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Intercultural Communication Competence as a Key Activator of Purchase Intention

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Abstract

The study presents an inclusive framework on key intercultural communication competence factors influencing personal interaction, customer satisfaction and purchase intention in grocery retail industry. The present study explored four major constructs specifically intercultural communication competence, customer satisfaction personal interaction and purchase intention. The measurement of the constructs and their interrelationships were examined based on structural equation modelling. Based on the proposed framework, a number of propositions were developed to facilitate empirical investigation on intercultural communication competence of the selected grocery retail outlets. This contributes to the development of a theory based path model that links the intercultural communication competence to service quality, purchase intention and customer satisfaction. While numerous scholars have considered the extensive subject of perceived service quality, purchase intention and customer satisfaction, however, none of those studies investigated on the critical role of intercultural communication competence and integrated the construct in their perceived service quality, customer satisfaction and purchase intention model.

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Keywords: Intercultural communication competence; customer satisfaction; purchase intention

1. Introduction

Globalisation, incorporation in developing economies, elimination of business barriers and innovations in technology has facilitated companies to internationalise many value chain activities (Earley et al., 2007). Nevertheless, despite suggestions of enlarged cultural homogeneousness (Keillor et al., 2001), companies continue to struggle in overseas markets due to their incapability to understand cultural dissimilarities (Hopkins et al., 2009). Culture influences customer's perceptions and expectations during the evaluation of service experiences (Sharma et al 2012). Studies on culture-based challenges in the past decades have focused on how cultural aspects influence customer choices (Huang et al., 2013), employee

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performance (Kong and Jogaratnam, 2007), personal orientation (Sharma et al., 2012), service evaluation (Sharma et al., 2012), customer satisfaction (Hopkins et al., 2009), and purchase intention (Teng and Laroche, 2007). The number of individual studies investigative these relationships is insufficiently. The aim of the present study is to examine and clarify the role of intercultural communication competence (IC) on customers' perceptions in terms of personal interaction (P) that is one of the important dimension of perceived service quality (PSQ), purchase intention (PI) and customer satisfaction (CS) in the grocery retail industry of Malaysia.

This study focuses on grocery retailing because the potential contribution of service quality (SQ) is vital for these settings. In an increasingly greater complexity of the retail atmosphere the capability of the retailers to offer a satisfactory service could be the crucial strategy to differentiate, actively satisfy customers (Martinelli and Balboni, 2012). In fact, the tools usually used by the retailers for competition, such as low price and combined merchandise offers, are influencing effectiveness in competition negatively since the offers perceived as homogeneous by customers (Martinelli and Balboni, 2012). In other words, by improving the level of their service performance as well as the customers' perception of it; the retailers may take the chance to better satisfy customers.

When managing cultural issues in the multicultural environment, IC that deals with having the right mind set, ability and sensitivity is rising as a crucial aspect for service encounters (SE) and it also has become a new research topic amongst scholars and practitioners in ensuring CS (Sharma et al 2012; Ladhari, 2009). CS with highly satisfied SQ has positive impact on improved CS, loyalty, long-term business success, positive word of mouth, increased cost-effectiveness and sustainable competitiveness (Martinelli and Balboni, 2012; Ladhari, 2009). Nevertheless, the general acceptance on the significant of IC particularly for practitioners operating in various cultural settings, most of the existing discussions are conceptual and qualitative based. Although, many authors (Sharma et al 2012; Friedman and Antal, 2005) suggest that measurement of SQ for service settings in multicultural societies shall include cultural dimension for satisfied outcomes; however, the existed models do not included culture as a dimension. Therefore, the gap exists in providing empirical evidence on the relationships between IC, P, CS and PI particularly in a specific industry type that operates in the cross-cultural environment. In order to meet the research goals, the present study improves and empirically investigates a theoretical model of the relationships among these four constructs. This study particularly will investigate IC in terms of inter-role congruence (IC4) and interaction comfort (IC1, IC2 and IC3). It will examine the P items of PSQ, which is developed by Dabholkar et al. (1996). Furthermore, the dimension of CS is based on product quality (CS1 and CS2), product assortment (CS3) and price (CS4). According to the proposed framework, P mediates the impact of IC on CS and CS is playing a mediator role among those variables for PI. The reliability and validity of the constructs were assessed using confirmatory factor analysis. Structural equation modelling (SEM) was employed to estimate the interrelationships among constructs and to compare proposed model.

The remainder of the study is organized as pursues. Following the introduction, this study indicates a literature review and improves the hypothesised interrelationships including the dimensions of the proposed model. The methodology and an empirical part of the model are then represented. Finally, presentations of the research findings as well as their implications are represented respectively.

2. Literature Review

2.1. Intercultural Communication Competence

Intercultural communication competence (IC) is described as the ability to think, discriminate the differences, manage the experiences suitably and establish an effective communication in the most proper ways with individuals from different cultures in the multicultural atmosphere by Friedman and Antal (2005). Despite this extensively explanation, there is a consensus about its impact on intercultural

interactions (Lloyd and Luk, 2011). People with higher IC indicate a greater ability to learn aspects of other cultures, such as; foreign languages, social values and so on. Additionally, they can familiarise and harmonise with other cultures obviously than others (Ihtiyar and Ahmad, 2012). As emphasised in the theory of interdependence that was developed by Surprenant et al., (1983), each part of communication has an impact on another part because the behaviour of the second part is influenced by the effects of the first part. In terms of these aspects, level of IC for service encounters' is having an impact on service attentiveness, revenue contribution, interpersonal skills and job satisfaction (Lloyd and Luk, 2011), and there is also a positive link among IC and CS score; however, perceptions of customers' have been investigated without IC in the past decades (Sharma et al., 2009). As highlighted the study of Sharma et al. (2009), IC is comprised two fundamental constructs that are namely, interaction comfort and inter-role congruence.

Initially, interactions between intercultural service encounters (ISE) may establish a boundary as a sense of discomfort due to perceived differences in behavioural norms (Sharma et al., 2009). As highlighted the study of Lloyd and Luk, (2011) and Sharma et al. (2009) the interaction comfort effects on the achievement of service delivery, and, satisfactory outcome that is particularly related customers' collaboration. Therefore, ISE may feel comfortable during the interaction; otherwise, the services cannot be completed due to lack of interaction comfort. Then, a favourable service outcome depends on role clarity that is described as identify and accept each other's role in interaction (Solomon et al. 1985). However, rarely, ISE in similar cultures, they may have different expectations or perceptions from each other, or they may not always tolerate with their role in society (Baker et al., 2009). According to Solomon et al. (1985), social role theory is based on an allegory that considers the participants as actors in a performance, when the actors are faced any conflict about their roles; the result is dissatisfaction, frustration and tension, and the conflict level or misunderstanding that is caused by the role clarity may involve breaking the interaction between both sides, and confusion and/or misunderstanding may leading to a dissatisfied outcome.

Eventually, people with higher IC present more respect and responsiveness for individuals from other cultures, respond to curious or unfamiliar situations and behaviours in a non-judgmental way without showing visible or perceivable discomfort, and enthusiastically use their knowledge and experience of other cultures to predict various expectations in numerous situations (Sharma et al., 2012). Hence, higher IC may also contribute in reducing discomfort generally associated with ISE and uncertainty. Additionally, individuals with higher IC may not only be more aware of cultural differentiations in service expectations and roles, but they are also more likely to coincide with these dissimilarities.

2.2. Measurement of Retail Service Quality And Personal Interaction

Service quality is defined as a global, strategic and competitive weapon for service settings in various industries of international or domestic environments. The concentrating of the study is to improve the understanding of possible cultural issues of customers in Malaysia with respect to the marketing construct of retail service quality scale (RSQS) instead of SERVQUAL. Due to the SERVQUAL instrument has received heavy criticism from both a conceptual and practical assessment, particularly on measurement of expectations of customers, the model questioned include the use of gap scores, the overlap among five constructs, insignificant prognostic and convergent rationality and the ambiguous definition of the "expectation" ("desired level") construct, (Babakus and Boller, 1992). By removed the "desired level" (expectation) portion in the SERVQUAL model, Cronin and Taylor (1992) validate their SERVPERF scale instead of the gap measurement method. In addition to these critiques of researchers, studies of Ladhari (2009); Dabholkar et al. (1996); Finn and Lamb (1991) and Babakus and Boller (1992) in the retail industry, they found that quality of service level, as measured in the SERVQUAL scale, score of relies in the perception more noticeably than expectation and the outcome is SERVQUAL scale did not

harmonize in the retail industry properly and the service quality in the retail industry cannot measure appropriately without industry-specific modifications.

Measurement of SQ in retail settings is not familiar as any other service settings (Mehta et al., 2000). Because of the atmosphere and dynamic constructs of retail outlets, improvements and measurements of quality in retailing cannot be operationalized in the same way as other service setting's viewpoint. For instance, Mehta et al. (2000) examined RSQS was superior within the context of 'more goods and less services' environment, such as; a supermarket and /or hypermarkets while SERVPERF was better for a retailing context where the service element becomes more important such as; an electronic retailer. Another study that is conducted by Kim and Jin (2002); they reported the RSQS an appropriate scale for measuring discount store's SQ between two different cultural contexts of U.S. and South Korea. As highlighted at the previous studies (Kim and Jin, 2002; Mehta et al., 2000), Dabholkar et al. (1996) filled a critical and a significant gap in the context of the service marketing. They developed and empirically validated the RSQS that is consisted of 28-item and 17 of them have been adapted from SERVQUAL, and rests of them have been developed by their literature review, phenomenological interviews, investigative depth interviews and empirical studies. Dabholkar et al. (1996) proposed that retail service quality has a hierarchical factor structure comprising five basic constructs.

One of the most important constructs of the RSQS is "personal interaction" (P). According to P items of RSQS are comprised mainly two sub-construct that are titled as inspiring confidence and courteous / helpful Dabholkar et al. (1996). A following body of research has concentrated consideration on the effect of IC on P, CS and purchase intention (PI). Because, intangible services usually require superior P for (intercultural) service encounters, therefore, culture have a greater impact on services than on goods (Sharma et al., 2009). Our understanding on SQ differs in comparison with the home and host culture is poor or even lacking, particularly P is affected by cultural value priorities during the interaction (Cleveland et al., 2009). There is however a lack of research regarding how IC change and consequently affect the behaviour in the context of P, CS and PI in the grocery retail industry.

2.3. Customer Satisfaction

Customer satisfaction indicates to a personality's subjectively derived favourable assessment of any outcome and/or practice correlated with consuming a good or service (Ladhari, 2009). Theoretically, CS is a purchase outcome, whereby customers compare rewards and costs with expected consequences (Huddleston et al., 2009; Ladhari, 2009). Notionally, CS is familiar to attitudes, as it represents the sum of several attribute satisfaction judgments. From this perspective, CS is a transaction specific measure (Wang and Mattila, 2010). Others view service and cultural aspects-related satisfaction a bit differently in the multicultural environment. Sharma et al., (2012) and Teng and Laroche, (2007) recommend that CS is a collective evaluation, and an outgrowth of SQ with cultural aspects. In their view, CS represents a global judgment rather than a transaction of a specific measure. CS is also thought to have a sentimental component that is experimental, and is most appropriately evaluated after consumption of the customers (Ihtiyar and Ahmad, 2012; Huddleston et al., 2009). Therefore, the purpose of this study, CS is measured in a manner consistent with Sharma et al., (2012) and Dabholkar et al., (1996).

2.4. Purchase Intention

The cost of retaining a current customer is less expensive than prospecting for a new customer (Wang and Mattila, 2010). PI is directly influenced by CS (Qin and Prybutok., 2009), and some suggest that CS is more powerful in establishing customer's PI than SQ (Cronin and Taylor, 1992). Other scholars have also provided a positive relationship between CS and PI (Souiden and Pons, 2009; Teng and Laroche, 2007), and that retailers can recover from almost any failure and preserve a customer's intent to repurchase from the retailer in the future (Ladhari, 2009). From an equity theory perspective, retailers can

effectively re-build low purchase perceptions following a service failure by efficiently resolving a customer-perceived inequity. Scholars have similarly argued that retailers can preserve customer retention by reacting to service failures in a fair manner (Harrison-Walker, 2012). These findings suggest that PI will remain steady, and possibly growth, when service effort is delivered effectively and properly. However, a lack of service effort may considerably reduce customer's future intentions to purchase from the retailer. Hence, PI is involved as a dependent variable in this study.

2.5. Interrelationship Among IC, PI, CS and P

The development of the economy on the industrialized countries, services have replaced goods and the ability to select from numerous suppliers gives customers greater power and one of the greatest challenges of service providers to do their very best to satisfy customers' demands and requests; however, service providers that have organizations in various countries have been struggling to create an effective, significant and steady marketing orientation in the domestic market (Ihtiyar and Ahmad, 2012). Therefore, driven by the recent growth pace of internationalization of service providers, a number of studies have been examined and studied the varying perceptions of SQ (Paswan and Ganesh, 2005), CS (Reiman et al., 2008), PI (Souiden and Pons, 2009), customer loyalty (Omar and Musa, 2011), the relationship of SE (Kong and Jogaratnam, 2007), and relevant aspects in the multicultural atmosphere. The rationale of these studies in different areas within the context of intercultural of marketing literature is investigating the reliable solutions that are faced common difficulties by the retailers in the intercultural society (Teng and Laroche, 2007). Customers in various cultures in a country may have different levels of service expectations and perceptions on CS, because cultures differ in their patents behaviour and attitudes (Huddleston et al., 2009). Therefore, the conceptualization of these studies indicates that when applied to global market, the SQ scale may needs to incorporate the possible impact of intercultural differences. In addition, when cultures or countries differ in behaviour, the context of cultural aspects must be incorporated into a universal concept and empirical research of diffusion models represents that different cultural settings create highly visible differences in customer behaviour (Cleveland et al. 2009).

Obviously, the scholars or practitioners may not disregard the influence of intercultural communication competence on P, CS and PI. Because, SQ literature has been investigated the effect of culture on CS and PI or related topics of marketing. In contrast, the role of P with IC during service experiences has traditionally received comparatively little research attention (Ladhari, 2009). More recently, interaction of service encounters has a significant influence on CS and PI (Huddleston et al., 2009). Furthermore, particularly, heightened awareness of the role of culture and its impact on the CS and its total impact on PI has been ignored in customer behaviour studies. As, indicated on the relevant part of the present study, the level of IC may highly relate the P and both influence CS and PI in the buying process. The current research will give insight in ICs' priorities in comparison with P, CS and PI in the grocery retail industry. The study addresses these gaps by first describing the theoretical background for understanding IC according to the concept of Sharma et al (2012). Then, the study will measure the impact of IC on P, CS and PI.

- H1. Personal interaction has a positive effect on customer satisfaction.
- H2. Intercultural communication competence has a positive effect on personal interaction.
- H3. Intercultural communication competence has a positive effect on customer satisfaction.
- H4. Customer satisfaction has a positive effect on purchase intention.

2.6. Grocery Retail Industry of Malaysia

As noted at the last census in 2010 (Statistics Department of Malaysia, 2010), population of Malaysia's was 28.3 million and Malaysia was the 17th crowded country throughout the Asia region and

the 42th most crowded country in the World. Over 60% of the population of Malaysia is regarded as middle-income customers, and poverty has almost been eliminated. Over 70% of the population of Malaysia now lives in the urban areas (Cottrell et al., 2010). These evidences might be a rational and justifiable goal for participating in the food retail industry of Malaysia by global players. However, the market has not been recognized as easy in or easy out. Malaysia's food retail industry has highly dynamic and competitive market structure. According to (Business Times, 2011), the turnover of the sector in Malaysia increased to \$83.2 billion dollars at the phase of 2011, and the projected growth rate at 2012 is between 5% and 6%. As in the world, the sectorial growth rate of retail industry in Malaysia will be represented a expansion in the next year and expected annual growth rate of the industry will be between 3.7% and 3.8% per annum in 2013-2014 (PWC, 2011).

3. Methodology

3.1. Research Goal

The study examines impact of IC on P, CS and PI in the grocery retail outlets in Klang Valley, Malaysia.

3.2. Sample and Data Collection

The empirical study was conducted in 2012 using appropriate method of collecting data from Malaysian respondents by self-administered questionnaires. Although, several reminders were sent at monthly intervals to the potential respondents, to increase the response frequency. However, only 219 usable feedbacks were received by the cut-off date. This represented about 73.24 % of total 299 e-mail and mail invitations have been sent.

3.3. Analyses and Result

The characteristics of the participants are summarised, as 72.7% of the participants were male. In terms of income, 48.8 % of them had a monthly income of more than 1,000 USD, 21.1% had a monthly income less than 1,333 USD, and 75.3% had a monthly income of less than 1,334 USD. In terms of education, 98.6% of them had a degree, and 1.30% had a high school education. More than 58 per cent of them are Malay, 5.70% of participants are Chinese, %7 are Indian, and the percentage of others is 18.5% and 78.9% of them are purchasing maximum five times in a month and more than 41% of them are paying between 34 USD - 66USD for purchasing in one time.

The measurement theory assessment of SEM analysis for the model is based on the revised number of items after removing those with weak factor loading scores from confirmatory factor analysis (CFA). CFA analysis, the Kaiser-Meyer-Olin (KMO) measure of sampling adequacy, Barlett's test of Sphericity and Cronbach α test for reliability are conducted and represented in Table 1.

Table 1. Factor Analysis and Cronbach α

Constructs	Bartlett's Test		KMO	Cronbach α
Personal Interaction	$\chi^2=372, 447$	df=6	Sig.<0.001	.780
Customer Satisfaction	$\chi^2=424, 800$	df=6	Sig.<0.001	.825
Intercultural C. Competence	$\chi^2=187, 860$	df=6	Sig.<0.001	.771
Purchase Intention	$\chi^2= 16,460$	df=3	Sig.<0.001	.537
Overall				.822

Table 2 indicates the standardised loadings scores of each variable of the latent constructs and good fit indices for CFA analysis to warrant the appropriateness to proceed with structural measurement. The

Comparative Fit Index (CFI) of 0.962 and Tucker Lewis Index (TLI) of 0.954 reveal the good fit of incremental index for this analysis while the Root Mean Square Error of Approximation (RMSEA) of 0.053 represents the satisfactory absolute fit index.

Table 2. Regression Weights and Other Statistics

Items	Estimate		S.E.	C.R.	P	
P	<---	IC	.524	.105	4.979	***
CS	<---	IC	.764	.111	6.880	***
CS	<---	P	.292	.071	4.117	***
PI	<---	CS	.801	.115	6.947	***
P4	<---	P	1.000			
P3	<---	P	.942	.084	11.170	***
P2	<---	P	1.010	.087	11.551	***
P1	<---	P	.906	.086	10.555	***
IC1	<---	IC	1.000			
IC2	<---	IC	1.141	.132	8.656	***
IC3	<---	IC	.905	.124	7.300	***
CS1	<---	CS	1.000			
CS2	<---	CS	1.004	.070	14.387	***
CS3	<---	CS	.904	.073	12.348	***
CS4	<---	CS	.868	.073	11.890	***
IC4	<---	IC	.971	.138	7.018	***
PI1	<---	PI	1.000			
PI2	<---	PI	.920	.110	8.358	***
PI3	<---	PI	.845	.105	8.067	***

Description	Estimate
IC→P	.449
IC→CS	.647
P→CS	.289
CS→PI	.624
Other Statistics	
Chi Square=	139.367
df=	86
p=	.000
CFI=	.962
TLI=	.954
RMSEA=	.053

With good CFA outcome, the analysis may proceed with structural measurement. According to Hair et al (2010), the fit analysis must include one incremental index and one absolute index in addition to chi-

square χ^2 values and the associated freedom degree. Figure 1 indicates the fitted research model that represents the acceptable goodness-of-fit indices. The standardised parameter estimates and significant values. Chi-square χ^2 is significant with ratio of χ^2/df . The TLI incremental fit index, the CFI goodness of fit index and RMSEA absolute fit index also performed perfectly for the structural model.

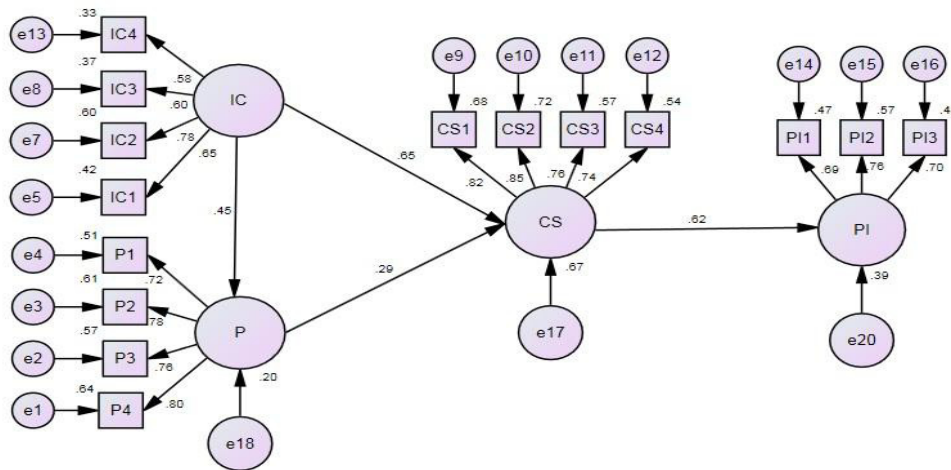


Figure 1. The structural equation model on IC, P, CS and PI

The path coefficients in Table 3 represents that IC has a statistically significant relationship with P and CS. P also remarkably affects CS while IC has significant relationship with CS; therefore, H1, H2, H3 and H4, were accepted. In this study, H1 where P is a positive determinant of CS with standardized coefficients as high as 0.289 meaning that when P goes up by one standard deviation, CS up by 0.289 standard deviations. For the H2, IC is a positive determinant of P with the coefficient is at a high 0.449. H3 where IC is a positive determinant of CS with a coefficient of 0.647. The least significant path is at H4 where CS is a positive determinant of PI with a coefficient of 0.624.

4. Conclusion

The one of fundamental objective of this study was to present and examine the role of intercultural communication competence on customers’ perceptions with items of personal interaction, items of customer satisfaction and items of purchase intention. The framework presented in the study postulated that “intercultural communication competence” effects on customer satisfaction both directly and indirectly (through personal interaction) and on indirectly (through personal interaction and customer satisfaction) purchase intention. The model also assumed that intercultural communication competence has a positive relationship with customer satisfaction and personal interaction. According to results, there presented relationships were provided in. Several studies have considered the significance of cultural issues in marketing context (Baker et al., 2009; Sharma et al., 2009; Kong and Jogaratman, 2007); however, practical examination of the role of intercultural communication competence in customers’ perceptions of service experiences remains restricted. The present study has concentrated this insufficiency by proposing and testing a cognitive model of the relationships among the dimensions.

The findings of the present study have several implications for forthcoming investigation in theoretical and managerial fields. Initially, as mentioned above, further studies could examine both the direct and indirect influences of intercultural communication competence with proposed dimensions in

different service settings. Additionally, it is apparent that the role of intercultural communication competence in the service experience may be the favourable interest to researchers. Finally, in terms of implications in management, first of all, the major managerial implication from the study is that evaluations of service experience should include reference to the intercultural communication competence of the service experience in addition to the traditional cognitive evaluation (that is, “perceived service quality”). Most retailers ask customers for cognitive feedback on a variety of service constructs without recording the positive and/or negative feelings that customers have experienced during their shopping in the store. Second, as practitioners are well aware, employees play a significant role in determining the delivery of services during the interaction with their customers. Practitioners may improve the level of education and sequence of training activities for their staffs particularly their frontline staff, such as cashiers, sales persons, to ensure that their staffs are completely and precisely aware of the importance of monitoring and managing the interaction properly in all service encounters.

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