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# PROCEEDINGS

## THE 2<sup>nd</sup> ASIA PACIFIC MANAGEMENT RESEARCH CONFERENCE



PPM School  
of Management



Vietnam National  
University



Foreign Trade  
University



Hanoi University  
of Science and  
Technology

### INNOVATION AND STRATEGIC ALLIANCE FOR SUSTAINABLE DEVELOPMENT

School of Economics and Management,  
Hanoi University of Science and Technology, Vietnam

**NOVEMBER**  
**28<sup>th</sup> - 30<sup>th</sup>, 2018**

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# **PROCEEDINGS**

**The 2<sup>nd</sup> Asia Pacific Management Research  
Conference – “Innovation and Strategic  
Alliance for Sustainable Development”**

# **APMRC 2018**

November 28<sup>th</sup> - 30<sup>th</sup>, 2018  
Hanoi, Vietnam

*Organized by*

PPM SCHOOL OF MANAGEMENT  
and  
HANOI UNIVERSITY OF SCIENCE AND TECHNOLOGY  
FOREIGN TRADE UNIVERSITY  
VIETNAM NATIONAL UNIVERSITY

## **Foreword**

### **THE 2<sup>ND</sup> ASIA-PACIFIC MANAGEMENT RESEARCH CONFERENCE 2018**

The dynamics of the economy and business in the Asia Pacific region have grown in an encouraging manner. The IMF's data has shown that in uncertain world economy condition, Asia Economy is still experiencing a robust of 5.6% growth, much better compare to advance economy countries that can only expand by approximately 2%. This fast-growing economy has open up opportunities and challenges to management studies and practices. Business and management practitioners need to strategically change the organizations and activities to be relevant in the new world of “disruptive” order. One of the most important keys to survive disruption era is innovation. That is why the 2nd APMRC takes the theme of “Innovation and Strategic Alliance for Sustainable Development”.

This event was held in cooperation between PPM School of Management, Hanoi University of Science and Technology, Vietnam National University, and Foreign Trade University, the four strongest business and management academic institutions from Indonesia and Vietnam. This collaboration are expected to bring up the best researches and studies that will contribute positively in building the excellence of business institution in the region. There are more than 55 papers submitted and around 45 papers presented in this conference. We hope that this conference will expand the knowledge of management scholars as well as practitioners and inspire us to develop new approach to answer the challenges of the new era.

Finally we would like to appreciate and acknowledge all participants and committees who has supported this conference.

**Dr. Wahyu T. Setyobudi, MM, ATP, CPM**  
Head of Research Center and Case Clearing House (RC-CCH)  
PPM School of Management

## **Foreword**

### **INTRODUCTION ON SCHOOL OF ECONOMICS AND MANAGEMENT, HANOI UNIVERSITY OF SCIENCE AND TECHNOLOGY**

Since establishment (1965), School of Economics and Management (SEM) provides managers and leaders for enterprises and industries. SEM provides a broad spectrum of academic programs from bachelor's degree to master's degree, and to doctoral degree. SEM offers a creative diversified outlet for students who want to build a successful career, including full-time and part-time programs. Since 1992, SEM has launched several new programs, including dual-enrollment for bachelor's degree.

For 50 years of development, today SEM has 84 faculties and staff. SEM's people commit to international education, ethical and sustainable business practices, technology, and innovation draws top-notch undergraduate and graduate students as well as business leaders seeking a competitive edge through our executive education programs.

Not just only having precious resource – high-qualified and committed faculties, SEM is enthusiastic in partnering with many domestic and international training- research institutions from France, Germany, Finland, and so on. These meaningful partnerships make a lot of chances to improve our training facilities, to build exchange programs for students and faculties in improving knowledge, professional expertise, and touching differentiated training styles.

The intersection of business and technology has always been at the heart of the Faculty. Our nationally ranked business faculty teaches students how to take advantage of the many business opportunities made possible by emerging technologies and to succeed in an increasingly global economy. SEM is an ambitious faculty and has a role to play at Hanoi University of Science and Technology, national and international level.

SEM's strategy focus:

- To diversify training and education programs, with the focus in postgraduate programs. Incorporate theoretical knowledge and practical experiences via training programs for enterprises and short courses.
- To do effective and efficient consultancy for enterprises
- To develop international cooperation to improve education programs and teaching styles.

From 2012, the School of Economics and Management, Hanoi University of Science and Technology have organized each year the International Conferences on Emerging Challenges ICECH, which attract interest of the research community in the fields of economics and management. This year, we have a great honor to collaborate with the PPM School of Management (Indonesia), Vietnam National University and Foreign Trade University in organizing the 2nd Asia Pacific Management Research Conference. This conference with a theme of “Innovation and Strategic Alliance for Sustainable Development” has created a great occasion for academics and professionals to share their research findings, experiences and knowledge which are expected to contribute to the sustainable development of the Asia Pacific region. For the first time, we are proud to be the host of this important event. With about 60 high quality papers, we believe to have a successful and contributive international conference. It is a great pleasure to welcome you to Hanoi, and we hope that you can enjoy your stay in one of the most peaceful cities of the world.

**Assoc. Prof. Dr. Pham Thi Thanh Hong**  
HANOI UNIVERSITY OF SCIENCE AND TECHNOLOGY  
School of Economics and Management

## Foreword

### INTRODUCTION ON FOREIGN TRADE UNIVERSITY

Website: [www.ftu.edu.vn](http://www.ftu.edu.vn)

Established in 1960, Foreign Trade University (FTU) has been a vibrant hub for talented students, professors, and scholars to study, teach, exchange, research, create, and contribute to radically transforming lives and inspiring innovation. With three campuses across the nation in Hanoi, Ho Chi Minh city and Quang Ninh, our talented faculties and staffs are providing educational opportunities for almost twenty thousand students.

Foreign Trade University has achieved high international renown and standing within a wide range of academic faculties and departments including educating and researching in Economics and International Business, Business Administration, Banking and Finance, International Economics, Law, Accounting and Auditing, and five faculties of business languages. In an international environment at Foreign Trade University, there is an astonishing diversity of flexible and broad-based programs offered in different languages coupled with leadership opportunities, which nurture and prepare our versatile, creative, socially competent students for an increasingly globalized world.

Especially, the quality of our students is exceptionally high, when only the students with the highest scores in the national entrance exam can enroll at FTU. Upon their graduation, our students also record the highest rate of employment among Vietnamese universities. FTU's students are well-known thanks to their professional knowledge, practical skills, flexibility & dynamics, and especially their capabilities in foreign languages (they fluently use at least one of the followings: English, French, Russian, Japanese and Chinese). That is why many of FTU's graduates are employed abroad in regional labor markets, and many others choose to do their further studies (master, PhD) abroad as well. Until 2018, our university has expanded our global network with 148 partner universities from 26 countries all over the world in academic cooperation and especially in student exchange programs. Every year, Foreign Trade University welcomes more than 100 international exchange students to our university and at the same time also supports about 150 FTU out-bound students to participate in exchange program in our partner universities. In addition, FTU also attracts hundreds of incoming students for short-term visit from 2-3 weeks for cultural and academic exchanges.

Regarding research activities, Foreign Trade University has had various activities and initiatives to build up research capability and to promote publications, both locally and internationally. We have an increasing number of research projects funded by the Government, the provincial authorities, and various organizations/corporations, together with the joint research projects with foreign partners. Our most recent research programs include: (1) Green Economy and Social Responsibility, (2) Socio-Economic Institutional Reforms toward International Integration, (3) Financial Restructuring and Firm Behavior, (4) Innovation and Knowledge Transfer to Enterprises; under which 24 research groups are working with co-authors around the world with the target towards high-ranked international publications.

**Assoc. Prof. Dr. Nguyen Thu Thuy**  
Vice President for Research & International Cooperation  
FOREIGN TRADE UNIVERSITY

## **Foreword**

### **INTRODUCTION ON UNIVERSITY OF ECONOMICS AND BUSINESS, VIETNAM NATIONAL UNIVERSITY**

*Website: <http://ueb.vnu.edu.vn>*

VNU University of Economics and Business (VNU-UEB), a member of Vietnam National University, Hanoi, was established in accordance with Decision No. 290/QĐ-TTg dated 6 March 2007<sup>91</sup> by the Prime Minister of the Socialist Republic of Vietnam. VNU-UEB has experienced several transformations originating from the Faculty of Political Economy, University of Hanoi in 1974.

The University mission is<sup>15</sup> to provide high quality human resources in policy analysis, economic management, and business administration to meet Vietnam’s demands for quality, effectiveness, and stable development; To carry out and transfer research outcomes to the Government of Vietnam, organizations, and enterprises; To offer an advantageous environment to create, cultivate and develop talents in fields of economic analysis, modern management and business administration.

**Assoc. Prof. Dr. Nguyen Anh Thu**

Vice Rector

VNU UNIVERSITY OF ECONOMICS AND BUSINESS

VIETNAM NATIONAL UNIVERSITY



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Foreign Trade University, Vietnam

VNU University of Economics and Business, Vietnam

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## The Antecedents of Purchase Intention of Islamic Products in Indonesia: Investigations in Halal Food, Cosmetics, and Islamic Banking Industries

Muhammad Putra Aryanditama, S.P, M.M.  
Widyarso Roswinanto, Ph.D.

*PPM School of Management, Jakarta, Indonesia*

### Abstract

38 As the world's most populous Muslim-majority country, Indonesia holds great market potential for Islamic-based products. The increased level of religiosity of the country's society should lead to higher awareness and demand on Islamic-based products (such as halal food, sharia banking). Despite the growing demand for Islamic-based products, the number of research investigating the buying factors is limited. In particular, research that establish the factors of purchase using a solid approach is still rare.

The current research consists of Study 1 and Study 2. Study 1 investigates 77 the relationship between the level of individual's religiosity and her attitude toward Islamic products. Study 2 uses Theory of Reasoned Action (Ajzen, 1967) as the basis to establish potential antecedents of purchase intention on Islamic products. The constructs of attitude and subjective norm from Theory of Planned Behavior (TPB) remain as are. The construct of Perceived Behavioral Control is represented by a construct namely Availability of Halal- or Sharia-perceived Products as a proxy in Islamic product context.

One hundred and twenty respondents participated in the survey. The result shows that Religiosity significantly affects the attitude towards buying the Islamic products. Attitude towards buying the Islamic products also served 43 as a mediating variable between religiosity and intention to purchase Islamic products. Religiosity is not significantly associated with purchase intention except in halal food product context. Normative belief is the only variable that does not significantly affect the purchase intention in all product contexts. Motivation to comply is not significantly associated with the purchase intention of shariah banking. In all product contexts, attitude towards buying products is significant associated with purchase intention.

**Keywords:** Muslim, halal food, halal cosmetics, shariah bank products, purchase intention.



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Widyarso Roswinanto, Ph.D.

Sekolah Tinggi Manajemen PPM

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Keywords : muslim, halal food, halal cosmetics, shariah bank products, purchase intention

## 1. INTRODUCTION

### 1.1 Background

According to WorldPopulation.com (2017), Indonesia is the world's most populous Muslim-majority country, as just over 87% of Indonesians declared Muslim based on the 2010 census, the other; 9.87% are Christian, 1.69% are Hindu, 0.72% are Buddhist and 0.56% practice other faiths (Bps.co.id, 2010).

Indonesia is a huge market for Islamic based products. Three product categories are highlighted in the current research; halal food, halal cosmetic, and shariah banking. These products categories are chosen to represent halal products with widespread consumption in Indonesia and elsewhere.

The demand for halal food is increasingly outpacing the food supply and the two strongest markets for halal products are South-East Asia and the Middle East with the Muslim consumer base estimated to be 1.9 billion, spreading over 112 countries. On average, the world's halal food trade is estimated US\$150 million per year. Manufacturers and marketers use the halal certification and logo as a way to inform and to reassure their target consumers that their products are halal and shariah compliant (Syed & Nazura 2011). This means that halal food products it's very important for the customer around South East Asia countries, not only with the countries with the majority of Muslim but also to the countries in which Muslim is the minority like Thailand for example.

According to Cochrane (2017) The Indonesian Sharia Bank Association (Asbisindo) business development chairman Imam T Saptono said, in November 2016 only 20 to 30 percent of food in Indonesia was halal-certified in 2014, and that the total expenditure on halal food in the country in that year was \$147 billion. Another indication of the halal market is that during Eid Al Fitr 2016 F&B turnover was estimated at \$10.7 billion, according to GAPMMI. A further

indication is that 90 percent of industrial F&B manufacturers are halal-certified, according to Dr Muhammed Hosen, a halal consultant in Jakarta. If that estimate is correct, the Indonesian halal F&B market could be worth around \$90 billion. From that article, we can conclude that in South East Asia, Indonesia is an important country for getting a halal certification treatment.

In general, the Muslim consumers in Indonesia look for the authentic halal certification issued by *Majelis Ulama Indonesia* (MUI). Since 1995, the halal certification in Indonesia suddenly changed. That's because of Wardah, Wardah is the first cosmetic company in Indonesia who claims that their product is Halal. According to Wardahbeauty (2016), the company has created a context where Wardah always innovates and stays creative to meet Muslim women's every cosmetic need with products that are made with only premium, all natural, halal and safe ingredients (Wardahbeauty, 2016).

Wardah has changed this industry, besides Wardah there are a lot of cosmetics product in Indonesia in 2018 that has Halal certifications too. According to halal Corner (2018), there are at least 70 cosmetics product with Halal certification. That means that not only food, people in Indonesia start to getting care with Halal certification in the cosmetic products.

The third product for this research is Islamic bank products, that based on shariah law.. Establishment of a conventional bank called Banco della Pizze in Rialto, Venice in 1587, followed by the establishment of a modern bank in the UK in 1694 were the starting point of modern banking world (Sumner, 1971; Hamoud, 1985). The existence of modern banking institutions that operate under shariah concept is quite new compared to the conventional bank system, although the Islamic financial shariah system has been adopted since prophet Muhammad taught about Islam in since the beginning.

The establishment of financial institutions without interest as a landmark of Islamic bank was tried in the mid 1940s in Malaysia, but was unsuccessful (Erol & El-Bdour, 1989). The existence of modern Islamic bank commenced with Bank MYT Ghamir founded in Egypt in 1963. Bank Islam MYT Ghamir was closed in 1967, but the attempt inspired the establishment of other Islamic banks (Haron, 2005). The existence of Islamic banking system is needed due to the Muslim population that keeps increasing, especially in the Middle East and South East Asia.

Indonesia as the most populated Muslim country in the world, need some Islamic financial system to develop the needed of their Muslim resident. Islamic bank in Indonesia was established in 1992 through the establishment of Bank Muamalat Indonesia (BMI). The establishment of Islamic banks in Indonesia is considered late as compared to other Muslim-majority countries such as the Philippines (1973) and Malaysia (1983). Ariff (1998) stated that delays in the establishment of Islamic banks in Indonesia was due to lack of support from the Muslim community and the government (lack of political will). Chapra (2001) and Haron and Yamirudeng (2003) also reported that, the development of Islamic bank in a particular economy is influenced by the support of Muslims and the government.

In 2018, there are a few examples of Islamic bank in Indonesia such as Bank Syariah Mandiri, Muamalat Bank, and CIMB Islamic Bank. Each of the banks is under supervised by Bank Indonesia and OJK (*otoritas jasa keuangan*). They also have a different product for credit, leasing, and saving for each bank, it depends on their positioning in the market.

Although in Indonesia is a perfect market place for Islamic products, there are several problems for that each product categories. For the Islamic banking product, the problem is, Islamic banking industry in Indonesia is not in a good condition. People in Indonesia start to think that the Islamic

bank products do not have many differences with the conventional bank. For halal cosmetics in Indonesia, there is previous research from Briliana and Mursito (2016), that shows us that knowledge, ideological, intellectual, consequential, experimental, and subjective norm is a significant factor to attitude towards halal cosmetic. For halal food, the problem is, does the religiosity in Indonesia affect the purchase intention.

From the paragraph above, we can conclude that Indonesia is a huge market for Islamic products and there are a lot of things that can be constructed to the consumer behavior research. This research use from the theory of reasoned action as a based foundation. The products that will be compared and used as objects are halal food, halal cosmetic, and Islamic bank products. The purpose of this research is to provide an improved understanding of the nature of the relationship between subjective norm and the different religiosity dimensions that focus on Islam, as well as attitudes towards Islamic products, particularly amongst the Muslim segment and the purchase intention.

There are several reasons this research use three Islamic products categories from food, cosmetic, to the bank. First is, to find out what motivates Indonesian consumers to buy an Islamic product category and compare that motivation with each Islamic product categories since there are many Muslims in Indonesia. Second is, to study the relationship of each Islamic products categories on a customer. For example, if the customer significantly likes the halal food products, do they like to use halal cosmetic too. Third, in a previous research in Indonesia that will be mention below on sub-chapter 1, there is only one product category that uses for the research. By comparing three objects, there will be more value added and an interesting result for the academical, managerial, and public policy contribution.

## 1.2 Research Gap

There are several gaps with the existing research. For example a research from Briliana and Mursito (2016), it's the closest thing from this research for the cosmetic products, because it applied in Indonesia in the year 2016. The weakness of this research is, there is no direct relations between religiosity to purchase intention variable, to count and compare the power of the mediating attitude towards product variable.

Research by Azmawarni et al. (2015) shows a different result. The result said that Malaysian consumers have more positive attitudes and intentions towards halal food products than towards halal cosmetic products. This is an interesting research because it compares between two Islamic products, food and cosmetic. The for this research gap is, there is a limitation of this research, like small sample size with low income, and it only took respondent in Malaysia. For the further steps, it will be more reliable if it applied in the same larger Muslim countries like Indonesia.

For the Islamic bank product research, Amin (2013) found that attitude is first ranked as an influential factor in explaining one's intention to choose Islamic credit cards. This research also has a limitation such as does not provide halal decision-making paradigm for Muslim consumer consumption and religiosity factor as a variable.

## 1.3 Research Scope

This research only take a respondent in Indonesia. The scope for the halal food products are the food products that contain halal certifications or has halal perceived products in Indonesia. For the halal cosmetic will only use the halal cosmetic in Indonesia that already appear in MUI list. Last, for the Islamic bank products, the object is the bank products that used the Islamic shariah system rather than conventional bank rules, the products can be leasing or credit.

## 1.3 Problem Statment

Based on the background explained before, this research focuses on the following research questions:

1. Is there any effect of religiosity on the attitude towards or purchase intention of Islamic products?
2. What are the antecedents and the factors affecting the antecedents of intention to purchase Islamic products?
3. To what extent each of the antecedent affects purchase intention of Islamic products?

## 1.4 Research Objective

To answer the research questions, these are the research objectives:

1. To investigate whether religiosity affect the attitude towards Islamic products in Indonesia
2. To find out the antecedents and the factors affecting the antecedents purchase intention of Islamic products in Indonesia
3. To find out the whether there are differences in the relationships of variables in different product contexts

## 1.5 Research Benefit

This research has benefits grouped into three which are academic, pratical benefit, and the goverment. The followings are the research benefits:

1. Theoretical contributions: This research can contribute positively to the consumer behavior study, especially in the field of purchase intention of Islamic products: Halal food, halal cosmetic, and Islamic bank products compare to the conventional products. A conceptual model of purchase intention of Islamic products is developed to describe its antecedents using The Theory of Planned Behavior as inspiration to map all the antecedent

factors. Then, the conceptual model is tested quantitatively using Multiple Regression Analysis.

2. Managerial contributions: Managerial implications extend to the decision maker especially in the food industry, cosmetic industry, and Islamic banking industry in Indonesia. The result of this research gives a point of view from consumer behavior perspective that can be analyzed as part of data for making the marketing research for those decision makers.
3. Public policy contributions: Give an insight into the current situation about the industries that related with Islamic products, especially about the regulation of halal certification on a food and cosmetic products and shariah law regulation for the banking products.

## 2. LITERATURE REVIEW

### 2.1 Halal Concept

The <sup>24</sup> followers of Islam are called Muslims. Islam is based on the Sunah (life) of Prophet Muhammad and teaching of Quran (all Muslims believe that it is God's revelation to his last Prophet Muhammad). The word "Islam" means surrendering or submitting one's will to the supreme will or law of God (Fam et al., 2004). One of the most important things being Muslims is using Halal products. That's the thing that makes Muslim people are really strict with the Islamic rules because they believe God will always control them in terms of everything even for food.

These laws govern, what is lawful for a Muslim (Halal), and what is forbidden (Haram) and considered against the will of God and his Prophet Muhammad in Islamic societies (Al-Bukhari, 1976; Al-Qadawi, 1999; De Run et al., 2010). <sup>45</sup> Nonetheless, few things are strictly prohibited for all Muslims apart from exceptional circumstances, such as a serious threat to

life. These include acts like indulging in adultery, gambling, consuming liquor/pork, taking interest on money, using blood of animals and the meat of a dead animal scarifies in the name of other than Allah (Al-Mohamed, 1997; De Run et al., 2010). Thus, products that are made of/or contain liquor, pork, blood of dead animal and services such as contemporary commercial banking become Haram for most of the Muslims (Ford et al., 1997). That's why a halal system is really important because nowadays is really hard to distinguish between halal dan haram. People are using halal label everywhere, but they don't know what is the deep meaning of that label.

### 2.2 Halal Food

<sup>5</sup> Halal is no longer just purely religious issue. It is in the realm of business and trade, and it is becoming a global symbol for quality assurance and lifestyle choice (Jumaaton Azmi, 2005, Managing Director of KasehDia Sdn Bhd as cited in IslamOnline.net, 2005). Investigating consumer decisions towards halal products is topical, first, given the halal food market size and its evolution, and second, given the policy relevance of the issue. Halal's burgeoning popularity can be linked to religious fervor; and beliefs that it is cleaner, healthier and tastier (Burgmann, 2007, cited in Al-Harran and Low, 2008). This is what makes people really want to get halal certifications for their products, especially for food. Here in Indonesia, almost every food industries want to protect theirs by putting halal certifications to their packaging materials.

Currently, a certain degree of assurance is provided by halal certification of halal products, which in any case can be issued by any of over 100 halal certification agencies worldwide (The Halal Journal, 2008). Especially in Indonesia, where the halal certification is getting a strict treatment from the government. According to Salama (2017), as the largest Muslim majority country, halal product is an unavoidable standard that needs to be

guaranteed for Indonesia citizen.<sup>6</sup> Because of that issue, Indonesia government has been trying to codify specific rules pertaining halal certification. That effort has been implemented on all aspects including in trade matters by regulating Halal Certification Standard toward the product that will be commercialized in Indonesia's market. Those rules can be seen in some regulations including in the law number 8 years of 1999 (the law of consumer protection) and the law number 33 Year of 2014 (the law regarding Halal Product). The primary purpose of implementation of Halal Certification is to make sure that Indonesia citizen can consume halal product as stipulated in consideration of Halal Product Law.

<sup>3</sup> The authority responsible for the issuance of halal certificates is the Indonesian Ulama Council (MUI) which is the country's highest authority on Islamic affairs. The two authority bodies for Halal Certification in MUI are The Food, Drug and Cosmetics Assessment Agency (LPPOM) and MUI Fatwa Committee halal standard in Indonesia is established based on MUI's Fatwa or Sharia Law (Angel, 2017). Food industries in all of Indonesia should commit with the rules that MUI dan LPPOM made. They will get audit every year, depends on what the resulted they got on the previous audited. This is really important because the halal system needs consistency from the food companies or a restaurant.

MUI Fatwa Committee is one of MUI committees who issues fatwa or Islamic shariah decree based on the results of examination by LPPOM MUI as an investigative or examining body in halal certification process(Angel, 2017).

<sup>3</sup> At present obtaining halal certification is based on voluntary initiatives. However, lawmakers in the country are trying to push for the enactment of a halal Product Protection Bill which if passed by the House of Representatives will make it mandatory for all products to be halal-certified before going to the market.

With this law, halal certificates and labels will be required for all packaged foodstuffs, beverages, medicines and cosmetics produced and sold in Indonesia. Certifications are expected to cover ingredients and the equipment used to make the products. The bill also proposed stiff penalties on offenders ranging from a 2-year jail term with IDR1 billion/ USD154,000 fine to an 8-year jail term and IDR6 billion/ USD460,000) fine (Angel, 2017). The rules yet need to be strict, because there are a lot of manipulations from the food companies for getting the better result.

### 2.3 Halal Cosmetic

Currently, there are 760 cosmetics companies located around Indonesia. The high number of players in the cosmetics industry indicates that the value of the business is very promising. According to <sup>37</sup> data from the Ministry of Industry, the export value of cosmetic products in 2015 reached US \$818 million or IDR 11 trillion. Meanwhile, the value of imports was less than half at US \$441million, based on a recent article on the official website of Global Business Guide Indonesia (2016).With that numbers, some companies need their new strategy to improve their positioning in the market. Wardah is one of the companies that can achieve a massive succeed by getting a halal certification.

<sup>28</sup> In 1995 Wardah Beauty Cosmetics Indonesia became the first brand in the cosmetics industry to produce halal products for the target market of the modern female consumer who wears the hijab. Many Indonesian women, not only the Muslims, have chosen Wardah cosmetics. The company has created a context where Wardah always innovates and stays creative to meet Muslim women's every cosmetic need with products that are made with only premium, all natural, halal and safe ingredients (Wardahbeauty, 2016). With that things, Wardah succeeds created a new trend, for a muslim generation in Indonesia

especially the girls. The hijab trend is also increasing, and Wardah is one of the huge influencers. They are using a great brand ambassador like Dewi Sandra and Tatjana Saphira, so people can easily understand their products.

Following the success story in Indonesia, in 2016 Wardah also export their product to international markets such as Bangladesh and Malaysia. According to Ministry of Foreign Affairs Republic of Indonesia (2017), Wardah has two outlets in Dhaka, namely in Police Plaza, Gulshan and at AR Plaza, Dhanmondi. This is a positive sign that Halal cosmetic trend is not only popular in Indonesia, but also in another Islamic country that located really far from Indonesia like Bangladesh.

Wardah has changed this industry, besides Wardah there are a lot of cosmetics product in Indonesia in 2018 that has halal certifications too. According to Halal Corner (2018), there are at least 70 cosmetics product with halal certification. That means that not only food, people in Indonesia start to getting care with halal certification in the cosmetic products.

## 2.4 Islamic Bank Products

According to Indonesia Investment (2015), Islamic finance is banking that is consistent with the principles of *sharia* (Islamic law).<sup>11</sup> For example, the prohibition of interest (*riba*) payments and excessive uncertainty (*gharar*) or gambling (*maysir*). Instead, risks and rewards should be shared by the stakeholders and the transaction should have real economic purpose without undue specification. Islamic banking involves banking, leasing, *sukuk* (Islamic bonds) and equity markets, investment funds, insurance and micro finance. However, the banking and *sukuk* assets account for about 95 percent of total Islamic finance assets. In recent years, the global market for sharia-compliant financial instruments has risen sharply. With that system, Islamic bank also offers a different services and product categories for their customer.

<sup>14</sup> In the context of macro economic management, an extensive use of various Islamic financial products and instrument will help attaching financial sector and real sector and create harmonization between the two sectors. In addition to support financial and business the widely use of islamic product and instrument will also reduce speculative transactions in thus the economy supports the stability of overall financial system. At the end, the Islamic banking will significantly contribute to the achievement of mid-long term price stability (Bank Indonesia.com, 2018). That's why Islamic banking products are really important especially in a country that majority of the population are Moslem who really depends on Islamic banking products. That five difference really makes Islamic bank products are different too from the conventional bank. For example for the credit product, according to Rosly and Sanusi (2001), the need to distinguish between conventional and Islamic credit cards is thus of importance.<sup>9</sup> Viewed particularly, there are three generic discrepancies. First, as noted earlier, Islamic credit cards are free from an element of compounding interest whilst conventional credit cards impose it. Second, Islamic credit cards fix the profit margin for whole contract period whilst the profit margin for conventional credit cards is not predetermined. Third, Islamic credit cards are guided by shariah principles whilst conventional credit cards are not. Consistent with the third discrepancy, the doctrine of bay al-Inah is recognized to validate the credit card transaction.

There are a few examples of Islamic bank in Indonesia such as Bank Syariah Mandiri, Muamalat Bank, and CIMB Islamic Bank. Each of the banks is under supervised by Bank Indonesia and OJK (*otoritas jasa keuangan*). They also have a different product for credit, leasing, and saving for each bank, it depends on their positioning in the market.

The problem is, this industry started to decline. According to Yuniari (2017), the

Islamic bank industry displayed a poor performance. The recent rise in non-performing financings (NPF — equivalent to non-performing loans or NPL at conventional banks), across Indonesia's Islamic bank shows that the industry is in deep trouble. Islamic financial products are frequently created by mimicking or mirroring (copy-pasting) conventional products.

For example, in practice, the murabahah (mark-up sale scheme) is considered to be pretty similar to conventional credit products, despite being different in theory. Many people think that the so-called “margin rate” used by Islamic banks is substantially the same as the “interest rate” used by conventional lenders (Yuniarti, 2017).

The second reason pertains to the demand side as people respond to the mimicking/mirroring practice in Islamic financial products. Many people believe that Islamic and conventional financial products are almost the same, with no substantial differences between the two. (Yuniarti, 2017).

## 2.5 Hypothesis Development

### 2.5.1 Theory of Reasoned Action

The theory of reasoned action (TRA) is one of the three classic models of persuasion. The theory is also used in communication discourse as a theory of understanding. The theory of reasoned action was developed by Martin Fishbein and Icek Ajzen in 1967 and was derived from previous research that began with the theory of attitude. The theory aims to explain the relationship between attitudes and behaviors within a human action. TRA is used to predict how individuals will behave based on their pre-existing attitudes and behavioral intentions. An individual's decision to engage in a particular behavior is based on the outcomes the individual expects will come as a result of performing the behavior (Rogers et al., 2002). Theory of reasoned action has been used in much Islamic marketing research in terms of finding the relationship between attitude

towards the object and behavior. Much Islamic marketing research, especially in nonmajority Muslim countries, used TRA or TPB to find the relationship between the attitude towards the halal products and it related to the purchase intention.

According to TRA, people's intention to behave in a certain manner is a predecessor variable of their actual behaviour. The intention itself is determined by the attitude toward that behaviour and by the subjective norms. (Hale et al., 2013). Intentions are assumed to capture the motivational factors that influence a behavior; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behavior.

The findings of Madden, Ellen, and Ajzen (1992) show that according to the Theory of Reasoned Action (TRA), consumers' attitudes have a positive impact on their intentions to buy a product. Based on Lutz (1991), TRA provides a way to predict purchase behaviour, in which it is necessary to measure a person's attitude toward performing that behaviour, not just the general attitude toward the object around which the purchasing behaviour is. For example, even though a person's attitude toward halal products is favorable, the person may never buy a halal product.

Based on TRA, this study assesses the effects of religiosity, normative belief, subjective norms and attitudes towards halal food products, halal cosmetics products, and shariah bank products, as well as the effect of those religiosity to attitudes on the intention to buy the three Islamic product categories. Furthermore, with regard to the attitude toward the behaviour, the TRA includes a second determinant of overt behaviour: the subjective norm. The social norm is a subjective norm that is intended to measure the social influences on a person's behaviour, i.e. the expectations of family members and friends. The stronger the attitude, the stronger the intention will be, and thus this will show in the purchase



decision behaviour and vice versa (Ajzen, 2008).

### 2.5.2 Religiosity

Religiosity refers to the degree to which belief in specific values and ideals is held and practised, thereby becoming a badge of identity (Mokhlis, 2008). As correctly referred by Sood and Nasu (1995), religious affiliation, like nationality, is an ascribed condition, whereas religiosity is more or less a personal phenomenon.

One of the earliest studies that investigated the influence of religion on consumer behaviour was conducted by Engel (1976) who noted sharp differences in psychographic profiles of Lutheran and Assembly of God denominations in Brazil. Differences in perception of products and services of the two religious groups were seen, which then affected their purchasing behaviour. Thompson and Raine (1976) further investigated the links between religious affiliation and buying behaviour by considering whether customers who shop at a particular furniture store have distinctive religious affiliations and whether this was a significant determinant of the furniture purchased.

Hirschman (1983) found significant differences among the followers of Jewish, Catholic and Protestant religions in their evaluation criteria for weekend entertainment, residence selection, transportation and pet selection. Jewish customers were found to be more innovative and less brand and store loyal (Hirschman, 1981), inherently at a higher level in novelty seeking and information transfer than Catholics and Protestants (Hirschman, 1982).

Religiosity is the religious commitment of individuals toward their faith(s) (Johnson et al., 2001). Religiosity consists of 4 dimensions that are highly inter-correlated: Religious Belief, Religious Practice, Religious Altruism, and Enrichment of religious experience (Tiliouine and Belgoumidi, 2009). The

followings are the explanations of each dimension:

1. Religious belief deals with faith matters, such as: believing in God, Judgment Day, Hell, Paradise, and Sacred Books.

2. Religious Practice dealing with practical matters such as: Islamic prayers, fasting, avoid alcoholic drinks, respect restrictions on clothing, and even hair style.

3. Religious Altruism dealing with relational aspects, such as to be good to parents, relatives, neighbours, and advising others.

4. Religious Enrichment dealing with activities that broaden religious knowledge and spiritual experiences, such as reading religious books, attend religious meetings, follow religious TV/radio programmes and read the Quran.

In Muslims world, religiosity also affected, when they are choosing products. Previous study by Ahlam Nuwairah Ahmad (2015) found that religion has a greater influence on behaviour compared to knowledge pertaining to halal matters, and there is a significant difference in respondents' behaviour between halal food products and halal cosmetic products.

Therefore, information sources are likely to have a positive relationship with attitudes toward halal cosmetic products. Previous study by Brilliana & Mursito (2016) found religiosity are important antecedents of Indonesian Muslims' attitude towards halal cosmetics to intention to halal cosmetic products. Furthermore, individuals who have more sources of fashion knowledge tend to be more fashion conscious (Hassan & Harun, 2016).

Religiosity will be a variable to understand the Islamic products (halal food, Islamic banking products, and halal cosmetic) in Indonesia. Therefore, in this research, study one was designed to investigate the impact of religiosity on attitude towards Islamic products and the second was designed to understand the impact of religiosity on purchase intention

of Islamic products directly. Therefore, the following hypothesis can be proposed:

**H1. Religiosity has positive effect on attitude toward Islamic products**

**H2. Religiosity has positive effect on purchase intention of Islamic products**

### 2.5.3 Attitude Toward Islamic Products

Attitudes toward the behaviour, measures the extent to which an individual has a favorable or unfavorable evaluation of a certain behavior (Ajzen and Fishbein, 1980). It the relative importance of attitude, subjective norm, and perceived behavioral control in the prediction of intention is expected to vary across behaviors and situations (Ajzen, 1991).

Attitude toward the behaviour is predicted by salient beliefs about a behaviour, weighted by the subjects' estimation of the likelihood that performing that behaviour will result in a given outcome. A false evaluation of the exact relationship between one's participation and the target's behavior can occur (Klein and John, 2003).

In this measurement belief / cognitive is not used because the level of research is in non-brand products, while for belief there must be on the level brand, it means that only evaluation is used to measure the attitude towards the Islamic product.

This research will use halal food, halal cosmetics, and Islamic banking products as a representative from Islamic products for the object for the attitude toward variable. Recent research by Lada et al (2009) shows that attitude is a significantly impact on choosing halal food products. Therefore, the following hypothesis can be proposed:

**H3. Attitude toward Islamic products has positive effect on purchase intention of Islamic products**

### 2.5.4 Subjective Norm

Subjective norm, also referred to as normative norm, is a function of beliefs that specify an individual's thinking about the acceptability of a particular behaviour by related groups, for example consuming halal products (Lada & Amin, 2009). The role of subjective norm, i.e. the social influences on a person's behaviour, may include the expectations of friends, peers and family members (Lutz, 1991). Subjective norm, according to Lada and Amin (2009), is also a function of beliefs that require individuals or groups to think whether they should or should not behave in a certain way. A study by Arshia Mukhtar Muhammad Mohsin Butt (2012) revealed that the Subjective norm of attitude towards halal products and intrapersonal religiosity positively influence attitudes towards halal products. This research use normative belief and motivation to comply for research variable as a representing variables from subjective norm.

### 2.5.5 Normative Belief

Normative belief constitutes the underlying determinants of subjective norms. It is part of the 3 salient beliefs that are considered to be the prevailing determinants of a person's intentions and actions (Ajzen, 1991). Both social dilemma theory and reference group theory suggest a strong positive link between people's expectation of overall cooperation and their own cooperation (Fisher and Ackerman, 1998).

From a consumer behaviour perspective, reference groups are important because they (Lessig and Park, 1978; Schiffman and Kanuk, 2007):

1. Inform and make individuals aware of specific products and brands.
2. Provide individuals with opportunities to compare their own thinking with the attitudes and behaviour of the group.
3. Influence individuals to adopt attitudes and behaviour that are

consistent with the norms of the group.

Reference groups are able to affect desirable and undesirable products of a person (Bristol and Mangleburg, 2005; Shim, 1996). They also tend to influence product selection, information processing, attitude formation and shopping behaviour (Bearden et al., 1989; Childers and Rao, 1992; Lachance et al., 2003). The influence findings of former studies have demonstrated that the degree of peer influence varies across products (Bachmann et al., 1993; Bearden and Etzel, 1982; Childers and Rao, 1992).

This research will use halal food, Islamic cosmetics, and Islamic banking products as a representative from Islamic products for the object for the normative belief variable. As the biggest Muslim country in the world. Muslim people in Indonesia tend to believe that, they must act and use Islamic product. In some area event, it's a Haram if we sell non-halal products.

According to the TRA model by Sheppard, Hartwick, and Warshaw (1988), TRA evaluations is part of the TRA too. The components sync with the belief. In this research, the evaluation component is being taken from the model. This is due lack of recent research in Indonesia about the evaluation component in Islamic product categories.

Therefore, the following hypothesis can be proposed:

**H4. Normative belief has positive effect on purchase intention of Islamic products**

#### **2.5.6 Motivation to Comply**

A sense of belonging to a group creates a more cohesive environment (Kim et al., 2004). Experiment conducted by Gardner and Steinberg (2005) about Peer Influence on Risk Taking, Risk Preference, and Risky Decision resulted in the fact that adolescent and adults made riskier decisions when in peer groups than alone.

Fisher and Ackerman (1998) suggests that some consumers may be particularly susceptible to the normative influence exerted by a primary circle group.

The contribution of the primary pressure group, the family, is endowed with a religious meaning and is reflected in consumption (Dekhil et.al, 2017). Al Hyari et al. (2012) highlighted some characteristics of Muslim people, including that they prefer to act in a similar manner to their fellow Muslims. They will try to follow what other Muslims do. In Indonesia, people tend to be more group than being alone, people will what kind of products that you used. For example, in some region like Aceh, the women there are using hijab, and the woman that not wearing hijab will look strange.

Therefore, the following hypothesis can be proposed:

**H5. Motivation to comply has positive effect on purchase intention of Islamic products**

#### **2.6 Conceptual Framework**

**There are 5 hypothesis in this research, namely:**

H1. Religiosity has positive effect on attitude toward Islamic products

H2. Religiosity has positive effect on purchase intention of Islamic products

H3. Attitude towards Islamic product has positive effect on purchase intention of Islamic products

H4. Normative belief has a positive effect on purchase intention of Islamic products

H5. Motivation to comply variable has positive effect on purchase intention of Islamic products

### **3. RESEARCH METHODOLOGY**

According to Sekaran and Bougie (2013, p. 2-3) business research can be described as a

systematic and organized effort to investigate a specific problem encountered in the work setting, which needs a solution. Research design is “a blueprint for the collection, measurement, and analysis of data, based on the research questions of the study (Sekaran and Bougie, 2013, p. 95). There are eight parts of research on this chapter, that part are: Type of research, data collection method, research subject, data analysis method, covariate analysis, multiple regression analysis, operational definitions, and research timeline.

### 3.1 Type of Research

In terms of types, there are two types of researches, may be either exploratory, descriptive, or causal (Sekaran and Bougie, 2003).

According to (Sekaran and Bougie 2003) causal study tests whether one variable causes change in another variable. There are 4 conditions should be met in a causal study:

1. The independent and the dependent variable should covary
2. The independent variable (the presumed causal factor) should precede the dependent variable
3. No other factor should be a possible cause of the change in the dependent variable
4. A logical explanation (a theory) is needed and it must why the independent variable affects the dependent

This research uses two or more variable, its categorized as a causal-correlational study. Correlation is a statistical measure (expressed as a number) that describes the size and direction of a relationship between two or more variables. A correlation between variables, however, does not automatically mean that the change in one variable is the cause of the change in the values of the other variable (Australian Bureau of Statistics, 2013).

As for time dimension category, this research is categorized as cross-sectional research. Cross-sectional research is a study

with a one-time data collection (Sekaran and Bougie, 2003). The data collection is not longitudinal. It means that after the data is completed, the research will be stop.

### 3.2 Data Collection Method

All data that will be collected in this research is primary data. All the primary data will be recorded directly from the source. One common methods to obtain primary data is survey, using a structured questionnaire given to a sample of a population and designed to elicit specific information from respondents (Malhotra, 2010) or experiment. In this research, survey was chosen over experiment.

The collective procedure for this research is an online survey that includes the demographic items, besides the main questions. The survey was chosen because this research needs a huge number of quantitative data for each Islamic product categories. The measurement scale is the 5 points Likert Scale. The options are strongly disagreed, disagree, neutral, agree, and strongly agree. Thus, the scale is an interval.

### 3.3 Research Subject

#### 3.3.1 Population

Population is the entire group of people, events, or things the researcher targets to investigate (Sekaran & Bougie, 2013). In this research, population refers to Muslim people in Indonesia who like to use Islamic products over the non-Islamic products or on the other side.

#### 3.3.2 Sampling

Sample, as described by Sekaran & Bougie (2013), is a subset or subgroup of the population. All sample comes from the population after being selected. In this research, based on Krejcie and Morgan Table, the sample is 384. When the population number is over 1.000.000, the minimum sample size is 384 (Krejcie & Morgan, 1970).. Respondent who will become a sample divided into 3 categories, the categories are based on the preferences of the Islamic products that they choose during the questioner filling process. They

can choose either halal food, halal cosmetics, or Islamic banking products.

### 3.3.3 Sampling Design

Sampling design is a way to get the sample. There are 2 types of sampling design: probability and nonprobability sampling (Sekaran & Bougie, 2013). Probability sampling is when the respondents in the population have some known, nonzero chance/probability of being selected as sample subjects. In nonprobability sampling, respondents don't have known chance/probability of being selected as subjects (Suwanda, 2017). This research uses the nonprobability sampling, specifically purposive sampling and snowball sampling. In purposive sampling, the sample is specific to types of people who can provide the desired information (Sekaran & Bougie, 2013).

The questionnaire will be made on google form and send via the internet using social media, messenger, and also from mouth to mouth.

## 3.4 Data Analysis Method

For a high quality research, it is important to make sure that the instrument we developed to measure particular concept is indeed measuring the variable right. It is also important that the concept that we set to measure is the right one (Sekaran & Bougie, 2013). The analysis method like validity tests it's useful to understand the rightness of the instrument, combined with the reliability test can also measure the goodness of data.

### 3.4.1 Factor Analysis Test

This research will use factor analysis test to grouping similar variables into each dimensions. According to Statistics Solutions (2018), this process is used to identify latent variables or constructs. The purpose of factor analysis is to reduce many individual items into a fewer number of dimensions. Factor analysis can be used to simplify data, such as reducing the number of variables in regression models.

Most often, factors are rotated after extraction. Factor analysis has several different rotation methods, and some of them ensure that the factors are orthogonal (i.e., uncorrelated), which eliminates problems of multicollinearity in regression analysis.

Factor analysis is also used to verify scale construction. In such applications, the items that make up each dimension are specified upfront. This form of factor analysis is most often used in the context of structural equation modeling and is referred to as confirmatory factor analysis. For example, a confirmatory factor analysis could be performed if a researcher wanted to validate the factor structure of the Big Five personality traits using the Big Five Inventory.

### 3.4.2 Reliability Test

A brief definition of reliability is “a test of how consistently a measuring instrument measures whatever concept it is measuring” (Sekaran & Bougie, 2013). To test the reliability, this research uses Cronbach's Alpha. Cronbach's Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran & Bougie, 2013). Cronbach's Alpha is calculated in terms of the average intercorrelations among the items. The closer Cronbach's Alpha is to 1, the more reliable it is. The minimum score of Cronbach's Alpha for each variable used in this research is 0.600 (Nunnally & Bernstein, 1994).

### 3.4.3 Validity Test

Validity, in brief, is a test of how well an instrument that is developed measures the particular concept that it's supposed to measure (Sekaran & Bougie, 2013). Validity refers to the extent to which differences in observed scale scores reflect true differences among objects on the characteristic being measured, and not systematic or random errors (Malhotra, 2010). The way to do validity test is to conduct factor analysis. Factor analysis is a

multivariate method used for data reduction purposes. The idea is to represent a set of variables by a smaller number of variables (Rencher, 2002). In this research, factor analysis is done through Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO MSA) and Bartlett's Test of Sphericity. To pass KMO MSA test, the value has to be more than 0.50 while to pass Bartlett's Test of Sphericity, the value has to be less than 0.05.

#### 3.4.4 Univariate Analysis (Descriptive Statistics)

Univariate analysis is conducted to get descriptive information of the respondent. Therefore, the analysis consists of descriptive statistics calculation, such as frequencies, means, and standard deviations. Descriptive statistics is needed to see the big picture of the respondents characteristics (Suwanda, 2017).

This research will use descriptive statistics to provide a better sight about the respondent, for classifying each of the respondents about their purchase intention to each Islamic product categories.

#### 3.4.5 Classical Assumption Test

Classical assumption test consist of:

##### 1. Multicollinearity test

Multicollinearity is a state of very high intercorrelations or inter-associations among the independent variables. It is therefore a type of disturbance in the data, and if present in the data the statistical inferences made about the data may not be reliable (Statistic Solution.com, 2018). This research will use Variance Inflation Factor (VIF). VIF is an indicator of an effect from independent variable to the variance of a regression coefficient. If the  $VIF > 10$  it means that there are some large multicollinearity.

##### 2. Normality test

According to Tutor Vista.com (2018) , in statistics, sometimes It is needed to assess the normality of a given set of data. For many statistical processes, it is prerequisite to make the assessment of the normality of the data, since it is an important assumption in parametric testing. There are various normality tests are available for the determination of normality of a data. In statistics, the normality tests are used in order to determine whether a given set of data is well-defined by a normal distribution. They are also used to measure how likely a set of data to be normally distributed for a random variable. If the p value is more than 0.05, then the data has normal distribution.

##### 3. Heteroscedasticity test

According to XLstat.com (2017), heteroscedasticity test is used in statistics, especially in the context of linear regression or for time series analysis, to describe the case where the variance of errors or the model is not the same for all observations, while often one of the basic assumption in modeling is that the variances are homogeneous and that the errors of the model are identically distributed. In linear regression analysis, the fact that the errors of the model (also named residuals) are not homoskedastic has the consequence that the model coefficients estimated using ordinary least squares (OLS) are neither unbiased nor those with minimum variance. The estimation of their variance is not reliable.

### 3.5 Multiple Regression Analyses

Regression analyses is a statistical procedure to analyze associative relationships between a metric dependent variable and one or more independent variables (Malhotra, 2010). Multiple regression analysis is a procedure to analyze the relationship between one dependent variable and several independent variables (Hair et al., 1996).

The objective of multiple regression analyses is to use the independent variables whose values are known to predict the single dependent value (Hair et al., 1996). Multiple regression can be used to test hypothesis of linear associations among variables, to examine associations among pairs of variables while controlling for potential confounds, and to test complex associations among multiple variables (Ballance, 2011).

There are two regressions in this research. The first regression named study A, use for knowing the effect of religiosity on attitude towards Islamic products, while the second regression named study B use for knowing all of the independent variables to purchase intention of Islamic products. The picture about regressions shows on Figure 3.1

There will be also a comparison analyses will compare three products categories from halal food, halal cosmetic, and Islamic bank products. All of the variables from the hypothesis like: religiosity, attitude towards Islamic products, normative believe, motivation to comply, and purchase intention will applied to the analyses. The objective is, to find the significance between the variable for each product categories and the effects that can be used as a research benefits.

#### 3.5.1 Sobel Test

To further evaluate the effect religiosity, the researcher did additional investigation about religiosity dimension. It is assumed that attitude towards Islamic products will support religiosity as a

mediating variable. To prove this assumption, there are 4 requirements that must be fulfilled (Sobel, 1982), namely:

1. Independent variable has significant effect on the mediating variable
2. Independent variable has significant effect on the dependent variable
3. Mediating variable has significant effect on the dependent variable
4. Independent variable's effect shrinks upon the addition of the mediating variable

## 4. ANALYSIS

In this chapter, all the respondents' data will be analyzed. During the data collection (July 10 – July 23, 2018), the researcher managed to collect a total of 120 data. The data then categories again for each Islamic product categories, the result was the data for halal food was 108, for shariah bank product was 108, and for halal cosmetic was 102. There are a lot of respondents who filled more than one products categories. Especially for halal cosmetics, all of the respondents were a female, because Indonesia only sells cosmetic to women.

### 4.1 Descriptive Analysis

Based on age, most respondents are between 18-24 with 56,00%, the second is respondents with age between 25-25, and the other 2,33% are the respondents with the age between 36-45 and only one respondent with the age above forty-five. This results due most of the respondents are gen Y.

Respondents profile based on income, from the figure most respondents 41,67% have an income above Rp 4.000.000 and on the second place, 24,00% is respondents with income below Rp 1.000.000. The third place 16,33% is respondent with income between Rp 3.000.000 – Rp 4.000.000. The fourth-place 11,33% is respondent with income between Rp 1.000.000 – Rp 2.000.000, and the last

6,67% is respondents with an income between Rp 2.000.000 – Rp 3.000.000.

Based on the educational level, most respondents are at Bachelor degree level with 53,33%, after that 27,00% respondents are at a high school level. Respondents with an educational level diploma and master share the same percentage with 7,67% while the 3,67% are respondents with an educational level of junior high school and 0,67% elementary school. This result is related with the respondents income level. With most of respondents already at Bachelor degree level, it make sense that most of respondents income is above Rp 4.000.000.

#### 4.2 Factor Analysis, Reliability, and Validity

Factor analysis, reliability, and validity test is applied to this research after the descriptive statistic test.

The result is, Religiosity belief has cronbach's alpha higher than 0,9 which indicated good reliability. The variables were also indicated good validity, therefore, can be used for multiple regression analysis.

Religiosity enrichment and religiosity practices also have different components. Religiosity enrichment has a cronbach alpha 0,704 while religiosity practice only one variable passed the factory analysis test and can't take the reliability test. This means that only religiosity belief can be tested as a regression for the next step.

For the factor analysis test, the resulted was, all of the variables question sets seemed to group into variables they were supposed to represent. All of the variables also have Cronbach's Alpha higher than 0,7 which means that the reliability is good, Even though there were still some items that have been cut off because they grouped into variables they weren't. Variable normative belief seemed to have the same component with the attitude towards Islamic products variable.

The validity result is, that correlation of items within a certain variable has relatively higher value than their correlation with other items from other variables. This is the proof that the validity of the item is good.

#### 4.3 Classical Assumption Test

The result of classical assumption test for all Islamic product categories. The data came from total of respondents who fill the quitionaire for halal food, halal cosmetic, and shariah bank. The result are each regression has VIF values below 10, It can be seen that all regression fulfilled the assumption for multicollinearity. KS sig must be above 0,05 and all the regression didn't fill the requirements which means that the data didn't fulfilled the assumption of normality. All regressions also fulfilled assumption of heteroscedasticity which means none of them were disturbed with heteroscedasticity because contained sig > 0,05 except for regression b and regression e for the corelations between motivation to complies with purchase intention. The result also almos the same with the other islamic product categories.

### 5. DISCUSSION AND CONCLUSSION

#### .1 Theoretical Implications

Study A investigated the relationship between the religiosity and attitude towards Islamic products as a mediating variable. There are four different product categories for the test. All of the data combined, halal food, halal cosmetic, and shariah bank products.

The result for Islamic products combined shows that, there is no significant relationship between religiosity and attitude towards Islamic products. Result for regression d, religiosity and attitude towards Islamic products have a significant



effect on purchase intention with R<sup>2</sup> 0,703 which means that 70,3% of purchase intention is affected by religiosity and attitude towards Islamic products. The beta value for attitude towards Islamic products is 0,814 which is higher than the religiosity variable 0,075. Beta value is the standardized coefficient of the regression which can be used to compare the magnitude of the coefficient to see which one has more effect. From the result, we can conclude that attitude towards Islamic products has more effect than religiosity. The test from the regression isn't enough, after the doing the test with the Sobel, the result was p-value of the Sobel test is 0,672 which is more than 0,05.

The result for halal food shows that there is no significant relationship between religiosity and attitude towards halal food. Result for regression d, religiosity and attitude towards halal food have a significant effect on s with R<sup>2</sup> 0,491 which means that 49,1% of purchase intention is affected by religiosity and attitude towards halal food. The beta value for attitude towards halal food is 0,600 which is higher than the religiosity variable 0,210. Beta value is the standardized coefficient of the regression which can be used to compare the magnitude of the coefficient to see which one has more effect. From the result, we can conclude that attitude towards halal food has more effect than religiosity. The test from the regression isn't enough, after the doing the test with the Sobel, the result was p-value of the Sobel test is 0,762 which is more than 0,05.

The result for halal cosmetic shows that there is no significant relationship between religiosity and attitude towards halal cosmetic. Result for regression d, religiosity and attitude towards halal cosmetic have a significant effect on purchase intention with R<sup>2</sup> 0,719 which means that 71,9% of purchase intention is affected by religiosity and attitude towards halal food. The beta value for attitude towards halal cosmetic is 0,816 which is higher than the religiosity variable 0,083.

Beta value is the standardized coefficient of the regression which can be used to compare the magnitude of the coefficient to see which one has more effect. From the result, we can conclude that attitude towards halal cosmetic has more effect than religiosity. The test from the regression isn't enough, after the doing the test with the Sobel, the result was p-value of the Sobel test is 0,557 which is more than 0,05.

Last but not least for study A the result for shariah bank products shows that there is no significant relationship between religiosity and attitude towards shariah bank products. Result for regression d, the result is quite different from the other product, only attitude towards the products has a significant effect on purchase intention with sig <0,005. Religiosity variable has sig value 0,954 so it's not supported the regression. R<sup>2</sup> for this regression is 0,740 with beta value -0,03 for religiosity and 1,018 for attitude towards shariah bank products. Regression d for shariah bank products didn't meet the requirements because religiosity as an independent variable has a sig >0,005, it means that the Sobel test won't be applicable.

Study B investigated the relationship between the religiosity, attitude towards products, motivation to comply, and normative belief. There is no mediating variable in this study. There are four different product categories for the test. All of the data combined, halal food, halal cosmetic, and shariah bank products.

The result for Islamic products combined shows that regression e has R<sup>2</sup> 0,727. Attitude towards Islamic products and motivation to comply has a significant result because both have sig level <0,05. Religiosity and normative belief variables didn't have the sig below 0,05. The beta for religiosity, attitude, normative belief, and motivation to comply are 0,045, 0,0682, 0,024, and 0,1940. From the result, we can be concluded that in Indonesia religiosity and normative belief doesn't affect that much when buying the combined Islamic

product categories because it contained three different products (Halal food, halal cosmetic, and Islamic bank products).

The result for halal food shows that regression  $e$  has  $R^2$  0,525. The beta value for religiosity, attitude towards halal food, normative belief, and motivation to comply are: 2,111, 0,549, 0,031, and 0,118. All of the variables are significant to purchase intention, except normative belief.

The result for halal cosmetic shows that regression  $e$  has  $R^2$  0,742. The beta value for religiosity, attitude towards halal cosmetic, normative belief, and motivation to comply are: 0,12, 0,751, -0,077, and 0,195. From the table, only attitude towards halal cosmetic and motivation to comply that affect the purchase intention because contains  $\text{sig} < 0,05$ . This result is related to Briliana and Mursito (2016) that attitudes towards halal cosmetic products were important antecedents of intention to purchase halal cosmetic products and mediated the influence of knowledge, religiosity and subjective norm.

The result for shariah bank products shows that Regression  $e$  has  $R^2$  0,772. The beta value for religiosity, attitude towards halal food, normative belief, and motivation to comply are: -0,10, 0,673, 0,117, and 0,161. From the table, the only attitude towards shariah bank products that affect the purchase intention because of contained  $\text{sig} < 0,05$ . This is result is related to Indonesian shariah bank condition now which already written on chapter 1 that people in Indonesia nowadays they are confused and not finding the different between shariah bank and a conventional bank, it makes the subjective norm (normative belief and motivation to comply) and religiosity doesn't apply to the purchase intention.

From the theoretical result of this research we can see that different products has a different resulted. Religiosity affect significantly to the attitude towards products for the mediating variable for all of the products categories but not for the shariah bank products. This result indicate

that people in Indonesia is not seeing the shariah bank products from their religious perspective.

Attitude towards the products was also not a mediating variable for religiosity. From the sobel test result, all of the products have a  $p$  value  $> 0,005$ . It means that attitude is more important than the religiosity because not of the attitude has a higher beta value, and attitude is not mediated by the religiosity. When faced with the attitude, most respondents like the products because of the attitude not from the religiosity perspective.

Religiosity not sig with all of the product variable except the halal food. This is assumed Indonesian people still believing that event in a country that majority is Muslim, halal food is still important. This case is different from shariah bank and halal cosmetic. Cosmetic and Bank is not something that people used every day, and this is something that causes their mind that cosmetic or bank is still good if it's not halal or shariah.

Normative belief is the only variable that not significant with purchase intention of all product categories and motivation to comply only not significant with the shariah bank products. Attitude towards the products is the one that well significant with all of the Islamic product categories.

## 5.2 <sup>79</sup> Managerial Implications

This research can help the business entity to the decision maker especially in the food industry, cosmetic industry, and Islamic banking industry in Indonesia. The result of this research gives a point of view from a consumer behavior perspective.

Religiosity is still an important thing in terms of seeing the halal food event in a big Muslim country like Indonesia. The halal label is still the important issue for the consumer. The business entity should assure that the food that consumers eat is safe from haram things. Although the halal food is important, for the cosmetic is quite not significant. The business entity needs to make something different in terms of

marketing to make the consumer aware of the halal cosmetic. For the shariah bank products, the resulted from this research indicate that consumers are not seeing the banking products from their religiosity perspective anymore.

Although religiosity, normative belief and motivation to comply did not all significant, there is one component that is really important, its attitude towards the products. This is the things that business entities can develop. According to the result of this research, event attitude can bypass the religiosity variable and can stand alone to give the beta value higher than the religiosity. The business entity can be branding the Islamic products with the attitude towards products perspective.

The implication for the business entity also can be applied to the government as well, because the government is the who control the regulations of the Islamic product categories. From this research, religiosity is still important for the halal food product. The government with MUI as a representative should control the regulations and the certifications for the halal food more and give an education to the industry about the halal assurance system.

### 5.3 Limitations

The research limitations are the followings:

1. This research only applied mostly to respondents who live in Jabodetabek, so there will be a different attitude and resulted in terms of perspective to see the phenomena if this research also took respondents from a different religion.
2. Lack of respondents data. This research need more than 100 data for each products categories if wanted to get a better results, because this research analyze the three different product categories. Each of the product categories has a different phenomena.

3. The sample was chosen mostly from the population of Indonesia's Gen Y. Hence, caution should be applied when generalising accross other populations.
4. Lack of the perceived behavioral variable control variable. This research uses a TRA a model which is quite old compared to the TPB model, because this research applied in a country that most populations is Muslim, so it's quite hard to find the perceived behavioral variable control for the people to purchase the Islamic product.
5. The proportion of female and male for the respondents is wide with 26% male and 74% female. This is due the halal cosmetic questions that only female respondents can fill it.

### 5.4 Conclusions

The conclusions of this research are the followings:

1. Religiosity variable has a positive impact on attitude toward Islamic products when it comes directly.
2. Religiosity variable has a positive impact on purchase intention of Islamic products when it comes directly.
3. Attitude towards Islamic products variable has a positive impact on purchase intention of Islamic products but not as a mediating variable for the religiosity variable.
4. Religiosity variable has a positive impact on purchase intention of halal food products compare to the other variables.
5. Normative belief variable has a negative impact on purchase intention of all Islamic products compare to the other variables.
6. Motivation to comply variable has a positive impact on purchase intention of all Islamic products except for the shariah bank products.

## 5.5 Suggestions for Future Research

There are few things to consider for future research, namely:

1. Future research might conduct the similar research with more respondents and more variety of respondents' domicile.
2. Sample or respondent can be chosen not only mostly from gen Y but from the other generation too.
3. Perceived behavioral control can be added to that the next research can use TPB model as a basis and foundation for the research.
4. The proportion of male and female respondent should be tighter than this research.

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