Exploring the Relationship between Religiosity, Ethnocentrism and Corporate Image: Young Muslim Consumers Perspective

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This paper aims to examine how young Malay Muslim consumers differ their idea about religiosity; ethnocentrism and corporate image before they intend to purchase any foreign made goods and services. This research also explores the relationship between religiosity, ethnocentrism and corporate image towards the perception of purchasing foreign goods by the young Muslim consumers in Malaysia. Total of 600 (350 males and 250 females) young consumers response were collected from public and private Universities as well as shopping mall intercept by using convenient sampling procedure. This research had conducted three stages of data analysis for instance: exploratory factor analysis; confirmatory factor analysis and structural equation modeling to test the hypothesis. Among all the variables, corporate image and ethnocentrism behavior played the most significant role on the perception of young Muslim consumer's before purchasing foreign made products. A major limitation exists in this research of its self-reported nature of survey which was used in the study. Further research should include some assessments such as observations or other-reported survey of the young consumer's behavior towards purchasing foreign made products. This study provides a useful source of information for global marketers to understand the perception of Malaysian young consumers’ towards foreign made products.

Keywords: Religiosity, Ethnocentrism, Corporate Image and Purchase Behavior

JEL Codes: M10; M31; M16

1. Introduction

Past empirical research reveals that in spite of its broad appeal there had been no developments in studying the variables that may potentially affect the young Muslim consumer’s in their buying decisions of foreign made goods. Principally, this paper draws some propositions in order to direct future empirical research in this area. Globalization helps consumers to create the choice amongst the products and services from diverse nations while the earth is sighted as one colossal place with no specific boundaries (Saffu & Scott, 2009; Lotz & Hu, 2001; Suh and Kwon, 2002; Klein, 2002; Klein et al., 1998).

That is why Wang and Chen (2004) described that globalization presents substantial challenges and opportunities for global marketers. Customers possess a universal
Czellar (2003) proposed that when consumers understood both extended products and original brand products have appropriate fit extensions, customers have a tendency to be positively affected by their attitude towards the extended brand. Whereas product attitudes have been the main focus of country image models, there have been a few attempts connecting the modeling exogenous constructs being allied with broader country images to clarify the product-related constructs (Heslop et al., 2004). Edwards et al., (2007) noted that businesses in Australia with any kind of French associations, particularly those with consumer markets, reported experiencing negative market effects. Consequently, consumers’ purchase intention is somehow biased on consumer’s perception and emotional factors. Lu and Su (2009) stated that, usefulness is the individual’s perception of the act of performing behaviour to gain specific rewards. However, when consumers buy products from a certain country, they usually correlate the products purchased with certain memories and certain feelings concerning the country and wish to depict certain image of them (Varlegh & Steenkamp, 1999). Furthermore, when a shopper feels that the cause of the event is controllable (such as war), and then the seller would express his/her annoyance and would attempt to refurbish equity through consumption avoidance (Wu & Lo, 2009). In addition, customers buying intention and identification of product are active, selective, and volitional on consumers’ part and that causes them to engage in favorable, over and above potentially adverse firm-related behaviors (Bhattacharya & Sen, 2003). Thompson and Yuany (2005) indicated that the invested transaction cost would enlarge when customer perceived elevated uncertainty. Though, Ahmed et al., (2004) have found in Singapore that the COO (Country of Origin) effects on low-involvement products which were not unlike those found in the case of high-involvement products in developed nations.

2. Literature Review

2.1 Consumers Religiosity Behavior

According to Ateeq-ur- Rehman, Shabbir (2010), religiosity affects new product adoption (NPA) among Muslim consumers by influencing their beliefs on how and what products they should adopt. Further, Alam, Mohd & Hisham (2011) found that, religious Muslims consider Islam as their source of reference and they spend moderately as religiosity acts as a full mediating role in the relationship between relative and contextual variables, and purchase behaviour of Muslim consumers. Swimberghe et al., (2009) asserted that consumers’ religious beliefs seem to resonate in their choices of consumption. As a result, Proctor & Gamble became one of several companies which had cut back millions of dollars in advertising from television shows in reaction to pressures from some religious organizations (Han, 2005). Moreover, bulky retailers, for instance, Wal-Mart and Target received widespread criticism for avoiding the explicit use of religious references in national advertising and promotional campaigns during the Christmas holidays (French, 2006). Sheth’s (1983) integrative theory of retail store patronage preference and behavior suggested that a consumer’s religion is a personal value that may shape an individual’s shopping motives. In contrast, individuals who exhibited high religious commitment were more likely to buy products on sale; more open to purchase foreign products, and referred others to stores with the lowest prices versus stores with the best assortment, when compared to their religious counterparts who exhibited low
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religious commitment (Sood & Nasu, 1995). Muhamad & Mizerski (2010) have identified five factors of religious influence which are commitment, motivation, affiliation, knowledge about a religion and awareness of the social consequences of following a religion. Essoo and Dibb (2004) established that casually religious respondents follow the trends and feel more inventive than highly pious individuals. Cox (1966) argued that religion became immaterial in sequence of secularization and urbanization. Today, conversely, religion is incredibly much alive in the global societies where religious groups of diversities take stands and influence public opinion. Studies in the literature recommended that religion is an elementary component of our culture and is associated with many aspects of consumers’ lives and behavior (Bailey & Sood, 1993; Lupfer & Wald, 1985; Lupfer et al., 1992; McDaniel & Burnett, 1990; Wilkes et al., 1986). Religious influence upon behavior is found in areas such as attachment of the parents, clothing styles, eating and drinking, using cosmetics, viewing social and political issues and controlling sexual behavior (Levin, 1979). Evidently the motives for participating in religious experiences are connected to religion (Gorlow & Schroeder, 1968). The following hypotheses researchers can proposed for further statistical test:

**H1: The higher the religiosity behavior lowers the intention of purchasing foreign made products.**

2.2 Consumer Ethnocentrism Behavior

Research has constantly established that there was a predilection for commodities produced in the home country (Bilkey & Nes, 1982; Samiee, 1994). Additionally, a few studies propose that products from nations viewed as ethnically alike to the home country, as compared with the products from nations that are perceived as culturally different, are favoured (Heslop et al., 1998). Alexander Josiassen, Ingo and Karpen (2011) found that, consumer tendencies for ethnocentrism are directly influenced by characteristics of the customer. The authors also find that, the strength of the relationship between consumer ethnocentrism and willingness to buy is influenced by customer characteristics specifically; age and gender are found to be important moderators of the consumer ethnocentrism-willingness to buy relationship (Alexander Josiassen et al., 2011). According to Erdogan and Uzkurt (2010), shoppers with high levels of ethnocentricity are more likely to be less educated and to earn lower monthly income than those with low levels of ethnocentric tendency. They further stated that, those with low-ethnocentricity levels perceive foreign products more favorably than their high-ethnocentricity counterparts (Erdogan & Uzkurt, 2010). Study conducted by Siemieniako, Kubacki, Glińska and Krot (2011) on Polish consumers’ national and regional ethnocentric attitudes and behaviors have found that, brand image specially the local brands contributes to local identities which creates moral obligation for the Polish consumers to buy local brands. Lantz and Loeb (1996) found that extremely ethnocentric customers have more positive attitudes en route for products from culturally parallel countries. Sharma et al., (1995) recommended that cultural resemblance among nations is one factor that may influence the consequence of tendencies of customer ethnocentrism on attitudes toward overseas products. It has been obvious that ethnocentric customers favor home commodities since they consider that products from their home country are the greatest (Klein et. al., 1998). Further, much of human behavior is affected by unrestrained, unnoticed processes in reminiscence (Bargh, 2002; Greenwald et al., 2002). An apprehension for ethics guides consumers to purchase home commodities although the quality is inferior to that of imports (Wall & Heslop, 1991). Consumer ethnocentrism (CE) might play a considerable role when public consider that their individual or national happiness is under hazard from imports
Haque, Rahman & Yasmin (Sharma et al., 1995; Shimp & Sharma, 1987). The more significance a customer weighs upon whether or not a commodity is made in his/her country of residence, the superior his/her ethnocentric propensity (Huddleston et al., 2001). Ethnocentric clients misjudge home commodities, undervalue imports, have often a fondness for, and feelings of an ethical compulsion to buy, home products (Netemeyer et al., 1991; Sharma et al., 1995). Consumer ethnocentrism research illustrates that customers in developed nations can be susceptible to recognize home products as being of superior quality than imported commodities while the overturn is factual for customers in developing nations (Damanpour, 1993; Herche, 1992; Batra et al., 2000; Wang et al., 2000). Shergill, Rosmala and Parsons (2010) have found that, in terms of ethnocentrism, ethnocentricity does not have an influence on young shopper’s perceptions of brands. But price perceptions and self/brand user congruency perceptions are important to young shoppers, and these are different for local versus foreign brands (Shergill et al., 2010). The following hypothesis was therefore taken up for further statistical test:

H2: the higher the ethnocentrism behavior lowers the intention of purchasing foreign made products.

2.3 Corporate Image

Helm (2005) stated that corporate image composed of ten elements: 1. Quality of products; 2. Commitment to protecting the environment; 3. Corporate success; 4. Treatment of employees; 5. Customer orientation; 6. Commitment to charitable and social issues; 7. Value for money of products; 8. Financial performance; 9. Qualification of management; and 10. Credibility of advertising claims. Further, Lopez, Gotsi and Andriopoulos, (2011) suggested that, the influence of corporate image on country image can be moderated by four individual (country familiarity, corporate familiarity, brand image fit and corporate brand category-country brand image fit) and two corporate level variables (international visibility and market visibility). The building of corporate image is a lengthy process that can be improved rapidly by technological breakthroughs and achievements, or destroyed by neglecting the needs and expectations of the various publics who interact with the company (Herbig et al., 1994). According to Yeo and Youssef (2010), three factors significantly influence perception: financial prospects, corporate management and corporate communication. From this perspective, a company needs to identify its image strengths and weaknesses on key attributes for each target group and to take corrective action to better its image (Barich & Kotler, 1991). From the marketing literature it has been revealed that the concept of corporate image has been devoted largely to goods producing retail stores and firms. Most of the empirical studies identify the firm ideal image, tested on various scales and approaches that measured the construct and investigated the relationship which exists between customer’s perceptions of image and their behavior to a particular firm (Kosslyn, 1975; Yuille & Catchpole., 1977, Dichter, 1985). Corporate image related with tradition, ideology, business name, reputation, variety of services, which ultimately increasing customer’s interaction in terms of impression of quality communication (Solomon, 1985). Corporate image also affects customer’s expectation with regard to the quality of the service offering (Yoon et al, 1993). Berens and Van Riel, (2004) identified three main conceptual streams relating to corporate associations. These are the social expectations people have regarding the organization; the corporate personality traits that people have toward a company; and the degree of trust toward the company. Davies et al., (2004) identified that the corporate character scale mirrored the product brand personality traits. Corporate image has a significantly positive influence on trust, and commodity image
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has the most significant influence on trust, followed by functional image and institution image (Lin & Lu, 2010). The authors further elaborated that, structural and financial relationship marketing has significantly positive influence on trust, and structural relationship marketing has greater influence on trust compared with financial relationship marketing. Trust has a significantly positive influence on consumer purchase intention and positive word-of-mouth has a moderating effect between the influences of trust on consumer purchase intention (Lin & Lu, 2010). The following hypothesis was therefore taken up for further statistical test:

**H3: the higher the corporate image as perceived by the young Muslim consumers, higher the intention they have for purchasing foreign made products.**

3. The Methodology and Model

This study ponders on theoretical framework of factors influencing young Muslim consumers in order to shape their purchase intention of overseas consumers’ products under religiosity, ethnocentrism and corporate image perspectives. This conceptual structure stresses on the fact that religiosity and ethnocentrism and corporate image are influencing on the young Muslim consumer’s perception before making their buying decision of foreign consumer’s goods. Therefore, the research framework on which this study proceeded with is given below:

**Figure 1: Theoretical Research Framework of the study**

Since the major purpose of the study was to identify potential factors that were influencing young Muslim consumers’ perception of buying foreign consumers goods, a self-structured questionnaire was developed to collect the needed information from the young Muslim consumers from various Universities and shopping mall from Klang Valley area in Malaysia. Questionnaires were systematically distributed utilizing a convenient sampling method from educational institutions. The sampling frame for conducting the principal component analysis (PCA) comprised 600 young Muslim consumers. A 7-point scale was used ranging from 'strongly disagree' (1) to 'strongly agree' (7). The first stage of the data analysis is based on an exploratory factor analysis (EFA) that was conducted to identify the factor structure. The second part of the data analysis employed a confirmatory factor analysis (CFA) to confirm the factor structure. To test the hypothesis for measuring the young Muslim consumers’ perceptions in buying foreign consumers’ structural Equation Modeling was applied. As SEM provides a technique of testing hypotheses concerning associations amongst latent and observed variables by approximating a set of separate equations of multiple regressions at the same time (Hair et.al. 1998; Hoyle 1995). Explicitly structural equation modeling sketches together the elements of path analysis and factor analysis (Bollen 1989; Hair et al., 1998). SEM is a logical tool used in a broad range of disciplines and has been used regularly by
marketing researchers over the last 20 years (Baumgartner & Homburg 1996; Tabachnick & Fidell 2001).

4. The findings

4.1 Demographic Profile of the Respondents:

Out of 600 respondents there were 350 male respondents and 250 females. Among the respondents up to 25 to 30 years of old were 40%, followed by 17 to 24 years old were 60%. Most of the respondents 80% of them already in bachelor program followed by masters program 20%. Overall out of 600 respondents 50% of the respondents were from International Islamic University, 20% were from Management and Science University, 20% were from University Putra Malaysia and rest of them (10%) was from University Malay.

4.2 Factor Analysis:

Applying SPSS, 230 respondents response was used for the principal component analysis (PCA) which was carried out successfully to explore the underlying factors associated with 22 items. The constructs validity was tested applying Bartlett’s Test of Sphericity and The Kaiser–Mayer–Olkin Measure of sampling adequacy analyzing the strength of association among variables. The value of KMO varies from 0 to 1, and KMO overall should be 0.60 or higher to perform factor analysis. Result for the Bartlett’s Test of Sphericity and the KMO revealed from this research that both were highly significant and eventually concluded that this variable was suitable for the factor analysis (Table 1).

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling</th>
<th>.791</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>Df</td>
<td>92</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

To determine the minimum loading necessary to include an item in its respective constructs, Hair et al., (1992) recommended that variables with loading greater than 0.30 is considered significant, loading greater than 0.40 more important, and loading 0.50 or greater are very significant. For this study, the general criteria were accepted items with loading of 0.40 or greater. The result shows that the total variance explained by the two factors was 49.040%. The values of the following Table 2 indicate the affiliation of the items to a factor. The findings of this study indicate that each of the three dimensions (religiosity, consumer's ethnocentrism and corporate image) was homogeneously loaded to the different factors. That means each of the dimensions that had been loaded into two different factors, all of them had eventually proven as significantly related to the young Muslim consumer's purchase behavior.
Table 2: Factor Loading Matrices Following Rotation of Two-factor Solutions

<table>
<thead>
<tr>
<th>Items</th>
<th>Religiosity (F1) (Alpha = .77)</th>
<th>Ethnocentrism (F2) (Alpha = .76)</th>
<th>Corporate Image (F3) (Alpha = .82)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attending of religious activities (r1)</td>
<td>.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participate activities of religious worship (r2)</td>
<td>.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency of reading holy book (r3)</td>
<td>.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Watching / listening religious programs (r4)</td>
<td>.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology and Economic development (e1)</td>
<td></td>
<td>.62</td>
<td></td>
</tr>
<tr>
<td>Buying Malaysian made products instead of imports (e2)</td>
<td></td>
<td>.69</td>
<td></td>
</tr>
<tr>
<td>Malaysian products, first, last and foremost (e3)</td>
<td></td>
<td>.67</td>
<td></td>
</tr>
<tr>
<td>Not right to purchase foreign products (e4)</td>
<td></td>
<td>.71</td>
<td>.68</td>
</tr>
<tr>
<td>Involvement by business in improving its community’s quality of life (c1)</td>
<td></td>
<td></td>
<td>.68</td>
</tr>
<tr>
<td>wishes to capture a favorable public image (c2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement in socially responsible activities (c3)</td>
<td></td>
<td></td>
<td>.62</td>
</tr>
<tr>
<td>Employees’ welfare (Facilities and benefits) (c4)</td>
<td></td>
<td></td>
<td>.67</td>
</tr>
</tbody>
</table>

Notes: Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 5 iterations.

4.3 Confirmatory Factor Analysis

4.3.1 Religiosity

For consumers’ religiosity, the modification indices for the covariance of measurement errors were: 25.432 between r2 (‘Participate activities of worship’) and r1 (‘Attending of religious activities’) and 17.975 between r3 and r4 (‘Frequency of reading Quran’ and ‘Watching / listening Islamic religious programs’). These two sets of measurement errors are logically conceivable to be correlated. Therefore these correlated relations were allowed in the model. Each pair was added to the measurement model one at a time. After adding these three parameters, testing of the revised measurement model showed: GFI = .92, AGFI = .9, CFI = .94, NFI = .92 and RMSEA = .001.

4.3.2 Consumers’ Ethnocentrism

The examination of the modification indices revealed that the measurement errors 21.741 between e2 (‘Buying Malaysian made products instead of imports’) and e4 (‘Not right to purchase foreign products’) were correlated. The Logical possibility for the correlation was allowed; therefore, these measurement errors were allowed to be related. After adding this parameter, the measurement model fit indices of price showed an adequate fit: GFI = .93, AGFI = .91, CFI = .90, NFI = .91 and RMSEA = .002.

4.3.3 Corporate Image

The examination of the modification indices revealed that the measurement errors 18.842 between c1 (‘Involvement by business in improving its community’s quality of life’) and c2 (‘wishes to capture a favourable public image’) were correlated. The Logical
possibility for the correlation was allowed; therefore, these measurement errors were allowed to be related. After adding this parameter, the measurement model fit indices of price showed an adequate fit: GFI= .93, AGFI=.92, CFI=.91, NFI=.93 and RMSEA= .004.

According to Byrne (2001), the test statistic here is the critical ratio (C.R), which represents the parameter estimate divided by its standard error, as such, it operates as a z-statistic in testing that the estimate is statistically different from zero. Based on a probability level 0.05, then, the test statistic needs to be >±1.96 before the hypothesis (that estimates equals 0.0) can be rejected.

Figure 2: Factor Influencing Young Muslim Consumers to Purchase foreign consumers’ goods (For Total Sample) : Default Model

Table 3: Standard Estimation of the Main Model

<table>
<thead>
<tr>
<th>Standardized regression weight</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Religiosity</td>
<td>Purchase Behavior of Foreign Consumers Goods (PBCG)</td>
<td>.267</td>
<td>.078</td>
<td>3.732</td>
</tr>
<tr>
<td>H2 Ethnocentrism</td>
<td>Purchase Behavior of Foreign Goods (PBCG)</td>
<td>.277</td>
<td>.064</td>
<td>4.235</td>
</tr>
<tr>
<td>H3 Corporate Image</td>
<td>Purchase Behavior of Foreign Goods (PBCG)</td>
<td>.620</td>
<td>.051</td>
<td>5.009</td>
</tr>
</tbody>
</table>
4.3.4 Hypotheses Testing

The structural equation model was examined to test the relationship among constructs. Goodness-of-fit indicates for this model were GFI = 0.93, AGFI = 0.92, CFI = 0.91, NFI = 0.90, RMSEA = 0.005. Figure 2 depicts the full default model. Of the three paths hypothesized in the model, all the paths were found to be significant at p < 0.05. (H1) The higher the religiosity behavior as perceived by the young Muslim consumers, the lower the intention to purchase foreign products. Therefore null hypotheses H1 is accepted at 0.5 level of significance or p > 0.000. H2 stipulated as: the higher the ethnocentrism behavior quality as perceived by the consumers, the lower the intention to purchase foreign products. Therefore, this null hypothesis is also accepted at p < 0.000. Lastly (H3) the higher the corporate image as perceived by the young Muslim consumers, the higher the intention to purchase foreign products. Therefore null hypotheses H3 is also accepted at 0.5 level of significance or p > 0.000. From Table 3 among all the significant variables corporate image and ethnocentrism variable is the most influential among the respondents followed by religiosity attitude which affect the consumer’s of the intention to purchase foreign products.

5. Conclusions and Managerial Implication

The results of this research suggested that a significant proportion of young Muslim consumers in Malaysia are hugely influenced by corporate image and ethnocentrism behaviour followed by religiosity behaviour before deciding to purchase foreign made consumers goods. In such a pragmatic scenario, previous research studies re-enforce our findings and corroborate with the literature to suggest that religion is an essential element of our traditions and is connected to many aspects of individual life and behaviour (Bailey & Sood, 1993; Lupfer et al., 1992; McDaniel & Burnett, 1990; Walter, 2002; Wilkes et al., 1986, Kosslyn, 1975; Yuille & Catchpole., 1977, Dichter, 1985). In fact, the SEM model outputs in this study clearly indicate that young Muslim consumers exhibit a high degree of ethnocentrism and have a strong preference of goods which are ‘made in Malaysia’.

Based on the above findings, the conclusion is that religiosity and ethnocentric behaviour exists and matters for shaping purchasing behaviour of young Muslim consumers. In addition, this study disagrees with the common belief among marketers that consumers are concerned only about quality, brand image, price when purchasing foreign made consumers products. The findings of this study sound an alarm not only for local firms in developed nations, but for multinational firms of any nation that is involved with political causes adversely affecting a group of potential young customers.

6. Limitations and Further Research

The study suffers from a number of limitations. Even though the results are interesting and in support of past studies, there remains to be some limitations to the study. Among the limitations of this research is the use of only young Muslim consumers from Malaysia while Malaysia itself is a country of mixed ethnicity and religious beliefs. Indeed, these results cannot be generalized to other Muslim nations as well. Future studies should examine whether animosity, spirituality depends on the brand being positioned and sold. Future researchers should also examine a broader range of dependent variables, including actual brand purchase behaviour, brand choice, word-of-mouth recommendation, ownership and usage patterns, and product disposal.
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