

Conference Paper

The Influence of Product Knowledge and Attitude Towards Intention in *Mudharabah* Funding Products in Sharia Banks in Mataram

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Abstract

This study aims to determine the effect of product knowledge on attitude and purchase intention for mudharaba financing in Islamic bank in Mataram. This study uses a quantitative approach using the test path analysis. Sources of data in this study using the primary data that is questionnaire. The characteristics of the study population are customer of Islamic bank in Mataram who have business and not use mudharaba financing. The number of samples in this study were 250 respondents. The sampling technique that can be used is probability sampling with random sampling.

Based on the results of the study, it is indicated that product knowledge significantly influences the attitude, product knowledge significantly influences the purchase intention, and attitudes significantly influence the purchase intention. The suggestions for Islamic Bank in Mataram is to use personal promotion about mudharaba financing and increase the service and facilities to improve the customer intention. The suggestions for further researcher, can be done by adding the level of purchase knowledge and usage knowledge as exogenous variable and research can be done on other objects in the field of services such as BMT.

Keywords: product knowledge, attitudes, purchase intention of mudharaba financing

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1. Introduction

1.1. Background

Marketing is defined as a social and managerial process, in which individuals and groups obtain what they need and want through the creation and exchange of products and values (Kotler and Armstrong, 2004: 4).

Marketing becomes one of the main activities that need to be done by a company, be it a goods or service-based company, in an effort to maintain its business survival. To win the competition, a company must be able to implement the right marketing

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strategy for the product or service they produce. Appropriate marketing strategies can be made by understanding consumer behavior (Assael, 1992: 15).

Engel (1994: 4) argues that consumer behavior can be defined as the actions of individuals directly involved in the business in obtaining and using economic services, including the decision-making processes that precedes and determines those actions.

In consumer behavior, there is a set of decision-making processes to determine consumer choice alternatives, in which consumers assess the various alternative options and choose one or more of the necessary alternatives based on particular considerations. Consumer knowledge is an important component affecting the decision-making process (Engel, 1994: 31). When consumers have knowledge, they will act in a more efficient and more appropriate manner in processing information and be able to recall information about the product better.

Engel, Blackwell, and Miniard (1994: 317) define *product knowledge* as a collection of various information about the product. Product knowledge includes product category, brand, product terminology or product features, product pricing, and product trust.

According to Brucks quoted from Engel (1995: 332), there are two ways to measure *product knowledge* based on previous studies, namely *Subjective Knowledge* and *Objective Knowledge*. After consumers search for the product information, they begin to assess and evaluate, resulting in a positive attitude towards the product. Attitudes toward certain behaviors cannot be observed or measured directly, but can be inferred from one's evaluative responses to the attitudes of certain objects according to the consumer's memory.

After attitude of the evaluation of the product knowledge has emerged, then intention in the product will manifest. With intention, consumers can make purchase decisions after comparison and assessment of the product (Fisbein and Ajzein, in Lin and Lin, 2007: 124).

The development of Islamic banks in Indonesia began in 1990, after the Workshop on Bank Usury held by the Indonesian Ulema Council (MUI) in West Java, resulting in the birth of the first Islamic bank in Indonesia named Bank Muamalat Indonesia (Antonio, 2001: 25). In the following years, Islamic banks are growing rapidly with the emergence of Sharia Commercial Bank (BUS), Sharia Business Unit (UUS), and BPR Syariah with assets that continue to increase from year to year.

The process of consumer decision-making by analyzing relationship between *product knowledge* and the intention of purchasing product is put into consideration in determining the right marketing strategy for companies, including Sharia Banks. Sharia banks as financial institutions have financing products with various contracts (akad), one

of which *mudharabah* contract. Karim (2010: 204-205) cites the opinion of M. Anwar Ibrahim that *mudharabah* is a joint partnership between the property of one party and the work of another, in which one party acts as the owner of the capital and entrusts the amount of capital to be managed by a second party, the business owner, for the purpose of creating profit.

Mataram as the capital of West Nusa Tenggara Province has the potential to become the target of sharia banks in developing sharia banking products. The Islamic finance industry in West Nusa Tenggara, particularly in Mataram, is experiencing rapid growth. Over the past five years, their combined assets reached Rp. 144 trillion, while their total financing assets amounted to 1.955 trillion (bi.gi.id). Therefore, this research designated the Bank Syariah in Mataram as the object of research to determine the influence of customer product knowledge on the attitude and intention of using *mudharabah* financing product.

1.2. Problem statement

1. Does product knowledge affect the attitude of using financing *mudharabah* in sharia banks in Mataram City?
2. Does attitude affect intention in using *mudharabah* financing in sharia bank in Mataram City?
3. Does product knowledge affect the intention in using *mudharabah* financing in sharia banks in Mataram City?

2. Theoretical Framework and Hypothesis Development

2.1. Consumer behaviour

Engel (1994: 4) argues that consumer behavior can be defined as the actions of individuals directly involved in the business in obtaining and using economic services, including the decision-making processes that precede and determine those actions. Loudon and Bitta (1993: 6) define consumer behavior as a process of decision making and the physical activity of individuals involved in evaluating, obtaining, and using goods and services.

2.2. Consumer behavior in an Islamic perspective

Consumer behavior in Islam should reflect adherents' relationships with God. Every movement in the form of daily shopping is nothing but the manifestation of remembering (zikir) the name of God by not choosing forbidden (haram) goods, not being parsimonious, and not being greedy to survive in both the present world and the hereafter (akhirat) (Muflih, 2006: 4).

Islam sees human need as more than a matter of clothing, food, and housing, because they are only related to worldly businesses. As-Syatibi in Muflih (2006: 66) said that the formulation of human needs in Islam consists of three levels, namely:

1. *Dharuriyat*, which comprises of religion (*din*), life (*nafs*), education (*'aql*), offspring (*nasl*), and property (*mal*).
2. *Hajiyat* is any complement that supports, strengthens, and protects the *dharuriyat* needs.

Tahsiniyat is any addition to the forms of pleasure and aesthetics other than *dharuriyat* and *hajiyat*.

2.3. Decision-making process

Kotler and Keller (2009: 235) mentioned that the purchase decision process plays an important role in understanding how consumers actually make purchasing decisions. Marketing scholars have compiled a "phase order model" in the consumer purchase decision process.

2.4. Product knowledge

Engel, Blackwell, and Miniard (1994: 317) stated that product knowledge is a collection of various information about the product. This knowledge includes product categories, brands, product terminology, product attributes or features, product prices, and product beliefs. Product knowledge also includes various information that is processed by consumers to obtain a product. Product knowledge also consists of knowledge of where to buy products and when to buy them. When a consumer decides to buy a product, he will decide where he will buy the product and when to buy it. The consumer's decision regarding where to buy the product will be largely determined by his knowledge. Brucks

(1985) stated, "Product knowledge is based on memories or known knowledge from consumers."

2.5. Measurement of product knowledge

Brucks (1985) in Engel (1995: 332) says that product knowledge can be assessed by two indicators, namely Objective knowledge and Subjective knowledge.

Objective knowledge are the correct information about the classes of products stored in the consumers' long-term memory.

2.5.1. Product knowledge

The product knowledge itself is a collection of many different types of information. Product knowledge includes: Awareness of product categories and brands within product categories, product terminology, product attributes or attributes, and beliefs about product categories in general and for specific brands.

Belief in this case where there is a belief that a product will provide utilities or benefits. Consumers will pay more attention to products that can generate utility, putting it into consideration in a purchase decision. Consumer trust can be formed from the conformity of a product with the principles of sharia.

Product Criteria in the Islamic perspective are:

1. Products in Islam according to Abuznaid (2012) are prohibited to contain the practice of cheating, gambling (maysir), and usury. This is in accordance with the word of God in Al-Maidah (5):4 : "*lawful unto you are (all) things good and pure: and what ye have taught your trained hunting animals (to catch) in the manner directed to you by Allah: eat what they catch for you, but pronounce the name of Allah over it: and fear Allah; for Allah is swift in taking account.*" (DEPAG RI, 2012)
2. Prophet Muhammad, when trading, always provided information as clear as possible regarding the advantages and disadvantages of the products he sold. Islamic business ethics also requires that accurate information be provided not only to the goods sold but also in terms of their advertising (Abuznaid, 2012).
3. Interest in Islam is expressed as *riba*. The usage of *riba* is strictly prohibited in the Qur'an and hadith. The word *riba* in English is often represented as *usury*, which in modern use means more than ordinary interest rates or stifling interest rates.

Nafik (2009: 110) argues that because Islam forbids usury, then banks that operate in accordance with sharia should implement a system of profit-sharing.

2.5.2. Purchase knowledge

Purchase knowledge includes various pieces of information owned by consumers that are closely related to product acquisition. The basic dimension of purchasing knowledge involves information regarding decisions about where the product should be purchased, when purchase should occur, and usage knowledge.

Subjective Knowledge is the level of understanding of consumers on a product, which is called self-assessed knowledge. Indicators of subjective knowledge according to Engel, Blackwell, and Miniard (1995: 317) are:

1. The amount of consumer knowledge towards a product
2. The value of consumer knowledge of a product when compared to other consumers
3. How familiar consumers are to a product

When consumers use a product, how comfortable they feel in using/buying products based on consumer knowledge about a product.

2.6. Consumer attitude

Consumer attitude studies the tendency to respond consistently to something liked or disliked to the attention given to an object (Schiffman and Kanuk, 2007: 232). Consumer attitudes are a reflection of the overall evaluation of the association of a brand, product, object, or activity (Hoyer and MacInnis, 2008: 122).

2.7. Attitude measurement

Schiffman and Kanuk (2007: 238) suggested that Attitude toward object model is very suitable for expressing attitudes toward a specific product (or service) category or brand. Based on this model, consumer attitudes toward a specific product or brand of a product is a convincing presence and evaluation of specific functions-beliefs and/or attributes. According to Schiffman and Kanuk (2007), there are several indicators that can be used to measure consumer attitudes.

1. Consumers like the benefits provided by the product or brand.
2. Consumers like the ease of use of the product or brand used.
3. Consumers like the reliability of the product or brand.
4. Consumers like the service of the brand.
5. Consumers like products or brands that portray the consumer's personality. Consumers like the added value of a given product or brand.

2.8. Purchase intention

Consumer intention is a form of desire (behavior intention). The desire to behave can be defined as the desire of the consumer to behave in a certain way in order to own, use, and dispose of products or services (Mowen and Minor, 2002: 322).

According to Ferdinand (2002: 129), intention in using services or products can be identified through the following indicators:

1. Transactional intention, namely the tendency of someone to buy a product
2. Referential intention, namely the tendency of someone to reference a product to others.
3. Preferential intention, which is an intention that describes the behavior of someone who has a primary preference for a product. This preference can only be changed if something happens with the preferred product.

Explorative intention, which portrays the behavior of a person who is always looking for information about the product he is intentioned in and seeking information to support the positive characteristics of the product.

2.9. Sharia bank

Sharia bank is a bank that in its activities, either in collecting funds or in the framework of the distribution of funds, provides and imposes rewards on the results on the basis of sharia principles, namely trade and profit-sharing. The main principle of bank operations based on sharia principles is the Islamic law that comes from the Qur'an and Hadith. Bank operations must pay attention to orders and restrictions in the Qur'an and the Sunnah (ways) of Prophet Muhammad. Prohibition mainly relates to bank activities which can be classified as *riba* (usury) (Susilo, 2000).

2.10. Mudharabah

Antonio (2001: 95) quoted al-Syarbasyi's opinion as follows: "*Mudharabah* is a contract of business between two parties where one (*shahibul al-mal*) provides all (100%) of the capital, and the other party becomes the manager. The profit of the business is divided according to the agreement set forth in the contract, while the loss is borne by the owner of the capital as long as the loss is not the result of the manager's negligence." *Mudharabah* is described also in QS.Al-Maidah verse one.

2.11. Determination of Mudharabah in Sharia banking

The concept of mudharabah in sharia banking is usually applied to funding and financing products. On the fund-raising side, mudharabah applies to the following products: (Antonio, 2001: 97)

1. Savings futures, namely savings intended for special purposes, such as savings for pilgrimage, and savings for cattle slaughter (kurban), and so forth.
2. Ordinary and special deposits, special deposits (special investment), where the funds deposited by customers, specifically for certain businesses, such as in murabahah or ijarah only.

Meanwhile, on the financing side, mudharabah applies to:

1. Work capital financing, namely financing intended to meet the needs of business funds for the purchase / procurement / provision of elements of goods in the framework of capital turnover. Examples are for the purchase of raw materials or goods to be traded.
2. Special investment, namely the financing provided to meet the needs of business facilities / infrastructure (fixed assets). For example, the purchase of production equipment.

2.12. Relationship between the product knowledge and attitude

According to Engel, Blackwell, and Miniard (1995: 316), consumer knowledge consists of information stored in memory. Marketers in particular are interested in knowing consumer knowledge. Information held by consumers about the product will greatly affect the consumer pattern. An awareness and image analysis is useful for exploring the nature of product knowledge.

Consumer knowledge is a key determinant of consumer behavior. What consumers buy, where they buy it, and when they buy it will rely on knowledge relevant to the decision. The underlying influences of consumer behavior are environmental influences, individual influences, and psychological influences. In this case, the element of knowledge includes the influence of the individual. Engel, Blackwell, and Miniard (1995: 317) divide consumer knowledge into three knowledge categories, namely product knowledge, purchasing knowledge, and knowledge of usage.

2.13. Relationship between attitude and intention

Attitude studies the tendency to respond consistently to something liked or disliked to the attention given to an object (Schiffman and Kanuk, 2007: 232). Thus, it can be concluded that attitude is the result of the overall evaluation of an association of a product or brand in which the feelings and emotions that form can affect one's lifestyle. A positive attitude towards a brand or product can increase consumer purchase intention in a product.

2.14. Relationship between product knowledge and intention

Lin (2007) says that the level of product knowledge affects consumer purchase intention. In general, consumers with higher product knowledge have better memory, recognition, analysis, and logical skills than those with lower product knowledge. Consequently, those who think that they have higher product knowledge tend to rely on intrinsic cues instead of stereotypes to make an assessment of product quality as they realize the importance of product information. A similar study was conducted by Ghandari and Norouzi (2012), who overall stated that product knowledge affects purchase intention in a product.

The research used an analytical model developed from a research by Lin, Nan Hong, & Lin Bin Shya. 2007 *The Effect of Brand Image and Product Knowledge on Purchase Intention Moderated by Price Discount*.

This research used structural equation for endogenous intervening variable (Z) as follows:

$$Z = \gamma X + e$$

This study also used structural equations for endogenous variable (Y) as follows:

$$Y = \beta Z + \gamma X + e$$

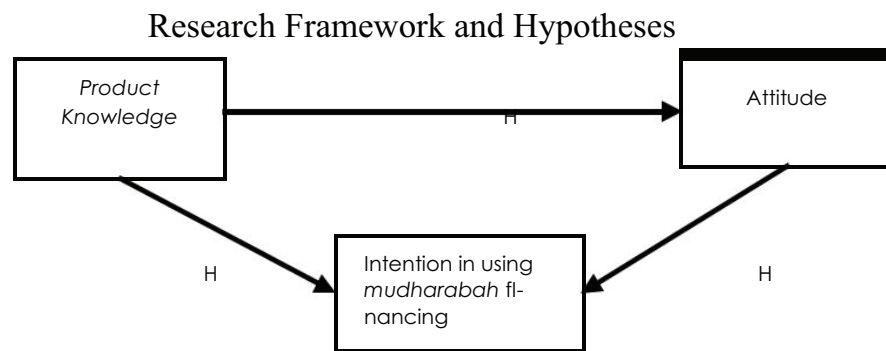


Figure 1: Analysis Model (Source: Author).

Notes:

Y = Intention to use *mudharabah* financing productoin sharia banks

B = Path Coefficient from endogenous variables to exogenous variables

Z = Attitude towards *mudharabah* financing products in sharia banks in Mataram

γ = Path Coefficient from exogenous variable to endogenous variable

X = Product knowledge

E = Standard error

The framework of thinking in this study is outlined below.

3. Research Method

This study used some research variables, includ-ing: product knowledge as exogenous variable, atti-tudes as endogenous intervention variable, and pur-chaseintention as an endogenous dependent variable. Product knowledge has two indicators, including: subjective knowledge and objective knowledge, consisting of 20 items of questions. Attitude variable consists of five indicators, with five question items. The purchasing intention variable has four indica-tors, namely transactional, referential, preferential, and explorative intentions. The total number of question items for knowledge, attitude, and intention is 29 question items

The reliability test usedCronbach Alpha. In this study, the Cronbach Alpha value was above 0.6, so this study can be considered reliable. The validity test yields 3 items.

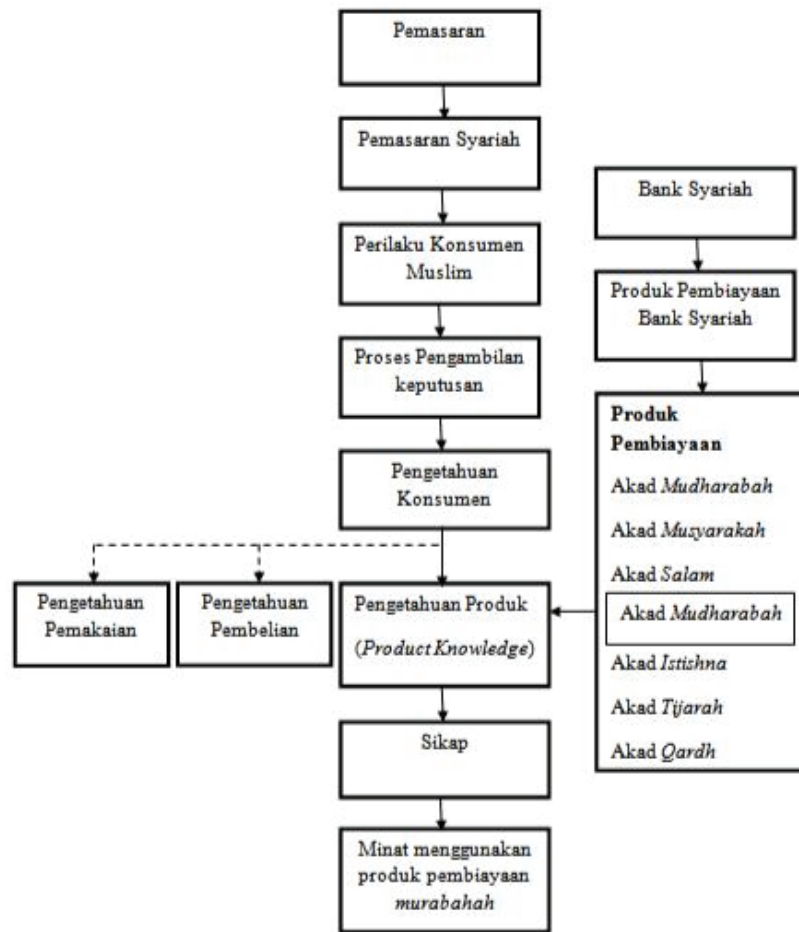


Figure 2: Framework of thinking.

The scale of measurement in this research is ordinal scale with likert scale model which used four answer, namely: (SS) Strongly agree with a score of 4, (S) Agree with a score of 3, (TS) Disagree with a score of 2, (STS) agree with a score of 1. The type of data used was primary data obtained through questionnaires that had been filled by respondents and secondary data as a support in the form of corporate documents, some of which are supporting data such as journals, documentation photos, internet sources, and literature related to the problems studied.

The subjects or population in this study are the customers of sharia banks in Mataram. The characteristics of the sample used were customers of sharia banks in Mataram who own or plan to have business. The population in this study was 250 people.

Sampling technique in this research used the Probability sampling, namely sampling which gives equal opportunity for each element (member) of the population to be elected as a sample member, so the number of samples in this study is 250 respondents of sharia bank customers in Mataram. The number of questionnaires distributed was

250 questionnaires. The analysis model used to determine the effect was *path analysis* using SPSS and Amos programs.

4. Research Results and Discussion

Data processing in the testing of path analysis as-sumptions *used Amos* and interpreted through the following Table:

TABLE 1: Coefficient Values of Influence Paths between Variables.

Variable		Direct Path Coefficient	Indirect Path Coefficient
Product knowledge	Consumer Attitude	0.625	
Consumer Attitude	Purchase intention	0.380	
Product knowledge	Purchase intention	0.394	
Product Knowledge to Purchase intention through Attitude			0.237

Source: Data processing results

The table above can be interpreted as follows:

1. If the product knowledge variable changes, then it will cause a change in consumer attitudes. The positive sign indicates a unidirectional change, that is, if the product knowledge variable increases then the consumer's attitude will increase, and vice versa, if the variable of product knowledge decreases the consumer attitude will also decrease with a path coefficient of 0.625.
2. If the product knowledge variable changes, the purchasing intention will change. The negative sign indicates a change in the opposite direction, which is if the product knowledge variable increases then the purchase intention will decrease, and vice versa, if the variable of knowledge of the product decreases then the purchase intention will increase. The path coefficient value was - 0.009. If the consumer's attitude towards variable changes, then the purchase intention will change. The positive sign indicates a unidirectional change, that is if the consumer attitudinal variable increases then the purchase intention will increase, and vice versa, if the consumer attitude variable decreases the purchase intention will also decrease. The path coefficient value was 0.380.

Coefficient of determination is a coefficient that shows the magnitude of influence or contribution of an exogenous variable to an endogenous intervening variable and exogenous and endogenous variables toward endogenous variables. The following are the test results that show the coefficient of determination:

TABLE 2: Coefficient of Determination Value.

Variable	R2
Product knowledge to Attitude	0.359
Product knowledge to attitude towards intention	0.360

The following is an explanation of Table 2 above:

1. The amount of attitude change caused by the knowledge of the product was 0.359 or 35.9%. In other words, the effect of product knowledge on attitude was 35.9%.
2. The amount of intention change caused by product knowledge and attitude was 0.360 or 36%. In other words, the effect of product knowledge and attitudes toward intention was 36%.

The next step is proving the hypotheses. The complete results of the hypothesis test can be seen in Table 3.

TABLE 3: Results of Hypothesis Test on Direct Effect.

Variable	CR count	Sig.	Notes
Product knowledge → Consumer Attitude	11.601	0.000	Significant
Consumer Attitude → Purchase intention	5.211	0.000	Significant
Product knowledge → Purchase intention	5.183	0.000	Significant

Table 3 above can be explained as follows:

1. The value of CR count of product knowledge variable to attitude was 11.605. The level of significance was 0.000. This value is less than 0.05. Since the significance level is less than 0.05, the product knowledge affects attitudes. Thus, the research hypothesis is accepted.
2. The value of CR count of consumer attitude variable to purchase intention was 5.211. The level of significance was 0.000. This value is less than 0.05. Because of this significance level is less than 0.05, then consumer attitude affects the purchase intention. Thus, the research hypothesis is accepted.
3. The value of CR count of product knowledge variable to purchase intention was 5.183. The level of significance was 0.000. This value is less than 0.05. Since the significance level is less than 0.05, the product knowledge affects attitudes.

Thus, the research hypothesis is accepted. The direct influence of product knowledge on attitude and attitude towards purchase intention indicates that product knowledge indirectly influences purchase intention through attitude.

The figure of the indirect effects of product knowledge on intention through attitude is described on the next page:

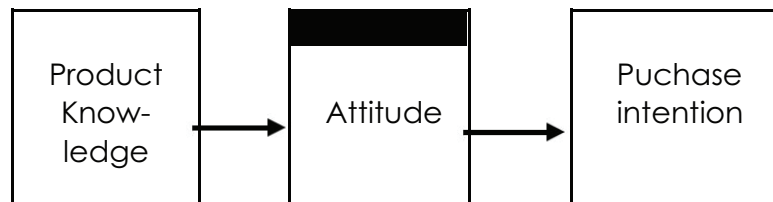


Figure 3: Indirect Path Coefficient.

Figure 3 shows the indirect effect of product knowledge on purchase intention through attitude. The value of the indirect path coefficient was 0.237. Value is derived from the multiplication of the direct influence of product knowledge on attitude and attitude towards intention. Thus, the indirect coefficient value of product knowledge on intention through attitude was $0.625 \times 0.380 = 0.237$. This value is greater than the direct path coefficient (-0.009). With this result, product knowledge indirectly influences intention through attitude. Thus, the research hypothesis is accepted.

5. Conclusion

Based on the results of data processing using *path analysis*, the following conclusions may be drawn:

1. Product knowledge significantly affects consumer attitude. With this result, the research hypothesis is accepted.
2. Attitude significantly influences purchase intention. With this result, the research hypothesis is accepted.

Product knowledge significantly affects purchase intention. With this result, the research hypothesis is accepted.

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