

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Factors Influencing the Purchasing Behavior of Traditional Chinese Medicine (TCM) in Malaysia

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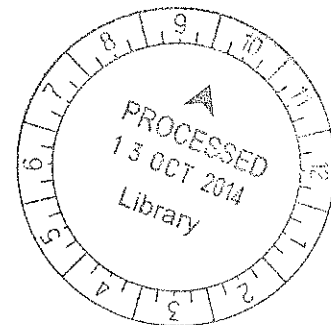
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Abstract

As the improvement of age, more people witness the development of traditional culture. Traditional Chinese Medicine (TCM) is one of them and it becomes popular in the global because it does not have much side-effects on human bodies. However, the status of TCM in Malaysia is not very high, thus this study is to explore the factors that can influence the purchasing behavior of TCM in Malaysia. The research framework of this study uses Liao et al' model (2008), and the whole study follows it. What's more, SPSS 20 and PLS software are used to analysis the data that are collected from 300 respondents in 4 states of Malaysia. And lastly, there are 5 factors which include Suffering From Disease (SFD), Attitude Towards TCM (ATT), TCM Knowledge (TK), People's Influence (PI) and Usable Resources (UR) are found to have the significant influence on the Purchasing Behavior (PB) of TCM in Malaysia. According to the findings, the author gives some recommendations to the TCM sector in Malaysia in order to attract more people to use TCM products.

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Li Jia

15 August 2014

Declaration by Candidate

I hereby declare that this research project is done by my own effort except for the information that has been cited from various authors accordingly and ethically.

Li Jia

15 August 2014

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Chapter I Introduction

1.0 Chapter Summary

In this chapter, firstly, the global market of TCM and an example of Singaporean market will be introduced. Secondly, the problem statement, research questions, research objective, significance, scope and assumptions of this study will be showed. At last, the limitations of this study are stated.

1.1 Background

1.1.1 In the Global Market

Nowadays, Traditional Chinese Medicine (TCM) was a significant part of health care in China and it developed with the fast speed, and it had gotten the attention from governments at different levels (Fang et al, 2012). TCM had already been globalization and many countries had received TCM for a long time. In the past 40 years, TCM and some other traditional medicines had become more acceptable as a growing number of patients try alternative treatment to complement main stream medicine (Wenxin, 2012).

The growing number of the licensed Chinese medicine providers in American could prove the increasing popularity of TCM. And the Chinese government had stated that they would found some export-oriented TCM giants in the coming years (Jiang et al, 2000). In fact, about 4% of the people chose TCM and more than 1 million people used acupuncture treatment every year in America (Li et al, 2009). What's more, the National Bureau of Statistics stated that the exports of TCM went up in 2011, with exports to the US alone jumping by 66.3% when compared with the data in 2010 (David Friesen, 2013). Moreover, there were over 20% of Canadians and over 2.8 million Australians

received acupuncture treatment annually. In Britain, each year, 2.5 million people tended to choose traditional medical services such as Chinese herbal medicine, massage, acupuncture and so on (Wang et al, 2013).

What's more, TCM as practiced in China and it could be considered as a major part of Complementary and Alternative Medicine (CAM) in some Asian countries such as Korea and Japan. TCM also could be viewed as one of the most valuable treasures in human civilization, and after developing for a long period, its practice was enriched continuously and TCM got the long practical experience in curing disease and health maintenance (Li and Zhou, 1989; Qu, 2007). In addition, acupuncture and moxibustion which belonged the parts of TCM, and they had been recorded on the Representative List of the Intangible Cultural Heritage of Humanity by United Nations Educational, Scientific and Cultural Organization in 2010 (Fang et al, 2012).

1.1.2 In Singapore

Singapore was a multi-racial country with a population of 5.31 million and it was nearby Malaysia. As Malaysia, Chinese, Malays and Indians were the major races in Singapore. The major 74.2% population were Chinese, the second largest group was the Malays with 13.2%, Indians got 9.2% and other races occupied the rest 3.4% (World Population Review, 2014). In Singapore, the government passed the TCM Practitioners Act in 2000, and the purpose of the ACT was to strengthen and ensure the safety and traceability of TCM components, require that the TCM practitioners must have the professional and valid practices certificate and follow the guidelines and the ethics code (Health Sciences Authority, Singapore, 2008). As a consequence, the standard and quality of TCM provision in Singapore had been raised and the public also had more confidence in TCM (Shen et al., 2008). At the premium end of the healthcare sector, the TCM market in Singapore was controlled by

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the Chinese companies that provided the TCM products (Tan and Freathy, 2011). However, according to Lee (2006), TCM practitioners had been a whole part of the healthcare system in Singapore for a long time. But in recent years, the popularity of TCM had been influenced by the growing development of the western medical practices.

1.1.3 In Malaysia

Malaysia's health care expenditure had been raised up to RM 3.594 billion in 2010 from RM 2.6 billion in 2009 (UKESSAY.com, 2011). In addition, in a sector analysis report, CIMB Investment Bank Bhd's research arm (CIMB Research) stated that the growing number of the old people, higher rate of lifestyle diseases and increasing incomes had drove the 215% growth in Malaysia private healthcare spending from 2002 to 2012 (BORNEOPOST.com). What's more, in Malaysia, the Ministry of Health (MOH) claimed that in recent years, more people consulted TCM practitioners and used some other traditional and complementary medicine practices, thus the importation of herbal products had been 3 to 4 times of allopathic products (IMU, 2013).

However, in Malaysia, the largest ethnic group was Malays with 57%, then the Chinese were 25%, Indians occupied about 10% and the rest were the other races (ASEAN TOURSIM Forum, 2014). Because of the diverse races, the Malaysia medical system was also diversity. Nowadays, except allopathic medicine, the major systems of medicine practiced in Malaysia included Ayurveda, siddha, unani, TCM, and other traditional systems of medicine, such as that provided by traditional medicine practitioners, spiritualists, bonesetters, traditional birth attendants, and others who used home remedies.

1.2 Problem Statement

Although TCM is popular around the world, the status of TCM in Malaysia is not high and not many people choose TCM when they suffer from diseases. For example, Type 2 diabetes was the most common form of the disease with the proportion of 90–95% of diabetes, however, for the Type 2 diabetes in Malaysia, 30.2% of the patients used dietary supplements, followed by TCM with 25.1% and Malay Traditional Medicine (MTM) was 17.9%. And among the users of TCM, 73.4% were Chinese, and the rest were Malays and Indians (Hasniza et al, 2009). Therefore, based on the above discussion, to know the factors influencing the purchasing behavior of TCM in Malaysia is significant and necessary.

1.3 Research Questions

As mentioned above, this study is to identify the factors that influence the people's purchasing behavior of TCM in Malaysia. Thus 8 research questions are showed as following:

1. Is there any relationship between Suffering from Disease and Purchasing Behavior of TCM in Malaysia?
2. Is there any relationship between Suffering from Disease and Behavioral Intention of TCM in Malaysia?
3. Is there any relationship between people's Attitude Towards TCM and Behavioral Intention of TCM in Malaysia?
4. Is there any relationship between TCM Knowledge that people have and Behavioral Intention of TCM in Malaysia?
5. Is there any relationship between other People's Influence and Behavioral Intention of TCM in Malaysia?

6. Is there any relationship between Usable Resources and Behavioral Intention of TCM in Malaysia?
7. Is there any relationship between Usable Resources and Purchasing Behavior of TCM in Malaysia?
8. Is there any relationship between Behavioral Intention of TCM and Purchasing Behavior of TCM in Malaysia?

1.4 Research Objective

The research objective of this study is to explore the factors influencing people's Purchasing Behavior of TCM in Malaysia.

1.5 Significance of this Study

This study is about the factors that could influence the purchasing behavior of TCM in Malaysia. Thus the results of this study will be very significant in three aspects as following:

Firstly, there are a few studies about the purchasing behavior of TCM in Malaysia, thus this study will do some contributions and provide some important evidence to the academia, and also it will help other scholars do the further research about the related aspect.

Secondly, this study will make the TCM sector in Malaysia understand consumers more, thus TCM sector can do some adjustments to attract more patients and more people will choose TCM treatment when they have some health problems.

Thirdly, this study will help the government propose the related policies to promote the development of TCM in Malaysia. And then it will stimulate the development of the medical sector in Malaysia in the future.

1.6 Scope of this Study

To investigate what factors can influence the people's purchasing behavior of TCM, a study will be done in Malaysia. And this study is expected to do a research among Malaysians with a target of 300 responses who are starting from 18 years old and come from Kuala Lumpur, Johor, Melaka and Penang.

1.7 Research Assumptions

H1: There is a significant relationship between Suffering from Disease and Purchasing Behavior of TCM in Malaysia.

H2: There is a significant relationship between Suffering from Disease and Behavioral Intention of TCM in Malaysia.

H3: There is a significant relationship between Attitude Towards TCM and Behavioral Intention of TCM in Malaysia.

H4: There is a significant relationship between TCM Knowledge and Behavioral Intention of TCM in Malaysia.

H5: There is a significant relationship between People's Influence and Behavioral Intention of TCM in Malaysia.

H6: There is a significant relationship between Usable Resources and Behavioral Intention of TCM in Malaysia.

H7: There is a significant relationship between Usable Resources and Purchasing Behavior of TCM in Malaysia.

H8: There is a significant relationship between Behavioral Intention of TCM and Purchasing Behavior of TCM in Malaysia.