

REASONS BEHIND CONSUMER'S BEHAVIORAL INTENTIONS
TOWARD DIGITAL PIRACY

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A research project submitted in partial fulfilment of the requirement for the
Bachelor Degree in Technology Management
(High Technology Marketing) with Honours

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2019

APPROVAL FOR SUBMISSION

I hereby declare that I have read through this report entitle “**Reasons behind Consumer’s Behavioral Intentions toward Digital Piracy**” and found that it has complied the partial fulfillment for awarding the Bachelor Degree in Technology Management (High Technology Marketing) with Honours.

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DECLARATION

I hereby declare that this report entitle “**Reasons behind Consumer’s Behavioral Intentions toward Digital Piracy**” is the result of my own research except as cited in the references. The report has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree.

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DEDICATION

This research project is dedicated to my family and friends for their endless support, motivation and encouragement in the progress of completing this research project.

Besides, I would like to dedicate this research to my supervisor, Dr. Nor Azah Abdul Aziz who guide me and encourage me throughout the development of the research.

ACKNOWLEDGEMENT

I would like to thank everyone who had contributed to the successful completion of this project. The first gratitude goes to Faculty of Technology Management & Technopreneurship (FPTT), Universiti Teknikal Malaysia Melaka (UTeM) for giving me an opportunity in conducting this study. Second, I would like to thanks my parents and my family for giving encouragement and invaluable assistance to me. Most of all, I would like to express my gratitude to my research supervisor, Dr. Nor Azah Abdul Aziz for her invaluable advice, guidance and her enormous patience throughout the development of the research. Furthermore, my special thanks to all my friends for their friendly cooperation. Last but not least, I apologize all other unnamed who helped me in various ways to complete this study.

ABSTRACT

Piracy problem has become a huge serious and long been threat to a country especially economy of the country. Rapid technological developments nowadays have foster the growth of this problem into new form which is digital piracy. In this research, relationship and impact between reasons (social influence, economic factors, consumer morality and technology factors) and consumer's behavioral intention towards digital piracy will be analyzed. 150 questionnaire were distributed to target respondents in this research through Google Form Online. Besides, data analysis technique such as Pilot Test, Descriptive Analysis, Reliability Test and Pearson's Correlation had applied to analyze the data collected by using SPSS. Result shows that social influence, economic factors and technology factors have significantly positive relationship with the dependent variable. However, the result showed that there is no relationship between consumer morality and consumers behavioral intention towards digital piracy. Hence, determinants like social influence, economic factors and technology factors had been accepted except consumer morality that had rejected due to its very weak positive but not significant relationship. This study can help related parties to more understand the reasons behind consumers' behavioral intentions toward digital piracy.

Keywords: digital piracy, consumer 's behavioral intentions, social influence, economic factors, consumer morality, technology factors

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LIST OF ABBREVIATIONS

ABBREVIATIONS	TITLE
BSA	Business Software Alliance
BI	Behavioral Intention
TRA	Theory of Reasoned Action
TPB	Theory of Planned Behavior
ASE	Attitude-Self Influence-Efficacy Model
DTPB	Decomposed Theory of Planned Behavior
TAM	Technology Acceptance Model
H1, H2, H3, H4	Hypothesis 1, 2, 3 and 4
SPSS	Statistic Package For Social Science

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter will discuss about the background of research, problem statement, research questions, research objectives, scope and limitation, significance and outline of study in this research.

1.1 Research Background

Piracy, commonly as known as “reproduction”. According to Oxford Living Dictionary, piracy indicated as the reproduction and unauthorized use of another's work. Piracy also describe as the infringing act of copying, publications, distributing and redistributing the product without the consent from copyright holder. When we mention about piracy, the first intuitive reaction from public towards pirated publications will be point at pirated books, pirated products, pirated software and pirated audio and video products. However, there is a new form of piracy act has been arise in this era technology of 21st century which is call as digital piracy.

According to Keeley Hozjan (2009), digital piracy is a kind of online form piracy which includes the unauthorized online distribution of electronic copies of copyrighted material such as software, movies, and music. Nowadays, many different types of websites that provide unlawful access to copyrighted content and those copyrighted content mostly are movies, music, software, TV, and games. For example, streaming site provide illegal streaming allows public to view unauthorized copyrighted content and this is the very common piracy method in internet. In recent years, technology bring a lot of benefit to the society and almost everything to be easily obtained through online. It means that piracy has become more rampant because of the ease of access to technology. A lot of people feel that almost all the information from internet should be free and without paying any fee. They also believe that it was a victimless crime when streaming or downloading the unauthorized content from internet but they seem to forget is that it is a crime.

Digital piracy is kind of crime and people who involve in the piracy of software can be sued under the copyright infringement laws. Every country has its own law act to protect copyright and prevent piracy. For example, Copyright Act 1987 from Malaysia has been introduced and applied to protect intellectual property in Malaysia. Digital piracy not only a crime but it also will influence the economic development of a country. According to Haque, et al. (2011), piracy is an activity that will brings serious influence to the economy, and social and cultural than a consumer. In addition, rapid advances in internet connectivity and digital compression technologies have dramatically increased digitized material sharing online, raising issues of intellectual property rights and loss of sales (Bhattacharjee, et al., 2003). Based on an article from Digital TV Europe (2007), US lost about US\$8.9 billion to online piracy in 2016 and US\$11.6 billion is predicted to disappear in 2022.

Based on the report from Business Software Alliance (2018), Asia Pacific and Central & Eastern Europe both lead the world at 57 percent where compared to other parts of the world. According to the BSA's Global Software Survey (2018), the rates of unlicensed pc software installations of Malaysia is the lowest within seven years which is 51 percent but Malaysia still need to face and deal with the piracy problem.

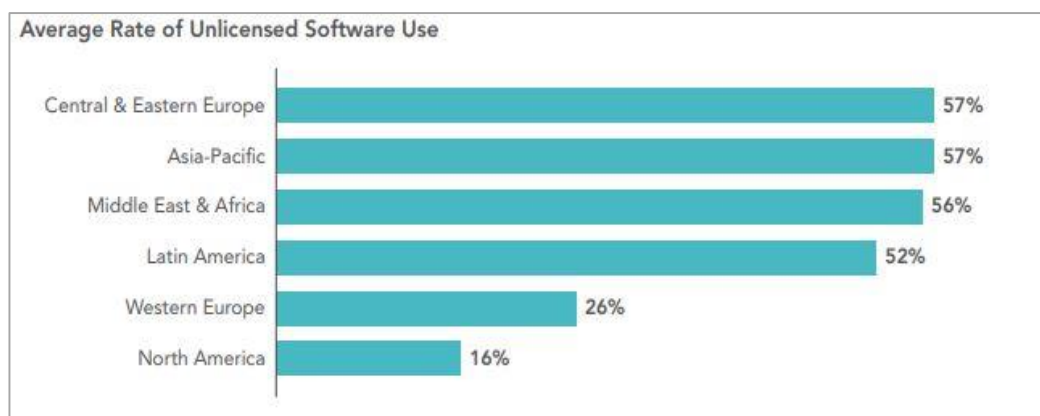


Figure 1.1.1: Average Rate of Unlicensed Software

(Adopted from Business Software Alliance)

	RATES OF UNLICENSED SOFTWARE INSTALLATION				COMMERCIAL VALUE OF UNLICENSED SOFTWARE (\$M)			
	2017	2015	2013	2011	2017	2015	2013	2011
ASIA PACIFIC								
Australia	18%	20%	21%	23%	\$540	\$579	\$743	\$763
Bangladesh	84%	86%	87%	90%	\$226	\$236	\$197	\$147
Brunei	64%	66%	66%	67%	\$18	\$19	\$13	\$25
China	66%	70%	74%	77%	\$6,842	\$8,657	\$8,767	\$8,902
Hong Kong	38%	41%	43%	43%	\$277	\$320	\$316	\$232
India	56%	58%	60%	63%	\$2,474	\$2,684	\$2,911	\$2,930
Indonesia	83%	84%	84%	86%	\$1,095	\$1,145	\$1,463	\$1,467
Japan	16%	18%	19%	21%	\$982	\$994	\$1,349	\$1,875
Malaysia	51%	53%	54%	55%	\$395	\$456	\$616	\$657
New Zealand	16%	18%	20%	22%	\$62	\$66	\$78	\$99
Pakistan	83%	84%	85%	86%	\$267	\$276	\$344	\$278
Philippines	64%	67%	69%	70%	\$388	\$431	\$444	\$338
Singapore	27%	30%	32%	33%	\$235	\$290	\$344	\$255
South Korea	32%	35%	38%	40%	\$598	\$657	\$712	\$815
Sri Lanka	77%	79%	83%	84%	\$138	\$163	\$187	\$86
Taiwan	34%	36%	38%	37%	\$254	\$264	\$305	\$293
Thailand	66%	69%	71%	72%	\$714	\$738	\$869	\$852
Vietnam	74%	78%	81%	81%	\$492	\$598	\$620	\$395
Other AP	87%	87%	91%	91%	\$442	\$491	\$763	\$589
TOTAL AP	57%	61%	62%	60%	\$16,439	\$19,064	\$21,041	\$20,998

Figure 1.1.2: Rates and Commercial Values of Unlicensed PC Software Installations

(Adopted from Business Software Alliance)

1.2 Problem Statement

The widespread of piracy is very common issue in Malaysia and piracy hotspot nowadays is digital media piracy, mostly software, music and films. Although the rates and of unlicensed PC software installations has reduce 2 percent become 51% in 2017 compare to the data percentage in 2015, but Malaysia's software piracy rated still considered in a high level. According to news that report by BALQIS, L. in New Straits Times (2018), Digital piracy resulting from digitalization has caused enormous losses for the creative content industry in the region.

Besides, according to The Edge Markets (2017), Malaysia carried out an action against digital piracy that blocked the website in 2016. Similarly, the New Straits Times (2018) stated that in order to combat digital piracy of copyrighted content such as music, films, software, broadcasts and books, Malaysia had launched the Infringing Website List (IWL). Although many measures and efforts taken by copyright owner, policy and government to overcome this piracy problem, but it still considered as rampant in the Malaysia and Malaysia still needs to combat and reduce the piracy issue.

A deep and detail investigate and understanding of the reasons behind customers behavioral intention towards digital piracy are important to reduce or even solve the problem of piracy. This remark supported by John C. Dvorak (2016) who suggests that need more research on the causes of digital piracy. John C. Dvorak (2016) conceded that understanding why piracy exists as a phenomenon needs to be better understood, and fulfill people's need and want to reduce piracy.

There are very limited studies investigate the reasons behind consumer's behavioral intentions toward digital piracy in Malaysia. Thus, the objective of this study is to explore the biggest reason that motivate digital piracy behavior and investigate the impact of social influence, economic factor, consumer morality and technology factors on consumer's behavioral intention towards digital piracy in Malaysia.

1.3 Research Objectives

- I. To investigate the reasons (social influence, economic factors, consumer morality and technology factors) that impact on consumer's behavioral intention toward digital piracy.
- II. To study the biggest reason that motivate consumer's behavioral intention toward digital piracy.
- III. To develop suggestion of solution for reducing digital piracy's case in Malaysia.

1.4 Research Questions

- I. What is the reasons behind that impact on consumer's behavioral intention toward digital piracy?
- II. What is the biggest reason that motivate consumer's behavioral intention toward digital piracy?
- III. What suggestion of solution that can be used for reducing digital piracy's case in Malaysia?

1.5 Scope and Limitations

In this study, it was focused on the reason that motivate digital piracy behavior. With that also, it can study the other form of piracy such as book piracy and product piracy and their effect so that researcher can learn more about why people choose to pirate. However, there are few limitation that researcher faced in this research. First limitation that recognize in this study is the sample size of respondents. According to the F tests of G*Power software 3.1.9.2 system, the result suggest that 129 samples were the minimum samples to collect in this research based on four independent variables in this research. 129 respondents was categorized as minimal but not

excellent sample size for a researcher to investigate accurate significant relationships from the data. However, 150 samples had been chosen in this research to prevent invalid data issue and losing data issue.

1.6 Significance of Study

1.6.1 Theoretical Significance

This research that consist the new form of pirated behavioral which is digital piracy can become the sources for understanding and gain the information of digital piracy. Besides, this research will be an opportunity for researcher to apply knowledge or become the guideline to conduct an in-depth study. Researchers wishes this research can provide some academic contributions to the digital piracy's topic for the future researcher.

1.6.2 Practical Significance

This research will contribute to be alert and insight into digital piracy problem in Malaysia. It can help to increase society awareness and understanding of towards digital piracy. From the findings of this research, public can review themselves and correct their behavior while for the owner of intellectual property or government can better understand why people choose pirated media and find better ways to protect copyright and prevent piracy problem in Malaysia.

1.7 Operational Definition

1.7.1 Digital Piracy

Digital piracy is a kind of online form piracy behavior for digital media to gain unauthorized copyrighted products like software, movies, and music.

1.7.2 Social Influence

Social influences in this study can be describe as the piracy's action of an individual will be or will not be influenced that social pressure, social acceptance and encouragement from friends, relatives or colleagues.

1.7.3 Economic Factors

Economic factors in this study can be describe as the piracy's action of an individual will be or will not be influenced by financial ability and consumption ability for an individual toward authorized copyrighted products.

1.7.4 Consumer Morality

Consumer morality in this study can be describe as the piracy's action of an individual will be or will not be influenced by guiltiness, moral judgment and moral intention of an individual in ethical decision-making process.

1.7.5 Technology Factors

Technology factors in this study can be describe as the piracy's action of an individual will be or will not be influenced by convenient that bring by internet bandwidth availability such as illegal online streaming allows public to view and download unauthorized copyrighted products.

1.8 Outline of Study

Chapter 1 included the background of research, problem statement, research questions, research objectives, significance and outline of study.

Next, the literature reviewing to the relevant keywords for this study such as consumer's behavioral intention, social influence, economic factors, consumer morality and technology factors will be focused on chapter 2.

Chapter 3 will discussed the research design, data collection method, measurement of constructs and the data analysis technique that will be apply in this research.

In addition, chapter 4 underlined the findings that gathered from questionnaires and discussion for result. Statistical Package for Social Science (SPSS) version 21 had been used to conduct three data analysis which are Descriptive Analysis, Reliability Test, and Pearson's Correlation Coefficient Analysis.

Lastly, chapter 5 underlined the summary of statistical analysis in this study This chapter also included discussions of major findings, implications of the study, recommendations for future research and end up with the conclusion of this study.