Religiosity, Ethnocentrism and Corporate Image Towards the Perception of Young Muslim Consumers: Structural Equation Modeling Approach

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Abstract
The purpose of this research is to study the relationship between religiosity, ethnocentrism and corporate image towards the perception of purchasing foreign goods by the young Muslim consumers in Malaysia. A total of 250 questionnaires were distributed for measuring the relationship from young Muslim consumers in Klang Valley area. Finally, 230 questionnaires became validated and tested for further statistical analysis through exploratory factor analysis (EFA), confirmatory factor analysis (CFA) and structural equation modelling (SEM) was applied for testing the hypotheses of the study. Among all the variables, corporate image and ethnocentrism behavior plays the most significant on the perception of young Muslim consumer’s before purchasing foreign made products. The added value of this paper is to link between theory and practice, and explore the religiosity and ethnocentrism behavior on young Muslim consumer’s purchase decisions of foreign products. Few researches have conducted over the years under the young Muslim consumers that investigated the relationship between religiosity and ethnocentrism perspective. Moreover, this relatively new issue remains largely undiscovered by researchers under various market environments.

Keywords: Religiosity, Ethnocentrism, Corporate Image and Purchase Behavior
Manuscript Type: Research Paper

Introduction
Globalization helps clients 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. Yet, global trade accords have caused in the diminution of tariff and non-tariff obstacles, and augmented the free trade level (Saffu & Scott, 2009; Lotz & Hu, 2001). Suh and Kwon (2002) stated that the globalization must not be taken for granted. Literature suggested that perceptions of a product’s residence nation attachment can influence consumers’ purchasing decisions directly and independently on the performance of the product (Klein, 2002; Klein et al., 1998). Wang and Chen (2004) described that globalization presents substantial challenges and opportunities for global marketers. Customers possess a universal preference for domestic over overseas merchandise, predominantly when they can be short of information.
concerning the product (Bilkey & Nes, 1982; Damanpour, 1993; Elliott & Camoron, 1994; Wall & Heslop, 1986; 1989).

Review of literature reveals that in spite of its broad appeal there had been no developments in studying the variables and the factors that may potentially affect the young Muslim consumers in their buying decisions of foreign consumer goods. Principally, this paper also draws some propositions in order to direct future empirical research in this area.

**Literature Review**

**Consumers’ Purchase Behavior**

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.

**Consumers Religiosity Behavior**

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).

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 religious commitment (Sood & Nasu, 1995). Essoo and Dibb (2004) established that casually religious respondents follow the trends and feel more inventive than highly pious individuals. The following hypotheses researchers can proposed for further statistical test:

**H1: The higher the religiosity behavior as perceived by the Young Muslim consumers, the lower the intention of purchasing foreign consumers products.**

**Consumer Ethnocentrism Behavior**

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 (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 consumers 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). 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). 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. The following hypothesis was therefore taken up for further statistical test:

**H2: The higher the ethnocentrism behavior as perceived by the young Muslim consumers, the lower the intention they have for purchasing foreign consumers products.**

**Corporate Image**

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. 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. 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). 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). 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 consumers products.**

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**

![Image of the research framework]

**Methodology**

Since the major purpose of the study was to identify potential factors that were influencing young Muslim consumers’ perception to buy foreign consumers goods, a self-structured questionnaire was developed to collect the needed information from the young Muslim consumers from various Universities in Selangor from Malaysia. Questionnaires were systematically distributed utilizing a convenient sampling method from educational institutions. The sampling frame for conducting the principal component analysis (PCA) comprised 230 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).
Data Analysis

Demographic Profile of the Respondents

Out of 230 respondents there were 130 male respondents and 100 females. Among the respondents up to 25 years of old were 20%, followed by 17 to 24 years old were 80%. Among the respondents most of the respondents 65% of them already in bachelor program under various faculty followed by masters program 35%. Overall out of 230 respondents 50% of the respondents from International Islamic University, 20% were from Management and Science University, 15% were from University Putra Malaysia and rest of them (15%) was from University Malay.

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 1:  KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>.772</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>360.330</td>
</tr>
<tr>
<td>Df</td>
<td>91</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 42.040%. 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 = .871)</th>
<th>Ethnocentrism (F2) (Alpha = .771)</th>
<th>Corporate Image (Alpha= .782)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attending of religious activities (r1)</td>
<td>.710</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participate activities of worship (r2)</td>
<td>.685</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency of reading Quran (r3)</td>
<td>.682</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Watching / listening Islamic religious programs (r4)</td>
<td>.660</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology and Economic development (e1)</td>
<td></td>
<td>.727</td>
<td></td>
</tr>
<tr>
<td>Buying Malaysian made products instead of imports (e2)</td>
<td></td>
<td>.698</td>
<td></td>
</tr>
<tr>
<td>Malaysian products, first, last and foremost (e3)</td>
<td></td>
<td>.630</td>
<td></td>
</tr>
<tr>
<td>Not right to purchase foreign products (e4)</td>
<td></td>
<td>.612</td>
<td></td>
</tr>
<tr>
<td>Involvement by business in improving its community’s quality of life</td>
<td></td>
<td></td>
<td>.626</td>
</tr>
<tr>
<td>wishes to capture a favorable public image (c2)</td>
<td></td>
<td></td>
<td>.657</td>
</tr>
<tr>
<td>Involvement in socially responsible activities (c3)</td>
<td></td>
<td></td>
<td>.725</td>
</tr>
<tr>
<td>Employees’ welfare (Facilities and benefits) (c4)</td>
<td></td>
<td></td>
<td>.641</td>
</tr>
</tbody>
</table>

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

Religiosity

For consumers’ religiosity, the modification indices for the covariance of measurement errors were: 15.432 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: $\chi^2$/d.f. = 1.612 ($\chi^2=17.742$, d.f=11); GFI=.941, AGFI=.917, CFI=.972, NFI=.941 and RMSEA=.022.

Consumers’ Ethnocentrism

The examination of the modification indices revealed that the measurement errors 18.742 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: $\chi^2$/d.f. = 1.48 ($\chi^2=17.782$, d.f=12); GFI=.961, AGFI=.937, CFI=.921, NFI=.924 and RMSEA=.012.

Corporate Image

The examination of the modification indices revealed that the measurement errors 13.742 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: $\chi^2$/d.f. = 1.39 ($\chi^2=16.782$, d.f=12); GFI=.961, AGFI=.947, CFI=.912, NFI=.934 and RMSEA=.024.

Statistical Significance of Parameter Estimates

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 $>\pm1.96$ 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>.279</td>
<td>.098</td>
<td>2.832</td>
</tr>
<tr>
<td>H2 Ethnocentrism</td>
<td>Purchase Behavior of Foreign Goods (PBCG)</td>
<td>.379</td>
<td>.074</td>
<td>5.135</td>
</tr>
<tr>
<td>H3 Corporate Image</td>
<td>Purchase Behavior of Foreign Goods (PBCG)</td>
<td>.520</td>
<td>.081</td>
<td>6.409</td>
</tr>
</tbody>
</table>

Hypotheses Testing
The structural equation model was examined to test the relationship among constructs. Goodness-of-fit indicates for this model were chi-square/df = (199.465 /72) = 2.77, GFI = 0.912, AGFI = 0.872, CFI = 0.848, NFI = 0.808, RMSEA= 0.085. 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.

Conclusion
From the foregoing analysis, the results of this research suggested that a significant proportion of young Muslim consumers in Malaysia are hugely influenced by corporate image and ethnocentrism behavior followed by religiosity behavior 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 behavior (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’.

Managerial Implications
Based on the above findings, the conclusion is that religiosity and ethnocentric behavior exists and matters for shaping purchasing behavior 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.

Limitations of the Study
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 study are:

1. **Sample Size**: The sample size is relatively small, which may not accurately represent the entire population of young Muslim consumers in Malaysia.
2. **Geographic Limitations**: The study was conducted in a specific region of Malaysia, which may not be representative of other regions.
3. **Methodological Limitations**: The study used a cross-sectional design, which may not capture the longitudinal effects of variables over time.
4. **Measurement Limitations**: The constructs were measured using a self-report survey instrument, which may be subject to biases such as social desirability or recall bias.
5. **Generalizability**: The findings may not be generalizable to other populations or cultures.

Despite these limitations, the study provides valuable insights into the purchasing behavior of young Muslim consumers and highlights the importance of religious and cultural factors in shaping consumer choices.
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 Research Directions**

Future studies should examine whether animosity, spirituality depends on the brand being positioned and sold. Future researchers should also examine whether the effect of animosity fades over time. This research did not analyze the effects of animosity, spirituality using willingness to buy as the ultimate dependent measure. Therefore, future research might consider a broader range of dependent variables, including actual brand purchase behavior, brand choice, word-of-mouth recommendation, ownership and usage patterns, and product disposal.

**References**


