INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

An Investigation on the Factors Influencing Consumer Behavioral Intention to Adopt Broadband in Kuala Lumpur, Malaysia

Author : Fu Bo Yang
Student Number : I10005652
Supervisor : Mr. Madhavan Poduval
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Abstract

This research aims to investigate the factors that affect the intention of adopting broadband technology in Kuala Lumpur through the integration of the renowned framework of The Theory of planned behavior (TPB) and Unified Theory of Acceptance of Use of Technology (UTAUT) model. Self-administered questionnaires were developed and distributed around Kuala Lumpur, Malaysia targeting Malaysian at the age of 18-60. This study reflects the perception of users of broadband technology. Out of the 400 questionnaires distributed, only 389 useable questionnaires were been used for analysis purposes. The analyses were done using the SPSS and Smart PLS software and results shows all factors which are "perceived usefulness, perceived ease of use, social influence and perceived cost" were found to have a positive relationship with the intention to adopt broadband technology while the perceived usefulness shows the strongest positive relationship. The results of this research are believed to be able to provide useful insights and important implication to the government, academia, and industry to improve the adoption and diffusion of broadband technology in the future.
Acknowledgement

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Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified"

Fu Bo Yang

Date:
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List of Abbreviations

GDP: Gross Domestic Product
ICT: Information and communication technologies
FDI: Foreign Direct Investment
DSL: Digital Subscriber Line
ADSL: Asymmetrical Digital Subscriber Line
SDSL: Symmetrical Digital Subscriber Line
Wi-Fi: Wireless Fidelity
UTAUT: Unified Theory of Acceptance of Use of Technology
TPB: Theory of planned behavior
PU: Perceived Usefulness
PEOU: Perceived Ease of Use
PC: Perceived Cost
SI: Social Influence
CBI: Consumer's Behavior Intention
PLS: Partial Least Square
SPSS: Statistical Package for Social Science
AVE: Average variance extracted
Chapter 1 Introduction

1.0 Background of the Study

1.0.1 Broadband Technology in the World

In modern society, with the development of the communication engineering, the information technology has already become one of the most important parts in human's daily life. As the key technology of IT industry, the broadband has been considered as indispensible. Broadband is an important component around information and communication technologies (ICT), and it refers to an innovation high-speed network access technology which is used to positively influence both public and countries by promoting the communication around public or countries and transfer economic value (Choudrie & Dwivedi, 2006). Furthermore, the research of Neville indicated that implementing broadband technology has significant influence on countries' Gross Domestic Product contribution. The World Bank also showed that a 10% increment of the network broadband penetration will cause a 1.21% in economic growth for developed countries or 1.31% for those low and middle income countries (Spykerman, 2013). Beside that, the high-speed and wide range of network technology access has offered many different kinds of business opportunities and relatively applications which cover almost all kinds of industries (CNetNews, 2002). Based on its ability of global reach, the broadband technology can directly influence the basic properties of global business by offering people to communicate with others and business without geographical limitations. This also means that the advanced broadband technology can support a country to attract more Foreign Direct Investment (FDI). Therefore, a country will have more competitive advantage if the development of broadband access is higher (Albert & Flourney, 2010).
According to Mcquade (2011), using broadband technology can improve people's quality of life if the broadband technology is up to a certain standard. A certain standard can be defined as if has a high speed broadcast and fast rate in information and data delivery. Advanced technology is designed to allow users safely and ubiquitously access to new information, services and online application program which is closely related to customers' real lifestyle and productivity benefits (Sawyers et al., 2003). Therefore, based on these benefits from the broadband technology, in recent years, the major trend of network technology has been implemented where many countries takes an effort to promote the development of the broadband technology to replace narrowband technology.

On the other hand, as the main part of the interactive multimedia technology, the broadband also supports a country to gain international competitiveness. According to Johnson (2010), in various countries around some parts of Asia and North America, the proposed technology has been considered as the core drivers in promoting, developing and leveraging the e-commerce activities that it is able to support countries to gain higher level of international competitive advantages. Furthermore, Dwivedi & Irani (2009) made a research and the results indicated that in different countries or areas, the degree of the broadband access is different. The current broadband coverage rate and penetration rate is included in the broadband technology and the technology level of broadband access also have big difference around the globe. Researchers found that countries with lower coverage and penetration rate of broadband technology are difficult to gain competitive advantages in the information and communication technology industry around the world.
1.0.2 Broadband Technology in Malaysia

In recent years, the development of the broadband industry has created large contribution for economics in Malaysia. The research shows that the information and communication technology industry of Malaysia actually brings 6.1% of revenue to Malaysia’s Gross Domestic Product in the year 2007 and the broadband consists of 2.7% (skmm.gov.my, 2007). According to the proposed benefits of broadband, the government of Malaysia has gradually shifted their mind in developing the broadband technology. With the support of the Malaysia government, the growth rate of broadband coverage in Malaysia increased very fast in recent years. According to Mingfeng (2010), the Malaysia government planned to achieve the 75% coverage of broadband in year 2015 and it has already reached 66% in year 2013 from 18% at year 2008. According to Table 1.1, Kuala Lumpur is the most developed area over the country comparing with other states of Malaysia such as Melaka (66.8%), Selangor (77.6%), Pulau Pinang (83.8%) and Negeri Sembilan (73.7%). Kuala Lumpur has the highest broadband coverage rate which is 119.4%, and this is the reason why the author selected Kuala Lumpur as the target to do research (kkmm.gov.my, 2014).

<table>
<thead>
<tr>
<th>State</th>
<th>Broadband Coverage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kuala Lumpur</td>
<td>119.4%</td>
</tr>
<tr>
<td>Melaka</td>
<td>66.8%</td>
</tr>
<tr>
<td>Selangor</td>
<td>77.6%</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>83.8%</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>73.7%</td>
</tr>
</tbody>
</table>

Source: kkmm.gov.my, 2014
1.1 Problem Statement

According to Ooi et al., (2011), as compared to most of broadband technology developed countries, Malaysia is considered to be slow in the adoption and diffusion of broadband adoption. Actually, the government of Malaysia has focused to develop the broadband technology and increase the broadband coverage and performance. Muhyiddin bin Yassin who is the Malaysia Deputy Prime Minister and Minister of Education has mentioned that the government of Malaysia will utmost support the diffusion of broadband around the society sectors by promoting the cooperation among private and public sectors. And the result showed that the broadband coverage rate has increased for almost 50% around four years Mingfeng (2010). However, the adoption rate of broadband does not increase and even has been reducing every year, based on the Internetworldstats.com (2012). The report indicated that the adoption rate of broadband in year 2008 is 62.8% and it only has 60.7% in year 2012. Comparing with those countries and areas which have developed broadband technology market, 60.7% is considered to be relatively low. For instance, according to Table 1.2, in Asia, Singapore is one of the closest country around Malaysia and the broadband adoption rate for Singapore have reached up to 75% which is 15% higher than Malaysia. Japan is up to 79.5% while Korea (82.5%) and so on other areas such as Hong Kong China and Taiwan all showed a much higher broadband adoption rate than Malaysia (Internetworldstats.com, 2012).

Table 1.2: broadband adoption data around some countries and area in Asia

<table>
<thead>
<tr>
<th>Nation &amp; Area</th>
<th>Broadband Usage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>60.07%</td>
</tr>
<tr>
<td>Japan</td>
<td>79.5%</td>
</tr>
<tr>
<td>Korea, South</td>
<td>82.5%</td>
</tr>
</tbody>
</table>

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