DOES BRAND ATTITUDE AFFECT THE FINANCIAL DECISION-MAKING BEHAVIOUR OF MALAYSIAN MILLENNIALS IN PURCHASING SHARIAH-COMPLIANT STOCKS?

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Abstract: - This study pursues to ascertain whether having a favourable brand attitude towards a company will be a determinant factor for millennials in deciding to purchase Shariah-compliant online shares. This study also examined the influence of online financial communication on millennials’ brand attitude via firm generated content and user generated content. This study collected data from 308 potential millennial retail investors in Malaysia using the convenience sampling procedure. The partial least squares structural equation modelling (PLS-SEM) technique and the SmartPLS 3 tool was used to examine the data. This study contributes to the research areas of financial communication and Islamic financial services marketing in relevance to Shariah-compliant online shares, signalling theory and provides significant managerial implications for investor relations managers.

Keywords: Financial Communication, Islamic Financial Services Marketing, Social Media Marketing, Signalling Theory, Brand Attitude

Introduction
Internet users especially the millennial generation are actively participating in social networks. In 2017, it was recorded that 80 per cent out of the total Internet users in Malaysia are aged 15 years and above which is an increase of 9 per cent. The percentage of Malaysian individuals using computer increased to 69.8 per cent in 2017 from 68.7 per cent in 2015. As seen in Figure 1, 97.7 per cent of Malaysian individuals were reported to be using mobile phones in 2017 (Department of Statistics Malaysia, 2018). The increase in internet users and mobile phone penetration has also led to the increase of online investing among millennial retail investors. According to Investopedia (2018), a retail investor or called individual investor is a non-professional investor who buys and sells securities, mutual funds or exchange traded funds through traditional or online brokerage firms. Individual investors invest much smaller amounts than large institutional investors, such as mutual funds, pensions and university
endowments, and trade less frequently. However, wealthier retail investors can now access alternative investment classes like private equity and hedge funds.

<table>
<thead>
<tr>
<th>Internet</th>
<th>Computer</th>
<th>Mobile phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015: 71.1%</td>
<td>2015: 68.7%</td>
<td>2015: 97.5%</td>
</tr>
<tr>
<td>2017: 80.1%</td>
<td>2017: 69.8%</td>
<td>2017: 97.7%</td>
</tr>
</tbody>
</table>

**Figure 1: Percentage of Internet, Computer & Mobile Phones Users**
Source: Department of Statistics Malaysia, 2018

The advantage of having an online trading account is the benefit of low brokerage fees which subsequently encourages potential investors to trade stocks online to earn more profit. The Bursa Financial Year 2018 trading volume has improved by 9 per cent (TA Securities Research, 2018). Conducting this study in Malaysia is fundamental because the market value of the market capitalization in Malaysia is worth at RM1.9 trillion in 2017 where the domestic trade is equivalent to almost 78 per cent of the RM1.9 trillion. Additionally, individual investors or also known as retail investors have a trading value of 22 per cent out of the RM562.3 billion which comes to an amount of almost RM124 billion worth of individual investors’ trades (Bursa Malaysia Berhad, 2018).

**Problem Statement**
Prior researchers, managers, and public-policy makers have been attentive in understanding millennials’ online behaviour mainly due to the fact that purchasing decisions of millennials are difficult to gauge and are profoundly influenced by social media (Prasad, Garg, & Prasad, 2019). Besides the influence of social media, a research by Saâdaoui (2018) specified that Islamic finance has emerged as one of the most rapidly expanding sectors of the global financial industry. It is expected that Islamic finance will play an increasingly significant role the coming years. Therefore, this study examines the influence of social media and the active trading decisions of Malaysian retail investors due to the unique features of the Shariah-compliant shares since recent studies indicated that customers and employees should be involved actively and collaboratively to ensure the success in service delivery of the Islamic finance system which includes the understanding of Shariah compliance business practices by Shariah experts (Abd Aziz, 2018; Khan, Tan, & Chong, 2017). This study ultimately focuses on the research areas of online financial communication and Islamic financial services marketing and intends to find out whether brand attitude will be a determining factor in influencing millennial investors’ financial decision making from the perspective of Shariah-compliant online stocks purchase intention.

**Literature Review**
Purchase intention has been researched by many marketing scholars to further comprehend the behaviour of consumers. Past literature has verified that there is a strong correlation between brand and consumers’ intentions (Ahasanul Haque, et al., 2015). This study was established based on the signalling theory. This theory proposed that in a situation with information asymmetry, it is possible for people to signal their type, thus believably transferring information to the other party and resolving the asymmetry (Spence, 1973). A few researchers have discussed financial decision-making behaviours using signalling theory, however, very limited studies have been steered using this theory in trying to explain how potential millennial investors behave (Gao, Yu, & Cannella, 2016).
This study relates to financial communication which is defined as the set of actions in communication concerning all potential investors and their consultants (Demont-Lugol, Kempf, Rapidel, & Scibetta, 2000). This study focuses in understanding the social or faith-based norms by investors that impacts financial and investment decisions which have been growing within the last few years. It is known that this type of investors is willing to accept the cost of holding a less than efficient portfolio if they obtain more utility from holding assets that adhere to their social or faith-based norms (Almansour & Ongena 2018). The Islamic finance is guided by the principles of Islamic legal system or Shariah law that prohibits interest, excessive risk-taking, and gambling, and promotes risk-sharing instead of risk-shifting.

The next variable discussed in this study is firm generated content which is reflected as firm-initiated marketing communication in its official social media pages (Kumar, Ram Bezawada, Rishika Rishika, Ramkumar Janakiraman, & P.K. Kannan, 2016). Meanwhile, user generated content is focused on the consumer dimension that is created by the general public rather than by marketing professionals and is primarily distributed on the Internet (Daugherty, S. Eastin, & Bright, 2008). Past research has shown that firm generated content influences brand attitude (Schivinski & Dabrowski, 2014). Content published directly by firms or organizations on social media platforms or known as firm generated content appears to have a positive effect on intention (Morra, Valeria Gelosa, Francesca Ceruti, & Alice Mazzucche, 2018).

Hence, this study looks into how brand attitude will influence the purchasing intention of millennials. Brand attitude is frequently conceptualized as a global evaluation that is based on favourable or unfavourable reactions to brand-related stimuli or beliefs (Murphy & Zajonc, 1993). The final variable used in this study is purchase intention which is defined as the antecedents that stimulate and drive consumers’ purchases of products and services (Hawkins & Mothersbaugh, 2010). It is said that attitude toward the web establishes the consumer adoption and usage of the web (Kujur & Singh, 2017). Web marketing which is also related to user generated content is crucial as its effectiveness will eventually define the effectiveness of the overall advertising. This study also stated that related studies prior to this have indicated that the attitude toward advertisements is the most significant sign of advertising effectiveness.

Based on the literature discussed, Figure 2 illustrates the model of this paper and accordingly, this study has proposed these hypotheses:
H1: Firm generated content has a positive influence on brand attitude.
H2: User generated content has a positive influence on brand attitude.
H3: Brand attitude has a positive influence on purchase intention.
H4: Brand attitude will mediate the relationship between firm generated content and purchase intention.
H5: Brand attitude will mediate the relationship between user generated content and purchase intention.
Methodology
This research analysed potential Malaysian individual investors who are also categorized as millennials and used the convenience sampling method in gathering the data. The millennial generation or also called generation Y are those born between the year of 1982 to 2000 (Strauss & Howe, 1991). Statements are adapted from previous studies and were distributed first as a pre-test and a pilot study to 124 respondents to test the suitability of the statements for our context here in Malaysia and some modification were made to the final statements after the pre-test and the pilot study. The final version of the statements can be viewed in Table 2. This study used the intercept surveys method or by personally approaching all the respondents using mobile phones and tablets and politely requesting them to answer the survey during the Shariah Investing Fair 2017 in Kuala Lumpur which is located in Klang Valley. Klang Valley is an area in Malaysia which is centred in the capital city of Kuala Lumpur, and includes its adjoining cities and towns in the state of Selangor. A more recent alternative reference to this would be Greater Kuala Lumpur. The Valley is the most populated urban sprawl in Malaysia which comprises the areas of Shah Alam, Subang Jaya, Petaling Jaya, Kuala Lumpur and Kajang (Abd Aziz, Musa, & Sulaiman, 2010). Out of the 340 completed questionnaires received, only 32 replies or 9.4 per cent out of the total replies collected were removed and thus 308 replies were considered to comply and deemed valid.

Table 1 presents the profile of the respondents. This study received higher male participants which represent almost 57 per cent of the total number of respondents, as compared to 133 female respondents which were all from the millennial generation from the age of 18 to 35 in 2017. Although more than 70 per cent of the participants had at least a bachelor degree or higher education qualification, the majority of these potential investors or more than 60 per cent of them did not have any investment knowledge at all or even held any positions requiring financial expertise within the last 5 years. This study has selected SmartPLS 3 to forecast key target constructs. This study used PLS-SEM to analyse the specified path model. The reasons for selecting this software and method are based on several concrete reasonings. One of the reasons for using SmartPLS is because this software is able to analyse data that is non-normally distributed which is rather common for most marketing research. Furthermore, this study used PLS-SEM because the covariance-based SEM instruments for example the LISREL or AMOS are not the best option mainly because they have strict data assumptions (Wong, 2010).
More importantly, Chin and Newsted (1999) suggested that for application and prediction, when the phenomenon under research is relatively new or changing, or when the theoretical model or measures are not well formed, a PLS approach is often more suitable. Therefore, this study can be considered relatively new and it is a prediction of the independent variables that are the potential factors that would affect the brand attitude and purchase intention, this is the most suitable analysis. Furthermore, even the measurement model is still considered newly develop which make more sense to use PLS-SEM for predictive application (Anderson & Gerbing, 1988).

According to Wold (1985), this tool has been in existence since the 1960s, however, academicians and researchers have only noticed of the benefits of this tool within the last period after these tools for example PLS-Graph and SmartPLS were available on the market (Wong, 2016). Generally, the main purpose of using PLS-SEM is to forecast key target constructs or predictors and the data of this study does not have a normal distribution (Hair et al. 2017).

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>175</td>
<td>56.8</td>
</tr>
<tr>
<td>Female</td>
<td>133</td>
<td>43.2</td>
</tr>
<tr>
<td><strong>Monthly income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RM3,860 and below</td>
<td>185</td>
<td>60.1</td>
</tr>
<tr>
<td>RM3,861 – RM8,319</td>
<td>95</td>
<td>30.8</td>
</tr>
<tr>
<td>RM 8,320 and above</td>
<td>28</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Education level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>157</td>
<td>51.0</td>
</tr>
<tr>
<td>Master degree</td>
<td>59</td>
<td>19.2</td>
</tr>
<tr>
<td>Diploma</td>
<td>56</td>
<td>18.2</td>
</tr>
<tr>
<td>SPM/STPM</td>
<td>26</td>
<td>8.4</td>
</tr>
<tr>
<td>Ph.D.</td>
<td>10</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Held position requiring financial expertise</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>220</td>
<td>71.4</td>
</tr>
<tr>
<td>Yes</td>
<td>88</td>
<td>28.6</td>
</tr>
<tr>
<td><strong>Investment knowledge</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>192</td>
<td>62.3</td>
</tr>
<tr>
<td>Very little</td>
<td>59</td>
<td>19.2</td>
</tr>
<tr>
<td>Good</td>
<td>57</td>
<td>18.5</td>
</tr>
</tbody>
</table>

This study used Harman’s single factor test to measure this bias and bias in this study is not a serious problem. Other than that, in term of outliers, we have decided to maintain all data as mentioned in Hair et al. (2017) that it can represent part of the reality of the respondents or a unique subgroup of the sample. When this study compared the difference between $R^2$ value of the endogenous construct before and after adding the marker variable, the calculation was $0.615 - 0.621 = 0.006$, the difference was only about 0.976 per cent, which is not even a 1 per cent change and therefore the results showed there is no substantial common method bias in this study where the maximum threshold is 10 per cent change within the $R^2$ values (Shehnaz et al., 2017).
<table>
<thead>
<tr>
<th>Construct</th>
<th>Measurement</th>
<th>Adapted from</th>
</tr>
</thead>
</table>
| **Firm Generated Content** | 1. I intend to purchase stocks of a company when I am satisfied with their messages posted in their official social media pages.  
2. When the level of clarity of messages posted by a company in their official social media pages meets my expectations, I intend to purchase stocks of that company.  
3. When messages posted by a company in their official social media pages are very appealing, I intend to purchase stocks of that company.  
4. When messages posted by a company in their official social media pages are better than their competitors, I intend purchase stocks of that company. | Schivinski & Dabrowski (2014) |
| **User Generated Content** | 1. I feel good when I plan to purchase stocks that has positive user comments/reviews.  
2. User comments/reviews of a stock are important while I am planning to purchase.  
3. User comments/reviews will influence my plan to purchase a stock.  
4. If the majority of the user comments/reviews are negative, I would not intend to purchase the stocks.  
5. User comments/reviews are likely to influence my future purchase intention.  
6. If the majority of user comments/reviews are positive, I would intend to purchase the stocks.  
7. Reading user comments/reviews of a stock would change my mind about purchasing a stock. | Hazari, Bergiel, & Sethna (2016) |
| **Brand Attitude**         | 1. The brand of the company that I would intend to purchase stocks of should be pleasant.  
2. The brand of the company that I would intend to purchase stocks of should be good.  
3. The brand of the company that I would intend to purchase stocks of should be favourable.  
4. I would intend to purchase stocks of a company which has a brand that I like. | Lee (2017)                     |
| **Purchase Intention**     | 1. I intend to purchase stocks online.  
2. I will try to purchase stocks online.  
3. I plan to purchase stocks online. | Li, Fu, & Huang (2015)         |
Results and Discussion
Table 3 shows the results of the hypotheses testing for the direct relationships and Table 4 illustrate results of the hypotheses testing for the indirect relationships of this study. Based on the results presented in Table 3, the bootstrapping analysis of this study revealed that the direct effects of $\beta = 0.427$, $\beta = 0.463$ and $\beta = 0.759$ are all significant with t-values of 8.790, 9.550 and 26.837. Hence, Hypothesis 1, Hypothesis 2, and Hypothesis 3 are supported. A threshold value of 0.25, 0.50 and 0.70 regularly labels a weak, moderate, and a strong coefficient of determination (Hair, Hult, Ringle, & Sarstedt, 2013). Thus, the $R^2$ of 0.677 for firm generated content and user generated content indicates a moderate coefficient of determination. Firm generated content and user generated content are positively related to brand attitude which explains 67.7 per cent of the variance in brand attitude. It is vital to note that brand attitude has the highest beta of 0.759 which shows that purchase intention is highly influenced by brand attitude and supports the main objective of this study.

The last stage in Structural Equation Modelling (SEM) is to measure the effect of a certain exogenous construct on the endogenous construct when deleted from the model. This can be attained through inspecting $f^2$ effect sizes that this study can get from $R^2$. This study can actually calculate the $f^2$ effect size manually by taking $(R^2$ included - $R^2$ excluded) / $(1 - R^2$ included). For this research, this study used the Cohen’s (1988) research explanations of this indicator whereby the $f^2$ with the values of 0.02, 0.15, and 0.35 are understood as small, medium and large effect sizes. Therefore, by looking at the effect sizes ($f^2$) of this particular study, the largest effect size is also contributed by brand attitude where the effect size is 1.359.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t-value</th>
<th>Decision</th>
<th>$R^2$</th>
<th>$f^2$</th>
<th>$Q^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Firm generated content -&gt; Brand attitude</td>
<td>0.427</td>
<td>0.049</td>
<td>8.790**</td>
<td>Supported</td>
<td>0.677</td>
<td>0.329</td>
<td>0.463</td>
</tr>
<tr>
<td>H2 User generated content -&gt; Brand attitude</td>
<td>0.463</td>
<td>0.048</td>
<td>9.550**</td>
<td>Supported</td>
<td>0.677</td>
<td>0.279</td>
<td>0.463</td>
</tr>
<tr>
<td>H3 Brand attitude -&gt; Purchase intention</td>
<td>0.759</td>
<td>0.028</td>
<td>26.837**</td>
<td>Supported</td>
<td>0.576</td>
<td>1.359</td>
<td>0.433</td>
</tr>
</tbody>
</table>

Notes: *p < 0.05, **p < 0.01, ***p < 0.10,
: $f^2$: 0.02, small; 0.15, medium; 0.35, large

Preacher and Hayes (2008) explained that the indirect effect at 95 per cent bootstrapping confidence level, the lower limit and the upper limit should not straddle a 0 in between which indicates that there is a mediation. As observed in Table 4, it displays the indirect relationships of this study. Bootstrapping Confidence Level Bias Corrected (BC): [LL= 0.248, UL = 0.404] and [LL= 0.273, UL = 0.431] does not straddle a 0 in between. Therefore, this study indicates there is a mediation. Hypothesis 4 and Hypothesis 5 do not straddle a 0 in between. Therefore, this study can concretely conclude that the mediation effects are statistically significant for Hypothesis 4 and Hypothesis 5. Here, this study reconfirms that brand attitude does intercede the relationship of firm generated content and user generated content towards purchase intention.
Table 4: Hypotheses Testing for Indirect Relationships

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Std. Beta</th>
<th>Std. Error</th>
<th>t-value</th>
<th>Confidence Level (BC)</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>Firm generated content -&gt; Brand attitude -&gt; Purchase intention</td>
<td>0.324</td>
<td>0.040</td>
<td>8.084**</td>
<td>0.248 0.404</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>User generated content -&gt; Brand attitude -&gt; Purchase intention</td>
<td>0.352</td>
<td>0.040</td>
<td>8.769**</td>
<td>0.273 0.431</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: *p < 0.05, **p < 0.01, BC = Bias Corrected, UL = Upper level, LL = Lower Level

Conclusion and Future Directions

This study provides empirical evidence in unveiling that brand attitude is an imperative element to be considered by companies in increasing the purchase intention of Shariah-compliant online shares. In terms of practical and managerial contributions, this study suggests that investor relations managers will benefit from knowing how corporations should choose and design their online financial communication and financial services marketing communication. Moreover, this research allows companies to further comprehend each of their messages on their official social media pages. The results of this research ascertain that companies should grasp how their online financial communication or also known as signals are interpreted by their potential retail investors and see how it affects their purchasing behaviour. This study shows how crucial crafting the best message or online financial communication by investor relations and marketing managers aiming at their numerous market sectors at the same time. Companies are currently identifying the impending necessity to focus on developing a personal two-way relationship with consumers in order to promote more personalized communication. This will eventually create better customer engagement via firm generated content and user generated content while increasing favourable brand attitude.

Future research could look into policy concerns to mitigate behavioural risks in online financial communication with relevance to Shariah-compliant online shares purchasing. For potential individual investors, more studies could be undertaken in understanding how online financial communications may influence their investment decision making by investigating whether potential millennial investors understand basic economics and financial concepts and whether it would affect their investment decisions if these types of information, investment and financial knowledge are known to them before they start investing in Shariah-compliant online stocks. These concepts should include the understanding of the increasing demand of Shariah-compliant product and services and the screening of the Shariah-compliant online stocks versus the actual teachings in the Quran. In understanding the increasing demand of Shariah-compliant financial services, further studies ought to also consider why some politicians, economists, and scholars are calling for a return to the gold standard despite a lot of opposition from governments. It is also vital to understand why scholars are suggesting that current paper money and electronic money is manipulative, where some suggest that the only remedy is by going back to the gold standard, and why riba (usury) practices are prohibited by Allah Subhaanahu wa ta’aalaa in the Quran as explained with the most terrifying threat from Allah Subhaanah Subhaanahu wa ta’aalaa to the violators (Al-Quran, Al-Baqarah 2, 279).
References

Al-Quran. (n.d.).


