

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

FACTORS INFLUENCING ONLINE GAME ADDICTION AND ONLINE GAME SATISFACTION AND LOYALTY

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XU Wen

Date:

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"

XU Wen

Date:

List of Abbreviations

- SPSS: Statistical Package for Social Science
- PLS: Partial Least Squares
- MMORPGs: Massively Multiplayer Online Role Playing Games
- PBC: Perceived Behavioural Control

Abstract

Purpose – The paper's aim is to explore the factors that affect the online game addiction and the role that online game addiction plays in the relationship between online satisfaction and loyalty.

Methodology – A survey of online game players was conducted, with 300 valid responses collected. Structure equation modelling – specifically partial least squares – was used to assess the relationships in the proposed research framework.

Findings – The results indicate that perceived playfulness and descriptive norms influence online game addiction. Furthermore, descriptive norms indirectly affect online game addiction through perceived playfulness. Addiction also directly contributes to loyalty and attenuates the relationship between satisfaction and loyalty. This finding partially explains why people remain loyal to an online game despite being dissatisfied.

Practical implications – Online gaming vendors should strive to create amusing game content and to maintain their online game communities in order to enhance player's perceptions of playfulness and the effects of social influences. Also, because satisfaction is the most significant indicator of loyalty, vendors can enhance loyalty by providing better services, such as fraud prevention and the detection of cheating behaviours.

Value – The value of this study is that it reveals the moderating influences of addiction on the satisfaction-loyalty relationship and factors that contribute to the online game addiction. Moreover, while many past studies focused on addiction's negative effects and on groups considered particularly vulnerable to Internet addiction, this paper extends previous work by investigating the relationship of addiction to other marketing variables and by using a more general population, mostly young adults, as research subjects.

Keywords: Online game, Online game addiction, Perceived behavioural Control, Descriptive norms, Perceived playfulness, Satisfaction, Loyalty

Paper type: Research paper

Chapter One

Introduction

1.1 Background of the Study

1.1.1 Online Game Addiction in the World

Today, globally, teenagers account for about 14.1 percent of Internet addiction, from total amount of about one hundred million, as compared to that of 2005. According to the Teenagers Internet Addiction survey (2012), city Internet addicted teenagers, are about 12.7 per cent of adolescents with Internet addiction tendencies which number roughly 90 million all over the world. The highest proportion of Internet addiction are among adolescents of between 18 to 23 years old, followed by age 24 to 29, which is about 14.6%, in addition, for age 13 to 17 addiction figure is about 14.3 per cent. Compared with 2005, the proportion of Internet addiction amongst teenagers aged 13 to 17 decreased while that of teenagers aged 18 to 23 has increased around the world (Dvide, 2012).

For urban male adolescent Internet users Internet addiction is around 5.6 percent worldwide, which is higher than that of teenagers. Although it is more than the female, it is actually a slight decline for 2005, whilst the females show slight increase compared to 2005 (Dvide, 2012). According to the report, in developing cities, percentage of Internet addiction amongst teenagers are higher than developed countries or regions. Developed cities such as New York, London and Beijing, addiction amongst teenagers' was only 8.4 percent, while the figure for the outlying underdeveloped city addiction amongst adolescents is as high as 14.8 per cent. In addition, urban teenagers spend on an average about 80.2 minutes of their time on Internet games on every single day, and nearly sixty percent of teens spend less than 1 hours on weekdays. On the higher levels of Internet addiction teenagers will spend more than 135 minutes a day on online games on average, which is almost twice that at the average (72.2 minutes) (Dvide, 2012).

~~There is a significant difference~~ in purpose for going online between "Internet addicts" and "normal" teenagers. Those addicted choose "playing online games" and at 47.9 percent is higher than the proportion of those normal users at 21.1%; whilst normal adolescents who "study and work" (45.4%) is significantly higher than the proportion of those online addicted teenagers at 31.5% (Dvide, 2012).

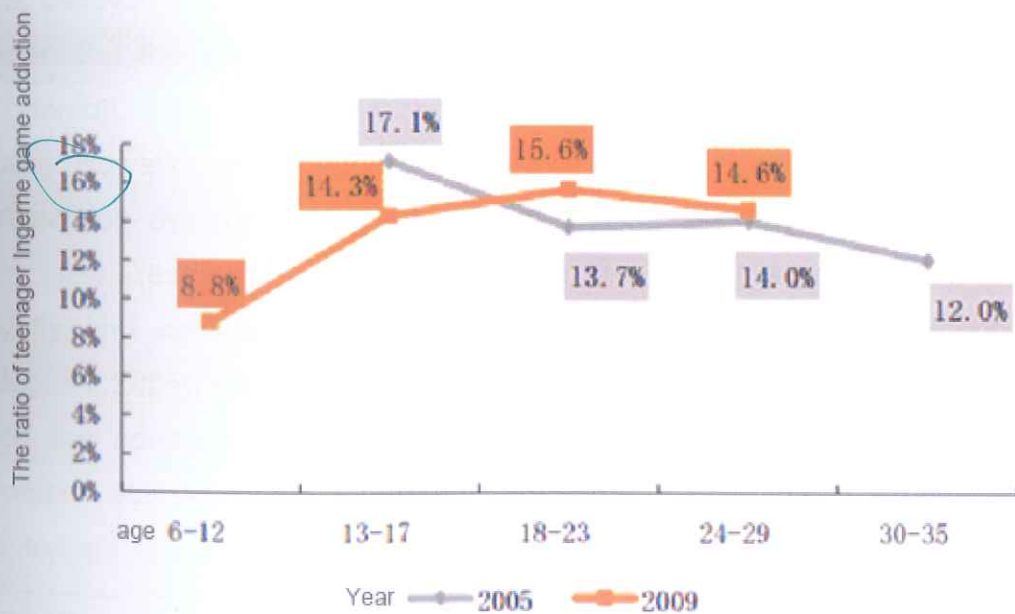
In terms of report, behavioural observation, the phenomenon is "usually do not communicate with other people" which is significantly higher than the proportion of normal teenagers. Among the teenagers, there are only 29.2 percent who do not communicate with friends or family, while there are 42.9 per cent of adolescents who are Internet addiction, that do not communicate with others (Dvide, 2012). According to the earlier studies, Internet addiction teenagers, are more difficult at making friends, even though they may have their own circle of friends.

I will present framework for this research article in Figure 1. The relational structure and hypotheses are showed in the following.

1.1.2 Online Game Addiction in the Malaysia

Malaysia is one of the rapidly developing economy in Asia, with average annual economic growth rate of 6.5 percent. According to Analysis of Internet Entertaining Behaviours in Malaysia (2008), the addiction among teenagers in Malaysia, is about 9.3 percent of adolescents with Internet addiction tendencies, which number about 180,000. Compare of to 2005, the data are basically identical. Thus, it can be seen that the proportion of teenagers who are Internet users, are relatively stable (Bhardwaj, 2008). In addition, in the category of Internet addiction among teenagers, the "light" category for take adolescents up 35.1 percent, the "moderated" teenagers is at 24.6 per cent, of which, moderate addicts accounts for more than a third of Internet addiction teenagers. The degree of "heavy" Internet addiction teenagers take up 30.3 percent (Bhardwaj, 2008).

According to the survey (see Figure 1.), the number for 6 to 23 years old of online game addiction teenagers has a rising trend, of which, 18 to 23 years old age group has the highest percentage (15.6%) of online game addiction among adolescents in 2008. In addition, those within 24 to 29 years old, scale is the same as that of 13 to 17 years old, which is around 14 per cent (Bhardwaj, 2008). Compared to 2005, online game addiction for teenagers aged from 13 to 17 has the percentages decreased, while, for those aged between 18 to 23 shows an increasing trend. In terms of data, we can see that online game addiction has increase in teenagers over the young adults in Malaysia (Bhardwaj, 2008). Although for 2005 and 2008 age scale is different, but given the growing process, the age "13 to 17" teenagers has grown into "18 to 23" from 2005 to 2008. It is also understandable that high age addicts reduced growth and decline in low age patients with online game addiction scale (Bhardwaj, 2008).



compare groups of teenagers Internet addiction in 2005 and 2009

Figure 1. Teenagers Internet Addiction in different group ages in 2005 to 2009 in Malaysia

1.2 Problem Statements

In one study on Internet entertainment, it is observed that the most popular applications are online games with a large number of people participating. Many are willing to spend money on online game, and this can continue to play for a long time (Liu, 2008). Indeed, more than half of this survey's interviewees demonstrate that online gaming has become an indispensable part of their lives with small number of interviewees taking more than three hours playing online daily. It can be seen that online gamers are highly dependent on online games. However, in terms of this survey, we also know that a majority of online game players feel unsatisfactory with online game (Ng, 2005). This phenomenon is strange, as normally, such relationship between customer loyalty and satisfaction is always positive. That is, the more customers trust a brand or product the more they are satisfied. So what factors could have caused this abnormal phenomenon?

It is believed that the relationship between loyalty and satisfaction is positive linear. But this point is not very accurate, for it is just an imagined instinct (Anderson, & Srinivasan, 2003). Evidences from studies are plenty (Shankar, 2003). However, the competitive nature of the industry result in all kind on the satisfaction-loyalty relationship by Jones and Sasser (1995). And as regards to this view, researchers have adapted accordingly the relationship between loyalty and satisfaction in order to more clearly define this phenomenon (Negash, 2005). Hence past studies present this satisfaction-loyalty relationship with the corresponding adjustment to the significant factors. So the main problem statement is inconsistent with the widely accepted concept that customers' satisfaction should be key to achieving loyalty (Oliver, 1999).

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&
satisfactor

Over the other side, the transition of Internet use is indeed a phenomenon. Early study called this phenomenon as Internet dependence, or Internet addiction (Widyanto, 2006). A kind of psychological dependence.

The Internet itself is not addictive, but users will continue to use the Internet application, especially interactive software such as online chart, video and online games. In other words, the reason for this high dependent on the

network, is "interactive applications". Prior studies have been mainly on people's psychological activities. They paid more attention on Internet addiction that gave negative effect to vulnerable groups such as adolescents and young students (Chiou, 2006). Few researchers have studied the role of Internet addiction on young adults. However, with the development and popularity of online games, more and more young adults begin to participate in online games, so much so that adolescents and young students become less involved. (Davies, 2004). Unsurprisingly past research was make relatively less mention of the relationship between Internet addiction and other human behaviours and attitudes, despite the fact that researching the variables affecting Internet addiction or relationship between addiction and other behaviours or attitudes could help researchers better understand the role of internet in this online game addiction.

1.3 Research Objectives

Two main research objectives for this study. The first is to examine factors influencing the online game addiction. Second is to determine the role online game addiction play in the relationship between loyalty and satisfaction.

①

②

1.3.1 Research Questions

RQ1. To determine on the relationship between perceived behaviour control and online game addiction.

RQ2. To find out on the relationship between descriptive norms and online game addiction

RQ3. To investigate on the relationship between online game addiction and perceived playfulness.

RQ4. To examine on the relationship between satisfaction and loyalty.

↔ to game!

RQ5. To analyse the relationship between online game addiction and loyalty.

RQ6. To evaluate online game effect on the relationship between satisfaction and loyalty.

1.4 Significance of the Research

There are limited studies on factors influencing the online game addiction loyalty and satisfaction amongst adolescent and young adult in Malaysia. This study will further help in understanding the online game addiction satisfaction and loyalty in Malaysia. This research can help contribute to future scholars interested in studying the factors influencing the online game addiction, in Malaysia. In addition, this study will help the system providers in Malaysia to better understand the consumer demands that will increase the consumer satisfaction and loyalty. Furthermore, this study also offers an understanding on the online game addiction in Malaysia so the government can decide what is needed to support in the related industry.

1.5 Limitations of the Study

Some of limitations in this research are that this research is introduced only at Nilai, in Malaysia and as a result the output of the research will only be a generalization study at Nilai, in Malaysia only. Besides, another limitation is that the study will only focus on the online game and no other.

1.6 Scope of the Study

The main objective of this research is to investigate factors influencing online game loyalty amongst adolescent and young adult at Nilai, in Malaysia. Place to conduct this study will include of universities and colleges at Nilai. I selected two universities to be objectives, there are INTI International University, and Manipal International University. The unit analysis to focus for this study will be individuals keen in online game addiction. The approach will be by survey

method and quantitative methodology. And the data collected will be analyzed using SPSS software and PLS (software package used for statistical analysis).

1.7 Organization of the Report

Chapter one will introduce the overall online game addiction phenomena providing the data on online game addiction in Malaysia. This chapter will further elaborate the problem statement and state the research objectives. This is followed by highlighting the significance of the study, its limitations and scope.

Chapter two will review the work of other researchers who have covered similar topics. Important information, suggestions, conclusions, and recommendations from the previous research are viewed carefully to extract inputs for this study.

As for chapter three, the research methodology will be discussed. Research design, measuring instrument, validity and reliability, study population, unit of analysis, sample selection and sampling techniques, data collection, and analysis method are all being explained in this chapter.

Chapter four will then analyse the findings. Analysis of the data will be done carefully and the important results summarized.

Lastly, chapter five concludes the study. In this chapter, important findings from chapter four will be concluded. This chapter will then further discuss the implications and recommendations for future research.