The Conceptual Framework of Intercultural Competence on Consumer Satisfaction with Service Quality in Malaysian Retailing Industry

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Abstract. The article presents a comprehensive and hypothetical framework on the three major dimensions that are namely intercultural competence (IC), personal interaction (PI), which is one of the important variables for perceived service quality (PSQ) and consumer satisfaction (CS) of major retail outletsin Malaysia. The theory based path model of constructs and their possible interrelationships will be proposed such that the future analysis would be based on structural equation modelling approach. In other words, this study intends to propose an appropriate technique to empirically examine the inter relationships of latent IC; PI, and CS through a new propose theory-based Intercultural Satisfaction model. It is basically a literature reviews on the related constructs and how the relationships assessment of those constructs should be carried out. Based on the proposed framework, a number of propositions were developed to facilitate conceptual research on intercultural competences in the selected retail outlets. Although numerous researchers have studied the extensive topic of perceived service quality and consumer satisfaction, none of those studies explored on the critical role of intercultural competence and incorporated the construct in their perceived service quality and consumer satisfaction model.

Keywords: Intercultural Competence, Personal Interaction, Service Quality, Retail Industry and Consumer Satisfaction.

1. Introduction

Recent growth in cultural mobility, which includes international immigration, travel and ethnic polarization in many countries brought multiculturalism with it and cause differences among the sociological, business and its related issues [1]. Local or global norms, values of people and other cultural figures are intensively embedded in people's behaviour[2].In the context of marketing, their expectations or perceptions, consumption frequencies of goods or services, their purchase choices and buying behaviour are affected by their cultural worth's of consumers [3]. Hence, Cross-cultural aspects have been becoming major concentration in the marketing researches for practitioners and scholars [2; 4; 5], because, consumers from different countries or cultures usually have completely dissimilar expectations, attitudes and perceptions [6]. These differences may cause various influences in practice such as in level of service quality [3; 7], consumption attitudes [8], buying behaviour [5], intercultural congruence and comfort [2] and their purchasing intentions [5]. All the aspects listed above, play an essential role in understanding the buying process of intercultural service encounters (ISE) in the multicultural atmosphere. For instance,CS on the other hand is significant to enduring business success and one of the most frequently examined notions in the context of marketing [3]. CS with highly satisfied perceived service quality (PSQ) has been identified as a fundamental factor for characteristic of long-term business success, improved consumer retention, positive word of mouth, increased profitability and sustainable competitiveness. Most of the research involving the CS variable investigates its relationship with consumers' pre or post-consumption evaluations such as behavioural and attitudinal loyalty [4]as well as SQ in various settings [3] and cultural environments [5]. In addition these perspectives, however, the current research will particularly focus on three constructs of the context of the marketing and sociology, which are namely, intercultural competence (IC), personal interaction (PI) of PSQ andCS. These dimensions in context of marketing and sociology will be integrated under the unique framework properly. Hereby, the current research will draw an efficient, appropriate,

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applicable and a multi-disciplinary framework for understanding, analysing, demystifying and evaluating the common problems that are faced by local or global retailers, suppliers and ISE's in the retail industry of Malaysia.

2. Theoretical Background

2.1. Intercultural Competence (IC)

IC is identified as the ability to think, differentiate the dissimilaritiesthe numerous cultural settings, manage the practicesappropriately and establish an efficientinteraction in the most applicable ways with people from different cultures in the multiculturalatmosphere by[9]. Our understanding of IC draws on concepts that aredescriptive and conceptual model in the study of [2]. In particular, [2], indicated that the limited attention paid to the impact of physiological and emotional aspects of IC on SQ. Attempting to address the gap, they introduce a theoretical framework of IC with PSQ. From this perspective they define IC as the proper and efficient management of interaction between ISEs.

According to the [2],people with higher IC represent a greater ability to learn foreign languages and other cultures compared to those with lower IC; they can adapt and integrate with other cultures easily and they communicate effectively with people from different cultural backgrounds [1;9].Service courtesy, revenue contribution, skills of interpersonal, satisfaction that is based on job and social aspects are influenced by employees' level of intercultural competency[1], and although, there is a positive relationship between IC and CS score [10], however, the consumer expectations and reactions have been investigated without IC[11].

2.2. Measuring Service Quality in Retail Industry (SQ)

Although there has been a consensus that SERVQUAL has arecognisable and validated scale for measuring service quality in various service settings, incongruities have been still remained over some aspects of the scale. The scale was established by [12], and the scale is based on the estimated disconfirmation approach whereby the differences (or gap) between a consumer's expectation and the recent performance aretested. However, this approach criticized by many researchers [13]. The main purpose of the criticism, as emphasised in the studies of [15; 16; 17], consumer's expectation of services may be marked better than performance of the services by consumers. For instance, [18]used the SERVQUAL scale for measuring service quality in their study, and they found, as measured in the SERVQUAL scale, score of relies in the perceptions more remarkably than expectations. Another study that was conducted by [19], they tested SERVQUAL scale among the four different categories of grocery retailers in numerous sizes; however, they concluded that the scale is not useful for a grocery retailer without any sectorialmodification that is also emphasised in the study of [5; 13; 14;20].Therefore, Retail Service Quality Scale (RSQS)maybe usedfor this study. Because,the RSQS that is, sector-modified model as highlighted before, is more applicable than other scales to measure the PSQ in retail outlets.

2.3. Personal Interaction (PI)

Our comprehension on PSQfluctuates in comparison with the domestic and host culture is insignificant or even lacking, particularly cultural values or norms have impact on PI during the interaction of ISEs [21]. There is a research gap that is regarding how does IC consequently influence the PI and CS in the retail industry.

The present study will represent insight in ICs' priorities in comparison with PI and CS in the retail industry. The study address these gap by first describing the theoretical background for understanding IC according to concept of [2].

2.4. Consumer Satisfaction (CS)

Recent research and practice in marketing has rekindled interest in and understanding of the role of CS in several ways. And, many scholars have examined the relationship CS and purchase intention [22] and SQ [23] in the context of retailing, as a result of those studies CS may be identified within four critical approaches;

- First, CS is not only the pre-dominant objective for the marketing function in grocery retail outlets, it is also the summary measure for evaluating the performance of different constructs of the overall satisfaction, such as, pricing or product assortment [23]
- Second, CS is a critical predictor for consumer loyalty, profitability of a grocery retailer's marketing activities, purchasing and re-purchasing behaviour and retailer's performance [22].
- Third, CS provides a common constructs for comparing the impacts of constructs on marketing performance across diverse industries and geographical locations [24].

Terms of these issues, the constructs of CS may be classified as under the four broad category, which are namely: "product quality", "product assortment", "price" and "service"[23; 24].

2.5. Interrelationship Among IC, PI and CS

The recent growth in the world economy has increased dramatically within the past decade, especially among the developed countries. On the other hand, the improvement of the economy on the industrialized countries, services have replaced goods and the ability to choose from various suppliers gives consumers greater power and challenges service providers to do their very best to satisfy their demands and requests; however, service providers that have organizations in different countrieshave been challenging to create an efficient, remarkable and stable marketing orientation [21]. Therefore, driven by the recent growth pace of internationalization of service providers, a number of studies have examined and researched the varying perceptions of PSQ[25],CS[22], purchase intention [4; 25], service encounters[1],and related aspects in the context of culture.

The PSQ literature has investigated the effect of culture on CS or related topics of marketing. In contrast, the role of interactions of ISEs' service experiences has traditionally received relatively little research attention [5]. More recently, it has become increasingly recognised that interaction of ISEs have a significant influence on CS[5]. Furthermore, particularly, when cultures or countries differ in behaviour, the context of cultural aspects must be incorporated into a universal theory and empirical research of diffusion models represents that different cultural settings create highly visible differences in consumerbehaviour [8].

In terms of thoseaspects, this research is conducted a study to relate PI with culture and its impact on CS.In particular, the research how does the level of PI and CS influenced by IC. Knowing the level of interaction of service encounters is critical in determining the minimum quality of service delivery.As, indicated on the relevant part of the article, the level of IC may highly relate the PI and both influence CS in the buying process, as a domino effect.

Hypothesis 1. PI may have a positive impacton CS.

Hypothesis 2. IC may have a positive impacton PI.

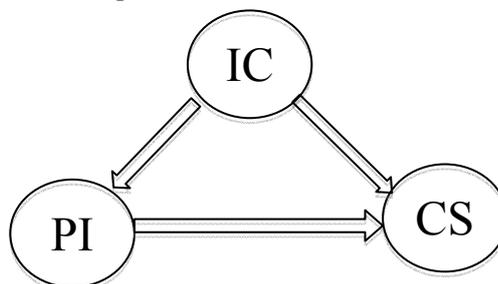Hypothesis 3. IC may have a positive impacton CS.

Fig 1. Proposed conceptual framework for the Intercultural Satisfaction model.

2.6. Retail Industry of Malaysia

According to [26], the total amount of the industryenlarged to $54 billion dollars at the period of 2010 from $48 billion at 2009. Moreover, the projected growth percentage between 2010 and 2012 is approximately 5% and 6%. As in the world, the industrial growth rate of retail industry in Malaysia will indicate a rise in the next years and the growth rate of the retail industry is 3.7% and 3.8% per annum in 2013-2014 [26].

As indicated at the last census in 2010 [26], population of Malaysia was 28.3 million and Malaysia was the 17th crowded country throughout the Asia and the 42th most crowded country in the Worldwide. These statistics may a logical and reasonablepurpose for investing in the Malaysian retail industry by internationalactors. However, the market has not been identified as easy in or easy out. Malaysia's retail industry has highly active and competitive market structure.

3. Research Methodology

This research study intends to propose an appropriate methodology to empirically examine the inter-related relationships among the numerousdimensions of the proposed model and to test whether it is a valid way of conceptualizing and explaining the IC, CS with PI situation in emerging economy of Malaysia. The objectives of the intended relationship justify the adoption of EMM research technique [27],of combining both the quantitative and qualitative techniques. First of all, EMM priority in this research is given to collecting quantitative data and analysing them using SEM technique to test relationships between dimensions and to examine model fit. Then, based on the quantitative findings, the research shall evaluate qualitative data to understand the 'how' aspects of the context and thus refined the result [27]. The following discussion explains and justifies the research design, details its administrative procedures or operational framework to examine the data.

3.1. Research Design

In designing this research, the nature of the research problems and the objectives of the study, which then translated into the conceptual framework, served as a basis to indicate the types of design to be applied. This research maybegin with the exploratory investigations appropriatedimensions through considerable literature review and expert opinions in order to clarify and describe the nature of IC. It will be followed with the establishment of hypothetical based theRSQS and CS, research questions, hypotheses and research objectives. Furthermore, based on the proven conceptual framework, questionnaire survey will be improved. The survey design should integrate available tools from existing consumer behaviour and service quality theories and literature on each of the recognized elements of the research dimensions namely IC, PI and CSas discussed earlier.

The next step would be conducting collecting the survey data orfieldwork study among the possible participants or respondents from retail industry to test and evaluate the latent constructs based on the selected parameters and variables. In this major quantitative phase, the study will apply structural equation model (SEM) technique to assess the relationships between the dimensions and consequently address the hypotheses and model fit. The advantage of the technique, which is a relatively new analytical tool, is that it combines the principle of factor analysis and multiple regressions in one procedure [28].The decision to employ SEM over multiple regression analysis (MRA) in the study is based on its advantages as pointed by [28]and summarized as follows:

1. SEM facilitates simultaneous estimation of multiple dependent variables and restrains the inflation of estimation error of the study.
2. It allows the mediating variables to be included in the same single model as predictors.
3. It tolerates a high degree of multicollinearity ($r<.90$) among the predictors. Multicollinearity among predictors may hamper result interpretation in multiple regression analysis (MRA).
4. It accounts for error of each manifested variable while in MRA the predictor is assumed to be measured without error.
5. It enables the identification of latent or unobserved construct and simultaneously estimates the relationships among them.

Employing SEM technique would thus contribute to theory testing through its goodness of fit (GOF) tests and form strong basis to explain the relationships among the model constructs. After completing the quantitative phase, the study shall proceed with the qualitative phase not only to gain a deeper explanation or refine the earlier quantitative findings but also to address the issue of 'how' and 'why' aspects of the actual

IC. It shall adoptsemi-structured interview techniques with proper coding protocols for a more flexible and credible qualitative approach.

4. Conclusion

The essential objective of this researchis to indicate the possible relationships of the hypothetical model among the dimensions of "intercultural competence", "personal interaction", and "consumer satisfaction". The hypothetical model presented in the study postulated that "intercultural competence" might have an impact on "consumer satisfaction" both directly and indirectly (through "personal interaction"). Several studies have emphasised the significance of intercultural competence in marketing context [1; 2]; however, empirical investigations of the role of intercultural competence in consumers' evaluations of service experiences remain scarce. The present study addresses this deficiency by proposing a cognitive model of the relationships among the constructs of personal interaction in perceived service quality, consumer satisfaction, and intercultural competence.

Finally, the most significantand highly possible finding of the study has several implications for future research. Thus, future studies may test both the direct and indirect influences of intercultural competence on personal interaction and consumer satisfaction in different service settings of retail industry of Malaysia.

5. Acknowledgment

6. References

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