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The role community resources for sustainable tourism practice of Mah Meri indigenous community of Malaysia

Puvaneswaran Kunasekaran
Universiti Putra Malaysia
puvaneswaran@upm.edu.my

Sarjit S. Gill
Universiti Putra Malaysia
sarjit@upm.edu.my

Sridar Ramachandran
Universiti Putra Malaysia
sridar@upm.edu.my

Abstract

This paper presents the significant role of resources which is utilized by the Mah Meri community in Pulau Carey, Malaysia to practice sustainable tourism. Preliminary study was conducted at Kampung Sungai Bumbon which is a well established indigenous tourism destination in Malaysia. In-depth interview which was used as the qualitative data collection method helped the researchers to holistically understand the community resources which can encourage sustainable tourism practice. Natural tourism products like wood carvings and weavings are the main attributes which contribute to tourism development. This study reveals that the community is proud of its diversified environment. However, the community feels that their culture and tourism gradually facing great threat because of the scarcity of natural resources. It is hoped that the findings of this study will contribute to existing literature in the indigenous tourism and community resources ground.

Keywords: *Tourism, Indigenous people, Sustainability, Scarcity*

1. Introduction

Orang Asli or “original people” is used to refer to the indigenous peoples in Peninsular Malaysia. The term Orang Asli is a substitute of the term ‘aborigines’ used by the British colonial administration (Gomes, 2004). This minority community with overall population of only 178,197 represents 0.5% of the Malaysian population. In 2010, JAKOA (Indigenous People Development Department) reported that Orang Asli population had increased to 178,197 in 2010 compared to only 141,230 in 2006. Categorized as minority groups in the country, they comprise of three main groups, namely, Negrito, Senoi/Semai and Proto-Malay.

Orang Asli were separated into three nationwide categories during the English colonization for the objective of assisting the management in those days (July Edo, 2006). Each group was separated into sectors; groups situated in several locations in the woodlands, the hills, the rural areas and near the coastline or stream estuary (Amran Kasimin, 1995). Gomes (2004) stressed that

there should be no doubt that the predecessors of the Orang Asli settled in the Malay Peninsula earlier than the predecessors of Malay community. Hasan Mat Nor (1998) in his work argued that the Negritos are considered to have come to the Malay Peninsula about 25,000 years ago. However, the Semai are the largest population and the oldest indigenous community in Peninsular Malaysia (Ying, 2009). Most of the Semai live at the foothill and mountain areas in the borders of Perak and Pahang (Dentan, 2000). The headman of the Orang Asli community is generally known as 'Tok Batin'. The Tok Batin is in charge of internal affairs and issues regarding the group. Apart from that, the Tok Batin also is responsible for maintaining the inherited customs, traditions and order in the village.

The Mah Meri community is one of the sub-ethnic groups of the major Senoi group. Mah Meri community consists of 2896 members in the year 2004 (JHEOA, 2004). They speak an Austroasiatic language which is originally from the Mon and Khmer's language family. However, their Mah Meri's route to reach Malay Peninsula is still not clear and mainly rely on myths (Nowak, 1987) and (Suet, 2010). One of the earliest notes of Carey Island was recorded by Nowak (1987) saying that during the 1900s about 20,000 acres out of 35,000 acres of the mangrove and rainforest were converted into commercial oil palm plantations. This big scale transformation has caused destruction in basic resources, extinction of flora and fauna and disruption of natural ecosystem. Areas which used to be accessed for fishing, hunting and recreation are not accessible result in the change of ecological system which reflects in the musical, material and cultural contents of the Mah Meri's performances (Suet, 2010).

Nicholas (2000) highlighted that the modernization is intended to improve the Orang Asli villages in the country in terms of education, health, electricity and water. Suet (2010) stressed that the destruction of the ancestral territories, natural resources, forest and river accessibility have hugely disappointed the Mah Meri community. This has made the community to realize that they still have their arts and performing traditions well kept to strengthen their value in the country and make the government appreciate them. This can be seen in various touristic products of the community; weavings, woodcarvings, masks, Main Jo'oh dance marketed in Tourism Malaysia website, internet websites, tourists guide books, and magazines. Thus, it can be said that the community has chosen tourism as a tool to portray their uniqueness to outsiders and enjoy some financial advantages at the same time. Sarkissian (1988) who studied the tradition and the cultural shows to be displayed for tourism purpose however argue the tourism products are only at the level of staged performances and not to create any cultural awareness.

2. Literature review

Community sources are the assets that the community already has to run the tourism business. These resources could be tangible or intangible resources. Almost all the community sources found in the study are related directly or indirectly to nature. This shows that the community is strongly dependent on forest amenities not only for tourism activities but also for their daily life routine.

2.1 Natural resources

Natural resources can be classified as renewable and non-renewable resources (Voora and Venema (2008). Frank and Smith (1999) classified these resources into six components; (1) land, water, air; (2) minerals; (3) oil and gas; (4) plant and trees; (5) wild life; and regulations regarding the previously mentioned attributes. Although, natural resources are one of the main advantages of rural community to promote tourism, sustainability has been a major issue. Pearce, Markandya and Barbier (1989) argued that natural resources must be regarded as critical natural capital and should be handled carefully using sustainable development approaches to maintain the quantity and quality of the resources. Hunter (1997) who agreed to this, also mentioned that non-renewable resources need special attention to avoid loss for future generations through greater efficiency of use, reuse and recycling. Similarly the utilization of renewable resources for tourism should be operated within the spectrum of sustainable tourism and subject to suitable capacity.

2.2 Financial resources

According to Vidal (1997) financial strength is an important tool for community development and local communities always seek financial support from outside of their neighbourhood. This assistance from outside can be from either the private or the government sector (Ismail, 2010). Frank and Smith (1999) outlined six types of financial resource categories. These allocations are important to support the rural communities to commercialize their tourism product. It is very difficult for the local communities to establish a strong financial resource without the outsiders' interventions (Vidal, 1997). However, Asnarulkhadi (2003) has mentioned that support from the government is not long-term as the philosophy of community development encourages a self-reliant community.

2.3 Infrastructure resources

Frank and Smith (1999) mentioned that infrastructure resources are normally man-made physical initiatives such as buildings, roads, toilets and communication facilities in the rural areas. These resources are additional facilities that provide comfort for the tourists in the tourism destination. However, Flora (1993) and Sharp et. al., (2002) argued that social infrastructure resource is much more crucial to be developed and can contribute to sustainable development. According to the authors, social infrastructure is a group-level, interactive aspect of organizations or institutions. The level of the networking and communication within the community is regarded as the community's success in creating the social infrastructure. Thus, it can be understood that infrastructure resources are not only man-made tangible facilities but also the intangible social infrastructures.

2.4 Human resources

The importance of human resource in tourism was raised by several scholars such as Pearce (1995), Jithendran and Baum (2000) and Flora (2008). According to Flora (2008), human resources are important to manage other resources owned by the community. The scholar lists individual capability, community training, human health, human value and community leadership as the main attributes that form human resources. Dissimilarly, Frank and Smith (1999) in their community development handbook, stated family and healthy lifestyle, skills, education and training, staff hiring and career planning, effective lawyer selection, labour appreciation and human

rights as being the main determinants of human resources. Pearce (1995) stressed that the human resource development in terms of education and training for future generations should be done by effort collaboration of tourists, tourism professionals and communities. This effort to strengthen the human resource is important in order to achieve sustainable tourism.

3. Method

The data was collected from Kampung Sungai Bumbon, Carey Island. Snowballing (Cooper and Schindler, 1998) and theoretical sampling (Minichiello, 1991) are the combined selection procedures that will be used to carry out this research. The semi-structured interview was used as an inductive approach to gain new and unexpected responses from the respondents, which prevents the interviewer from assuming potential variables. However, a questionnaire guide was developed and used throughout the interviewing session to obtain the pattern of answers that are appropriate to the objectives of the study. The naturalistic inquiry technique will provide a set of data which is not biased where the real problem in the community can be understood (Kvale, 1997). The data from the naturalistic inquiry was analyzed using a discourse analysis technique.

4. Analysis and discussion

The results from the in depth interviews revealed that the community heavily depend on the resources around them. Natural resources are found to be the most significant form of materials that the need to operate tourism business and activities. Apart from that, the possession of indigenous knowledge from ancestors is also important in order to polish their unique culture. Generally, the community relies heavily on its surroundings to produce their handicraft. For the mask and sculpture, reddish hardwood called *Nyireh Batu* (*Xylocarpus Moluccensis*) is often used.

“In the wood carving process, first we got to go looking for the raw material to carve, if the wood is suitable to carve, we go ahead. We created this mask using *Nyireh Batu*, there is a scientific name for it - I did not know how to say it - instead of mangrove wood. We must bring *Genso* (chainsaw) machine, cut wood, stack it behind the house, measure how many feet that we need... If anyone gets an order, then the size will be according to the price and if the price is high, we have to do a big one. If the price is low we make a small one. If the price is low, it will be about five hundred Ringgit. When the big order comes, I think it is about four thousand, five thousand. Now we can't make big objects because the wood is slowly dying out...I mean *Nyireh Batu*, we can't find big wood. The mangrove marsh is also disappearing” (Atan Seman, 47 years old, male)

Some of the wood carvers said that the orders to make mask and sculptures are not encouraging. This inconsistency of demand has caused them to be involved in other activities in the village.

“For instance, I don't get orders like others, I have to be like this, I still do wood carving, do and keep. Even though no order, I still do and keep stock. Another thing

is, at my house there are no more masks, we have to do mask, so that when there is an order, we can easily sell. We cannot wait for the order, if you wait for the order; it can be a problem too.” (Kemi, 38 years old, male)

Dissimilarly, for the weaving activity, resource scarcity is not a major issue. The Pandanus leaf can be found easily. However, it is reducing in the vicinity of the village and weavers have to venture farther from the village to gather the leaf.

“No...Not like the *Nyireh Batu*, *Nyireh Batu* is slowly diminishing...Look there...that durian tree is mine...I planted so that one day it will grow and provide me with the wood which is similar to the *Nyireh Batu*. Do you know that the durian tree wood is a hardwood? For now I am happy that there is a lot of *Pandanus* leaf out there. Even around my house, you can find many. But is it slowly disappearing from this area. We have to go far to get some.” (Maznah anak Unyan, 44 years old, female)

According to another wood carver, the scarcity of *Nyireh Batu* is caused by the commercial development of an oil palm plantation owned by a multinational company.

“We have to plant this wood in a place...We don’t want them to destroy more...we have to keep more wood... because this hardwood is difficult to get... Just like us (Mah Meri), the wood is diminishing, but a lot of *anak nyireh* (*young Nyireh*), *ibu nyireh* (*matured Nyireh*) can be found near the mangrove marsh, kind of easy resource I guess... The hardwood is diminishing because there are no more rivers...the river was wider than what it is now, because of this problem we want to save forests but could not because they want the land for planting oil palm. Now I heard they want to cut again. For us, we already told Sime Darby about the trees used for carving...if we take the *anak nyireh* we must ask permission from Sime Darby. For us it is hard to think that every time we enter to get wood, we must seek permission, those days we were not like this.” (Alias Sayor, 35 years old, male)

The community is arguably rich with indigenous knowledge. According to the key informants there is no need for formal education to the next generation as they are practicing the culture every day.

“ My mother never taught me this weaving earlier...I just learnt it myself...I would follow her to collect the *Pandan* leaf and just follow whatever she does. I just do whatever my sister does. Nobody taught me...I can just do this from morning until night...Playing Genang, I learnt it earlier and it is easy now.” (Pinta anak Unyan, 35 years old, female)

Another respondent said that his father has taught him the wood carving skills. Apart from that, he frequently visits other wood carvers’ houses to learn the techniques.

“When I was 12 years old, I started to carve a statue, since then my interest increased. I am learning until now. Many are teaching, not only my father is teaching, I sometimes go to the homes of other men to see how they make the statue. My father has a book which has got all the designs of Mah Meri sculptures. I always refer to the book. Sometimes the idea is from me, this idea is from me (while pointing to a statue of a dragon in his hands).” (Razzie anak Gali, 18 years old, male)

Another respondent who is the son of the Tok Batin said that for him the wood carving is not a main source of income because he was involved in oil palm work.

“I was involved in carving indirectly. Actually I got involved in this thing because it is important to study for inheritance. We need to know the principles of the carvings. I don't know weaving much but it is compulsory to know the basics.. It is a shame if we do not know. I followed good carvers for five years I have participated officially in the learning process. During schooling, carving was for fun and hobby but after schooling; it is a more of a job” (Yahya Sidin, 33 years old, male)

5. Conclusion

The investigation shows that the indigenous community is proud to portray their uniqueness to the outsiders. They are also proud to be known as the icon of tourism among other Orang Asli sub-groups of Malaysia. This study also reveals that the Mah Meri community is eager to explore the resources in their village. They strongly believe that the tourism business can create many positive outcomes. Apart from that, the community also agrees that the non-economic benefits such as cultural sustainability and environmental sustainability are driven by the emergence of tourism in their village.

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Expatriates emotional competencies and its impact on job performance: empirical evidence from Malaysia

Jugindar Singh Kartar Singh

Asia Pacific University of Technology and Innovation, Malaysia

Jugindar.singh@apu.edu.my

Nik Hasnaa Nik Mahmood

UTM RAZAK School of Engineering and Advanced Technology

Universiti Teknologi Malaysia, Kuala Lumpur, Malaysia

Abstract

The purpose of this paper is to study the relationship and impact of Emotional Self Awareness, Self-Management, Social Awareness and Relationship Management on job performance. Extensive review of literature was done to acknowledge the emotional competencies and job performance concept. A quantitative survey was developed and administered to 301 expatriates engaged in the ICT Sector in Malaysia. The findings of this study revealed that all four dimensions of Emotional Intelligence have a relationship with performance of expatriates. Relationship Management dimension has the highest impact. The findings of this study support the results from some earlier studies and also bring out several new ideas such as the importance of Relationship Management. The data for this study was collected via a self-reported questionnaire that could be susceptible to bias. Expatriates who failed in their assignment or expatriates who returned pre-maturely to their home country were not included. For future research, a qualitative research methodology is recommended to provide a deeper understanding. The findings of this study have significantly contributed to the advancement of knowledge in job performance and it is evident that Relationship management has the highest impact on expatriates' job performance. The implications are in the areas of expatriate selection, training and support practices. Although prior research has investigated a number of factors that contribute towards success of expatriates, this paper is one of the early empirical endeavors that examined the impact of the four dimensions of EI on job performance in the ICT sector in Malaysia.

Keywords: *Self Awareness, Self-Management, Social Management and Relationship Management, Expatriates.*

1. Introduction

The Information and Communications Technology (ICT) has become an important sector in Malaysia's economic development and despite the challenging environment since 2014, the ICT industry in Malaysia showed resilience and continued its growth path. (Steven, 2016) The share of the ICT industry to the economy expanded from 16.5% in 2010 to 17.6% in 2015. In 2015, revenue grew by 9.3% to RM42.1bil driven by higher export sales (MSC Malaysia, 2015). The year 2015 witnessed a 7.4% increase in jobs over 2014 which saw 158,549 jobs with 10,981 new jobs. Foreign workers who are mainly expatriates made up 13.6% of the total workforce in 2015. In 2015, 21,600 expatriates were hired (MSC Malaysia, 2015). The services sector is expected to register a growth rate of 6.9% in the next 5 years (Khuen, 2015). However, in the ICT sector in Malaysia, the availability of innovative local talents for research and innovation activities is a major challenge. This problem is addressed by importing foreign talents (PIKOM, 2012). Therefore, the expatriate population in the ICTs sector in Malaysia is worth studying because this sector is one of the national key economic sectors promoted by the Malaysian government as part of its growth strategy (Immigration in Malaysia, 2013).

To be successful, organizations need to create and sustain competitive advantage and for competitive advantage, organizations depend on the performance of expatriates (Palthe, 2004). Having the right people to manage and operate their businesses is a critical success factor in international operations (Dowling, Festing & Engle, 2008). However, many companies find deploying and developing talent in emerging markets to be a major challenge (Dewhurst, Harris and Heywood, 2012). A research by McKinsey's revealed that most companies have identified rich opportunities created by the globalization but companies also recognize that so long as they do not have enough talent, their reach will continue to exceed their grasp of these opportunities (Hsieh, Lavoie, & Samek, 1999). A survey revealed that one of survey respondents' main concerns was finding suitable expatriates (O'Neill & Rossier-Renaud, 2012). Therefore, in today's global workplace, organizations need to create a talent pool which is a strategic asset to enable them to sustain competitive advantage.

As the competition for international talent picks up, companies are increasingly looking to enhance their mobility policies to attract and retain key global talent (KPMG, 2012). The number of expatriates sent by organizations to foreign countries is ever increasing - 7 out of 10 multinational employers (70%) were expected to send more employees on short-term assignments in the next two years (O'Neill & Rossier-Renaud, 2012). A survey by Tung (1982) found that more than half of the companies in USA had failure rates of 10% -20%. Based on a survey by KPMG (2012), 55% of the respondents stated that up to 5% of assignees were recalled from the host country or dismissed because of inability to perform effectively. Failure in global assignments is not only very risky but also costly (Perkins, 2006). Direct costs of expatriation may be as high as three times the domestic salary (Dowling et al., 2008).

Prior research on job performance has established that several factors such as relational skills, personality and technical skills are important predictors of expatriate success (Templer, 2010; Suutari & Brewster, 1997). However, there is a paucity of research on job performance of expatriates engaged in the ICT sector in Malaysia. Despite the growing interest in expatriates, it is still not certain whether emotional competencies are a determinant of job performance in the ICT sector in Malaysia. This objective of this paper is to examine whether emotional competencies can lead to successful job performance. A survey involving respondents from the ICT sector in Malaysia was undertaken. A clear understanding of the impact of emotional competencies and job performance would aid decision makers and human resource professionals in the design of appropriate expatriates selection mechanism and training programs.

2. Literature Review

2.1 Job Performance

Job performance is the most important factor that leads organizations to remain competitive (Campbell, 1990). However, despite its importance, relatively little is known about the latent structure of performance (Tubre, Arthur, Bennett, & Paul, 1996). Many authors have defined performance and the related parameters (e.g., Campbell, 1990). Campbell (1990) coming from the psychological perspective described job performance as an individual level variable. Borman and Motowidlo (1997) further classified job performance into task and contextual performance. Borman and Motowidlo (1993) stated that contextual performance is becoming increasingly important but Aguinis (2009), argued that both contextual and task performance are important. Research has also shown that expatriates performance is more complex in a global environment than a domestic one (Black Mendenhall, & Oddou, 1991; Suutari & Tahvanainen, 2002).

Based on past research, there is considerable variation in the types of criteria used in evaluating expatriate performance in global assignments (e.g., Suutari & Tahvanainen, 2002). Past research (e.g., Campbell, 1990; Caligiuri, 1997), revealed that performance dimensions are differentiated between the contextual variables that are prosocial and the contextual variables that are managerial. The first domain proposed by Caligiuri (1997) is technical performance. As stated by Tung (1982), expatriates are sent abroad for high-level managerial jobs and for their technical skills. Expatriates holding technical positions in global assignments must also be able to manage people effectively (Tung, 1994). The second dimension stated by Caligiuri (1997) is the contextual/prosocial dimension. This dimension is important due to significant upheaval in their position where they need to be self-directed and there are more activities that are undertaken to coordinate the activities of peers and teamwork is necessary. The third dimension stated by Caligiuri (1997) is the contextual/managerial dimension.

As cited by Earley and Ang (2003), contextual managerial performance includes managerial responsibilities of maintaining good working relationships among employees and representing the organization to customers and the public. The last dimension stated by Caligiuri (1997) is the expatriate specific performance. In the ICT sector, expatriates play critical roles and their performance should be managed efficiently (Suutari & Tahvanainen, 2002). Managing expatriates' performance across cultural boundaries can present particular challenges and requires important considerations and competencies (Vance & Paik, 2006). There are many factors that influence expatriate job performance such as EI technical skills and relational skills (Templer, 2010; Aykan, 2014). Job performance is a central construct in multinationals and expatriates need to perform many contextual and managerial activities while abroad (Tung, 1994). It is worthwhile to examine the emotional competency dimensions as they relate to expatriates' job performance.

2.2 Emotional Competencies

Emotional competencies include emotional intelligence (EI) which is an increasingly popular competency (Mishra & Mohapatra, 2010). The ability or performance based model by Salovey and Mayer (1990) defined EI as “intelligence” that is, as a set of mental abilities to do with emotions and the processing of emotional information that are a part of, and contribute to, logical thought and intelligence in general. Later, Goleman (1998) set out a framework of emotional intelligence (EI) that reflects how an individual's potential for mastering the skills. According to Goleman (1998), EI competencies are not innate talents, but learned abilities, each of which has a unique contribution to making leaders more resonant, and therefore more effective. Unlike the model by Mayer and Salovey (1997) which proposes that individuals vary in their ability to process information of an emotional nature, Goleman (1998) focuses on EI as a wide array of competencies and skills that drive leadership performance. Goleman (1998) further argued that for leaders, EI is more important than IQ and one of important element of EI is ability to control emotions. Bar-On (2006) further added that emotionally and socially intelligent people including expatriates must effectively understand and express themselves, understand and relate well with others and successfully cope with daily demands, challenges and pressures in the host country. Unlike Salovey and Mayer (1990) who developed more narrow measures that encompass perceiving emotions, understanding emotions, and regulating emotions, the Bar-On measures included social abilities and skills. As stated by Bar-On (2006), “to be emotionally and socially intelligent is to effectively understand and express oneself, to understand and relate well with others, and to successfully cope with daily demands, challenges and pressures”.

The model introduced by Goleman (1998) focuses on EI as a wide array of competencies and skills that drive performance. The framework by Goleman, Boyatzis, and McKee (2002) outlined four main EI constructs instead of five by Goleman (1995). The four constructs are; self-awareness which is the ability to read one's emotions and recognize their impact, self-management that involves controlling one's emotions and impulses and adapting

to changing circumstances, social awareness which is the ability to sense, understand and react to others' emotions and relationship management which is the ability to inspire, influence, and develop others while managing conflict. In this study, emotional competencies cover the four domains of EI as defined by Goleman et al., (2002). The four domains are self-awareness, self-management, social awareness, and relationship management. The four domains will increase productivity and performance in an occupational setting (Goleman, 1998). However, there has been a general lack of independent, systematic analysis substantiating this claim (Mishra & Mohapatra, 2010).

2.3 Relationship between Emotional Competencies Job Performance

In a foreign country, psychological stress can have pernicious effects on work performance (Bhaskar et al., 2005). In an unfamiliar environment, expatriates may find themselves in complex relations and experience problems in expressing their feelings and problems (Aykan, 2014). Such stress also affects the emotions of individuals (Aykan, 2014). Expatriates need certain personal characteristics to cope with the rigors of daily life in the foreign environments (Bhaskar et al., 2005). Personal characteristics include EI which is an increasingly popular competency and consulting tool (Mishra & Mohapatra, 2010).

The relationship between EI and performance has received attention by researchers (Gabel, Dolan, & Cerdin, 2005; Mishra & Mohapatra, 2010). Past researchers found a positive relationship between EI and performance (Mishra & Mohapatra, 2010; Araujo & Taylor, 2012). The findings by Gabel et al., (2005) and Aykan (2014) support the propositions made by numerous scholars who emphasized the importance of non-technical factors in explaining the effectiveness of international adjustment. Parke, Seo, and Sherf (2015) found that emotion regulation ability enables employees to maintain higher positive affect. A research by Stein and Book (2011) revealed that the correlation between EI and performance in a variety of careers has ranged up to .45 attributable to EI with an average of .30. Another research by Aykan (2014) found positive relationships between the EI and contextual performance of employees. Gabel et al. (2005) found that although technical competencies are important but EI that covers the capacities of empathy, social responsibility and social relations predict better success. Other researchers have also argued that EI is an important predictor of performance (Aykan, 2014; Ashkanasy & Daus, 2005; Goleman, 1998). A number of different viewpoints and theories have emerged about what EI actually is (Neale, Spencer-Arnell, & Wilson, 2009).

For expatriates, driving emotions in a positive direction is important and studies have shown that emotional competencies play a critical role. O'Boyle, Humphrey, Pollack, Hawver, and Story (2011) argued that there is good reason to believe that EI predicts job performance because it is likely that the ability to recognize emotions in one's self and in others contributes to effective social interaction, as does the ability to regulate one's own emotions. Emotionally intelligent expatriates are able to regulate their own emotions and the

emotions of others and use emotional information in decision making to achieve positive performance outcomes (Ashkanasky & Daus, 2002). People who are high in EI are also more likely to perceive context-driven emotion patterns and are therefore better able to adapt to these situations than their low EI counterparts and this is very important for expatriates (Lillis & Tian, 2009). Similarly, Cherniss (2000) pointed out a person's ability to perceive, identify, and manage emotions provides the basis for the kinds of emotional competencies that are important for success in any job. However, a study by Cote and Miners (2006) revealed that while EI is a predictor of job performance, it does not have a linear effect. Cote and Miners (2006) found that as cognitive intelligence increases, EI becomes a stronger predictor of task performance. Other researchers have argued that EI provides a foundation for emotional competencies (Goleman, 1998). Goleman (1998) argued that, in addition to intellectual or technical skills, competencies based on EI plays a strong role in performance. Goleman (1998) argued that it would be foolish to assert that good-old-fashioned IQ and technical ability are not important ingredients in strong leadership. But the recipe would not be complete without EI.

The framework of emotional intelligence (EI) can be applied to expatriates because it reflects how an expatriate's potential for mastering the skills of self-awareness, self-management, social awareness, and relationship management translates into leadership and performance during international assignments. Emotional Intelligence competencies are not innate talents, but learned abilities, each of which has a unique contribution to making leaders more resonant, therefore, more effective (Goleman et al., 2002). As explained by Goleman et al. (2002), the competencies are applicable generally. Similarly, these EI competencies that are learned abilities can be applied to expatriates who need to work through their emotions. Self-awareness means having a deep understanding of one's emotions, strengths, weaknesses, needs, and drives (Goleman, 1998). This can be applicable to expatriates as they need emotional strength to adjust and perform successfully in a foreign country. Goleman et al. (2002) further added that people with strong self-awareness are realistic and honest. With self-awareness, expatriates must have a deep understanding of their emotions, as well as their strengths and limitations and their values and motives (Goleman et al., 2002). In a foreign country, expatriates who have a high degree of self-awareness can recognize how their feelings affect them, other people, and their job performance (Goleman, 1998). This is applicable to expatriates as people with strong self-awareness can neither be overly critical nor unrealistically hopeful in a foreign country and they are honest with themselves and with others (Goleman, 1998).

H1: Emotional Self-Awareness is positively related to performance of expatriates.

Self-management refers to the understanding of one's emotions and being clear about one's purpose and without knowing what an individual is feeling, the person is at a loss to manage those feelings (Goleman et al., 2002).

Characteristics encompass keeping disruptive behaviors in check, displaying honesty and being flexible in times of change (McShane, & Glinow, 2008). Expatriates who are in control of their feelings and impulses are able to create an environment of trust and fairness. In such an environment, productivity is high and in today's borderless world, self-regulation is important for competitive reasons and people who have mastered their emotions are able to roll with the changes (Goleman, 1998). In a foreign country, the expatriates credibility and trust is particularly important for cultural adjustment and performance (Aycan, 1997). As explained by Goleman, et al. (2002), no leader including expatriates can afford to be controlled by negative emotions, such as frustration and rage or anxiety and panic especially in a foreign country. Leaders including expatriates with such self-mastery embody an upbeat, optimistic enthusiasm that tunes resonance to the positive range (Goleman et al., 2002).

H2: Emotional Self-Management is positively related to performance of expatriates.

Social competence encompasses the competency of empathy. As pointed out by Goleman et al. (2002), empathy is crucial for the leader's primal task of driving resonance. In today's environment, empathy is a critical skill for both getting along with diverse workmates and doing business with people from other cultures. As explained by Goleman et al. (2002), empathy is an antidote that attunes people including expatriates to subtleties in body language, or allows them to hear the emotional message beneath the words. Goleman (1998) stated that people including expatriates need a deep understanding of both the existence and the importance of cultural and ethnic differences. As stated by McShane et al. (2008), empathy is the person's ability to understand and be sensitive to the feelings, thoughts and situation of others. Cherniss (2000) pointed out that empathy is a particularly important aspect of EI and researchers have known for years that it contributes to occupational success.

H3: Emotional Social Awareness is positively related to performance of expatriates.

Relationship management or social skill is linked to a variety of practices that require effective emotional expression (McShane et al., 2008). As pointed out by Goleman et al. (2002), managing relationships skillfully boils down to handling other people's emotions and relationship management is friendliness with a purpose of moving people in the right direction. Social skill relates to building and maintaining relationships and as described by Goleman et al. (2002), relationship management is friendliness with a purpose of moving people in the right direction. Relationship competence that includes social networking is one of the factors that contribute to success of expatriates. Liu and Schaffer (2005) found that social capital had the greatest influence on expatriate adjustment and performance. Socially skilled people tend to have a wide circle of acquaintances and they have a knack for finding common ground with people of all kinds and a knack for building rapport (Goleman, 1998).

H4: Relationship Management is positively related to performance of expatriates.

3. Methodology

3.1 Research Design and Conceptual Framework

This is an explanatory research to establish causal relationships between variables. It is based on positivism philosophy and positivism relates to the philosophical stance of the natural scientist. The emphasis here is on studying to explain the relationships between emotional competencies and job performance of expatriates as shown in Figure 1 below.

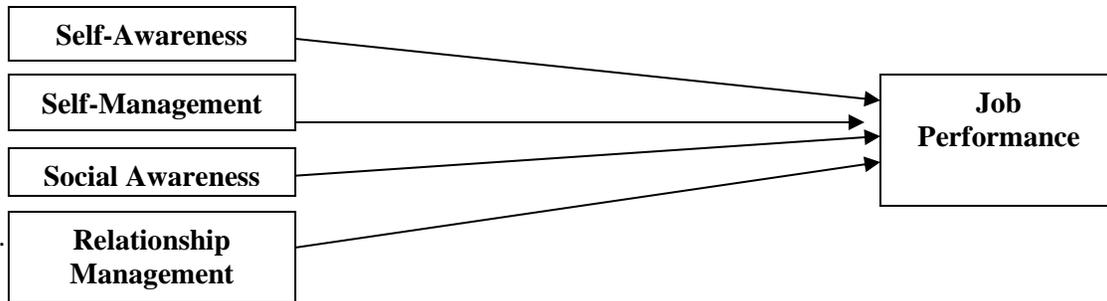


Figure 1. Relationship between emotional competencies and job performance

This was a cross sectional research using survey where the primary purpose was to identify the relationship between the variables. Primary data was collected. This is a quantitative research where the questionnaires were administered electronically using the internet or delivered by hand to respondents and collected later (Saunders et al., 2009).

3.2 Sampling Technique and Sample Size

The target population was expatriates working in the ICT sector in Malaysia. Probability sampling method was used where a list of companies' and the population elements was prepared and used as a sampling frame based on list of expatriates provided by ICT companies and various directories of International Business Chambers in Malaysia. Email response rates may only approximate 25% to 30% without follow-up (Sheehan, 2001). With a return rate of 30%, 900 target respondents were randomly selected. The initial response rate was low (12 percent) and friendly reminders were sent. A total of 247 questionnaires were received through mail and 71 through direct distribute and collect method. Only 301 questionnaires were usable.

3.3 Instrumentation

Questionnaire was used to collect virtually all data that was analyzed by computer (Saunders, Lewis, Thornbill, 2009). Four demographic variables (gender, marital status, age

and length of stay) were included. The fixed alternative questions required the respondents to choose the best answer based on a five- point Likert-type scale. The questions for the dependent variable were adapted from the study by Caligiuri (1997). Job performance was divided into four dimensions: Contextual/Managerial Dimension, Contextual/Prosocial Dimension, Expatriate Specific Dimension and Technical Performance Dimension. The questions on emotional competencies were adapted from the study by Goleman, Boyatzis and McKee (2002).

3.4 Reliability and Validity

Reliability is the extent to which a variable is consistent in what it is intended to measure (Hair, Black, Babin, Anderson & Tatham, 2006). Validity addresses whether the research measures what is said would be measured (Pallant, 2010). The Cronbach alpha coefficient for the dependent variable was 0.919 and for IVs was 0.880. The Cronbach's alpha value was above 0.7 and this is considered acceptable (Pallant, 2010). Pilot testing of the questionnaire provided with some idea of the questionnaire's face validity (Saunders et al., 2009). Experts were asked to comment on the representativeness of the questions (Saunders et al., 2009). A strong correlation value of .723 indicates that the scale is measuring its intended concept (Hair et al., 2006).

3.5 Data Analysis

Descriptive statistics was used to acquire a feel for the data by checking the central tendency and the dispersion. The reliability of a measure is established by testing for both consistency and stability and this was based on Cronbach's alpha. A check for violations of linearity and homoscedasticity was done (Pallant, 2010). Pearson Correlation and Multiple regression analysis were used to test the hypothesis as there was a single dependent variable (Hair et al., 2006).

4. Findings

The sample of respondents included 71% (n=214) male 29% (n=87) female. The majority of the respondents, 57% (n=172) were married. The respondents age included 41% (n=123) between the age range of 26 to 30 years, 29% (n=87) between the age range of 31 to 35 years and 3% (n=9) above the age of 45 years. The majority of the respondents, 34% (n=102) stayed for more than 3 years. Majority of participants i.e.59 (19.6%) were from India, 47 (15.6%) from Europe, 51 (16.9%) from ASEAN countries, 29 (9.7%) and the rest from other countries. As shown in Table 1, all the Pearson's correlation was positive and showed that the correlation between the IVs and DV was supported. The correlation coefficient was high ($r=.723$).

A high positive correlation suggests that an increase in emotional competencies will result in an increase in the performance of expatriates. The correlation was also statistically significant at the 0.01 level (2-tailed).

Table 1. Pearson Correlation coefficient

	Performance	Self-Aware	Self-Mgmt	Social Mgmt	Relationship Mgmt
Performance	1	.612**	.649**	.603**	.612**
Self-Aware	.612**	1	.733**	.625**	.552**
Self-Mgmt	.649**	.733**	1	.691**	.623**
Social-Mgmt	.603**	.625**	.691**	1	.674**
Rel. Mgmt	.612**	.552**	.623**	.674**	1

In Table 2, an 'R' value of .723 indicates that the correlation between the IVs and DV is high. The coefficient of determination (R square = .522) means that 52 percent of the variance in the DV was being explained by the IVs. The Adjusted R Square of .516 means that it accounted for 52% of the variance in the criterion variable even after taking into account the number of predictor variables in the model. The Durbin-Watson result is 1.806 and this indicates no problem of autocorrelation (Chinna, Karunthan & Yuen, 2013).

Table 2. Overall Model Fit

Multiple R	.723
Coefficient of Determination (<i>R square</i>)	.522
Adjusted R square	.516
Standard Error of estimate	.31429
Durbin Watson	1.755

In Table 3, the standardized Beta coefficient shows the strength of relationship between an IV and DV (Hair et al., 2006). All the emotional competencies had a relationship and gave significant impact to the performance of expatriates. Based on the results shown above, hypothesis H1, H2, H3 and H4 were proven.

Table 3. Variables entered in the Regression Model

Model	Unstandardized Coefficients		Standardized Coeff.	t	Sig.
	B	Std. Error			
(Constant)	1.466	.153		9.558	.000
Self-Aware	.156	.045	.210	3.431	.001
Self-Mgmt	.204	.056	.246	3.659	.000
Social-Mgmt	.099	.048	.129	2.062	.040
Relationship-Mgmt	.206	.046	.256	4.485	.000

5. Conclusion and Implications

The purpose of this study was to examine the role of emotional competencies on the performance of expatriates. The results of this study revealed that all the four dimensions of EI have an influence on performance of expatriates in the ICTs sector. The results showed that Relationship Management attribute is of high importance. Support was found for bulk of the conceptual framework and the research questions that were made in this research study. Higher levels of emotional competencies will result in better job performance. The findings emphasize the criticality of expatriate performance and managing emotions by expatriates in the ICTs sector in Malaysia. Organizations can strengthen their expatriates' performance and achieve competitive advantage by developing stronger links between the four dimensions of EI and job performance. In general, the findings of the present study found some consistencies with results of prior studies (e.g., Mishra & Mohapatra, 2010; Gabel, Dolan, & Cerdin, 2005; Aykan, 2014). Similar to the finding by Parke, Seo, and Sherf (2015), the results of this study may be beneficial for organizations to leverage emotional competencies when selecting expatriates.

The findings will also provide theoretical and practical implications for managing expatriates and offer an alternative viewpoint. This research helps to fill the research gaps, hence adds to the literature of expatriates performance and adjustment. This study will be one of the first studies to examine the relationships between emotional competencies and performance of expatriates engaged in the ICTs sector in Malaysia. The evidence from this study contains implications for companies in selecting and training of expatriates. Hence, human resource managers should consider emotional stability before engaging expatriates in the ICTs sector in Malaysia. A successful assignment starts with an appropriate selection and training of expatriates and these attributes highlighted in this study should become the key selection criteria and the content and design of the training plan. Individuals can also adopt strategies to overcome stress and improve performance. The findings are also expected to assist in creating foundational solutions to support successful performance by expatriates engaged in the ICTs sector in Malaysia.

There are a number of limitations and issues discussed in this study. Firstly, there are other competencies such as social competencies that should be examined in future studies. The data for this study was collected via a self-reported questionnaire that could be susceptible to bias. Expatriates who failed in their assignment or expatriates who returned prematurely to their home country were not included. The limitations of this study provide directions for future research. For future studies, a more in-depth research on factors that affect performance and cross cultural adjustment of expatriates can be undertaken using the qualitative approach.

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Service Quality and Hotel's Customer Satisfaction: An Empirical Evidence from Ethiopia

Feven Abebe Tessera

Asia Pacific University of Technology and Innovation, Malaysia
fevenabebet@gmail.com

Ibiwani Alisa Hussain

Asia Pacific University of Technology and Innovation, Malaysia
ibiwani@apu.edu.my

Noraini Ahmad

Asia Pacific University of Technology and Innovation, Malaysia
noraini@apu.edu.my

Abstract

*The objective of this study is to investigate the impact of service quality on customer satisfaction in the hotel industry of Ethiopia. The **SERVQUAL** model served as a guide in the study to ascertain the findings. A total of 130 questionnaires were distributed to hotel guests who made use of the facilities rendered by it. Primary data was collected using the drop-off and pick-up method of self-administered questionnaire through sampling method of snow-ball sampling technique. The type of analysis conducted was descriptive, frequency, Pearson correlation and multiple regression analysis. Findings from the analysis revealed that out of the five dimensions of the **SERVQUAL** three i.e., tangibles, responsiveness and empathy had high significant impact on customer satisfaction in hotel industry of Ethiopia.*

Keywords: Service quality, customer satisfaction, **SERVQUAL** model

1. Introduction

The present day business environment is becoming competitive and challenging now more than ever. The research of service quality is an essential means for prosperity and existence in today's challenging business setting and plays a part in the long-lasting earnings of a business (Fynes, Voss & De Burca, 2005). Intensified competition among service givers has pressurized companies to be more attentive to the service quality rendered to customers (Li & Lu, 2010). Although numerous amount of research have been conducted in the field of service quality (Mohammad & Alhamadani, 2011; Chavan & Ahmad, 2013) very few has been done in the hotel industry (Khan & Fash, 2014) and even fewer in the context of developing countries (Ramsaran-Fowdar, 2007). This study therefore attempts to fill the gap by investigating the impact service quality has on customer satisfaction in the hotel industry of a developing country Ethiopia.

The study will assist hotels to improve the overall level of customer satisfaction and it will also be useful to governments and commercial sectors to which the hotel and tourism industry is of much significance.

2. Literature Review

2.1 Service Quality

Service quality has been regarded as a major factor for the achievement of organizations due to the close relation it has with customer satisfaction particularly in the service industry (Gilbert & Veloutsou, 2006). In addition to it being a preceding factor to acquire positive buying behaviors, it is also viewed as a vital component to the hotel industry's achievement and success (Min, Min & Chung, 2002). Service quality has been believed to have direct impact on customer satisfaction, recurrence of buying behavior and security of a company's profit in the long-run (Wilkins, Meerilees & Herington, 2007). For the quality of service to be better, it is important to continuously communicate with employees and analyze their service encounter (Prayuhda & Harsanto, 2014). According to Parasuraman et al. (1988), service quality can be defined as the capacity of the company to conform with or outdo customer expectations. It is the deviation between the customer's expectation of service and perceived service (Zeithaml, Parasuraman, Berry, 1990). Good quality of service will have a positive influence on profitability by elevating the customer base of a firm (Rauch et al., 2015).

2.2 Customer Satisfaction

Customer satisfaction is a crucial element in service quality assessment because the higher the customer satisfaction the higher the performance of a business (Morgan, Anderson & Mittal, 2005). It can be guaranteed via a product or service that is of good quality (Gunarathne, 2014). Clients' prior encounter of content or discontent is essential due to its impact on the anticipation of a person's purchase behavior the next time (Gutierrez & Uribe, 2011). Thus, most literatures in the hotel sector consider customer satisfaction as an essential constituent of the hotel sector's value position to customer (Maghzi et al., 2011). Customer satisfaction is defined as "the individual's perception of the performance of the product or service in relation to his or her expectations" (Schiffman & Kanuk, 2004). It is a business doctrine that is inclined towards generating worth to customers, predicting and governing their assumption, and indicating capability and authority to fulfil their demands and requirements (Delgado-Ballester, 2004). Customer satisfaction is an after use assessment regarding a given product or service (Gundersen, Heide & Olsson, 1996). It is the doctrine that emphasizes the significance of making worth for customers, predicting and handling their presumptions and manifesting the capability and duty to meet their requirements (Dominici & Guzzo, 2010).

2.3 The SERVQUAL Model

Parasuraman et al. (1988) released a widely distinguished five set of service quality dimension (**SERVQUAL**). This service quality dimension is amongst the frequently applied and quoted elements in the writing works of service quality (Othman & Owen, 2001). These dimensions namely tangibility,

reliability, responsiveness, assurance and empathy have been applied in many service firms to measure quality performance. Tangibles relate to material characteristics like gadgets, equipment and how staffs carry themselves (Seo, 2012). This component deals with the existence of the physical facilities and the perceived quality of the materials, personnel and equipment used by the service giver (Kandampully, 2007). Reliability is defined as the dependability, consistency and accuracy with which the service is performed by the provider (Kandampully, 2007). It is about the business keeping its word. It is “the ability to perform the promised service dependably and accurately” or delivering its promises” (Zeithaml et al., 2006 p.117).

Responsiveness relates to the zeal in the service personnel to serve customers in a well-timed, effective fashion and it incorporates elements like cooperativeness, kindness and tenderness of the service staff (Kandampully, 2007). It is the desire of the service giver to be supportive and quick in rendering the service (Prayuhda & Harsanto, 2014). Assurance is the extent to which the service personnel stimulates faith and credence among the customers of the firm (Kandampully, 2007). It is the “employees” knowledge and courtesy and the service provider’s ability to inspire trust and confidence” (Zeithaml et al., 2006 p.119). If the customers don’t find the service and staff of the company pleasant, the chances of them returning back will be slim (Delgado-Ballester, 2004).

Empathy has to do with the “caring and individualized attention” granted to customers besides the degree of understanding personnel manifests in relation to customer needs (Kandampully, 2007). It has been ascertained to be more desirable and significant in magnifying the quality of service in industries where establishing relationships with customers and clients guarantees survival (Andaleeb & Conway, 2006). The likelihood of clients returning back to a company provided they were given special care and attention is very high (Delgado-Ballester, 2004).

2.4 The hotel industry in Ethiopia

Ethiopia is amongst the African countries that is endowed with the biggest amount of UNESCO World Heritage Sites in Africa. There are a total of 8 sites dispersed throughout the country. This gives it the advantage of building up itself as a home for tourists. Ethiopia’s government has emphasized on the expansion of tourism in its development program, PASDEP (Plan for Accelerated and Sustained Development to End Poverty) to hone the prevailing tourism capital as an impelling cause of financial expansion for the entire country. In addition, the late Prime Minister, Meles Zenawi, has stated how big a part tourism expansion plays in lessening penury (Embassy of Japan in Ethiopia, 2008).

Ethiopia is strategically regarded as an essential country in the Horn of Africa for a lot of countries. It is a place where most of the international meetings, conventions and gatherings takes place. This calls for housings and lodgings at a universal quality; and this will continue to grow in the future because huge number of global companies have been endlessly fortifying their establishments and expanding their workforce in Ethiopia (Embassy of Japan in Ethiopia, 2008). New international, franchised and local hotels, restaurants, nightclubs and bars have been inaugurated and functional. International brands and franchises from America, Europe and China and locally standardized hotels are considered to promote the hospitality industry (Aschale, 2013).

The hotel industry has recently become a fast growing industry. The sector incorporates a number of services like accommodation, restaurants, cafes, conference halls and gyms. Records validate that the growth of the hotel sector is directly associated with touring. Likewise, the expansion of the hotel industry in Ethiopia is linked to the growing number of both native and nonnative tourists and travelers (G/Egziabher, 2015). The demand for the industry particularly in a developing country like Ethiopia is related to the tourism sector since the customers of hotels mostly originate from tourists worldwide (Mitiku, 2015). A significant effect has been observed in the growth of the country's foreign relations especially at the time when Menelik II was ruling; by instilling the idea of modernization and bringing in foreign technology and organizations among which hotel is one of them. Expansion of up to date hotels in Ethiopia dates back to the 19th century (G/Egziabher, 2015). Etege Taitu Hotel which was inaugurated in 1898 (E.C.) at the hub of the city, Piazza was the first hotel.

Proceeding 142 new hotel developmental projects in Sub-Saharan Africa (SSA) in 2014, Ethiopia is rated amongst the top 10 largest markets for international hotel chain developments. The hotel industry has been creating a direct economic impact towards countries. In Ethiopia, the industry's contribution to GDP was 4.2% in 2013 and it has rose by 4.5% in 2014 and this figure is predicted to rise by 5% in 2024 (Africa Business, 2015).

3. Methodology

The objective of the study is to determine the impact of service quality on customer satisfaction in the hotel industry of Ethiopia. Primary data was gathered primarily through the use of survey questionnaire. A total of 150 questionnaires were distributed to various hotels on order to be filled out by hotel guests, and out of the total 150 questionnaires 130 were positive and complete which resulted in 86.87% response rate. The selected sample represented a balanced mix of various demographic factors- Gender, age, marital status, nationality, educational qualification, occupation and visit purpose.

In order to ensure the confidentiality of the hotel customers the drop-off and pick-up method of self-administered questionnaire was used. The independent variable in this study was service quality while the dependent variable was customer satisfaction. The **SERVQUAL** Model was used in order to measure service quality which incorporates 5 dimensions namely tangibility, reliability, responsiveness, assurance and empathy. 5 items for each independent variable and 8 items for the dependent variable were used. A 5 point interval Likert scale was used for all the variables with 1 denoting strongly disagree and 5 strongly agree. The data collected was analyzed by making use of SPSS and descriptive analysis like frequency, mean, standard deviation and inferential statistics like the Pearson's correlation and multiple regression were used.

4. Findings

Demographically, out of a total of 130 respondents 50% were male and 50% were female. Regarding the distribution of the age range of respondents, majority of the respondents (31.5%) fall under the category of 36-45 years of age followed by 26.9% of the respondents being under the category of 26-35 years of age. With regards to nationality, while 50.8% of the respondents were foreigners 49.2% were Ethiopians. In addition to that, majority of the respondents (53.8%) were married while 39.2% were currently single. Further, while 40.8% of the respondents have acquired their Bachelor's degree 27.7% of the respondents are with Master's degree and above. Due to the good educational qualification that most

of the respondents have acquired majority of them (56.2%) are also employed and 28.5% are self-employed.

Table 1: Result of descriptive analysis of the dependent variable and independent variables

Variables	Mean	Standard Deviation
Customer satisfaction	3.57	1.05
Tangibles	3.56	1.08
Reliability	3.61	1.11
Responsiveness	3.72	0.98
Assurance	3.52	1.09
Empathy	3.60	1.1

Reliability test was then conducted to ensure the goodness of the variables. The results obtained from the reliability test showed that all the variables had a Cronbach value of greater than 0.9 which according to a research conducted by George & Mallrey (2003) proves that the data are commendable and deemed to be good. Furthermore, Pearson's correlation analysis was conducted in order to examine significant relationship between two quantitative and continuous variables. From the results obtained it can be observed that all the independent variables are commendably correlated with the dependent variable as all of the independent variables are above 80% able to explain the dependent variable customer satisfaction. Of all the independent variables, Assurance had the highest correlation (0.863) with the dependent variable. Table 2 shows result obtained from the Pearson's Correlation analysis.

Table 2: Pearson's Correlation Analysis

		DV_CS	IV1_T	IV2_Rel	IV3_Res	IV4_Asu	IV5_Emp
DV_CS	Pearson Correlation	1	.843**	.850**	.861**	.863**	.832**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	130	130	130	130	130	130
IV1_T	Pearson Correlation	.843**	1	.839**	.780**	.781**	.789**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	130	130	130	130	130	130
IV2_Rel	Pearson Correlation	.850**	.839**	1	.907**	.877**	.816**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	130	130	130	130	130	130
IV3_Res	Pearson Correlation	.861**	.780**	.907**	1	.911**	.828**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	130	130	130	130	130	130
IV4_Asu	Pearson Correlation	.863**	.781**	.877**	.911**	1	.865**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	130	130	130	130	130	130
IV5_Emp	Pearson Correlation	.832**	.789**	.816**	.828**	.865**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	130	130	130	130	130	130

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.914 ^a	.835	.829	.45472

a. Predictors: (Constant), IV5_Emp, IV1_T, IV3_Res, IV2_Rel, IV4_Asu

Model summary shows the predicted variances of the variables. From the above model summary, it can be observed that R represents multiple correlation coefficient which has a value of 0.914 stating a high correlation among all the variables. On the other hand, Adjusted R Square shows the value of 0.829 which predicts the variables with over 82.9% variance. It implies that the variables have high impact among each other.

5. Discussion

The results from the study indicated that 3 out of the 5 independent variables have significant impact on the dependent variable customer satisfaction, i.e., tangibility, responsiveness and assurance. Tangibility is about creating a good image in the hearts and minds of customers the first time. A good first impression will result in customers wanting to use the other facilities of the hotels. In contrary, if they are not pleased with what they see the first time, it is unlikely that they will want to stay at the hotel to make use of the other facilities that the hotel provides. So, tangibility plays an important role in satisfying customers. This study proves that the Ethiopian customers feel the same about the tangibility component being important in the way they measure their satisfaction. Responsiveness is the other dimension that customers deem important. The findings from the study revealed that the reason is because guests in Ethiopia emphasized value to the employees of the hotel providing prompt help, being able to cater to guests needs, rendering quick check-in and check-out facilities, their ability to quickly correct mistakes and give special attention to their guests (any citation to support the statement). This indicates that employees' taking action and giving immediate response to any kind of problem the customer faces plays an important role in satisfying the customer because clients praise easy and hurdle free stay by all means.

Assurance was found to have the highest impact on customer satisfaction. The Ethiopian customers get satisfaction from employees' behavior instilling confidence towards them, their knowledge and skills and their polite behavior. The hotel creating a safe and secured feeling is another factor they deem important. Assurance relates to the staff of the hotel. It is whether or not they are skilled and can obtain the trust and credence of clients and also about their problem solving skills. If clients are not in content with the employees, there is a high probability that they will not come back to do more business with the company (Delgado & Ballester, 2004). Guests get delighted when they get solutions to their problems easily. Employees' problem solving skills fall under the assurance dimension. Hence, the high correlation between assurance and customer satisfaction could also be explained by this fact.

Based on the study conducted by Torres & Kline (2013), employees being well educated and the right implementation of their duties is yet another factor guests deem crucial. This relates to the skills and competency they possess and proficiency in the implementation of important work duties. Employees' professionalism is one of the most frequently stated factors in what customers consider important when they measure their satisfaction. These factors have led to the high correlation between assurance and customer satisfaction.

6. Conclusion

The intent of any hotel is to create a customer. By constantly delivering high levels of service quality, customer retention will take place which will in turn result in a loyal customer in the long haul. Overlooking the power of customer satisfaction especially their needs and requirements could wreck the power of customer retention and loyalty. Therefore, hotel managements' biggest challenge lies not just behind attracting customers but also on recognizing customer satisfaction individually. Customers have different expectations and they are different in the way they perceive things. No two customers perceive the same service in the same way and nor do they have the same needs. Thus, there is no one best way of improving service quality in the hotel industry. It all depends on the country where the hotel is located and the culture of the people. Because culture influences the way people perceive things, it is best to study the culture of the people prior to commencing a hotel business and render the service exactly in the way they find it fit and satisfying.

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Evaluating the Factors Influencing Outbound Shopping Tourism among Maldivians

Suha Mahmoodh

Asia Pacific University of Technology and Innovation, Malaysia
suhamahmoodh@gmail.com

Rohizan Binti Ahmad

Asia Pacific University of Technology and Innovation, Malaysia
rohizan@apu.edu.my

Abstract

Shopping tourism is one of the emerging trends in the global market. More researchers are investigating the effects of shopping tourism and the behaviour of these tourists. As similar behaviour is observed among Maldivian consumers, this study intends to identify and evaluate the factors influencing outbound shopping tourism among Maldivian consumers. Thereby, three potential variables namely product availability, shopping experience and destination attributes were studied. Past works of literature and primary research were used to investigate the relationship of the variables. For the primary research, a web-based questionnaire and an interview was carefully designed and distributed to Maldivians residing in the capital who engage in outbound shopping tourism. The results of the data gathered were thoroughly analysed and are comprehensively discussed on the relevancy of the findings and past research. The results of this study should assist the related ministries and governments to develop the retail industry of Maldives and retain its consumers to reduce any adverse effects from outbound shopping tourism on the economy.

Keywords: *Shopping Tourism, Outbound Shopping Tourism, Product Availability, Shopping Experience, Destination Attributes, Maldives.*

1. Introduction

Advancements in technology have made consumers more knowledgeable about the products and services consumed worldwide, resulting in more consumers travelling to the geographical locations where it is available. Literature indicated that the role of shopping has converted into a determinant factor affecting destination choice and the prime motive for travel (UNWTO, 2014; Olukoya, 2011). Consumers worldwide are spending huge amounts of money in international tourism, for instance, Chinese tourists had spent approximately USD \$102 billion in 2012 (UNWTO, 2014). Similarly, Maldivians had spent USD \$209 million in 2011 (MMA, 2014). Given the small population of Maldives, massive outflow of currency could worsen the economy. As per Maldives Monetary Authority (MMA), “outflow of foreign currency in large amounts will further worsen the pressure in the foreign exchange rate market” (MMA, 2014). The reason for the trend in Maldives could be due to the few small-scale retailers in the

country unable to fulfil the demands of its advanced and knowledgeable consumers. According to Asian Development Bank (ADB), the 3500 active retail businesses registered in the country fall into the category of micro, small or medium-sized businesses (ADB, 2014).

This study therefore aims to 1) profile the respondent's characteristics among the Maldivian consumers who engage in outbound shopping tourism; 2) investigate the relationship of product availability and outbound shopping tourism; 3) access the extent to which shopping experience influence Maldivian consumers towards outbound shopping tourism, and 4) examine the role of destination attributes in influencing Maldivian consumers towards outbound shopping tourism.

2. Literature review

2.1 Outbound shopping tourism

The UNWTO defines an outbound market as residents travelling to another country from the point of view of the country of origin (Chaudhary, 2010). When tourists visit a country with the prime motive of shopping it could said as outbound shopping tourism. Referring to Timothy, shopping is regarded as one of the most common activities carried out by tourists as it provides motivation for travel (Timothy 2005 as cited by Olukoya, 2011). Likewise, Mirones (2014) highlighted that "shopping tourism is transitioning from being a complementary factor in establishing itself as a major determinant in the tourists' decisions about their preferred destinations". Additionally, the UNWTO's Global Report on Shopping Tourism disclosed the average visitor expenditure on shopping for the year 2012; China (USD \$1060), Korea (USD \$737), and Taiwan (USD \$649) (UNWTO, 2014). Furthermore, a large component of the expenditure of tourists to Australia, Hong Kong, and Thailand comprises of shopping expenses as well (Lehto, Cai, O'Leary and Huan, 2010). This rise in trend could be due to various reasons. Literature suggest substantial difference in price levels, circumstances of shopping and availability of higher quality or branded products that are unavailable at home country, drive consumers towards outbound shopping tourism (Michalko, 2004 as cited by Tomori, 2010; Raluca and Gina, 2008). Since similar behaviour is observed from Maldivians, this study concentrates on analysing key factors affecting Maldivian consumers to shop abroad; product availability, shopping experience and destination attributes.

2.2 Product availability

A product could be defined as anything that can be offered to a market for acquisition, use or consumption that might satisfy a need or want (Kotler, 2012). Referring to the above literature, shortage of products in the home country could be one of the factors that drive consumers to engage in shopping tourism. Plus, consumers may perceive that the products available across the border are better than what is obtainable in the home country, leading to further motivation to travel abroad. According to Tomori, many Hungarians shopped in neighbouring countries due to the price advantages, a wider range of products and favourable exchange rates (Tomori, 2010). Additionally, consumers could be motivated to travel to gain an advantage of branded or higher quality products that may not be available in the home country. Xu and McGehee, highlighted that respondents were motivated by low prices for well-branded in the United States (Xu and McGehee, 2012). In the Maldivian market, there are only few shops that sell genuine

branded clothing and footwear; Reefside, Le Cute and Sonee Sports (sevenholidays.com, 2015). These could be motivating factors for Maldivian shoppers to involve in outbound shopping tourism.

2.3 Shopping experience

As pointed by Chen, “shopping experience is a combination of tourists’ behaviours, perceptions, expectations and attitudes towards their shopping decisions” (Chen, 2013). In order to enhance the shopping experience for customers, marketers must understand the various kinds of shopping behaviour and customize the experience for each segment to maximise their satisfaction thus retaining them for a longer period. Filipovic, Jovanovic and Kostic (2012) suggests that shopping malls must adjust its marketing mix to as per the various customer groups. Additionally, marketers could improvise other factors such as the store environment, payment options, promotional efforts, etc. Firstly, the store environment including the size of the store, merchandise arrangements, entertainment facilities and the ambience of the store would encourage consumers to engage in shopping. As per Peter Walker, more than 70 employees who can speak Mandarin were hired at Harrods not only to communicate with the customers but to make them feel at home (Walker, 2011). Secondly, the shopping experiences of consumers are enhanced by the provision of flexible and numerous payment options. By the introduction of multiple payment methods such as the debit and credit cards, tourist shoppers could easily carry shopping activities without the worry of cash at hand and exchange rates. Chunyan and Haizhou (2011) highlights that the primary factor for the growth in sales from tourist shoppers of Harrods is due to the introduction of 75 UnionPay terminals. Finally, the promotional endeavours by marketers such as mega sales with discounted prices, buy one free one, rebates, etc. attract the tourist shoppers to visit the destination. A few countries also engage in major activities organised on particular days as practiced by Dubai (Dubai Shopping Festival), USA (Black Friday). These signal the impact of shopping experience in driving tourist shoppers to the stores.

2.4 Destination Attributes

Literature indicate that consumers are likely to assess the destination based on multiple attributes similar to the evaluation of product attributes, thereby more destinations are realising the importance of improving the destination attributes and have implemented tax programmes and developed other tourist attractions (Sparks and Pan, 2008; Moscarado, 2004). Kim and Agrusa identified the five main destination attributes consumers seek namely safety, beautiful scenery, well-equipped tourism facilities, various cultural resources, and good weather (Kim and Agrusa, 2005). Likewise, Sparks and Pan identified that language, distance, cost, and government control could also be factors considered by consumers before making a travel decision (Sparks and Pan, 2008). Similar to this Crawford, Jackson and Godbey identified time, financial resources, climate and family life cycle stage as structural barriers that may affect the travel decision (Crawford, Jackson, Godbey, 1991 as cited by Sparks and Pan, 2008). Though most literature suggests the importance of other destination attributes, some of the literature highlights that consumers look only for the shopping options. According to Lorrie King, consumers are looking more for shopping options when selecting their next destination (King, 2014).

Despite the different views in literature, it could be understood that most of the destination attributes have an impact on the destination choice for shopping.

The following hypotheses are developed to study the relationship of outbound shopping tourism with product availability, shopping experience and destination attributes.

Table 1. Hypotheses for the study

Ho	Statements	Types of analysis
H1	There is a significant correlation between product availability and outbound shopping tourism among Maldivians	Pearson Moment Correlation Test
H2	There is a significant correlation between shopping experience and outbound shopping tourism among Maldivians	Pearson Moment Correlation Test
H3	There is a significant correlation between destination attributes and outbound shopping tourism among Maldivians	Pearson Moment Correlation Test

2.5 Models

The first model referred in this research is the consumer decision making process described by Barry Berman and Joel R Evans (2007). This model is drawn up to describe the stages a consumer goes through when deciding to purchase an item or service. The process consists of two main categories; the process itself and the factors affecting the process (Berman and Evans, 2007). The first category explains six steps that consumers undergoes while deciding. They are Stimulus, Problem Awareness, Information Search, Evaluation of Alternatives, Purchase and Post-purchase behaviour. The second category explains the factors affecting the process which may bring significant changes to the consumer's decision. The variables discussed in this category are demographics and lifestyle.

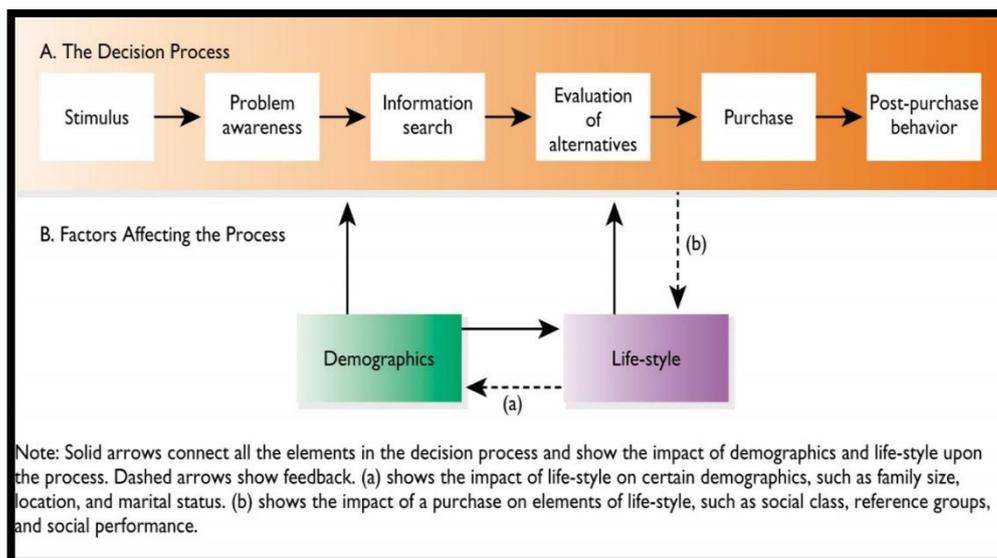


Figure 1. Consumer Decision making process

Source: Berman and Evans (2007)

2.6 Elements of Leisure and tourist shopping

The second model referred in this study is the elements of leisure and tourist shopping by Dallen J Timothy (2005). This model is based on several works of literature relating to shopping, retail, leisure and tourism. The model comprises of variables that work side by side to make shopping experiences as leisure endeavours and an activity pursued by millions of tourists (Timothy, 2005). These elements assist in making shopping more of a leisure activity tourists involve in. Half of the variables in this model are studied in this research to identify its effect on encouraging Maldivian consumers to engage in outbound shopping tourism.

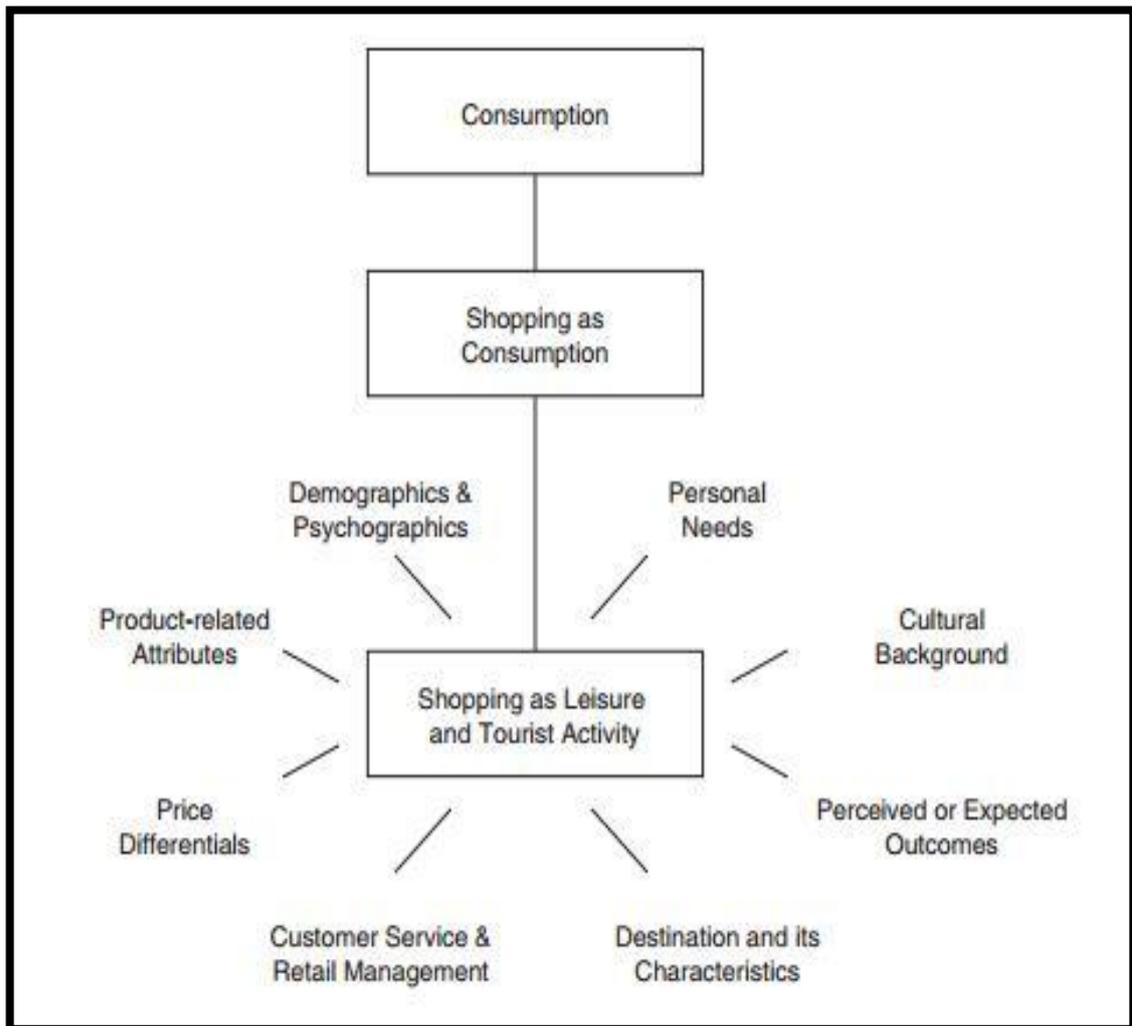


Figure 2. Elements of Leisure and Shopping Tourism

Source: Timothy (2005)

2.7 Theoretical Framework

The theoretical framework for the study is as depicted below.

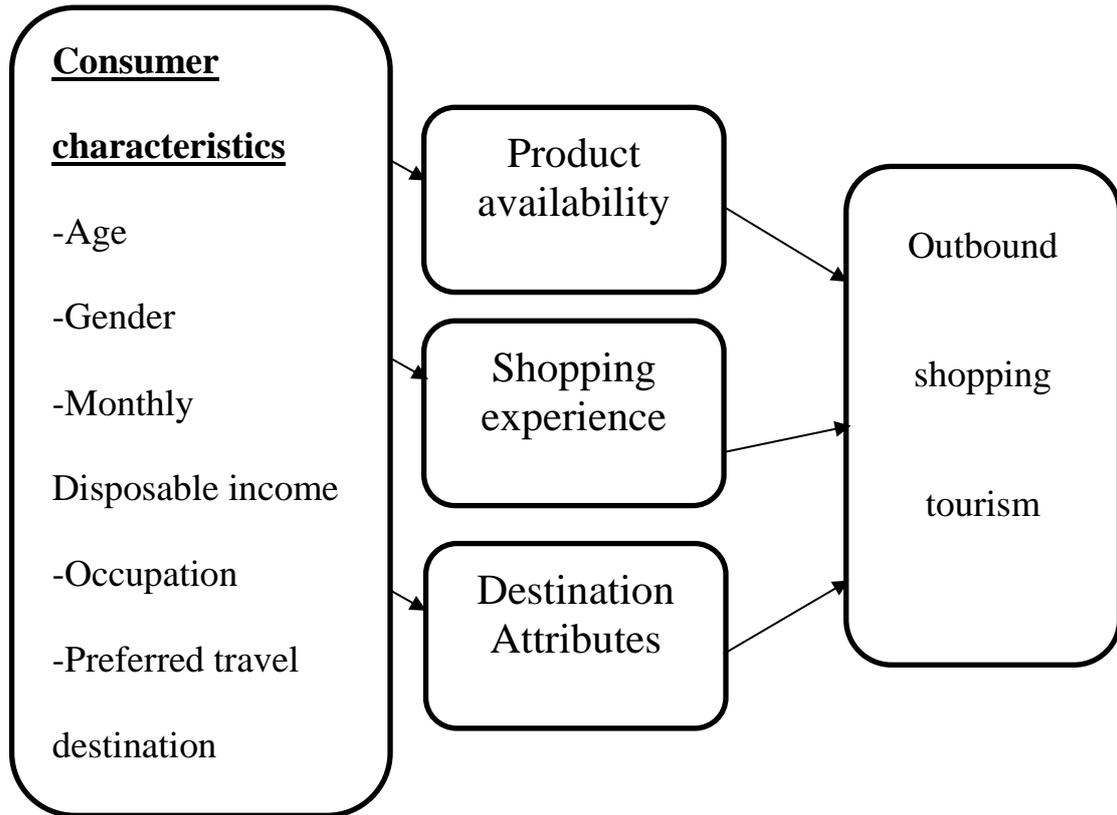


Figure 3. Theoretical Framework

Source: Authors own work

3. Methodology

3.1 Research design and sampling

This study has employed the mixed method approach. The core method utilised is quantitative method followed by qualitative method to gain further insight of the subject. Moreover, this study exercised convenience sampling methodology. The sample in this study refers to Maldivians residing in the capital city, Male. The sample size was determined through Raosoft which suggested a minimum of 68 sample size of the survey with 10% margin of error and 90% confidence level.

3.2 Instrumentation

Two research instruments are constructed as per the type of analysis. An interview is drawn up with six open-ended questions for the qualitative analysis. This interview is conducted on consumers who frequently engage in outbound shopping tourism. Next, a web-based questionnaire is designed using Google Forms consisting of two sections; Section A (focusing on the demographics of the consumers) with eight close-ended multiple choice questions and Section B (focusing on the independent variables) with 3 main questions with a five-point Likert scale. Lastly, an overall question

is posed to identify consumers' perception regarding the understanding of Maldivian retailers about their needs and wants. This is presented in Table 2 and 3.

Table 2. Questionnaire design Section A

Question Number	Rationale	Source
1	To identify the age group of consumers engaging in outbound shopping tourism	Olukoya, 2011
2	To identify the gender of consumers engaging in outbound shopping tourism	Lehto, Cai, O'Leary and Huan, 2004
3	To identify the life stages of consumers engaging in outbound shopping tourism	Sparks and Pan, 2008
4	To categorize the occupation of the consumers engaging in outbound shopping tourism	Khaleel, 2012
5	To categorize the income groups of consumers engaging in outbound shopping tourism	Khaleel, 2012
6	To identify the travel patterns of consumers engaging in outbound shopping tourism	Ipsos, 2014
7	To recognize which countries consumers prefer to travel for their shopping needs	MMA, 2011
8	To identify the consumers preference for travel companions among the consumers	Moscarado, 2004

Table 3. Questionnaire design Section B

Question Number	Rationale	Source
9	To identify the influence of product availability on outbound shopping tourism	Chen, 2013
10	To identify the influence of shopping experience on outbound shopping tourism	Olukoya, 2011
11	To identify the influence of destination attributes on outbound shopping tourism	Sparks and Pan, 2008
12	To identify the perception of consumers regarding the understanding of Maldivian retailers towards their needs and preferences	Khaleel, 2012

4. Results

A total of 125 questionnaires were collected based on the sample. These data were then keyed into SPSS to run the statistical analysis and hypothesis testing. The results of Cronbach's Alpha value for the 18 variables is 0.861 which is higher than

the standard value of 0.7, suggesting a good internal consistency. Moreover, D’Agostino’s test for Skewness and Anscombe-Glynn test for Kurtosis showed negative skew for all variables signalling the asymmetry of data; and positive kurtosis denoting a peaked distribution. This is shown in table below.

Table 4. Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Product availability	125	-2.219	.217	9.057	.430
Shopping Experience	125	-.604	.217	.285	.430
Destination Attributes	125	-.823	.217	1.969	.430
Valid N (listwise)	125				

Moreover, hypothesis testing was conducted to examine the relationship between variables that are proposed in this study. The bivariate correlations were significant at 0.05 level and all hypotheses were accepted with the “*r*” values as presented in Table 5.

Table 5. Summary of Hypotheses

Hypothesis	Statements	Findings	Result
H1:1	There is a significant correlation between product availability and outbound shopping tourism among Maldivians	$r=2.30$ $p \leq 0.05$	Accepted
H1:2	There is a significant correlation between shopping experience and outbound shopping tourism among Maldivians	$r=1.95$ $p \leq 0.05$	Accepted
H1:3	There is a significant correlation between destination attributes and outbound shopping tourism among Maldivians	$r=1.80$ $p \leq 0.05$	Accepted

5. Discussion

5.1 Profile of the respondents

The demographics of the respondents were examined to create a profile of the characteristics of a typical Maldivian consumer who engage in outbound shopping tourism. Firstly, it is identified that majority (82.4%) of the Maldivian consumers who shop abroad are youths aged between 18-35. Plus, the primary data suggests that more female consumers have travelled abroad with the intention of shopping and that most consumers travel at least annually for their shopping needs. A bigger fraction of the respondents also travels numerous times a year. The popular destination choices are Sri Lanka, Malaysia and India. Secondly, majority of consumers who travel for shopping are in the stages of either young singles or family with children and prefer to travel with families or friends and family. Moreover, these consumers earn between MVR5000 to MVR10000, which is a considerably lower income group. Lau, highlighted that Chinese

travellers save up for many months before travelling abroad (Lau, 2004 as cited by Xu and McGehee, 2012). In conclusion, a typical Maldivian consumer engaging in outbound shopping tourism is female youth at the life stage of either young singles or married with children, employed with an income range of MVR5000 - MVR10000, travelling once annually with family or both friends and family to Sri Lanka, Malaysia or India.

5.2 Product availability

Approximately 69% of the respondents who travelled in various patterns strongly believed that there was more variety of products, 39.2% of the respondents agreed on higher quality products and 66.4% of the respondents strongly agree that more branded products are available abroad compared to Maldives. The qualitative data added on the empirical findings highlighting on the limited number of products available in Maldives and willingness to purchase even at higher price due to better quality products. Although, the findings suggest that 59.2% of the consumers strongly believed that the prices of products they purchase are lower in stores abroad compared to Maldives. These are in agreement with Tomori (2010) indicating that many Hungarians shopped abroad due to price advantages, a wider range of products and favourable exchange rates and Xu and McGehee (2012) suggesting that high quality products, hospitable services and reasonable prices were the main reason Chinese consumers were attracted to travel. Amongst these respondents the majority constitute of young females signalling that female customers have trouble to find products that they desire. Furthermore, it was also observed that consumers who were frequently travelling within a year to have stronger belief towards the unavailability of products and higher quality. Moreover, respondents who have travelled to countries not specified in the research are more prominent in their decision that there are more branded products available abroad compared to Maldives. This could be due to their perception of more branded products being available at distant countries.

5.3 Shopping experience

The findings show that 53.6% and 67.2% of the consumers strongly believe that the store environment of shops and customer services provided abroad are better. More male consumers have agreed on the matter than female. According to Chen, male consumers consider friendly staff, cleanliness and neatness of store interior to be the most crucial store attributes (Chen, 2013). These opinions have been formulated regardless of the destination choice. Moreover, many of the interviewees also highlighted on the better organization of stores, the eye-catching arrangement of products and the pleasing environment. In contrast to the Chinese tourist shopping behaviour described by Chunyan and Haizhou (2011), it is observed that approximately half of the Maldivian consumers are motivated by the flexible payment methods whilst the other half are either neutral or not motivated. This could be due to the difference in the adoption rate of the various payment methods. Moreover, as consumers who travel several times annually have strongly agreed on the matter, it could be deduced that flexible payment methods have pushed them to engage in shopping tourism more frequently. Moreover, the results of the primary data indicated that 27.2% agreed, 24% disagreed and 23.3% of customers strongly agreed that they prefer to travel due to promotional activities, indicating towards various customer segments in the market. Moye and Kincade state that in clothes-buying-

behaviour alone there are four types of female shoppers (Moye and Kincade, 2003 as cited by Chen, 2013).

5.4 Destination attributes

Majority (81.6%) of the consumers suggested that safety is a very crucial factor in deciding the destination. Amongst this were older consumers at life stage of Family with Children, Mature singles and Empty nester. The difference in view could have arisen due to the generation gap and the lifecycle stage. Crawford, Jackson and Godbey identified that time, financial resources, climate, and family life cycle could affect the decision process (Crawford, Jackson and Godbey, 1991 as cited by Sparks and Pan, 2008). Concerning on the importance of natural beauty and favourable climatic conditions when selecting a shopping destination, Kim and Agrusa (2005) suggest that Chinese consumers seek safety, beautiful scenery, well equipped tourism facilities and good weather. Likewise, Maldivian consumers also have noted these factors are important as well. Moreover, the life stage of the consumers has affected on the choice as consumers in all life stages except for young singles have agreed on the factor. This could be due the difference of attitude and preferences of young singles. According the data gathered it was observed that there was no particular preference for the interaction with locals based on age or gender and half of the respondents believed that accommodation and entertainment facilities being available are very crucial. However, as the frequency of travel increases, the significance these factors diminishes. This is unlike the research by Sparks and Pan, where language, cost and distance were important factors to be considered (Sparks and Pan, 2008).

6. Recommendations and Conclusion

Some recommendations are made in this paper. Firstly, retailers should do proper market research to recognise these wants, trends and preferences of the customers segments especially focusing on the youth as more percentage of the youth population have frequently engaged in outbound shopping tourism. Secondly, few of the interviewees suggested retailers to offer up to date products that are demanded by customers with a wide variety of options and sizes to choose from. This leads to the instructions by Filipovic, Jovanic and Kostic that “shopping centres must adjust its marketing mix to according to the various customer groups” (Filipovic, Jovanic, Kostic, 2012). Thereby, retailers could implement innovative promotional techniques along with proper product portfolios, set reasonable attractive prices and design a pleasant store environment. Thirdly, retailers should discontinue old methods for example, shifting from transactional marketing to relationship marketing which have proven to be more effective in satisfying customer needs. Moreover, as proposed by a percentage of the interviewees, one shopping mall could be constructed in the capital, etc. Furthermore, the government could assist the retailers in retaining consumers to the local market by providing subsidies or loan schemes that would help the retail businesses to implement the overdue changes. Besides that, the government could allow foreign business to set up in Male’ to improve the competition levels in the market. This action assist to retain a fraction of consumers from travelling abroad. Finally, the researcher advises Maldivian consumers to understand the restrictions and the limitations faced by local retailers.

The findings of the research confirm that the three variables studied in this research namely product availability, shopping experience and destination attributes have a significant influence on outbound shopping tourism behaviour. These factors were proven to have motivated various consumers though some factors contributed less to selected consumers. Thus, the research is concluded by suggesting retailers and government to implement clever strategies which would assist in fulfilling the demands of customers, leading to decreasing of potential adverse effects if shopping tourism on the economy.

7. Limitations and future research considerations

This study only covered the three factors influencing Maldivian consumers to engage in outbound shopping tourism and was limited to Maldivians living in the capital who engage in outbound shopping tourism. Moreover, as only 125 questionnaires were gathered, the results of the study may not accurately represent the view of all the consumers who travel abroad for their shopping needs. Furthermore, the research instrument was reduced to 22 questions, considering the time constraint to complete the study. Additional relevant information might have been gathered if the instruments were lengthier. Therefore, taking this research as a platform, future researchers could focus on conducting a similar research on a national level, if cost and time is not a constraint, to further understand Maldivian consumers' behaviour towards outbound shopping tourism. The results of the research would vary as other cities are brought into the picture. Finally, future research could explore other motivating factors that influence outbound shopping tourism or examine the impact of emerging outbound shopping tourism on the Maldivian economy.

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An Explanatory Study on Customer Loyalty, Brand Consciousness, Trusting Beliefs towards Online Purchasing Behaviour among Malaysian Undergraduates

Wong Phui Mun

Asia Pacific University of Technology and Innovation, Malaysia
phuimun21@live.com

Kantharow Apparavu

Asia Pacific University of Technology and Innovation, Malaysia
kantharow@apu.edu.my

Abstract

The purpose of this study is to explore the online purchasing behaviour among undergraduates and its relationship with customer loyalty, brand consciousness and trusting beliefs. By conducting the convenience sampling method, data is collected through questionnaires. The findings show that there is a significant relationship of all the three variables with online purchasing behaviour. Therefore, this has proven that the online purchasing behaviour of the Malaysian Undergraduates was influenced by the loyalty, brand consciousness as well as the trusting beliefs.

Keywords: *online purchasing behaviour, customer loyalty, brand consciousness, trusting beliefs, Malaysian Undergraduates.*

1. Introduction

The Generation Y which refers to young adult's consumers plays an important role in the future market as they will be the main influence on the expenditure of product and services including apparel and footwear therefore, it is critically important to understand the purchasing trends in such a vast and growing market (Jin et al., 2006). In this millennial generation, shopper wants customer experience that meets their demand, respect, emotional relation, fair prices and convenience. With this extensive application of information technology, information is easily obtained and influences the purchasing decisions (Wang, Chen and Chu, 2009). Hence, how could the online businesses retain the customer's loyalty even with a high competition happening in the market? On the other hand, consumers tend to deliver positive brand image perceptions towards the international brand of merchandise (Tee et al., 2013). Thus, how to plant in positive perception of a certain brand to attract customers that is brand conscious?

Many evidences suggested that consumers often hesitatingly exchange their personal information with online vendors due to their uncertainty of the partner's behaviour or their awareness of stolen information risk (Lan et al., 2014). Hence, how does an online business gain customer's trust in the trade through an online platform even if it's with overseas online dealer?

2. Literature Review

2.1 Customer Loyalty

Wang et al. (2009) highlighted that customer loyalty infers the act by customers that will resist discounts provided by its competitors, and regularly purchase the company's products and services, at the same time recommending to their friends and peers. For further illustration, more than 70% of 3,000 online shoppers prefer shopping in their favourite online retailer (Morris, 2013). Sondoh Jr. et al. (2007) define customer loyalty as a repeat purchase of the certain brand of products and services from the same provider. Loyal customers tend to have a higher level of recommendation and repurchase intention as they have a greater resistance to counter persuasion and negative word of mouth. Not only that, loyal consumers might be less price sensitive, and is not attracted to competitors' promotions (Ou et al., 2011). Customer loyalty programme is a useful to increase loyalty by providing incentives to consumers through added benefits. A successful customer loyalty programme further strengthens the relationship between existing customers, lengthening customer life cycle, and increasing its share of customer expenditure (Ou et al., 2011).

2.2 Brand Conscious

In terms of apparels, brands that have a high level of fashion could affect lifestyles positively as it relates to consumer preference in terms of choosing a fashion product. This will then results in consumers' loyalties among fashion conscious consumers. With regard to this, the latest level of fashion lifestyles that incorporated in fashion design is important as consumers will repurchase the products of the specify brand if that brand meet their expectations and requirement (Tee et al., 2013). Consumers that are fashion conscious have high possibility to buy expensive international brand products. With a further illustration, due to the good quality and brand image, consumer preferred well-known brand products because of their perception in trust and low risk of international products (Tee et al., 2013). What's more, consumers with higher face perception are more willing to choose brands with high popularity (Shi et al., 2012). This gives them the confidence by consuming those products with trustable and popular brands. In fact consumers perceive brand status as an important tool to gain recognition (Miller, 2007).

Thus, a status-seeking consumer may feel contented in respect to the brand's status, possibly because of the recognition received by being associated with the brand's status. A high status brand may have a high price, higher standards of excellence, superior quality, snob appeal, luxurious features, and exclusivity compared to the other brands (Miller, 2007). All these factors like status and fashion style could influence individuals to be more brands conscious.

2.3 Trusting Beliefs

Consumers' trust in online shopping can be interpreted as trust in e-commerce or trust in online vendor. Trusts can be seen as the reliability and trustworthiness of the e-vendors supplying products or services. Similarly, online trust is crucial for the growth of e-commerce. This highlights the significance of online trust as where it is one of the key obstacles for vendors succeeding in the Internet era. Choon Ling et al., (2011) argue that

when a person trusts another person, the person is confident and willing to have faith in the other partner that is involved in the exchange process.

However, on the other side, a lack of trust is likely to discourage online consumers from participating in e-commerce (Broutsou and Fitsilis, 2012). The lack of e-trust (online trust) is likely to discourage any purchase over the internet. This is because in an online transaction, there is no physical interaction between the buyer and the seller, and the payment method is usually paid by credit or debit card, thereby increases the probability that the consumer's financial data may be exposed and used incorrectly. Thus, the online transaction can create a sense of powerlessness among online shoppers (Choon Ling et al., 2011). It has been demonstrated that online customers' purchase intention is positively affected by trusting beliefs.

Broutsou and Fitsilis (2012) stated that online initial trust positively affect consumer's purchase intention. For this reason, lacking of trust of the products or services from the online vendors resulted in why consumers engage less in e-commerce. Consequently, previous studies show that if there is a higher degree of trust towards the online vendor's then customer's loyalty will increase. With this in mind, consumers tend to make judgments about an online store based on the degree of trust where it will then positively influence consumer's behaviour (Choon Ling et al., 2011).

2.4 Online Purchasing Behaviour

In his study, Stevens (2016) found that 51% of the study's respondent purchase online compared to 48% in the year 2015. According to the survey by UPS and analytics firm Score Inc., shoppers make at least two online purchases in a three-month period. Online purchasing behaviour refers to the consumers' acceptance of the net as a shopping channel as well as the consumer's attitudes toward a specific internet store. Furthermore, other research shows that the current e-commerce purchasers are younger (generation Y), more educated and have higher income. According to Osman et al. (2010), older males group has the highest online purchase behaviour despite, regardless of the positive attitudes that the Youngers has towards internet shopping.

According to Kemp (2016), there are about internet users 3.419 billion with a 46% of global penetration which is about 3.42 billion. By comparing to 2015, there is a growth of the internet users by 10% which is 332 million. With the easy access to an abundance of current and detailed information on products and services, facilitates comparison shopping, and could also aid in product selection and enables consumers to make more informed decisions. In fact, there are also no driving or parking costs associated with shopping online. Almost all products will be delivered to the consumers, either instantaneously via electronic medium or by the wide distribution network of the Internet vendors (Mohd Suki, 2006).

Shoppers are more attracted to well-designed online shopping sites that are easy-to-navigate and visually appealing. Thus, the website design does influence shoppers' purchase intention. Mohd Suki and Mohd Suki (2013) emphasise on the importance to assess the consumer confidence while shopping with an online retailer. This is because when the product familiarity is increased, it can improve the consumers' cognitive structures and task performance as well as their ability to remember the product information.

3. Research Methodology

3.1 Research Design and Sample

This is a quantitative study. In terms of objectives, this is an exploratory study. Looking into the sampling methodology, the population in this study is 11,000 Undergraduates. Since, the total student's population in one of the private university in year 2016 was approximately 11,000 students which are considered as a large sample group, the results from Raosoft Sample Size Calculator suggested that 96 is the minimum sample size of the survey. (Margin of error = 10%; confident level = 95%).

A convenience sampling method was conducted among 100 Malaysian undergraduates which is more than the required sample which is 96. This sampling method was chosen due to the unavailability of the list students visiting the library. Besides, researchers can meet different students from different faculty within the campus compound. This is to avoid bias for surveying all the respondents from particular faculty.

3.2 Instrumentation

For customer loyalty, the instrument was adopted by Wang et al. (2009) scale to look at the customer loyalty among the Malaysian undergraduates, using five-point Likert scale. There are twenty seven questions modified, measuring the customer loyalty as each item has been evaluated as "Very Disagree" to "Very Agree". As for brand consciousness, the instrument was adopted by Lu (2011) scale to look at the brand consciousness among the Malaysian undergraduates, using seven dimension of the scale. There are 15 item modified and measure the brand consciousness where each item has been evaluated from "Strongly Agree" to "Strongly Disagree". The highest score possible was seven and the lowest was one.

For trusting beliefs, the instrument was adopted Lan et al., (2014) by scale to look at the trusting beliefs among the Malaysian undergraduates, using five-point Likert scale. There are 16 items modified, measuring the trusting beliefs. Each item has been evaluated as "Strongly Disagree" to "Strongly Agree". The highest score possible was five and the lowest was one. As for online purchasing behaviour, the instrument was adopted by Osman et al. (2010) scale to look at the online purchasing behaviour of the the Malaysian undergraduates, using five-point Likert scale. There are 53 items modified, measuring the online purchasing behaviour. Each item has been evaluated as "Strongly Disagree" to "Strongly Agree". The highest score possible was five and the lowest was one.

3.3 Data Analysis and Interpretation

The total 100 respondent details are keyed into SPSS, and then analysed on a group basis. By analysing the frequencies of these variables, it helps to better construe the relevancy and validity of the sample group within this research. In this research paper, the statistic will include both of the descriptive and inferential statistics. This study employed the Pearson Moment Correlation test to examine the relationship between the variables. The correlation values range from +1 to -1 whereas a value of 0 proves that there is no relationship between the two variables. When the value is greater than 0, then there will be a positive relationship whereby when the value lesser than 0, there will be a negative relationship (Statistics.laerd.com, 2016). The next test is the called the multiple regression test where it is conducted to determine the relationship between one independent variable

and the dependent variable (Campbell and Campbell, 2008). Therefore, in this study, the relationship of customer loyalty, brand consciousness and trusting beliefs towards online purchasing behaviour is to be assessed.

4. Presentation of Data, Findings and Analysis

4.1 Respondent's Profile

In the first section of the questionnaire, basic demographic questions were asked. In this research, the result collected was 100% from questionnaires. Therefore, the breakdown the respondent's characteristic is as below:

Variables	Frequency	Percentage %
Gender		
Male	53	53.0
Female	47	47.0
Age		
17-20	39	39.0
21-24	50	50.0
25-27	8	8.0
28-31	1	1.0
Above 32	2	2.0
Education Level		
Foundation	5	5.0
Diploma	19	19.0
Degree Level 1	9	9.0
Degree Level 2	25	25.0
Degree Level 3	41	41.0
Others: Masters	1	1.0
Online Purchasing		
Never	17	17.0
Daily	1	1.0
Weekly	5	5.0
Monthly	51	51.0
Yearly	26	26.0

Table 1. Respondents' Characteristic

Based on table 1, from a total of 100 respondents, male dominates the gender group with a total of 53% while females come next with a total of 47%. Coming to the age group, majority of the respondents were 21-24 which is half the respondents (50%) whereas the age group 17-20 comes in second with a total of 39% and the age 25-27 comes in third with 8%, following by the age group of 32 and above with 2% and lastly, the 28-31 age group holding the last 1%. Moving on to the education level of the respondents, 41% are currently in Degree Year 3 whereas Degree Level 2 comes in second with 25%, following with Diploma (19%) then Degree Level 1 (9%), Foundation (5%) and lastly, Masters holding the last 1%. Additionally, more than half of the respondents (51%) undertake online purchasing monthly. In regards to this, Yoldas (2012) says that the previous report states that in 2016, 192 million people will prefer to shop

online rather than in stores. Coming in second is those respondents' purchases online yearly (26%), following by the respondents that never purchase online (17%) and then weekly online purchasing (5%) and lastly, the remaining 1% in on daily online purchasing.

4.2 Descriptive Analysis

Based on the results acquired from the customer loyalty questionnaire, majority of the respondents (56%) agree to recommend the online website that they frequently visit to their peers or friends whereby online businesses need to be constantly updated on the latest trends in providing their products and services as 56% of the respondents strongly agrees to this statement. The results derived from the distribution of the summation of customer loyalty shows the means of customer loyalty towards online purchasing behaviour of 3.84.

Based on the results acquired from the brand consciousness questionnaire, half of the respondent (50%) strongly agrees that they prefer brands that they are comfortable with. Furthermore, 46% of the respondents agree that brand would give a good impression on other people. The results of the brand consciousness distribution overall means is 3.86.

Based on the results derived from the trusting beliefs questionnaire, 66% of the respondents were neutral in terms of trusting the online vendors. With this, 37% of the respondents agree that online vendors need to have the technology know-how in terms of online transactions for security. The distributed trusting beliefs summation results shows that the mean score is 2.69. Based on the results acquired from the online purchasing behaviour questionnaire, 45% of the respondent agrees that online shopping saves time. The results from the distributed summation of the online purchasing behaviour show that the mean is 2.91.

4.3 Multiple Regression Test

To further study the online purchasing behaviour and multiple variables, linear regression was used.

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.04	0.50		2.08	0.04
Customer Loyalty	0.15	0.12	0.14	1.30	0.20
Brand Conscious	0.07	0.10	0.08	0.74	0.46
Trusting Beliefs	0.37	0.13	0.28	2.85	0.01

R square = 0.141, df = 3; F = 5.268, p = 0.002

Table 2. Summary of Multiple Regression Analysis Output

The F statistic for overall goodness of fit of model is 9.41, which is significant at $\alpha = 0.05$. After excluding the non-significant variables, the final regression model produced by enter method for online purchasing behaviour is:

$$\text{Online Purchasing Behaviour} = 1.04 + \text{Trusting Beliefs} (0.37).$$

This model explains 14.1% of variance in online purchasing behaviour. This indicates that 14.1% of the dependent variable (online purchasing behaviour) was explained by the linear combination of only one variable. Based on the table above, the highest beta is trusting beliefs (0.28) follow by customer loyalty (0.14) and then brand consciousness (0.08).

5. Research Findings

5.1 Customer Loyalty

In regards to customer loyalty problem statement, *“how could the online businesses retain the customer’s loyalty even with a high competition happening in the market?”* The customer loyalty descriptive analysis shows that majority of the respondent strongly agrees that online business has to constantly be updated on the latest trends in terms of the type of products and services that the business is providing. Furthermore, the result also shows that when an online business continuously gives a satisfied experience, the respondents are more likely to repurchase from the particular website again. As a result to this, previous studies from Bagram and Khan (2012) have proven right where customer loyalty comes from product characteristic or emotional factors of the consumers.

Therefore, with this the respondents agree to recommend the website that they visit frequently to their friends or peers. This has once more proven the previous studies of Ou et al. (2011) relevant as loyal customers tend to have a higher level of recommendation. Apart from that, the Pearson-Moment Correlation results also show that customer loyalty has a positive relationship with online purchasing behaviour. In regards to this, based on the results collected, 87% of the Malaysian undergraduates will be loyal when they received a satisfied experience.

5.2 Brand Consciousness

The next research question on brand consciousness, *“how to plant in positive perception of a certain brand to attract customers that are brand conscious?”* In this case, based on the results derived from the brand consciousness analysis, most of the respondent prefers a brand which has consistent quality and also brands that gives good impression to other people. With this, it has reaffirmed with the previous studies from Tee et al (2013) stating that branded products have better quality and brand image resulting a higher recognition.

Besides that, online businesses could plant in positive perception of their brand through the word-of-mouth of the consumer as the results shows that majority of the respondents agrees that word-of-mouth from their family, friends and peers influences in brand purchasing. Not to mention that, from the Pearson-Moment Correlation test, it was proved that the brand consciousness has a positive relationship with the online purchasing behaviour. Thus, based on the results collected in the previous chapter, 92% of the Malaysian undergraduates prefer brands which will make them feel comfortable.

5.3 Trusting Beliefs

The third research question is regarding on the trusting beliefs of “*how does online businesses gain customer’s trust in the trade through an online platform even if it’s with overseas online dealer?*” Based on the results, it shows that online businesses should keep their promises and commitments in terms of selling and delivering the product to the customers. Besides that, most of the respondents also believe that online businesses should have the technology know-how in terms of the security of the online transactions. In line with the previous studies from Hassanein and Head (2004), with the decreased of perceived risks of online transactions, consumer’s trust are likely to increase. Nevertheless, trusting beliefs were proved to have the strongest positive relationship with the online purchasing behaviour in the Pearson-Moment Correlation test as well as the most significant variable in the Multiple Regression test. For further illustration, 66% of the Malaysian undergraduates perceive that online business should have the technology knowledge to enhance the security of online transactions. With this, customer trust towards the website will increase.

5.4 Online Purchasing Behaviour

As for the last question regarding on the online purchasing behaviour, “*how will be the level of the Malaysian undergraduates’ online purchasing behaviour?*” Overall, the level of online purchasing behaviour for the Malaysian undergraduates is moderate according to the mean score of 2.91. This is because some of the respondents still prefer traditional shopping. However, the Malaysian undergraduate’s online purchasing behaviour will increase in the future as majority of the respondent says that online shopping saves time, has variety of choices and online prices are relatively lower than physical store price. The studies from Delafrooz, Hj. Paim and Khatibi (2009) proved to be relevant in terms of the extrinsic benefits shopping online.

In relation to the objective “*to determine the level of online purchasing behaviour level among the Malaysian undergraduates in Malaysia*”, the mean results of 2.91 shows that among the Malaysian undergraduates, the level of online purchasing behaviour is consider moderate. However, 74% of the Malaysian undergraduates agree that online shopping saves time. Thus, in the future, their online purchasing frequency will continue to increase as majority of the respondent (50%) is in the age group of 21-24. In regards to this, 51% of the Malaysian undergraduates purchases online monthly and this is likely to increase from time to time.

5.5 Multiple Regression Analysis Findings

Based on the correlation results, all three independent variables (customer loyalty, brand consciousness and trusting beliefs) have positive relationship with the dependent variable (online purchasing behaviour). Among the three variables, trusting beliefs was proved to have the strongest positive relationship with the online purchasing behaviour as it has the highest r value of 0.331. Customer loyalty comes second with an r value of 0.234 whereas the brand consciousness has the weakest positive relationship towards online purchasing behaviour with an r value of 0.204. All the values are significant as they are below 0.05. As for the result derived from the multiple regression test where only trusting beliefs is taken into account as the results clearly portray that only trusting beliefs ($\beta = 0.28$) is strongly significantly towards online purchasing behaviour due to the

p value lower than 0.05. Although there is positive correlation for customer loyalty and brand consciousness with online purchasing behaviour, it does not show the same results in this multiple regression test as both of the values were not significant thus this could be further study in the future.

5.7 Conclusion & Recommendation

In a nutshell, all five research objective is expected to meet. Regarding on the problem statement, all the variables problems are provided with solution to solve them. This could be further illustrate as various test like normality test, Pearson-moment correlation test, frequency test, descriptive analysis were conducted to prove the relationship of the variables with one another and also the level of significance. Despite the low alpha value, this can conclude that the questions in the questionnaire are highly modified and they are important to keep it for further research. As for the Pearson-moment correlation test, all variables is significant with one another resulting to a positive relationship of the independent variables and the dependent variable whereas the multiple regression test pictures trusting beliefs as the most significant variable.

One of the suggested recommendations for the future online business is to increase the level of security of the website for customer to have faith and trust while shopping online. Online business should invest more in the research and development department to further explore the security issues of online transaction. With this, customer will continuously repurchase from the online website when they are satisfied with the level of security. Apart from that, online business needs to focus on online shopping experience. This is because when the customer has a good experience, most likely they will repurchase from the same website. Besides that, online business could also explore on the demographic differences of gender, income and education level so that it will be easier to identify the consumer and also the information technology adoption level.

Apart from that, online business could focus more on building brand image, customer's satisfaction and also brand loyalty. In terms of publicity, it is vital for online businesses to create awareness so that the customers know the existence of the particular brand. In terms of building brand image, a consistent quality need to be achieved where positive comments will spread around resulting to an increase of customer purchasing from the website. Prior to this, the online business has to constantly update on the upcoming trends and customer preferences.

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Impact of Tax Knowledge, Tax Compliance Cost, Tax Deterrent Tax Measures towards Tax Compliance Behavior: A survey on Self-Employed Taxpayers in West Malaysia

Vikneswaran Manual
Asia Pacific University of Technology and Innovation, Malaysia
vikneswaran.manual@apu.edu.my

Ang Zhi Xin
Asia Pacific University of Technology and Innovation, Malaysia

Abstract

The aim of this paper is to study tax compliance behavior of self-employed taxpayers in West Malaysia and how tax knowledge, tax deterrence and tax compliance costs influence compliance behavior. Basically, those previous studies have merely focus on small and medium enterprises and less of them conduct the relevant research on self-employed population in Malaysia. Simple random sampling technique is adopted and there were 150 of self-employed taxpayers had randomly selected from West Malaysia to participate in this study. Questionnaire survey was conducted through online distribution method. Hypothesis testing is carried out with the implementation of multiple regression and Pearson correlation analysis. The result from regression analysis revealed that tax deterrence has a significant relationship with tax compliance behavior of self-employed taxpayers. However, the regression analysis indicates that tax knowledge and tax compliance costs are insignificant to compliance behavior. The findings in this paper are supported by other studies in literature reviews in chapter 2.

Keywords: *Tax knowledge, tax deterrence, tax compliance behavior, self-employed taxpayers.*

1. Introduction

Taxation is a system that introduced by government to raise income revenues which is going to be utilized for social welfare purpose. Under self-assessment tax system that designed by Malaysia government, taxpayers obligated to compute amount of their tax payable and provide supportive document to Malaysia Inland Revenue Board (IRB)—a government department which is in charge of the matter relative to the direct tax such as income tax. The main purpose of introducing this mechanism is to improve awareness and voluntarily compliance of taxpayers toward their tax responsibility.

Tax compliance is referring to the degree that taxpayer complies or fail to comply with the tax regulations in their country. Tax compliance can be improved if the tax system is administrated tightly and strictly through law enforcement and imposition of penalty toward taxpayers who are found guilty of committing tax evasion. Majority of those previous studies are emphasizing on compliance behavior of individual income

taxpayers in selected countries or biggest companies. Nevertheless, only few studies reviewed on level of compliance of taxpayers who are self-employed. Self-employed individuals are increasingly important to the economic growth of the Malaysia and government's attention is highly focusing on this group of citizen. According to the data shown in (Data.worldbank.org, n.d.), in 2013, there are about 26.1% out of 29,716,965 of Malaysia population are self-employed. The previous findings data indicated that there are great numbers of self-employed are eligible to pay tax. Thus, self-employed taxpayers are considered as critical and crucial to tax revenues of Malaysia government as large contribution of corporate income tax and personal income tax are generated from them.

Tax evasion or tax non-compliance arise when the taxpayer fail to comply with tax law or meet their tax obligations in the way of intentionally or unintentionally. Issues of tax compliance such as understatement or overstatement of income and expenditures, late payment, fail fully meet tax obligation have always been encountered Malaysia for a long time and it's become significant when self-assessment regime (SAS) had introduced in Malaysia which is heavily relies on the voluntary tax compliance. Since Tax revenues of Malaysia government are largely contributed from personal and corporate income tax that mostly generated from income of self-employed taxpayers, the issue become critical when that most of income of taxpayers who are self-employed would be subject to lower tax compliance compared to the taxpayers whose income from salaries (Agbi, 2014).

There was variety factors of affecting tax compliance behavior had been examined in previous relevant studies. Out of all variables that had been examined by other researchers previously, taxpayer's knowledge, compliance cost and deterrence are the most arguable variables that have been always predominant. Thus, this research will be focusing on these three factors as variables of the study of tax compliance behavior and targeting self-employed taxpayers as sample of this research. According to Shaharuddin, Palil, Ramli, and Maelah (2012), complexity of tax system would result in lower compliance due to taxpayer's lack of relevant knowledge of tax system. High compliance cost to be incurred for the tax administration purpose would discourage taxpayers to fully comply with tax laws (Pope and Abdul Jabbar, 2008). Tax non-compliance still exists everywhere even though tax administrative and deterrence have taking place to address this compliance issues. Chief Executive Officer of Inland Revenue Department, Tan Sri Zainol Abidin Abdul Rashid reported that there is approximately one third of Malaysian who subject to tax liability but do not pay tax, 1.3 millions of potential taxpayers do not file tax returns (Krishnamoorthy, 2006). It was estimated that the government has lost approximately RM307.7 million due to non-compliance of taxpayers (Krishnamoorthy, 2006).

1.1 Research Objectives

- To study tax compliance cost, tax deterrent measures, tax knowledge towards tax compliance behavior of self-employed taxpayers in West Malaysia.
- To determine relationship between taxpayers' perceptions on tax deterrence measure and tax compliance decisions of self-employed taxpayers in West Malaysia.

- To investigate relationship between tax knowledge and compliance behavior of self-employed taxpayers in West Malaysia.
- To determine relationship between tax compliance cost and tax compliance of self-employed taxpayers in West Malaysia

2. Literature Review

2.1 Tax Knowledge

According to Susanti (2007), tax knowledge can be defined as taxpayer's level of knowledge toward tax law and regulations. Level of taxpayer's knowledge is determined by knowledge in relation to issues of rebate, relief, tax returns and deduction from different taxpayer category of joint assessment, business and self-employed. The findings of Nzioki and Peter (2014) indicate that tax knowledge and education has significant positive effect on tax compliance in Real Estate Sector. An increase of tax knowledge level can lead to the increase of tax compliance level. They also suggested that improve awareness of taxpayers with regards to their tax obligations can be better improved through enhanced tax education services rather than just provide them simple guideline on filling tax returns. According to Alabede, Zainol Ariffin, and Idris (2011), tax knowledge of taxpayer can be equipped and enhanced through education. However, the level of tax knowledge must not necessarily happen simultaneously with the level of education. Just as in Fischer's model and other study, education level of taxpayer can only be one of the demographic factors which linked to tax knowledge, moral reasoning, non-compliance opportunity and attitude but have no direct influence on tax compliance behavior.

Loo, Mckerchar and Hansford (2009) supported statements of Canada Revenue Authority (2009) as their findings reveal that gaining tax knowledge has a significant impact on Malaysian's compliance level when the self-assessment system had introduced. They further indicate that the ability of taxpayer's in complying tax by reporting taxable income, claim relief, rebates and compute tax liability correctly can be determined by the sufficiency of taxpayer's knowledge toward tax policy. Mukasa (2011) agree that tax knowledge has a significant positive relationship with tax compliance behavior. As the result from their research, higher tax knowledge is expected to lead to higher compliance rates and lower tax knowledge lead to lower tax compliance rate in adverse. The survey among small and medium registered taxpayers operating in Kampala central division found that low tax knowledge is one of the significant factors which contributed to less compliance. This is because lack of knowledge of tax law coupled with inadequacy of taxation books in layman terms to guide them which will contribute to unintentional tax non-compliance.

According to the findings of Mukhlis, Utomo and Soesetio (2015), there is a positive and significant relationship between tax education on tax knowledge and tax compliance on Handicraft SMEs Sectors in Indonesia support the above statement and note that there was a positive significant relationship between taxpayer's tax knowledge and tax compliance. The taxpayers who have equipped with the sufficient tax knowledge are able to access their tax liability correctly ad file tax return forms on time. Taxpayer cannot be expected to submit complete, proper tax returns accurately unless they have

sufficient knowledge to understand the system. However, Kasipillai, Aripin, and Amran (2013), oppose the argument on positive correlation between tax knowledge and tax compliance has opposed by some of the studies. They found that there is a significant negative relationship between tax knowledge and compliance behavior. They claim that the increasing knowledge of tax such as audit process and tax regulations expose taxpayers the opportunity to evade tax. In other word, taxpayer who has higher level of tax knowledge is well-know about the loophole in tax regulation and system know the legal way to reduce or even avoid tax. From their research, they found that tax compliance to be higher for taxpayers who were less well educated and older.

2.2 Tax Compliance Cost

The regression analysis that undertaken by Sapiei, Kasipillai and Eze (2014) in their studies indicate that tax compliance costs which includes internal costs (time spent by company employee on tax administration), external costs (fees paid to outside tax professional) and incidental costs (costs other than internal and external costs that incurred in dealing with tax matters such as computer, accounting software) has insignificant relationship with tax compliance costs and compliance decisions of corporate taxpayers.

The findings of Muoki Nzioki and Rawlings Peter (2014) indicated that Tax compliance cost is significantly, negatively related to tax compliance behavior. The respondents were having disagreement and dissatisfaction with the amount of cost that incurred in filling tax return, hire tax agent, and travel for tax purpose as they think those compliance costs are unfair to them. High tax compliance cost resulted in lower attractiveness of country to the foreign investors. Pope and Abdul Jabbar (2008) define "compliance cost" as the taxpayers' cost that associated with the operation of Self-Assessment System (SAS) which currently implemented in Malaysia. Three main components are used to describe tax compliance cost, which includes financial cost, psychological costs and time costs to the taxpayers. Financial costs is described as monetary expenses to acquire professionals such as tax agents, accountants and legal practitioners or other incidental expenses in relation to tax matter. Time costs are incurred to staffs who are involved in the process of tax reporting such as keeping required records of tax information, submitting tax form or preparing tax details for tax professionals, as well as time spent in dealing with the tax authorities. The psychological costs refer to the effects upon a taxpayer having to deal with tax affairs, for instance mental stress. On the other hand, they also note that tax compliance cost comprise three main components: financial costs, time cost and psychological costs to taxpayers. Nevertheless, their study observed that tax compliance cost is lack of significant related to tax compliance behavior.

Eragbhe and Modugu (2014) categories compliance cost into computational costs and tax planning costs. Computational costs refer to the cost incurred for proper accounting system includes preparation of the necessary information and computation of the amounts due for tax purposes. Whereas planning cost occur when the taxpayers try to reduce or avoid tax payment in legal way. The findings indicate that compliance costs are regressive in nature and tax compliance costs are relatively high for SMEs in Nigeria.

According to Blaufus, Eichfelder and Hundsdorfer (2011), they found that self-employed taxpayers in German bear a higher cost burden. They also found that taxable income and demand for external advisers are positive and significantly correlated with compliance costs. They found evidence for a joint assessment of a married couple reduces compliance costs of time per household. Besides, compliance costs and education are positively correlated with each other.

2.3 Tax Deterrence

According to Devos (2013), among these factor determinants, the most emphasis is placed upon deterrence factor determinant is raised from the deterrence theory model which is commonly used to use to examine tax evasion and compliance from a theoretical perspective. Economic deterrence model is basically including variables of risk of being detected by audit and penalty structure which are greatly effect on psychological variables such as moral values and the perceptions of tax system and fairness held by taxpayers.

The findings of Wilks and Pacheco (2014) indicated that intentions of taxpayer to comply tax were higher and intentions to evade tax were lower when the tax authorities and administrative perceived as fair and trustworthy as well as deterrence power was high. The respondents of their research more likely and willing to comply with tax law if authorities were fair and having higher ability to detect and penalize tax evader. According to their findings, effect of authority's power to detect and punish tax evader was significant on enforced compliance but not on voluntary compliance. In the study of Sapiei, Kasipillai, and Eze (2014) found that there is a significant negative relationship between tax deterrence sanctions and tax non-compliance behavior. In this study, tax deterrence sanctions such as probability of being audited, severity of penalties are determinants of non-compliance behavior such as under-reporting of income and overall non-compliance.

From the research that conducted by Anyaduba, Eragbhe and Kennedy (2012), they discovered that deterrent tax measures in Nigeria are not significantly assist in promoting tax compliance in Nigeria. The results of their research prove that enhancement of taxpayer's morale and voluntary compliance will not bring much effect to tax compliance improvement. In contrast, strengthening and enforcing taxpayers morale will help to improve tax compliance. According to the findings of Loo, Mckerchar and Hansford (2009), they discovered that increase of perceived detection will significantly impact taxpayer's decision to comply with the tax law, due to their fear of being audited or penalized. As result, taxpayers will still comply with the tax law even though certain amount of them is not satisfying with the current tax system. Thus, the findings of Loo, Mckerchar and Hansford (2009) do significantly contribute to the understanding of taxpayers' behavior.

Devos (2007) notes that the taxpayers are intend to be stimulated by perception toward detection rather than the actual probability which should be used in measuring the deterrent effect. As such, Devos further indicates that the feeling of fear of being catch and audited, as well as perceived seriousness of tax evasion are uncertainty in affecting tax compliance behavior, but the compliance can be further improved plus with the severity of punishment. According to Fischer's Model of tax compliance, deterrence of tax system structure consists of probability of being detected. Devos (2007) explain the

deterrence by punishment as a method of retrospective interference, by holding out threats that whenever a wrong has been actually committed the wrongdoer shall incur punishment. Ali, Fjeldstad, and Sjørusen (2013) found that economic deterrence has significant relationship with compliance attitude of individuals in South Africa and Kenya. As result of their findings, one unit increase on perception to the enforcement that lead evasion more difficult to be made, increase likelihood of tax compliant attitude by 5% and 8% of in Kenya and South Africa respectively.

3. Methodology

There are three independents variables, namely tax knowledge, tax compliance costs and deterrent tax measures will be measured in this study with the dependent variable – tax compliance behavior. This is quantitative study and which primary data are collected by through questionnaire technique. Questionnaires are including a series of closed questions with multi-statements designed by using scaling measurement such as Likert scale of five points, dichotomous, nominal and interval scale. Simple random sampling method is adopted to choose the geographical area of respondents which are to be conducting the research and to select respondents no matter what kind of demographic background they are belongs to, as long as they are self-employed taxpayers.

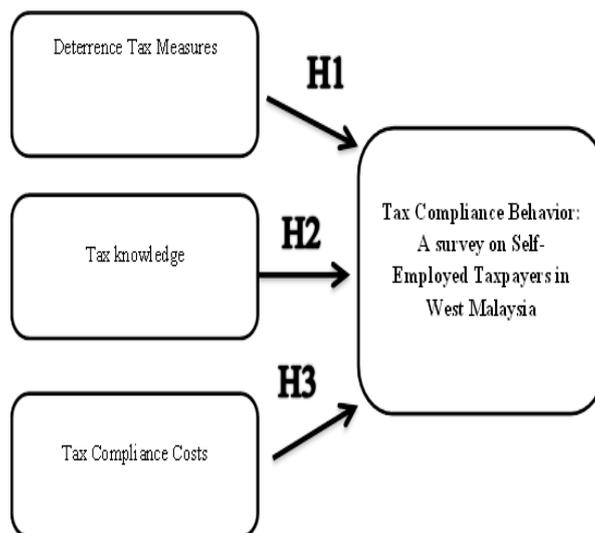


Figure 1. Theoretical Framework

Researcher decides to set 150 questionnaires which were administrated to selected sample of 598,800 individuals who is self-employed in West Malaysia and whose income is subject to under provision of Income Tax Act 1967 (ITA 1967). The questions of questionnaire are constructed by using Google form. 150 questionnaires were being issued and distributed to self-employed taxpayers who reside in either Johor or Selangor area (targeted respondents) through online distribution method.

4. Descriptive Analysis

The data is collected from 150 respondents' details and which are coded, and keyed into Statistical Package for Social Scientists (SPSS) in order to identify the relationship between independent and dependent variables. The data will be analyzed on a group basis. 133 questionnaires are managed to be collected back from the total 150 distributed questionnaire, which is 88% of the overall response rate, achieved far more the response rate targeted by Raosoft.com.

4.1 Validity and Reliability Analysis

Internal consistency reliability analysis is an analysis that has to be carried out before the questionnaires items to be employed as test for the research in order to test validity of the items that are used to define scale (Tavakol, & Dennick, 2011). The analysis is to test the consistency and reliability of the questionnaires items that are used to define scale. According to Chua (2015), higher consistency of items proves higher reliability of the scale, which means the measurements are considered as reliable if the measurements able to collect the same value from the respondents when the respondents are repeatedly asked to answer the same items of measurement. Cronbach's alpha is implemented to measure internal consistency. Generally, Cronbach's alpha reliability coefficient gives score of range from 0 to 1. Cronbach's alpha indicate a good internal consistency if such value is closer to 1. According to George & Mallery, (2003), "more than 0.9 – Excellent, more than 0.8 – Good, more than 0.7 – Acceptable, more than 0.6 – Questionable, more than 0.5 – Poor, and less than 0.5 – Unacceptable". According to Panayides and Walker (2013), a higher value of alpha does not imply there is a better reliability of test as this may indicate that some of the items are redundant.

4.2 Hypothesis Analysis

Hypothesis testing method is a statistical test which is employed to examine on the given assumption of a study is true or not for the entire population. In hypothesis testing method, the opposing hypothesis statement will be formulated as follow:

H1: There is a significant relationship between Deterrent Tax Measures and Tax Compliance Behavior of Self-Employed Taxpayer.

H2: There is a significant relationship between Tax Knowledge and Tax Compliance Behavior of Self-employed taxpayers.

H3: There is a significant relationship between Tax Compliance Cost and Tax Compliance behavior of Self-Employed Taxpayer.

4.3 Regression Model

A Multiple Regression is used as a prediction for tax compliance behavior (Dependent Variable) by using tax compliance costs, tax knowledge and deterrence tax measures (independent variables). The model summary and table of Anova are generated as to examine the fitness of regression model and overall statistically significance relationship between variables. The Model Summary in Figure 2 indicates that Correlation coefficient (R) is 0.889. As such, the model predicted that over 88.9% of change in the independent variable. Coefficient of determination (R^2) in the model summary is used to test the goodness of fit of the model. The summary shows that $R^2=0.790$. This means 79% of variation in tax compliance behavior (dependent variable) is explained by tax knowledge, tax deterrence and tax compliance costs (predictors). The model is considered as good fit to the data as the value of R^2 is close to 100%. Anova Model is used to test whether or not the overall regression model is a good fit for the data by looking at the F-value. The findings presented in Figure 3 has indicated that the overall regression model is statistically significant ($F=161.841, p < .001$).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889 ^a	.790	.785	.33332

- a. Predictors: (Constant), TC, ptd, tk
- b. cb= Compliance Behavior (dependent variable)
- c. TC= tax compliance costs (independent variable)
- e. Ptd= deterrence measure (independent variable)
- f. Tk= tax knowledge (independent variable)

Figure 2. Model Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.942	3	17.981	161.841	.000 ^a
	Residual	14.332	129	.111		
	Total	68.274	132			

- a. Predictors: (Constant), TC, ptd, tk
- b. Dependent Variable: cb
- c. cb= Compliance Behavior (dependent variable)
- f. TC= tax compliance costs (independent variable)
- g. Ptd= deterrence measure (independent variable)
- h. Tk= tax knowledge (independent variable)

Figure 3. Anova Model

The coefficient model in the Figure 5 presents regression results which are important in deciding whether or not to reject null hypothesis, which includes the value of unstandardized coefficients (B), t-value and sig.

The result in Figure 5 shows $B = -0.855$, ($t = -17.962$, $p < 0.05$) which implies that we reject null hypothesis stating that there is no significant relationship between Deterrent Tax Measures and Tax Compliance Behavior of Self-Employed Taxpayer. This is because $p\text{-value} = 0.000$ is smaller than 0.05 (alpha). The value of B indicates there is a negative relationship between Deterrent Tax Measures and tax compliance behavior. For each unit increase in Deterrent Tax Measures, there is 0.855 units decrease in non-compliance level (tax compliance behavior). In the population, we have 95% confident interval with 1 unit change in Deterrent Tax Measures, the change in the non-compliance level (tax compliance behavior) ranged from -1.079 to -0.865.

From the Figure 5, the findings shows $B = -0.061$, ($t = -1.275$, $p > 0.05$). Thus, we failed to reject null hypothesis stating that there is no significant relationship between Tax Knowledge and Tax Compliance Behavior of Self-employed taxpayers, as the reason of $p\text{-value} = 0.204$ is greater than 0.05 (alpha). The value of B indicates there is a negative relationship between Tax Knowledge and Tax Compliance Behavior. For each unit increase in Tax Knowledge, there is 0.061 units decrease in non-compliance level (tax compliance behavior). In the population, we have 95% confident interval with 1 unit change in Tax Knowledge, the change in the non-compliance level (tax compliance behavior) ranged from -0.253 to 0.055.

From the Figure 5, the result shows $B = 0.005$, ($t = 0.163$, $p > 0.05$). Thus, we failed to reject null hypothesis stating that there is no significant relationship between Tax Compliance Cost and Tax Compliance Behavior of Self-Employed Taxpayer as the reason of $p\text{-value} = 0.871$ is greater than 0.05 (alpha). The value of B indicates there is a positive relationship between tax compliance costs and tax compliance behavior. For each unit increase in tax compliance costs, there is up to 0.005 units increases in non-compliance level (tax compliance behavior). In the population, we are 95% confident interval with 1 unit change in tax compliance costs, the change in the non-compliance level (tax compliance behavior) ranged from -0.060 to 0.071.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	6.254	.248		25.200	.000	5.763	6.745
ptd	-.972	.054	-.855	-17.962	.000	-1.079	-.865
tk	-.099	.078	-.061	-1.275	.204	-.253	.055
TC	.005	.033	.007	.163	.871	-.060	.071

- a. cb= Compliance Behavior (dependent variable)
- b. TC= tax compliance costs (independent variable)
- c. Ptd= deterrence measure (independent variable)
- d. Tk= tax knowledge (independent variable)

Figure 5. Coefficients Model

5. Findings and Discussions

5.1 Deterrent Tax Measures (H1)

The findings of this study demonstrate inconsistency with the null hypothesis ($t = -17.962$, $p = 0.000$). Since p -value is smaller than α 0.05, null hypothesis is rejected and implies that taxpayer's deterrent tax measures have statistically significant relationship to tax compliance behavior. The negative B defined that taxpayer's perceptions on tax deterrent measures may lead to a decrease in non-compliance level (compliance behavior).

The findings is in agreement with the findings of Sapiei, Kasipillai, and Eze (2014) who found that tax deterrence sanctions such as probability of being audited, severity of penalties are significantly correlated to non-compliance behavior such as under-reporting of income and overall non-compliance. The findings of this study is also supported by Loo, Mckerchar and Hansford (2009), who assert that increase of perceived detection has significant influence to taxpayer's decision to comply with the tax law, due to their fear of being audited or penalized. Wilks and Pacheco (2014) found evidence for capability of authority to detect and punish tax evader is significantly and positively correlated with enforced compliance. This is again supported by Ali, Fjeldstad, and Sjursen (2013) who found that economic deterrence has significant relationship with compliance attitude of individuals in South Africa and Kenya. However, this is opposed by the findings of Anyaduba, Eragbhe and Kennedy (2012) as they discovered that deterrent tax measures in Nigeria is insignificant in helping the country to promote tax compliance. As conclusion of this research, deterrent measures may be a factor in impacting tax compliance decision of self-employed taxpayer in West Malaysia.

5.2 Tax Knowledge (H2)

The result in Coefficient table that presented in figure 5 shows consistency with the null ($t = -1.275$, $p = 0.204$). Since p -value is greater than α 0.05, null hypothesis is failed to be rejected. As such, taxpayer's tax knowledge is insignificantly correlated to tax compliance behavior. The negative B defined that tax knowledge may lead to a decrease in non-compliance level (compliance behavior). The findings above is in line with the findings of Mira Susanti (2007) which did not show any significant difference between respondent's prior tax education and tax non-compliant behaviour of non-accounting postgraduates from UiTM. This is contradicted to the majority findings of the other researchers such as Nzioki, and Peter (2014), Loo, Mckerchar and Hansford (2009), Mukhlis, Utomo and Soesetio (2015), and Mukasa (2008) as they found that there is a statistical significant positive relationship between tax knowledge and tax compliance behavior. However, Kasipillai, Aripin, and Amran (2013) opposed the argument on positive correlation between tax knowledge and tax compliance behavior. They claim that there is a negative relationship between two variables as they found that tax compliance to be higher for taxpayers who were less well educated and older. This is because higher level of tax knowledge is associated with well-know about the loophole in tax regulation

and system know the legal way to reduce or even avoid tax. As conclusion for overall result of this research, level of tax knowledge may not be a factor in impacting tax compliance behavior of self-employed taxpayers in West Malaysia.

5.3 Tax Compliance Costs (H3)

The findings of this study shows consistency to the null hypothesis ($t= 0.163$, $p>0.05$). Since p-value is greater than alpha 0.05, null hypothesis is failed to be rejected and implies that tax compliance costs have no significant relationship to tax compliance behavior. The positive B defined that tax compliance costs may lead to an increase in non-compliance level (compliance behavior). The findings is in agreement with the findings of Sapiei, Kasipillai and Eze (2014) as these researchers discovered that tax compliance costs such as internal costs, external costs and incidental costs has insignificant relationship with compliance decisions of corporate taxpayers. This is further supported by Pope and Abdul Jabbar (2008) whose findings manifest that tax compliance costs in term of financially, psychologically and time are insignificantly related to tax compliance behavior. However, research of Muoki Nzioki and Rawlings Peter (2014) found disagreement with the result of the findings of this research. In the research paper done by them, they concluded that tax compliance cost is significantly, negatively related to tax compliance behavior. As conclusion of this research, tax compliance costs may not be a factor in impacting tax compliance behavior of self-employed taxpayers in West Malaysia.

6. Conclusion

The current study has successfully answered the research objectives and research questions. The result from generated from SPSS is adequately applied to prove and support the hypothesis testing. From the result of regression analysis, deterrence tax measures show a significant result. Meanwhile, the results for tax compliance costs and tax knowledge are insignificant. The limitations of the study for has discussed in this chapter as well. The recommendations for addressing the limitations are also discussed in this chapter for a better future studies that may conducted by other researchers. Since deterrence tax measure does a significant matter to taxpayers, a compliance strategy may be developed based on prevention concept, instead of cure. The findings also indicated that taxpayer's positive attitude to deterrence may improve their compliance behavior by having disagreement on the behavior of "under-reporting taxable income and over-claiming business expenses to reduce chargeable income".

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