviewers regardless of the quality of the negative online consumer reviews (Lee, Park, & Han, 2008). In addition, when the review of products or services is negative, there is detrimental effects on consumer willingness to recommend the product to friends regardless of the eWOM platform (Lee & Youn, 2009).

eWOM in particular can spread rapidly and have a huge effect on firms' performance and relationships with consumers (Chevalier & Mayzlin, 2006). Since customers trust other customers' opinions more than advertisements provided by the company itself, negative eWOM can affect a firm's reputation and attractiveness to customers to a considerable degree (Kim & Lee, 2015). Active use of social media and peer influence had a sweeping influence on Generation Y's intentions to engage in eWOM about their service experiences. Technological sophistication with mobile technology influenced Generation Y to spread positive or negative service experiences, rather than satisfactory recovery experiences. (Zhang, Omran & Cobanoglu, 2017). Davidow & Dacin, (1997) argue that consumers' negative word of mouth is potentially much worse than simply exiting or boycotting a firm because it influences many more people. Thus, it has proven that negative news which spread like wildfire leave huge impact on others.

Customer frustration leads to death threats (Berkowitz & Harmon-Jones, 2004). It literally means that any complaints by customers which are instantly shared to others will leave detrimental effects to any company or organisation. Based on O'Reilly (2011), customers tend to rely on information which is disseminated online to improve their self-worth, avoid risk and negative consequences of using products or services. Based on previous research, customers use their cognitive mindset before believing the information shared online including the quantity of posts, logic of posts, the ability to find corroborating sources and the previous

experiences with certain sellers. With the advance use of technology and Internet, it is much easier for people to spread words or voice out their opinions. Based on (Svari & Erling Olsen, 2012), customers will be more likely to complain anonymously through social media and blogs, and hence to be a source of negative word-of-mouth about the company.

At certain circumstances, negative word of mouth is more influential than negative electronic word of mouth since customers tend to believe the sources from the people they know well. Customers perceive that the information which are shared via Facebook are hard to be trusted than the testimonials shared on corporate websites (Bachleda & Berrada-Fathi, 2016). Frustration leads to negative word of mouth and thus the negative word of mouth which is shared online influence to brand switching or non-recommendation later on. In certain cases, negative word of mouth influence to the switch of brand (Berkowitz & Harmon-Jones, 2004). Electronic word of mouth can be a threat to companies if the messages on the products or services are undesirable. This is also proven by Tuzovic( 2010) stating that negative electronic word of mouth influence to less or no recommendations to the other customers and thus it influences to brand switching intention. Besides that, the researcher has also found that negative emotions which are expressed online may influence to the non-recommendations and switching intentions among the customers. Customers tend to believe what they have seen or read on social media especially when the information is shared by someone whom they are closed with. Negative messages which are shared with emotions tend to be influential to others especially when they have experienced that. Political movement which occurs caused by the influence of social pressures via electronic word of mouth made it relevant for researchers to explore further on the process on how the electronic word of mouth messages influence customers.

Previous research has shown many impacts of electronic word of mouth towards purchase intention. Based on Richins (1983) the tendency to engage in negative word of mouth was positively related to the level of dissatisfaction and negatively related to consumer's perception of the retailer's responsiveness to complaints. Thus, it reveals that dissatisfaction among customers influence to negative word of mouth. Based on Longart (2010), negative word of mouth occurs when consumers feel regret, frustrated or in anger. Thus it was also proven by Tuzovic, (2010)

that online dysfunctional behaviour such as anger, rage and frustration influences to negative electronic word of mouth and switching of products or services. The information on online word of mouth is stronger when the referral source is stronger.

Previous research has discussed that negative word of mouth can be disseminated so easily via Twitter within only one day. For example, the halal issues on Auntie Anne in Malaysia were viral within merely a day. One research has found that more people spread bad news to more friends than good news. Market research has shown that customers dissatisfied with a service will disclose their experiences to more than three other people (Horovitz, 1990). Bad information has the tendency to be disseminated. Abby Gobodian refers to Horovitz (1990) discovered that it costs about four times more for companies to attract new customers. Customers has the tendency to complain, spread negative word-of-mouth, exit or even seek revenge and the behavior of frustrated customers can be potentially damaging for companies (McColl-Kennedy, Patterson, Smith, & Brady, 2009). Since frustrating incidents can directly affect customer relationships, management should pay attention and react to negative word-of-web. In addition, (Pizzutti dos Santos & Basso, 2012) stated that trust and negative emotions influence to the negative behavioral intentions. It shows that customers tend to not purchase the products or services because of the undesirable experience before. At times, the interpersonal factors work better than the negative word of mouth. It has been also revealed that the strength of WOM and interpersonal factors had more impact on the influence of negative WOM (Sweeney, Soutar, & Mazzarol, 2014). Happy and loyal customers influence to positive messages while unsatisfied customers may spread bad words on products or services. This is because emotions influence to the content of the message disseminated (Dobele, Lindgreen, Beverland, Vanhamme, & van Wijk, 2007). The Internet and communications technology make it easier for people to talk to each other from short or far distance. It is important to look at the impact from the messages spread since messages are spread by humans with emotions.

For a product associated with prevention goals, consumers will perceive negative reviews as more persuasive than positive ones. When evaluating product reviews, consumers show a positivity bias for products associated with promotion consumption goals and a negativity bias for products associated with prevention goals (J. Q. Zhang, Craciun, & Shin,

2010). However, participants perceive the negative review to be more persuasive than the positive review when evaluating product reviews. Consumers show a positivity bias for products associated with promotion consumption goals and a negativity bias for products associated with prevention goals (Cheung & Lee, 2012).

Information credibility and product quality are important factors in purchasing decision. Based on previous research, argument quality had the strongest direct effect on behavioural intention, whereas source credibility had the strongest indirect effect. Source credibility had the strongest total effect on behavioural intention, followed by argument quality and perceived quantity of reviews (Zhang, Zhao, Cheung & Lee, 2014). The electronic word of mouth gives impact to sales distribution when products have objective and subjective evaluation standards. Matured markets have a higher level of sales concentrations on high ranking products while eWOM lessen the sales concentration of high-ranking products in markets (Lee, Lee & Shin, 2011). Not every dissatisfaction influence to negative word of mouth. East et al. (2014) found no significant evidence that dissatisfaction produces more negative word of mouth than satisfaction produces positive word of mouth in either the preliminary or the main study. There is a slight tendency for the receivers' dissatisfaction to be associated with more word of mouth than their satisfaction in both the preliminary.

Electronic word of mouth gives impact to consumers in many ways. Online consumer reviews influence customer's attitudes towards the product and services. Based on Lee et al. (2008), consumers conform to online consumer reviews and their attitudes become favourable as the proportion of negative online consumer reviews increases. Besides that, high-quality negative online consumer reviews influence consumer attitude more than low-quality negative online consumer reviews (Lee et al., 2008).

Based on previous research, it has been revealed that the degree of negative change in the attitude towards a product as a result of low-quality and high-quality negative online consumer reviews is greater for high-involvement consumers than for low involvement consumers (Lee et al., 2008). Furthermore, customers have high tendency to remember unsatisfying experiences more than satisfying ones. These responses might have been based less on experience of satisfaction than dissatisfaction (Lee, Noh & Kim, 2013). Respondents remember unsatisfying experiences

more strongly than satisfying ones, and their responses might have been based less on experience of satisfaction than dissatisfaction. Information sharing desire is influenced both by self-presentation desire and open market reward (Lee, Noh & Kim, 2013).

## **CONCLUSION**

Many researches have proven horrendous impacts of the dissemination of negative electronic word of mouth. Based on Weisstein, Song, Andersen and Zhu (2017), negative online reviews have an impact on consumer product perception and purchase decision. Moreover, negative reviews also have a stronger impact on consumers' price perceptions than positive reviews. Van Noort and Willemssen (2012) also supported with their research mentioning that negative WOM indeed has detrimental effects for consumers making purchase decisions. This means that it does not only influence to brand switching, sales and revenue but also to brand equity. The horrendous part is negative comments (complaint) possibly leaves a severe threat to companies because one online complaint from a single consumer can negatively affect the evaluations of not only a customer but many other consumers (Yen, 2016).

Besides brand equity and sales, negative word of mouth influence to the changes of mind or specifically future customer's perception. Weisstein et al., (2017) has proven that negative reviews may significantly decrease future buyers' price perception of the product. This directly will influence to the reputation of the brand as well as company sales. Furthermore Bambauer-Sachse and Mangold (2011) also mentioned that negative electronic word of mouth can have detrimental effects on brand equity. While Amdt (1967); Mizerski (1982); and Wright (1974) also proven that negative word of mouth has a stronger influence on customers' brand evaluations than positive word of mouth. It is evident that all these negative electronic word of mouth leaves undesirable impact to businesses in the sense of brand equity, consumer purchase intention and sales. Company may incur more losses if this kind of situation is repeating.

When receivers attribute the negativity of the word of mouth message to the brand, brand evaluations decrease; however, if receivers attribute the negativity to the communicator, brand evaluations increase (Laczniak, DeCarlo, & Ramaswami, 2001). One crucial element that has been

recognized by many researches that need to be emphasized by marketers is the customers who were sharing this negative electronic word of mouth were disappointed customers. Disappointed customers were unhappy customers who were prone to share their unpleasant emotions and dissatisfaction with not only with the people who were close to them, but also with the Internet users around the globe. As proven by Nejad, Amini, and Sherrell (2016), there is potential elimination of revenue stream from disappointed customers and those whom they may influence. Therefore, it is very important for marketers to monitor this issue.

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# 11

## Factors Influencing the Success of Franchise Industry

Zahira Mohd Ishan and Zalena Mohd

### INTRODUCTION

Business implementation according to franchise business system has become a common scenario, where entrepreneurs consider it as an alternative business vehicle to gain pool of customers and develop business reputation quicker than doing a business alone. MATRADE (2016) reported franchising as an approach with great potential in Malaysia as its contribution of the retail business is estimated to be at 10%. Meanwhile, the developed economies have recorded more than 40% of the retail business being conducted through franchising.

The study of franchising has also been part of business and law schools subject due to the special nature of franchising, which is a hybrid form of business organization. Regardless of whether franchise is business system for companies, partnerships or sole-traders, the concern of many studies in franchising arise from the relational business endeavours between the grantor of the franchise (the franchisor) and its grantee (the franchisee) towards successful and sustainable business. As indicated by (Rubin, 1978; Dant & Nasr, 1998), franchising is a business relationship in which to ensure franchise success require franchisor and franchisee to work closely, continuous training and monitoring by the franchisor to make the franchise a success.

This chapter identify and evaluate the factors that influence the success of franchise industry in Malaysia. The main focus is on the characteristics of franchisees that gives direct influence to the success of the franchise business. A systematic analysis and review was conducted to explore and

gather the findings from the empirical journal articles from 2002 to 2016. This method enables a thorough understanding of the franchisee criteria that contributed to the success factors from various perspectives.

## **Types of Franchise Business System**

Franchising is a business model, in which a franchisee is granted the right to engage in offering, selling, or distributing goods or services under a marketing system which is designed by the franchisor (Justis & Judd, 2003; McKelvie & Wiklund, 2010). The franchisor permits the franchisee to use the franchisor's trademark, name and advertising (Kostecka, 1987; Michael & Combs, 2008 ).

There are three different types of franchise system and each franchise operates differently. Although the franchisor provides a comprehensive business system, it is the franchisee's responsibility to manage all the day-to-day affairs of the business.

- a. ***Product Distribution Franchises:*** In this type of franchises, the franchisees sell manufactured products to the franchisor. This type of business can often be found in industries such as automobile, drinks and automobile accessories. These franchises are similar to the supplier-dealer kind of relationships. However, in the product distribution franchises, franchisee has the benefit of getting more services from franchisor than compared to what dealers will get from their suppliers. The most significant portion of the product distribution format is that the product itself is manufactured by the franchisor.
- b. ***Manufacturing Franchises:*** In this type of agreement the franchisor allows the franchisee to manufacture its products and to sell them using its brand and trademarks. This type of arrangement is particularly common in the food and beverage industry. The franchising company receives an initial fee and depending on the agreement may also receive an additional fee for every unit of the product sold.
- c. ***Business format franchises:*** In this type of franchises, the franchisee makes use of franchisor's brand name and also his trademark. And more significantly, the franchisee gets to use the

complete business system of the franchisor. This type of format is helpful in achieving consistency that gives results in form of sustained success. In this type of structure, the franchisee is empowered with a detail plan that details almost all things related to operation of the franchise. In this type the franchise is provided training about things such as advertising and marketing of the franchise, management of the premises, recruitment and training of staff, greeting new and old customers and all other things related to the operation of the franchise.

It is important to recognize that all franchises are not the same. Even within the same industry, each franchise will be set up differently. It will have different business systems, different cost structures, different support services for franchisees and, above all, different people - both as franchisors and franchisees. However, there would be a standard formula that give a direct influence towards the franchise success.

This chapter evaluates factors influencing success in franchise industry which will be a guideline and reference for the industry success. Specifically, the objectives of this study is to identify factors influencing the success in franchising that form a profile preferred by both franchisor and franchisee. Thus, this chapter seeks to compile the findings from previous studies. The method used; the success factors was grouped and categorized according to the common characteristics and dimensions. Then this chapter addresses the questions of the factors influencing success in franchising industry.

## **Factors Affecting Success of Franchise Business**

According to Aliouche & Schlenrich (2011), franchising is a distribution method which is being used by business for growth and expansion. Franchising has been broadly acknowledged both domestically and internationally as an effective business strategy to conduct and expand businesses. However, with the rapid expansion of franchising throughout the world, the management of a franchise become more complex and difficult (Chan and Justis, 1990). Further investigation and experimentation into determining the success factors is strongly recommended. A number of possible future studies using the same experimental set up are apparent.

It would be interesting to assess the effects of success factors determinants towards franchise industry.

Study done by Khairol Anuar (2016) emphasized that franchising relationship quality is considered important in ensuring success, since franchisors-franchisees are considered as business partner. Furthermore there are three dimensions; trust, commitment and relationship satisfaction have become important indicators in franchise relationships quality. However Khairol did not look at the franchisees criteria as an indicator to be determined during selection nevertheless it is important whether franchisors are hiring the right candidate as their franchisee before franchise relationship quality is measured..

Meanwhile, Matin (2015) carried out a comparative study on franchise business ownership, specifically on the implications of military experience on franchisee success and satisfaction suggested that ex-military could make good candidates to franchise with well established systems set in place that allows them to utilize their skills and abilities. Factors such as following orders, risk taker and strong fighting spirit has been identified as the factors influencing the success by appointing the ex-military.

Another interesting study looked from the perspective of failure among Malaysian franchisees in their franchise business. According to Mohd Amy Azhar (2011) there are two main factors that contributed to the failure, namely financial and non financial factors. Further study by Mohd Amy Azhar had presented the findings of success factors of Bumiputera and non-Bumiputera franchisors in Malaysia. Marketing orientation factors and entrepreneurial based factors are the two critical variables concluded that are giving direct impact towards the local franchise success.

In 1999, Jambulingam and Nevin pointed the vitality for concentrates on the franchisee selection process. The researchers found that the utilization for a few determination criteria needed a sure impact on the levels of collaboration and teamwork between franchisors and their franchisees. Furthermore, the capacity to select franchisees effectively will become a competitive advantage for companies. As stated in limited resource theory, those franchisors must need the capacity to distinguish and be able to appoint a franchisee are very different and has different competencies. (Diez and Rondan, 2004 & Lopez and Veciana, 2004; Hurtado, Guerrero, & Rondan, 2011). Therefore, it appears that different industry requires franchisee characteristics that are unique but yet common

across the industry thus this research will be focusing on the preliminary franchisees characteristics that is deemed critical before hiring them into the business venture.

The findings by group of researchers from the local Universities in 2008 provides evidence that there are five dimensions of franchisee satisfaction namely social interaction, service support, financing, assurance and competence. Results also indicate that the dimension “competence” which relates to possession of required skills, knowledge and the right attitude to perform franchise services has significantly influences the overall satisfaction.

Previous research by Mohd Ali in 2009 reported that there are limited studies on franchising system have been completed in Malaysia. This continue to be relevant as reported by Khairol Anuar in 2016, it was found out that the existing franchise companies will eventually fail in their franchise business and, no proper study has been conducted to encounter the problems faced by franchisees in Malaysian. Thus study on factors affecting franchisee success is essential to enable the academics and government agencies, in particular the PNS, to understand and establish an effective franchise management selection and model for the Malaysian franchisees. As the right selection of a prospective franchisee can generate favorable results for the franchisor and franchisee. Hence to study on the factors influencing success in franchising is important as it will help to provide guidelines for franchise development in Malaysia.

## **RESEARCH METHODOLOGY**

### **Meta-Analysis**

This study used meta-analysis to analyze and summarize the findings of previous articles from 2002 to 2016. This method helps to give a better understanding of the successful franchisees’ characteristics. Meta-analysis is defined by Merriam Webster dictionary as a quantitative statistical analysis of several separate but similar experiments or studies in order to test the pooled data for statistical significance. Thus, the meta-analysis is about analysis and summarize from prior research (Creswell, 2003) (Cheung & Slavin, 2013). In short meta-analysis will enhance the literature review to be more systematic and helps researchers to answer the research

question in the current study (Jitpaiboon & Rao, 2007) (Talib, Rahman, & Qureshi, 2013).

## **Sample**

The sample of literature used was obtained through a secondary source of library-based research with key words such as Successful, franchisees, characteristics, internal competency, entrepreneurial characteristics. Journals in the areas of marketing, marketing management and general management were examined. The list of journals included in this study are Journal of small business management, Journal business venture, Journal of business research, Service business, Journal of service marketing, European journal of marketing, Journal of business venturing, Journal of retailing and consumer service and Journal of business and management.

These papers were examined carefully, where conceptual and case study paper were excluded. Data were collected from papers that are published from 2002 to 2016. The article proceeds with a brief review of the literature on franchise success factors, after which we developed and grouped the factors based on a common characteristics and dimensions. We then describe the data, methods and result, after which we offer our conclusions.

## **FINDINGS AND DISCUSSION**

### **Dimensions of Factors Influencing the Success of Franchise Industry**

The compilation of different studies on factors influencing the success of franchise.

**Table 1** The details of studies reviewed in franchise success factors

Author	Success factors
Hanafiah, M.H., & Senik, Z.C. (2002)	<ol style="list-style-type: none"><li>i. a good image of the franchise business</li><li>ii. support and comprehensive training by the franchisor</li><li>iii. the products have been identified in the market</li><li>iv. a fair agreement between the franchisee and the franchisor</li><li>v. the selection of franchisees</li><li>vi. the existence of a strong trust between franchisees and franchisors</li><li>vii. a continuous communication link between franchisees and franchisors</li></ol>
Rajagopal, 2007	Recreational facilities, location of the store, shopping behavior and store loyalty, product attributes and services, brand value, perceived values and price In-store attractions, supply and manufacturing management, Quality, price and promotional strategies.
Firdaus Abdullah and Mohd Rashidee Alwi, Nagarajah Lee And Voon Boo Ho, (2008)	Social interaction, service support, financing, assurance and competence. “competence” - required skills, knowledge and the right attitude
Mohd Amy Azhar Mohd Harif, Chee Hee Hoe, Zolkafli Hussin, Filzah Mohd Isa, Siti Norezam Othman and Mohd Salleh Din (2011)	Marketing orientation factors Entrepreneurial factors; Locus of control, motivation & risk taking

*cont'd* Table 1

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Jiun-Lan Hsu, (2013)	Key success factors: 1. Management experience of franchisor 2. Marketing capability of franchisor 3. Logistical support of franchisor 4. Characteristics of product and service 5. Management competence of franchisor 6. Service quality of franchise 7. Location of franchise
Khairol Azhar (2016)	Relationship quality, business performance, loyalty

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This list does not claim to be exhaustive.

Table 1 suggest that there would be a significant impact of franchise success factors on the franchise business as a whole. The above factors can be grouped as:

1. Franchisor internal competencies
2. Franchisee entrepreneurial characteristics

There is a generalized agreement about the factors that influence the success in franchisees. Hence, the analysis and study to reevaluate the factors influencing success is a key aspect for the success of franchise business as discussed below:

### **1. Franchisor Internal Competencies**

Internal competency refers to the competency used in executing firm's internal work such as know-how, capital, production equipment, building units, and kind of knowledge (Okumus, 2004). In this study, internal competency is defined as the competency used in executing firm's internal work.

Previous studies highlighted internal competencies in various perspective such as marketing mix and capability, financial, brand image and many more as described in Table 1. Study done by Yoon (2007) supports the importance of internal competency for better performance results in franchising.

In short, franchisor internal competencies are about providing a sustainable business, a business they can be proud of and that bring them to success.

## **2. Franchisee Entrepreneurial Characteristics**

According to Tan (1996), entrepreneurs have a set of skills, traits and attitudes that are keys to their success. Supported by Timmon (1996), an entrepreneur is one who organizes, manages and assumes the risks of a business. Thus, it makes an entrepreneurship to act to make things happen.

At its initial stage, a franchise firm faces uncertainties in terms of business model, competitors, customers, and overall viability. Thus, entrepreneurial characters as factors influencing success in franchising is crucial to ensure potential franchisees are fully aware of the business risk that they are venturing in. Entrepreneurial character is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit.

These characters are crucial as determinants for a candidate to become a successful franchisee. Findings done by Amy (2011), revealed that locus of control, achievement motivation and risk taking are essentials elements in molding the successful franchisee. Lack of motivation may result franchisor face difficulties in its challenging business. Continuous motivation will continuously force franchisee to push their own limits. Thus, by having achieved motivation both franchisor and franchisee will be fully determined to gain success.

Locus of control is equally an important element in entrepreneurship. It helps the franchisor to chart the success journey and in controlling weaknesses internally and externally thus creating a better competitive advantage in the business operations. Thus, resulting the franchisee to be a risk taker and willing to do beyond expectations to stay valid and competitive in the industry.

## **Outcomes of Factors Influencing Success**

Other desirable factors influencing success in franchising is management experience. Familiarity with a skill or field of knowledge acquired over months or years of actual practice and which, presumably, has resulted in superior understanding or professional is person formally certified by a professional body of belonging to a specific profession by virtue of having completed a required course of studies and/or practice. And whose competence can usually be measured against an established set of standards (Business Dictionary, 2016). Thus, these characteristics means

that the candidate should have knowledge of the necessary management tools required for the successful development of the franchise business.

In addition, a person with a management experience is desirable. It means that the franchisee should have knowledge of the necessary professional and management skills required for the successful development of the franchise business. According to Avanade UK's general manager (2017), work experience provides many benefits, giving skills and experiences that will allow franchisee to stand out and it cannot be taught in the classroom. Furthermore, management experience equips franchisee with soft skills such as team working, communication skills and commercial awareness.

Thus, prospective franchisees with managerial experience could be a better fit for franchising and cause less conflict (Fenwick and Strombom, 1998). This study shows there is some empirical data that anticipated behaviors from franchisees like satisfaction and reduced conflict can be controlled by choosing franchisees with ideal attitudes and traits (Saraogi, 2009).

## **CONCLUSION**

In conclusion, success for the franchising business is critical by ensuring the initial criteria is established between both franchisor and franchisee. This can be achieved through an excellent strong establishment of an excellent training and support, continuous communication and monitoring. Attention needs to be given to customer focus as it is important as an enabler to succeed in today's competitive marketplace. This can be achieved by winning the customers from competitors via an excellent customer service. Thus by having franchisee with previous business experience would be an added advantage that is able to assist the franchisee to deliver an excellent customer service to its targeted customer.

Furthermore, establishing the factors influencing success in franchising have proven to be important in the franchising business. Satisfaction among franchisor-franchisee is critical in determining the quality of franchising relationship. Accordingly, selection of the right franchisees with the right characteristics during the selection process will increase the level of franchisees' success and satisfactions.

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## Organic Food Purchase Intention in Malaysia

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### INTRODUCTION

Organic food is healthy food that does not use any biochemical product that may harm the human body. There are many health benefits due to the consumption of organic products, hence, consumers are increasingly switching from purchasing conventional products to organic products. According to World Health Organization (WHO) and Food and Agriculture Organization of the United Nation (FAO), organic products production is a universal manufacture management system which supports and increases agro environment health, including biodiversity, biological cycles, and soil biological activity.

The growth of ecological awareness has had a considerable influence on consumer behavior, with the organic food products market expanding at a significant rate (Dash et.al, 2014). Thus, over the past years there has been a growth of invention and consumption of organically-produced products which is seen as the more environmentally friendly option compared to the traditional food production methods. The National Organic Standards Board of the U.S. Department of Agriculture (USDA) recognized a national standard for the term “organic.” Organic food based on national standard on how it can't be made rather than how it can be made. Organic products must be created without the procedure of sewer-sludge fertilizers, most synthetic fertilizers and pesticides, genetic engineering (biotechnology), growth hormones, irradiation and antibiotics. Hence, the term organic is not defined as natural and there is no legal definition as to what constitutes as natural food. Yet, the food manufacturers use the term “natural” to

show that a food has been significantly managed and is preservative-free. Conventional foods can include organic foods, but not all natural foods are organic food.

According to the Department for Agriculture and Rural Affairs (DEFRA), organic food is the product of a farming system which avoids the use of chemical fertilizer, insect repellent, and livestock feed additives. Food that can be categorized under organic food are fruits, vegetables, grains, legumes, nuts, dairy products, livestock feed and many more. Throughout the world the demand of organic products increases from year to year. There were 43.7 million hectares of organic agricultural land in 2014 and it keeps increasing. Based on BioLinked (2014) the world production and ingestion of organic food, the most producers in world are India and the largest consumers are USA with 24.3 billion. In Malaysia, organic agriculture started in the late 80s and it keeps growing until now (Suhaimie, 2016). The growth of organic agriculture due to the demand from local and international consumer. According to Food and Agriculture Organization (FAO), most of the products that is produced by Malaysia is from palm fruit oil and followed by palm oil.

## **Problem Statement**

Despite its benefits, the proportion of consumers who purchase organic food regularly is reported to be low (Roddy et al., 1996) indicating that having positive attitudes towards organic food does not necessarily lead towards to buying them. It is because when consumers are not concern about their health, they will ignore the organic food products and think that buying organic food product does not give them any benefits and effects to them (Padel and Foster, 2005)). An additional issue regarding organic product consumption is that consumers are likely to have negative attitude toward organic food product because they don't have the knowledge and awareness about organic products. According to Gracia and de Magistris (2013) found that knowledge is one of the key factors when a consumer wants to buy organic food products. It is because knowledge pertaining to organic food for example their nutritional value an ingredient that can differentiate between organic food and conventional food (Fricke & Von Alvensleben, 1997). Thus, ambiguous information about organic food will affect consumer from buying organic food product because they don't

have enough knowledge about the agricultural process to make organic food products (Padel & Foster, 2005). The previous study from Yiridoe et al., (2005) stated that there are two reasons where consumers do not purchase organic food, first lack of knowledge and second their lack of ability to know about the benefits and unique elements of organic food product when compared to conventional food product.

Besides, as the organic products are related to the high price that has been the cause for consumer are not buying organic food (Tregear et al., 1994; Magnusson et al., 2001), especially for low-income customers, that will be a problem for them to purchase organic food products (Shepherd et al., 1996). The past study of organic food indicated that the reasons why consumer not buying the organic food are the lack of availability and organic food's relatively higher price compared to conventional food (Boccaletti and Nardella, 2000; Magnusson et al., 2001; Fotopoulos and Krystallis, 2002; Zanolli and Naspetti, 2002). Another study that investigates the intention of consumer to purchase organic food also found that high price of organic food has been found to be the main problem in consumer buy organic food (Byrne et al., 1992; Tregear et al., 1994; Roddy et al., 1996; Magnusson et al., 2001; Zanolli and Naspetti, 2002). The concern of the consumers in Malaysia has for the environment change their conventional food products to the organic food products; however, the high price that been offer from the company that supply organic food products may limit their ability to purchase the organic food products in Malaysia (Somasundram C. et al.,2016).

Another issue that can be address in Malaysia context is demand for organic food product in Malaysia is increasing but the supply of the local organic food product is not keeping up with the increased the demand (Somasundram C. at el.,2016). Besides, aside from the inconsistent supply of the local organic food product, they also lack of variety of the local organic food product (Somasundram C. et al.,2016). So, Malaysia still need to import the organic food product from outside of the country to fulfill the demand of the local organic food products (Dardak et al., 2009; Stanton, 2011).

Due to these issues, this paper proposed a framework to uncover the extent of the effects on Malaysian consumers' health concerns, organic food knowledge and product awareness on the attitudes towards organic food products purchase, social influence toward organic food product

purchase, behavioural control toward organic food product purchase and the external factor that influence organic food product purchase which is food safety and price of organic food. Thus, the aim of this study to provide a theoretical perspective on how consumers' internal and external factors regarding organic foods affect purchase intention.

## **LITERATURE REVIEW**

### **Intention in Purchasing Organic Food Product in Malaysia**

The purchase intention behavior is a key factor for customers during the considering and appraising of certain product (Keller, 2001). Purchase intention is a way of decision-making that measure the cause to buy a certain product by buyer (Shah *et al.*, 2012). According to Morinez *et al.* (2007) determining the purchase intention as a condition where customer intended to purchase any product in convinced condition. Thus, intention is the cognitive symbol of an individual's willingness to perform a certain behavior, and the best predictor of behavior is intention. According to the Theory of Planned Behavior by Ajzen (1991), when the individual able to perform a particular behavior with stronger intention, greater the certain purchasing behavior will be performed.

Those consumers who have intentions to accept any product will show higher actual purchasing rates than consumers who determine that they have no intention to buying (Brown, 2003). Results of the past research has indicated that the path from intentions to purchase organic food to the proper purchasing behavior is positive (Saba & Messina, 2003; Tarkiainen & Sundqvist, 2005; Thøgersen, 2007). Otherwise, Thøgersen (2007) determined that uncertainty about organic food has a direct bad influence on the intention of buying organic food and also an undesirable effect on the version from intention to buy organic food into the real purchase itself. Purchase intention is about what the consumers think what they will buy (Blackwell *et.al*, 2001). Customer's purchasing intention on organic foods is the primary stage in expanding the consumer's demand on organic food products. But, intention does not essentially even with actual purchasing (Brown, 2003). Theory of Planned Behavior (Ajzen, 1991) attempts to model the determinants of human social behavior (Hrubes, Ajzen & Daigle, 2001) and stated that human actions are influenced by one's attitudes toward the behavior, the subjective norms associated with

the behavior and perceived control over the behavior (Ajzen, 2002; Davis, Ajzen, Saunders & Williams, 2002).

In Malaysia, the organic food industry is more growing and the demand has strengthened because consumers in Malaysia are start to increase their awareness about the benefits of organic food products. According to Suprpto and Wijaya (2012), nowadays consumers are started to believe the beneficial of the organic food products, thus directly have a positive attitude to influence the purchase intention of organic food products.

## **HEALTH CONCERNS**

Consumers who consume organic food usually are those who are concerned about their health. Health consciousness is one of the actions to take care on health Nina (2009). As stated by Wijaya, (2012), health consumption life style can be defined as a consumer daily activity that having balance consumption pattern, not take any synthetic food, concern about food safety and also managing healthy consumption pattern. The main reason of organic food consumption is because consumers concern about their health (Deus, 2013). In other study reveal that health concern came as the most importance reason in purchasing organic food (Chiew Shi Wee, 2014). According to Mutlu (2007), most consumers consume organic food to maintain health. Furthermore, Mutlu (2007) claim that, people tend to use organic food because they believe that organic food can make their health better.

According to Irianto (2015) stated, health consciousness and attitude to buy organic food have a positive relationship. This means that, people buying organic food because they are very concern about their health. Paul (2012) claim that desolation in human health becomes the main reason why consumers keep buying organic food. In other words, health consciousness is the main reason and motivation to improve health (Yi, 2009). According to Nina (2009) stated that, from the past study, researcher found that interest in health is the main reason consumer buy organic food. From study by (Mutlu, 2007) shown consumer keep the health condition through avoiding the chemical such as addictive, pesticide and chemical fertilizer. This statement is also supported by Irianto (2015), which is there is a strong relationship between health concern and decision making on organic food. This indicates that the reason people choose organic food

because they concern about their health and also, they believe that organic food did not contains any chemical that will harm their body.

As reported by Bahri (2015), consumer who are concern about their health are willing to pay a premium price and according to Irianto (2015) organic food are healthier, harmless and also environmentally friendly compared to conventional food. Consumers nowadays are aware of the foods that they take actually can affect their health so that they more escalate their health and natural food and start switching from conventional food to organic food (Nina, 2009). Nutrition that contains in organic food gives a competitive advantage to conventional food and it becomes a key motivator to consumers to keep purchasing and consume organic food (Paul, 2012). In a survey that was conducted by Food Marketing Instituted, the reason why most of the consumers who buy organic food because they are concerned about their health and they know organic food can keep their body from diseases (Deus, 2013). Thus, it is posited that:

*Hypothesis 1: Consumers' health concerns will positively influence consumers' attitude towards organic food in Malaysia.*

## **Organic Food Knowledge and Awareness**

According to Bahri (2015), organic food has become the most popular choice of consumer because those foods are actually free from any chemical substances such as chemical fertilizers, pesticides, herbicides and other chemical since the start of its production until storage. As stated by Yiridoe (2006), knowledge on organic food effects the consumer purchasing decision. Knowledge is proposed to have a good positive effect on the consumer diet effectiveness on their consumption of organic products (Yi, 2009). According to Deus (2013), the sources that consumer gets the information about organic food should be analyzed. In word of Yiridoe (2006), knowledge gives direct and indirect effect on the attitude towards consumer purchasing behavior. In words of Yiridoe (2006), consumer knowledge about organic food reflects a conceptual belief. According to Zabil (2012), knowledge and awareness can influence consumer purchasing behavior.

Awareness have direct and indirect effects on attitudes toward consumer product, whereby if consumer aware about something that important to their life, the willingness of purchasing is high. Thus, because of organic

products are credence products, people may don't have knowledge whether the product is produced from the organic or conventional procedure. That why awareness about the organic and knowledge about the organic product also plays a major factor in consumer decision making. For example, if consumer can't differentiate between conventional products and organic products, they don't have intention to purchase organic products because they don't have knowledge about organic products and they don't aware about health food.

The important of consumer knowledge and awareness toward organic food product can be divided by two. First is about the possibility that those who do not consider organic food product may have a general knowledge about the organic product, but they do not have enough detailed information to differentiate between the unique attributes of organic food product and conventional food products. The second is about there are still a segment of the potential market that haven't discover or been informed toward organic food products. For example, a study of organic food product at United States where they found lack of knowledge and awareness have been the factor where they do not purchase organic food products (Demeritt, 2002).

In Malaysia, lacking of information toward organic food products will discourage consumers from buying organic products, so they do not have enough knowledge about the agricultural process (Padel & Foster, 2005). Compare to developing country whereby the organic food knowledge has been informing to their community and their community have knowledge about the benefits of the organic products. Furthermore, there is a lack of awareness on healthy food consumption among producers, retailers and consumers of the wider extent of organic production and processing standards in Malaysia markets (Voon, J. P. et al., 2011) So, it is important for the consumers to have knowledge and awareness about the organic food products among Malaysians consumers. Therefore, it is posited that:

*Hypothesis 2: Organic food knowledge and awareness will positively influence attitude towards organic food in Malaysia.*

## **Attitude towards Organic Food Product Purchase**

Attitudes symbolize a character's overall appraisals of the behavior whether positive or negative. Consumer attitudes can be defined as a combination of a consumer's beliefs about, feelings about, and behavioral intention

toward some objective within the context of marketing mostly a brand or retail store (Musek Lešnik, 2013). Besides, according to Koren S, (2015) attitudes have been defined as fairly stable opinions containing a rational element and an emotive element.

According to Chen (2007), the attitude towards organic food is based on the expectations and belief on the individual impacts of the outcome that causing from the behavior. Yet, based on the researcher, the organic foods are viewed as much healthier, natural, nutritious, and sustainable than conventional foods products. In Malaysia, attitude toward organic food product is quite low compare to the develop country (Jaafar, S. N. et al., 2012). It is because in Malaysia have variety of food that not been produce by organic food products. So, there are been a lack of attitude toward organic food product among Malaysian consumers toward organic food products. Thus, the attitude of consumers towards organic foods purchasing is naturally believed to be positively related to the attitude to organic products. So, this study will discuss two factors that influence attitude toward organic food product purchase which is health concern and organic food knowledge and awareness. Therefore, it is posited that:

*Hypothesis 3:* Attitude toward organic food product purchase will influence positively to the organic food purchase intention in Malaysia.

## **Social Influence towards Organic Food Product Purchase**

Subjective norms measure the perceived social pressures to perform or not perform some behavior, whereas perceived behavioral control is defining as personality's perception of the extent to which act of the behavior is easy or difficult for that individual. According to Ajzen (1991) and Crandall, *et al.* (2009), the character of subjective norms also had identified as to perform or not to perform the behavior which is refer to the perceived social pressure. Besides, subjective norm is a person's opinion that acting in a certain way is right or wrong irrespective of personal or social values.

Subjective norms refer to the trust in most of a person's approval or disapproval of the behavior (Yi & Lin, 2014). A person's motivation to perform a given behavior which is created based on the prospects of other people that are important to that person. They can be family, friends, relatives or significant other. The researcher also states that social norms can be well-defined as the normal codes of behavior in a group of people

or society. Yet, social norms can be measured as normative or regular in a people surrounding them.

Besides, both of the norms will affect a person's acceptance about whether people should or should not perform the behavior. Yet, if the person important to them or people around them think that organic products are good, and then most likely the people will obtain to purchase it. So, they will tend to have a positive view toward organic food products. According to Tarkiainen, A., and Sundqvist, S. (2005) found that social influence is important to consumers when they want to purchase organic food products. It is because social influence can attract people surrounding them such as family, friends etc., to act the same behavior. Thus, it is posited that:

*Hypothesis 4: Social influence toward organic food product purchase will influence positively to the organic food purchase intention in Malaysia.*

## **Perceived Behavioral Control towards Organic Food Product Purchase**

Perceived behavior control is influence behavior openly when insights of control same with the actual control (Armitage & Conner, 2001). According to Ajzen (1991) supported by Ooi Say Keat, (2009) perceived behavior control is about an individual's perception of the extent to which performance of the behavior is easy or difficult.

Perceived behavioral control can be defined as an opinion of individual on the easiness or difficulty of acting the behavior of interest where it can vary across different situations (Yi & Lin, 2014). A person can change their opinions of behavioral control depending on the situations. Besides, according to (Yi & Lin, 2014) perceived behavioral control has motivational consequences on behavior through intentions. Previous study also states that, perceived behavioral control is about by referring the perception of consumers on personal control over what to buy and eat. As a result, it can influence the intention of consumers on the purchase of organic products. Besides that, previous study also believed that it can cover the effects of external factors, such as place, time, and labeling. According to Chen (2007), all these outside factors may influence the consumers' decisions of risks and benefits when obtaining the organic products. Thus, if users perceived that they can simply get the organic products or simply

categorizing the organic products labels, then the intention to purchase it will be higher.

This study will measure two different contexts which are internal factors and external factors that influence intention of Malaysia consumer toward organic food products. So, for the internal factors that influences organic food purchase in Malaysia in this study which is attitude toward organic food product purchase, social influence toward organic food product purchase and perceived behavioral control towards organic food product purchase. For the external factors that influence organic food purchase in Malaysia in this study are divided by two which is product food safety and price of organic food products. The reason why this study measure two different contexts is because we want to investigate whether internal factors or external factors play the important aspect to influence the intention of consumers in purchase organic food products in Malaysia. Therefore, it is posited that:

*Hypothesis 5:* Perceived behavioral control toward organic food product purchase will influence positively to the organic food purchase intention in Malaysia.

## **Product Food Safety**

In the study of Nina (2009), the meaning of food safety is when consumer concern on the chemicals that will be on the food such as chemical sprays, fertilizers and others chemical substances. Consumers nowadays are very concern about how their food been processed beginning from raw materials until to their table (Biemans, 2009) and because of these reasons, they consider that organic food is more safety. According to Padel and Foster (2005) say that food safety also becomes one of the main reasons why consumers purchase organic food (Chiew Shi Wee, 2014). In past study conducted by Williams and Hammitt (2001) said that, consumers believe that organic food is safer compare to conventional products (Chiew Shi Wee, 2014). All these statements can be supported by declaration by Deus (2013) which research has proven that conventional food will cause a health risk and long-term as well as unknown health effects to its consumers. As a consequence, consumers are willing to pay more to get a good and safer food which is organic food. They agreed that organic food will not harm their body (Chiew Shi Wee, 2014).

Most of the consumers in European country especially Germany, Denmark, Britain and France are like to consume organic food (Yiridoe, 2006). 90% of consumers choose to consume organic food because they believe that organic food reduces pesticide residue risk (Deus, 2013). In word of Nina (2009), organic consumers are concerned about the physical risk in taking food. Consumer's trust in organic food is one of the factors that makes them buy organic food Mutlu (2007). Furthermore, consumer will feel secured when buying organic food even though they need to pay a premium price (Mutlu, 2007). In the past study, it claims that most consumers from China believe that organic food gives a good effect to them and also, they claim that they choose to use organic food compared to conventional food (Yiridoe, 2006). As reported by Yiridoe (2006), consumers from Costa Rica choose to consume organic food because of the safety of the food itself.

According to Deus (2013), most consumers thought that by consuming organic food it will help to reduce toxic in body due to natural toxic and microbial pathogens. Even organic food is quite expensive and hard to be find, most of consumer still view them positively (Deus, 2013). Further Nina (2009) found that consumer believe that organic food produce poses fewer risk to consumers compare to conventional food. Similarly, Schifferstein and Oude Ophuis (1998) declare that organic food consumer is concerned about the food safety and willing to pay for it at higher price (Nina, 2009). From all the past study indicated that, food safety is likely to be an important role as a factor that influence consumer purchasing organic food. So, in Malaysia context organic food product is not become the main food for them, thus they are not aware about the benefits of organic food and safety of the product that they purchase. That why this study is focused on Malaysia that can give knowledge and keep them aware about food product that they purchase and benefits of purchase organic food products rather than conventional food products. Thus, the hypothesis for this variable is:

*Hypothesis 6:* Product food safety will influence positively to the organic food purchase intention in Malaysia.

## **Price of Organic Food Product**

Price of the organic food product is one of the main factors that can influence consumer to purchase organic food products. Compared to the conventional food, organic food is more expensive, which is the key why consumers would or would not purchase organic food. Thus, consumers that have higher salary tend to purchase the organic food rather than lower salary because high salary consumer is more focused on the quality of the food rather than the price. The price of organic food product has been mentioned in many studies and articles whereby it becomes the complication for buying the organic food (Zanoli, 2002; Padel et al, 2005; Hughner et al, 2007).

According to Makatoumi (2002) that study about the parent's attitudes towards organic food in United Kingdom found that there is no different perception from the parents toward organic food product between regular and non-buyers in related to the other factors for example product value, production method and product quality but their study found that non-buyer of organic food are not capable to purchase organic food product. So, price is also playing a major role that can influence consumers to purchase organic food products.

In Malaysia, exposure of organic food product is at introductory level whereby not many of consumer are aware about organic food products. According to Ahmad, S. N. B. & Juhdi N. (2010) that study the purchase intention of organic food in Malaysia, found that women are more attracted to purchase more organic food product rather than men if the organic food are less expensive and more available around Malaysia. This is because role of women and the household food purchasers and gatekeepers (Beardworth et al., 2002). So, in Malaysia context the price of organic food is a key factor that can influence consumers in purchase organic food product. Thus, the hypothesis for this variable is:

*Hypothesis 7:* Price of organic food product will influence positively to the organic food purchase intention in Malaysia.

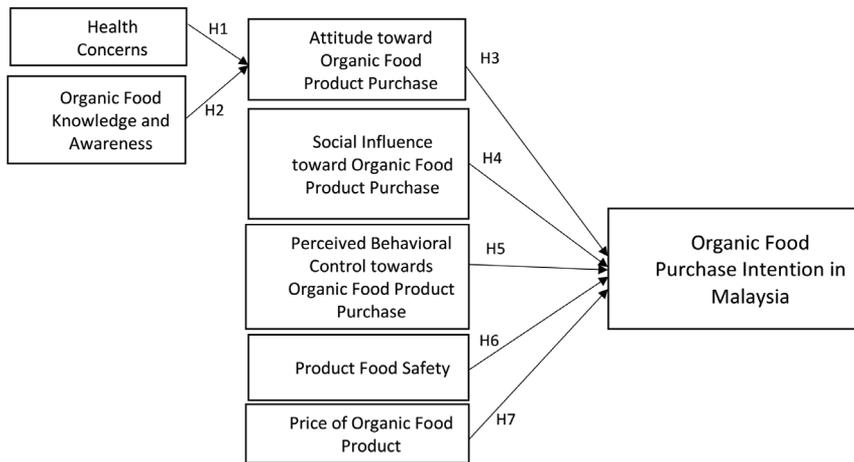


Figure 1 Proposed conceptual framework

## CONCLUSIONS AND FUTURE RESEARCH

Organic products are products of organic farming and are produced without use any synthetically compounded fertilizers, conventional pesticides or other artificial additives. Increasing awareness and health concerns has resulted in increasing demand for organic food products worldwide. Whilst the benefits of organic food consumption are having been well established, the motivations behind consumers' purchase intention for these products, particularly from developing countries to date has been largely undocumented. This paper aims to provide a theoretical perspective on how consumers' internal and external factors regarding organic foods affect purchase intention. Particularly, the paper proposed a framework to uncover the extent of Malaysian consumers' health concerns, organic food knowledge and product awareness on the affect attitudes towards organic food products, and the external effect of marketing tools on purchase intention.

There are several potential benefits to this research. For managerial implication, this study is giving important information to the manufacturers who are producing organic food products. For example, when the manufacturers know what the factors that consumers purchase organic food products, they can use that information to extract in their advertising tools. The theoretical implications of the study are to provide and explore

what are the internal and external factors that can contribute to Malaysian consumers in purchasing organic food products. It is because result from this study can ensure whether internal or external or both factors that most contribute to the consumers purchase organic food products.

In terms of future research, this study can expand the context of the study towards organic food purchase intention to other developing countries such as China and India. The incorporation of a qualitative methodology could also be beneficial to uncover other important factors that may influence organic food purchase intention. Future research should also aim to measure consumers actual behaviour of the organic food purchasing behaviour.

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## **The Influence of Socio-Demographic and Travel Characteristics on Tourist Perception of Food Safety Risk: The Case of Malaysia**

Mehri Yasami, Yuhanis Abdul Aziz, Kenny Teoh Guan Cheng  
and Dahlia Zawawi

### **INTRODUCTION**

Over the last three decades, destination dishes motivate people from all over the world to travel many miles away from their homes to seek the joys of taking unfamiliar cuisine (Hall and Mitchell, 2001; Hjalanger and Richards, 2002). For example, only in 2013, 51% of U.S. tourists travelled to acquire knowledge about and take pleasure in exclusive eating experiences (Mandala Research, 2010). Furthermore, World Food Travel Association (WFTA, 2016), in the 2016 food travel monitor report demonstrated that at least 75% of global leisure travellers have been persuaded to visit a destination because of a culinary activity.

The emergence of such a trend encourages destination marketing organizations to rely on locally distinctive food in selling uniqueness (Sims, 2010) and create a number of promotional food campaigns and events to keep an unrivalled profile distinguishing them from the rest (Haven-Tang and Jones, 2006). For example, Hong Kong (Okumus et al., 2007), Singapore (Brien, 2014), Turkey (Okumus and Cetin, 2015), Australia (Cambourne and Macionis, 2003), and Malaysia (The Malaysian Times 23 May 2014, p..) are promoting themselves as the centers of food and projecting positive food images that enhance the quality of tourist's overall experience and desire to return.

Beside increasing food campaigns and events leading to the global recognition of destination food, successful promotion of destination food image is related to the reduction of perceived risks associated with food consumption mostly because the food safety-related risks represent major

concern in the minds of tourists while dining at destination food service establishments (Henderson, 2009). The plausible reason for tourists' states of insecurity and perceived risk towards destination food safety refers to the growing public awareness about food safety and high media coverage of foodborne illness outbreaks in the tourism destinations.

Even though most of the foodborne illness cases in tourist go unreported, food-related illnesses have been regarded as a top tourist's concern in the international destination (Lepp and Gibson, 2003). The foodborne illness is considered as the most common travel-induced disease affecting at least half of the tourists in the developing world (Leder, 2015) particularly travellers in African and Southeast Asian countries (WHO, 2015).

Most specifically, the threat of contracting a foodborne illness during a trip has been identified as a major risk associated with dining at destination food premises particularly local restaurants (Center for Disease Control and Prevention [CDC], 2013). Numerous pieces of news about tourists who struck down by food poisoning after dining at destination local restaurants (Mail Online 10 May 2011, p.1.; Hughes, 2017; Lajtai-Szabó, 2018; VnExpress 28 October 2016; Tuoitrenews 4 June 2017), lends support to the leading role of local eateries.

Nevertheless, restaurant food handling practices remarkably contribute to the foodborne illness (Soon et al., 2011), consumers mostly consider the cleanliness of the physical environment, equipment, and staff as the risk factors contributing to the foodborne illness (Jones, 2002). It is mainly due to the fact that the key safety restaurant operations are hidden at the restaurant backstage (Henson et al., 2006). Thus, a restaurant with the dirty environment, equipment, and staff make tourists the actual degree of risk perception.

Malaysia with its strict surveillance programs and restaurant inspections for increasing the hygiene level of the food premises (Philip, 2015) shows a lower contribution to the foodborne illness compared to some other popular tourism destinations in Southeast Asian region (Bureau of General Communicable Diseases, 2017). However, this country still has high cases of foodborne illness (Hassan et al., 2014; Sharifa Ezat et al., 2013). The significant contribution of Malaysian restaurants and food premises to the foodborne illness may be clearer by growing rate of restaurant closure. For example, 1,157 food premises were forced to close down due to the low standards of cleanliness and hygiene in 2015 which was more than double the number in 2014 and triple the number in 2013 (Nair, 2016).

Besides increased public health-consciousness, widespread media coverage of restaurant-associated foodborne disease cases (Hawkins et al., 2016; Harris et al., 2014), and emergence of travel related social media platforms such as Yelp, TripAdvisor, and Urbanspoon easily create concerns in the minds of tourists when travel to the tropical destinations such as Malaysia, with hot and humid weather suitable for microbial growth. Accordingly, tourist's feeling of insecurity towards the threat of foodborne illness may cause risk perception influencing tourist's future behaviours.

No matter crimes against travellers (George, 2012), terrorism (Seabra et al., 2014), and food safety issues (Larsen et al., 2007), the perceived risk strongly determines customer behaviour (Mitchell, 1992). As a result, it is essential to investigate traveller's perception of risk as tourists' perceived risk affect the choice of travel activities undertaken while at the destination (Russel & Prideaux, 2014). Despite the obvious influence of travel-related risk perception on tourist decision-making (Garg, 2015; Sharifpour et al., 2014), perception towards food safety risk has not been sufficiently studied so far particularly in Southeast Asian destinations such as Malaysia.

In addition, identifying what factors drive tourist risk perception, provides a deep insight into tourist-decision making thus designing better strategies to cope with the heterogeneous reactions of tourists towards food safety issues. Despite its practical importance, key factors underpinnings of risk perception differences in the food safety context have not been examined. With respect to the importance of the socio-demographic and travel characteristics affecting tourists' risk perceptions (Adam, 2015; George, 2012, 2010; Gibson and Yiannakis 2002; Jonas et al., 2011; Kozak et al., 2007; Laver et al., 2001; Lepp and Gibson, 2003; Mitchell and Boustani, 2015; Qi et al., 2009; Park and Reisinger, 2010; Reisinger and Mavondo, 2006; Reichel et al., 2007; Voumard et al., 2015; Yang et al., 2015), the empirical research examining the influence of these factors on tourist's risk perception concerning restaurant-associated foodborne illness is simply rare.

However, this study seeks to shed new light on the risky decision-making mechanism, by asking a substantial sample of international tourists to report their level of risk perceptions they held related to the restaurant associated-foodborne illness. Moreover, it investigates how these perceptions differ based on socio-demographic and travel characteristics.

## **REVIEW OF LITERATURE**

### **Risk Perception**

Risk as an aligned concept of safety concern in the tourism and travel context (Sonmez and Graefe, 1998) has been defined by Reisinger and Mavondo (2005) as the state of being exposed to a certain threat. Once people are exposed to a specific threatening event or a risky situation, they start to evaluate the possibility and consequence of loss, which brings about a behavioural adaptation based on this risk perception (Kaplan et al., 1974).

In general, perceived risk has gained more research attention compared to the actual risk in the travel and tourism context since the service-based nature of tourism generates high level of risk perception affecting tourist decision making (Hugstad et al., 1987). It has been mostly considered as the total negativity of a course of actions related to travel according to evaluation of the possible adverse consequences and the probability that those consequences will happen (Fuchs and Reichel, 2011).

Most specifically, the risk perception research has been a priority for the field of travel studies after the September 11th terrorist attack in 2001 (Yang, & Nair, 2014). Researchers not only have studied tourist's perception towards travel-induced risks as a basis for segmentation (Seabra et al., 2013), but also travel risk perception has been considered for researchers as a focal point due to its supposed role in determining consequent tourist behaviour (Adam, 2015; Seabra et al., 2014).

However, most of the travel risk studies have applied the concept of risk perception from the consumer behaviour (Yeung and Yee, 2013). Bauer (1960) was the first who introduced the risk perception in the consumer behaviour and marketing discipline and identified it as the part of uncertainty towards a decision's outcome. Following Bauer's suggestion, risk perception has been treated as a construct consisting of two components of the possibility of the occurrence of unfavourable consequences and the magnitude of them. Later, upon the type of risk, unfavourable consequences subdivided into different categories of financial, physical, psychological, functional, social, health, time loss, ...etc. (Mitchell and Vassos, 1997; Schiffman and Kanuk, 1991; Roselius, 1971).

Taking a lead from consumer behaviour studies, different types of travel-associated risks such as health, financial, political instability,

unfamiliar food, safety food, time, terrorism, satisfaction, cultural barriers, and crime have been identified by tourism scholars (Sonmez and Graefe, 1998; Lepp and Gibson, 2003; Reisinger and Mavondo, 2006; Yeng and Yee, 2013) and they have measured risk perception toward each travel risk separately. Food safety risk as a major factor that can easily destroy the pleasure of the holidaymakers (Cartwright, 2000) refers to the probability of getting ill while travelling, during the stay at the destination even after due to consuming unsafe food. The importance of food safety is so high that the perceived risk of foodborne illness easily makes a basis for choosing an international destination (Maclaurin, 2004).

It should be noted that the past studies mainly measured risk perception toward each travel risk as the unidimensional construct either by the probability of occurrence or severity of adverse consequences that represents a miss-conceptualization and measurement of risk perception in the travel context (Schroeder and Pennington-Gray, 2016). However, Bauer (1960) suggested that risk perception plays a powerful role in consumers' pre-decision behaviour.

Following Bauer's foregoing discussion of risk perception, a great number of theories in the social and health disciplines consented to risk perception a vital role in determining behaviour (Sheeran et al., 2013). The risk perception defined by the well-known health theories such as protection motivation theory (Rogers, 1983) and health belief model (Rosenstock, 1974) is typically concerned with the cognitive appraisal of a specific threat. Those theories have been used to focus on the perception of risk and attitude/behaviour change. They postulate two dimensions of fear appeal including risk perception and efficacy of an adopting response. The perceived vulnerability and perceived severity are two major risk-related variables identified by those models representing the individuals' perceived probability of experiencing harm and perceived magnitude of expected harm respectively (Witte and Allen, 2000). For present purposes, this paper considers the concept of risk perception to refer to the cognitive appraisal of a threat which represents two main components of risk perception identified by scholarly research on consumer behaviour.

However, tourists do not perceive risk in the same manner (Pizam et al., 2004). When looking at the travel risk-related literature, multiple factors such as demographics (Adam, 2015; George, 2012; Larsen et al., 2007; Mitchell and Boustani, 2015; Yang et al., 2015) and travel characteristics

seem to influence the tourist's perceived risk. The next section will give an overview of the current research on risk perception and relevant socio-demographic and travel factors that influence the risk perception of international tourists.

## **SOCIO-DEMOGRAPHIC AND TRAVEL FACTORS OF INFLUENCE**

After a comprehensive overview of the previous tourism literature, socio-demographic and travel variables were found to be the significant factors influencing tourists' risk perception. A number of studies suggest that women and men may perceive travel-related risks differently and female tourists tended to perceive travel risk higher than male travellers (Adam, 2015; Mitchell and Boustani, 2015; Qi et al., 2009; Park and Reisinger, 2010; Yang et al., 2015).

Furthermore, the way that tourists perceive risk might be influenced by nationality (Adam, 2015; George, 2012, 2010; Kozak et al., 2007; Reisinger and Mavondo, 2006; Park and Reisinger, 2010). For example, Kozak and colleagues' study demonstrated that tourists from Singapore, China, and Malaysia perceived more travel risk perception (Kozak et al., 2007). In the same manner, tourists from some industrialized nations such as the United States, Australian, and Hong Kong perceived the higher level of travel risks compared to other voyagers from Canada and Greece (Reisinger and Mavondo 2006).

Some researchers have indicated that travel risks tend to be judged as higher by older travellers (George 2010; Mitchell and Boustani, 2015; Voumard et al., 2015). On the contrary, the research conducted by Gibson and Yiannakis (2002) revealed that younger tourists perceive more travel risk compared to the older ones.

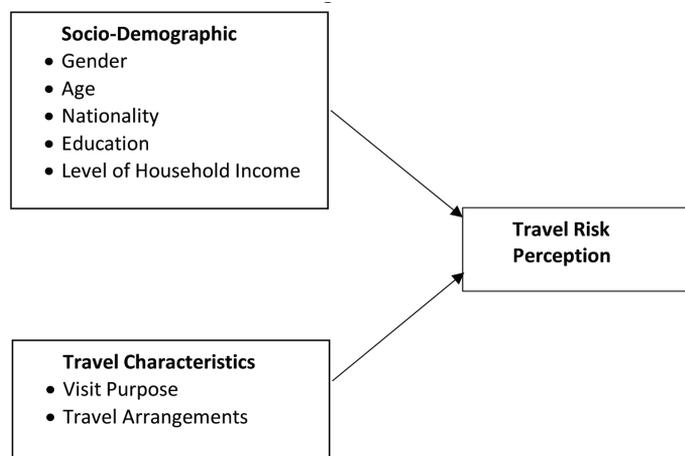
Social class reflecting the level of income and education may be a significant factor of influence creating differences in the travel risk perception. Simply the higher education the lower perception of travel risk (Laver et al., 2001). Furthermore, a study conducted by Park and Reisinger (2010) revealed that low-income tourists perceived travel risk perception higher than affluent travellers.

Moreover, travel purpose is one of the travel characteristics that produced significant differences in tourists' risk perception. While travel risks were the most significant concern for the leisure tourists (George,

2010), travellers who tended to visit friends and relatives showed the lowest risk perception (Jonas et al., 2011). Also, tourists who bought tour packages showed a greater degree of travel risk perception compared to the voyagers who individually planned their travels (Qi et al., 2009). Interestingly, female tourists with individually planned trips perceived higher travel risks than male tourists with the same pattern of the trip plan (Reichel et al., 2007) thus more support to the gendered perception of travel risk.

With respect to the food safety risks, nationality appeared to differentiate between tourists' levels of risk perception (Larsen et al., 2007). Most specifically, female travellers (Lepp and Gibson, 2003) and tourists who travelled to visit friend and family perceived a greater degree of risk perception towards destination food safety (Jonas et al., 2011).

To make a thorough understanding of the impacts of different background factors on travel risk perception, this study will consider all socio-demographic and travel factors of influence measured by the previous studies. The socio-demographic variables are gender, age, nationality, monthly household income, and level of education. Visit purpose and travel arrangement are travel factors of influences as depicted in Figure 1.



**Figure 1** Framework of the study

## **RESEARCH METHODOLOGY**

### **Survey Instrument**

A self-administrated questionnaire was constructed to measure perception of risk that Malaysia international tourists held of restaurant associated-foodborne illness. It was divided into three sections. The first two section assessed the risk perception dimensions. Upon the previous literature, measurement items were categorized into two groups: perceived vulnerability and perceived severity. These items were developed through extensive review of previous studies (Choi et al., 2011; Henson et al., 2006; Mullan et al., 2010; Ungku Fatimah et al., 2011) and consultation with a panel of food service and academic experts in the field of tourism. These items had the great focus on the observable food hygiene indicators of the restaurant such as restaurant cleanliness, food inspection score, and level of patronage. For eight perceived vulnerability items, the participants were requested to address the perceived likelihood of contracting a restaurant-associated foodborne illness in seven points Linkert scale with 1 represented Extremely unlikely and 7 represented extremely likely.

To measure perceived severity, participants were asked to rate their agreement with three statements using seven points Likert scale where 1= strongly disagree and 7= strongly agree. Moreover, the questionnaire included items in the third section to acquire information regarding the socio-demographic and travel features of the population studied by asking age, gender, nationality, level of educational, level of household income, visit purpose, and trip arrangement. A pilot study was conducted to help refine the risk perception relevant items. The results demonstrated that the measurement items enjoy internal consistency since Cronbach alpha is higher than 0.7 (Hair et al., 2010; Nunnally, 1978).

### **Sample and Data Collection**

A convenience sampling was adopted as the basis to gather data in this study. It was chosen in the absence of the sample frame. To be specific, the population of the investigation was international first-time travellers arriving the Kuala Lumpur International Airport and going to visit Malaysia from April 2017 through May 2017. This airport was selected for its importance as the busiest entry point in terms of international arrivals.

Upon WHO definition of tourist (Cooper et al., 1999), the international students and transient voyagers were excluded from the survey. The participants were approached, greeted and after qualifying questions, they were invited to complete the questionnaire. However, this study only targeted international tourists with good English language proficiency.

## **Data Analysis**

In total, 222 copies of the questionnaires were appropriately filled and returned for analysis within a month. The Statistical Package for the Social Sciences (SPSS) version 18 was used to analyze the collected data. During data screening, the normal distribution of the dependent variable across each sample group was satisfied since the values of skewness and kurtosis fitted into a proper range of +/- 1.5 (Tabachnick and Fidell, 2013). Moreover, non-significant Shapiro-Wilks test and histogram graph supplement assessment of the normality. No univariate outliers were detected by examination of box plots. The statistical analysis was mainly descriptive. However, a series of ANOVAs and t-tests were employed to investigate sociodemographic and travel factors of influence on risk perception.

## **RESULTS AND DISCUSSION**

### **Demographic Profile of the Respondents**

Table 1 displays the demographic and travel features of respondents. At the first glance, the vast majority of respondents are male (60.8%) and mostly have Asian nationality (63.1%). Africans, Europeans, and Oceanians represented 17.6 %, 10.8 %, and 8.6 % of the total respondents respectively.

**Table 1** Profile of respondents (n= 222)

	Number of Respondents	Percent (%)
Gender		
Male	135	60.8
Female	87	39.2
Age		
18-27	61	27.5
28-37	87	39.2
38-47	52	23.4
48-57	22	9.9
Nationality		
Asian	140	63.1
African	39	17.6
European	24	10.8
Oceanian	19	8.6
Level of Education		
High School or Equivalent	40	18
Vocational/Technical School	14	6.3
Bachelor Degree	116	52.3
Master Degree	35	15.8
Doctoral Degree	17	7.7
Monthly Household Income		
Under US\$ 1,000	113	50.9
\$1,000 - \$2,999	74	33.3
\$3,000 - \$4,999	35	15.8
Visit Purpose		
Business	33	14.9
Visiting Friends and Relatives	26	11.7
Holiday/Leisure	146	65.8
Health and Medical-related Trip	17	7.7
Trip Arrangement		
Tour Package	78	35.1
Individually Planed	144	64.9

A large proportion of the study sample are aged from 18 to 37 (66.7%). However, the middle age group including people aged between 48 and 57 has a significantly lowest share of 9.9 % compared to the other age groups. Moreover, the highest percentage of respondents have attained a bachelor degree (52.3%) followed by high school (18 %) and master degree (15.8%) respectively. Thereafter, doctorate degree with 7.7 % made contribution to the study. In summary, 75.7 % of the respondents enjoy the higher education. Over half of the respondents (50.9%) have been classified with monthly household income less than 1000 US\$. 33.3 % of them have monthly household income between 1,000 - 2,999 US\$ followed by the 15.8 % of the respondents who constituted a group of people with 3,000-4,999 US\$ monthly household income.

Majority of respondents with a total of 65.8 % were leisure tourists. The tourists with business purposes came right behind with 14.9 %. Simply, tourists with visiting family and friend's purposes (11.7 %) had more share compared to the medical tourists (7.6 %). At the end, 64.9 % of the respondents, planed their trips individually while the rest bought tour packages from travel agencies.

### **Perceived Level of Risk**

The present study initially aimed to investigate the perceived risk that Malaysia international tourists held of the restaurant associated-foodborne illness. In an attempt to achieve this objective, perceived risk attributed to the restaurant poor sanitary measures and cleanliness, low level of patronage, and low health inspection score were assessed upon seven points Likert- scale. Table 2 illustrates the mean scores of the 11 items measuring risk perception.

**Table 2** Mean scores of the 11 items measuring risk perception

Construct	Measurement items	Mean	SD
Perceived Vulnerability	How likely is it that you will suffer from food poisoning during your stay because you do not eat at a Malaysian local restaurant with a clean exterior/ outside?	4.28	1.764
	How likely is it that you will suffer from food poisoning because you do not eat at a Malaysian local restaurant with a pleasant odor/ smell?	4.31	1.834
	How likely is it that you will suffer from food poisoning during your stay because you do not eat at a Malaysian local restaurant with the waiters and waitresses who have clean appearance and cloths?	4.32	1.717
	How likely is it that you will suffer from food poisoning during your stay because you do not eat at a Malaysian local restaurant with the clean dining tables, chairs, and utensils?	4.64	1.820
	How likely is it that you will suffer from food poisoning during your stay because you do not eat at a Malaysian local restaurant with the clean toilets?	4.29	1.683
	How likely is it that you will suffer from food poisoning during your stay because you do not eat at a Malaysian local restaurant with a good inspection score?	4.25	1.710
	How likely is it that you will suffer from food poisoning during your stay because you do not eat at a Malaysian local restaurant with the high patronage/crowding of the local people?	4.16	1.611
	How likely is it that you will suffer from food poisoning during your stay because you do not eat at a Malaysian local restaurant with the high patronage/crowding of the international tourists?	4.32	1.710
	Total		4.33

cont'd Table 2

Perceived Severity	If I contract a foodborne illness (e.g. food poisoning), it would seriously affect my health.	5.33	1.488
	If I contract a foodborne illness (e.g. food poisoning), medication/medical attention would be required.	5.39	1.406
	If I contract a foodborne illness (e.g. food poisoning), I would suffer a lot of unpleasant symptoms (e.g. diarrhea, nausea, abdominal pain,...)	5.52	1.392
Total		5.41	1.355

The actual degree of the perceived vulnerability to the restaurant-associated foodborne illness is high as above the split level ( $M = 4.00$  and above) ( $M=4.33$ ,  $SD=1.524$ ). Amongst the perceived vulnerability relevant items, the highest mean score has been attached to the item of clean dining tables, chairs, and utensils ( $M=4.64$ ,  $SD=1.820$ ). The lowest mean score belongs to the item of patronage/crowding of the local people ( $M=4.16$ ,  $SD=1.611$ ).

The present study results imply that the restaurant inspection scores mirroring local eateries compliance with public health regulations, received not much consideration from tourists to create a basis for risk perception. The low contribution of restaurant inspection score to the risk perception could be explained by the respondents' lack of trust in the inspection reports or limited knowledge towards inspection grading systems and the ways in which those scores are generated.

In addition, the perceived level of adverse consequences of restaurant-associated foodborne illness is high ( $M=5.55$ ,  $SD=1.293$ ) as shown in the Table 2. The highest mean score refers to the item "If I contract a foodborne illness, I would suffer a lot of unpleasant symptoms." ( $M=5.52$ ,  $SD=1.392$ ) and the lowest mean score is attributed to the item "If I contract a foodborne illness, it would seriously affect my health." ( $M=5.33$ ,  $SD=1.488$ ). These results reinforce the notion that eating food at the destination local restaurants has been perceived to be highly risky by the study respondents.

## **Influence of Socio-demographic and Travel Factors on Risk Perception**

In order to identify whether particular subsets of respondents based on socio-demographic and travel features, have more or less risk perception towards restaurant-associated foodborne illness, the total mean score of items relevant to both dimensions of risk perception was computed. Afterwards, Levene's test of homogeneity of variances was performed and the results satisfied the assumption. However, independent t-tests were employed to investigate the significance of mean differences in risk perception according to the international tourists' gender and trip arrangement. Moreover, one-way ANOVA was applied to compare the mean score of risk perception across different levels of other socio-demographic and travel characteristics which had three or more category groups. The summary of the results of the comparative tests of ANOVA and t-test is presented in Table 3.

Regarding nationality, the difference in risk perception was noticed between different nationality groups ( $F=2.82$ ,  $p=.04$ ). The outcomes of the previous works give support to the current study (Adam, 2015; George, 2012, 2010; Kozak et al., 2007; Larsen et al., 2007; Reisinger and Mavondo, 2006; Park and Reisinger, 2010). To provide more exploration of the mean scores of the different category groups that significantly differ from each other, a post hoc Turkey's test was conducted. Based on the results, African respondents perceived more risk towards foodborne illness (Mean=5.12, SD=1.470) compared to the Oceanian respondents (Mean=4.11, SD=1.240). Apparently, food safety is the single and most important concern in the minds of Africans who live in the middle and lower income countries (Jabbar et al., 2010).

Similarly, gender significantly created a mean difference in risk perception held by the respondents ( $t=.2.153$ ,  $p=0.032$ ). Female respondents clearly showed high perception of risk (Mean= 4.87, SD=1.378) compared to the male respondents (Mean=4.47, SD=1.328) as suggested by former studies (Adam, 2015; Lepp and Gibson, 2003; Mitchell and Boustani, 2015; Qi et al., 2009; Park and Reisinger, 2010; Yang et al., 2015).

Despite the last research results indicating differences in risk perception made by age groups (George 2010; Mitchell and Boustani, 2015; Voumard et al., 2015; Gibson and Yiannakis, 2002), education (Laver et al., 2001), and household income (Park and Reisinger, 2010), those features did

not change risk perception. However, there is no explanation available to explain the lack of clear and significant differences in risk perception between various category groups of respondents according to age and education, and monthly household income.

**Table 3** Comparison of risk perception across different levels of socio demographic variables

Variable	Level	N	Mean	SD	t/F	P value
Gender	Male	135	4.47	1.328	.2.153	.032
	Female	87	4.87	1.378		
Age	18-27	61	4.55	1.382	.169	.917
	28-37	87	4.64	1.264		
	38-47	52	4.61	1.486		
	48-57	22	4.79	1.420		
Nationality	Asian	140	4.56	1.307	2.822	.04
	African	39	5.12	1.470		
	European	24	4.62	1.408		
	Oceania	19	4.11	1.240		
Level of Education	High School or Equivalent	40	4.56	1.396	.685	.603
	Vocational/ Technical School	14	4.47	1.390		
	Bachelor Degree	116	4.55	1.338		
	Master Degree	35	4.79	1.352		
	Doctoral Degree	17	5.05	1.452		
	Monthly Household Income	Under US\$ 1,000	113	4.54		
	\$1,000 - \$2,999	74	4.65	1.449		
	\$3,000 - \$4,999	35	4.84	1.318		

The result generated by another t-test disclosed the significant mean difference in risk perception between two subsets of trip arrangement ( $t = - 2.126, p=0.035$ ) (see Table.4). The individual travellers who planned and booked their trips themselves, scored higher in risk perception (Mean=4.77, SD=1.426) compared to the voyagers who bought tour packages (Mean=4.36, SD=1.190). While this particular finding complies with Reichel and colleagues' work (2007), contradicts with other scholars' study (Qi et al., 2009) indicating the higher degree of travel risk perceived by tourists who bought tour packages.

Likewise, one-way ANOVA revealed that visit purpose made the significant difference with the levels of risk perception ( $F=6.86, p=.000$ ). The post hoc testing through Tukey's test illustrated that level of risk perception that the business tourists held is high particularly in comparison to the health tourists (Mean=4.16, SD=1.307) and holidaymakers (M=4.42, SD=1.307). These findings are in line with that of Jonas et al. (2011) and George (2010) who found that risk perception differed by travel purposes. On the contrary to the present study outcomes, travel risks in these studies tended to be judged much higher by leisure tourists and voyagers with the purpose of visiting friends and relatives.

**Table 4** Comparison of risk perception across different level of travel characteristics

Variable	Level	N	Mean	SD	t/F	P value
Trip Arrangement	Tour Package	78	4.36	1.190	-2.126	0.035
	Individually Planed	144	4.77	1.426		
Visit Purpose	Business	33	5.42	1.358	6.865	.000
	Visiting Friends and Relatives	26	5.05	1.036		
	Relatives	146	4.42	1.307		
	Holiday/Leisure Health and Medical-related Trip	17	4.16	1.307		

## **CONCLUSIONS, IMPLICATIONS, AND FUTURE RESEARCH**

Besides the growing role of local food as an important attribute of destination cultural identity and hallmark attraction affecting tourist destination choice, food safety-related risks present major concern in the minds of tourists in the international destination (Henderson, 2009). The present study was to investigate the perceived risk that Malaysia international tourists held of the restaurant associated-foodborne illness with great emphasis on local restaurants. In addition, this research tended to figure out whether risk perception differs based on socio-demographic and travel characteristics. The results suggest that eating food at the destination local restaurants has been perceived to be highly risky by Malaysia international tourists. Moreover, this study determined the specific socio-demographic and travel factors of gender, nationality, trip arrangement, and visit purpose that might influence international tourist's risk perception.

The results of this study contribute both theoretically and practically to travel risk research and operations in local food service establishments. From the theoretical perspective, the current study extended the travel risk literature by explicitly measuring risk perception through two dimensions of perceived vulnerability and perceived severity. Such an exploration could lead to the better conceptualization and measurement of risk perception in the tourism context.

In addition, the proven differences in the risk perception according to the socio-demographic and travel characteristics (gender, nationality, visit purpose, and trip arrangement) suggests that tourists are heterogeneous in terms of their risk perception as suggested by the previous research (Seabra et al., 2013). Therefore, it is essential to determine risk perception at the individual level. In fact, socio-demographic and travel factors of influence may deserve to be treated as the “background factors” in the theories of health belief and protection motivation directly influencing perception as other attitudinal theories suggest (Ajzen and Fishbein, 2005; Ajzen, 1991).

As to the practical implications, it is not possible to remove a travel risk completely but tourist risk perception can be changed if there is a thorough comprehending of what tourist perceives from a particular risk (Tsaor et al., 1997). The pursuit of that particular knowledge in the marketing context assists tourism practitioners to realistically manipulate risk communication messages since the perceived risk may overestimate or underestimate the actual levels of risk. Such the communication provides tourists accurate knowledge that enables them to make informed decisions towards culinary activities. In addition, managers and local restaurant owners can better understand the importance of the restaurant observable sanitation dimensions inducing tourist’s risk perception. In particular, tourists’ reactions to dining equipment and utensil, waitstaff, level of patronage, and restaurant odour shed light to the most important dimensions from Malaysia international tourists’ perspective.

Based on the study results, the aforementioned characteristics could be used as the segmentation criterion. These findings suggest that risk communication interventions should be more adapted for the specific groups of the international tourists. This segmentation properly directs communication and marketing resources to enhance consciousness regarding food safety in the international tourism destination particularly for the first-time travellers whose perceptions of travel risks mainly form through external sources of information (Morakabati et al., 2012).

Future studies may wish to examine the relationships among tourists' risk perception and protection intention towards restaurant-associated foodborne illness. Further research would be also valuable to figure out whether international tourist's level of negative emotions of fear and worry interfere with risk perception. At the end, it provides more precision if a study is able to follow up with the international tourists who participate in the research in order to investigate changes in risk perception during different stages of arriving, staying, and leaving destination.

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## Determinants of Revisit Intention of Muslim Tourists

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### INTRODUCTION

The survey by Mastercard-CrescentRating has ranked Malaysia as number one of the world's Halal-friendliest destination for Muslim travelers within Organization of the Islamic Conference (OIC) countries (MasterCard-CrescentRating, 2017). However, as commented in the Global Islamic Economy Report 2013, Malaysia is one of the potential countries to be developed and provided comprehensive Islamic economic but synergy is needed to propel to the next evolution otherwise Malaysia may reach stagnation and limitation point (Thomson Reuters, 2013).

In addition, many improvements are still needed in many areas. On 28 June 2013, The Borneo Post pointed out that Malaysia's supports sources such as the service quality and cleanliness is still at sub-par level (The Borneo Post, 2013). On the 26 February 2014, The Business Insider mentioned that Malaysia need to focus on the preservation of the culture and heritage, clean beaches, forests and the landscape (The Business Insider, 2014). This improvement needed especially when the non-Muslim countries such as Singapore, Thailand and United Kingdom are also anticipate on the influx in Muslim travellers by providing Muslim-friendly facilities and they ranked top in the non-OIC country category (MasterCard-CrescentRating, 2017). Globally, halal tourism has become the fast growing market segment (Chookaew, Chanin, Charatarawat, Sriprasert, & Nimpaya, 2015).

Based on the statistic by the Tourism Malaysia, Malaysia received most of the tourist from countries such as Singapore, Indonesia and China with

the Muslim population are at 16%, 88% and 10% respectively (Tourism Malaysia, 2015; [www.muslimpopulation.com](http://www.muslimpopulation.com), 2017). Nevertheless, The Borneo Post dated 5 July 2014 has reported that Malaysia is working to expand its tourism promotion to the Middle East countries in order to boost the long-haul market. Based on the report in Malaysia Economic Transformation Program (ETP) Handbook, yield per tourist for Malaysia is only at RM2,260 compared to neighboring countries such as Singapore and Thailand at RM3,106 and RM3,785 respectively (Pemandu, 2010). Therefore, to increase yield per tourist, it is crucial for Malaysia to attract medium and long haul tourists, which account only 7% and 15% of long and medium haul from the overall tourist arrival (Pemandu, 2010). By trying to attract more tourists from the medium and long haul such as from the Middle East, they would expect to spend more nights in the country due to the distance (Pemandu, 2010). Moreover, it was reported in the State of the Global Islamic Economy 2013 that Middle East countries such as Iran (\$18.2 billion), Saudi Arabia (\$17.1billion) and UAE (\$10.1 billion) are the top tourism expenditure countries globally in the year 2012 (Thomson Reuters, 2013).

Chen, Peng, and Hung (2015) suggested that cost in retaining loyal customer is much lower than creating a new customer. Therefore, in order to increase Muslim tourist arrival to Malaysia, Muslim tourist revisit intention is the desired behavioral outcome and is one of the measurement of loyalty (Leong, Yeh, Hsiao, & Huan, 2014; Romão, Neuts, Nijkamp, & Shikida, 2014). To make the Muslim tourist to have revisit intention to the destination, Malaysia must have factors that can influence Muslim tourists to repeat their experiences and to spread the information on the destination. One of the important factors to support the needs of the Muslim tourists is Halal tourism attribute where Muslim tourists could be effected by religious elements at the destination (Battour, Ismail, & Battor, 2011). Besides, based on the comment by the media, service quality could also an important factor that could be the determinant of Muslim revisit intention. Finally, based on the comment on the needs in culture and heritage preservation, the destination attraction could be one of the factors in revisit intention that need to be considered as well.

While there were many studies in revisit intention, study in Muslim tourist revisit intention is lacking in the existing literature. Researches in Muslim tourist concentrated on an exploratory study (Alafi, 2013;

Battour, Ismail, & Battor, 2011; Chookaew, Chanin, Charatarawat, Sriprasert, & Nimpaya, 2015; Ghadami, 2012; Haq & Wong, 2010; Islam & Chandrasekaran, 2013; Muhammad Haq, 2014; Mustafayeva, Nadirova, Kaliyeva, & Aktaulova, 2012; Namin, 2013; Razalli, Yusoff, & Roslan, 2013; Salleh, Hamid, Hashim, & Omain, 2014). Some performed empirical studies on Muslim tourist satisfaction and destination loyalty (Battour, Battor, & Ismail, 2012); customer retention (Eid, 2013) and travel intentions (Nassar, Mostafa, & Reisinger, 2015).

In addition, it is rare to find the study of Halal tourism attributes by using the theory of planned behavior (TPB). Thus, this conceptual study aims to examine the impact of Halal tourism attributes, service quality and destination attraction on Muslim tourist revisit intention, by using the decision-making model of the TPB. Practically, the study will benefit the policy maker in assessing the policies and current effort to attract more Muslim tourist. It also will help the tourism practitioners in planning their market strategies to cater to the various needs of tourist particularly the Muslim tourist.

## **LITERATURE REVIEW**

### **Halal Tourism Attribute**

Halal tourism attribute is the proposed unique aspect that can contribute to Muslim tourist revisit intention. Halal is a term used in Quran that means lawful and permissibility of human conduct based on Sharia' (Mohammad Hashim Kamali, 2011). Meanwhile, Sharia' is a regulator of human actions that governs and embedded in Muslim lives. Any activity performed by Muslim including travelling will be governed by Sharia' (Laldin, 2008). Islam and Chandrasekaran (2013) defined Halal tourism as Sharia abiding Muslim-friendly tourism environment that provides among others no alcohol in foods and beverages (F&B), availability of prayer rooms, Halal food and gender segregated activities.

Namin (2013) defined Halal tourism as all products and services that are based on Islamic belief and covers all process in the hospitality supply chain. While Chookaew et al., (2015) defined Halal tourism as tour packages and destination that must be designed to cater for the needs of conservative lifestyle of Muslim tourist and covers all aspects of tourism industry including accommodation, transportation, food and

beverages, logistics, finance and travel package. Hence, based on Islam and Chandrasekaran (2013), in this study, Halal tourism attributes is defined as Muslim-friendly of tourism products, service, facilities and environment provided by the supply chain at the destination that are based on Sharia principles.

Mohsin and Alsawafi (2011) in their study of push and pull motivation of Omani students to travel abroad found out that pull motivation at the destination such as Halal food and availability of the praying facilities is the one attracted most of the students. They concluded that this is a proof that Islamic elements at the destination could be the pull factors and influences the potential tourists' choices. In addition religion influence the Muslim activities regardless when on traveling thus influencing destination choice and activities (Jafari & Scott, 2014). Therefore, Halal tourism attribute is proposed to be one of the determinants of Muslim tourist revisit intention of a destination.

## **Service Quality**

Service quality is the perception aspect that can be one of the main factors that attracts repeat Muslim tourist to Malaysia. Based on Berry, Parasuraman and Zeithaml (1988) who developed SERVQUAL measures, perceived service quality is an assessment by the consumer on service expectation and performance based on “tangibles, reliability, responsiveness, assurance and empathy.” Many researchers used SERVQUAL measure in various service contexts such as in banking (Abedniya & Zaeim, 2011; Tahir & Bakar, 2007), and tourism (Kuo, Chang, Cheng, & Lai, 2012; Mola & Jusoh, 2011; Movafegh & Movafegh, 2013). Mola & Jusoh (2011) described service quality as tangible and intangible characteristics that can produce gap between expectation and performance.

Service quality is the determinants of the customers to differentiate competing company (Abedniya & Zaeim, 2011). While Lim (2014) in his study of hospitality service concluded that more interaction occurs with customers thus employees who are with “reliability, responsiveness, assurance and empathy” are able to deliver hedonism thus achieving expectation goal. Hence, based on Berry et al. (1988) service quality is operationalized in this study as expectation and perception of the Muslim

tourist on the services provided, thus suggested as the factors of Muslim tourist revisit intention.

## **Destination Attraction**

Destination attraction is tangibility and intangibility aspects that can influence revisit intention of the Muslim tourist. According to Battour et al., (2012) destination attraction is a pull-factor that explains the reason people travel and choose certain destination. Based on Jayawardena, Pollard, Chort, Choi, & Kibicho (2013) in their study of Canada's tourism sustainability, diversity of a country is a brand image that able to attract tourists to visit the destination. While according to Trunfio, Petruzzellis, & Nigro (2006), to become competitive, it is important to align destination attraction towards satisfying the demands and needs of the tourist. Hence, based on Battour et al. (2012) destination attraction is operationalized in this study as a pull motivation presented by diversification of Malaysia that would appeal to tourists.

Destination attraction such as natural attractions (lake, rivers, beach, wildlife and mountain) are important pull motivation for tourists based on the study by Mohsin and Alsawafi (2011). They also acknowledged that 'a variety of shopping places', safety and security also were part of destination attraction that could attract tourists to come to a destination. In addition, Alegre and Garau (2010) informed that the tourist tend to rate positively if motivation towards certain attributes at the destination, is higher. They learned that many attributes at the destination that give satisfaction and attract tourists including the beaches, scenery, nature, climate, historical sites and local cuisines. Next section explored the Theory of Planned Behavior as the underpinning of this study.

## **The Theory of Planned Behavior**

The foundation of this study is the theory of planned behavior (TPB) developed by Ajzen in 1985, which is an extension of the Theory of Reasoned Action (TRA) by Fishbein and Ajzen in 1975. Based on the TPB theory, attitude, subjective norms and perceived behavioral control are the factors for intention to perform behavior and the actual behavior consequently. TPB has been used and tested in many studies such as in

technology (Cheng & Cho, 2011), F&B (Horng, Su, & So, 2013; Jang, Chung, & Kim, 2014; Mukhtar & Butt, 2012), and tourism (Chien, Yen, & Hoang, 2012; Jalilvand & Samiei, 2012; Lam & Hsu, 2006; Sparks, 2007).

Based on the TPB, attitude is the predictor of consumer behavior. According to Ajzen (2011), attitude is a response to belief that the object has certain valuable attributes. Han, Lee, and Lee, (2011) defined attitude as evaluation to perform the behavior and judgment of the consequence's possibility. While Kuo and Dai (2012) reiterated that attitude is the overall assessment in behavior performance either positive or negative. Attitude is level of intensity of feeling towards intention in doing something (Amaro & Duarte, 2015). With more positive attitude, it is predicted that it will lead to higher intention while negative attitude predicted will have an otherwise effect. Therefore, in this study based on Ajzen (2011), attitude is operationalized as reaction of Muslim tourist due to belief in the value of Malaysia destination image.

Subjective norms are beliefs of what other people think on someone's behavior (Chang, Liu, & Chen, (2014). Shen, Schüttemeyer and Braun (2009) suggested that in the tourism context, subjective norm could be defined as sources of information, which can influence choices in selecting the destination. While based on Han et al., (2011), it is perceived that social pressure from someone that you know can influence someone to perform particular behavior. Based on Hsu & Huang (2012), a reference by a key person can be influential in individual's belief thus influences the individual's perception on something. Subjective norms is control by expectations to comply on referrals that is accessible by the tourists (Kuo & Dai, 2012). Hence for this study, based on Hsu and Huang (2012), subjective norms is operationalized as perception of social references that influences the belief of individual that able to give impact on revisit intention behavior of the Muslim tourist.

Perceived behavioral control is defined as perceived ease or difficulty to perform the behavior (Ajzen,1991). While Han et al., (2011) defined it as non-volitional items such as resources, time and cost that contributed to decision making towards behavioral intention and behavioral of individual. Perceived behavioral control is determined by belief that the other immediate factors may assist the behavior performance (Kuo & Dai, 2012). According to Zolait (2011) perceived behavioral control is consists of control on self-efficacy and facilitating condition where the ability to

perform specific behavior is based on perception resources, knowledge, and opportunities someone think they possessed.

Similarly Amaro & Duarte (2015) iterated that perceived behavioral control is self-efficacy on self-capabilities and controllability on availability of resources and opportunities. While Shen et al. (2009) suggested that perceived behavioral control is perceived ease of difficulty on the travelling. In this study, based on Amaro & Duarte (2015), perceived behavioral control is described as self-capabilities of Muslim tourist due the resources availability and opportunities to revisit the destination.

Intention is the effort indicator of willingness to execute the behavior and people are more likely perform the behavior when their intention is stronger (Ajzen, 1991). Due to a distance, the revisit to a destination in a short time is very unlikely thus, revisit intention is used to measure the tourist behavior (Leong et al., 2014). According to Battour et al., (2012), intention to revisit is intention to repeat purchase where the level of customer loyalty is high. While based on Han, Lee, & Lee, (2011), intention is a decision motivator to perform a behavior. According to Mat Som, Marzuki, Yousefi, & AbuKhalifeh (2012), revisit intention is the “future behavioral intention” where customer evaluates the likeness to repeat the experience of the destination. Therefore, in this study based on Battour et al., (2012), Muslim tourist revisit intention is operationalized as intention of Muslim tourist to repeat visit due to high level in loyalty and proposed to be the outcome of the study.

## **CONCEPTUAL FRAMEWORK**

### **Halal Tourism Attributes, Service Quality and Destination Attraction with Attitude**

Battour et al. (2011) in his qualitative study of destination attributes has identified aspects in Halal tourism that important to the Muslim tourists consists of tangible and intangible of attributes. Eid (2013) had correlated that Islamic value that is kin to Halal tourism attributes to customer satisfaction where satisfaction is part of measurement of attitude (Quintal, Thomas, & Phau, 2015). Lo and Qu (2015) meanwhile, relates that customer satisfaction is a process where emotional response leads to bigger assessment and influencing attitude. Therefore, the following hypothesis is posited:

H1 : Halal tourism attribute significantly and positively influences attitude.

Study by Han and Kim (2010) in customer revisit intention on green hotel found out that service quality has positive effect on attitude where when the perception of service quality is increase, attitude towards revisiting the green hotel increase too. Similarly, Kuo et al. (2012) gathered almost equal result where service quality significantly influence satisfaction where satisfaction can be one of the measurement of attitude (Quintal et al., 2015). Based on the findings, the following hypothesis is posited:

H2 : Service quality significantly and positively influences attitude.

Sparks (2007) in his study of wine tourism found out that destination attraction which he called “expectancy-value dimensions” has correlation with attitude towards wine tourism. Similarly Quintal, Thomas, and Phau (2015) found out that winescape setting at destination effect tourist revisit intention. Thus, hypothesis is suggested as follows:

H3 : Destination attraction significantly and positively influences attitude.

### **Relationship between Attitude, Subjective Norms and Perceived Behavioral Control with Muslim Tourist Revisit Intention**

Lam and Hsu (2006) in their study of behavioral intention of Taiwanese tourist in choosing Hong Kong as the destination has discovered attitude is not significantly effect behavioral intention. They suggested that this might due to Hong Kong as transit due to unavailability of flight to mainland China. Thus, convenience instead of attitude might affect the result. On the other hand, result from empirical study of revisit intention of green hotel by Han and Kim (2010) found out that attitude had positive and significant relationship with revisit intention. Similarly, Kuo and Dai (2012) also found out that attitude influences behavioral intention in their study of low carbon tourism behavior. This result also supported by Lada, Tanakinjal, and Amin (2009) to predict the intention to choose halal products among

Malaysia consumers. Similarly, the result of attitude on intention to use Islamic financing by Amin, Abdul Rahman, Sondoh Jr and Chooi Hwa, (2011) provide evidence on the significant results. Hence based on the literature support, the following hypothesis is suggested:

Hypothesis 4 : Attitude significantly and positively influences Muslim tourist revisit intention.

Kuo and Dai (2012) in their study of behavioral intention on low carbon tourism found out that subjective norms do not have significant effect on behavioral intention. They suggested that this might due to higher self-awareness in respondents thus they incline not to be influenced by other opinions. However, Han and Kim (2010) had discovered that increase in subjective norm resulted rise on revisit intention where their empirical result found out that subjective norms had the biggest direct effect compared with other TPB variables of attitude and perceived behavioral control. Similarly, Lada et al. (2009) found out that subjective norms strongly influence intention of using Halal products. Amin et al., (2011) also agreed that the higher social influence, the higher intention to use Islamic financing, based on the existing literature, the hypothesis suggested as follows:

Hypothesis 5 : Subjective norms significantly and positively influence Muslim tourist revisit intention.

Ong and Musa (2011) in their attempt to examine behavior of divers by using the TPB found out that perceived behavioral control and behavioral is weakly correlated. Similarly, Chien et al. (2012) provided the same evidence where perceived behavioral control has no influence on intention to choose beach based resort. However, in revisit intention on green hotel, Han and Kim (2010) found out that perceived behavioral control did influence revisit intention. Furthermore, in the study of behavioral intention on low carbon tourism behavior, Kuo and Dai (2012) found out that perceived behavioral control affect behavioral intention. Similarly, Quintal, Lee, and Soutar (2010) study resulted significant positive result of perceived behavioral control on intention to visit Australia. Therefore based on the result in the existing literature, the following hypothesis is posited:

Hypothesis 6 : Perceived behavioral control significantly and positively influences Muslim tourist revisit intention.

Based on the support from the previous studies, the conceptual framework for this research is constructed as in the following Figure 1.2:

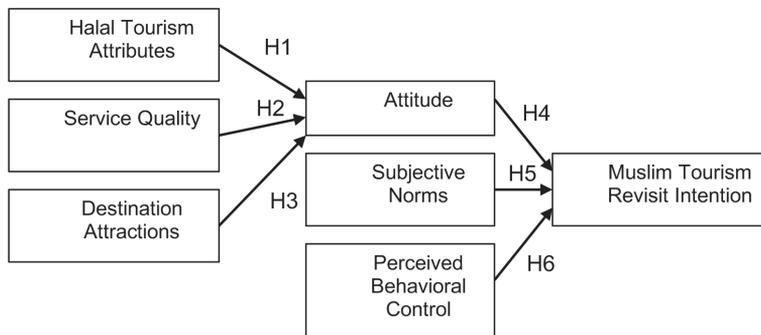


Figure 1.2 Conceptual research framework

In the conceptual framework, Halal Tourism attributes, service quality and destination attractions, mediated by attitude are proposed to be the determinants of Muslim tourist revisit intention. Besides, other constructs under TPB, namely subjective norm and perceived behavioral control are proposed to be the determinants of the Muslim tourist revisit intention.

## METHODOLOGY

The study is to examine the relationship between the independent variables of Halal tourism attributes, service quality and destination attraction on attitude and the relationship between attitude, subjective norm and perceived behavioral control with tourist revisit intention. The study will be using the quantitative approach, based on positivist paradigm with scientific method of hypotheses. Therefore, the strategy is to use non-experimental of correlational study with survey questionnaires technique. The context of the study is Malaysia and the location is a capital city of Kuala Lumpur. The target population will be scouted from the popular

Muslim tourist destinations in Kuala Lumpur. The places that could attract Muslim tourists such as Islamic Museum, Putrajaya Mosque and National Mosque will be visited for the data gathering.

In this study, the target population and unit of analysis is the individual Muslim tourist staying temporarily in Malaysia for holiday. Due to the temporary residing of the Muslim tourist, there is no sampling frame available thus, in this research the non-probability sampling of convenience is used. As this study is to examine the relationship between variables, therefore a convenience sample is adequate (Farrokhi & Mahmoudi-Hamidabad, 2012). However, for reliable results, a large sample size in the range of 200 to 500 is suggested based on the typical sample size for studies of human and institutional population regional sample (Churchill, 1991).

39 items measured the study variables being adopted from the past studies. Halal tourism attributes was adopted from Eid (2013) and Eid and El-gohary (2015), service quality from Mola and Jusoh (2011), destination attraction from Battour et al. (2012), attitude, subjective norm, perceived behavioral control and revisit intention from Horng et al. (2013) and Quintal et al. (2015). Section A to Section G, measured all the variables using five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree, while Section H measured the respondent's profile.

The Pre-Test and Pilot test will be conducted to evaluate the quality of the questions in term of the length and the clarity. The questionnaires will be distributed through manual distribution while gift incentive will be given to the respondents to motivate them to answer the questionnaire. Data for this research is targeted to be collected for the maximum duration of 3 months.

After collecting the data, data cleaning is conducted to prevent from missing data, error and outliers. Then, Cronbach's Coefficient Alpha is conducted to assess on the reliability and internal consistency with coefficient alpha of 0.7 and above is considered having strong reliability (Zikmund, Babin, Carr, & Griffin, 2013). Then, the descriptive statistics is conducted including measures of central tendency and location, measures of dispersion, skewness and flatness of peakedness.

The Pearson Correlation Coefficient is used to assess the strength of linear relationship with correlation ranges from -1 to +1 where the test statistics with  $r=0.10$  to  $0.29$  is small,  $r=0.30$  to  $0.49$  is medium and  $r=0.50$

to 1.0 is large (with significance level of  $p < 0.05$ ). Then to evaluate the relationship, the Structural Equation Modeling (SEM) will be used using SEM Amos software. SEM would be able to provide data fit of the model and analyze the relationship equation for the model.

## **CONCLUSIONS AND IMPLICATIONS**

In the tourism industry, the influx of Muslim tourists demand understanding and further study on Muslim tourist behavior of revisit intention. Therefore, factors that influence the revisit intention at the destination are identified based on the industry issues and gaps. These factors need to be analyzed closely so that strategies could be planned by the stakeholders in the industry to encourage Muslim tourist revisit intention. Hence, this conceptual study proposed to use the TPB that examines the factors of Halal tourism attributes, service quality and destination attraction as factors that could influence Muslim tourist revisit intention.

Theoretically, the study on Muslim tourist behavior is relatively new and lacking especially empirically. Research in Halal tourism is also limited and mostly concentrated on an exploratory study. Even though researches that test the TPB are numerous, specific research conducted on Muslim tourist behavior and Halal tourism is lacking. This study will attempt to test the combination of the Halal tourism attributes, service quality and destination attraction on the TPB, which is considered rare in the literature context. Therefore, this study is predicted to provide new insights to the Muslim tourist behavior and Halal tourism context and contributing significantly to the body of knowledge.

Apart from that, this study is expected to provide some insights to the tourism industry practitioners on factors that count to ensure Muslim tourist revisit intention. The study can also point out the gap between service quality level that has been provided and the expectation level of the tourists. Moreover, this study is anticipated to deliver deeper understanding on the Muslim tourist consumer behavior and prepares the practitioners with strategies to improve the appeal of Halal tourism attributes to the Muslim tourist. The research also is foreseen to give valuable indication to the policy maker on the quality and destination attraction sought by the Muslim tourists and strategizes on the overall tourism industry.

Nevertheless, as this is a conceptual paper, further research is needed in testing the influences of Halal tourism attributes, service quality and destination attractiveness on Muslim tourist revisit intention and mediated by attitude. In addition, the application of TPB in this study might be applicable thus required further empirical testing to provide the required evidences.

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## Health Tourism and Service Quality In the Private Healthcare Sector In Malaysia

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### INTRODUCTION

Healthcare has been identified by the Malaysia government as one of the 12 National Key Economic Areas (NKEA) under the 11th Malaysia Plan (2016 - 2020), with a total of RM27 billion for the development of healthcare industry. In this plan, Malaysia government emphasise more on healthcare services' quality. Frost & Sullivan (2017) projected that the Asia-Pacific healthcare growth would reach RM2.32 trillion in 2018. They also projected that Malaysia healthcare expenditure growth rate 6.5% will be reaching up to RM68.4 billion in 2018 while income will increase at the average rate of 8.4% and value growth to RM11.29 billion contributed from medical tourism, day care surgery, speciality hospitals, private medical insurance, and healthcare information technology. On top of this, Malaysia government have encouraged private healthcare sector to continue to lead the growth of healthcare tourism.

### Health Tourism in Malaysia

Malaysia Healthcare Travel Council (MHTC) 2016 forecast that the Malaysia medical tourism market will compound an annual growth rate (CAGR) of 30.05% over the next eight years, reaching to RM14 billion by the end of 2024. This will generate revenue expected by 2020 is around RM35.5 billion of Gross National Income (GNI) in contribution. With fourteen hospitals having Joint Commission International (JCI) certification accreditation (the gold standard for healthcare service

providers around the world), Malaysia medical tourism sector has attracted more than one million tourists in 2016. Thus, Malaysia government has remained optimistic over the healthcare travel industry as the contributions and investments in this area and expected to assist Malaysia in becoming a high-income country by the year 2020. This supporting NaRanong and NaRanong (2009) comment that most developing country governments see medical tourism as a prospect to create more national revenue.

As Malaysia government aim at becoming a regional health tourism hub, great efforts have been directed towards ensuring more modern hospitals and clinics that offer quality services to attract foreigners to seek treatment in Malaysia, while encouraging locals to seek medical treatment locally and at the end, saving foreign exchange. Therefore, the service industry is urged to focus on succeeding customer satisfaction and loyalty by providing excellent service for the value of money, for competitive advantage (Woodruff, 1997).

Even thou Malaysia health tourism are in booming phase according to Research and Markets and ranked among the top 5 destinations for health tourism (Peters & Sauer, 2011), Malaysia currently only received over 3% of total revenue from healthcare services from foreign tourist. Thus, there is a serious and urgent need to understand the condition and potential prospect of Malaysia health tourism as the growth provides many opportunities for the industry. One of the possible reasons for this situation could be that there are gaps between expectation and perception of tourist on Malaysia private healthcare services. Therefore, it is the purpose of this study to investigate the differences between the expectation of health tourism and perception of the private hospital in Malaysia.

## **Service Quality**

Service quality identified as measures of how fittingly the service level provided matched customer expectations (Lewis & Booms, 1983) and based on the level and trend of discrepancy between consumers' perceptions and expectations (Parasuraman, Zeithaml & Berry, 1988). Asubonteng, McCleary & Swan (1996) similarly describe service quality as the distinction between consumer expectations of service execution before the service encounter and their perceptions after received the services. Many definitions of service quality also circle over the classification and

gratification of customer requirements and desires (Parasuraman, Zeithaml & Berry, 1985; 1988).

SERVQUAL is one of the most powerful measurement tools for identifying the customer's service level or quality. The most common version was prepared by Parasuraman et al. (1988), a multiple-item scale which consists both expectations and perceptions dimension. The conceptualisation of the hospital's service quality of HOSPIQUAL in this study was developed based on SERVQUAL scale consist of tangible, reliability, responsiveness, assurance, empathy, accessibility and attractiveness, where these seven dimensions represent the dimensions between consumers' expectations and perceptions of service quality in health tourism.

By utilising the extended SERVQUAL Gap Model, the private healthcare provider can determine, based on the results of the survey, if what their practice is providing is what their clients want and provide information for the private healthcare provider on the service quality they need to improve to meet their customer expectation. The data will show health tourists' preference of determining on what needs to be improved by the private healthcare provider. From the preference of what need to improve, the private healthcare provider can compare with how they could improve the service quality.

## **Healthcare Service Quality**

In a study conducted by Ariffin and Aziz (2008) on the service quality of hospital services in Malaysia, the patients were found to be more tolerant of tangible factors as compared to reliability factors. Haddad et al., (2000) recommended that the advantages for studying patients' assessments in evaluating health care service quality is an economical method to evaluate healthcare service quality, and it is the capability to measure the perceived quality immediately once patients experienced the healthcare service without the need for medical records.

According to Zeithaml, Berry, and Parasuraman (1993), service companies will benefit from researchers that focus on strategies for managing adequate service level expectations. In the service industry, organisational were represented by their frontline employees who directly interact with customers on a regular basis, perform the role of borderline

crossing (Beony, 1996), and play an integral part in the ability of an organisation to achieve competitive advantage (Zeithmal et al., 1993). These hospital capabilities in providing excellent quality of service to its customer have a strong positive relationship to retain customer loyalty (Meesala & Paul, 2018). Cheung and To (2010) further stated that high quality of frontline employees is essential to the excellence of organisations as the service delivered by these employees' mirrors the image of the organisations and moves customer perceptions of service quality. Ahmed, Abd Manaf and Islam (2017) study seconded this as private hospital's quality management process, and patient satisfaction is better compared to a public hospital as perceived by private hospital staff.

High patients' perceptions that exceed expectations indicate that both medical tourist and local Malaysians perceive the quality of service positively and generally satisfied with the physical elements and quality of services received from private hospitals (Sohail, 2003; Abd Manaf et al., 2015). This is supporting the fact that customer satisfaction occurred when perceived service quality and communication exceed customer satisfaction (Fatehi, Mat Soma & Zainuddin, 2010; Sawar, 2014). This satisfaction has a strong relationship with future intention and behaviour (Abd Manaf et al., 2015; Aliman & Mohamad, 2016).

Additionally, a study done by Sawar (2014), identified three important points (themes) related to service quality; cost and location, quality regarding the treatment, and overall services and facilities as a benchmark for patient satisfaction. As the majority of patient visited private hospital are either enjoying insurance-covered services or the convenient location of the hospital, where these two factors are considered an essential element to service quality. Besides that, commitment is claimed to boost patients' loyalty, where they will continue to seek treatment services at the same hospital as a higher level of commitment indicates a high level of loyalty. This loyalty towards private hospital was significantly related to trust, satisfaction, commitment and service quality (Sawar, 2014). Medical tourists are very satisfied with doctors (Yildiz & Erdogmus, 2004), professionalism (Atinga et al., 2011), hospital atmosphere in terms of its hygienic environment, cleanliness (Bhattacharya et al., 2003), comfort, serene or peaceful environment (Tam, 2007; Tucker & Adam, 2001), state-of-the-art facilities, treatment room, waiting areas and services (Abd Manaf et al., 2015). This in return, would make the health tourist make the

same choice if they needed in the future which supporting the study done by Aliman & Mohamad (2016) where tangibles, reliability and assurance significantly influence satisfaction, especially when assurance influenced both satisfaction and behavioural intentions of the patients. As satisfaction have a strong positive effect on intention-behaviour, both service quality dimensions and patients' satisfaction were positively related to behavioural intention.

However, there are few improvements that medical tourist has pointed out to satisfy their needs. Among the suggestion for improvement are quality treatments, better quality drugs, personal attention by the doctors, increasing capacities of facilities (Tam, 2007), new staff training, efficient ambulance services (Alhashem et al., 2011; Blazevska et al., 2004), increased number of specialist, improve waiting time, increase parking facilities, increase the number of female doctors (Sawar, 2014), doctors' empathy towards patients, crowdedness, noise, room atmosphere (Elleuch, 2008). This improvement will influence the customers in the aspect of their satisfaction which leads to their loyalty.

## **SERVICE QUALITY ANALYSIS**

This study provides additional information on medical tourist expectation and perception towards the private hospital in Malaysia services. The questionnaires were distributed to foreign patients visiting a private hospital. The valid feedbacks obtained from is thoroughly analysed using Statistical Package for Social Science (SPSS) software version 18. The overall analysis took two basic forms: descriptive (to provide an overall picture of the samples) and inferential (for statistical analysis and to conclude). The modification of the instrument is only minor where it does not change major features of the questionnaires.

This study uses modified and extended SERVQUAL scale. The tangible, reliability, responsiveness, assurance, and empathy items were originated from SERVQUAL model used in the healthcare industry in Malaysia (Ariffin. et al., 2008). The service quality criteria items were developed after a review of the literature on health tourism and service quality. The study presented the gaps, between the expectations (desired service level) and perceptions (perceived service level) for all the items in the questionnaires tested using paired t-tests. The gap score (perception

minus expectations) were analysed for each of seven dimensions of service quality. All score was negative indicating a significant shortfall in meeting health tourists' perception of the service quality provided by private healthcare were lower than their expectations across all dimensions of services that these private healthcare facilities should provide.

More detailed analysis of the individual items making up each dimension was undertaken. The gap scores for the 23 modified SERVQUAL items showed that all scores perceptions for hospital services were lower than the expected scores. The mean score for the overall customer expectation on hospital services is relatively moderate at 5.90 (on a seven-point scale) with a standard deviation of 0.86. The mean score for the overall customer satisfaction with hospital services was also found to be relatively moderate at 5.46 (on a 7-point scale) with a standard deviation of 0.97. Two of the highest dimension in expectation is Responsiveness and Empathy with a mean score of 6.14 and 6.08 respectively. Meanwhile, the highest dimension in perception is Tangible and Reliability items with a mean of 5.71 and 5.66 respectively. Accessibility has the lowest scores for both expectation and perception with 5.43 and 5.04 respectively. As can be seen from the results, the highest gap scores were for Responsiveness and Attractiveness which shown both scores of -0.58; this is real cause for concern and provides a definite starting point for service improvements. The result also shows that the patient expects most from the Responsiveness dimension of health tourism. Responsiveness also found to be one of the most significant gaps in previous research (Wisniewski & Wisniewski, 2005). However, the smallest gap score was for Tangible dimension.

## **Summary of Service Quality Dimension**

According to the study, the highest expectation on hospital service is on "Feel safe in interaction with the employees" which has mean of 6.36 on "Assurance" dimension whereas the lowest expectation was shown for "Easily accessible through immigration process" (mean 5.10) on "Accessibility" dimension. Meanwhile, there are four dimensions, which have items high in both expectation and perception. There are "Responsiveness" dimension on "Gives prompt services" with expectation (mean 6.30) and perception (mean 5.86), "Empathy" dimension on "Has patients' best interest at heart" with mean expectation of 6.08 and mean

of 5.68 of perception, “Accessibility” dimension on “Has operating hours convenient to all patients” with expectation mean of 5.73 and perception mean of 5.34 and “Attractiveness” dimension on “Medical services are value for money” with expectation mean 6.08 and perception mean 5.59. The three largest gap score was recorded by “Has short waiting time” (Gap -0.81) on attractiveness dimension, “Feel safe in interaction with the employees” (Gap -0.68) on assurance dimension and “Easily accessible through public transport” (Gap -0.61) on accessibility dimension. On the other hand, the two smallest gaps were found concerning “Employees are well dressed and appear neat” and “Physical facilities are visually appealing” where both have a gap of -0.03 and gap -0.17 respectively on tangibles dimension.

## **CONCLUSION**

Service quality in private healthcare provider is a measurement of present service performance quality of healthcare services provided to health tourists’ versus expectations. This study shows that it is viable to measure the capability of the health tourist to achieve their expectations. These health tourists’ expectations are originated and sustained in the health tourists’ perceptions based on their ability to obtain the desired outcome. If perceptions of present performance are lower than minimum requirements, health tourists’ deem the service quality is low as the perceived levels illustrate the comparative satisfaction the health tourists’ have with the services. Higher is better whereas lower is worse. Therefore, the private healthcare provider must meet the expectations of their health tourists.

Thus, private hospitals should be more careful in promoting health services and ensure that the customers get their needed services as the strong commitment of the hospitals is crucial in promoting health services. Additionally, customer satisfaction should reflect the need for quality healthcare requested by the customers, as direct and indirect relationships exist between service quality and customer satisfaction.

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# 16

## The Influence of Product Packaging and Perceived Quality on Purchase Intention on Food Product

Wong Foong Yee and Brandy Chan Yong Chian

### INTRODUCTION

Packaging is a marketing communication vehicle (Wang, 2013) and is used to capture consumers' attention, which affects the process of product selection (Thalhammer, 2007). According to Pinya and Mark (2010), the consumer purchase intention is significantly get stimulated by the packaging quality, color, design and other characteristics of packaging. They also pointed out that packaging shape, color, graphics, the layout of graphics and the information will affect the consumers' decision-making process in any purchase.

The basic role of packaging is to protect the product against potential damage while transporting, storing, and selling and exploiting a product is the primary function of packaging (Gonzalez, Thorhsbury & Twede, 2007; Wells, Farley & Armstrong, 2007; Kuvykaite & Navickiene, 2009). According to Ghani and Kamal (2010), they claimed that the most impulse buying occurs because of product display, and attractive packaging plays an important role in product display. In addition, food packaging must help maintain freshness and protect the food against spoilage, avoiding the loss of flavor components (Smolander and Chaudhry, 2010).

The function of packaging in consumer choice of fast-moving consumer goods, such as food products, is progressively more being studied and discussed (Fernqvist, Olsson & Spendrup, 2015). A "food product" may refer to any item that will consume by a person (Worrall, 2014). According to Worrall (2014), apart from the logistics of the food supply which grew necessarily more complicated with urbanization, the

next major leap forward in food processing and transformed food products followed the industrial revolution in the nineteenth century (Mc Sweeney, 2016).

Consumers have now become more discriminating in their food product choices and have started emphasizing more on convenience, freshness, and quality of the products (Quagraine, Unterschultz and Veeman, 1998; Acebro'n, Levy and Calvo, 2000). According to Ali, Kapoor & Moorthy (2010), consumers have now started preferring quality food intake and are becoming more conscious in terms of nutritional diet, health, and food safety issues (Rimal, Fletcher, McWatters, Misra & Deodhar, 2001). Thus, the labeling of a product played important role in a food product and it will influence consumer purchase intention.

Therefore, this study seeks to examine the study of the impact of product packaging attributes on consumer's purchase intention on food products in Malaysia. This study explores how product packaging attribute influences the purchasing intention of consumer towards food product and forming a better understanding of the link between packaging and consumer purchase intention.

## **RESEARCH HYPOTHESES**

The purpose of this study is to examine how the product packaging attributes (color, labeling, design, and material used) and perceived quality influence the purchase intention of a consumer towards food product.

### **Product Packaging Color**

Color in product packaging has a significant impact on attracting consumer attention, as it stimulates particular arousal aspects of emotion (Abbott, Holland, Giacomini & Shackleton, 2009). Kauppinen-Räsänen (2014) stated that packaging serves as the most visible point of attraction to customers at the actual point of purchase. An important implication is that attractive packaging may maintain attention which would allow for information processing (Beneke, Mathews, Munthre & Pillay, 2015). Color can be used as a brand identifier and as a cue for price or quality (Funk and Ndubisi, 2006; Singh, 2006). The finding was also supported

by the findings of Imram (1999), that the colors will influence consumers' quality perceptions. Therefore, it is hypothesized that:

H1: Product packaging color will positively affect consumer's perceived quality.

## **Product Packaging Label**

Labeling can influence a person's perceptions, preferences, prior expectations, and post-trial evaluations of a product (Wansink, Ittersum & Painter, 2004). Caleguer, Minim & Benassi (2007) stated that the presence of nutritional information is important and should be in the spotlight on food packages. Wansink et al. (2004) found that food products with health labels were perceived as less satiating than products without these labels. In addition, nutrition health claims on the front-label of a package will also influence the consumer buying habits (Roe, Levy & Derby, 2009). According to Kobayashi and Benassi (2015), they reported that consumers considered the presence of information in coffee packages was an important issue. Therefore, it is hypothesized that:

H2: Product packaging labeling will positively affect consumer's perceived quality.

## **Product Packaging Design**

The design of packaging plays a pivotal role at the point of sale because it will influence the consumer's purchase intention (Connolly & Davison, 1996). According to Mangier & Schoormans (2015), literature drawing on analytical approaches describes how different discrete design elements (e.g., shape, size, images, pictures, logos) influence will influence the consumer's perceived quality and consumers' reactions (Cooper & Kleinschmidt, 1987; Hoegg & Alba, 2011; Schoormans & Robben, 1997; Silayoi & Speece, 2004; 2007). In addition, the completion design combined with pictures might generate a greater projection of consumers' innermost feelings and thoughts, as the stimuli guided participants to focus on different aspects to allow the externalization of their perceptions (perceived quality) (Eldesouky et al., 2015). Therefore, it is hypothesized that:

H3: Product packaging design will positively affect consumer's perceived quality.

## **Material Used for Product Packaging**

Packaging materials need to show enough flexibility and resilience to make storage easier (Caner, Hernandez & Harte, 2004). This indicates that the material used to make a product played an important role to influence the consumer's perceived quality and give the first impression towards the product in both positive and negative aspects depending on the material used (American Society for Testing and Materials, 2007). According to Raheem, Vishnu & Ahmed (2014), a major part of consumers' attraction on the product was the visual element, specifically the size of the package and the material used. Amin, Imran, Abbas and Rauf (2015) concluded that the packaging element like packaging material is a more important factor when consumers making any buying decision. Their research findings clearly indicated that the consumer buying behavior is influenced by the size and material of the product. Therefore, it is hypothesized that:

H4: Material used for product packaging will positively affect consumer's perceived quality.

## **Perceived Quality**

Consumer-perceived product quality is the consumer judgment of the overall excellence or superiority of a product (Anselmsson, Johansson & Persson, 2007). Product quality perception is of prime importance in most purchasing transactions, and the effects of perceived quality on brand evaluation have been well-documented (Metcalf, Hess, Danes & Singh, 2012). According to Boulding, Karla, Staelin and Zeithaml (1993) and Parasuraman, Zeithaml and Berry (1996), the findings showed that there is a direct positive relationship between perceived quality and purchase intentions. Shahrudin, Pani, Mansor and Elias (2010) have concluded that the purchasing intention of food products is significantly influenced by the perceived value and that consumer brand preferences guide their future behaviors (Mallinckrodt and Mizerski, 2007). Studies conducted by Snoj, Pisnik & Mumel (2004) and Aurier and de Lanauze (2011) also suggested a positive association between perceived quality and perceived value). Therefore, the following hypothesis is predicted:

H5: Perceived Quality has a positive impact on consumer purchase intention.

## **METHODOLOGY**

In this study, 117 young adults aged between 20-34 years old located in Klang Valley were selected. The young adult category was selected because they represented 7.22 million (24%) of total residents in Malaysia (Malaysia, 2017). Klang Valley was chosen in this study because it lies between Selangor state and the Federal Territory which includes large cities and was also due to the availability of modern retail outlets (Chamhuri and Batt, 2013).

The purposive sampling method was adopted to gather data from the respondents. The questionnaire used in this study adopted the five-point Likert scale management. The questionnaire was divided into seven sections. Sections A to D comprised four variables included in the product packaging attributes (color, labeling, design, and material used) on food product packaging. Product packaging color was measured by the 5 items adopted from Eldesouky et al. (2015) and Beneke et al. (2015). Product packaging label was measured using the 5 items developed by Eldesouky et al. (2015) and Silayoi and Speece (2004). Product packaging design consisted of 5 items developed by Eldesouky et al. (2015) and Silayoi and Speece (2004). Finally, material used for product packaging consisted of 6 items adopted from (Eldesouky et al. (2015), Silayoi and Speece (2004) and Fernqvist et al. (2015). In Section E, there were 4 items focusing on perceived quality developed by Saeed and Grunert (2014). Section F was made up of 4 items to measure the consumers' purchase intention based on the product packaging attributes which was developed by (Eldesouky et al., 2015; Silayoi and Speece, 2004; and Beneke et al., 2015). Lastly, Section G served to gather information on the demographic backgrounds of the respondents.

The descriptive analysis was constructed in order to summarize the data set collected from the respondents. The Pearson's Correlation coefficient was used to determine the relationships between the variables so as to test the hypotheses. In the case of this study, it was used to test four independent variables (the product packaging color, labeling, design, and material used) that affect the dependent variable (consumer purchase intention), and also between the perceived quality and purchase intention. The variable that best predicted the overall findings obtained from the target respondents was also identified by means of multiple regression analysis.

## RESULTS AND DISCUSSION

### Reliability Test

The reliability test was carried out to measure the internal consistency and reliability of the variables after the data had been collected during the pilot test. The Cronbach's alpha ( $\alpha$ ) was used to determine the internal consistency and reliability of the variables. According to Nunnally and Bernstein (1994), Cronbach's alpha ( $\alpha$ ) value with a cut-off of 0.6 is an accepted as reliability coefficient. The results of reliability test for this study indicates that the scales used were reliable with Cronbach's alpha ( $\alpha$ ) values ranged from 0.69 to 0.84 (as shown in Table 1).

**Table 1** Results of reliability test

Variables	No. of Items	Cronbach's Alpha ( $\alpha$ )
Product packaging color	5	0.74
Product packaging label	5	0.75
Product packaging design	5	0.71
Material used for packaging	6	0.84
Perceived quality	4	0.69
Consumer purchase intention	4	0.74

### Pearson's Correlation Analysis

Table 2 indicated the relationship between the independent variables (product packaging color, label, design, and material used) and the dependent variable (perceived quality). By using Pearson's correlation test, the significant and positive relationships were found between all the independent variables and the perceived quality of the food products. These were proven by all the four positive correlation coefficient values and significant values of 0.000.

As shown in Table 2, the highest level of correlation was 0.759. This result implied that there is a significant and strongly positive correlated relationship with a magnitude of 75.9% between the material used for the packaging and the perceived quality at the significance level ( $p < 0.05$ ). This indicated that the consumers' perceived quality will be higher when there is a higher quality of material used for the packaging. The product

packaging label and design also shown to have a strong, positive and significant relationship with consumer's perceived quality. The correlation coefficient between the product packaging label and the perceived quality was considered strong ( $r=0.637$ ) based on the Cohen's (1988) guidelines. When the consumers' perceived the quality of the food product to have a good quality, they were likely to be more reliable on the product packaging label. Similarly, the product packaging design also has a strong correlation coefficient ( $r=0.739$ ) with perceived quality. When the design of the packaging is more favorable, the consumers will more likely to perceive the quality of the food product to be higher quality. Lastly, based on the findings, the product packaging color also has a positive, strong and significant relationship with the perceived quality. This was supported by the correlation coefficient of  $r=0.629$  with a magnitude of 62.9%. Also, a more attracting color used for the packaging can lead to a better consumers' perceived quality, and vice versa.

**Table 2** Pearson's correlation analysis for product packaging attributes with consumer's perceived quality

Variables	Pearson's Correlation	Significant
Product Packaging Color	0.629	0.000
Product Packaging Label	0.637	0.000
Product Packaging Design	0.739	0.000
Material Used for Packaging	0.759	0.000

Table 3 showed that there was a significant and strong relationship between consumer's perceived quality and consumer's purchase intention, with a strong correlation coefficient of 0.788 at the significance level ( $P<0.05$ ). The result suggested that if the consumer perceived the quality of the food product is high, the consumer would have higher intention to purchase the particular product. Therefore, this indicated that the consumers are less likely to purchase a particular product if the manufacturer of the food products did not manage the packaging of their products well by considering the all the packaging attributes.

**Table 3** Pearson’s correlation analysis for consumer’s perceived quality with consumer purchase intention

Variable	Pearson’s Correlation	Significant
Perceived Quality	0.788	0.000

### Multiple Regression Analysis

Table 4 showed that the results gained from the multiple regression analysis. R square is the proportion of variation (%) in the dependent variable explained by the independent variables. From Table 4, the R square value was 0.727 indicated that 72.7% of the consumer perceived quality on the food product was explained by the product packaging color, label, design and material used for the packaging with regard to the packaging attributes. Besides, there are only three independent variables were found to have a positive and significant ( $p < 0.05$ ) with F value of 74.456, whereas the product packaging color was the only insignificant ( $p > 0.05$ ) independent variable with a positive value.

**Table 4** Coefficients results of multiple regression

Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Std. Error	Beta			
(Constant)	1.159	.897		1.292	.199
Product Packaging Design	.158	.051	.225	3.094	.002
Product Packaging Label	.136	.042	.208	3.288	.001
Product Packaging Color	.066	.049	.096	1.357	.177
Material Used for Packaging	.339	.053	.475	6.432	.000

Dependent Variable: Perceived Quality  
 F = 74.456      R = 0.852      R<sup>2</sup> = 0.727

**H1: Product packaging color will positively affect consumer's perceived quality.**

Based on the result shown in Table 5, there was an insignificant relationship between the product packaging color and the perceived quality ( $p\text{-value}=0.177, >0.05$ ). Therefore, it can be concluded that the product packaging color has no significant effect on consumer's perceived quality. The result was explained in the Pearson's correlation analysis that the reading between these two variables was insignificant. Thus, H1 was not supported.

**H2: Product packaging labeling will positively affect consumer's perceived quality.**

As the  $p\text{-value}$  of the product packaging label shown in the multiple regression test was 0.001 ( $p\text{-value}<0.05$ ), thus, this variable is accepted to be significant. This implied that there was a significant relationship between the product packaging label and the perceived value. Therefore, H2 was supported. This result also supported by the finding of Jaeger (2006) where the finding indicated that food choices were depended on the information acquired about a product. In addition, according to Silayoi & Speece (2004), by reading the label more clearly, consumers were tended and able to judge the food product performance (perceived quality). Furthermore, nutritional information and product ingredients will affect the consumers' purchasing decisions (Moskowitz, 1994). Lastly, Eldesouky and Mesias (2014) stated that the information delivered on the packaging generates a strong impact on the consumers' purchasing decision.

**H3: Product packaging design will positively affect consumer's perceived quality.**

From the results of the analysis, the  $p\text{-value}$  of product packaging design was 0.002, which met the minimum requirement of 0.05 in order to be significant. The findings showed that there was a significant relationship between product packaging design and perceived quality. This was also supported by the Pearson's correlation test that these two variables were positively correlated. Therefore, H3 was supported. According to the study done by Silayoi & Speece (2004), the participants have agreed that packaging shape had an influence on their purchase decisions. Besides, Lee, Gao and Brown (2010) had reported that package designs are not only

needed to inform the consumers about the product, but also arouse the feelings and communicate emotions, which will influence the perceived quality of the consumer.

**H4: Material used for product packaging will positively affect consumer’s perceived quality.**

Based on the result in Table 5, there was a significant relationship between the material used for the packaging and perceived quality (p-value=0.000, <0.05). The result was also explained in the Pearson’s correlation analysis that these two variables were positively correlated. Therefore, hypothesis H4 was supported. This is also supported by the results of the study of Eldesouky et al. (2015) that there was a strong dislike of plastic containers (material used for the packaging) among the respondents, due to the concerns about the pollution issue. Furthermore, most participants believed that the packaging material was important because it will affect the storage life (Silayoi & Speece, 2004). Also, in the findings of Eldesouky et al. (2015), 16% of the consumers (highest percentage in the study) mentioned that safe material used for the packaging will affect their perception on the product.

**Simple Regression Analysis**

The simple regression analysis result was shown in Table 5. The simple regression test was constructed and the result showed that the R square was 0.620 with the F value of 187.838. This denoted that 62.0% of the respondents’ purchase intention towards the food products was measured and explained by their perceived quality on the packaging attributes.

**Table 5** Coefficients Results of Simple Regression Analysis

Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Std. Error	Beta			
(Constant)	2.357	1.028		2.292	.024
1 Perceived Quality	.851	.062	.788	13.705	.000

Dependent Variable: Purchase Intention  
 F = 187.838      R = 0.788      R2 = 0.620

### **H5: Perceived Quality has a positive impact on consumer purchase intention.**

The regression analysis result proved that there was a significant relationship between consumer purchase intention and the perceived quality. The significant p-value was 0.000, which was lower than 0.05. Based on the Pearson's correlation analysis, both of these variables were found that their relationships were positively correlated. With regard to this, the perceived value has a positive effect on the consumer purchase intention on the food product. Thus, hypothesis 5 was supported. The result of this research fitted as the result of the findings of Saeed and Grunert (2014), indicated a strong and significant relationship between the expected quality (perceived quality) and the purchase intention. Also, findings of Jaafar, Lalp and Naba (2012) suggested that the higher the perceived quality of the product, the more likely consumer has the intention to purchase the product.

## **CONCLUSIONS AND RECOMMENDATIONS**

The objective of this study was to examine the influence of product packaging and perceived quality on purchase intention on food product. The results of these analyses showed that there was a significant relationship between the product packaging labels, product packaging design, the material used for the packaging with the perceived quality. On the other hand, product packaging color has no significant relationship with the perceived quality. Lastly, there was also a significant relationship between the perceived quality and consumer's purchase intention.

As an implication, this research helped to have a better understanding on the packaging attributes that are more influencing on the perceived quality and purchase intention on the food product. From the theoretical viewpoint, this study contributed that the product packaging color, label, design, and the material used of the food product would influence the consumers' perceived quality and their purchase intention. This study also provides the marketer, manufacturer, packaging engineer, and packaging designer to develop a better and more effective food product packaging to improve the sales and prevent overproduction. In addition, by understanding the consumers' perception, it can also help to retain the regular consumers on certain brand if the producer provides a more favorable and helpful food product packaging.

## **LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH**

There are some limitations to the effectiveness of this study. This study used a sample size of 117 respondents, and all of them were from the Klang Valley. The small sample size limits the generalization of the results to Malaysia. In addition, due to time and resources constraints, the purposive sampling technique was selected. This non-probability sampling technique does not allow the generalization of the conclusions to be made of the population at large. Therefore, in order to get a better and a more representative result, future studies should be conducted on a larger sample size and to cover the whole Malaysia. In addition, a probability sampling technique such as simple random sampling should be employed in order to allow the generalization of the conclusions.

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## Examining Consumer Behavior in the Self-Service Laundry

Wan Nazeeha Wan Ishak, Abdul Rashid Abdullah and Pawinee Stargell

### INTRODUCTION

The convenient modern lifestyle facilitated with a better technology is one of the reasons why people are keen to self-service business model, for example, a self-service gas station, a self-service market, or a self-service laundry. Of all mentioned self-service businesses, a self-service laundry is gaining popularity in urban cities across the world including Malaysia. A self-service laundry or better known as a coin-operated laundry is a business establishment which provides a facility where washing and drying machines are operated by coins, upon which items such as articles of clothing may be laundered and dried by the customer themselves. Due to its convenience and affordable service fee, the self-service laundry has received widespread acceptance in Malaysia. The self-service laundry, which is sometimes called street laundrettes, is mostly popular in the medium to high density areas or urban cities where limited space and hanging clothes outdoor seem impossible for the tenants to do laundry at their residences (Goodlife and Temperley, 2009). Most people who live in urban areas especially students, single people living alone and small family are likely to be key customers for this business.

With relatively low cost of investment and an increasing demand for the self-service laundry, young entrepreneurs or even Small and Medium Enterprises (SMEs) are willing to invest in this business hoping to take a first-mover advantage. No wonder a variety of store brands, for example, In-operated Laundry, Laundry Bar, Dobidoo, Cleanpro and Workit Laundry, are present around the corner throughout the city. Although urban areas are

expanding, the self-service laundry business is very competitive because most of the businesses are small and independent.

Since an increasing trend in the usage of self-service laundries in Malaysia is new and interesting, our research question is what are the factors behind the adoption of self-service laundry? We answer this question from the perspective of consumer behavior. The question is important especially to young entrepreneur seeking to start a self-service laundry. This chapter highlights the main objectives on how to determine the factors that significantly influences consumers' adoption of self-service laundry.

## **LITERATURE REVIEW**

Consumer behavior refers to the buying behavior of the ultimate consumer. According to Kotler and colleagues (2009, p.224), consumer behavior is defined as “the study of how individuals or groups buy, use and dispose of goods, services, ideas or experience to satisfy their needs or wants”. In the early stages, consumer behavior was taken as buyer behavior that reflects the interaction between consumers and producers at the time of purchase but now marketers recognize consumer behavior as an on-going process not only what happens at the time when consumer gives money and gains some goods or services (Solmon, 1996).

In this chapter, consumer behavior is measured in forms of frequency and depth of consumption, repeat purchase intention and recommendation to loved ones. Frequency is measured by the interval of days that they use self-service laundry. Depth of consumption is measured through the amount of money spent a month and the portion of their laundry that is washed at self-service laundry.

## **Theory of Buyer Behaviour**

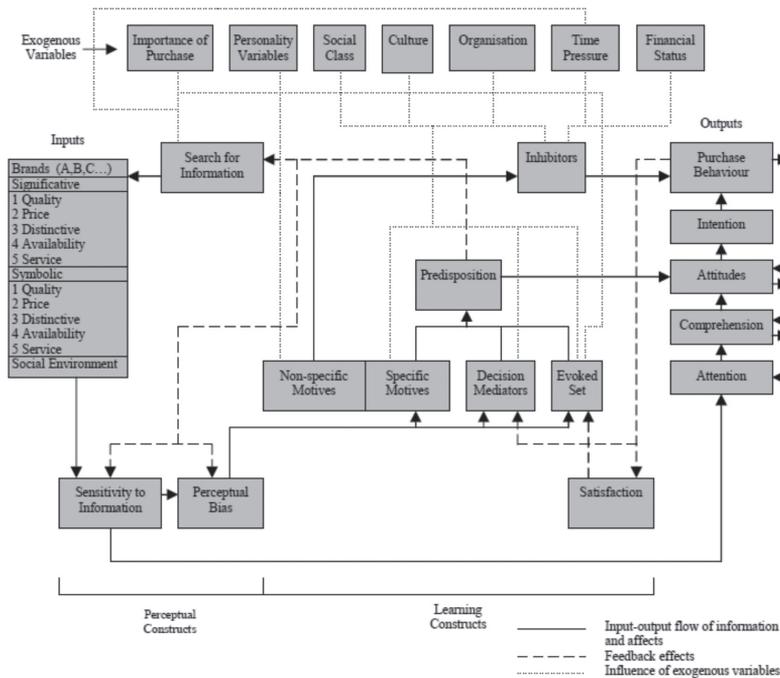
According to the theory of buyer behavior developed by Howard and Sheth (1969), consumers are affected by a host of variables or factors in their buying decision process. Figure 1 illustrates the components of Theory of Buyer Behavior, which have been described as “a sophisticated integration of the various social, psychological and marketing influences on consumer choice into a coherent sequence of information processing”

(Foxall, 1990, p. 10). Inputs are environmental stimuli that the consumer is subjected to, and originates from different sources. Significant stimuli are the elements of products or brands that the buy is aware of (Loudon & Bitta, 1993), while symbolic stimuli refers to the representations of products and brands as constructed by marketers through advertising and act on the consumer indirectly (Foxall, 1990; Howard & Sheth, 1969). Social stimuli include the influence of family and other peer and reference groups. These influences are internalised by the consumers before entering the decision process (Bray, 2008).

Hypothetical Constructs or Intervening variables are categorized into Perceptual constructs and Learning constructs. The three variables within Perceptual constructs are sensitivity to information; the degree to which the buyer controls the flow of stimulus information, perceptual bias; the distortion to the information received, and search for information; the active seeking of new information. Perceptual constructs control, filter and process the information received. Predispositions are a preference that a buyer may have towards one of the choices in the evoked set. Inhibitors are environmental forces such as limited resources which restricts the consumption choice. Satisfaction is post purchase reflection used as a feedback towards subsequent decisions.

The Learning constructs are based on learning theory concepts. Motives are goals that cause actions; they can be general or specific. Evoked set is the buyer's assessment of the ability of the alternative consumption choices that are under active consideration to satisfy his or her goals. Decision mediators consist of the heuristics or mental rules that the buyer uses to assess purchase alternatives.

The outputs are the buyer's responses; there are five steps that progressively lead to purchase. Step 1 is attention; it is the magnitude of the buyer's information intake. Step 2 is comprehension; the processed and understood information that is used. Step 3 is attitude; the buyer's evaluation of a particular product or brand's potential to satisfy the purchase motives. Step 4 is intention; the buyer's forecast of which product they will purchase. Lastly, step 5 which is purchase behavior; the actual purchase behavior, which reflects the buyer's predisposition to buy but modified by any inhibitors (Loudon & Bitta, 1993).



**Figure 1** The theory of buyer behavior

Since we focus on the self-service laundry industry, one main characteristic of buyers is that they may have intended to buy but decided to postpone the behavior due to limited time available. According to the Theory of Buyer Behavior, we are interested to measure factors including the importance of purchase, personality variables, social class, culture, organization, time pressure, and financial status. Furthermore, due to the fact that we are interested in the factors that influence consumers to adopt self-service laundry as a product, the individual brands of self-service laundry are out of the scope of this research. Therefore, symbolic stimuli are ignore and only significant stimuli are measured.

Let us give an example of the theory of buyer behavior in the context of self-service laundry. Kawashima and colleagues (2003) viewed the self-service laundry as a product that is evaluated by comparing it to its alternatives based on four elements; cost savings, time savings, convenience, and wash quality. Wash quality would encompass both reliability and

comfort, while environmental requirement will not be evaluated due to the difficulty in determining which is more environmental friendly, self-service laundry, serviced laundry or washing at home. These four are the significant stimuli upon which becomes the input for the buying decision process. Other variables include satisfaction, specific motivation and the customers buying behavior.

There are several limitations of the theory, for example, it is not applicable to joint decision making (Loudon & Bitta, 1993), and its difficulty to empirically test the theory due to unobservable nature of many of the intervening variables (Foxall, 1990; Loudon & Bitta, 1993).

## **RESEARCH METHODOLOGY**

This study adopts a quantitative research method and descriptive research design. The target customers are defined as the existing users of self-service laundry as well as the potential consumers who might be interested in using self-service laundry. 150 questionnaires have been distributed at several self-service laundry stores in the areas of Kajang, Bangi, Serdang, and Seri Kembangan. All collected data is then analyzed by using SPSS 22.0 and SPSS AMOS computer program. The seven-point Likert scale ranges from “strongly disagree” to “strongly agree”.

## **RESULTS**

To check for consistency, four observations were found to have no variance in three sections and then are discarded. Negative questions are then reverse coded and missing values were imputed with a regression on its value using SPSS trend function.

The reliability test can examine whether the three dimensions of factors (usage, metropolitanism, and ethnic identity) represent the one-dimensional latent construct of factors affecting consumer behavior in the self-service laundry. Cronbach’s alpha ranges from 0.603 to 0.918. We have further performed factor analysis on the three dimensions. A common factor emerges with factor loadings at least 0.659 or above for each item, suggesting a high level of internal consistency of this measure.

**Table 1** Pearson Correlation Matrix

Variables	1	2	3	4	5	6	7	8	9	10	11	12
1. Frequency	.445**	.667**	.123	.224	.245	.28*	-.018	-.088	.001	-.031	-.141	-.131
2. Spend	1	.37**	-.064	.146	.237	.050	.33*	-.123	.113	-.036	-.026	.124
3. Portion	1	1	.062	.309*	.139	.214	-.043	-.123	-.131	.119	-.036	-.002
4. Satisfaction	1	1	1	.249	.142	.44**	.119	.49**	.4**	.55**	.311*	.100
5. Repeat	1	1	1	1	.67**	.148	.223	.52	-.033	.268	.344*	.240
6. Recommend	1	1	1	1	1	.220	.41**	.191	.071	.240	.151	.140
7. Age	1	1	1	1	1	1	.136	.297*	.164	.206	.283*	.144
8. E	1	1	1	1	1	1	1	.216	.111	.268	.322*	-.071
9. C	1	1	1	1	1	1	1	1	.262	.49**	.223	.055
10. ES	1	1	1	1	1	1	1	1	1	.39**	.155	-.006
11. OE	1	1	1	1	1	1	1	1	1	1	.36**	.183
12. Married	1	1	1	1	1	1	1	1	1	1	1	.5**

Note: \*significant at 0.10 level, \*\*significant at 0.05 level, \*\*\*significant at 0.01 level

*E* stands for *Extravertness*, *C* stands for *Conscientiousness*, *ES* stands for *Emotional Stability*, *OE* stands for *Openness Experience* remains scant. This research found ample evidence that consumer behavior such as frequency of use, amount spent per month and the percentage of their laundry being washed in self-service laundry, are influenced by a variety of external and internal factors.

Number of children is negatively correlated with portion, suggesting that as a family size increases, families tend to wash at home probably due to the limited time to spend at the self-service laundry. Marketers could target the large family with a pick-up and drop-off service. Education is also negatively correlated with frequency, spend and portion. This suggests that self-served laundry is negatively correlated with status. Or it could just mean that their time is valuable. Premium services would be suitable for them.

Correlation matrix is presented in Table 1 and suggests little problem with multicollinearity. Noted from the table, frequency is positively correlated to spend and portion but also to agreeableness. Satisfaction is positively correlated with agreeableness, conscientiousness, emotional stability, openness experience and metropolitanism.

## **Structural Equation Modeling**

SPSS Amos was used to run Structural Equation Modeling (SEM) on the data. The model fit is statistically significant at  $\chi^2$  (445, N = 150) = 1001.780,  $p < .001$ . Figure 2 shows the relationship between the variables in the models.

On the left side are the various factors that influence consumer behavior and on the right side are the various behaviors of the consumer. The mediating variable is satisfaction. User's satisfaction of self-service laundry influences their decision to repeat their usage and also to recommend self-service laundry to their loved ones. This research also postulates that the frequency of usage, spending amounts and the portion of their laundry at self-service laundry would be contingent on the satisfaction of their usage.

Table 2 lists the regressions within the models. Listed are only those significant at the 5% and 1% confidence level. Those that are married as compared to those single are more satisfied with their usage of self-service laundry. Metropolitanism is slightly off the significance at 5% level. Ethnic identity is negatively correlated to satisfaction. The cultural group east Malaysian natives are significantly and positively correlated to satisfaction. Personality traits agreeableness and openness to experience are both significantly and positively correlated with satisfaction. This suggests that those with high agreeableness are easier to satisfy and those would be open to new things are satisfied with their experience, probably due to the open concept of self-service laundry. It appears that consumer behaviors frequency of usage, portion of usage, amount spent are all influenced by a mixture of cultural, social and personal factors. The only factor that does not influence behavior is age factor. Satisfaction is significantly correlated with frequency of use as well. Various factors influence frequency through the mediating variable satisfaction. The biggest indirect effect is ethnic identity which influences negatively on frequency and the personality trait openness to experience.

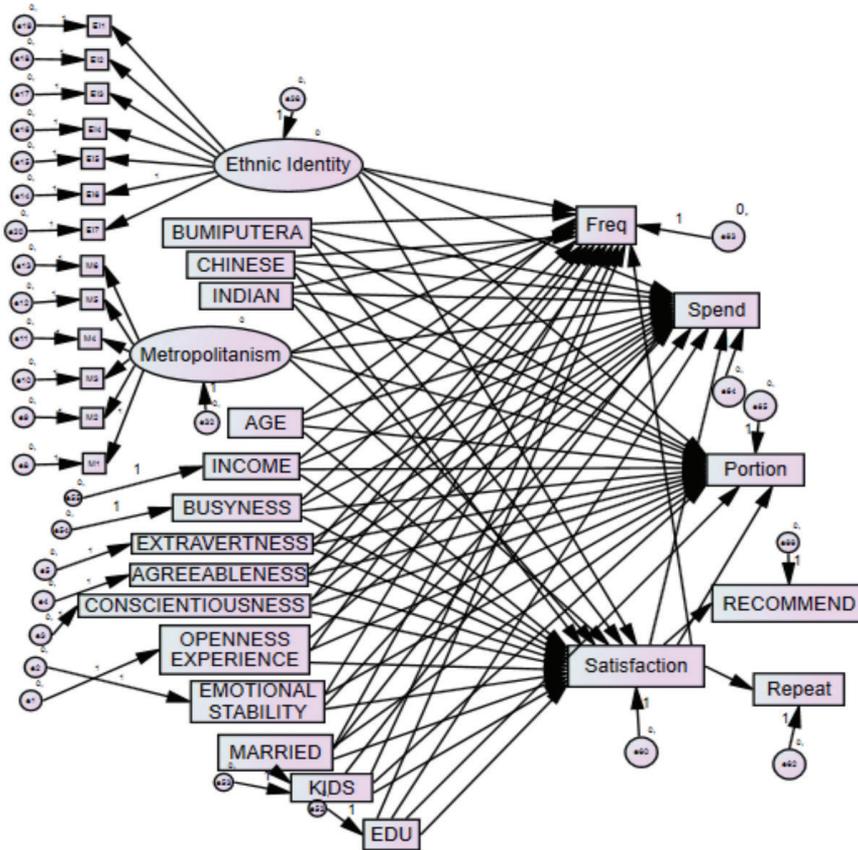


Figure 2 Structural Equation Modelling

Busyness is positively correlated to all three, suggesting that time saving is an important part of self-service laundry. Surprisingly, income level is negatively correlated with amount spent. This suggests that it is the lower income that is the main users. Compared to Malays, Chinese use more frequently and wash a higher portion of their laundry while Indians use less frequently and east Malaysian bumiputra spend less than Malays.

Although personality influences greatly on these behavior but each of the five influence differently. It is difficult to ascertain why a certain characteristics affect certain behavior. The findings of this research are far reaching. For marketers of self-service laundries, it indicates certain areas of market segmentation. For researchers, it highlights the extent of influence that a person's personality have on its purchase behavior.

**Table 2** SEM Regression Weights

		Standardized	Estimate	S.E.		Standardized	Estimate	S.E.
KIDS	<-- MARRIED	.531***	.964	.216	Freq	<-- EDU	-.184**	.076
Satisfaction	<-- MARRIED	.241**	.478	.222	Freq	<-- BUSY	.238***	.054
Satisfaction	<-- M	.194*	.142	.073	Freq	<-- M	-.498***	.129
Satisfaction	<-- EI	-.305***	-.256	.092	Freq	<-- EI	.583***	.172
Satisfaction	<-- BUMIPUTERA	.213**	.782	.349	Freq	<-- INDIAN	-.232***	.536
Satisfaction	<-- POE	.392***	.290	.070	Portion	<-- CHINESE	.235***	.695
Satisfaction	<-- PA	.236**	.189	.076	Freq	<-- CHINESE	.249***	.285
Freq	<-- Satisfaction	.365***	.655	.226	Spend	<-- BUMIPUTERA	-.306***	.420
Portion	<-- KIDS	-.272***	-1.331	.454	Portion	<-- POE	.201**	.303
Portion	<-- EDU	-.362***	-.857	.186	Portion	<-- PES	-.189**	.249
Portion	<-- BUSY	.365***	.612	.132	Portion	<-- PC	-.289***	.277
Portion	<-- M	-.237***	-.778	.285	Spend	<-- PC	-.184***	.086
Portion	<-- EI	.353***	1.334	.376	Spend	<-- PA	-.189***	.092
Spend	<-- EDU	-.207***	-.182	.057	Spend	<-- PE	.245***	.079
Spend	<-- BUSY	.191***	.118	.041	Spend	<-- MARRIED	.197***	.266
Spend	<-- INC	-.409***	-.372	.060	Spend	<-- PES	.143**	.077
Spend	<-- M	-.280***	-.340	.091	Freq	<-- PC	-.260	.114
Spend	<-- EI	.540***	.755	.136				

Note: \*significant at 0.10 level, \*\*significant at 0.05 level, \*\*\*significant at 0.01 level

## **CONCLUSION**

Although the self-service laundry is an industry that is currently on the rise in Malaysia, research on the factors that influence consumer behavior in this industry is needed.

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## **An Analysis of Middle Eastern Satisfaction and Behavioural Intention in Malaysian Restaurants**

Sara Safeimehdeh and Abdul Rashid Abdullah

### **INTRODUCTION**

Tourism and hospitality has an experiential nature, success in this industry is critically depend on creating unforgettable experiences for visitors (Oh et al., 2007). Tourists are increasingly demanding higher standards for quality of services, particularly in food and hospitality. When it comes to travel and the tourism industry food ranks among significant attributes with climate, accommodation, and scenery in satisfaction of tourists (Hu & Ritchie, 1993) and an important reason for tourists to return to a place (Rimmington & Yüksel, 1998; Enright & Newton, 2005; Jakša Kivela & Crotts, 2006; Björk & Kauppinen-Räisänen, 2014).

Customer satisfaction is not global phenomena, regional and cultural aspects must be taken into account when planning for a successful marketing (Pizam et al., 2016). In tourism experience, the attributes brought by the visitor are as important as the attributes provided by tourism suppliers. Tourist's cultural background can affect visitors' choice of a touristic destination (Kay, 2009). With the increasing number of tourist destinations and increasing competition, it seems vital to consider development of effective marketing strategies for particular tourism destinations in attracting the future market of tourism.

Remarkable changes have been happened in the tourist world, new concepts, such as Muslim tourism became a growing worldwide trend and a prospective market (Khan & Callanan, 2017). Mostly, Muslim population are living in Asia and the Middle East, regions undergoing rapid economic growth and development. Middle East outbound tourism is a small but

fast-growing market, which showed the strongest growth in the world with a 9% increase in 2015. The report revealed that this market went up 48 percent in five years while international travel and tourism market grew only by 24 percent (ITB Berlin, 2015).

Malaysia was one of the most successful countries during the last few years in attracting the Middle East tourists who feel safer in terms of security, food, shopping and religious obligations in this country (Salman & Hasim, 2012). Middle Eastern tourists are potentially important for Malaysia in terms of the rapid growth rate of arrivals, the high level of spending, and the longer length of stay (Tourism Malaysia, 2015). Middle East market is the particular target of Islamic Tourism Centre of Malaysia's National Tourism Organisation (Henderson, 2016).

Middle East outbound tourism is a growing, new, young market which should be studied closely. Admitting that there are existing valuable studies in Malaysia regarding Middle Eastern tourists but it is not still enough to handle all the requirements from the consumers (Noor & Ramli). Due to importance of tourist's dining as a component in developing tourism marketing strategies (Isaac, 2008). The concern of Middle Eastern dining behaviour and their desires and needs in restaurants is an important subject that must be addressed cautiously in Malaysia. Therefore the current study intends to focus on the Middle East tourists' satisfaction and behavioural intention (Word-Of-Mouth and Intention to return) in Malaysian restaurants.

## **THE CONCEPT OF CUSTOMER SATISFACTION IN RESTAURANT INDUSTRY**

Customer satisfaction is the first topic to be studied in both the frequency and volume of appearance in the hospitality literature (Oh et al., 2017). Customer satisfaction is critically important because it reflects subjective customer evaluations of the attribute performance associated with the consumption experience (Namkung & Jang, 2008). Obtaining consumer satisfaction is fundamental to the growth and expansion of a business as it influence the consumer's future behaviour and leads to an increase in acquiring repeat purchase behaviour and word-of-mouth recommendations (Barsky & Labagh, 1992; Tarn, 1999; Babin et al., 2005; Namkung & Jang, 2008; Ryu et al., 2008; Ha & Jang, 2010; Ryu et al., 2012; Canny, 2014;

Pizam et al., 2016). While from other side repeat and referral business are commonly used indicators to assess customer satisfaction (Jaksa Kivela, Inbakaran, et al., 1999).

Expectation-Dis/Confirmation theory, proposed by Oliver (1977) is the most frequently applied theory in Hospitality and Tourism studies (Oh et al., 2017). The theory states that customer satisfaction is determined by contrasting customers' perceptions with their expectations. Where, expectations determine customers' perception about their experience and the confirmation or disconfirmation of these beliefs affects their overall satisfaction. Knowledge of customer expectations and requirements is essential because it provides understanding of how the customer defines quality of services and products (Hayes, 1998). Although opinions on which attributes should be included in a customer satisfaction model differ among scholars (Jaksa Kivela, Inbakaran, et al., 1999; Weiss et al., 2005; Ryu & Han, 2010; Haghighi et al., 2012; Pizam et al., 2016; Jalilvand et al., 2017) but it's commonly accepted that multi-attribute scales which are based on Expectation-Dis/Confirmation theory are the most appropriate method in measuring customer satisfaction in restaurants.

Reuland et al. (1985) proposed that hospitality services consist of a harmonious blend of three elements: the material product such as the food or beverages which is the core product in a restaurant and main element that plays a pivotal role in the restaurant experience and impact customer satisfaction (Namkung & Jang, 2008; Ryu & Han, 2010; Haghighi et al., 2012). The behaviour and attitude of the employees who are responsible for hosting and come in direct contact with the guests. As customers not only evaluate the quality of food but also the service encounters during their dining experience (Chow et al., 2007; Namkung & Jang, 2008; Ryu & Han, 2010; Ryu et al., 2012) and the environment, such as the building, the furnishing, the lighting and such in a restaurant, which has a powerful impact on people's emotions, attitudes and behaviour (Mehrabian & Russell, 1974; Heung & Gu, 2012).

The other still important attributes which do not belong to any of well-known above groups but were mentioned by researchers include, convenient location and accessibility of the restaurant (Soriano, 2002; Yüksel & Yüksel, 2003; Law et al., 2008; Hyun, 2010; Longart et al., 2017) and religious obligations (Battour et al., 2011; Jafari & Scott, 2014; Battour & Ismail, 2016). At the end all these attributes can be linked to

customers' perceptions of value and price (Ryu et al., 2012; Pizam et al., 2016). Evaluate quality is a whole, based on a set of these attributes which eventually influence their satisfaction and future behaviour (Chow et al., 2007; Jang & Namkung, 2009; Liu & Jang, 2009; Ryu & Han, 2010; Ma et al., 2011; Haghghi et al., 2012; Ryu et al., 2012; Jafari & Scott, 2014).

## **RESEARCH METHOD**

In current study descriptive research is used to establish the relationship between diners' expectations and diners' perception and their connection with customer satisfaction, word-of-Mouth and return intention. Since quantitative or numeric description is the best way to examine tendencies, attitudes or beliefs of a population by evaluating a sample of that population (Creswell & Creswell, 2017) we made use of it in this study. A Survey method, which is a systematic method of gathering data that takes advantage of Likert-type questionnaires, was chosen for this study, as it is commonly used in similar research studies (Jaksa Kivela, Reece, et al., 1999; Weiss et al., 2005; Pizam et al., 2016; Jalilvand et al., 2017).

In gathering data for a study, sample needed to be considered because it would be impractical to survey the entire population as it could be costly in regard of time and money (Zikmund et al., 2013). Basically probability technique is not practical in a study of tourist nature. As there is no available list of tourists who have visited destination in particular time from which a random selection can be made (Weiss, 2003; Ladhari et al., 2008; Ma et al., 2011; Bufquin et al., 2015; Pizam et al., 2016). Therefore, despite all the criticism to non-probability sampling, Convenience sampling technique had to be employed in this study since it was found to be the most practical option for researcher. In line with the recommendations provided by the various authors, the sample size for this was set at 200 respondents (Neuman & Robson, 2014).

Regarding the definition of convenience sampling, those who have been met and recognised as Middle Eastern between August, 2017, and November, 2017 in Kuala Lumpur international airport (KLIA) were approached. After the screening was done a self-administered questionnaire was distributed to them for completion. The questionnaire developed for use in this study measures Middle Eastern tourist's experience with food quality, service quality, atmosphere, and others (Location, value, price and

Halalness) divided into 31 attributes. It measures their total satisfaction, return intention and word of mouth possibility. Data screening or data examination is necessary as the initial step before any analysis is carried out. The validity and reliability of questionnaire was checked and reviewed and the result was appropriate for further analysis.

## **ANALYSES AND FINDINGS**

After a detailed descriptive analysis on Demographic and Restaurant Behaviour characteristics of the respondents and before starting with inferential analysis the assumptions of multiple regressions which are Normality, linearity and Multicollinearity were tested. Stepwise Multiple Regression analyses were performed to test the effects of food, service, environmental and other attributes on customer satisfaction and behavioural intentions. Regression analysis predicts and examines the strength of associations between dependent and independent variables (Hair et al., 1998). Therefore it was used to examine whether and to what extent the four dimensions have influenced tourists' satisfaction and return intention in Malaysian restaurants.

Respondents came from all eighteen countries of Middle East, though the majority were from Saudi Arabia (20.8%) and Iran (19.8%). Among the 202 valid respondents, mostly or 59.4 percent of respondents were males and 40.6 were female. Almost half of respondents (52%) were aged between 25 to 34 years and the biggest income group (36.6%) belong to those who earn between 1000 to 1999 USD per month this low income can be explained by looking at respondent's occupation which shows that they were mostly students (23.8). A great number of respondents came to Malaysia for holiday and leisure (36.1) and most of them stayed between 1 to 2 weeks (33.2).

The most popular restaurant to visit for Middle Eastern was Fast food and their own Ethnic restaurants. While they prefer their own ethnic restaurants to fast food when it comes to priority. They usually go back to restaurant to have their daily meal and to try a new thing but if they want to go back to a restaurant they mostly go for the food rather than any other reason. Most of Middle Eastern in Malaysia paid around 11 to 20RM for a meal in the restaurant, the meal period they choose to eat in a restaurant is more likely to be lunch.

## **Customer Satisfaction**

Stepwise Multiple Regression was performed with satisfaction as the dependent variable and 31 restaurant attribute which was divided into four (Food, Service, Environment and Other) category as independent variables. Examining the Malaysian restaurant attributes' performance shows that dimensions of attributes' performance have significant influence on Middle Eastern tourists' overall satisfaction in Malaysian restaurants.

Eight items were selected to measure the Food-related attributes namely: Healthiness of food, Temperature of food, Taste of food, Quality of the food, Freshness of the food ingredient, visually attractive presentation of the food, Variety of menu items, Good description of menu items. The results demonstrated that taste of food, Healthiness of food, Quality of food ingredients, and Freshness of the food ingredient were significantly related to Middle East tourists' satisfaction in Malaysian restaurants. Based on this findings taste was the most important contributor to satisfaction. The R Square in this model explains that 48.5% of the variance can be explained by the four food predictors. Relatively high R Square confirm that, from Middle Eastern tourists' viewpoint food quality is the key role for the success of Malaysian restaurants

In terms of service-related attributes nine Item was selected that are Knowledgeable staff regarding menu items, Well communicating staff, Sympathetic and patient Staff, Neat and well-dressed Staffs, Prompt and quick service, Serve food as ordered, Serve group orders simultaneously, Accurate check, Operation hours. Among these attributes, Serve food as ordered, Accurate check, Prompt and quick service, and Neat and well-dressed staff were significantly related to Middle East tourists' satisfaction. These four attributes demonstrate the importance of service quality in Malaysian restaurants. The R Square in this model shows that approximately 47.1% of the variance can be explained by the four service predictors.

In case of Environment-related attributes ten Items were chosen as Appropriate noise in the restaurant, Cleanness of the restaurant, Pleasant temperature in the restaurant, Pleasing aroma in the restaurant, Comfortable seats in the restaurant, Attractive decoration in the restaurant, Attractive exterior appearance of the restaurant, Pleasing background music, Pleasing background lighting, and Dining privacy. It was found that Cleanness of the restaurant, Pleasing aroma in the restaurant, Attractive

exterior appearance, Attractive decoration, and Pleasant temperature in the restaurant, significantly influenced customer satisfaction. Cleanness of the restaurant was the second most important factor among all attributes for customer satisfaction. The R Square in this model indicates that approximately 47.8% of the variance can be explained by the five Environmental predictors.

Finally, all of the four attributes in other-related attributes, Worth Value for price, Location of the restaurant, Food Halalness, and Reasonable price item, emerged as significant factors affecting customer satisfaction. Specifically, Worth Value for price proved to be the most influential attribute on satisfaction among the four other attributes. The R Square in this model specify that approximately 47.6% of the variance can be explained by the four Other predictors.

## **Behavioural Intention**

At the same time, customers' behavioural intentions was regressed against 31 restaurants' attributes to investigate the Malaysian restaurant attributes which significantly influence Middle Eastern tourists' behavioural intentions. The result reveals that all dimensions of attributes' performance have significant influence on Middle Eastern tourist' behavioural intentions in Malaysian restaurants.

Among the food-related attributes, quality of the food ingredients, taste of food, and freshness of the food ingredient, were significant in the model, but quality of the food ingredients emerged as the most important attribute for behavioural intention. However, unlike the satisfaction model, taste of food was not the biggest contributor in the behavioural intentions model. In this model, healthy option, which was shown as a significant predictor of satisfaction, didn't have a significant influence on behavioural intentions. This may be due to the fact that healthy option is one of the base line of quality of food ingredients, so violations of quality of food ingredients, can result in customer dissatisfaction instantly. However, simply meeting healthy options in food requirements is not enough to motivate customers to come back again. The R Square in the model is approximately 54.6%, which indicates the explanatory power of food quality in determining Middle Easters' behavioural intentions.

The service-related attribute model suggested that Serve food as ordered, operation hours, prompt and quick service, well communicating staff, were significant predictors of behavioural intention. Replacing the neat and well-dressed staff with well communicating staff shows the importance of communication between Middle East tourists and individuals of the restaurants. It specifies that for a sustainable and long-term relationship with Middle East tourists customers, staff should be able to communicate well and maintain a good relationship with them and operation hours should be convenient as they found to be playing a key role in their future behaviour. Paying more attention to customers' personal requests, create a friendly and familiar service in the restaurant and providing personalized service to enhance customer satisfaction can encourage them to return or talk positively.

Among Environmental-related attributes, cleanness of the restaurant, pleasing aroma in the restaurant, and attractive decoration, were significant predictors of Middle East tourist later behaviour. Cleanness was the most influential Environmental factor for both customer satisfaction and behavioural intention. The other attributes model showed that Location of the restaurant and Reasonable price item had a significant effect on behavioural intentions.

## **CONCLUSION**

This study investigated Middle Eastern tourists' perceptions of Malaysian restaurants and the key restaurant attributes affecting their satisfaction and behavioural intention. The results of Multiple Regression shows that, taste of the food and cleanness of the restaurant are the most important attribute in customer satisfaction and has the vital influence on Middle East customers to enjoy and be satisfied with their restaurant dining. About their behavioural intention the decision making is a little different, while taste of the food and cleanness of the restaurant is still important but they prefer to back or recommend a restaurant which has a better food quality and more convenient location. To make customers satisfied and ensure they revisit and recommend it to others, Malaysian restaurants should provide tasty food with good quality and fresh ingredients.

The results of this study such as any study has several limitations. The population of this study consist of Middle Eastern tourists in Malaysia,

which means that the findings of this study is limited to Middle East tourists who travelled and stayed in Malaysia. As the results are limited to the restaurant industry in Malaysia, generalizing them to other settings should be done judiciously. But still the finding of this study can serve as starting point for future research in this area. Future research can address the limitations of this study as well. For example future researches should be conducted with a sample from restaurants in different countries across a diverse geography to be compared with results of this study.

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# 19

## The Conceptual Exploration on the Role of Impulse Buying Behavior in Shopping Tourism Industry

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### INTRODUCTION

Tourism industry in Malaysia is one of the biggest industries that contribute to the economy. It contributes RM161 billion to gross domestic product (GDP) in 2014 (ETP annual report, 2014) and rise to RM167.5 billion in 2016 (WTTC, 2017). In fact it brings the opportunities to other services to gain the profit and provides job opportunities. One of the tourism sectors that contribute biggest profit to tourism revenue in Malaysia is shopping tourism. It was recorded that, RM26.03 billion of total tourist expenditure was spent for shopping, contributed 31.7% of total revenue in 2016 (Tourism Malaysia, 2016). Corresponding with it, government Malaysia has develop a strategic plan for tourism development under National Key Economic Area (NKEA) with 12 Entry Entity Plan Projects (EPP). There are 3 of the project that involved shopping tourism which cluster under “luxury affordable” theme (Tourism Malaysia, 2015). In this project government is aim to position Malaysia as duty free shopping destination, designing vibrant shopping precincts in Malaysia and to establish 3 new premium outlet in Malaysia. These projects are key driver to increase tourist expenditure on shopping.

As Malaysia is in a phase of implementing the strategy to increase shopping expenditure, there is several ways to attract tourist to spend their money for shopping. Impulse buying is one of the ways suggested by previous scholar to increase tourist expenditure (Foroughi *et al*, 2011; Laesser and Dolnicar, 2012; Li *et al*, 2015). Clover (1950) has signified that impulse buying definitely influences sales. It contributed 62% of

supermarket sales and 80% of all sales in certain product categories (Cheng *et al*, 2013). In USA, impulse buying contributes approximately \$4 billion of total annual sales (Abrahams, 1997). As retailer is the biggest contributor to tourism revenue, it is important for the retailer to develop a strategy to induce tourist to purchase on impulse. According to Sohn and Lee (2016), impulse buying behavior able to contribute the idea and information for the retailer to increase the sales. Li *et al* (2014) indicate the survival of retailer in the industry depends more on tourist shopping rather than local shopping. Therefore, retailers are prepared to encourage impulse buying by using effective marketing stimuli. Hence, the understanding of impulse buying is very important for retailer to develop a plan or strategy to encourage tourist spend more on shopping.

This study will discuss on the importance of impulse buying behavior in shopping tourism industry. The first section of this study will explain the general concept of impulse buying behavior. Then, the next section will discuss on impulse buying in the perspective of shopping tourism. The third section will deliberately explain on the impact of environmental factor on impulse buying behavior.

## **General Concept of Impulse Buying Behavior**

Impulse buying behavior is known as unplanned purchase (Kollat and Willet, 1969), which refers to the situation where consumers make a purchase without planning and buy something immediately (Rook, 1987; Stern, 1962). Hadjali *et al* (2012) stated that the unplanned purchase happen due to consumer did not actively searching for specific product or brand and did not have any plan to make a purchase. Consumers simply grab the products that are attractive for them rather than choosing one and it happen fast and urgent (Saad and Matawie, 2015). Berman and Evan (2004) have identified 3 types of impulse buying and there are:

1. Completely unplanned. The situation when consumer have no intention to make a purchase before she or he went to the shopping malls
2. Partially unplanned. The situation when consumer has planned to make a purchase but without any specific brand or product before she or he went for shopping.

3. Unplanned situation. The situation when consumer has planned to purchase on specific brand or product but change it once she or he comes into contact with retailer.

On the other hand, Stern (1962) classified 4 types of impulse buying which known as pure impulse buying, reminder impulse buying, suggestion impulse buying and planned impulse buying. This type of impulse buying is slightly similar to Berman and Evan (1962) have suggested. From the discussion above, it can be concluded that impulse buying behavior would also happen even when the consumer has planned to make a purchase.

Emotion is the internal drive that influence consumer to make a purchase. Previously, Rook (1987) indicate that consumer would arouse by their positive emotional state which in turn lead them to make an impulse buying. Several recent studies also demonstrate that positive mood, happy and excitement would induce consumer to fall for shopping (Lucas and Koff, 2014; Sohn and Lee, 2016; Foroughi *et al*, 2014). Somehow, consumer would also fall for shopping if they are not in a good mood. Verplanken and Herabadi (2001) stated negative mood would also induce consumer to make a purchase. When consumer in a negative mood, feel sad, angry or stress would drive them to make a spontaneous purchase (Rook and Gardner, 1993). However, there are very limited studies that indicate negative mood would induce consumer to make a spontaneous purchase. Most of the previous researches agree that positive emotional state would drive more impulse purchase compare to negative emotion. Overall, impulse buying is always accompanied by emotional state.

According to Sharma and Nanda (2012), the occurrence of impulse buying due to the result of an exposure of stimulus that drive consumer to an unplanned purchase. The pleasant and comfortable environment is one of the stimulus cues that induce consumer to make the unplanned purchase. The exciting and enjoyable environment in shopping malls would lead them to stay longer and in turn drive consumer to make a purchase (Mohan *et al*, 2013, Xu, 2007; Muruganantham and Bhakat, 2013). The next section will discuss further on the role of impulse buying in shopping tourism industry

## **The Role of Impulse Buying In Shopping Tourism Industry**

Shopping is one of the tourist activities while they travel. Timothy (2005) has identified seven reasons of why tourist shop while travel; (a) to keepsake for the memories (b) to be given to family members and friends (c) novelty-seeking (d) looking for the authenticity (e) personal needs (f) boredom (g) altruism. Tourist may share their experience with friends and family members and would recommend to them to visit the place and have a shopping. Therefore, great shopping experience lead to a higher level of satisfaction, thus contributes to more recommendation (Hosany and Gilbert, 2010; Kong and Chang, 2016). Tourism industry gains a valuable benefit from the shopping activities as it contributes to the total of number tourism revenue. In Malaysia, it contributes 31.7% of total revenue in 2016 accounting RM 26.03 billion (Tourism Malaysia, 2017). Hence, shopping tourism industry in Malaysia acknowledge as one of the biggest contributor to the tourism revenue.

Retailer is one of the biggest contributors to the tourism industry in Malaysia. According to Statistic Malaysia (2016), retail industry contributes 43.6% of total profit to tourism revenue. It has reported that domestic tourist spent 38.3% of their total budget for shopping. However, the total of tourist spending in Malaysia is still lower as compare to tourist spending at Seoul (58.7%), London (46.7%) and Tokyo (43.1%) Malaysia 31.7% (MasterCard Global Index annual Report, 2016). Therefore, to sustain and increase the revenue, it is important for the retailer to plan a strategy to encourage tourist to spend on shopping. Corresponding to this issue, several scholars have suggested that impulse buying could increase tourist and consumer spending on shopping (Cheng *et al*, 2013; Li *et al*, 2015; Yu and Bastin, 2010).

Laessar and Dolnicar (2012) have indicated impulse buying in tourism as planned impulse purchase. The authors define “impulse buying in tourism at least consider taking a vacation before booking”. In contrast with Stern (1962), the author affirmed that pure impulse buying does not occur in tourism. Somehow, Babin *et al* (2004) stated pure impulse buying might occur in the context of shopping tourism where they might fall to make a purchase to experience other culture and when they had the chance to make a bargain. The study of Li *et al* (2015) has evaluated the effectiveness of impulse buying on shopping tourism in China. The authors indicate that impulse buying behavior is one of the strategies to increase

tourist expenditure. The study suggests retailer should design encouraging environment in order to persuade tourist to make a purchase.

Meanwhile, Sohn and Lee (2017) have studied on tourists' impulse buying behavior in the context of free duty store. The authors found that impulse buying behavior could provide valuable information to duty-free store manager to improvise the store and thus increase their profit. Stern (1962) has also emphasize that impulse buying behavior will change accordingly to current trend. Therefore, the author suggests, as impulse buying change retailers need to re-examine and strategize their plan in order to sustain this type of buying. On the other hand, Radzi *et al* (2017) also indicate that tourists' impulse buying behavior provide an opportunity to airport store to improve their revenue as well as store environmental characteristic.

In United States (US), impulse buying behavior plays a big role for retailer to sustain their business. Retail industry in US gained the benefit of impulse buying since American consumer spent over \$5,400 annually where 85% of the nation spent their money on impulse (O'Brien, 2018). From this statistic it can be sum up that retailer in the US is using an effective marketing strategy to stimulate consumer to make an unplanned purchase. Therefore, if the retailers could plan a good marketing to encourage tourist or consumer to purchase on impulse it would aid them to enhance their financial outcome. Consequently, it would also aid the shopping tourism industry to gain more revenue.

Current studies have found several factors that encourage consumer and tourist to make an unplanned purchase (Foroughi *et al*, 2011; Meng and Xu, 2012; Saad and Metawie, 2015; Virvilaite and Saladiene, 2012). In the study of Lee and Kacen (2008) culture is consider as the element that would encourage consumer to make an impulse buying. Meanwhile, Saad and Metawie (2015) found that personality factors would influence consumer to purchase on impulse. The author also demonstrated that environmental factor also could encourage consumer to purchase on impulse. Environment in shopping malls play a vital factors that influence consumer to make the spontaneous buying. The next section will deliberately discuss on environmental factors and impulse buying.

## **Environmental Factors and Impulse Buying Behavior**

Environment is defined as “the set of natural condition (physical, biological, chemical) and cultural (sociological) that act on living organism and human living” (Le Petit Robert, 1979). There are several terminologies that has used in marketing to describe environment. Environment design, environment cues, servicescape, atmospherics, physical facilities and physical evidence are the example of the terminologies (Khendri and Osman, 2013). The concept of environment is different accordingly to the situation. The term of environment in ecology and biology would be different from human environment, environment in organization and institution. Mehrabian and Russell (1974) also emphasize the term of environment will be change correspondingly to the event and entities. Therefore, there is no standardize terminology for environment as it will change to the situation and entities.

Khendri and Osman (2013) indicted that the environment in shopping mall is divided by 2 situations that is known as objective and subjective situation. Objective is related to sensorial qualities (physical environment) while subjective refer to consumer response toward the physical environment in shopping mall. On the other hand, Bitner (1992) demonstrated ambient, spatial layout and decoration (sign, symbol and artifact) are the dimensions of environment. All these dimensions are the significant element that would encourage consumer to stay longer in mall and thus induce them to make a purchase. Previous studies have signified that the encouraging environment would increase level of arousal that influences consumer purchase behavior (Dong and Siu, 2013; Ryu and Han, 2011; Graa *et al*, 2014). Therefore, environment in store and shopping mall plays an important role in influencing consumer purchase behavior. It also may encourage consumer to make a purchase on impulse.

The attractive store environment acknowledge as the one of the elements that encourages tourist or consumer to make an impulse buying. Russell and Mehrabian (1974) were the scholars that have emphasized on the role of environment in influencing consumer behavior. The authors indicated environment in shopping mall or store would induce consumer to make an impulse buying. Additionally, Amos *et al* (2014) mentioned situational and environment known as sensory cues that could stimulate individual emotion that in turn lead consumer to purchase spontaneously. Store elements such as music, lighting, physical attribute, layout, and

design would induce a individual's positive emotion that make consumer or tourist feel comfortable while shopping.

Li and Liang (2011) demonstrated, ambient and design in store plays an important element that would affect consumer's emotion as well as satisfaction level. On the other hand, Dennis *et al* (2010) suggest marketer could enhance the sensory stimuli such as music in order to encourage consumer mood and make them to spend more on shopping. This was supported by Osman *et al* (2014) where the authors indicate that pleasant music will induce a positive emotion. However, Bitner (1992) highlighted that the unpleasant music would make consumer feel distracted and could alienate their shopping mood. Hence, retailers should avoid playing the improper music that may switch off consumer's shopping mood.

Instead of store environment, variety of selection is a part of environmental factors that could influence consumer purchase behavior. Park *et al* (2012) described the variety of products and brands in shopping mall encourage consumer to browse and may influence them to make a purchase. The variety of selection in malls or store able to relief consumer boredom and provide a change in shopping experience (Blakeney *et al*, 2010). Consumer will feel happy and excited with the variety of selection that provided by retailer. According to Khorrami *et al* (2015), consumers feel pleased with the choice provided by the retailer, as they will have the variety of choice where they can adjust themselves with current trend and different situation. The variety of selection provided by retailer may encourage consumer to browse and turn them to be a variety seeker (Donthu and Garcia, 1999; Lim and Dubinsky, 2004).

Previous studies have evaluated the role of variety of selection in relationship with consumer purchase behavior (Sharma *et al*, 2010; Park *et al*, 2012; Chang, 2011). Sharma *et al* (2010) indicate that variety of selection in shopping mall or store could encourage consumers' level of excitement and in turn lead them to make an impulse purchase. Meanwhile, Chang (2011) has study on the effect of variety of choice in website toward consumer purchase intention. The result of the study shows that the variety of product and brand in online store significantly related to consumer purchase intention. Even though there are several literature (Khorrami *et al*, 2010; Park *et al*, 2012) demonstrated that variety of selection does not significantly related to impulse buying behavior, the result would be different if it is tested in different population or context. For example, in

the context of tourism, tourists may have different background, culture and lifestyle which they will react differently with variety of choice provided by the seller. To sum up, variety of selection seems to have significant affect on impulse buying behavior.

Sales and promotion can create exciting environment in shopping mall. According to Kiran *et al* (2012) sales and promotion create opportunity to the retailer to change the environment from boring to entertainment store. Thus, it would attract consumer to stay longer and have a walk around in the shopping mall. It is the important element in marketing strategy (Kotler and Keller, 2009) that could encourage consumer purchase behavior. It is one of the strategies that could attract consumer awareness toward the availability of product and services (Tariq Khan, 2014). Nagadeepa *et al* (2015) stated sales and promotion can be classified into 2 categories; (a) monetary based promotion and (b) non-monetary based promotion. Monetary consist of repayment and discount and money off coupons. Meanwhile non-monetary is consist of reward point, freebies and contest in certain period of time. It is the economic way to make a purchase which make consumer feel smart and gained value from the purchasing (Lee and Tsai, 2016).

Several researchers agreed that sales promotion is significantly affect consumer purchase behavior (Andreti *et al*, 2013; Minnema *et al*, 2016; Metilda and Kathika, 2015). The study of Chaharsoughi and Hamrad (2011) has evaluated the affect of sales promotion on consumer interest in purchasing automotive product. The study demonstrated that sales promotion is an effective tool to create consumer awareness and thus influence them to make a purchase. On the other hand, Kchaou and Amara (2014) found that sales promotion significantly affect impulse buying behavior. Similarly with Metilda and Karthika (2015) study, the author was found that sales promotion is one of the elements that influence consumer to make a purchase on impulse. In the context of tourism study, Timothy and Butler (1995) have found that lower price and extensive promotion are the elements that arouse consumer to make an impulse purchase. Overall, sales and promotion is one the marketing technique that would encourage consumer to fall into spontaneous purchase.

## CONCLUSION

From all discussion above it can be concluded that impulse buying behavior would bring valuable benefit to the retailer as well as to shopping tourism industry. The understanding of impulse buying behavior would aid the retailer to improve their profit. In addition, retailer would attract more tourists to spend more money on shopping. In order to influence tourist to make an impulse buying, retailer needs to develop pleasant and exciting environment that could encourage their mood to spend more. This study have discussed on several environmental factors that could influence tourists' impulse buying behavior. Instead of store environment, sales promotion and variety of selection would also plays vital elements that could stimulate consumer to make an impulse buying. It is believed that each tourist would attract to one of this factors that make them to make an impulse buying. Thus, to sum up this study has provide the discussion on the role of impulse buying behavior that would bring the idea and benefit for the retailer to improve their sales. Finally, impulse buying behavior is one of the best ways to increase retail profit as well as shopping tourism profit.

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## **Influences of Social Media Marketing and Electronic Word of Mouth on Brand Loyalty of Smartphones in Malaysia**

Alireza Mohammadi, Noor Azman Ali and Amer Hamzah Jantan

### **INTRODUCTION**

Rise of internet and social media made communications easier, safer, cheaper and faster than ever in which individuals can share their opinion and emotion for different products and services within clicks. The number of smartphone users is growing fast and manufacturers are increasing their production capacity to meet the demand in the market. Since new smartphone models are presented every year with latest features and technology advancements, thus, users tend to upgrade their smartphones almost every three years in average.

Brand loyalty is one of the most influential factors influencing patronizing and decision making process. Developing, improving and maintaining brand loyalty is critical to increase the potential of demonstrating repurchase behavior and not brand switch behavior by customers. Most of the smartphone manufacturers are aware of loyalty power whether it is in the form of repurchasing (behavioral) or parsing and promoting (attitudinal) the brand. This article discusses the importance of identifying the relationship between social media marketing, Electronic Word of Mouth (eWOM) and brand loyalty in smartphone market.

### **Brand Loyalty**

The meaning of brand loyalty is deeper than simple repurchase behavior. It is observed to be merged of conative and emotional bonds with patrons creating strong relationship with the brand that prevents them from

demonstrating brand switch behavior (Filieri & Lin, 2016). Brand loyal customers are proved to be less sensitive against price and distribution changes. They keep purchasing the product as the brand personality has become a part of their character. Brand personality is one of the most significant entities of brand which brings it to life based on the values that the brand promotes and represents.

Brand loyalty definition by Jacoby & Chestnut (1978) describes it as “The biased, behavioral response, expressed over time, by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (decision-making, evaluative) processes.” Brand loyalty is consist of two separated yet interrelated entities called as “behavioral loyalty” focusing more on purchase and repurchase patterns and potentials; and “attitudinal loyalty” which is focusing more on cognitive “bias” and psychological process of decision making. Brand loyalty significantly influences customers purchase and repurchase decision making process. It keeps customers involved with the products and services of the brands. Customers who are demonstrating positive attitude and behavior toward the brand are considered as brand loyal customers.

## **Smartphone Market Malaysia**

Smartphone activities are divided into two subcategories including traditional activities, calling and texting, and nontraditional activities, apps, web-surfing, social media and games. Malaysian smartphone users spend 70% their mobile activities to nontraditional activities. Smartphones are consuming most of productive and creative time of Malaysians. According to (Ernst & Young Advisory Services, Hoe, & Rees, 2016), 91% of adult Malaysians are smartphone users in which 8 out of 10 are Android users. Generation Y is identified as the group to spend the highest time using smartphones in comparison with Generation X.

In average, Malaysians spend 4.2 hours a day using their smartphones in variety of purposes including web-surfing, social media networking, education, online shopping, watching movies, trying new apps and searching for information, which is mainly nontraditional activities. Generation Y is spending an average of 5 hours and 12 minutes of the day on their smartphones which is mainly used to check social media

networking like Facebook and Instagram as well as texting and playing games.

Smartphones are the most favorite device for users for social media networking activities and entertainment (Ernst & Young Advisory Services et al., 2016). Highest usage time is dedicated to social media by 21%, texting by 19% and web surfing by 16 % which is identified as the top three usage activities of smartphones. Moreover, Malaysians believe smartphones boosts their work productivity and help to complete personal tasks by respectively 74% and 75% (Ernst & Young Advisory Services et al., 2016). In continue, market growth is addressed followed by market value.



Nowadays, Smartphone market worldwide witnesses a surprising growth by 40% in 2013 to be over the \$1 billion threshold and worth \$266 billion. Furthermore, smartphone units are estimated to reach 1.89 billion units by 2018 (CCS Insight Statistic Report, 2014). Smartphone consignments have been overtaking old generation ordinary mobile phones in the first quarter of 2013. It is estimated that more than 722.5 million smartphones were shipped globally in 2012 (Myers, 2014). Recently, 90% of the Smartphone market is dominated by the ten leading companies, with a major growth in revenues for Apple. In 2012, Apple took roughly 70% of Smartphone revenues, whereas Samsung took only 25% (Myers, 2014).

On one hand, mobile broadband access has reached 61.9% of internet access while fixed broadband is 24.7 percent (Department of Statistics Malaysia, 2016). On the other hand, by 16 million smartphone users which

is predicted to grow to 20 million by 2020, Malaysia holds a valuable and challenging smartphone market for brands to compete for higher market share (Statista, 2016).

Although there are previous studies in area of smartphone market, yet this topic is in vague because of lack in social media marketing research alongside with brand loyalty, customer loyalty and customer satisfaction. Smartphone market research have grabbed significant attention globally although there are quiet few number of them considering the role of social media marketing factors. Same goes to Malaysia, there are very few studies considering the role of social media marketing on brand loyalty especially in smartphone market mainly because it is a fresh topic which is growing in fast paste. Therefore, lack of previous research in area of smartphone market is clearly making it significant to conduct this study (Chung & Park, 2015; Filieri & Lin, 2016).

## **SOCIAL MEDIA MARKETING AND eWOM**

Since the first social media networking website was introduced in 1997 “sixdegrees.com” it has been considerably evolved (Heidemann, Klier, & Probst, 2010). According to (Worldometers, 2016) statistic reports Facebook alone, the most popular social media networking website with regard to the number of users, has over 1,788 million active users in which 823 million are mobile-only users (47%) (Kit Smith & Brandwatch, 2016). Facebook mobile users log in to their account at least once every 30 days. Mentioned statistics are demonstrating a huge deal of words being spread and messages being shared. Half of these active users essentially log in every day. Commonly, users dedicate almost one third of their online time to social media, for example in The United States 22% of internet time is spent on Facebook alone by mobile users (Kit Smith & Brandwatch, 2016). Facebook users generate 4 million “Like” per minute, upload 350 million photos a day, overall generating 4 new petabytes of data per day (Kit Smith & Brandwatch, 2016). Moreover, 4.75 billion posts, articles, photos and videos have been shared daily in 2013 (Zephoria, 2017), all pointing the importance of social media networking websites specially Facebook in generating and spreading eWOM.

There is a continuing discussion over the issue of branding in social media because of the popularity and capability of online communities to

connect likeminded people (Hagel, 1999; Wellman & Gulia, 1999). Some industry sages and researchers enthusiastically encourage businesses to be active in social media and to use its superior marketing advantages (Kaplan & Haenlein, 2010). Previous research confirmed the significance of the relationship between customers purchase intention and reading social media online reviews (Yayli & Bayram, 2012). There are different factors in social media and eWOM that influences customers purchase decision such as number of reviews, post time and review ratings. In another words, eWOM is identified as the factual reflection of patrons' product assessment which have raised brands' concerns.

To distinguish the significant of social media marketing, it is enough to refer to the report by (Stelnzer, 2016) that highlights 90% of marketers are agree that social media marketing is critical to their business; In which, 46% of interviewees agreed to the effectiveness of Facebook marketing by marking strongly agree to "my Facebook marketing is effective" (Stelnzer, 2016). Mentioned statistics demonstrates the critical influence of social media marketing in the existing market. Especially for B2C marketers pointed the influences of social media on their sales where B2B marketers addressed the influences more on brand loyalty, brand image and other branding strategies.

As marketing expenses are increasing they receive higher funds as well which reveals brands' interest in expanding marketing channels. According to (eMarketer, 2013), marketing departments are expected to receive higher funds for social media advertisings to \$5 billion in 2014, up from \$4.1 billion in 2013. In a quite short period of time, marketers included social media marketing for a vast range of marketing objectives such as customer relationship management, branding, service, sales promotions, and research. In fact, marketers value social media mostly to spread promotional offers, introduce new products and other marketing materials (eMarketer, 2013).

There are variety of tools and instruments available for marketers through social media context to implement and practice branding. For example, by participating in social media networking channels as a brand broadcaster, employing display advertising, providing brand engagement opportunities through social media networks and publishing brand content known as "content marketing" or "social publishing" in social media channels (Mosavi & Kenarehfard, 2014). Brands can get the best

out of social media marketing instruments as an integrated component in a marketing communication campaigns like an enduring corporate communication channel or as a sequence of micro operations specifically planned to attract customers by digital exposure.

## **LITERATURE REVIEW**

A detailed review in recent literature on brand loyalty, social media marketing, eWOM and smartphone market reveals the importance that this topic has been received. According to (Alalwan, Rana, Dwivedi, & Algharabat, 2017; Crofton & Parker, 2012), social media is identified as an influential marketing mechanism that has significant positive impact on the brands ability to improve loyalty and purchase behavior pattern. In the new era of fast and advance method of communication, brands are competing each other to use new social media marketing communication methods to build stronger brand relationship with patrons. In addition, to reveal the significant influence of social media and social networking channels on brand loyalty, (Gamboa & Gonçalves, 2014) discussed the role of Facebook on enhancing loyalty among customers. Not surprisingly, results have demonstrated the significant influence of Facebook to improve loyalty among patrons. According to (Gamboa & Gonçalves, 2014), patrons who followed Zara Facebook page tend to show higher loyalty level by putting more trusted on Zara and higher perceived value to it in comparison with the common buyers who did not follow Zara Facebook page.

Brand loyalty and purchase intention have been significantly influenced by recent social media marketing channels that (Powers & Advincula, 2012) states that customers significantly consider social networking reviews and comments in Facebook before they tend to purchase a product. Given the significance of brand loyalty, it is not astonishing that it has received substantial attention in the marketing literature since Copeland's seminal work which was published over 80 years ago (Copeland, 1923). Studying and managing brand loyalty, however, should start with a clear definition of the construct and the development of valid measures. For example from previous literatures, researchers have empirically proved that if patrons are satisfied with the promoted brand, their satisfaction is strengthening and leads to an increase in the likelihood of choosing the brand again

after the promotion period is ended, especially for the users who switched from another brand (Kahn & Louie, 1990; Rothschild & Gaidis, 1981). Brand is a sophisticated entity of firms which has valuable features such as marketing attraction. By improving image and personality brands have higher chance to be seen by potential customers (Keller & Lehman, 2006).

According to previous studies such as (Kostyra, Reiner, Natter, & Klapper, 2015; Laroche, Habibi, Richard, & Sankaranarayanan, 2012) on eWOM, it is proved that involvement in online reviews and online activities play more significant role than apparent product popularity on purchase and repurchase behavior toward brand loyalty. As a matter of fact, online involvement weights higher than product popularity in repurchase intention and brand loyalty (Cheung & Thadani, 2012). However the role of individual's social identity behavior in the study should not be disregarded.

The fact that smartphones are becoming an inseparable element in our daily routine is undeniable. According to (Chen, Chen, & Lin, 2016), most of the 252 respondents of the study, 86%, identified life routine necessities as the main reason to purchase a smartphone. Following popular modern technology trend led 36% respondents to repurchase and upgrade their smartphone. More than half of the respondents, 60%, marked entertainment and social media activities and communications to be their main usage of smartphone. These findings reconfirms the significant necessity of smartphones in daily routines.

According to (Rory Lee & Soyacincan, 2016), 80% of Malaysians who have access to internet are also Facebook user, nearly 18 million, placing Malaysia in top primary social media consumers in the world. The number of connected friends in Facebook for Malaysians is 1.6 times higher than the global average demonstrating the popularity of social media networking in Malaysia. Social media network is mainly accessed through smartphones in Malaysia. Malaysians spend average of 159 minutes to watch videos online mostly on smartphones which is 55% more than global average. Moreover, Facebook statistics demonstrate that 94% of Malaysians discover products and brands through Facebook advertising channels and 62% end up purchasing the brand. Mentioned statistics demonstrates the importance of smartphones in social media interactions in Malaysia. All stated arguments conclude the fast growing smartphone demand which causes to enrich the value of this market at the same time.

The fact that smartphone market research received less attention in Malaysia opens up a huge gate of opportunity in front of researchers. There are many aspects which are not seen in the existing brand loyalty literature in smartphone market in Malaysia including social media channels, brand communities, social network advertising, loyalty reward programs, promotion strategies and eWOM. According to (Chen et al., 2016), factors such as advertising, brand image, brand market share and other environmental elements influence customers' decision making process and purchase behavior.

According to (Sotiriadis & van Zyl, 2013) customers are willing to share information through social media progressively because eWOM is available anywhere anytime just a click away. EWOM enables customers to write reviews about their experience while using the product and services including pros and cons. A contagious message by a single customer can go viral online and reach millions of readers who could be future potential customers. Sharing has made easy by user friendly services offered by variety of social media networking channels including Facebook, Instagram, Twitter, YouTube, Google+ and others.

Based on the findings of (Karakaya & Barnes, 2010) there is a significant relationship between customers' online engagement and brand choice by the patrons. In other words, online engagement leads to provide better root to gain new customers attraction as well as maintaining loyal customers to the brand or company. Positive online reviews strengthen loyal customers to continue their loyalty and repurchase the product as well as spreading eWOM about their experience through online brand communities. Nowadays social media networking websites (Facebook) are playing a critical role in motivating people to engage in online activities by sharing posts, photos, videos and online reviews.

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## Factors Influencing the Potential Consumption of Ultraviolet-Irradiated Single Strength Pineapple Juice in Malaysia

Hooi Yi Tan, Ganesh Thanasegaran and Noranizan, M. A.

### INTRODUCTION

In recent years, the demand for fruit juice (FJ) has been on an uptrend. It posted a strong increase in both sales value and volume in 2010 (Euromonitor, 2011). Consumer preference trends also appear to be shifting from carbonated drinks to fruit juices. There are a variety of fruit juices available currently in the Malaysian market among which is pineapple juice.

Pineapple juice (PJ) is among the many locally produced fruit juices and it is also consumed in large quantities worldwide. The nutritional components in PJ are generally known as phytochemicals, which not only cut the risk of oxidative damage associated with the presence of free radicals but also the risk of contracting different types of cardiovascular, cancer, and neurological diseases (Collins & Harrington, 2002). Single strength pineapple juice (SSPJ) is produced by squeezing the pulp from the peel and the pineapple core. This type of juice is considered a by-product in the production of canned pineapple and can be consumed after pasteurization (Askar & Treptow, 2001).

Fruit juice products currently available in the Malaysian market are mainly produced using thermal treatment, which has been widely used for juice pasteurization. However, thermal treatment causes significant changes in sensory and nutritional properties of the juices (Norton & Sun, 2008; Walking-Ribeiro *et al.*, 2008; Koutchma *et al.*, 2004). Ultraviolet (UV) irradiation, on the other hand, is considered non-thermal technology because this treatment can be carried out at low temperature to inactivate

pathogenic microorganisms in food (Tran & Farid, 2004). Recent advances in the science and engineering of UV irradiation have also verified the advantages of using UV treatment as an alternative to conventional thermal processing for fresh fruit juices (Pala & Toklucu, 2011; Koutchma *et al.*, 2004; Patil *et al.*, 2009).

In the fruit juice (FJ) industry, UV treatment has been applied to apple cider (Donahue *et al.*, 2004), apple juice (Caminiti *et al.*, 2010; Franz *et al.*, 2009; Keyser *et al.*, 2008; Guerrero-Beltra'n & Barbosa-Ca'novas, 2005; Ngadi *et al.*, 2003), orange juice (Keyser *et al.*, 2008; Tran & Farid, 2004), grape, cranberry and grapefruit juice (Guerrero-Beltra'n *et al.*, 2009), guava-and-pineapple juice, as well as strawberry and mango nectar (Keyser *et al.*, 2008) for the inactivation of microorganisms. Safe application of UV irradiation to reduce human pathogens in fruit juices (thereby rendering it safe for human consumption) has also been approved by the US Food and Drug Administration (FDA) (Koutchma *et al.*, 2004). Furthermore, researchers have reported that it is a low cost and simple treatment process which requires low maintenance, with no formation of any chemical residue or by-product in the finished products (Bule *et al.*, 2010).

The continuing increase in health awareness among Malaysians has significantly increased the demand for fruit juice (FJ) products (Euromonitor, 2010) in the country. Ultraviolet (UV) irradiation can provide juice with significantly better quality compared to conventional thermal processing. However, there is no report of UV technology having been applied in food processing in Southeast Asia (Mohd. Adzahan & Benchamaporn, 2007), including the FJ industry in Malaysia. Malaysians have not had the opportunity to consume UV treated FJ products, along with its accompanying benefits.

Although ultraviolet (UV) irradiation has the potential to produce good quality juice, positive customer perception towards UV treated fruit juice (FJ) is vital. This is to ensure success of the product in the competitive FJ industry, where a newly developed pineapple juice (PJ) has to be able to hold its own in the marketplace. The success of a product is dependent upon the product being superior, unique, and the marketer having a good understanding of customer needs and wants (Calatone & Cooper, 1979).

Integral to the understanding of customer perception towards UV treated fruit juice, therefore, is an investigation of the influence of given

factors on fruit juice consumption by Malaysian consumers. Hence, the general objective of this study was to investigate the effect of these factors (biological, economic, personal, and marketing-related) on the consumption of fruit juice (FJ) by Malaysian consumers.

The specific objectives of the study were as follows:

- i. To determine the effect of biological factors on the consumption of fruit juice (FJ) by Malaysian consumers.
- ii. To determine the effect of economic factors on the consumption of fruit juice (FJ) by Malaysian consumers.
- iii. To determine the effect of personal factors on the consumption of fruit juice (FJ) by Malaysian consumers.
- iv. To determine the effect of marketing-related factors on the consumption of fruit juice (FJ) by Malaysian consumers.

## **LITERATURE REVIEW**

### **Health Benefits of Pineapple Juice**

Pineapple juice (PJ) is a tropical fruit juice with many therapeutic properties. Beecher (1999) reported that antioxidant micro-constituents found in pineapple plant tissue have a preventive effect against cardiovascular disease and cancer. Ascorbic acid, an antioxidant naturally presents in PJ, prevents recurrence of ear infections, colds and flu, and defends all aqueous areas of human body against free radicals (Abdul Majid *et al.*, 2008). Frequent consumption of PJ also helps reduce the mortality rate from cerebrovascular disease, a brain dysfunction related disease (Zafra-Stone *et al.*, 2007; Hertog *et al.*, 1995).

Besides ascorbic acid, PJ also contains high amount of bromelain, a combination of sulphur-containing protein-digesting enzymes that are extracted from pineapple with the general benefits of preventing edema formation and reducing existing edemas, preventing aggregation of blood platelets, and bearing skin debridement of burns (Abdul Majid *et al.*, 2008). Research has also shown that its digestive function can modify inflammation within the gastrointestinal tract through local proteolytic activity within the colonic microenvironment (Hall, 2007).

## **Economics of Ultraviolet Irradiation**

Studies have reported that UV irradiation requires a relatively lower initial investment as compared to thermal processing (Choi & Nielsen, 2005; Worobo *et al.*, 1999). Darrell *et al.* (2004) found that UV pasteurized apple cider could be produced with lower cost compared to heat treatment for small processing operations. From the reports of Higgins (2001) and Majchrowicz (1999), it could be concluded that the cost of equipment for UV irradiation is lower than for thermal pasteurization. Dong *et al.* (2010) also reported that UV irradiation is an easily implemented, high throughput and cost effective method which offers UV pasteurized juices without any unwanted alterations in the finished product. Furthermore, UV irradiation systems use less energy (Tran & Farid, 2004) and require lower maintenance (Char *et al.*, 2010; Keyser *et al.*, 2008; Morgan, 1989). All of these factors contribute to lower capital investment and running costs while providing a good quality and safe product for consumers.

## **Effects of Ultraviolet Irradiation on Fruit Juice Quality**

Although conventional thermal treatment has been used in the food industry for decades, it is now gradually being replaced by emerging non-thermal technologies. Pasteurization renders fruit juices safe from pathogens and enhances the shelf life of chilled juices (Donahue *et al.*, 2004; Federal Register, 2001), but it cannot maintain the nutritional and sensory qualities (Pala & Toklucu, 2011; Gabriel & Nakano, 2009; Plaza *et al.*, 2006). Thus UV irradiation, being non-thermal in nature, is considered a viable treatment alternative for FJ products (Noci *et al.*, 2008). Previous research has proven its ability to inactivate pathogenic microbes and negate spoilage without significantly changing the organoleptic and nutritional properties of foods (Cserhalmi *et al.*, 2006; Elez-Martinez *et al.*, 2006; Min *et al.*, 2003b; Hodgins *et al.*, 2002). Other researchers have also demonstrated that UV irradiation can be used for the inactivation of pathogens without adversely modify the overall quality of food (Geveke, 2005; Yaun *et al.*, 2004; Allende & Artes 2003; Smith *et al.*, 2002).

Subsequent to UV irradiation treatment, by-products, chemical residues (Guerrero-Beltrán & Barbosa-Cánovas, 2004) and residual radioactivity as ionizing radiation (Schenk *et al.*, 2008), have not been found in the finished food products. In addition, previous studies have

reported that UV irradiation had successfully lowered the microbial count in different single strength fruit juices (Keyser *et al.*, 2008; Schenk *et al.*, 2008; Tran & Farid, 2004). It therefore is able to kill food spoilage and pathogenic organisms including bacteria, viruses, yeasts and moulds.

Research from Ngadi *et al.* (2003), Darrell *et al.* (2004), and Geveke (2005) on application of UV irradiation for industry-scale food processing had reported its capability to preserve fresh-like quality attributes. Besides, Alothman *et al.* (2009) found positive results of UV irradiation treatment on the polyphenolic profile of several fruits. The amount of polyphenols and flavonoid content was directly proportional to the treatment time and the antioxidant capacity of pineapple remained after the treatment (Alothman *et al.*, 2009). Unlike fruit juices treated with thermal sterilization or pasteurization which causes colour and aroma change (Choi & Nielsen, 2005), UV irradiation tends to maintain these characteristics (Tran & Farid, 2004). By using UV irradiation, fruit juices with no added preservatives can be manufactured (Keyser *et al.*, 2008). The shelf life of UV treated FJ could also be extended longer than that possible via thermal processing (Tran & Farid, 2004).

## **RELATIONSHIP BETWEEN DETERMINANTS AND FRUIT JUICE CONSUMPTION**

### **Biological Factors**

One important biological factor in food choice relates to the sensory properties of food such as taste, smell, texture and appearance (Bellisle, 2005; Eertmans *et al.*, 2001; Bell & Meiselman, 1995; Rozin & Tuorila, 1993). Studies reported that sensory aspects were important determinants of consumer food consumption (Ozimek & Zakowska-Biemans, 2011; Magnusson *et al.*, 2001; Wandel and Bugge, 1997). In particular, taste is consistently reported as a major factor influencing food consumption behaviour. It is the totality of all sensory stimulation that is produced upon consuming the food (Bellisle, 2005). Other than taste, Ozimek & Zakowska-Biemans (2011) found that safety for consumption, nutritional value, presence of preservatives, and information on best before dates were also important factors for consumers which would affect their decision to consume food. Best before dates were said to be indicative of

the perceived freshness of the food product. The resulting hypothesis is therefore developed as follows:

H1: Biological factors have a significant influence on fruit juice consumption.

## **Economic Factors**

Extant research indicates that price is one of the most important factors when it comes to purchase decision making (Ozimek & Zakowska-Biemans, 2011; Keown & Casey, 1995; Steptoe *et al.*, 1995). Ozimek & Zakowska-Biemans (2011) found that price was a key indicator for purchasing products in different situations of Polish households. Purchasing power is another economic factor. It is measured by comparing income to the relative cost of living index such as housing, food and groceries, utilities, as well as transportation in various geographic areas (Lamb *et al.*, 2006).

Accessibility to supermarkets/groceries is another important factor influencing food choice, which is dependent on resources such as transport and location (Bellisle, 2005). This finding was supported by Bere & Klepp, (2004), Kratt *et al.* (2000), and Hearn *et al.* (1998) who found that accessibility of food had an effect on consumption. Another research reported that accessibility to supermarkets selling a variety of food products which are cheaper compared to the corner shops also affected choice (Kaene & Willetts, 1994). Donkin *et al.* (2000) pointed out that healthy food tends to be more expensive when available within towns and cities than supermarkets on the outskirts. The following hypothesis is proposed resulting from the above:

H2: Economic factors have a significant influence on fruit juice consumption.

## **Personal Factors**

Barrios and Costell (2004) report that attitudes and beliefs can have a decisive effect on purchase behavior. The attitude of customers with regards to the nutritional properties of product (Bruhn *et al.*, 1992), safety for consumption (Wilcock *et al.*, 2004; Resurreccion & Galvez, 1999; Hashim *et al.*, 1996) and price (Caporale & Monteleone, 2001) can influence customers' choice when buying food products. Musaiger (1993)

found that beliefs and educational level have a significant effect on food consumption pattern whereas Kearney *et al.* (2000) indicated that the level of education can affect consumption behavior during adulthood.

Consumer product knowledge, which is a personal determinant of behavioral change, has been observed to influence the decision process (Bettman & Park, 1980). Studies have also concluded that customers with different levels of product knowledge vary in their perception of a product (Bian & Moutinho, 2011; Laroche *et al.*, 2003; Baker *et al.*, 2002; Blair & Innis, 1996). Cardello *et al.* (2007) also pointed out that a lack of knowledge about innovative and emerging food technologies can serve as a major barrier to product acceptance. The resulting hypothesis is thus proposed as:

H3: Personal factors have a significant influence on fruit juice consumption.

## **Marketing-Related Factors**

The influence of family and friends is reported to be positively associated with improvements in fruit and vegetable consumption (Sorensen *et al.* 1998a) and as strong motivators for varying food consumption behavior. This is because family and friends can form the basis for mutual encouragement in relation to eating habits (Anderson *et al.*, 1998; Haaga & Mason, 1987). Customers will have a greater intention of purchasing certain food products if they believe that those people around them, especially family and friends, would think that those food products are good (Chen, 2007; Eagly & Chaiken, 1993; Mowen, 1993).

Researchers also found that interest in packaging information tended to change consumer's food and nutritional behavior (Ozimek & Zakowska-Biemans, 2011; Abbott, 1997; Kreuter, 1997; Shine *et al.*, 1997b; Wandel, 1997). It has also been reported that the information provided on the packaging does affect the purchasing behavior of consumers, especially those who are more cautious about the food that they choose (Ozimek & Zakowska-Biemans, 2011; Coulson, 2000).

Promotion has become relatively more important in buying behaviour in recent decades (Kotler, 1984). Lattin & Bucklin (1989) also reported that promotion had an important effect on customer purchase behavior. Promotional signals may be adequate to encourage a change in brand

choice behavior (Inman *et al.*, 1990). This then leads to the development of the following hypothesis:

H4: Marketing related factors have a significant influence on fruit juice consumption.

Pursuant to the literature review and subsequent hypotheses developed, a conceptual framework (Figure 1) was constructed.

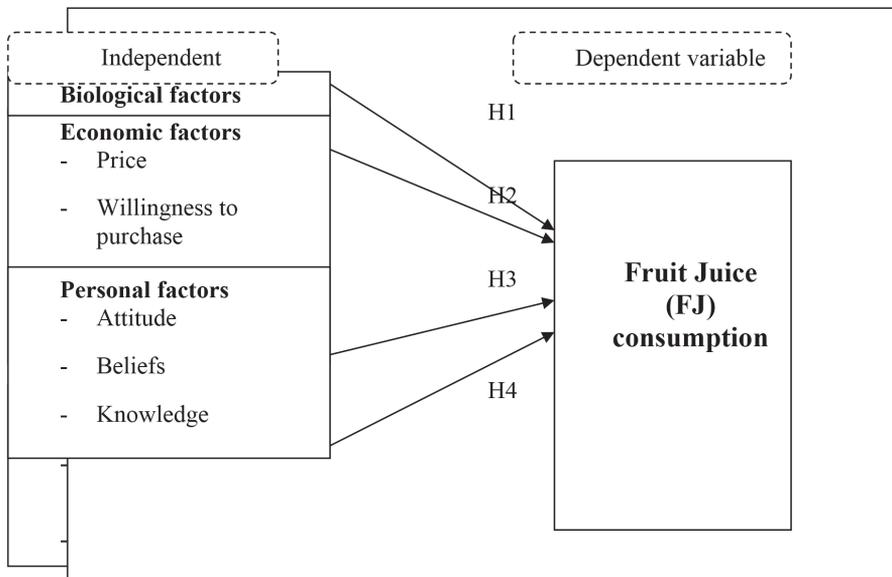


Figure 1 Theoretical relationship between

## RESEARCH METHODOLOGY

A quantitative research design was utilised to determine consumers' consumption preferences with regards to fruit juice (FJ) products treated with ultraviolet (UV) irradiation technology, while a self-administered questionnaire was used for data collection. Quantitative data collected via a mall-intercept survey and the subsequent statistical analysis of the same enabled, *inter alia*, an examination of the hypotheses put forward. A convenience sampling method was used and the selection of respondents was based on their willingness and availability to respond (Gravetter & Forzano, 2009). The survey was carried out at three different high end

shopping malls, namely Pavilion Shopping Centre, Suria KLCC Shopping Mall, and The Gardens Mall. Target respondents were shoppers in those selected malls because UV-irradiated single strength pineapple juice was anticipated to be positioned as a premium product.

5-point Likert scales ranging from 1 for strong disagreement with the statement to 5 for strong agreement were used. The questionnaire was divided into two sections; Section A included questions on each fruit juice product purchase variable (factor) and purchase decision, while Section B covered the respondents' profile. There were a total of 28 questions, with 8 on demographic information, 19 questions relating to the four major independent variables, and 1 question on the dependent variable.

Data analysis was conducted using Statistical Package for Social Science (SPSS) Version 19.0 software. There were two types of data analysis conducted, namely descriptive analysis and inferential analysis. Descriptive analysis was focused on the frequency distribution of respondent profiles and the contingency of some independent variables, while inferential analysis was focused on Cross-Tabulation between some of the independent variables and dependent variable.

## **RESULTS AND DISCUSSION**

### **Response Rate**

Table 1 provides a summary of the survey response rate. A total of 157 respondents were approached at three shopping malls (Pavilion Shopping Centre, Suria KLCC Shopping Mall, and The Gardens Mall). However, only 131 of them were willing to complete the questionnaire, resulting in a response rate of 83.4%. Ball-point pens were given away as tokens of appreciation to increase the response rate. Of the 131 questionnaires received, 124 were considered complete and useful for data analysis, while 7 were not usable because of too many missing values.

**Table 1** Overall response rate

Sample	Number	Percentage (%)
Number of shoppers approached	157	100
Number of filled questionnaires	131	83.4
Number of unusable responses	7	4.4
Total useable responses	124	79.0

## **Respondent Profile**

Table 2 shows the demographic characteristics of the respondents. The ratio of females (54.8%) to males (45.2%) was not equally distributed as female shoppers were more willing to participate. Majority of the respondents were from the 21-30 age group (44.4%), followed by the 31-40 (29.0%) age group, and 41-50 (16.9%). Only 4.8% of the respondents were from the below 20 as well as the above 50 age groups. Approximately 71.8% of respondents had a diploma/first degree, followed by those with postgraduate qualifications (16.9%) and secondary level education (11.3%).

For marital status, 58.1% of the respondents were still single whereas 41.9% were married. Among married respondents, most of them had 1 – 2 children (42.3%), followed by 25.0% each for no child and 3 – 4 children respectively. 29.0% of the respondents held officer/executive positions followed by managers/professionals (24.2%). A relatively low percentage (4.0%) fell under the ‘others’ category. These respondents were required to note their occupation in a prepared column within the questionnaire. Among the occupations mentioned under this column included writer, photographer, and freelance artist.

26.6% of respondents had a personal monthly income of RM 2000 – RM 4000, while 11.3% of them had income between RM 8000 and RM 10000. Approximately 22.6% of respondents had total monthly household incomes of more than RM 15000, which made up the highest frequency. On the other hand, 7.3% of respondents had income equal to or below RM 3000 which made up the lowest frequency. This showed that most respondents had relatively high disposable incomes. About 1.6% of respondents refused to reveal their income range. A significant percentage of respondents lived in urban areas (81.5%). Among types of household,

nuclear families were the most common (67.7%), followed by non-family (18.5%) and extended family (13.7%). Majority of households consisted of five members or more (39.5%), while only 22.6% of households had 1 - 2 members.

**Table 2** Respondents' demographic profile (n=124)

Characteristics		Frequency	Percentage (%)
Gender	Female	68	54.8
	Male	56	45.2
	Total	124	100
Age group	Under 20	6	4.8
	21 – 30	55	44.4
	31 – 40	36	29.0
	41 – 50	21	16.9
	50 and above	6	4.8
	Total	124	100
Education level	Secondary	14	11.3
	Diploma/First degree	89	71.8
	Master/PhD	21	16.9
	Total	124	100
Marital status	Single	72	58.1
	Married	52	41.9
	Total	124	100
If married, number of children	0	13	25.0
	1 – 2	22	42.3
	3 – 4	13	25.0
	5 – 6	4	7.7
	Total	52	100

*cont'd* Table 2

Occupation	Educator/Academician	11	8.9
	Clerk/Supervisor/ Technician	8	6.5
	Entrepreneur/ Businessman	8	6.5
	Officer/Executive	36	29.0
	Manager/Professional	30	24.2
	Student	16	12.9
	Director	7	5.6
	Retired	1	0.8
	Homemaker	2	1.6
	Other	5	4.0
	Total	124	100
Personal monthly income	RM 2000 or below	21	16.9
	RM 2001 – RM 4000	33	26.6
	RM 4001 – RM 6000	25	20.2
	RM 6001 – RM 8000	13	10.5
	RM 8001 – RM 10000	14	11.3
	RM 10001 or more	16	12.9
	Total	122	98.4
	Missing	2	1.6
	Total	124	100
Total monthly household income	RM 3000 or below	9	7.3
	RM 3001 – RM 5000	14	11.3
	RM 5001 – RM 8000	22	17.7
	RM 8001 – RM 11000	24	19.4
	RM 11001 – RM 15000	25	20.2
	RM 15001 or more	28	22.6
	Total	122	98.4
	Missing	2	1.6
	Total	124	100

cont'd Table 2

Area of residence	Urban	101	81.5
	Suburban	21	16.9
	Rural	2	1.6
	Total	124	100
Type of household	Family (Nuclear)	84	67.7
	Family (Extended)	17	13.7
	Non-family	23	18.5
	Total	124	100
Number of household members	1 – 2	28	22.6
	3 – 4	46	37.1
	5 and above	49	39.5
	Total	123	99.2
	Missing	1	0.8
	Total	124	100

## HYPOTHESES TESTING

### Biological Factors

The biological factors consisted of 6 attributes, namely colour, taste, freshness, use of preservative(s), nutritional value, and consumption safety. As shown in Table 3, the overall mean of those items is 4.19, meaning that biological factors were important in determining customer perception with regards to the purchase of fruit juice (FJ) and consequently had a significant impact on FJ consumption. This finding was in line with Ozimek & Zakowska-Biemans (2011), who reported that best before date and taste were the most important factors for consumers. Best before date was related to the perceived freshness of a food product which would consequently affect the decision to consume that food. Other researchers also found that sensory properties like freshness, taste and appearance (Magnusson *et al.*, 2001; Wandel & Bugge, 1997), consumption safety, nutritional value and presence of preservatives (Ozimek & Zakowska-Biemans, 2011) were significant influencers of food consumption.

**Table 3** Mean score for biological factors

	Mean
Biological factors	4.19

### **Economic Factors**

Economic factors consisted of price, willingness to purchase, and distance to point of purchase. The mean score for price was 3.85 (Table 4), indicating that price did have an effect on respondents' purchase of FJ. This was, however, contrary to a previous study having found that price was not a significant factor affecting consumers' intention to purchase a product (Chen, 2007).

**Table 4** Mean score for price

	Mean
Price	3.85

Most respondents (58.9%) were willing to pay more for ultraviolet (UV) treated FJ products as compared to those that were treated thermally, while the rest (41.1%) were not (Table 5). Among respondents who were willing to pay more, most (31.5%) consumed FJ every fortnight. On the other hand, among respondents who were not agreeable to pay more, most (33.3%) consumed FJ about once every month. It can therefore be concluded that customers' willingness to purchase positively impacted frequency of FJ consumption.

**Table 5** Cross-tabulation between Frequencies of fruit juice (FJ) Consumption and Willingness to pay more

Fruit juice consumption	Willing to pay more		Not willing to pay more	
	Frequency	%	Frequency	%
More than once a week	6	8.2	4	7.8
Every week	17	23.3	4	7.8
Every fortnight	23	31.5	9	17.6
Every month	16	21.9	17	33.3
Once every 2 or 3 months	5	6.8	7	13.7
Hardly ever	6	8.2	10	19.6
Total	73	58.9	51	41.1

The distance factor was equal for respondents who were willing to travel far to purchase FJ (50%) and those who were not (Table 6). Therefore, distance to point of purchase was apparently not an important factor for them. These results were in contrast to those of Chen (2007) who found that convenience was an important factor in determining customers' intention to purchase food products. Previous studies had also found that food accessibility had a positive effect on consumption (Bere & Klepp, 2004; Kratt *et al.*, 2000; Hearn *et al.*, 1998). Overall, however, this study found that economic factors do have a positive effect on FJ consumption.

**Table 6** Willingness of respondents to travel to point of purchase

	Frequency	Percentage (%)
Willing to travel to point of purchase	62	50.0
Not willing to travel to point of purchase	62	50.0
Total	124	100.0

## Personal Factors

Personal factors included in this study were attitude toward purchase, belief regarding safety, and knowledge about treatment. Table 7 shows that most respondents (88.7%) felt that availability of ultraviolet (UV) irradiated FJ products in the market would have a positive effect on their purchase attitude. In terms of frequency of consumption, the percentage

of respondents who purchased every fortnight (28.2%) was higher than for other groups. A small group of respondents (11.3%) had a negative attitude toward purchase of the UV irradiated FJ product, and as expected, this group rarely consumed FJ. The attitude of consumers, therefore, did have a positive effect on the consumption of FJ. This is supported by Babolian Hendijani & Ab Karim (2010), who found that attitude could influence intention to consume.

**Table 7** Cross-tabulation between Fruit juice consumption and Purchase attitude of respondents

Fruit juice consumption	Positive attitude		Negative attitude	
	Frequency	%	Frequency	%
More than once a week	10	9.1	0	0
Every week	19	17.3	2	14.3
Every fortnight	31	28.2	1	7.1
Every month	29	26.4	4	28.6
Once every 2 or 3 months	9	8.2	3	21.4
Hardly ever	12	10.9	4	28.6
Total	110	88.7	14	11.3

Most respondents (74.2%) believed that UV treated FJ was safe to consume (Table 8). Of these, 30.4% purchased FJ every fortnight while only 7.6% purchased more than once a week. On the other hand, 25.8% did not believe in the safety of UV treated FJ, as most of these respondents (37.5%) had limited knowledge about UV. The number of respondents who did not believe in the safety of UV and also never heard about it was equal (28.1%). Thus, belief in (or otherwise) the safety of UV products significantly affected FJ consumption. This is also consistent with the findings of Babolian Hendijani & Ab Karim (2010), which indicated that belief was directly related to intention to consume.

**Table 8** Cross-tabulation between Fruit juice consumption and Belief regarding product safety

Fruit juice consumption	Believe product safe		Don't believe product safe	
	Frequency	%	Frequency	%
More than once a week	7	7.6	3	9.4
Every week	17	18.5	4	12.5
Every fortnight	28	30.4	4	12.5
Every month	22	23.9	11	34.4
Once every 2 or 3 months	9	9.8	3	9.4
Hardly ever	9	9.8	7	21.9
Total	92	74.2	32	25.8

Table 9 shows that most respondents knew well about the effect of thermal treatment as well as the functions of UV, whereas they had moderate knowledge of the effect and safety of UV treatment. Overall, results indicate that most respondents (59.3%) were knowledgeable about both UV and thermal treatment on FJ. Among these respondents, 29.7% consumed FJ every fortnight (Table 10). Therefore knowledge also appears to have a positive effect on FJ consumption. This is supported by previous research which indicated that self-perceived knowledge had a positive effect on purchase intention (Berger *et al.*, 1994). In summary therefore, personal factors on a cumulative basis, were found to have a positive effect on FJ consumption.

**Table 9** Respondents' knowledge of fruit juice treatments

	Know (%)	Do not know (%)
Effect of thermal treatment	79.0	21.0
Functions of UV treatment	65.3	34.7
Effect of UV treatment	42.7	57.3
Safety of UV treatment	50.0	50.0
Average score	59.3	40.7

**Table 10** Cross-tabulation between Fruit juice consumption and Knowledge about treatment

Fruit juice consumption	Know about treatment		Don't know about treatment	
	Frequency	%	Frequency	%
More than once a week	8	10.8	2	4.0
Every week	13	17.6	8	16.0
Every fortnight	22	29.7	10	20.0
Every month	16	21.6	17	34.0
Once every 2 or 3 months	6	8.1	6	12.0
Hardly ever	9	12.2	7	14.0
Total	74	59.7	50	40.3

## Marketing Related Factors

Marketing factors considered in this study consisted of promotion and labelling, as well as referrals. The mean score for promotion and labelling was 3.67 (Table 11), which indicated that it did have some influence on FJ consumption. A previous study had found that advertising, one of the promotional tools, had a relatively low effect on food consumption compared to other items measured (Babolian Hendijani & Ab Karim, 2010).

**Table 11** Mean score for promotion and labelling

	Mean
Promotion and labelling	3.67

A large number of respondents (87.5%) mentioned that they would introduce UV treated FJ to their family and friends, or would consume UV treated FJ bought by their family and friends (Table 12). This shows that suggestion of others had a significant effect on consumption of FJ. This is in line with previous research which found that family and friends have a strong influence on beverage purchase (Bruwer *et al.*, 2005). Similarly, Babolian Hendijani & Ab Karim (2010) found that family and friends

influenced one's food consumption. Therefore, it can be concluded that marketing related factors do have a positive effect on FJ consumption.

**Table 12** Intention/Willingness of respondents to act as referrals

	Yes (%)	No (%)
Introduce to family and friends	87.1	12.9
Introduced by family and friends	87.9	12.1
Average score	87.5	12.5

## **SUMMARY OF HYPOTHESES FINDINGS**

As all the hypotheses were accepted (Table 13), it is reasonable to conclude that biological factors, economic factors, personal factors, as well as marketing related factors all have a positive and significant effect on the consumption of UV-irradiated pineapple juice.

**Table 13** Result of Hypotheses Testing

Hypothesis	Description	Finding
H1	Biological factors have a significant effect on fruit juice consumption	Accepted
H2	Economic factors have a significant effect on fruit juice consumption	Accepted
H3	Personal factors have a significant effect on fruit juice consumption	Accepted
H4	Marketing related factors have a significant effect on fruit juice consumption	Accepted

## **CONCLUSIONS**

Increased health awareness among Malaysians in recent times has contributed toward a growing demand for fruit juice (FJ). Most FJ products currently available in the Malaysian market are produced using thermal treatment, which has widely been used for juice pasteurization. However, it is known to cause significant changes in their sensory as well as nutritional properties. Ultraviolet (UV) irradiation, on the other hand, has been shown to provide better FJ quality as compared to thermal treatment of the same.

The results obtained in this study show that the various factors examined namely biological, economic, personal, as well as those that were marketing-related, did indeed have a direct positive influence on the consumption of FJ in Malaysia, and by extension on UV irradiated Single Strength Pineapple Juice (SSPJ), among Malaysian consumers.

A good product can only be launched to reach target consumers through a suitable and fitting marketing strategy. UV irradiated SSPJ should be positioned as a premium product due to its proven superior quality and the novelty of UV treated fruit juices in the market. UV irradiated SSPJ should be able to achieve a high position relative to other commercialized FJ brands given the fact that price and perceived quality are often directly related.

A company having such a product, together with an accompanying effective marketing strategy, should be able to propel itself to being a market leader of this as well as other related UV treated FJ products in future. This should help reinforce what is most important to a company i.e. the maximization of shareholder wealth, and UV irradiated SSPJ does indeed have the potential to contribute positively toward achieving this objective.

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