

**Religiosity and the Intention to Buy Luxury Goods Among  
Young Indonesian Muslims in Jakarta**

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Dedicated with love

To my wife, Juni Alfiah, and my sons, Data and Excel

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## **Statement of Authentication**

The work presented in this thesis is, to the best of my knowledge and belief, original, except as acknowledged in the text. I hereby declare that I have not submitted this material, either in full or in part, for a degree at this or any other institution.

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**Godo Tjahjono**

20 August 2014

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## Abstract

This thesis examines the relationship between religiosity and the intention to buy luxury goods, among young Muslims in Jakarta, the capital of Indonesia, a Muslim majority country. In this city, luxury goods are on clear display, owned by rich Muslims and often by Muslim religious campaigners, while the majority of the population struggles, with a very low standard of living.

Based on the perceptions of its participants, this research seeks to ascertain whether religiosity, religious orientation, and Islamic religious norms are related to the intention to buy luxury goods. In this case, the intention to purchase is seen as the possible manifestation of perceptions of religious norms or beliefs. From the perspective of social science, mainly the field of consumer behaviour, this study also analyses several possible determinants of the intention to buy luxury goods, such as the perceived value of luxury goods, influences of social groups and global lifestyles, and materialism, as well as the degree of concern of the potential buyers regarding inequality and the vast socio-economic gap evident in Indonesia, particularly in Jakarta.

The analyses of the primary data, which were derived from 8 focus groups, 24 in-depth interviews, and a quantitative survey among 510 respondents, show that nearly all of the research participants perceived that Islam allows Muslims to own luxury goods as long as they can buy them legitimately, and that owning these goods does not contradict Islamic values in general. Most of the participants did not see the ownership of luxury goods as having any social issues, even though they live in a society with a huge disparity in income between rich and poor.

The results from binary logistic regression analysis indicate that there is a significant relationship between the intention to buy luxury goods and (1) religiosity (negative relationship), (2) experiential value perception (positive relationship), (3) symbolic value perception (positive relationship), and (4) social group influence (positive relationship). However, the last three variables have greater influence than does religiosity.

The majority of research participants, across all demographic variables, income strata and educational levels, appreciated the symbolic and experiential value of luxury goods and sought such items as a 'ticket' to enter elite social groups. They believed they could own luxury goods, be members of the elite class in Jakarta, and feel religious at the same time. On the other hand, the participants who did not harbour an intention to purchase these goods, yet had higher religiosity mean scores, stated that they did not want to ignore their feelings of guilt if they were to buy luxury goods while there are so many poor people in Indonesia.

This thesis argues that the majority of young Muslims in Jakarta who perceive that Islam allows ownership of luxury goods and that such ownership has nothing to do with moral and ethical concerns regarding the vast socioeconomic gap in Indonesia, would have the intention to buy such items, if money were not an issue. Perceived external influences are seen have no significant impact on their intention, except for influence from social groups.

# Chapter I

## Introduction

This study focuses on the religiosity of young Indonesian Muslims in Jakarta. From the perspective of social science, mainly the field of consumer behaviour, it examines the possible influence of religiosity on the intention, among them, to purchase luxury goods. The study also seeks to find the characteristic differences between those who have the intention to buy luxury goods (the intenders) and those who do not (the non-intenders), in terms of demographics and other variables (such as attitude towards socioeconomic disparity) related to religious belief. The intention to buy luxury goods, if money were not an issue, is revealing of young Muslims' perceptions of what Islam says about ownership of luxury goods and of how they follow Islamic guidance.

### I.1 Background

The study is situated among contemporary Indonesian Muslims, living in a society with a huge socioeconomic disparity. Most of the wealthy Indonesian elite, including Muslim politicians and some well-known Islamic religious campaigners, own various luxury goods, while the majority of the population struggles with a very low standard of living.

In the last decade, young Muslims in Jakarta have been exposed to ever increasing quantities of luxury goods, as well as to greater emphasis on religious aspects of their lives. In the public sphere, luxury goods are seen to be owned by Muslim preachers and Muslim politicians. Various types of luxury goods are on display in many prestigious malls in Jakarta. There is some indication that in Asia's big cities, such as Jakarta, the sector of buyers of luxury goods is tending to shift to a younger age group (Chada and Husband, 2006).

According to the study undertaken by JWT MENA, as cited by Temporal (2011), Indonesian Muslims tend to willingly adopt new products or services in order to obtain benefits or experiences from them as consumers, or to be accepted as a part of the communities of other consumers of these products or services. On the other hand, religious expression by Muslims in Indonesia has increased significantly, and is evident in, for example, the use of Islamic symbols, religious behaviour, appearance, participation in Islamic study groups, Islamic

publications, preaching and ritual practices in the public sphere, as well as in the consumption of Islamic-labelled products and services (Howell, 2001; Watson, 2005; Fealy, 2008; Hoesterey, 2008; Jones, 2010).

Indonesia has been identified by producers and exporters from many countries as one of the most attractive Muslim markets in the world (Marinov, 2007). Indonesia is the world's most populous Muslim country. According to Pew Research Centre's Religion and Public Life Project, the major proportion (87 per cent) of Indonesia's population (more than 204.8 million in the year 2010) is Muslim (pewforum.org, 2011). Although 43 per cent of the Indonesian population living on less than USD 2 a day (data.worldbank.org, 2014), there are a considerable number of wealthy people and those in the upper middle class (capgemini.com, 2013), including those who are affiliated to Islam, have become the target market for luxury goods.

Indonesia has proven itself to be an attractive marketplace for companies selling luxury goods and is likely to become even more attractive. Datamonitor (datamonitor.com, 2010) has reported the positive growth of the branded clothing, accessories and luxury goods market sector in Indonesia from 2004 to 2009. Euromonitor International (euromonitor.com, 2014) stated that "the availability of luxury goods in Indonesia was higher than ever in 2013 due to the continuous expansion of the number of labels and product selections offered." Furthermore, Euromonitor International predicted that luxury goods in Indonesia are "set to grow at an increasing rate towards the forecast period (2013–2018) due to the growing number of people capable of affording luxury goods as well as the general rise in demand for luxury labels."

Muslim scholars, such as Choudury (1983), Mannan (1984), An-Nabhani (1990), Siddiqi (2000) and Mawdudi (2011 [1969]), have stated that Islam has inherent ethical considerations and sets moral standards for the consumption, ownership or utilisation of economic resources. Without moral standards, since humans are self-interested, people may consume anything, at any price, and in whatever quantity (as long as this is within their budget), in order to achieve maximum satisfaction. According to these scholars, Islamic principles concerning consumption suggest that spending is not to be aimed at maximum satisfaction for an individual, but at maximum benefit for both the individual and society.

The Qur'anic verses to which these scholars referred, in explaining Islamic principles for consumption (including discouraging a life of luxury and indulgence) include: Al-Furqan: 67; Al-A'raf: 31; Al Isra: 16; and Al Mu'minuun: 64, which states, "until when We seize those of them who lead a luxurious life with punishment, behold, they make humble invocation with a loud voice." These Muslim scholars stated that, by referring to the Qur'an and the Prophet's traditions, Islam promotes modest spending, yet prohibits or condemns showing off or attempting to gain a perceived social status by possessing luxury goods.

Given that expensive branded products and luxury goods are also being sold in Muslim majority countries such as Saudi Arabia, UEA, and Indonesia, and many rich Muslims in those countries own luxury goods, Muslims may argue over what actually constitutes luxury goods, the purpose of owning such things, and the interpretation of the Qur'anic verses concerning whether or not they are prohibited by Islam. In Indonesia, some Muslim religious campaigners openly, even ostentatiously, display their luxury possessions, such as very expensive and exclusive luxury cars.

As stated above, there are verses in the Qur'an relating to luxurious lifestyle and ownership of luxury goods. However, not all Muslims are capable of interpreting the Qur'anic verses and may need to refer to Muslim scholars or Islamic religious teachers for guidance. This thesis does not discuss the interpretation of Qur'anic verses and *hadiths* (the traditions of the Prophet) concerning luxury goods ownership from a theological standpoint, but instead, seeks to find the relationship between dimensions of religiosity, including religious norm, and the intention to buy luxury goods.

Muslims may have different perspectives on religious norms concerning ownership of luxury goods and they may also have different motives for owning these items. One of the major theories regarding such motives was explained by Thorstein Veblen (1979 [1899]) in *The Theory of the Leisure Class*. Veblen, by observing and referring to socioeconomic changes in the United States at the end of the nineteenth century, notes that the urgency for becoming rich and being recognised as such by other members of society has increased. He argues that wealth accumulation has become more important, and even though it is perceived as something which leads to status recognition, it is a requirement, for those who want to secure their social status, to 'communicate' their wealth by displaying it ostentatiously in the form of goods that conform to a certain quality, price and exclusivity.

Veblen (1979 [1899]) describes the behaviour of people, in accumulating wealth or material possessions, as being motivated by the desire to show their 'powers'. The goods accumulated (such as luxury cars, luxury houses, exclusive attire, and various expensive but unessential items) reflect conspicuous consumption. He found that the rich often spent lavishly simply to demonstrate to others that they could afford to do so. The higher the price, the more the expensive purchase is seen to conform to the 'the Veblen effect'. According to Veblen, the main motive for owning luxury goods is the need for a status symbol that demonstrates social distinction.

## **I.2 Objectives**

This research seeks to ascertain whether there is an intention among young Indonesian Muslims in Jakarta to buy luxury goods, and whether such an intention is related to religiosity. It will seek to gain a better understanding of the religiosity of these young Muslims by examining their own self perceptions and religious awareness, their religious orientation, behaviour and Islamic religious ritual practices, their perceptions of Islamic religious norms relating to ownership of luxury goods, and their concern regarding the ownership of such goods by Muslims who are living in a society with a vast socioeconomic disparity and inequality. The intention to buy luxury goods, and these aspects of outlook and attitude, are explored with a view to providing evidence related to theories concerning religiosity and consumer behaviour.

This study also investigates the motives or reasons behind the intention to buy luxury goods, and identifies determinants of the intention to purchase. In the course of this research, in focus group discussions and quantitative surveys, young Muslim participants determined the criteria for luxury goods and chose the types and brands they would have liked to buy. These included luxury cars (e.g. Mercedes Benz, Jaguar, Ferrari), luxury bags (e.g. Luis Vuitton, Hermes, Prada), and luxury watches (e.g. Rolex, Tag Heuer, Girard Perregaux), among others.

This study does not aim to investigate the intention to buy or consume products or services with Islamic labels or attributes in particular, but the intention to purchase luxury goods and/or branded luxury products. This intention is driven by certain criteria determined by the research participants, and by current industry practices, and is the focus of certain theories (Veblen, 1979 [1899]; Campbell, 1987). In order to obtain empirical evidence as to whether

or not religiosity, religious orientation, and perceived religious norms have a relationship with the intention to purchase luxury goods, the study conducts statistical tests.

### **I.3 Research questions**

The main question for this study is: ‘How does religiosity affect the intention to buy luxury goods?’ In this study, religiosity refers to the several constructs and/or dimensions which were based on social science theories and on the perspective of Muslim scholars. The constructs include: (1) religiosity (Strayhorn, Weidman and Larson, 1990), which was adapted to a Muslim context with an additional dimension of Islamic ritual practice; (2) religious orientation (Allport and Ross, 1967); and (3) perceived religious norms (Choudury, 1983; An-Nabhani, 1990; Siddiqi, 2000; Mawdudi, (2011 [1969]) (i.e. the intention to buy luxury goods per se can be seen as the religious consequence (Stark and Glock, 1968) or the possible manifestation of the perception of religious norms or beliefs). The detailed research questions related to the main question are as follows:

1. How do young Muslims in Jakarta define religiosity and luxury goods?
2. From their perspective, what constitutes religiosity and luxury goods?
3. What is their perceived religious norm in relation to the ownership of luxury goods among Muslims?
4. Do young Indonesian Muslims in Jakarta, who live in a society with a huge socioeconomic disparity, have the intention to purchase luxury goods, if money were not an issue? If so, what proportion have such an intention? What are their motives?
5. Is a relationship/correlation between the intention to buy luxury goods and religiosity, religious orientation, and perceived religious norms evident in the results of this study?
6. What, if any, are the statistically significant determinants of the intention to purchase luxury goods among young Muslims in Jakarta?
7. In what aspects are young Muslims who have the intention to purchase luxury goods (the intenders) different from those who do not (the non-intenders)?

Even though religiosity, religious orientation and perceived religious norms are the independent variables, and the intention to buy luxury goods is the dependent variable, the subject of this research is not luxury goods, but religiosity and its related constructs. The intention to purchase can be seen as a religious consequence, as stated above.



#### **I.4 Problems and urgency**

As the growth of luxury goods sales in Europe and America has slowed since the global economic crisis in 2008, producers of these luxury goods have become more aggressive in exploring potential markets among young consumers in Asia, including in some countries with significant Muslim populations. Euromonitor International (marketwired.com, 8 October 2013) indicates that the main contributors to the increasing Asian markets are the emerging markets such as China, India, Indonesia, and Malaysia. According to Doran (2013), in her reports from the FT Business of Luxury Summit 2013, it was predicted that the N11 economies/countries, which include Indonesia, will significantly contribute to the future growth in sales of luxury goods.

One type of potential consumer purchases luxury goods for the sake of gaining a perceived social status (Veblen, 1979 [1899]). According to Chada and Husband (2006) and Chevalier and Mazzalovo (2008), this type usually comes from the middle classes who have lavish spending behaviour, and this behaviour occurs not only in developed countries, such as Japan and South Korea, but also in developing countries, such as India and Indonesia, which have a low level income per capita and huge socioeconomic disparity.

There has been a tendency, particularly in Asia, for the biggest customer base for luxury goods to shift from the older, wealthy customers to the younger middle class, especially those who earn high incomes but are not yet rich (Chada and Husband, 2006; Doran, 2013). This tendency is evident even in Indonesia, a Muslim-majority country. This phenomenon can lead to problems related to allocation of money and economic resources. It can create a debt trap among young consumers and put greater pressure on the national current account deficit (since most luxury goods are imported), as well as resulting in a lack of shared values among Muslims and other members of society (Choudury, 1983) concerning a social situation where a vast socioeconomic gap exists between the rich and the poor of the country.

Because of the problems mentioned above, both existing and potential, there is an urgent need to conduct a study such as this, which investigates the possible effect which several constructs related to religiosity, as well as some other potentially influential factors, might have on young Muslim's intention to buy luxury goods in the context of Indonesia as a growing market for these goods. This study will provide empirical evidence as well as reflections and recommendations.

## **I.5 Research design and methodology**

This study employs mixed research methods (Morse and Niehaus, 2009) among young Muslims in Jakarta, aged from 25 to 34 years. The research design includes qualitative and quantitative methods/stages which are modified to suit the research purposes. The initial stage of this research, which involves 40 participants in 8 focus group discussions, aims to explore participants' understanding of Islamic religiosity, and identify criteria for designating things as luxury goods, as well as motives for owning such items.

The second stage involves quantitative research, through a self-administered questionnaire survey among 510 respondents. By this method, the proportion of the participants who have intention to purchase (the intenders) and those who have not (the non-intenders) can be ascertained. This method quantifies behaviours and attitudes, tests the relationship between religiosity and the intention to buy luxury goods, and classifies young Muslims in Jakarta according to religiosity and other significant determinants, in order to divide them into groups with distinctive characteristics.

In exploring the pros and cons of luxury goods ownership and its related personal and social implications, this research employs a third methodology—in-depth interviews among 24 participants representing the groups of intenders and non-intenders, whose religiosity mean scores were higher than the average.

This study uses three statistical analyses: t-test, cluster analysis and binary logistic analysis. Binary logistic analysis tests the possible influence of religiosity, as well as materialism, on the intention to purchase luxury goods; cluster analysis divides the respondents into several groups according to their major similarities; and t-test explains the possible differences between groups of respondents, mainly from demographic perspectives such as gender, income and education. Before performing analyses that involve subscales, in which a group of questions or items represents one particular dimension or construct, validity and reliability tests need to be conducted.

## **I.6 Original contribution to knowledge**

In spite of the considerable volume of research in the area of religiosity and its relation to aspects of economics, such as studies that refer to Max Weber's theory in *The Protestant*

*Ethic and the Spirit of Capitalism* (1930), it is very rare to find studies which have looked at religious considerations affecting the intention to purchase luxury goods.

This study does not follow the ‘Weberian tradition’. Max Weber (1930) discusses the possible effect of religiosity on work ethics, or the relationship between religiosity or religious belief and the principle of hard work and thrifty spending, resulting in the rise of capitalism. This study tends to follow the ‘Veblenian tradition’ (as described by Veblen (1979 [1899])), which, instead of focusing on working hard and spending less, focuses on intention and/or behaviour concerning extravagant spending on luxury goods, in relation to religious considerations. The main difference between this study and Veblen’s (1979 [1899]) is that the subject of this study is religiosity, while the intention to purchase is treated as a possible reflection of religious consideration, or a possible manifestation of religious belief. In Veblen’s study (1979 [1899]), the purchase or consumption behaviour is the subject and the aspects of behaviour that related to religion or religiosity were not discussed.

As previously stated, this study aims to provide empirical evidence related to theories of religiosity and consumer behaviour in a Muslim context. Studies which have examined the relationship between aspects of religiosity and the purchase of luxury goods in Muslim majority countries, such as Indonesia, are still very rare. This study aims to pioneer a social scientific exploration of Muslims’ intention to purchase luxury goods, and their motives for doing so, in connection with their religiosity, mainly from the perspectives of consumer behaviour and Islamic religiosity in a Muslim majority country which has a serious socioeconomic discrepancy between its rich and poor. The study may also be used as a reference in developing educational materials, conducting similar or further studies, and in developing policies related to consumption in Muslim, or other religious societies.

## **I.7 Limitations**

This study has limitations in connection with two of its major objectives. The first objective is to obtain an understanding of religiosity and its potential relationship with the intention to purchase luxury goods, from the perspective of young Muslims in Jakarta aged from 25 to 34 years. This age group refers to the young workers/income earners as defined by Badan Pusat Statistik (BPS), the Indonesia’s Central Statistics Agency. Therefore, this research will not be able to explain phenomena beyond this limited demographic group and geographical area.

This study focuses on young adult Muslims based on the studies conducted by Doran (2013) and particularly Chada and Husband (2006). Based on their studies, it can be seen that young adults, including those who live in Muslim-majority countries, are the promising market or potential customers for luxury goods. From a Muslim society standpoint, young adult Muslims are important as they represent the developing trends in Islamic practice.

Second, this study focuses on gaining empirical evidence of the relationship between religiosity (as represented by selected religious constructs), significant determinants beyond religiosity (if any), and the intention to buy luxury goods. Even though this study uses an interdisciplinary approach, not all types of religiosity construct from previous studies can be statistically tested in one model at the same time as they may have similarities in representing certain factors but in different frameworks. The discussion may also be limited to several significant determinants only (and then only from the disciplinary perspective that relates to the nature of each significant item). For instance, if religiosity is a significant determinant, the discussion will not cover religiosity from Islamic theological aspects nor be able to cover various disciplines in social science. Instead, the discussion will mainly focus on certain theories relating to consumer behaviour from Western and Muslim scholars' standpoints.

Islamic values, as interpreted by the participants in this study in connection with Islamic norms relating to consumption, or as exemplified by Islamic religious campaigners described in this research, are not the object of any theological judgement. Any such judgement of values, such as cultural values (and their possibilities for infiltration), which can be considered as not being in line with Islamic values, is beyond the scope of this research. This study does not cover 'right or wrong' discussions from a theological perspective. Instead, it discusses religious norms as they are perceived and constructed by the young Muslims who participated in it.

## **I.8 Thesis structure**

Chapter II is a review of literature concerned with religiosity and luxury goods (including the concepts and criteria) and related studies. It includes the explanation of the constructs and/or dimensions of religiosity, studies regarding the relationship between religion or religiosity and purchasing and/or consumer behaviour, as well as factors potentially influencing an intention to buy luxury goods.

Chapter III describes moral or ethical consumption and luxury goods ownership from an Islamic perspective, based on the thoughts of Muslim scholars. This chapter also includes a general perspective of luxury goods ownership and of the socioeconomic gap in Jakarta.

Chapter IV covers the methodology used in this study. This includes the mixed method, sampling techniques, step by step recruitment and data collection procedures in both the qualitative and the quantitative stages, criteria for selection of participants, and statistical tools for quantitative analysis.

Chapter V presents the findings from the qualitative stage (focus groups) regarding young Muslim participants' perspectives on religiosity and luxury goods, as well as their intention to buy such items, and whether or not ownership of luxury goods contradicts religious norms.

Chapter VI classifies the participants in focus groups according to their perceptions regarding the ownership of luxury goods and religiosity, and explores their reasons for owning, or not owning, luxury goods.

Chapter VII presents the statistics related to the types of luxury goods young Muslim participants would like to buy, and the potential determinants of the intention to purchase. The chapter includes testing for bias associated with demographic variables, i.e. gender, monthly income and education.

Chapter VIII presents statistics regarding the aspects of religiosity of young Muslim participants and empirical evidence of the relationship between religiosity and the intention to buy luxury goods. This chapter also discusses the impact of the significant determinants on the intention to purchase.

Chapter IX presents respondents grouped according to similarities in the aspects of religiosity that influenced their intention to purchase, and their perception of religious norms concerning the ownership of luxury goods and the socioeconomic gap in Indonesian society.

Chapter X discusses the findings of the research comprehensively, and Chapter XI provides conclusions and reflections and makes recommendations.

## **Chapter II**

### **The concepts of religiosity and luxury goods**

This chapter is a review of literature concerned with the concepts of religiosity and luxury goods (including their criteria) and related studies of those areas in the social sciences. The constructs and/or dimension of religiosity and its measurement will be explained, as well as its relationship to economic behaviour. The factors influencing an intention to buy luxury goods (especially a materialistic attitude) will also be addressed.

#### **I.1 Religiosity: The concept and related studies**

Studies regarding religion and religiosity in relation to people's behaviour have been conducted for several decades, including some which have focused on consumption. Religion and religiosity have been identified as a useful group discriminator of purchasing and consumption behaviour, as well as of attitude towards product offers and marketing campaigns.

According to Delener (1990: 1), religiosity can be defined as “the degree to which beliefs in specific religious values and ideals are held and practiced by an individual.” McDaniel and Burnett (1990: 110) define religiosity as “a belief in God accompanied by a commitment to follow principles believed to be set forth by God.” Religiosity represents an individual's adherence to his or her religious faith and its teachings. Concepts of religiosity deal with a person's expressing a relationship with God in society and following religious teachings in many aspects of life. This may include an individual's allocation of economic resources or using his or her wealth for the purposes of saving, charity or consumption that will impact on society in accordance with his or her religious values.

Religiosity is a complex matter and consists of several dimensions. The construct of religiosity dimensions developed by Stark and Glock (1968) includes religious belief, religious knowledge, religious practice, religious experience, and religious consequences; while the construct of the dimensions of religious orientation or motivation to practise religious teachings per se was developed by Allport and Ross (1967). These two studies could be seen as the most influential until now, as many scholars refer to them or develop

their own religious constructs based on them. Various religious constructs used to measure religiosity, and the studies in which they were developed, can be seen in the following table.

**Table II.1 Religiosity constructs**

Study	Year	Constructs/Dimensions
Allport and Ross	1967	Religious intrinsic orientation
		Religious extrinsic orientation
Stark and Glock	1968	Religious beliefs (belief in God, a holy book, and life beyond death)
		Religious knowledge (knowledge and understanding of religious principles)
		Religious practices (participation in prayer and worship services, reading religious literature)
		Religious experience (being in the presence of God)
		Religious consequences (religious role in family, social and political aspects)
Wilkes, Burnett and Howell	1986	Church attendance
		Perceived importance of and confidence in religious values
		Self-perceived religiousness
Strayhorn, Weidman and Larson	1990	Self-perceived religiosity
		Religious awareness
		Religious behaviour
McDaniel and Burnett	1990	Self-perceived religiosity, importance of religion
		Church attendance, giving money to religious institutions
Delener	1994	Self-perceived religiosity
		Expression of religious affiliation
Sood and Nasu	1995	Self-perceived religiosity
		Belief in basic tenets
		Perceived importance of and confidence in religious values
		Religious behaviour
Francis and Kaldor	2002	Belief in God
		Frequency of church attendance
		Frequency of personal prayer
Worthington, Wade, Hight, McCullough, Berry, Ripley, Berry, Schmitt, Bursley and O'Connor	2003	Behavioural religiosity
		Intrapersonal/motivational religiosity
Khraim	2010	Attitude towards Islamic financial services
		Attitude towards current Islamic issues
		Attitude towards sensitive products and food consumption
		Religious education
		Islamic ethics
Muhammad and Mizerski	2010	Religious affiliation
		Religious knowledge
		Religious orientation
		Religious consequences
		Religious commitment (the degree to which beliefs in specific religious values are held and practised by the individual)

Many studies have elaborated on the elements or dimensions of religiosity. Those studies, referring to Allport and Ross (1967) and Stark and Glock (1968), divided religiosity into several dimensions: religious affiliation, religious behaviour (including religious ritual practice), religious orientation, religious experience, and religious consequences. Most scholars and researchers have striven to measure the level of religiosity mainly by using the above mentioned dimensions, in total or separately, depending on their research objectives. They have also tried to explain the relationship between one of several dimensions of religiosity and one or more aspects of attitude and behaviour in certain social disciplines.

The dimensions of religiosity, as explained above, can be studied as one whole religiosity measurement or as separate ones. Following are short explanations regarding the religiosity dimensions that are commonly found in the literature of the social sciences.

Religious affiliation is the claim by a person that he or she follows a certain religion, regardless of whether or not it is voluntarily.

Religious orientation is either intrinsic or extrinsic motivation in following or practising the religion. Intrinsic motivation is about matters of inner spirituality, such as developing a good relationship with God, including performing good deeds for the sake of God's blessing. Extrinsic motivation is more related to aspects of a worldly or personal agenda, such as doing good deeds to gain a better social status or acknowledgement from a specific audience. According to Argyle (2000: 159), from a psychological perspective, "intrinsic religiosity is related to good mental health."

Religious behaviour is a habit of conducting good deeds and religious ritual practices according to one's affiliated religion, regardless of the motivation behind the actions.

Religious experience is one's feeling about the existence of God, and God's role in one's daily life.

Religious consequences are the manifestation of religious belief and knowledge, or how a person uses religious beliefs and teachings in determining his or her standpoint, attitude, and behaviour towards many things in life, including social matters which may have a direct or indirect personal impact.



Researchers may focus on some specific dimensions related to the objectives of their studies, bearing in mind the limitations of the constructs or measurement criteria to be used.

Studying religiosity dimension by dimension, teasing apart its complexity, also shows that not all of its above mentioned dimensions may be expected to be found in harmony in one person. For instance, a person may have a religious affiliation without conducting any ritual practices, or even without having any basic knowledge about how to conduct ritual practices in that religion. In another scenario, someone who is voluntarily affiliated with a certain religion and has knowledge about its religious teachings and its ritual and social aspects, may not necessarily be inclined to allocate his or her economic resources in accordance with the spirit of the teachings of that religion.

Regarding the influence of religiosity on consumption, McDaniel and Burnett (1990), Sood and Nasu (1995), and also Essoo and Dibb (2004) found that religiosity influences consumers' shopping behaviours. Solomon (2007), from a behavioural perspective, says that, religious factors have a significant impact on consumers' buying decisions. This means that consumers who are affiliated with and committed to a religion are concerned about ethics or norms of consumption drawn from the teachings of that religion.

Khraim (2010) identifies some of the dimensions most frequently used in measuring religiosity. These include affiliation, behaviour, identity, orientation, and commitment. He also argues that, from an Islamic perspective, there are basic elements of belief, such as the belief in one God and the belief in the holy Qur'an, but that these are not good indicators of religiosity in a Muslim context, simply because they should apply to every Muslim. Therefore, he proposes to measure religiosity according to the dimensions of attitude towards various matters such as Islamic financial services, current Islamic issues, Islamic ethics, sensitive products and food consumption, and religious education.

Muhammad and Mizerski (2010) state that religiosity consists of five dimensions: religious affiliation, religious commitment, religious orientation or motivation, religious knowledge, and religious social consequences. Muhammad (2008) elaborates the religious orientation dimension in relation to the intention to consume certain items which are determined as unlawful by Islamic scholars in one particular state in Malaysia. It is proven that religious

orientation is one of the factors that determine the intention to consume or not to consume particular items.

Since religiosity can influence consumers' preferences and how they decide to spend or allocate their economic resources, the impact of religiosity on economic behaviour can be quantitatively measured, using religious constructs (Wilkes, Burnett and Howell, 1986). Wilkes, Burnett and Howell (1986) found that the cognitive and behavioural commitment aspects of religiosity, which were represented, respectively, by belief in religious teachings and church attendance, have a significant influence, among religious believers, in determining their choices of retail stores.

According to McDaniel and Burnett (1990), the greater the belief in religious teachings, the greater the preference towards stores selling good products. On the other hand, a study conducted by Sood and Nasu (1995) concluded that the more religiously committed consumers tend to be more economic shoppers. These studies showed that religiosity influences consumers' preferences and shopping behaviour. However, they did not include variables which represent perceived religious norms or attitudes toward religious rules. Therefore, though a religious person may tend to be a more economic shopper, it is not necessarily clear whether this is because shopping economically is in line with the person's perception of the rules of his or her religion.

Muhammad (2008) adopts the construct of religious orientation developed by Allport and Ross (1967), which was used by Essoo and Dibb (2004), and makes some alterations to the questions to fit a Muslim context. She then examines the relationship between religious orientation and the intention to consume certain items which are determined by Islamic scholars to be unlawful for Muslims. This is an example of involving the concept of religious norms in a study which is related to consumer behaviour.

By using the already defined constructs of religiosity, researchers can focus on specific dimensions related to the objectives of their studies. For instance, Muhammad (2008) focuses only on the dimension of religious orientation. For studies which measure the religiosity of Muslims, it is recommended that a set of measurements specific to Muslims be included, such as Islamic religious ritual practices (Godazgar, 2007; Khraim, 2010).

Godazgar (2007) and Khraim (2010) claim that this approach is more appropriate than using general criteria.

People of the same religion may have similar behaviour in avoiding those things considered by their religion as unlawful for consumption. When their behaviour is contradictory to the teachings of their own religious, for example in the consumption of unlawful items, people's religiosity can be questioned. However, people affiliated to the same religion may differ in their attitudes towards one particular issue, depending on the above mentioned religiosity dimensions or on other parameters which may exert a stronger influence. Many issues can be seen and treated differently from a Muslim perspective. These may range from smoking, electing non-Muslims as government leaders, to ownership of luxury goods.

For this study, the most appropriate religiosity constructs/dimensions were identified by referring to Islamic religiosity principles, distinguishing existing constructs in relation to the objectives of this study, and nominating existing constructs. Eight focus group discussions were conducted in order to learn the criteria, in day-to-day terms, which informants use in defining religiosity (and perhaps identify the discrepancy between theories and young Jakarta Muslims' perspective on religiosity). After a construct has been determined, its validity and reliability should be examined before it is used for testing a hypothesis.

## **II.2 Luxury goods: The concept and related studies**

In the Oxford English Dictionary, luxury is defined as a thing that is expensive and enjoyable but not essential (Hornby, 2000). Campbell (1987) states that modern consumption behaviour includes luxury consumption, and that the meaning of a 'luxury' is something superfluous to needs. Although people may feel that the pleasurable experience of 'luxury' can be obtained from ordinary activities or goods (even though still difficult for certain people to attain due to limitations in their available time or access to such activities or goods), Campbell (1987), in his study focusing on the spirit of modern consumerism, determines that luxury is spending in excess of what is necessary—necessities are, by definition, necessary to maintain human existence, while luxuries are things that can provide pleasure beyond this subsistence. Campbell's (1987) view of modern consumption is that luxury is found in things, rather than in activities. For example, 'luxury cars' or 'luxury houses' are referred to in explaining the concept of luxury, rather than 'sunbathing' or other ordinary activities that may still be difficult to indulge in due to various constraints, such as climatic conditions.

This study focuses only on tangible luxury items. Luxury goods are understood as expensive, enjoyable, and superfluous to everyday needs. On the other hand, luxury goods are of excellent quality, have uniqueness, aesthetic and emotional value, and are usually marketed under prestigious brand names. According to Berry (1994), rarity is another feature that can be associated with luxury goods.

However, Tungate (2009) argues that scarcity is not necessarily associated with all luxury goods, because there are two sorts of luxury goods: the difficult to access and the mass produced. The latter can be created to satisfy a high demand from a wider or worldwide market. They can be of lesser quality than the ‘top brands,’ but are still priced far above products which fulfil an equivalent function.

Atwal and Williams (2009) are of much the same opinion as Tungate, believing that, nowadays, most luxury products are available to anyone who can afford them and that scarcity is no longer an issue. They propose the use of the term ‘new luxury’ to cover products and services that are of a higher level of quality and tastefulness, and are more aspired to, than other goods in their category, but are not so expensive as to be out of reach.

Vigneron and Johnson (2004) state that, regardless of the relativity of degree in defining what constitutes ‘luxury goods’ or ‘branded luxury’ goods these days (as argued by Tungate (2009) and Atwal and Williams (2009)), such goods are definitely not necessities—they are superfluous—but they have the ‘superiority factor’. Vigneron and Johnson (2004) further claim that branded luxury goods can be categorised according to perceived conspicuousness (related to social representation and position), perceived uniqueness (related to scarcity or limited supply), perceived quality (related to superior product qualities and performance), perceived extended self (to be distinguished from non-affluent lifestyles) and perceived hedonism (personal fulfilment through emotional benefits derived from the product).

In luxury industry practice, as reported by Datamonitor (datamonitor.com, 2010) and Euromonitor International (euromonitor.com, 2013), several product categories are commonly associated with luxury. These include the exclusive ‘ready-to-wear’ category for women’s and men’s clothing, fashion accessories (e.g. handbags, shoes, belts, ties, glasses), jewellery and premium watches, perfumes and cosmetics sold through selective distribution channels, high-class automobiles, and high-end personal communication and technology-

based devices. These reports can be used as a good reference in defining luxury goods generally and globally. The key point is that the categorisation and type of luxury goods may vary from time-to-time and across different cultures and socioeconomic groups. The criteria for luxury goods, however, are seen to be constant.

From the concepts and theories outlined above, luxury goods can be described as having certain characteristics, including being non-essential items, being symbols of wealth and status, having high quality and a high price, and bringing enjoyment to the owner. This study takes into account the definitions of luxury goods based on the above theories, especially that of Campbell (1987) (see above), and the categorisation based on current industry practices. In this research the participants were also asked to define the criteria for luxury goods and their types, as well as to determine the minimum price that each type would cost, based on their current standards. Therefore, the argument that what constitutes 'luxury' goods differs from person to person is not relevant in this study, since the participants define their own criteria, which are then evaluated by the researcher with reference to the theory mentioned above and to current industry practices.

According to Thorstein Veblen (1979 [1899]), an economist known as the founder of the Institutional Economics school of thought, luxury goods are a symbol of high social status and ownership of them is a demonstration of social distinction—the rich often spend extravagantly simply to demonstrate their purchasing power. The phenomenon whereby the more highly priced an item is, the more willingly the rich will buy it, is known as the 'Veblen effect'.

Veblen (1979 [1899]), in *The Theory of the Leisure Class*, explained aspects of the attitude of that class related to the motives behind, and the patterns of, people's consumption behaviour. According to his observation, American society was dominated by people who tended to prioritise their own interests above the public interest. He saw that many people from the upper socioeconomic class in that society were concerned only with themselves as they competed to acquire money and other forms of wealth. Once wealth was accumulated, these people had plenty of leisure time, and this, in turn, became another means of demonstrating their status. Wealthy people competed to buy goods which they used to show off their affluence, a tendency which led Veblen to use the term 'conspicuous consumption'. For the

consumer, the benefit of this behaviour does not come directly from the consumption of the goods themselves, but from the impact on others of their display.

Veblen believed that the overt display of wealth is related to status and prestige. Furthermore, he saw that this display becomes a self-perpetuating process. People tend to want to keep particular expensive items exclusive, in order to maintain their high status. The more exclusive and expensive things people own, the higher their perceived status. Thus a sort of relentless race ensues, using economic resources for unproductive matters. People who are frustrated or tired of staying in the race lose their position in the elite class of society if they opt out. Hence, people tend to continuously try to outperform others in displaying wealth through accumulating luxury goods. This means that a new standard of wealth and goods will always be required to display one's status.

Adam Smith (1937 [1776]) stated that people act and consume rationally, due to their nature as 'homo economicus'. For Veblen, what he observed can not be explained by this assumption of rational economic behaviour. According to this assumption, the ultimate goal of consumers is the maximisation of utility. People will always choose the best consumer option available in order to obtain maximum satisfaction from the functional aspects of goods, and their decision will be based on rationality not emotion.

Veblen noted that the 'conspicuous consumption' he observed among Americans was not consistent with the rationality assumption, as people tended to spend lavishly and squander time and resources, and were not focused on functionality. He found that the members of the wealthy 'leisure class' bought many luxury goods which were intended to display their social status and impress other people. He saw that for these consumers the benefit of consumption did not come directly from the functionality of the goods per se but from their impact on others. Such consumption of luxury goods by the leisure class was perceived by Veblen as weakening social harmony.

According to Campbell (1987), the fundamental function of consumption is to fulfil needs and deliver satisfaction. He supports Veblen's argument concerning the consumption of luxury goods. Campbell argues that consumers are not merely driven by their internal needs or motives, but are also influenced by other people. He refers to this behaviour as the 'bandwagon' and 'snob' effects. The 'bandwagon effect' refers to an individual's demand

for goods or services being increased by the fact that others are seen to be consuming them, and the 'snob effect' refers, conversely, to an individual's desire for goods or services being decreased by the fact that others are consuming them.

Veblen's standpoint was also supported by other western economists and sociologists, such as John K. Galbraith (1958) in the *The Affluent Society*, Vance Packard (1959) in *Status Seekers*, Juliet B. Schor (1998) in *The Overspent American: Why We Want What We Don't Need*, and Professor Robert H. Frank (1999) in *Luxury Fever: Money and Happiness in an Era of Excess*.

In Veblen's era, the ownership of luxury goods was the largely the domain of American capitalists who possessed the necessary capital and other economic resources, as well as the 'power' to obtain business licenses from the government, and were thus able to purchase luxury items as symbols of their wealth and status.

Mason (1981) argues that the motives and behaviour associated with the ownership of luxury goods are not phenomena that emerged only with the era of early capitalism and/or globalisation. He says:

The existence and consequences of conspicuous consumption had been recognised long before publication of Veblen's *The Theory of the Leisure Class* at the end of the nineteenth century. Luxury consumption at the time of the Roman Empire was seen as a problem so serious that sumptuary laws were introduced to suppress it. Throughout medieval times such ostentatious display was condemned primarily for moral reasons (it was considered sinful in the eyes of God to indulge in excessive consumption) but also because ostentation was seen to be a possible threat to a set of class relations which the medieval world considered it important to preserve. Up to 1600, legislation had at various times been used unsuccessfully throughout Europe to forbid the consumption of everything from clothes to food. (p.1)

However, before the era of globalisation, access to luxury goods was limited to aristocrats or very wealthy individuals, while now, many people from various backgrounds and professions have the opportunity to access these goods (Atwal and Williams, 2009; Tungate, 2009).

The widespread ownership of luxury goods, in the era of globalisation, can be seen as one impact of the global lifestyle which is driven by big capitalist companies (Ritzer, 2011).

From an economic perspective, globalisation occurs when national economic systems integrate with the world economic system, using free trade as 'the base of faith'.

Globalisation is in line with the strategy of the development of capitalism, which would

expand to dominate the world's economic systems, with its political and cultural ramifications, including disseminating a global lifestyle in consumption or ownership (Fakih, 2004).

According to Fakih (2004), although globalisation has been promoted as the way of the future, promising growth of the global economy and thus bringing prosperity for all, it can also be seen as a world economic order that will force countries to accept a set of global standards and rules related to economics, politics and culture, in order to facilitate the integration of their national economies into the global economy.

Fakih (2004) also considers that standards and rules developed for the purpose of economic integration under one global economic order have little positive impact on people's welfare or social justice in the Third World, but are designed to facilitate capital growth and accumulation of wealth (by the privileged) on a global scale by allowing transnational companies to expand and thereby gain further control of the world market. Fakih states that the so-called process of integration from a national to a global economic level is, in fact, driven by transnational companies seeking to further their own ends. Those companies constantly require new strategies to accelerate their growth—including a free market, i.e. free from all interference. Chomsky (1999) notes the execution of the new strategies of the free market policy, which encourage private companies and consumer choices. This in turn leads to the development and championing of a global lifestyle, which creates global consumer demand for the various products, including luxury goods, produced by these companies.

A segmentation study conducted by Dubois, Czellar and Laurent (2005) in 20 markets, mostly in Europe, classifies consumers into one of three major categories, according to differences in their attitudes towards luxury goods: (1) those who believe that luxury goods are useful and approve of them, (2) those who are not strongly opposed to luxury goods, and (3) those who are very much opposed to luxury goods. One of the recommendations for further research resulting from that study was for investigation of the role played by socio-cultural factors (e.g. religion, social class, education, income) and psychological variables (e.g. social compliance, desirability, self-monitoring) in consumer attitudes toward luxury. Prior to this study, Dubois conducted several studies concerning luxury goods, which deal with the question of income versus culture (Dubois and Duquesne, 1993), attitudes toward the



concept of luxury goods (Dubois and Laurent, 1994), and international luxury brands (Dubois and Paternault, 1995).

Two aspects of the research in the present study are related to the research by Dubois et al. (2005). First, the three categories for classification listed above can be applied in grouping young Indonesian Muslims in Jakarta according to their attitudes toward luxury goods. Second, Dubois et al. (2005) recommends elaborating socio-cultural factors, such as religion, in further studies. In this study, the aspect of religion will be explored deeply within a single religious affiliation group while involving several dimensions of religiosity.

From a marketing perspective, segmentation is the process of splitting customers, or potential customers, in a market into different groups or segments. Marketers should investigate customers' differences and this should lead to a closer matching of customers' attitudes with the company's proposals for products (McDonald and Dunbar, 2004). In relation to a potential market for luxury goods, Danzinger (2011) sees that the categorisation could be related to income or purchasing power on the one hand, and to intention to buy, on the other. She argues that, in a market for luxury goods, it would be incorrect to simply assume that people with a higher income have a greater intention to buy luxury goods than those with a lower income.

From the attitudinal perspective, Danzinger (2011) identifies several segments of luxury goods owners and potential owners in the US. She puts billionaire Warren Buffet and Ed Begley Jr. into the group she calls 'Temperate pragmatists,' because they spend very little on luxury goods even though they can easily afford them, and appear to have little desire for a luxury lifestyle. Oprah Winfrey, Bill and Melinda Gates, and Michelle Obama are classified as belonging in a group she calls 'Butterflies,' as they do enjoy a luxurious lifestyle but give back to society in the form of charity donations and social activities. A third group is called 'Luxury aspirers'. This group supposedly includes Jennifer Lopez and Britney Spears. These two entertainers are highly materialistic and are eager to reach the status to which they aspire, as is evident from the branded luxury goods they own or enjoy, which are displayed as symbols of their success. Martha Stewart represents the group of 'Luxury cocooners,' as most of her luxury goods are related to her home, and, for her, having these valuable objects at home is more enjoyable than the display of status. The last group, the 'Extreme affluent,'

includes Ivanna Trump and Paris Hilton, who are self-expressive people, enthusiastically involved in various activities, both hedonic and social. Buying luxury goods reflects their impulsiveness, as well as their wealth.

The results of this market segmentation show that luxury goods purchasers vary considerably in their attitudes to life and society in general. The existence of the 'Butterflies' segment, for instance, may lead to the question of whether people who enjoy a luxurious lifestyle (such as Oprah Winfrey or Bill Gates) are 'ideal models' for many people, including Muslims, as they definitely appear to be socially responsible.

A study regarding potential determinants of luxury goods was conducted by Hung, Chen, Peng, Hackley, Tiwsakul and Chou (2011), who identified, tested and successfully obtained a valid and reliable construct of preconditions for the intention to purchase branded luxury goods. Their construct consists of six dimensions—functional value, symbolic value, experiential value, social influence, vanity–physicality, and vanity–achievement—which can be considered to motivate this intention. The main contribution of the above study is this six-dimensional construct that can be adopted in similar studies. Besides this construct, other potential determinants, including socio-cultural factors and psychological variables, can be introduced, depending on the context and objectives of the study being undertaken. Religiosity and materialism are two variables which may play a significant role in influencing the intention to purchase luxury goods, as is described in the following paragraphs.

Another study concerning determinants of the intention to purchase luxury goods was conducted by Park, Rabolt and Jeon (2008). This study aimed to predict the intention among young Korean consumers to purchase global luxury fashion brands, and it found that factors related to personal values (i.e. materialism, conformity, and the need for uniqueness) had a significantly positive influence on this.

Husic and Cicic (2009) conducted research in Sarajevo, Bosnia and Herzegovina to determine factors influencing luxury consumption. The results show that the influence of brand image and quality are significantly positive, while the influence of patron status is significantly negative.

Miremadi, Fotoohi, Sadeh, Tabrizi and Javidigholipourmashhad (2011) examined the dimension of consumers' need for uniqueness in luxury brands, focusing on the markets of Iran and UAE. They concluded that consumers in both countries want to express their individuality but they also want to maintain social norms. This study revealed Muslim consumers' demand for uniqueness in luxury brands. However, the study does not involve any aspect of religiosity.

As stated by Veblen (1979 [1899]), the intention to buy luxury goods can be driven by various motives that may be related to a desire for conspicuousness. However, in a religious community, where such motives are considered to be contrary to religious teachings, consumers can justify their intention with another motive. Veer and Shankar (2011) investigated the intention to purchase luxury goods among religious Anglicans and Protestants in New Zealand. To measure religiosity, they used the construct developed by Strayhorn et al. (1990). The results revealed that an intention to purchase luxury goods is stimulated in the religious consumers when advertisements emphasise the quality of these goods. However, if the message communicated by the advertisement is more related to status seeking or an attempt to be noticed by others, these religious consumers are less likely to be tempted.

Materialism (or a materialistic attitude) has been identified as another influential factor (Belk, 1984; Dubois et al., 2005). Fournier and Richins (1991) concluded that consumers with a very materialistic attitude are more inclined to purchase luxury goods. Park et al. (2008) found materialism to have a significant positive influence among young Korean consumers on their intentions to purchase global luxury fashion brands.

According to Belk (1985: 265), materialism can be defined as "the importance a consumer attaches to worldly possessions. At the highest levels of materialism, such possessions assume a central place in a person's life and are believed to provide the greatest sources of satisfaction and dissatisfaction." Belk (1985) identifies and examines the materialism construct, which consists of three subscales: possessiveness, non-generosity and envy. He argues that the difference between materialistic and non-materialistic people is how they value possessions.

Materialistic people use possessions as an indicator of their own and others' success (Richins and Dawson, 1992). According to Richins (1994: 552) materialism is “a value that represents the individual's perspective regarding the role possessions should play in his/her life.”

Richins and Dawson (1992), who developed the valid and reliable materialism scale or measurement questionnaire (the most frequently used across the world), determined three criteria for materialism or for a materialistic attitude: (1) materialists place possessions and their acquisition at the centre of their lives—this is called acquisition centrality; (2) they consider constant acquisition as the pursuit of happiness; (3) materialists equate possession with success, which leads them to accumulate luxury goods as the symbol of success.

Belk and Ger (1999) concluded that materialism is evident in both eastern and western cultures, in developing and developed economies, and in collectivist and individualistic countries. The study conducted by Lu and Lu (2010: 205) demonstrates that “Indonesian consumers with a high level of materialism were more likely to benefit from both actively and passively engaging in questionable (unethical) activities.” Activities of unethical consumption in Indonesia include fraud, piracy, and identity theft, which also reflect such consumers' selfishness and a typical behaviour of gaining advantages through disadvantaging others.

The research in this study will measure the level of materialism among young Indonesian Muslims in Jakarta and examine this against their intention to buy luxury goods. The influence of religiosity and other potential determinants, as identified in the above studies, will also be analysed. The next chapter will present a review of literature dealing with the perspective of Muslim scholars concerning consumption and ownership of luxury goods. It will also present an overview of luxury goods ownership, socioeconomic inequality and Islamic expression in Indonesia.

## Chapter III

### Consumption and luxury goods ownership in a Muslim context

This chapter discusses consumption and luxury goods ownership from an Islamic standpoint, referring to the thoughts and opinions of Muslim scholars. An overview of Indonesia as a large Muslim market is also included.

#### III.1 Consumption from the perspectives of Muslim scholars

Ayatullah Baqir al-Sadr (1985), in his book *Islam and School of Economics*, explains that Islamic economics is a school of economic thought that shares with other schools of thought the same perspective in explaining economic phenomena and human behaviour in economic matters. For instance, in farming production, additional allocation of resources in one particular area of farming land, beyond a certain level, will lead to a lower incremental output. In the area of consumption, additional consumption beyond a certain level, will lead to lower incremental satisfaction. The differences between Islamic economics, or Islamic consumption in particular, and other schools of economic thought lie in Islam's moral standards, which stipulate norms and/or laws that should be followed by Muslims.

Referring to the Qur'an and its interpretation, many Muslim scholars state that Islam has norms, ethical considerations or moral standards. Muslim scholars who demonstrate this perspective include Kahf (1978, 1980, 1992), Naqvi (1981), Choudury (1983), Hamka (1984), Mannan (1984, 1992), Al-Sadr (1985), Siddiqi (1989, 1992, 2000), An-Nabhani (1990), Khan, M.F., (1992), Khan, M.A. (1994), Chapra (1996), Qaradhawi (1997), Kamali (2008), Al-Haritsi (2003), Anto (2003), Manzoor (2006), Godazgar, (2007), Azra (2010), Rahardjo (2011) and Mawdudi (2011 [1969]). According to these scholars, consumption, from an Islamic perspective, is an activity which fulfils needs in a permissible way. In fulfilling these needs, maximum satisfaction may be obtained, but this is not the main objective of the consumption per se. Consumption can be considered as a good deed if it is achieved in an Islamic way. Islam teaches that 'good' consumption is not extravagant or wasteful, and suggests Muslims use what remains of their budget, after satisfying needs, to do good deeds as well as prepare for the uncertainty of the future. This practice will lead to responsible and efficient consumption, as well as economically sound resource allocation, which can improve the welfare of individuals and society.

Al-Haritsi (2003) states that consumption from an Islamic perspective consists of four major norms or principles, which are in line with the perspective of the above mentioned Muslim scholars. The principles are as follows:

The first is the principle of *sharia* (Islamic law). This principle includes *aqidah*, knowledge and *amaliah*. ‘*Aqidah*,’ here, refers to consumption as a way for humans to serve their creator. They should be trustworthy in the way they manage the resources on earth and be responsible for everything they use. ‘Knowledge’ means that Muslims should know the rules concerning *halal* (permissible) and *haram* (prohibited) in terms of the contents of the goods consumed, the process by which the goods were produced and obtained, and their purposes of usage. ‘*Amaliah*’ means Muslims should consume according to the right *aqidah* and knowledge, so that they will always manage the resources carefully while keeping themselves away from unlawful goods.

There are four levels of consumption relating to *halal* (permissible) foods. The first level is *wajib* (considered as a good deed when performed and as a sin if neglected). Included in this context is the consumption of something that could save a person from sickness and death. If people do not consume at this level (if they are capable of it) the omission can be categorised as an act of mistreating themselves. The second level, the *sunna* (considered as a good deed when performed, but not as a sin if neglected), is consuming more than is stipulated for the *wajib* level in order to achieve better or even excellent physical condition, so that Muslims can perform their activities well. The third level, the *mubah* (considered as neither a good nor a bad deed), is consuming something more than for the *sunna*, or until one has the feeling of being full. It is recommended to stop eating before this point, as the Prophet Muhammad (peace be upon him) suggested Muslims should eat when they are hungry and stop before they are full. The fourth level involves going past the stage of fullness. Muslim scholars’ opinions are divided regarding consuming in this way, considering it as either *makruh* (a good deed if avoided, but not as a bad deed when performed) or *haram* (prohibited).

The second Islamic principle of consumption is the quantity principle. This principle limits Muslims in their consumption of goods or services in terms of quantity. Muslims should be simple and frugal, which means neither consuming extravagantly nor being stingy. They need to be smart in managing their income and expenditure, so they can avoid burdening others or provoking envy.

The third is the principle of priority. It is assumed by both conventional and Islamic economics that human needs are divided into three levels of priority: primary, secondary and tertiary. Primary needs, such as food, water, clothes, and shelter, are those required for basic human existence, and failure to obtain these things would endanger life. Fulfilment of secondary needs leads to a better life. Secondary needs include effective and efficient transportation and communication. Tertiary needs are those related to the enjoyment of life. As Islam commands Muslims to control their worldly desires and not to spend extravagantly, they must be careful in defining their tertiary needs. Art and recreation may be included, but luxury goods are not. Things which are good in terms of quality are not necessarily luxury goods.

The fourth principle is the social principle. In their consumption, Muslims should be conscious of social and environmental harmony. This principle includes observing the public interest, setting a good example, and not harming others. A Muslim needs to think about the impact of his or her consumption or possessions on the whole of society and set a good example of consumption behaviour. What Muslims consume and possess should not cause any harm, either physical or mental, to themselves or society in general.

Mannan (1992) proposes five moral standards principles for ethical consumption in Islam: justice, cleanliness, simplicity, generosity, and morality: 'justice' means consumption should not harm individuals or society in general; 'cleanliness' is about hygiene and healthy aspects of consumption; 'simplicity' means need-based consumption and avoiding extravagant or wasteful spending; 'generosity' is related to using wealth for the benefit of society and not for the sake of an individual's personal satisfaction; and 'morality' means that spending or consumption should be within the bounds of Islamic jurisprudence, in terms of transactions, purpose and content.

Qaradhawi (1997), states that simplicity is a basic norm in Islamic ethical consumption. He encourages modest spending, because this is consistent with the directive of the Qur'an, Al Isra: 26–27 and Al Furqan: 67, that teaches Muslims not to consume or spend extravagantly.

According to Kahf (1992), three fundamental Islamic principles form the foundation for Islamic consumption behaviour theory: the concept of success, the belief in the hereafter, and

the concept of the function and value attributed to possessions. These three concepts can be described as follows:

First, success in the life of a Muslim is measured by Islamic moral fibre, not by the amount of wealth accrued. The higher the morality of the person, the higher the success achieved. Virtue and devotion to God are the key ideals in Islamic morality. Both can be achieved by performing good deeds in life, and by devoutly obeying the rules determined by God in every aspect of life, including consumption.

Second, a Muslim must have faith that on judgment day a person will go either to heaven or to hell, depending on the good deeds and bad deeds performed during his or her life on earth. Thereafter, a person will enjoy life in heaven or endure life in hell, also depending on their good or bad deeds. The concept of life is extended, because humans do not just live on earth but also after death. This belief should affect people's activities in connection with consumption, since, depending on the motives and behaviour of the consumer, these activities could be considered as good deeds or as bad deeds. Muslims are encouraged to use their income and wealth for various permissible interests that provide benefits in this world and in the hereafter.

Third, wealth is not a bad thing and is not necessarily to be avoided. If it is acquired legally and through religiously permissible means, it is a godsend. Wealth is a supporting tool with which to achieve a better life for both the individual and others in their society, and, used properly and as God intends, it is a medium for performing good deeds. However, if wealth is pursued for its own sake, and utilised in ways which are not in line with Islamic beliefs, it can lead to disrepute and disgrace.

This study refers to the Muslims scholars listed above for Qur'anic interpretation as well as for explanation of an Islamic standpoint regarding consumption and ownership in a Muslim context. According to these scholars, the ultimate goal of consumption for Muslims is to serve God. Consuming something with the intention to worship Allah and complying with Islamic consumption guidelines makes consumption itself an act of worship. Through worshipping God, Muslims achieve true happiness, and consumption is one means of achieving the physical capability of performing all their activities in obedience to God. Muslims are obliged to control their desires, including the desire for consumption. The



controlled desire for permissible things can be referred to as a ‘need’ which is, or should be, limited.

The Muslim scholars mentioned above emphasise that it is an Islamic principle that people should exercise self control and also cooperate with others when consuming or utilising resources, which, in most cases, are limited. Consumption, in itself, is not a measurement of happiness. Islam is not about material or physical satisfaction but, rather, about the spiritual satisfaction Muslims experience in fulfilling their tasks as servants of Allah. Material things may, however, play a role in the fulfilment of these tasks. This principle demands a moral or ethical standard for consumption.

### **III.2 Luxury goods ownership from the perspectives of Muslim scholars**

Private ownership of material possessions is allowed in Islam. Kamali (2008: 296), in *The Right to Life, Security, Privacy and Ownership in Islam*, says that “no quantitative limits are imposed on private ownership but the exercise of private ownership is limited by the overriding concern to avoid inflicting harm on other individuals or the community.”

Regarding ownership of luxury goods, An-Nabhani (1990), in *The Economic System of Islam*, clearly states that Islam prohibits a life of luxury and indulgence. He refers to the Qur’anic verse: “Until when We seize those of them who lead a luxurious life with punishment, behold, they make humble invocation with a loud voice” (Al Mu’minun: 64). Other verses, also, prohibit or discourage indulging in luxury goods or a luxurious life, including the following (translation from Arabic to English by Dr Muhammad Ta’qi-ud-Din Al Hilali and Dr Muhammad Muhsin, 2002):

And those who, when they spend, are neither extravagant nor niggardly, but hold a medium [way] between those [extremes]. (Al-Furqan: 67)

O children of Adam! Take your adornment (by wearing your clean clothes) while praying (and going round (the Tawaf of ) the Ka’bah), and eat and drink but waste not by extravagance. Certainly He [Allah] likes not Al-Musrifin [those who waste by extravagance]. (Al-A’raf: 31)

Verily, the spendthrifts are brothers of the Shayatin (devils), and the Shaytan (devil-Satan) is ever ungrateful to his Lord. (Al-Isra: 27)

And those on the Left Hand—how unfortunate will be those on the Left Hand?; In fierce hot wind and boiling water; And shadow of black smoke; (That shadow) neither cool nor (even) pleasant; Verily, before that, they indulged in luxury. (Al-Waqi’a: 41–45)

Mannan (1984) claims it is the right of everyone to enjoy all lawful and beautiful things in this world as a blessing from Allah. However, he says that Islam does not tolerate conspicuous consumption, which is seen typically through luxury goods ownership among the rich. He argues that this is a clear example of misallocation of economic resources, which creates a demarcation between the ‘haves’ and the ‘have nots,’ which leads to legitimising different rights for different people according to their material possessions. On the other hand, he fears that the Islamic teaching of moderate consumption and plain living may be used as an excuse by Muslims to live in poverty or at subsistence level without striving for a better life. He points out that the concept of moderation in Islam should not be used as an excuse for unproductive economic behaviour, nor for perceiving poverty as fate. In the contemporary context of the poverty prevalent among the vast majority of Muslims, especially in poor or developing countries, he further emphasises that economic agenda should prioritise raising the standard of living (consumption) of these poor Muslims to a moderate level, and not endorse the consumption of luxury goods by the rich Muslims.

Masudul Alam Choudury (1983: 101), professor of Economics and Finance, says that “it is widely agreed upon by many Islamic scholars that the production and consumption of luxuries is prohibited in as far as this is tantamount to *israf* (excessive or wasteful consumption).” He also states, with regard to Islamic investment-consumption behaviour, that “excessive production and consumption of any type of good is not recommended, for this creates wastage of factors of production and of produced goods.”

Choudury is thus in agreement with Dr Muhammad Nijatullah Sidiqqi (2000: 99), who says that “Islam has strictly forbidden indulgence in luxuries as foreign to the Islamic way of life,” and with Abul Ala Mawdudi, a Muslim revivalist leader and political philosopher, and a twentieth century Islamist thinker. In *First Principles of Islamic Economics*, Mawdudi (2011 [1969]: 112) says that ‘*israf*’, as a behaviour that contradicts Islamic norms, includes “crossing boundaries of a good sense and balance when spending on one’s legitimate needs, either by going beyond one’s means or by consuming his riches on personal aggrandisements and luxuries.” These scholars conclude that Islamic consumption principles suggest that spending is not aimed at maximum satisfaction for an individual, but at maximum benefit for both the individual and society. The Islamic term for this concept is ‘*maslaha*’. It refers to the harmony of a society where economic resources can be managed effectively and

efficiently for the fulfilment of the needs of humankind according to the guidelines given by Allah through the Qur'an and exemplified by the Prophet (pbuh).

The following are examples of *hadiths* concerning the Prophet Muhammad's (pbuh) simple life (Ibrahim, 1997):

Sahl Ibn Sa'ad, one of Muhammad's (pbuh) companions, said, "The Prophet of God (pbuh) did not see bread made from fine flour from the time God sent him (as a prophet) until he died." (as quoted from *Saheeh Al-Bukhari*, #5413, and *Al-Tirmizi*, #2364)

Aa'isha, Muhammad's (pbuh) wife, said, "The mattress of the Prophet (pbuh), on which he slept, was made of leather stuffed with the fiber of the date-palm tree." (as quoted from *Saheeh Muslim*, #2082, and *Saheeh Al-Bukhari*, #6456)

Amr Ibn Al-Hareth, one of Muhammad's (pbuh) companions, said that when the Prophet (pbuh) died, "he left neither money nor anything else except his white riding mule, his arms, and a piece of land which he left to charity." (as quoted from *Saheeh Al-Bukhari*, #2739, and *Mosnad Ahmad*, #17990)

According to Khan (1992), the term '*maslaha*' can be translated as 'public or common interest,' which can mean goodness and also collective goodness. It is used to clarify the objective of consumption from an Islamic perspective. Kahn argues that '*maslaha*' is different from 'utility' (satisfaction derived from consumption), even though both relate to the benefit derived from products or services consumed. According to Anto (2003), in the context of consumption, the concept of *maslaha* is more objective than that of utility because *maslaha* is based on the fulfilment of real needs, not of mere wants or desires. *Maslaha* also means that the fulfilment of an individual's needs should not benefit that individual alone, but should have a beneficial effect on society as a whole.

The criteria for *maslaha* are set in accordance with Islamic laws and apply to all Muslims. For instance, someone may consider drinking alcohol as something which provides (personal) *maslaha* or goodness, but since Islamic law prohibits it, the individual's judgment is not valid or applicable.

*Maslaha* for the individual should always be consistent with *maslaha* as a collective benefit for all people under *sharia*. When, or if, an individual tries to raise his or her level of consumption or wealth, it should be done without decreasing that of others.

The concept of *maslaha* becomes a basis for all economic activities in society, including production, distribution, and consumption. Delivering *maslaha* in every economic activity

can be considered a religious duty. *Maslaha* is different from utility and satisfaction because while not every good or service that can deliver utility or satisfaction will necessarily deliver *maslaha*, everything that is within the concept of *maslaha* has a certain level of utility or satisfaction. Where there is a choice to be made between two options for possession, or consumption, or capital utilisation, both of which have benefits for the individual as well as for society, it is suggested that priority be given to the one which is more beneficial for society.

According to Khan (1992: 175) every economic undertaking by Muslims should be beneficial for society in general. He says that “the concept of *maslaha* underlies all economic activities in society. Thus, it is the objective underlying consumption as well as production and exchange.” Therefore, *maslaha* should be the main objective of Islamic consumption, ownership, and business. This does not mean that making a profit is forbidden in Islamic business, but it should be done bearing the concept of *maslaha* in mind.

As Khan (1992) points out, assuming that each individual derives a different level of utility or satisfaction from consuming goods and services, it will be difficult, without considering *maslaha* and its traits, to determine what are ‘necessities’ and what are ‘non-necessities,’ since what one person considers as necessary may be seen by others as unnecessary. In determining what are ‘necessities’—which, by definition, are vital for everyone—Muslim philosophers applied the concept of *maslaha* to classify types and set criteria for each type. Not all *halal* (permissible) goods deliver *maslaha* (i.e. if they are consumed extravagantly or in a way that may be detrimental to social harmony). Within the concept of *maslaha*, tertiary needs (i.e. those relating to the enjoyment of life, rather than the mere physical needs for existence) do not include luxury goods, as luxury goods are defined as those which go beyond the necessary. Examples of tertiary needs, from an Islamic perspective, include art and recreation, or even a higher quality of ‘necessities,’ which can still be afforded by the majority of the population.

Professor Azyumardi Azra (2010: 110), an Indonesian Muslim scholar, instructs Muslims that

Islam prohibits Muslims to practise any excessive attitude and act (*israf*) in any aspect of life...Islam urges Muslims to live in a modest and middle way (*wasaf*). Islam also encourages Muslims to feel satisfaction (*qana'ah*) with what they have gained through

*halal*, permissible or lawful, means...Islam is also opposed to 'greed'. Those Muslims who fail to control their greed, especially to material things, are regarded as having downgraded their own humanity even to the level of animals.

According to Choudury (1983), Mannan (1984), An-Nabhani (1990), Siddiqi (2000), and Mawdudi (2011 [1969]), Muslims should avoid leading a luxurious life even if they can afford to, not only because such a life is wasteful but also because it symbolises the worship of material possessions. Muslims should also consider consumption as a means for worship, enabling them to perform their noble worldly tasks and religious obligations in this world, and thus receive rewards from God in the hereafter. In the Qur'an and *hadiths*, these rewards are explained as gratifications to be enjoyed in a quantity and quality far beyond that of those available in the present world. Therefore, budget allocations for various types of consumption should be in accordance with Islamic guidance.

The opinions of Muslim scholars, in terms of their disapproval of luxury goods consumption and their concern for modest consumption in order to maintain social harmony, are to some extent in line with the thoughts of some western economists and sociologists, such as Veblen (1979 [1899]), Galbraith (1958), Schor (1998) and Frank (1999), who argue that luxury goods ownership creates social division and provokes envy, and can erode the strength and unity of the society. Writing about economic ethics from the perspective of religion, Wilson (1997), in *Economics, Ethics and Religion: Jewish, Christian and Muslim Economic Thought*, explains that Jews, Christians and Muslims share similar principles regarding 'collective goodness'.

### **III.3 Inequality, luxury goods and Islamic expression in Indonesia**

Contemporary Indonesian society has a huge socioeconomic disparity. Extreme wealth and extreme poverty exist side by side (Vltcheck, 2012). Most of the wealthy Indonesian elite, including members of the Indonesian parliament and some well-known religious campaigners own luxury goods, especially expensive cars such as BMW, Mercedes-Benz, Hummer, Lexus, Ferrari, and Lamborghini while the majority of the population struggles to live, with a very low standard of living. Hedonic consumption and religiosity in Indonesia are two apparently paradoxical aspects of life faced by Indonesian Muslims (Chadha and Husband, 2006).

Badan Pusat Statistik (BPS), Indonesia's Central Statistics Agency (2014), reported that, in March 2013, 11.37 per cent of Indonesians were living below the poverty line (the national poverty line). The line was drawn at IDR 289,041 (urban) or IDR 253,273 (rural) per household member per month, or less than USD 30 per month or USD 1 per capita per day. According to the World Bank ([data.worldbank.org](http://data.worldbank.org), 2014), about half of Indonesia's population existed on less than USD 2.25 a day. By using USD 2 as the standard for the poverty line, it can be seen that the proportion of poor people in Indonesia is 43 per cent of the total population.

According to the World Bank Poverty and Equality Database ([povertydata.worldbank.org](http://povertydata.worldbank.org), 2014) and Indonesia's Central Statistics Agency ([bps.go.id](http://bps.go.id), 2014), the Gini index (which measures the extent to which the distribution of consumption expenditure or income among individuals or households within an economy deviates from a perfectly equal distribution) for Indonesia, based on consumption expenditure, increased from 0.292 in 1990 to 0.411 in 2013. Historically, Indonesia's income Gini has been 4 points higher than its consumption Gini. A Gini index of 0 represents perfect equality, while an index of 1 implies perfect inequality. In other words, the higher the Gini index, the greater the inequality in the society.

Inequality is not a new issue in Indonesia. Even though the Indonesian economy grew impressively in the early 1970s during the early years of the New Order era, driven by the growth in overseas demand for Indonesia's industrial raw materials such as oil and timber, in the late 1970s the situation of inequality worsened (Asra, 2000; Miranti, 2010). Asra (2000) states that after some improvement in the 1980s, in the 1990s inequality increased again in rural areas and, especially, in urban areas. As reported by World Bank (2014), this trend towards increased inequality trend has continued.

Miranti (2010) divides the Indonesian economic journey from 1984 to 2002 into four chapters. The first and second chapters are the first liberalisation period (1984–1990) and the second liberalisation period (1990–1996), respectively. These 'chapters' are characterised by decreased reliance on oil and gas as the main export commodities, and rapid industrialisation. During the periods 1984–1990 and 1990–1996, the annual growth rates of GDP (Gross Domestic Product) were 6.3 per cent and 7.2 per cent, respectively. The third chapter is the financial crisis period (1997–1998), when GDP contracted by 13 per cent. This crisis reduced the size of the middle class significantly, as millions of people in the formal

employment sector lost their jobs. The fourth chapter is the recovery period (1999–2002). In this period the economy rebounded, with annual GDP growth of 4 per cent. According to BPS, Indonesia's Central Statistics Agency, after the crisis, Indonesia's GDP grew around 6 per cent per annum. During period from 2010 to 2013 the growth rates per year were 6.1 per cent (2010), 6.5 per cent (2011), 6.23 per cent (2012) and 5.78 per cent (2013). It seems that Indonesia's economy is growing. However, this growth has not led to any improvement in terms of equality. In fact the situation has become worse. Yusuf (2014: 13) says that "the rising trend in inequality [in Indonesia] is likely more about the very rich leaving everyone behind rather than a growth of the middle class."

Data from World Bank ([povertydata.worldbank.org](http://povertydata.worldbank.org), 2014) show Indonesia's Gini index at the end of each of the four stages delineated above: 0.292 (1990); 0.313 (1996); 0.290 (1999); and 0.297 (2002). In 2008, the year when the global financial crisis occurred, the Gini index was 0.341. In 2011 it increased to 0.381. According to the Gini indexes during the period 1990–2002, Indonesia was categorised as a 'low income, low inequality' country. Other countries in this category included Bangladesh, Pakistan and Egypt. In 2011, Indonesia entered the group of 'low income, high inequality' countries, along with the Philippines, Sri Lanka, Cameroon, and many others. Yusuf (2014: 6) notes that "among developing countries, the increase in Indonesian inequality over the last decade is among the highest, while most others declined." According to Indonesia's Central Statistics Agency, the Gini index for Indonesia in 2013 was 0.411. These economic growth data and Gini indexes reflect that the economic growth in Indonesia did not impact positively on people in the middle and lower income groups.

Booth (2000: 90) writes of the period 1987–1996 in Indonesia that "the rapid growth of these years was accompanied by increasing inequality, especially in urban areas, and this increase in inequality reduced the impact of the growth on poverty decline." She also notes that urbanisation in large cities in Java Island, especially in Jakarta, led to sharper disparities. She offers some hypotheses concerning the increase in inequality in Indonesia, citing the lack of effective strategies and support for developing the agricultural sector and the non-Java Islands manufacturing sector, as well as the failure to provide quality education facilities with equal access for all. Richard Robison (1986), in *Indonesia: The Rise of Capital*, notes that Indonesia's economic growth during the New Order era was mainly enjoyed by business groups and individuals connected to Suharto (the president of the regime), his family and his

cronies. This connection enabled a small number of families in Indonesia to accumulate wealth rapidly and put them at the top of Indonesia's pyramid of income distribution, leaving millions of other Indonesian families far below.

After the fall of Suharto's regime in 1998, the Reformation Order started to implement the policy of decentralisation, or provincial autonomy. This policy enables local leaders to authorise exploration of local natural resources. The new policy concerning provincial autonomy has led to the expansion of the businesses of forestry, mining and palm oil. This expansion has been the major driver in the growth of the class of 'new rich people' in Indonesia (SWA, 2009).

Capgemini, in Asia Pacific Wealth Report 2013 (capgemini.com, 2013), states that the number of Indonesian High Net-Worth Individuals (HNWI), or those who had USD 1 million or more at their disposal for investing (this does not include the value of personal assets and property such as primary residences, collectibles, consumables, and consumer durables) increased over the period 2008–2012 from 18,700 to 37,600 individuals, who had a total value of USD 7,369 billion in 2008 and USD 12,016 billion in 2012. Given that inequality in Indonesia is increasing, the concurrently increasing number of Indonesian High Net-Worth Individuals tends to contribute to society segregation based on wealth accumulated or on material ownership, especially in Jakarta, where the Gini index (0.433) is higher than the national level (0.411), and where most HNWIs live.

The vice governor of Jakarta, Basuki Tjahaja Purnama, who was elected in October 2012, estimated that the number of poor people in Jakarta was 4.7 million, although BPS, Indonesia's Central Statistics Agency, stated that it was only 362,000. Basuki considered access to medical services in hospitals as one of the important criteria in defining poverty, while BPS used as its benchmark for a per capita income in urban areas of less than USD 30 per month, or USD 1 per day. At the end of 2012, with the governor, Joko Widodo, Basuki launched a new health program to help poor people in Jakarta gain access to medical services. It is projected that this program will be available for 4.7 million poor people who are officially listed as Jakarta residents (merdeka.com, 23 November 2012).

In Jakarta, there are more than 170 shopping malls (jpnn.com/jawa pos national network, 21 September 2013). It is easy to find various luxury products in luxurious world-class



shopping malls such as Grand Indonesia, Pacific Place, Senayan City, and Mal Pondok Indah. The Louis Vuitton outlet next to Plaza Indonesia, on prestigious MH Thamrin Street, is one of the biggest in the Asia Pacific region.

According to Datamonitor ([datamonitor.com](http://datamonitor.com), 2010), between 2004 and 2009 there was positive growth in the branded clothing, accessories, and luxury goods sector in Indonesia. Euromonitor International ([euromonitor.com](http://euromonitor.com), 2014) reported that “the availability of luxury goods in Indonesia was higher than ever in 2013 due to the continuous expansion of the number of labels and product selections offered” and the sector of “luxury goods in Indonesia is set to grow at an increasing rate towards the forecast period (2013–2018) due to the growing number of people capable of affording luxury goods as well as the general rise in demand for luxury labels.”

Some well-known Muslim religious campaigners in Indonesia are frequently seen on Indonesian televisions wearing or using luxury goods, such as expensive Muslim apparel, and driving luxury cars. It is common for Muslim members of Indonesia’s parliament to have expensive, or even extremely expensive, cars.

In 1978, a norm discouraging extravagance and luxurious lifestyles was ratified in Indonesia by Majelis Permusyawaratan Rakyat (MPR), the Indonesian People’s Consultative Assembly, as part of the guidelines for Pedoman Penghayatan dan Pengamalan Pancasila (P4), the understanding and implementation of Pancasila, as the formal Indonesian ideology (Mubyarto, 1987: 216). People were directed “not to use the right of private ownership in any efforts that exploit others and for any matters that are extravagant and for a luxurious life.” However, this norm has not been reflected in the lifestyles of the majority of members of the government elite.

Mohammad Natsir (1907–1993), the first prime minister of Indonesia, expressed his disappointment with Indonesian society in his last interview with George McTurnan Kahin in 1991. Kahin (1993: 165) reported that “he (Natsir) saw most of its (Indonesian society) upper strata as having become grossly materialistic, selfish and shorn of social conscience; with this development being accompanied by a widening gap between rich and poor.” Kahin (1993: 159) described Natsir as an extraordinarily modest man who “always lived simply with respect to house and attire, even in 1950 as prime minister.” Natsir, according to Kahin

(1993: 165), also criticised the Suharto government (1967–1998), known as the New Order regime, for “showing a stiflingly repressive authoritarianism.”

According to Bowen (1999), Suharto, the second president of Indonesia, was long seen as a nominal Muslim, (i.e. a Muslim who does not regularly practice religious obligations), but in 1991 he and his wife, the First Lady, made the pilgrimage to Mecca. Following this, Suharto supported a state compilation of Islamic law. Hefner (2002) notes that Suharto’s decision to support Islam and Muslim leaders was a result of the crisis in his relationship with the conservative secular nationalists. The warning given by Benny Moerdani, the conservative Catholic commander of the armed forces, concerning Suharto’s nepotism in awarding his family the contracts for many state-owned projects, was also identified as one of the triggers for his change of stance.

Suharto’s subsequent adherence to Islam was evident in his involvement with various issues, including allowing female high school students to wear *jilbab* (veils), and approving the first bank to be run on *sharia* (Islamic law) principles (Hefner, 1996). In the late 1980s and early 1990s, Islam also inspired middle class youth, in Muslim youth movements, who proposed moral criticisms related to materialism, consumerism, and hedonic consumption, and began the fight against corruption and political repression (Hefner, 1998, 2000).

Contemporary Indonesian Muslim awareness of issues concerning consumption is related to the rise of Islamic expression in Indonesia in the early 1990s, which increased significantly after the fall of the New Order regime in 1998 (Fealy and White, 2008; Jones, 2010). Prior to this period Islamic religious identity was associated with traditionalism. The tendency, in rural and semi-urban areas, was for Muslims to express their religious identity through *pesantrens* (traditional Islamic boarding schools), which were usually attended by poor students from rural areas (Jackson and Parker, 2008). Since the early 1990s, modern Islamic schools have been established in urban areas, some of which were classified as ‘elite’ schools, since most of their students came from rich Muslim families (Azra, 2012).

Sakai (2012a: 1) says that “Islam and Islamic symbols are much more visible in the daily life of urban middle class Indonesians than they were three decades ago.” From ethnographic observations, she argues that “the impetus for the Islamic resurgence in Indonesia comes from the variety of Islamic practices and propagation among the younger generation of

Indonesian Muslims in urban areas.” She notes that novels and films can be used as a medium of Islamic propagation among young Muslims, especially those who do not have a background of formal Islamic education (2012b: 10).

The media of Islamic propagation, in this era of increasingly overt Islamic expression, include various TV shows and training programs, which have given the new ‘modern’ generation of Indonesian Islamic preachers, such as Abdullah Gymnastiar (a.k.a Aa Gym), access to a wide audience and, hence, popularity (Watson, 2005; Hoesterey, 2008). One popular example of Islamic religious or spiritual training programs is the Emotional and Spiritual Quotient (ESQ) training program developed by Ary Ginanjar Agustian, which teaches that Islamic piety can be the basis of corporate success, and that “this relationship is not contingent, but by design. It creates an explicit program aimed at implementing moral, political, and economic reform simultaneously” (Rudnyckyj, 2009: 125).

Islamic symbols and attributes have been accepted as non-traditional expressions of religious affiliation among the urban middle-class. Jones (2010: 91) says that

“This Islamic expression has been spreading in urban areas. Urban Indonesian public culture has become visibly more Islamic in style. This marked shift is seen in a host of arenas that can be broadly described as commodity spaces, such as television programming, home decor, *hajj* (pilgrimage) travel, automobiles, banking”

Islamic expression has also penetrated luxury spheres. For instance, Muslim fashion shows have been held in five star hotels, promoting expensive Muslim apparel produced under prestigious brand names by well-known designers. This kind of display leads to conspicuous consumption (Fealy, 2008).

There is an Indonesian Muslim standpoint which condones the ownership of luxurious goods, even though this is contrary to the opinions of distinguished Muslim scholars such as Choudury (1983), Mannan (1984), An-Nabhani (1990), Siddiqi (2000), and Mawdudi (2011). This point of view is reflected in the luxury goods possessed by some famous Muslim religious campaigners. For example, Arifin Ilham owned a Humvee, a Hummer jeep costing over USD 200,000 (timlo.net, 27 May 2012), and Yusuf Mansyur possessed a luxurious BMW sedan (majalah.detik.com, 10 June 2013). Jeffry Al Buchori, who died on 26 April 2013 in a motorcycle accident in Jakarta, was known as a collector of Harley Davidson and Kawasaki motorbikes (tempo.co, 26 April 2013; merdeka.com, 29 April 2013). Abdullah

Gymnastiar, in a morning Islamic group discussion in Wiley Park Sydney, on 26 April 2013, stated that he used to have a Mercedes Benz sedan. Aa Gym said that we cannot lift up the image of Islam by such things. However he did not clearly oppose the concept of luxury goods, saying instead that people can make wise spending decisions which are in proportion to their means.

In 2011, Ippho Santosa, a Muslim business motivator, wrote the book, *Percepatan rezeki dalam 40 hari dengan otak kanan* [*Accelerating income in 40 days with the right brain*]. In his book he encourages Muslims to own a house with a swimming pool, so they can swim privately without being seen by others (i.e. by non-Muslims or Muslims of a different gender), and to drive luxury cars, such as BMW and Mercedes Benz. According to Santosa (though he did not quote any *hadiths* to support this), the Prophet Muhammad (pbuh) owned and rode the best camel in his time. From 2011 to 2012, under the theme of ‘Muslims and wealth,’ this book was a best seller for Gramedia, the biggest book chain-store in Indonesia.

Tjahjono (2011) explored the issue of luxury and religiosity in Indonesia in a short qualitative research project. Interesting arguments emerged from a discussion, among 30 postgraduate students and alumni of Islamic studies at University of Indonesia, Jakarta (2010–2011), regarding the phenomenon of luxury goods ownership among religious campaigners in Indonesia, when set against the fact of a huge socioeconomic disparity in the country. Some arguments from those who saw luxury goods ownership as ethical consumption are as follows:

- It depends on the intention. As long as it is used for good purposes and in a right manner, then it’s OK.
- A successful Muslim deserves to own worldly goods, including wealth and luxury.
- Allah is rich. It is a sort of gift or reward from Allah for one’s piety.
- It can be used for propagating Islam, especially in the upper-class economic societies.
- It is OK, as long as we can keep our heart from becoming a material slave. We must believe that it still belongs to Allah.
- Allah inherits the Earth for pious people, so having luxurious things is OK as long as the owners keep paying alms, doing charitable and social activities.
- It shows that pious people can also achieve worldly success.
- It develops a positive image and shows the economic strength of Muslims.

On the other hand, those who saw it as unethical consumption, expressed their disagreement in the following statements:

- From a functional perspective, why don’t they buy just a safe yet economical car and help more people with the rest of their money?

- It is a really bad example, as they promote a materialistic attitude and support capitalism.
- Wealth is not for showing-off. If we are wealthy, we must not make other people jealous.
- It is something that benefits certain rich people but has no benefits for society.
- Why, if they see themselves as pious people, do they still need recognition from other people on their financial success?
- It is just unethical behaviour; they are fulfilling their desire for luxury while many poor people live around them.
- They do not understand priority jurisprudence from *sharia* perspective.
- They do not have sufficient knowledge and sensitivity concerning the problematic socioeconomic gap.

From November 2010 to April 2011, Bank Syariah Mandiri (BSM), the biggest *sharia* bank in Indonesia, launched a campaign on the theme ‘the blend of religiosity and luxury’. It was a raffle promo for their customers, with a grand prize of a Mercedes Benz E 300. This campaign would seem to indicate a standpoint that luxury goods are permissible for Muslims in Indonesia.

The following story is an example of luxury goods ownership among young Muslims in Jakarta (tribunnews.com, 16 June 2013).

Haji Ipul, is a young Muslim entrepreneur, who has been struggling in a tough and competitive business for years, in Tanjung Priok, Jakarta. Most Indonesian or Malayan Muslims understand ‘Haji’ as a religious title or religious identification for those who have gone on pilgrimage to Makkah.

Haji Ipul is originally from Madura, an island near East Java, Indonesia. When still in his 30s, he managed to acquire three luxury Lamborghini sedans. He says that after he bought and enjoyed the first Lamborghini, he wanted to buy a second one, and ended up owning, as his third, one of the newest Gallardo model.

He feels that driving a Lamborghini Gallardo improves his image, or his charisma, as a successful businessman, as well as making him feel great. He has joined the Dream Club Indonesia (DCI), whose members include about 30 rich people. The club is not exclusive to Lamborghini owners but also welcomes people who own other types of luxury vehicles, such as Mercedes Benz, Porsche, and Ferrari.

Haji Ipul states that joining this club enabled him to meet other business people from different backgrounds. The club has a regular touring agenda. During every tour, members drive around and display a number of luxury cars in many cities in Indonesia, as well as engaging in some charitable activities, such as giving donations to orphanages. This is the story of a young Muslim businessman in Jakarta who combines his religious title, luxury cars and charities, which may inspire other young Muslims.

A Muslim who goes on a major pilgrimage, participates in many charitable activities, and is rich enough to buy luxury cars, using his or her own money which has been earned legally, can be seen as a successful Muslim, at least from the perspective of a person like Haji Ipul in the story above. The touring events, which include driving and displaying luxury cars in many cities, can be an inspiration to many Muslims to become rich persons. The charity component in these events is evidence of concern for the poor, so people are not supposed to be jealous because of the luxury cars per se. Rather, they should be envious because, even though the owners of those luxury cars in the tour are very rich, they are grateful for their blessings and concerned about the poor. Luxury cars can also be a means to get closer to other business people from various business areas, backgrounds and faiths, as well as displaying the economic strength of Muslims. Hence, for people who combine the ownership of luxury goods and a religious title/identification with social activities, such as donating money to charities, it is inconceivable that their owning luxury goods could be seen as having a negative impact on anyone.

From the perspective of consumer behaviour, the motives for buying things, including luxury goods, can be classified as internal or external. Internal motives include personal needs, observation/learning and experience; external motives come from culture or subculture, social group and family (Schiffman and Kanuk, 2007). For a person like Haji Ipul, the need for a car is not merely related to its functional aspects, such as safety and reliability. There is also a need for self-actualisation, or building one's self-esteem, that can be fulfilled by having a particular type of car. Haji Ipul feels the need to be seen as a rich and successful businessman, and for him a Lamborghini Gallardo is a perfect choice, as he observes that other rich people in Jakarta also own Lamborghini sedans and display them as a symbol of success. Furthermore, the satisfaction he experienced in buying and driving his first Lamborghini, led him to make the second and third purchases. It is interesting to know that since 2009, Indonesia has become Lamborghini's third largest market in the Asia-Pacific region ([bbc.com](http://bbc.com), 31 July 2014). In this case, the lifestyle of other rich people, especially in choosing the brand of luxury cars, may play a role as an external motive.

Muslims in Indonesia have increasingly been targeted as a market for various products and services, either with or without Islamic labels. Strategies for selling products and services with Islamic labels to Muslim customers are frequently identified by researchers and authors as 'Islamic marketing,' although 'Islamic marketing' may also include efforts to sell goods

without Islamic labels, such as branded luxury goods, focusing only on Muslim customers. In this study, considering the concept of *maslaha* and Islamic consumption principles as explained by Al-Haritsi (2003), the term ‘Islamic marketing’ is challenged, because the term ‘Islamic’ may not be applicable when selling to Muslim customers.

This study does not focus on products sporting Islamic labels and marketed under the catchphrase ‘Islamic marketing’ (Sandicki and Rice, 2011), or ‘Islamic branding’ (Temporal, 2011), but focuses, instead, on the luxury goods that may be bought by Muslims, especially by the younger segment. However, a brief explanation of ‘Islamic marketing’ and ‘marketing to Muslims’ is needed, in order to clarify the difference between them. The following section offers an explanation of ‘Islamic marketing’ and ‘marketing to Muslims,’ referring to Islamic consumption principles concerning the spirit of fulfilling personal needs and also delivering benefits to society, as elucidated by the Muslim scholars and described in the earlier section.

There are two basic business motives behind marketing to Muslims: serving customers in compliance with Islamic principles, and making a profit. Islamic principles can be followed by Muslim business people in serving both Muslim and non-Muslim customers, in the same way that Islamic banks follow Islamic principles, yet are open to all prospective customers, without considering their faith or religious affiliation. On the other hand, Islamic principles can also be used by non-Muslim business people to attract Muslim customers. Somewhere between the motivation to serve customers in an Islamic way and the motivation to make a profit, there could be another, common motive that depends not on religious affiliation but purely on the wellbeing of each individual business.

Muslim business people implementing ‘Islamic marketing’ strategies do not necessarily set out to estimate the size of the Muslim market and then determine their chances of selling *halal* products or services to Muslim customers in particular areas or countries. It is an obligation for Muslims who do business with other parties, either Muslim or non-Muslim, to comply with Islamic principles in relation to production, distribution and consumption. Therefore, Muslims should evaluate the substance, objective, content, and operation of their businesses.

The substance of business, from an Islamic standpoint, is performing a good deed, by creating *maslaha*. This can be done through businesses that deliver benefits to customers and

society by producing or trading goods and services that fulfil people's needs in a right manner, within the constraints of Islamic principles. For a Muslim, doing business in an Islamic way can be considered as performing a good deed. In business, delivering benefits means that the business conducted should have a positive impact on customers and society through trading, consuming or using products and services. This also means that in doing business in an Islamic way, sellers or traders should avoid selling or trading goods and services that may create disharmony in society.

From an Islamic perspective, the objective of business is not merely to make a profit, but more importantly, to fulfil customers' needs according to Islamic consumption principles. Business people should therefore identify and focus on the main needs of customers. They should prioritise their resources to produce goods or services that are required by most people in society, and should not encourage customers to spend their money extravagantly on things they do not need.

The content of any products or services involved in Islamic marketing or Islamic business should be *halal* (permissible) according to Islamic laws. For instance, Muslims are prohibited from selling food containing pork, either to Muslim or to non-Muslim customers. Likewise, they are not allowed to provide services that contain any elements of gambling. In selling products and services to potential Muslim buyers, marketers or business people must ensure that they sell *halal* products. For most product categories, '*halal*' refers to permissible goods in terms of contents or ingredients and production processes. '*Halal*' can also relate to the transactional and operational aspects of financial services.

Muslims should operate their businesses according to Islamic values such as fair and honest dealings with business partners and customers. Making a profit is permissible. Price and profit margins can be freely determined with a spirit of mutual benefit for sellers and buyers. Sellers are not allowed to hoard supplies in order to increase their price and make a greater profit. Islam teaches the principles of partnership in the operation of a business, which include a profit sharing relationship between capital owners and the management team. Vendors and employees are also considered as business partners whose rights should be respected in accordance with mutual business agreements.



The substance, objectives, content, and operation of businesses that comply with Islamic principles are more important than just an Islamic label. However, tempted by the prospect of having a large number of Muslims as potential customers, business people can own a product or company portfolio that combines Islamic and non-Islamic businesses. This indicates that in doing business the motivation for profit gain is stronger than the motivation to comply with Islamic tenets. An Islamic label can be used for the purpose of profit maximisation by some businesses which may be run according to *halal* rules in terms of content and operation, but may not be in line with Islamic principles in terms of substance and objectives. This is an example where a product or service is labelled 'Islamic' purely for the motive of profit gain.

Using an Islamic label to attract Muslims may be effective when the Muslims who are the target market or potential customers are concerned with issues of Islamic law compliance in their transactions or consumption activities. Marketing products and services to Muslims, with or without *halal* certification, can be called 'marketing to Muslims,' but it does not mean that this effort can be automatically categorised as 'Islamic marketing'. The substance, objectives and operational aspects of businesses should also be assessed to determine whether or not 'Islamic marketing' or 'Islamic business' is in place. In other words, a marketing effort or a business can be defined as 'Islamic marketing' or an 'Islamic business' without an Islamic label as long as it complies with the aforementioned Islamic principles. In the light of the above considerations, this study argues that selling luxury goods to Muslims, including in Indonesia, can surely be categorised as 'marketing to Muslims,' but whether or not this effort can be categorised as 'Islamic marketing' is debatable.

This research does not aim to discuss further whether selling luxury goods to Muslims complies with Islamic principles as described by Muslim scholars, but instead, seeks to find empirical evidence of the relationship between religiosity and purchase intention. It examines the perspectives of young Muslims on Islamic norms regarding material possessions, and measures their religiosity against their intention to buy luxury goods.

There are two possibilities concerning the role of religion or religious teachings in this case: (1) that religiosity is less dominant than other factors, and even though the mandatory ritual practices are carried out, this does not necessarily mean that the consumption guidelines of the religion are taken into consideration; and (2) that such purchasing behaviour (i.e.

purchasing luxury goods) is not perceived by young Muslims as contradicting religious teachings or may even be supported by the religious values perceived.

This study elaborates these two possibilities in the chapters that contain findings and analyses based on primary qualitative and quantitative data. The next chapter, 'Methodology,' covers recruitment criteria and procedures, research design, and statistical analysis.

## **Chapter IV**

### **Methodology**

This chapter explains the methodology of this study, which covers the method of recruitment of research participants, the design and procedures of the qualitative and quantitative research stages, and the data analyses. This study focuses on the question of whether or not young Muslims in Jakarta have an intention to buy luxury goods if money were not an issue, not on the consumption of these items per se. Therefore, the actual experience of consumption of such items is not one of the recruitment criteria, but it is part of the data collected. All the participants were recruited in Jakarta, the capital of Indonesia and the centre of luxury brands consumption.

#### **IV.1 Recruitment criteria and procedures**

The young Indonesian Muslims involved in this research are within the 25 to 34 years age bracket. This range coincides with the classification of ‘young workers’ by Badan Pusat Statistik (BPS), Indonesia’s Central Statistics Agency. According to BPS, in 2010 the number of young Muslims aged from 25 to 34 in Jakarta was 1.7 million. For the same year, the BPS reported that Jakarta’s total population was 9.6 million. It is projected to reach 10.2 million in 2015. For this study, 40 participants for the qualitative research stage (focus groups) and 510 for the quantitative research stage (self-administered questionnaire survey) were randomly selected. The number of respondents involved in the quantitative stage was determined by referring to the sample adequacy formula developed by Cochran (1977), while in the qualitative stage, the recruitment of 40 participants for focus groups was intended to allow for representative opinions from both males and females, as well as from both the higher and lower income groups. For in-depth interviews, 24 participants were chosen from the quantitative research group, based on their above-average religiosity mean scores, and included representatives from both the group with intention to purchase and from the group without.

This study aims to generalise its findings, as derived from the respondents, to the population of young Muslims aged from 25 to 34 in Jakarta. According to Bryman (2008), there are two major methods of sampling: probability sampling and non-probability sampling. The probability sampling method should be used in a quantitative study that aims to infer the

findings derived from a sample of the population to the population in general. There are four subtypes of the probability sampling method: simple random sampling, systematic random sampling, stratified random sampling, and multi-stage random sampling. In this study the multi-stage random sampling with quota is employed.

The recruitment process for informants (for the qualitative research stage) and respondents (for the quantitative research stage) occurred in the following phases.

Phase 1: Twenty two regencies/suburbs in Jakarta were selected randomly from the total of 44 regencies/suburbs in Jakarta's five areas (Central, West, East, North, and South Jakarta).

Phase 2: Advertisements/brochures for the recruitment of informants/respondents for a discussion/survey were placed on public notice boards in each of the selected suburbs, in buildings (including mosques) where this was allowed.

Phase 3: People who read the advertisements/brochures, thought that they met the criteria, and were willing to participate in this research voluntarily contacted the researcher via phone/text/e-mail.

Phase 4: After verifying the interest of those who made contact, the researcher made a list of potential participants from each of the five areas of Jakarta. With reference to the data from Indonesia's Central Statistics Agency (2010), the expected ratio of males to females to be recruited into this study was 50:50, in order to reflect the actual gender proportion in the younger population in Jakarta. In the qualitative research stage, the quota was applied for gender as well as income and education, because the number of the sample was relatively small (N=40), and the focus groups were designed to have a certain proportion of informants representing each of the different demographic variables. In the quantitative research stage (N=510) the quota was applied only for gender.

Where the number of potential participants was greater from one gender group than the from other, the researcher randomly selected the necessary number of participants from the larger group to match the number in the smaller group. For focus groups, male participants were separated from female participants. Likewise, participants with a higher monthly income (i.e. IDR 7.5 million (AUD 750) or more) were separated from the lower income group. The

minimum monthly regional wage for workers in the Jakarta area, as officially regulated by Jakarta's government at the time this research was conducted, was IDR 2.2 million, or AUD 220. The cut-off point of IDR 7.5 million for the higher income group is therefore about three times higher than the minimum regional wage. The study conducted eight focus groups—two male higher income groups, two female higher income groups, two male lower income groups, and two female lower income groups.

For demographic analyses in the quantitative and quantitative stages, the participants were categorised according to the following parameters: higher education (academy/university graduates); lower education (those who had formal education up to high school level); higher income (those who earned a monthly income of IDR 7.5 million or more); and lower income (those who earned less than IDR 7.5 million per month).

The researcher gave a detailed explanation concerning the study to informants and respondents and then asked them to confirm their willingness to participate via phone or e-mail. For the qualitative research stage, informants were recruited from eight randomly selected regencies/suburbs. These informants attended their respective scheduled focus group sessions, during daytime at weekends, at a location near the University of Indonesia's main campus in Jakarta. These sessions included from four to six people in each group and ran for a maximum of two hours. Informants were advised that if they felt unhappy with the discussion, they could simply leave.

For the quantitative research stage, respondents were recruited from 22 randomly selected regencies/suburbs. Five hundred and ten respondents participated in this stage. The researcher sent self-administered questionnaires to respondents via courier services. The completed questionnaires were returned or picked up within one to five days at a time convenient for the respondents. Respondents were advised that if they felt unhappy with the questionnaire, they could simply not return it.

The 8 focus groups were conducted on 27 and 28 October 2012, and on 3 and 4 November 2012, followed by the 510 self-administered questionnaire survey, and the 24 in-depth interviews, which were carried out from October 2013 to January 2014 (16 participants were randomly selected from 510 respondents, with quota based on the variation of their intention to buy luxury goods and religiosity mean scores), and from March to June 2014 (8 additional

participants were recruited, in order to represent all clusters/segments, based on the final result of cluster analysis as described in Chapter IX).

The proposal of human ethics (code H9693) for this study was approved on 27 June 2012. The criteria for participants in this study, both for the quantitative and the qualitative research stages, are as follows:

1. Muslim.
2. Permanent resident in Jakarta.
3. Within the 25–34 age bracket.
4. Economically active (either as an individual or a family) in earning income.
5. Does not work at a company related to any luxury brand.

#### **IV.2 Mixed method: Design and implementation**

As mentioned earlier, this study used a mixed method design. First, qualitative data were collected and analysed through focus groups, and then quantitative data were collected through self-administered questionnaires. Focus groups were used especially to learn how young Muslims in Jakarta perceive the key aspects of this research, i.e. religiosity and luxury goods, including their definition and factors that constitute them. The reasons why the participants want, or do not want, to buy luxury goods were also explored.

Focus groups are planned discussions with research participants that meet certain criteria, led by a facilitator (Morgan, 1997). The discussions are conducted and recorded for analytical purposes which include exploration, specification, reduction, and integration (Boije, 2010). Participants in qualitative research are called ‘informants,’ while in quantitative research they are called ‘respondents’. The qualitative stage of this research was conducted through eight focus groups. The participants were divided into male and female groups. Each group consisted of four to six participants (or informants). The facilitator was the researcher of this study himself, who has 14 years’ experience in conducting focus groups, in-depth interviews, and field surveys in the market research industry in Indonesia.

The facilitator posed questions to all groups, based on the same guidelines, and listened to their answers, without letting any participant dominate the discussion or avoid being part of it. The facilitator encouraged the participants to speak honestly, and emphasised that there were no right or wrong answers. The most important thing was that all informants felt able to

speak freely, even if they did not agree with the opinions of others. The facilitator probed for answers from the informants, in order to gain a better understanding of their views on various issues, and posed additional questions whenever necessary.

After the focus group discussions had taken place and the results had been analysed, a quantitative survey was conducted, mainly to test the resulting hypotheses to determine the relationship between religiosity and the intention to buy luxury goods. This test also involved other variables alleged to have an influence on the intention to purchase luxury goods.

### **IV.3 Statistical analyses**

The quantitative data were processed and analysed with SPSS software, resulting in descriptive statistics and cross tabulations, which show mean, standard deviation, and proportions of respondents for certain criteria, which can be seen from demographic perspectives such as gender and education. This study employed three statistical analyses: the independent t-test (Ho, 2006), cluster analysis (Everitt, Landau and Leese, 2001), and binary logistic analysis (Hosmer and Lemeshow, 2000). Binary logistic analysis tested the possible influence of religiosity and other independent variables, on the intention to purchase luxury goods; cluster analysis was performed in grouping the respondents into several segments based on their major similarities; and an independent t-test, in this study, was used to test the possible differences among groups of respondents, mainly according to demographic variables.

Validity and reliability tests were conducted before performing analyses that involved scales or subscales, in which a group of questions or items represents one particular dimension or construct. A validity measurement indicates the ability of constructs or scales to measure a concept, such as religiosity. The statistical tool for the validity test is factor analysis (Malhotra, 2007), a multivariate technique with the ability to show the most appropriate items or questions in a dimension of a construct. By considering the values of factor loadings (correlations between the variables and the factors), and the Kaiser-Meyer-Olkin measure of sampling adequacy, which should be between 0.5 and 1, items in a dimension can be considered valid, and can therefore be used for subsequent tests or analyses.

For the reliability test, Cronbach's alpha, as reliability coefficient, was calculated and used to measure the internal consistency among items within one particular subscale (Malhotra, 2007). Each item was evaluated based on its correlation with the total score, and all items with low correlations to the total score were deleted. A subscale that represents a reliable construct should have Cronbach's alpha coefficient above 0.6. Only reliable constructs can be used to test hypotheses.

An instrument of measurement can be considered reliable if it provides a consistent result. This means that a correlation between items in one dimension should exist and consistently explain the same concept. Cronbach's coefficient alpha is used to judge whether the instrument is reliable or not. The range of coefficient value varies from 0 to 1. A value of Cronbach's coefficient alpha below 0.6 indicates the low reliability of one particular instrument (Malhotra, 2007).

#### **IV.3.1 Cluster analysis**

'Cluster' can be defined as 'group' or 'segment'. Basically, cluster analysis will produce some groups or segments with different characteristics, which will be interpreted further, according to the objective of the study (Everitt et al., 2001). This analysis begins with an understanding that some particular data actually have considerable resonance among members; therefore, it is possible to classify members that have similarities in one or more than one cluster.

Cluster analysis classifies data into several groups or segments based on homogeneity (similarity between members) and heterogeneity (difference between members). Within the same clusters there will be members who have similar characteristics, while the characteristics of each cluster are different. Cluster analysis is an interdependence technique, which means that there are no independent variables, nor a dependent variable, so there are no definitive models for this analysis.

The similarity between objects can be identified by measuring the distance between them, which can be done using the technique of Euclidean distance (Everitt et al., 2001). Cluster analysis requires standard data, which means that the measurement units for the data should be relatively similar. It is not recommended to run the analysis when, for example, the unit of measurement for one type of data is in thousands or millions, while for the other types it is in



the interval of one to five, since this discrepancy will make it difficult to measure distance among the objects. Therefore the data will need to be standardised before the study can proceed. The data should also comply with the assumption of normality or normal distribution, since it should reflect the actual distribution in the population. Multicollinearity, which occurs when there is a strong correlation (more than 0.5) between variables, should be avoided, by taking out or replacing one of the variables involved.

After standardisation, the tests for normality assumption and multicollinearity, the process can be continued with either of the following methods: non-hierarchical method (K-means clusters) or hierarchical (agglomerative method). Non-hierarchical method starts by determining the number of clusters desired, then the process of clustering is performed without a hierarchy. Hierarchical or agglomerative method starts with grouping two or more objects which have the closest similarities, then moving on to the remaining objects, thus forming a kind of 'tree-like structure,' where there is a clear hierarchy among objects, from the most similar to the least similar (Everitt et al., 2001). The agglomerative method was used for this research because it was a natural approach, and, therefore, the number of clusters was not determined beforehand. This study employed a random sampling technique, where clustering should reflect the distribution of the population.

In the hierarchical or agglomerative method, according to Everitt et al. (2001), the process of clustering includes the following sub-methods: (1) the single linkage method, which classifies, first, the objects that have the smallest distance; (2) the complete linkage method, which classifies, first, the objects which have the greatest distance; (3) the average linkage method, which classifies objects based on the mean distance obtained, starting by calculating all average gaps among objects; (4) the centroid method, where the distance between two clusters is the distance between their two centroids (a centroid is the average distance in a cluster, obtained by calculating the mean on all members of one particular cluster); and (5) Ward's method, where the distance between the two formed clusters is the sum of the squares between them.

Once several clusters are formed, by using one of the above sub-methods of the hierarchical or agglomeration method, the clusters need to be tested to ascertain whether the results are valid. Each cluster can then be labeled to describe its specific contents or characteristics. The final step is performing a detailed interpretation of each cluster, according to related

theories, research objectives, hypotheses, and research questions. Further analysis using other analytical tools can be carried out if needed.

### IV.3.2 Binary logistic analysis

For testing the hypotheses, this study used the binary logistic model. This approach can be used for the data derived from the attitudinal scale, and the dependent variable data need to be categorised as 0 or 1. According to Hosmer and Lemeshow (2000), the model of binary logistic regression, significance tests, and interpretation of coefficient and parameters in the model are as follows:

The model:

$$P(Y=1) = \pi = \frac{e^{\beta_0 + \beta_1 x_1 + \dots + \beta_k x_k}}{1 + e^{\beta_0 + \beta_1 x_1 + \dots + \beta_k x_k}}$$

or

$$P(Y=1) = e^x / (1 + e^x)$$

where

$$x = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k$$

The dependent variable in this binary logistic model represents any measure that coded as either 0 or 1.  $P(Y=1)$  is the probability of a dependent variable of  $Y=1$ .

The significance tests of the model and parameters:

The purpose of these tests is to discover if the model can be used to explain the relationship between the dependent and the independent variables. The tests consist of the entire model test and the test for each parameter.

1. The test for the entire model (G test):

$$H_0 : \beta_1 = \beta_2 = \dots = \beta_p = 0$$

$$H_1 : \text{at least one } \beta_j \neq 0$$

The statistical formula:

$$G = -2 \ln \left[ \frac{\text{likelihood (Model B)}}{\text{likelihood (Model A)}} \right]$$

Model B: The model that consists of a constant only

Model A: The model that consists of all variables

G has chi square distribution at p or  $G \sim \chi^2_{p,2}$ . Ho is rejected when  $G > \chi^2_{\alpha, p}$ ;  $\alpha$  level of significance, therefore the model A is significant at  $\alpha$ .

2. The test for each parameter (Wald test)

Ho :  $\beta_j = 0$  for certain j;  $j= 0,1,\dots,p$

H1 :  $\beta_j \neq 0$

The statistical formula:

$$W_j = \ln \left[ \frac{\hat{\beta}_j}{SE(\hat{\beta}_j)} \right]^2$$

$W_j$  has chi square distribution with at  $W_j \sim \chi^2_{1}$ . Ho is rejected when  $W_j > \chi^2_{\alpha,1}$ ; level of significance, therefore the parameter is significant at  $\alpha$ .

Interpretation of the coefficients in a logistic model is done through odds ratio (risk comparison) or through adjustable probability.

Odds are defined as  $\frac{p_i}{1 - p_i}$

$p$  reflects success probability and  $1-p$  is failed probability. In this binary logistic model, all independent variables are categorical, with two classifications. Coefficients are interpreted by comparing the odds value of one particular parameter with the reference odds value. For example, the two categories are symbolised by 1 and 0, where 0 is used as a reference. The interpretation of the coefficient is a ratio of odds value for 1 against odds value for 0.

The interpretation of odds value in a binary logistic model allows researchers to determine the success probability of one particular attitude or behaviour of respondents, taken overall or within one particular segment. In this study, the probability of respondents having an intention to buy luxury goods is examined.

The next chapter will present the findings from the qualitative research stage (focus groups) regarding the religiosity construct and the informants' criteria for luxury goods.

## **Chapter V**

### **Religiosity and luxury goods from the perspective of young Muslims**

This chapter's discussion of religiosity and luxury goods as seen from the informants' perspective, and the informants' intention regarding the purchase of such items, is based on findings from the focus groups of the qualitative research stage. This discussion of religiosity includes the criteria for religiosity, the question of what inspires religiosity, and religiosity and materialism. The discussion of luxury goods covers the criteria for and categorisation of luxury goods, the good things and the bad things about luxury goods, and luxury goods and materialism, as well as the intention to buy, or not to buy, luxury goods.

All the 40 informants in the eight focus groups were recruited by means of multi-stage random sampling with quota, as explained in Chapter IV. There were two male higher income groups, two female higher income groups, two male lower income groups, and two female lower income groups.

All findings regarding religiosity, luxury goods, materialism, the description of social life in Jakarta, and any related issues presented in this chapter (as well as in Chapter VI) were gleaned from the focus groups and are from the point of view of the informants. The quotes from informants in this thesis were translated from Bahasa Indonesia (Indonesian language) to English by the researcher and checked by the principal supervisor, who is bilingual.

#### **V.1 Religiosity**

The theory of religiosity formed by Stark and Glock (1968) includes four dimensions: affiliation, ritual practice, experience, and consequences. Allport and Ross (1967) developed the construct to measure religious orientation. Strayhorn (Strayhorn et al., 1990) covered the dimensions of self-perceived religiosity, religious awareness, and religious behaviour in his religiosity construct. These theories and/or constructs have been used in many studies for the purposes of measuring religiosity

### **V.1.1 The criteria for religiosity**

Informants referred to various criteria for religiosity and its associated behaviours that can be categorised under three headings: religious knowledge, religious ritual practices, and religious character. These criteria, in an Islamic context and from the informants' point of view, are explained as follows.

Religious knowledge is basically about awareness of the principles of faith in Islam and their implications, such as the tenet that Muslims should believe in Allah as the one and only God, and Muhammad, peace be upon him (pbuh), as the last messenger of God. All Muslims are also obliged to recognise and avoid all conduct that is unlawful in Islam, such as gambling, drinking alcohol, and eating non-*halal* (non-permissible) foods.

Religious ritual practices consist of the mandatory and non-mandatory (additional) daily prayers and fasts, giving alms and donations, and making minor and major pilgrimages, as well as learning and reciting the Qur'an (which is strongly recommended). These ritual practices should be performed simply to obtain God's blessing, not to show off or to camouflage bad character traits or dubious intentions.

Religious character should be reflected in social life in ethical behaviour, in accordance with Islamic ethics. This behaviour should include treating other people with respect, working and doing business with integrity, developing and maintaining social relationships honestly, speaking and behaving politely, avoiding or suppressing envy, and helping people, all without ulterior motives. However, none of the informants spontaneously mentioned 'living a simple life,' or 'spending modestly or wisely,' or other words or phrases that relate to economic resource allocation as being part of a religious character.

Table V.1 below shows a comparison between the constructs of religiosity from the theoretical perspective and from the perspective of the informants.

**Table V.1 Comparison of religiosity dimensions**

Religiosity dimensions constructed Stark and Glock (1968), Allport and Ross (1967), Strayhorn et al. (1990)	Religiosity dimensions from the perspective of informants
<ul style="list-style-type: none"> <li>▪ Religious affiliation is a person’s claim that he or she follows one religion, regardless of whether it is voluntarily or not (Stark and Glock, 1968).</li> <li>▪ Religious orientation is either intrinsic or extrinsic motivation in following or practising the religion. Intrinsic motivation is about matters of inner spirituality, such as developing a good relationship with God, including performing good deeds for the sake of God’s blessing. Extrinsic motivation is more related to one’s worldly or personal agenda, such as doing good deeds in order to gain a better social status or acknowledgement from a specific audience (Allport and Ross, 1967).</li> <li>▪ Religious behaviour is a habit of conducting good deeds and religious ritual practices according to one’s affiliated religion, regardless of the motivation behind the actions (Stark and Glock, 1968; Strayhorn et al., 1990).</li> <li>▪ Religious experience or awareness is one’s feeling about the existence and the role of God in one’s daily life (Stark and Glock, 1968; Strayhorn et al., 1990).</li> <li>▪ Religious consequence is how someone uses religious beliefs and teachings in determining their standpoint, attitude and behaviour towards many things in life, including social issues with a direct or indirect impact on themselves (Stark and Glock, 1968).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Religious knowledge is basically about awareness of the principles of faith in Islam and their implications.</li> <li>▪ Religious ritual practices consist of the mandatory and non-mandatory (additional) daily prayers and fasts, giving alms and donations, and making minor and major pilgrimages, as well as reciting and learning the Qur’an, which is strongly recommended for Muslims.</li> <li>▪ Religious character should be reflected in ethical behaviour in social life in accordance with Islamic ethics.</li> </ul>

The religiosity dimensions constructed by Stark and Glock (1968), Allport and Ross (1967), and Strayhorn et al. (1990) are more complex than those mentioned by the young Muslim informants. However, the informants perceived that religiosity is not only related to knowledge and ritual practices but also to character, which, in turn, is related to the implementation of moral and ethical values from an Islamic, as well as from a universal perspective.

The informants believed that in Indonesia it is not a good thing to be judged as not religious. Affiliation to one religion, from among the official religions (Islam, Catholicism, Protestantism, Buddhism, Hinduism, and Confucianism), is mandated by the state. The informants said that religious affiliation is not a good criterion for judging whether someone

is religious or not, since everyone in the country is required to be affiliated with one of the above religions. All informants agreed that being by being religious a person can gain respect from others in society, and that there is therefore a tendency to show religiosity in a physical way, in the form of religious appearance or religious ritual practice.

According to the informants, religious ritual practice is one important element or dimension in measuring religiosity in Islam, since there are some obligatory ritual practices that apply to every adult Muslim (i.e. praying five times a day, fasting during the holy month of Ramadhan, giving alms, and going on a major pilgrimage, if this possible financially). Failure to carry out these commitments is considered a sin. Even though the informants did not mention the term 'religious orientation,' they said that Muslims may have different motives for conducting these ritual practices. For instance, in a family or a community where everyone is praying and fasting, some people may do so to worship Allah, others just to conform socially, and some may have a mixture of both motives, with one motive dominant over the other.

The dimension of religious consequences can be seen as an indicator of how people follow their religious principles in day-to-day life. The informants saw this as the reflection of religious character, which includes being in agreement with religious guidance concerning various contemporary issues, and conforming with attitudes or behaviours that are approved by religion, and rejecting those which are discouraged. For example, if the religion teaches anti-racism and someone who knows this takes the opposite standpoint, and practises racism in his or her social life, he or she can be considered as non-religious, and as not having a religious character based on this dimension. In this study, the informants saw religious character as playing a part in influencing people to follow religious guidance in their socioeconomic activities.

According to the informants, in Jakarta it is not difficult to be religious in terms of knowledge and ritual practice. There are many sources of knowledge available regarding Islam. All informants claimed that they currently engage in regular activities where they learn more about Islam, including attending Islamic learning groups and reading books that relate to Islamic teachings. For performing religious ritual obligations, there are now sufficient religious facilities, such as prayer rooms, in almost every building in Jakarta, both in business districts and shopping malls. There are government institutions, Islamic banks and charity

organisations, as well as technology, widely available to facilitate the giving of alms. Moreover, non-adherents of Islam in Jakarta are generally perceived as being tolerant to Muslims who need to conduct their religious obligations, such as regular prayers, in their workplaces. Most female informants also said that now there is hardly any workplace discrimination against Muslim women who wear a *hijab* (veil).

Although, according to the informants, there are sufficient facilities and a tolerant environment for conducting Islamic ritual practices or obligations, it is difficult to avoid unethical or unlawful behaviour. They mentioned three main challenges: being honest, avoiding or suppressing envy, and respecting other people. They agreed that being honest has become difficult when they are faced with a 'tradition' of giving and taking 'under the table money' or 'an envelope' in order to get business done, especially in public sectors. A 'commission,' 'fee,' 'gift,' 'kick back,' or even 'lubricant' are some terms they mentioned, which are commonly used for this kind of money. They found it challenging, when on the one hand they wanted to avoid this kind of practice, but on the other hand they could not get things such as licences, permissions, or even payments without giving 'the envelope,' which they believed is considered as bribery both by state laws and from a religious perspective.

The informants admitted that being honest is also a challenge in Jakarta when they see other people's behaviour, and see opportunities for receiving benefits by lying or manipulating facts. Such benefits may include making more profit or gaining compensation from businesses or workplaces by tricking people or treating them unfairly, having days-off or gaining more leisure time by telling their bosses that they are sick or some other lie. The informants also mentioned that it is common for people in Jakarta to put on 'masks'. This means they can masquerade as someone with a higher social status or lie about their education, families, jobs, possessions, wealth, relationships with public figures, and so on, in order to gain respect from others, enter an elite social group, or establish either a business or a personal relationship.

The informants said they knew that it is prohibited in Islam to be jealous of the financial or material status of others, but that sometimes it was hard not to long for the kind of enjoyable life led by the wealthy. They said that only rich people could own luxury cars and properties in prestigious areas, that many good schools and universities can only be accessed by people who are financially powerful, and more importantly, there are privileges and social respect



for people with money, no matter where it has come from. In contrast, there are very limited public services and facilities for people with an average income. Many have to struggle to arrive at their offices on time every day, using unreliable public transportation or motorcycles in very bad traffic. Avoiding or suppressing envy, the informants said, has become difficult, especially given that there are people in the government or parliament who use tax payers' money for furthering their own interests, rather than for improving quality of life for the general public. However, most of the informants believed that a big socioeconomic gap in society is normal, as long as the 'haves' and the 'have nots' understand each other.

It is difficult to be grateful in Jakarta, if we see others at our age and the same capabilities being more successful, having more income and possessing expensive things. It creates envy, but my religion teaches me not to be jealous. (Male, 32, higher income, higher education)

### **V.1.2 What produces religiosity?**

All informants pointed out that besides religious knowledge, religiosity also includes religious ritual practices and religious character. They felt that building religious character or character is the most difficult task, especially in Jakarta where people have become familiar with bad behaviour and a growing tradition of dishonesty and envy, which are in opposition to the values which should belong to and be maintained by someone with a religious character. They said that people can have religious knowledge and perform ritual practice without religious character. They realised that religious character is identified as a trait that should be included in a discussion regarding religiosity. All informants agreed an individual with bad character and/or attitude cannot be categorised as a religious person, even though he or she has a sound religious knowledge and performs religious ritual practices assiduously.

The informants all felt that it is not impossible to develop all aspects of religiosity, even though it is difficult. They believed that in Jakarta there are still devout people who are thoroughly versed in religious knowledge, and conscientious in ritual practices and character. They thought the main factor that produces the thorough religiosity of these people is that they have experienced unfortunate or shocking events, which have made them 'taste the bitterness of life'. This experience has led them to dedicate themselves fully to God. Another factor mentioned by informants is that these people have grown up with the strong and supportive influence of a devout family, or have learned deep religious teachings from a religious educational environment with older members of family (such as parents) or teachers

providing good role models. A third factor identified by informants in achieving religiosity is the belief that it is a gift from God, resulting from a person's persistent efforts to learn and practise religious values and to struggle to overcome any bad attitudes he or she may have.

People who are truly religious in Jakarta are not those religious campaigners who preach for money; they may just be ordinary people who learn and practise religion because they have tasted the bitterness of life. (Male, 29, higher income, lower education)

Life experiences are often very effective in teaching people to become religious. They may be tests or even punishments from God, so people will try to find something to rely on. However, not every person who has had those experiences realises the meaning of them. Some people become more religious because they have committed many sins. Then they suddenly feel a fear of death. (Female, 25, lower income, lower education)

My neighbour used to be a drunk, but as his children grew up, he seemed to realise that he did not want them to be like him, so he changed. He stopped drinking and started going to the mosque frequently. (Female, 34, lower income, lower education)

True religiosity can exist because of a strong education and good examples from a religious family. I personally have a very close friend who is very religious in that aspect. (Male, 30, higher income, higher education)

For people who really struggle to be devout, I believe that God will help them, save them from any problems, and guide them to a good life. (Male, 32, higher income, lower education)

People can turn religious, when they get a 'warning' or 'punishment' from God. But some people are religious because of a good education from their families. (Male, 34, lower income, lower education)

All participants agreed that it is important for a person to achieve religiosity in all its aspects. Most claimed that they are religious, or quite religious, due to their strong belief or knowledge and their practice of most obligatory rituals. They said that the main benefit of becoming religious is the peace of mind it brings. They expected that by being religious they could avoid potential problems or settle problems in their day-to-day lives, both within the family and in the workplace. These problems may be concerned with health, finance, or career, with relationships with other family members, friends, colleagues or bosses, or even with criminality or the bad traffic in Jakarta. In terms of financial matters, participants did not see a clear relationship between being religious and being rich. They said that many people in Jakarta are rich without being religious. However, they expected that if they are religious and make a continuous effort in business or at work, God will always help them to find ways to avoid financial problems.

Religion is important to bring peace of mind in our life. There are many temptations in Jakarta that can ruin our personalities. (Male, 25, higher income, lower education)

Some informants said that by living a religious life or being a religious person they can avoid a materialistic attitude. Religious life, for them, is living life in accordance with Islamic principles, which balance materialism and spirituality.

Religion is also important to protect ourselves from people who try to bring negative aspects to our lives, such as a materialistic attitude. (Male, 28, higher income, higher education)

In Jakarta, 90 per cent of influences are evil. We need religion and we have to be religious if want to have a peaceful life in this situation. (Male, 32, lower income, higher education)

### **V.1.3 Religiosity and a materialistic attitude**

According to the informants, religiosity is one of the factors that can inhibit a materialistic attitude. In order to ascertain their perspectives on religiosity per se, and on its relation to, or impact on, materialism, the researcher asked whether or not they thought a person can be both religious and materialistic. All informants, across eight discussion groups, answered that it is possible for someone to have a sound religious knowledge and ritual practice performance and a materialistic attitude at the same time. Some said that religiosity is a preventative factor that will have an impact in suppressing materialistic attitudes, but religiosity in this case is not only concerned with religious knowledge and ritual practices but also with religious character. Below are some statements from informants concerning religiosity and materialism. They refer to a hypothetical situation where a person regularly conducts religious ritual practices, while at the same time tricking other people in order to obtain financial benefits.

Talking about a good performance of religious ritual practices and a materialistic attitude, I think people can have both. My own friend is an example: on the one hand he cheats many people and gains a large amount of material benefits. On the other hand, he keeps conducting ritual religious practices and donating some of his dirty money. People tend to believe and respect those who have religious appearance and conduct religious ritual practices. (Male, 30, higher income, higher education)

Those can happen at the same time. We see people conduct religious ritual obligations but with a materialistic orientation. Those people may try to create a 'balance' in their life. (Male, 29, higher income, lower education)

There is no harm in people being money oriented. As long as when they struggle for it they do not neglect their religious ritual obligations. (Female, 30, lower income, higher education)

There are people with high religious knowledge, but they use it just for earning money. They claim that they are '*kyai*' [Islamic scholars]; they open healing or other types of

businesses with spiritual elements. Basically they just want money. (Male, 32, higher income, lower education)

I know some religious campaigners who are not willing to teach people or preach if they are not paid the amount they ask for. They may be religious campaigners, but they are materialistic people. (Male, 26, higher income, higher education)

We can see religious preachers who seem to have a full understanding of religious rules, but they will only preach when they get paid and they prioritise the wealthy community. (Female, 25, lower income, lower education)

I do not think those religious campaigners on television are good examples of religious people. They know about religion but they do not always practise what they preach. Moreover, they preach because they get paid. (Female, 27, lower income, higher education)

In doing good deeds or practising religious teachings, people must do them only for the sake of God's blessing. But in Jakarta, everything needs money. Those people who think that they have enough knowledge on religious matters can use it individually in order to get financial benefits, to support their life. (Male, 30, higher income, higher education)

Someone can perform religious ritual practices or behaviour but be materialistic—for instance, if a Muslim woman wears a veil and goes on a pilgrimage, but she also possesses many things to show off, including luxury goods, or even if she does charity in front of others. (Female, 29, higher income, higher education)

Just because a Muslim woman wears a veil, does not necessarily mean she is religious. She may use it for social purposes, such as to be accepted in a community, to gain respect from others or even for business objectives. (Female, 32, higher income, lower education)

Now religion is frequently misused for business or political purposes. We have to be more careful in trusting people who look religious. (Male, 26, lower income, higher education)

In the informants' answers to the question posed above, their definition of religiosity is limited to 'having religious knowledge or belief' and 'conducting ritual practices'. They offer many examples that support this definition, such as people who go on pilgrimages using money gained through bribery, or people who have been found guilty of corruption conducting prayers on regular basis. From these examples, the informants judged that conducting ritual practice does not always eliminate the possibility of engaging in unethical or even unlawful behaviour.

Religious awareness has been identified as being one of the dimensions of religiosity. The informants included this in the concept of religious knowledge. It is described as a feeling of the reality of God's existence, experienced through learning and contemplation or through being punished. Punishment is perceived by the informants as the most powerful motivation

for devoutness in Jakarta. According to Mujib (2007), the Islamic term for the feeling of God's presence in daily life, especially during ritual practices, is '*ihsan*'. Most informants said that they have this feeling very frequently, either as support or approval, when they perform good deeds, or disapproval, when they are about to do something bad or neglect the obligatory rituals. However, most said that even though they felt the existence of God, they found it difficult to develop their religious character in Jakarta, because of various factors (as explained earlier), such as a ubiquitous 'tradition' of giving and taking 'under the table money'.

## **V.2 Luxury goods**

All informants realised that luxury goods are not necessities, and that people can live normally and conveniently without them. But they also agreed that things which are good in terms of quality are not necessarily luxury goods.

### **V.2.1 The criteria for and categories of luxury goods**

Six major criteria for 'luxury goods' were determined by the informants, across all groups. First, luxury goods are expensive. This means that most people on an average income cannot afford to buy them. However, informants said that, in some cases, it is not only people with a high income or a high level of wealth who can buy such goods—some people with just an average income may be able to buy luxury goods, in some categories, by instalment. The second criterion is exclusivity. Certain products can be categorised as 'luxury goods' if they are owned only by a small number of people in a society. These goods should not be for 'everyday' use and should be rare enough to be desired. Best quality and uniqueness are the third and the fourth criteria. Luxury goods are usually specially designed, hand crafted or high precision items made of high quality materials, and are thus superior to ordinary products. Most luxury goods are sold under well known and prestigious brands. In short, the six criteria for luxury goods which were listed are expense, exclusivity, high quality, uniqueness, having a prestigious brand name, and being non-essential.

The various luxury goods mentioned by the informants fall into five major categories: luxury cars and motorbikes (automotive); houses and apartments (exclusive residential property); jewellery; luxury fashion items, including clothes, shoes and accessories such as watches, bags; and luxury electronic gadgets, which are fancy technological devices, including high

end laptops and smartphones. The informants were also asked to determine the minimum prices for goods of each category. This information is presented in Chapter VII, with the quantitative findings.

### **V.2.2 The good things and the bad things about luxury goods**

According to the informants, luxury goods, or branded luxury goods, can have certain positive outcomes for owners, such as an intense experience or satisfaction, owing to their high quality, exclusivity and uniqueness. Some branded luxury goods also reflect prestige and distinguish their owners as being in the top echelon of a social class. For some people, luxury goods are a symbol of social status and success, and help build self-confidence, as they invite respect from other people.

It is very clear that by having luxury goods, people will recognise the owners' social status and they will be respected. (Male, 27, lower income, lower education)

Luxury fashion items, for instance, can give confidence to their users. (Female, 28, higher income, lower education)

It will be easier to find parking spaces for people who drive or use Mercedes Benz sedans. Parking guards or security officers in shopping malls or office buildings will respect and help them. (Male, 30, higher income, higher education)

The positive side of luxury goods is that the owners can have an enjoyable and pleasurable life. However, it might be wasteful spending for those who are not really wealthy. (Female, 34, lower income, lower education)

Luxury goods can elevate our living standard and prestige, but we may more easily get angry if our valuable possessions are harmed. (Female, 25, lower income, lower education)

Some negative aspects of luxury goods ownership are also mentioned by the informants, as they see some owners as having a tendency to show off, be arrogant, undermine other people and make them jealous. On the other hand, it can be argued that, instead of arousing envy, owners of luxury goods may also motivate others to strive for success.

The main positive aspect of luxury goods is satisfaction for the owners. It is a reward for their achievements. However, for those who cannot afford those things, this ownership will create envy and this can be considered the negative aspect. (Female, 29, higher income, higher education)

The negative aspect of having luxury goods is people may talk negatively about the owners, as people may see such things as a result of corrupt behaviour. This is because there have been many cases of corrupt government officials or members of parliament who own luxury goods. But I believe that there are more positive aspects of luxury goods than negative ones, especially in motivating people to work hard and showing that our society has successful wealthy people. (Male, 27, lower income, higher education)

Overall, the informants thought that the positive aspects of luxury goods ownership outweighed the bad ones. In general, they saw these positive and negative aspects from the perspective of an individual, not of society in general.

### **V.2.3 Luxury goods and materialism**

Luxury goods were not commonly perceived by the informants as a symbol of materialism and they did not see the owners as being judged to be materialistic people. They mostly defined materialistic people as those who are opportunistic in achieving their material or financial goals, for example, a woman who wants to own a luxury handbag and therefore looks for a partner who is willing to buy her that bag, or a man who marries a woman for her money. In wider terms, the informants stated that a materialistic attitude is about putting material ownership or money far above other immaterial things such as love or friendship, or seeing any relationship or social interaction as having potential material or financial benefits. More particularly, in obtaining their goals, materialistic people tend to do anything necessary, including using other people and engaging in unethical behaviours.

Materialistic people are not willing to engage in social or love relationships without financial benefits. If so, usually they use others to achieve their financial goals. (Male, 30, higher income, higher education)

Furthermore, a materialistic attitude was seen by all informants as having negative associations and implications. Although they may gain economic benefits from doing so, those people who use other people for the sake of achieving their own material goals will end up being avoided by many people in society. However, informants argued that a money-oriented attitude that encourages people to work harder is not a kind of materialism, since it has a positive effect through increased productivity. They concluded that the people who buy luxury goods using their own money, acquired as a result of their successful businesses or professional careers, are not the materialistic ones.

### **V.3 The intention to buy luxury goods or branded luxury goods**

Almost all informants (37 out of 40) showed enthusiasm when asked to mention any product categories or brands of luxury goods they would like to buy, if money were not an issue. The criteria for luxury goods, including minimum prices of each category, were determined early in each discussion. Across eight discussion groups, the most frequently mentioned luxury goods categories were luxury cars and luxury houses. Most of the informants expressed their strong personal intention of buying luxury cars in the price range of IDR 500 million to IDR

2 billion (AUD 50,000 to AUD 200,000). Toyota Alphard, Mazda CX-8, Ford Ranger, BMW 7 series, Mercedes Benz, Audi, Jaguar, and Ferrari were some of the brands and types of cars they would choose. Some informants said that those luxury cars have become an obsession for them, and they have been searching the internet and going in person to view those particular models, and even going for free test drives at automotive outlets and exhibitions.

When I see people with luxury goods, I am curious as to whether or not someday I will enjoy the ownership of those things. (Male, 26, higher income, higher education)

The informants also had a dream of owning luxury houses, in a price range of IDR 1 billion to IDR 5 billion (AUD 100,000 to AUD 500,000), in exclusive residential areas in greater Jakarta. It was important for them to have a house with enough rooms for the whole family, friends and relatives. The other luxury categories, such as luxury clothes, jewellery and electronic gadgets, were not in such high demand as luxury cars and luxury houses.

Only 3 out of 40 informants (one female and two male) expressed no interest in buying any luxury goods or branded luxury goods. The female informant argued that, even if there is no budget limitation, it is unreasonable to spend an excessive amount of money on things with functions and physical comforts comparable to those of items at a much lower price. She emphasised that people should think logically, not emotionally, when spending their money. The two male informants gave different reasons. Both said that life is unpredictable. There will always be ups and downs, and proper provision should be made for 'a rainy day' and retirement. They preferred to allocate money to inflation-proof items such as land and medium-sized houses, or to accumulating productive, assets such as factories, instead of buying luxury goods. They also said that having luxury goods may weaken a person's character, leaving him or her less able to face life's challenges.

Two major questions were posed with regard to Islamic and ethical perspectives on luxury goods: whether or not luxury goods are prohibited under Islamic laws or norms (this question is related to the perceived religious norms of the informants, with no 'right' or 'wrong' judgment from a theological perspective), and whether owning luxury goods is ethical for Muslims in a city with huge problems of urban poverty. The informants were asked these questions in the latter part of each group discussion, while their intentions in relation to buying luxury goods were explored at an earlier stage in the discussion.



As stated previously, 37 out of 40 informants expressed their willingness to buy luxury goods. The informants explained that, in Islam, becoming rich by working hard or doing business ethically is not only permissible but also an obligation. Rich people have more opportunities to perform charitable deeds where financial support is required, such as looking after orphans and the poor, and building mosques. They can also afford to go on pilgrimages. In view of this response, the moderator then explained that the focus of the question was not about being rich. Rather, it was about whether or not, according to their perception and/or knowledge, luxury goods are prohibited under Islamic laws or norms.

Most of the informants said that Islam allows Muslims to own luxury goods as long as they can buy them legitimately, and that ownership of luxury goods does not contradict Islamic values in general. Some said that the permissibility of ownership, from an Islamic perspective, would depend on one's intention and financial condition, and on the fulfilment of the obligation of giving alms before making the purchase. The intention should not be for showing off and the purchaser should have a solid financial position that enables him or her to pay cash, and not purchase by instalment.

All informants agreed that if Muslims have fulfilled their obligations of giving alms and engaging in charitable activities for the benefit of the poor, then there is no harm in their owning luxury goods if they have enough money to buy such things.

The second question posed, as mentioned above, was whether the informants still wanted to buy luxury goods, given the fact that Jakarta has a complex urban poverty problem as well as a huge social disparity between the rich and the poor. Although they said that, as citizens of Jakarta, they saw miserable facts of poverty and unemployment in everyday life, they did not consider this as a barrier to their owning luxury goods, if they had enough money. Most said that two quite different issues were involved: first, urban poverty, which is caused by many factors, including people's work ethos, and, second, ownership of luxury goods acquired through lawful means, which has nothing to do with the causes of poverty. They said it would be different if someone acquired luxury goods through corruption, because this indirectly causes poverty. But people who accumulate luxury goods as a result of a successful career or business can also be generous, by engaging in charitable or social activities for the benefit of poor people. On the other hand, poor people should see luxury goods ownership as a motivation to improve their lives by working hard.

According to the informants, the city of Jakarta does not provide reliable and comfortable public transportation facilities. Although air-conditioned buses and commuter trains are available, their capacity and frequency are limited when compared with the number of people in greater Jakarta, which also includes the four nearby cities of Bogor, Depok, Tangerang, and Bekasi. Many people who live in those four cities work in Jakarta. Every working day, more than 10 million people flood the city and more than half of them need transportation from one place to another. Jakarta is dominated by roads for privately owned cars, and shopping malls for the higher income group, where convenient pedestrian walks and parks are very limited. It is very common to see people struggling to board or steady themselves in over-crowded buses. The paucity of convenient and reliable public transport facilities leads to an increase in numbers of cars and motorbikes.

According to the participants in this study, people who use public transport and motorbikes in Jakarta, as well as those who rarely visit shopping malls, are mostly perceived as belonging to the masses, the lower class, the group who do not deserve much respect from society. Therefore, the price of a person's car becomes a symbol of his or her purchasing power, and luxury cars are simply the proof of wealth, evidence that their owners have a special social position and belong to the upper socioeconomic group who deserve more respect.

Although the above findings show that most of the informants have a firm intention or even a 'never give up' obsession to own luxury goods, some said that they did not like Muslim religious campaigners who own such items. They also said that they prefer religious and political leaders to be simple and humble. In their opinion, religious campaigners and political leaders, as public servants, should not have money oriented attitudes. If they want to be rich, they should choose to become entrepreneurs or celebrities instead.

According to some informants, religious campaigners should not demand a high fee for their performances, like singers or actors, and political leaders should not use tax payers' money in order to get rich or enjoy luxurious facilities.

Religious campaigners can just use an ordinary car for their profession. Luxury cars are not necessary. But I think the type of car reflects their fees they charge or their high standing. So, by seeing their cars, people would easily know whether or not they could afford to invite them to preach. (Male, 26, lower income, higher education)

If the religious campaigners want to indulge in luxurious living, they should change their profession to become entrepreneurs or entertainers. (Female, 29, higher income, higher education)

I do not agree with the ownership of luxury goods by religious campaigners which can be seen obviously these days. They are public figures, they must live modestly. It is not such a good image for them and Islam. (Male, 30, lower income, lower education)

It is not good for the public if religious campaigners display their luxury goods. They should be more knowledgeable and understand the Islamic standpoint on luxury. They should be a good example of what Islam says about luxury. (Female, 27, lower income, higher education)

Informants who saw nothing wrong with religious campaigners and political leaders owning luxury goods felt it was important to give an impression of the economic strength of Muslims and the government, and that this can be achieved by displaying their ability to purchase luxury goods.

I think luxury goods are important to propagate Islam, so Islam will not be underestimated. (Male, 31, lower income, lower education)

When some people would like to study Islam and they see that the teachers are poor, they may not be interested and they do not want to be like them, so I think being rich is recommended in order to impress people so they can be more attracted to the religion. (Male, 29, higher income, higher education)

I think our leaders should use luxury cars, so the world can see that our country can afford to buy them. Otherwise, they would not be respected. (Male, 29, lower income, lower education)

For the informants, then, religiosity was not only about knowledge and ritual practice but also about having a good character and attitude which reflect the religious and ethical norms they believed in. They believed that ownership of luxury goods does not contradict Islamic values in general, and that this has nothing to do with moral or ethical issues. The socioeconomic gap was seen as a common phenomenon that could occur anywhere. They argued that it is not only in Jakarta and Indonesia that there is a rich–poor divide, but that such differences exist everywhere, and always will. They believed that, from a religious perspective, before buying luxury goods Muslims must first fulfil the almsgiving obligation and make sure the money used buy such items is earned legally. They thought that ownership of luxury goods would not cause any serious problems in society. They said that as long as they can maintain a good relationship with the low income class, by not being arrogant and by sharing some of their income with the poor and participating in social activities, there will not be a problem, even though some people may be envious.

The next chapter will classify and elaborate the reasons behind the intention to buy luxury goods.

## **Chapter VI**

### **The reasons behind the intention to buy luxury goods**

This chapter looks at the reasons Muslims may have for owning luxury goods if money were not an issue and presents a qualitative segmentation of the intenders among the participants (those who have the intention to buy such items) based on their perceptions of religiosity in relation to the ownership of luxury goods. These reasons, which were given by the research participants during discussions in eight focus groups, are used as the basis for the development of hypotheses.

Most of the young people in the focus groups believed that Islam allows Muslims to own luxury goods as long as they can buy them legitimately. Only a few thought that Islam discourages luxury goods ownership. Informants who revealed their intention to buy such things in the earlier part of the discussion, mostly said that they did not want to be judged as being non-religious because of this, because, according to them, this intention does not contradict Islamic values. Those who revealed a really firm intention claimed that luxury goods ownership is clearly not prohibited by Islam, and that Muslims are even encouraged to own such items and use them for propagating Islam. Some informants showed a moderate intention, believing that owning luxury goods is allowed, but a few of them said that it is actually not in line with Islamic teachings on consumption principles or that Islam discourages such ownership. Those who disclosed an intention to purchase are classified as 'intenders' and those who did not are classified as 'non-intenders'.

Among 40 participants in 8 focus groups, there were 37 'intenders' and only three 'non-intenders'. The findings from the focus groups showed no demographic pattern that related to the purchase intention and its levels. Participants who showed a firm or a moderate intention are varied in terms of gender, income, education, and type of job. Following are some examples of 'intenders' and 'non-intenders' and their opinions.

**Table VI.1 The intenders and the non-intenders**

<b>The Intenders</b>	
<p>Rima (not her real name) aged 33, is married with two children, has a Masters in Business degree from an overseas university, is a general manager in a mining company, with a monthly salary of more than IDR 20 million (AUD 2,000). Her religious activities include participating in an Islamic study group twice a week at her office and occasionally in her residential area. She likes reading books as well as searching religious knowledge through the internet.</p>	<p>‘I think owning luxury goods is not a sin. First, I would not do anything involving corruption. Second, I would work very hard to own such things. Third, I would not jeopardise my family’s financial situation and I would like to share some of my wealth with others. Isn’t it beautiful?’</p>
<p>Andy (not his real name) aged 30, is married with one child, has a formal Islamic education background, and a Bachelor degree in law. He is a manager in a financial company, with a monthly income of IDR 10 million (AUD 1,000). His religious activities include a weekly Islamic study group in a mosque in central Jakarta.</p>	<p>‘Talking about luxury goods, it is not good to be lavish in spending, but Islam is democratic, as the Prophet (pbuh) said do not make any difficulties in our religion. So, I see luxury goods in a positive way. For me owning luxury goods will not be a problem as long as I use them in a proper way. I have a shirt which cost IDR 3.2 million (AUD 320) and I have a Rolex watch. I bought them for a special event in my business community. I feel more confident when I wear them. Religious campaigners are humans like us, they are not perfect. There will be pros and cons seeing them having luxury goods, but for me if they want to buy expensive things to support their jobs that will be OK as long as it is not excessive’.</p>
<b>The non-intenders</b>	
<p>Anna (not her real name) aged 27, is married, and has a Bachelor degree in management. She works as a secretary in a private company and her personal monthly income is IDR 6.5 million (AUD 650). Her religious activities include joining in a weekly Islamic study group.</p>	<p>‘Buying luxury goods is such wasteful spending. Buying a watch at the price of millions of rupiah does not make any sense to me. It is better to do, or to buy, something useful with the money’.</p>
<p>Dito (not his real name), aged 26, is single and has a Bachelor degree in economics. He works as a supervisor in the local government’s public transport service. His monthly income is IDR 5 million (AUD 500). His religious activities include reciting the Qur’an regularly at home and in the mosque.</p>	<p>‘I do not have any intention to buy luxury goods, because I have to prepare for when I am old. I also think that it would be hard to enjoy a simple life if we did not have much money anymore, if I had ever enjoyed a luxurious life’.</p>

Two major segments of intenders were delineated, based on informants' perceptions towards the ownership of luxury goods and religiosity, as elicited by the questions: Can a Muslim own luxury goods and feel religious at the same time? Why? What about you as a Muslim? The first segment consisted of those who thought that they could own luxury goods and feel religious at the same time because they believed that this does not contradict principles of religiosity. The members of the second segment were those who wanted to have luxury goods but did not feel that this was compatible with feeling religious. A few members of the second segment thought that their intention to own luxury goods contradicts religiosity. The first segment had the majority membership, as it included 30 out of the total of 37 intenders across the eight focus groups.

### **VI.1 Reasons given by the first segment of intenders**

All members of the first segment said that the main reason for their purchase intention was that they believed that Islam allows Muslims to own luxury goods as long as they can buy them legitimately. Other motives, which also do not contradict Islamic values, according to the members of this segment, were that luxury goods are one source of a family's happiness, and luxury goods are a symbol of success or a reward for a person's achievement. All members in this segment stated the first reason along with the second and/or the third reason. The reasons are elaborated below.

#### **VI.1.1 'Islam allows Muslims to own luxury goods as long as they can buy them legitimately'.**

All intenders gave this reason and considered it as the main one. Citing their religious teachers, they stated that buying luxury goods is only prohibited when Muslims buy them with the intention of showing off. They believed that religious campaigners in Indonesia who own luxury cars do so mainly for the purpose of propagating Islam, especially amongst the upper class. They mentioned the many luxurious properties, goods and facilities to be found in Middle East countries such as Saudi Arabia, Kuwait and UAE, and saw ownership of luxury goods as permissible as long as it is through legal and permissible means. They said that religious norms only allow Muslims to buy luxury goods with money that they have earned legally, and that they should not forget to give some of their wealth to charity, and, more importantly, to give alms. They argued that wealth is a godsend, and owning luxury goods is a right for wealthy Muslims, as long as they do not neglect their religious obligations to the poor.

It is OK for Muslims to own luxury goods in this era, as long as we give alms and donate to charity. (Female, 33, higher income, higher education)

Luxury is definitely not prohibited. See Makkah, there are so many luxurious things there. (Male, 29, higher income, higher education)

Islam does not prohibit luxury good ownership, as we can see on a small or a big pilgrimage. The Masjidil haram [the biggest mosque in the world, located in Makkah, Saudi Arabia], it is luxurious. We, as Muslims, use it for our direction, so luxury things must not be prohibited in Islam. (Male, 29, lower income, lower education)

Luxury goods are allowed. King Solomon, who is one of the 25 prophets mentioned in the Qur'an, was rich and lived in a palace. But in our context, we may need to see our social environment. People who own luxury goods have to share some of their wealth with others, so the poor will pray for them. (Male, 26, higher income, higher education)

Informants referred to the luxurious facilities they have seen in Saudi Arabia, where there are many five star hotels built around the cities of Mecca and Jeddah. They even found various luxury cars and expensive brands of fashion items in those cities. They also said that luxury cars can be used in propagating Islam in the high echelon of society and to show people that Muslims, who are now mostly perceived as having low purchasing power, can also afford to buy such things. The two informants quoted below have had experience in buying luxury fashion items.

If you have, for instance, a luxury watch, use it, but it should be without the intention to show it to others. (Female, 30, higher income, lower education)

We must look for worldly success as if we will live forever, but we also have to remember the hereafter. Extravagant spending is not good, but if such expensive cars, even at the price of IDR 3–4 billion [AUD 300,000–400,000], are required for propagating Islam then it is okay to buy them. (Male, 29, higher income, higher education)

Even though there are many poor people in Jakarta, I think I will just buy whatever I want if money is not an issue. It is not prohibited by religion. I can still give to charity as well. (Female, 25, higher income, lower education)

There is too much media exposure of religious campaigners who own luxury goods in Jakarta. They use their money, which was earned in a legal way, so we cannot judge them for buying such things. It is their own money and the things they buy are a legitimate reward for themselves. (Male, 32, higher income, lower education)

The informants believed that becoming rich through working hard, and buying luxury goods, are permissible in Islam, but it is forbidden for Muslims to use people or trick them when pursuing financial goals. They also said that people must make positive efforts to gain wealth, not just pray and expect it to come.



### **VI.1.2 ‘Luxury goods are one source of a family’s happiness’.**

Informants said that luxury goods offer an enjoyable experience, which augments a family’s happiness. With regard to the impact of luxury goods ownership on society, they argued that as long as the family who owns these luxuries maintains a good relationship in the neighbourhood, there will not be any negative social impact. Therefore, owning luxury goods for the sake of the family’s happiness will not be problematic, even though that family lives in a city which has a great many poor people. They believed that socioeconomic disparity is a common social phenomenon that could happen anywhere, and it should not bar the rich from owning luxury goods, as long as they do not become arrogant and exclusive. By having luxury goods, a rich family can experience a high level of comfort, enjoy life and, at the same time, spread their happiness to their community, in the form of social or charitable activities.

It depends on the need and intention; if a father would like to make his family happy with his own money, then it is up to him to buy luxury goods which will give the whole family an enjoyable experience. (Male, 33, lower income, lower education)

Having a luxurious life and luxury goods in a family will not harm society as long as we do not show off. It is the right of everyone to own anything they want as long as they buy it in a legal way. (Female, 30, higher income, lower education)

Luxury goods are one way to enjoy our life with our family. As long as we buy them with our own money, legally, there will not be a problem. (Male, 31, lower income, lower education)

The ideal situation for my family is when we can own luxury goods and give to charity. Rich people deserve to have luxury goods as long as they do not neglect poor people. (Male, 32, lower income, higher education)

I admire people who have acquired luxury goods through their own efforts. It is totally wrong to have a negative attitude and even hatred towards those people who possess, for example, a luxury car and a nice family. (Female, 32, lower income, lower education)

As long as luxury goods are possessed lawfully by the family and there is no intention to become arrogant or to create envy in society, then it is fine. (Female, 29, lower income, higher education)

Socioeconomic disparities are a common thing, either in Jakarta or anywhere else in Indonesia. I have lived in various regions in Indonesia since I was nine, and there were socioeconomic gaps everywhere. It is about the way we interact with them [the poor]. If we and our families cannot interact well they will see us as arrogant people. (Female, 32, higher income, higher education)

Participants also said that the fulfilment of non-material needs, such as for knowledge and education, is important. However, material things play an important role in supporting the

family's happiness and in the creation of family harmony, and material ownership in the form of luxury goods does not contradict Islamic values in general.

### **VI.1.3 'Luxury goods are a symbol of success or a reward for one's achievements'.**

Informants believed that luxury goods represent success. People who own luxury goods legitimately are also perceived as having a higher social status and are therefore able to act as role models for motivating other people to work hard. The informants argued that luxury goods represent the 'positives' of success, achievement, status, and motivation. They said that instead of being jealous of others, people who want to own luxury goods should put their energy and efforts into achieving them legally, by becoming successful entrepreneurs or business professionals, and thus achieve their dream and also contribute to the economy. Informants defined 'success' as achievements that relate to material improvements or an increase in financial power, for example, the ability to achieve higher positions or bigger salaries in their workplaces, provide funding for their parents to go on pilgrimages or send their children to good universities, and buy better cars and bigger houses. They said that success is about being rich, because by being rich they can have the things they need and want, as well as being able to accomplish more good for other people, such as helping relatives financially, pursuing philanthropic activities and taking care of orphans.

To me being successful means being rich enough to have a car, support my parents financially, sacrifice a cow on Eid-al Adha day, being able to donate to the poor, orphans and help other people. That is what I called 'success'. (Female, 31, higher income, lower education)

I have to have a house and a car. Some criteria of my success are a car and a house at the price of IDR 1–2 billion [AUD 100,000–200,000], as well as some savings at approximately the same value as those things. I will be thinking of it and working to get there. (Male, 27, lower income, higher education)

Success for me means having a good house in Pondok Indah [an elite residence area for wealthy people in Jakarta] and a car with the latest model as well. That's success. (Male, 26, higher income, higher education)

Success for me means having great wealth, it covers everything. (Male, 25, higher income, lower education)

I believe that success covers career and family aspects. In terms of career I want to have a three digit salary per month [more than IDR 100 million or AUD 10,000]. In terms of family, I want to be a good wife and mother, and have a successful husband too, so he can provide me with a good house and cars. I also want a bag that can enhance my social status. (Female, 25, lower income, higher education)

I also want to have a good husband. A good [an Indonesian word for 'good' is '*baik*'] husband is the one who says OK [an Indonesian word for 'OK' is also '*baik*'], when I say I want a house or a car. (Female, 25, lower income, lower education)

'Success' is perceived as being related to luxury goods ownership, in cases where people have worked very hard to accumulate their wealth legally and by their own efforts, through a successful business or professional career, and can then buy things like luxury cars and houses as proof of their achievements. The informants believed that people like this deserve those luxuries and that they are different from those who have merely inherited such things.

In simple words, my impression of those people who own luxury goods is that they are rich and successful. (Female, 33, higher income, higher education)

Luxury goods have become a symbol of long, tough and consistent efforts in one's business or career. Some people may see it as a symbol of arrogance, but it can be an example of hard work to success for others. (Male, 32, higher income, lower education)

I can think of types of people when it comes to wealth and luxury goods as a symbol of success. My brother-in-law sees it as fulfilling all of his family needs and having luxury goods. For him, luxury goods have become 'necessities' for having social interaction in his elite community. The other character is my husband. He has a business but he does not want to follow his brother's way of possessing luxury goods. I see myself, as a woman, not a hypocrite; I want some branded luxury goods like an exclusive bag with Hermes brand. I have one right now, but it is top quality. (Female, 29, higher income, higher education)

As part of having a successful career, I want to have a Mercedes Benz sedan and a bag costing at least IDR 25 million [AUD 2,500]. (Female, 25, higher income, lower education)

I respect people who own luxury goods. They become a sort of motivation for success. (Female, 30, higher income, lower education)

I think positively of people who own luxury goods. Buying such things is not easy. (Male, 30, higher income, higher education)

If someone can buy luxury goods from his or her own efforts, that is called success, but if he or she uses other people to have it, that is materialistic. (Female, 31, higher income, lower education)

Luxury goods can be a sort of motivation. I may say to my children that they must be smart at school, so they can be rich and buy those things. (Female, 34, lower income, lower education)

If there is an opportunity to buy luxury goods legally at our age, why don't we use it? It is not about respect from others. It is because of our success and we only live once. (Female, 25, lower income, lower education)

Being rich and owning luxury goods may not be a symbol of success if it is not obtained by our own effort. Luxury goods are OK as long as we work hard legally to have them. There will not be any negative effects; it motivates other people instead. (Male, 26, higher income, higher education)

The informants said people who have acquired luxury goods legally and through working hard, are worthy of respect, no matter whether they want to show off or not. These people are mostly perceived as being rich and successful, and as having high social status as well as a good social network. According to the informants, being rich, successful, and having good social status (as represented by luxury goods ownership) does not contradict Islamic values. Muslims who own luxury goods but do not neglect their religious ritual obligations, and who can maintain a good relationship with poor people through charitable and social activities, were classified by the informants as Muslims who have a religious character.

## **VI.2 Reasons given by the second segment of intenders**

The members of the second segment were those who wanted to have luxury goods but do not feel religious at the same time. The first motive for the purchase intention is that luxury goods are a means to gain respect in society. This group of participants were unable to fight their desire to own luxury goods, as they saw themselves as normal human beings. They identified globalisation and the media as driving their purchase intention. This segment comprised only seven out of 37 intenders. Each intender gave more than one reason (multiple answers) for his or her stance. The first and second reasons (elaborated below) were given by seven and five informants, respectively, while the third reason was stated by three. Besides the feeling of not being religious when they are intending to buy luxury goods, three informants from this segment also had a feeling of guilt, and believed that Islam discourages luxury goods ownership.

### **VI.2.1 ‘Luxury goods are a means to gain respect in social groups and in society’.**

All informants in this segment thought that there is no place in society for those who are not rich enough or do not possess valuable things. Luxury goods were considered a means for gaining acceptance and respect in society. According to these informants, many government officials, as well as members of the parliament, also own luxury goods, even though they well understand the socioeconomic problems in Indonesia, because they see that luxury goods are important in gaining respect, especially among the members of their social groups.

The informants saw Jakarta as a materialistic society. Friends from school, university and the workplace, as well as future or current families-in-law were included in this materialistic society. They said that it is common in Jakarta, when meeting with old friends at reunions or when having lunch with colleagues, for people to observe the fashion brands and accessories

worn by others, as well as their form of transport. It also frequently happens that people ask about the type of car and the number of properties owned by their prospective sons-in-law or their friends' prospective spouses. According to the informants, a society with this kind of 'tradition' may create enough pressure to make a person materialistic.

Now it is common in Jakarta that a woman or a man will look at the type of transport someone uses before establishing a close relationship with them. Without cars or expensive motorbikes, there will be no close relationship. I think this leads to a materialistic attitude. But sometimes becoming materialistic is a must when it is important for our future development, either in our career or business. (Male, 30, higher income, higher education)

I think most people in Jakarta would like to have a richer husband or wife. Some people definitely set that condition as the main priority, so I tend to say those people are materialistic. (Female, 26, higher income, lower education)

Materialism is bad if there is too much of it. In Jakarta, it is difficult not to be materialistic, because success is about having material possessions anyway. There may be a materialistic attitude in every person, so we have to control it. (Female, 29, higher income, higher education)

When people cannot afford to buy certain things but they strive to buy them ambitiously at all costs, they are materialistic. Compared with ten years ago, people in Jakarta now are more materialistic. (Female, 30, lower income, higher education)

Either rich or poor people can be materialistic in Jakarta. Rich people tend to be stingy and do not want to share or sacrifice a significant amount, while poor people tend to be unrealistic, as they are willing to go into debt just to own unnecessary things. (Female, 32, higher income, lower education)

In Jakarta people will see physical appearances when they get acquainted. Most people here are not sincere, as they judge others mainly based on what they wear. (Male, 26, lower income, lower education)

Luxury goods are important to gain respect because many Indonesians, especially people in Jakarta, like to be perceived as having a high social status or high profile. If their neighbour buys an expensive car, they then tend to buy a more expensive one in order to maintain or improve their status. So we become a good market for various expensive things from abroad. I think the international sellers know our character and preferences. Many expensive products can be sold very well in Indonesia. (Male, 32, higher income, higher education)

The participants of this study believed that materialism had existed in Jakarta for many decades, since this big city accommodates a great number of people involved in business and trading various goods, including those goods that are beyond the affordability of people with an average income, but they thought that the number and proportion of materialistic people in Jakarta has increased, especially after the serious monetary crisis in Indonesia in 1998. They felt that since that time many things have become more expensive as the value of the Indonesian rupiah decreased in relation to the US dollar, while competition in business and

for jobs has become tougher. On the other hand, the temptation to buy branded items, as well as luxury goods, is much greater, as more shopping malls have been built, and goods are aggressively marketed through attractive advertisements and product exhibitions, as well as in media like TV stations and lifestyle magazines. Therefore, according to the informants, many people seem to try to find a short cut to possessing branded goods and luxurious things in order to enjoy a materialistic life, often at the expenses of others.

For me, the social environment, like we face in Jakarta, is the main factor behind a materialistic attitude. If I were rich I would share with others, but our social environment is different now. People want to keep everything for themselves, even though they are rich. So, rich people can also be materialistic, as they want more and more wealth, and keep it all for themselves. (Male, 30, higher income, higher education)

In Jakarta, the economic system and society themselves are materialistic; people who do not have a strong mentality will become corrupted. (Male, 32, higher income, higher education)

Materialistic means everything involves money, or material things in return for effort. That is the attitude many people in Jakarta have. (Female, 30, lower income, higher education)

The number of materialistic people in Jakarta is becoming higher as the number of shopping malls increases. (Female, 26, higher income, lower education)

Materialistic people are now the majority in Jakarta, who stay close when we have money and disappear when we do not. (Female, 29, higher income, higher education)

If people are not materialistic in Jakarta, they may work just to earn enough for their basic needs. (Female, 32, higher income, lower education)

The informants pointed out that in Jakarta it is difficult to avoid materialistic attitudes, and it is not a foregone conclusion, that when people attain a high standard of living they will be less materialistic. On the other hand, they said that people with an average income may have a greater tendency to become materialistic because they do not want to be undermined.

I believe that people who have much surplus will certainly buy luxury goods. They are exposed to those things and there are various events in their community that require a high class appearance. I know those people and their community events. (Female, 32, higher income, lower education)

Participants assumed that everyone has unlimited wants, and people who are unable to control them, when do not have enough the necessary resources to satisfy them, will be easily trapped into acquiring a materialistic attitude. Second, they believed that most people have an inherent tendency to strive to raise their social status above others. By doing so they hope to earn the respect and privileges that they believe will make their lives more enjoyable. Social status, according to the informants, is now reflected in material possessions—the

greater the quantity and the higher the quality of a person's material possessions, the higher their social status. These two internal factors, unlimited desires, and a tendency to want to be better than others in terms of social status, can make people become materialistic, irrespective of the existence and influence of external factors.

The people who wear luxury clothes and accessories and/or drive luxury cars are mostly perceived by the informants as being rich and having high social status. However, the informants noted that it is possible that those people may not be as rich as they appear, since the cars they use may be their company's cars, or they may rent or borrow them, and they may buy expensive accessories, such as luxury bags, by instalment or pick up second hand ones.

In Jakarta, it is common for people to conceal their real character and status in order to achieve their material or financial objectives. This is a kind of materialistic attitude that leads to negative behaviour. (Male, 30, higher income, higher education)

Informants said that this kind of attitude may be necessary in some cases, such as when a person needs to join certain social groups that only take into account prestigious material belongings as a 'ticket' for entry, and when this kind of social group is thought to have an impact on the success of the person's future professional career.

Although, according to the informants, materialism can bring people economic benefits in the short term, it is perceived, both by others and by the materialistic people themselves, as a bad attitude to have, because it encourages the use of other people in achieving material goals, with the attendant risk of losing social trustworthiness.

Being materialistic gives some economic benefits, but there will be no trust from others in one's social life when he or she is identified as having a materialistic attitude. (Female, 26, higher income, lower education)

Materialism means everything is valued by money. But there are positive sides to this, for example, people become more productive and efficient. (Female, 30, lower income, higher education)

All informants saw that it is difficult for people who live in Jakarta to avoid developing a materialistic attitude. However, they agreed that people must control their desire to own things that they cannot afford, and prioritise their needs and wants, as well as manage their expenses wisely. In addition, they should try to establish genuine friendships or relationships, and avoid close relationships with materialistic people.

In Jakarta many people do not have strong purchasing power but they have a big ego and pride, so they do not care about whether their way of owning things is ethical or not. (Male, 30, higher income, higher education)

If we can fulfil all of our needs by our income, there will be little tendency to become materialistic, but when we are far from that income level, the tendency is higher. (Male, 32, higher income, higher education)

I think most people in Jakarta have a tendency to become materialistic, because they do not have enough money to own the things they want. (Male, 26, lower income, lower education)

In big cities like Jakarta, there are many materialistic people. That is why I am always very careful when making friends. I have many friends, but only a few true friends. (Female, 32, higher income, lower education)

Although most of the rich people in Jakarta own luxury goods, the informants in this segment noted that there are some who do not. These people include some traditional, rich families who were born in Jakarta and focus on land and property rather than on luxuries, families who think that education and science are much more important than material belongings, and business people who are more concerned with accumulating productive assets. These groups were identified as having limited social interactions with the elite class. They can, therefore, live in their own way, while some people, who may not be as rich as they are, try very hard to acquire luxury goods in order to be accepted into a higher social level.

### **VI.2.2 ‘There is a natural human desire to own luxury goods ‘.**

The informants in this segment admitted that they have a natural desire to own luxury goods and argued that every normal human being also has this desire. They said that because we only live once, we should enjoy ourselves. They also said that, although Islam discourages a luxurious lifestyle, discouragement is not the same as prohibition. However, they believed that if they owned luxury goods they would not feel religious.

We are humans, we have desires. It is very human to want a luxurious life. In this age, there are vast temptations. We do not live in the age of our Prophet (pbuh). (Female, 29, lower income, higher education)

There are no perfect humans in the world, except the Prophet (pbuh). Muslims should live a simple life, but now the temptation to live in the opposite way is very strong. (Female, 29, higher income, higher education)

I just want to know how to live in a luxury house. It would be very convenient and people would respect me as well. But I know from a *hadith*, being wasteful is the devil's attitude. It could be a sin. I know that I need to control my ego and desires. (Female, 34, lower income, lower education)



The informants admitted that it is difficult for them to overcome the desire to own luxury goods. Besides the inherent enjoyment factor, their desire for luxuries was related to the desire to outdo others in terms of acquisitions, as well as in physical appearance (which can lead to vanity).

### **VI.2.3 ‘Globalisation and the media drive the intention to purchase luxury goods’.**

Three out of 37 intenders, across eight focus groups, said that globalisation and the media have shaped the current lifestyle, which is strongly associated with the consumption of prestigious international brands, and in which these goods are perceived as a kind of modern identity trait. It is this identity, or status, that many people in Indonesia want, in order to be part of a ‘cool,’ modern, global society, and both ethical and unethical methods are employed in pursuit of it. Globalisation has allowed various international brands of luxury goods to become popular, since they are now displayed in almost all the big cities in the world, including Jakarta.

Westernisation and globalisation affect our way of life. People value the western style as a modern life style worth following. Globalisation makes that influence spread everywhere without any filter. (Female, 30, lower income, lower education)

Because of globalisation, we copy what people buy in other countries and tend to buy products with international brand names. (Male, 34, lower income, higher education)

The informants said that lifestyle media, TV programs, advertisements, and lifestyle product exhibitions in a large number of shopping malls in Jakarta, create an awareness of luxury goods and a glamorous lifestyle, regardless of people’s income level. According to the informants, certain exhibitions and popular TV lifestyle programs frequently make very attractive offers in connection with the sale of luxury apartments, cars, and gadgets. They are very creative in their efforts to convince every prospective customer of the need to own such things. The informants agreed that exposure to these offers encourages them to feel that their current possessions are already out of date or no longer sufficient, even though they realise that they do not have enough purchasing power to replace them with the new offers. This feeling may then lead to a purchase intention that they cannot control.

Currently many advertisements and product exhibitions are downgrading our own current possessions. For example, there are exhibitions of new expensive motorbikes with big machine capacity, while we only own and ride a standard motorbike. New products make our own look obsolete. (Male, 29, higher income, lower education)

According to the informants, due to globalisation, it has become easier to find luxury goods in Jakarta. In upper class malls, such as Grand Indonesia, Plaza Indonesia, and Plaza

Senayan, in high profile business districts in Sudirman Street and Thamrin Street, and in elite residential districts like Pondok Indah, it is common to see expensive, branded fashion items and accessories displayed (in exclusive outlets) or worn (mostly by people who drive an expensive car such BMW or Mercedes Benz). They argued that Muslims are 'being pushed' to adjust their lifestyle in this era of globalisation.

### **VI.3 The non-intenders' religious perspective**

Among the 40 participants in the eight focus groups, only three did not have any intention to buy luxury goods. These three saw buying luxury goods as wasteful spending, and believed that it would be hard to enjoy and appreciate the simple life they believed was recommended by Islam, if they indulged in a luxurious lifestyle. Their understanding was that Islam does not recommend luxury goods ownership, and propagates moderation in spending. They argued that the Prophet Muhammad (pbuh) and the other Islamic leaders who lived in His time are the best examples to follow, as they lived a simple life even though they were rich. These informants said that they do not know, exactly, the Qur'anic references that can back up their opinion, but they believed there are some verses in the Qur'an that prohibit Muslims from spending extravagantly. The following are their opinions regarding Islamic teachings which concern a luxurious lifestyle and/or luxury goods ownership.

A female informant (27, lower income, higher education) said:

Islam teaches simplicity and modest living. The luxurious life is not the way of good Muslims. The Prophet (pbuh) did not like things luxurious and excessive. He lived modestly. Religious people are supposed to be humble and modest.

I believe that the Qur'an states that spending lavishly is not allowed. Khadijah, the Prophet's wife, was rich, but she did not build a palace to live in. Being rich is OK, but living a luxurious life is not recommended.

Islam does not encourage luxury goods ownership. If we were wealthy, we should give part of our wealth to the poor and orphans, so money is not supposed to be spent lavishly, for example, buying luxury goods. Religious people understand well what is permissible and what is not, according to the rules of their religion and they obey them. They prioritise the hereafter rather than worldly pleasures.

A male informant (30, lower income, lower education) said:

Luxury goods are not recommended in Islam. To the best of my knowledge, Islam teaches us not to wear luxury clothes for instance. Islam just recommends Muslims wear neat, clean and respectful clothes. Islam recommends simplicity in life.

Islam does not teach people to spend their money wastefully, so Islam does not recommend luxury goods ownership. Islam does not teach Muslims to live a luxurious life or own luxury goods.

A male informant (26, lower income, higher education) said:

To be frank, I have not learned too much about Islamic rules, but to the best of my knowledge, Islam encourages Muslims to live a simple life.

We basically should refer to the character and follow the life style of our Prophet Muhammad (pbuh) who was very modest man.

Regarding social economic disparity, one of the non-intenders gave the following opinion:

If we were to live in a poor neighbourhood, there is a sort of pressure to avoid buying luxury goods, because it would create social economic disparity and disharmony. We believe that, from an Islamic perspective, living a simple life is recommended. However it is a very tough challenge, especially if we were very rich. (Female, 27, lower income, higher education)

Some of the intenders in the second segment agreed with the above arguments, but some other informants from the first segment stated that Islam recommends luxury goods ownership, including the male informant who owned a Rolex watch and bought luxury fashion items. This participant said that Islam is flexible and democratic, so that Muslims can adopt the current modern lifestyle, including owning luxury goods, as long as they are lawfully acquired and not used for unethical purposes. Nearly all informants said that luxury goods ownership does not contradict Islamic values in general, but half of them were unsure whether or not it is encouraged under Islamic law.

Three intenders from the second segment (those who wanted to own luxury goods but felt that they could not feel religious at the same time if they did this), admitted that luxury goods ownership among Muslims does indeed appear to contradict Islamic principles. It was a sort of dilemma for them, as, on the one hand, they had a desire to buy luxury goods, while on the other hand, they were aware of the Islamic recommendation of moderation in spending. They also had feelings of guilt if they bought luxury goods while being part of a society with a vast socioeconomic disparity and while realising that most people in the city are poor.

In Jakarta, there are a huge number of poor people that we see every day, especially those who live in slum areas. I sometimes feel sorry for them, but when I shop I usually forget them. (Female, 31, higher income, lower education)

I sometimes feel guilty when I have bought too many lifestyle things just because I want them. I ask Allah for forgiveness, but I still cannot control myself not to buy more and more things that I know are not really necessary. (Female, 29, higher income, higher education)

I bought an iPhone at the price of IDR 6 million [AUD 600], but I usually only give IDR 2,000–5,000 [AUD 20–50 cents] for charity. It is hard to spare a bigger portion for others. (Male, 29, higher income, lower education)

Two of these informants said that they would like to reconsider their purchase intentions after listening to the non-intenders. They tried to believe that living a simple life, as recommended by Islam (according to the non-intenders), is a more important step in reaching a higher level of religiosity than having material symbols of worldly achievement. These two informants also could not ignore their feelings of guilt. The third one tended to ignore feelings of guilt, as he was very attracted to owning luxury goods, especially luxury cars, due to their high quality, uniqueness, exclusivity, and their prestigious image as a symbol of success. More importantly, he believed that they were important for his social life, especially as a 'ticket' to enter elite social groups in Jakarta.

The non-intenders said that they loved humble and modest political and religious leaders.

I love a leader who lives a simple life, who has a down to earth approach or is willing to see and feel the life of his or her people by him or herself; not those who show off their wealth through a luxurious life and luxury items. (Male, 30, lower income, lower education)

I prefer leaders like Jokowi [the nick name of Joko Widodo, the governor of Jakarta who had won the local election about a month before this discussion, and was running for the presidency at the time this report was being finalised]. He can give us a direct example of a simple life. (Female, 27, lower income, higher education)

Some intenders also showed the same preference as the non-intenders regarding political and religious leaders. However, they stated that this preference would not eliminate their intention to purchase luxury goods, because, they argued, they were not religious campaigners or political leaders who needed to set the people a good example.

At the end of the discussion, all the informants were asked the questions: Can a Muslim eat pork and feel religious at the same time? Why or why not? How about you? Most of the participants answered 'no' to the first question, and explained that eating pork is prohibited by Islamic law. A few of them replied, 'It depends on the situation'. This answer from the majority indicates that if some particular behaviour is perceived to be prohibited by their religion, they would not state an intention to indulge in this behaviour. In the case of luxury goods ownership, the majority (the first segment) believed that Islam allows it, and they did not feel the need to find any external factors as reasons or justifications for their intention to buy these things. They appreciated the experiential and symbolic values of luxury goods and thought that their appreciation of those values does not go against religious norms as they saw them. The second segment (i.e. those who wanted to have luxury goods but did not feel

religious when they bought them) tended to 'blame' external factors, such as a materialistic society and globalisation, as well as their 'human' weakness in not being able to conquer the temptation.

#### **VI.4 Proposed hypotheses**

From the results of the focus groups, it seems that the intention, among young Muslims in Jakarta, to buy luxury goods (if money were not an issue) may be influenced by the following factors:

1. Perceived religious norms: 'Islam allows Muslims to own luxury goods as long as they can buy them legitimately'; 'the ownership of luxury goods does not contradict Islamic values in general'; 'Islam encourages rich Muslims to own luxury goods to draw attention to their economic achievements and thereby motivate others'.
2. Perceived religiosity: According to the intenders, religious persons can own luxury goods, especially for religious purposes, e.g. propagating religion; non-intenders argued that religious persons are supposed to avoid such ownership.
3. Perceived enjoyable experience (which augments a family's happiness) and perceived symbolic values (which are related to success and social status) offered by luxury goods.
4. Perceived influence of social groups (in relation to the respect to be gained from, and as a 'ticket' to enter these groups), as well as the perceived tradition or culture in a society.
5. A materialistic attitude (belonging to an individual who sees luxury goods as a reward for achievement).
6. The desire to own luxury goods (based on informants' assumption that every human being has this desire) that may be related to enjoyment and/or vanity.
7. Perceived globalisation and the influence of the media.
8. Feelings of guilt (concerning luxury goods ownership in a society with a vast socioeconomic disparity).

The next chapters will presents the results of the quantitative survey, among 510 respondents, of the type of luxury goods desired by young Muslims in Jakarta, and the statistics of nominated constructs for empirically testing the proposed hypotheses, which are based on the reasons listed above.

## Chapter VII

### Young Muslims and the luxury goods they wanted to buy

This chapter shows the proportion of young Muslims in Jakarta who have an intention to buy luxury goods, such as houses, cars, motorcycles, watches, and luxury bags, according to the results of the quantitative survey.

Mean scores of two counterpart groups of respondents, based on demographic aspects (e.g. female and male; lower and higher formal education; lower and higher monthly income) are tested with an independent t-test, in order to find the significant difference between them.

The chapter also presents statistics and results from reliability tests regarding respondents' answers or responses to questions or statements related to possible determinants of their intention to purchase, or factors which may influence them to buy luxury goods, such as a materialistic attitude and/or social influence.

#### VII.1. Young Muslims with an intention to buy luxury goods

Assuming that they have purchasing power, young Muslims in Jakarta are definitely potential consumers of luxury goods. This statement is supported by the data assembled through the focus groups and the quantitative survey in this study, where respondents were asked about their intention to buy luxury goods. The results show that only 3 out of 40 informants in the focus groups, and only 37 out of 510 respondents in the quantitative survey did not have an intention to buy luxury goods. This means that the proportion of intenders (those who were willing to buy luxury goods if money were not an issue) was about 93 per cent in both the focus groups and the self-administered questionnaire survey group. As explained in Chapter IV (methodology), the same sampling method was applied in both the qualitative and quantitative stages of the research.

**Table VII.1 Number of intenders**

	Number of participants	Number of intenders	Per cent
Qualitative focus groups	40	37	92.50
Quantitative survey	510	473	92.75

Equal numbers of male and female respondents were recruited for this study. There was no quota for the other criteria. The demographic profiles of respondents in the quantitative survey are as follows:

**Table VII.2 Demographic profiles of respondents**

	N	Per cent
<b>Total</b>	510	100.00
<b>Gender</b>		
Female	255	50.00
Male	255	50.00
<b>Age</b>		
25–29	239	46.86
30–34	271	53.14
<b>Marital status</b>		
Single	171	33.53
Married	339	66.47
<b>Monthly income</b>		
Below IDR 7.5 million	319	62.55
IDR 7.5 million and above	191	37.45
<b>Formal education</b>		
Up to high school	320	62.75
Academy or university	190	37.25
<b>Type of formal education</b>		
Islamic	102	20.00
Non-Islamic	408	80.00

The respondents were asked a series of questions about various things, including possession of credit cards, cars, houses etc. Their responses are presented in the table below.

**Table VII.3 Private/household ownership**

	N	Per cent
Credit cards	162	31.76
Cellular phones	486	95.29
Smartphones	235	46.08
iPhone	27	5.29
iPad	42	8.24
Laptops/Personal computers	340	66.67
Motorcycles	456	89.41
Cars (production year before 2007)	26	5.10
Cars (production year before 2007)	103	20.20
Apartments	5	0.98
Houses (up to 150m <sup>2</sup> )	198	38.82
Houses (more than 150m <sup>2</sup> )	78	15.29

When young Muslims were asked about the type of luxury goods they would like to buy, their answers varied. There was a 6 point scale for measuring answers and the level of intention was represented by a number on this scale: 3 for ‘have some intention to buy; 4 for

‘intend to buy’; and 5 for ‘definitely intend to buy’. Respondents were categorised as ‘intenders’ if they showed an intention to buy at least one type of luxury goods. They could also state other types of luxury goods they would have liked to buy that were not on the list. The 37 respondents who did not want to buy anything from the list, and did not mention any other goods, are grouped as ‘non-intenders’.

**Table VII.4 Number of intenders by type of luxury goods (multiple answers)**

	Total intenders	Per cent	Mean score
Luxury houses	373	73.14	4.49
Luxury cars	372	72.94	4.33
Luxury gadgets/smartphones	340	66.67	4.23
Luxury laptops	302	59.22	4.05
Luxury motorcycles	301	59.02	3.97
Luxury jewellery	253	49.61	3.75
Luxury watches	222	43.53	3.54
Luxury apartments	206	40.39	3.54
Luxury shoes	197	38.63	3.42
Luxury furniture	196	38.43	3.49
Luxury bags/handbags	189	37.06	3.40
Luxury clothes	185	36.27	3.40

This is a list of 12 categories of luxury goods that would be bought by a significant number of respondents if money were not an issue. Some other types of luxury goods, such as private jets, helicopters, and cruises, were also mentioned, but by fewer than 5 respondents. The latter are not included in the quantitative analysis due to the small number of samples.

Respondents were also asked to rank all types of luxury goods which scored 4, 5 or 6 in the question regarding the luxury goods they wanted to buy. They were only allowed to put one type of luxury goods in each rank. The table below shows the first ranked luxury goods only, with their respective number of voters. Luxury houses were the item most frequently chosen (204 respondents), followed by luxury cars (118 respondents).



**Table VII.5 The 1st rank luxury goods chosen by young Muslims**

	Total	Gender		Monthly income		Formal Education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Luxury houses	204	102	102	128	76	129	75
Luxury cars	118	51	67	72	46	69	49
Luxury motorcycles	54	21	33	38	16	39	15
Luxury gadgets/smartphones	27	16	11	22	5	18	9
Luxury apartments	16	12	4	9	7	8	8
Luxury laptops	14	6	8	10	4	9	5
Luxury jewellery	12	7	5	5	7	5	7
Luxury watches	8	4	4	1	7	3	5
Luxury bags/handbags	7	6	1	3	4	3	4
Luxury furniture	6	5	1	3	3	4	2
Luxury clothes	4	2	2	1	3	4	0
Luxury shoes	3	2	1	0	3	3	0
<b>Total intenders</b>	<b>473</b>	<b>234</b>	<b>239</b>	<b>292</b>	<b>181</b>	<b>294</b>	<b>179</b>

According, also, to the results from the eight focus groups that were conducted prior to the quantitative survey, luxury houses and luxury cars were the most wanted items across the groups and were also perceived as symbols of wealth. According to the informants from the focus groups, in Jakarta most people from the middle and upper income groups rely on private cars for their daily transportation, due to insufficiency in the number and frequency of city buses and trains. They also said that because of the high property prices in Jakarta, many people have to live outside the city, where more affordable houses are available. Therefore, owning a good car and a good house in downtown Jakarta would make for a more enjoyable life. Moreover, the informants said that if money were not an issue, they would prefer to own the luxury ones, so they could experience the lifestyle of the wealthy elite in Jakarta.

From the data in the above table, certain types of luxury goods can be seen to be preferred by some demographic groups (i.e. motorcycles are preferred by male groups and handbags by female groups). The following section presents the data regarding the proportion of ‘intenders’ for each luxury category (grouped by gender, monthly income, and formal education) with the results of an independent t-test to show whether intention levels differ

significantly between two groups contrasting in one particular demographic aspect (e.g. male/female) are significantly different. Information given by the respondents regarding their estimates of the prices of certain goods and their preferred brands or locations is also provided. All quotes from research participants in this section are taken from the focus groups.

## **VII.2 Types of luxury goods young Muslims wanted to buy**

The price range of perceived good quality items (non-luxury) and the luxury goods ‘price criteria’ (both of which were derived from the consensus in the focus groups) were compared with the average price of the luxury goods wanted by the respondents. A comparison was also made between several pairs of demographic groups, in order to see whether some particular items were preferred by certain groups.

### **VII.2.1 Luxury houses**

According to the focus groups’ consensus, in the qualitative stage of this study, a house at the price of IDR 1–2 billion (AUD 100,000–200,000) in Jakarta, or located close to Jakarta, was considered to be a good house. The houses owned by most people who live or work in Jakarta were estimated to be worth around IDR 500 million (AUD 50,000), on average. Houses with an asking price of at least IDR 2 billion (AUD 200,000) located close to Jakarta, or at least IDR 3 million (AUD 300,000) in Jakarta, were considered or categorised as luxury by the focus groups’ participants.

I want to buy a very big house in Pondok Indah Jakarta, so I could gather all my family members together for one event. More importantly, owning a house in that location would make me a member of Jakarta’s elite group. (Female, 34, lower income, lower education)

I know that many celebrities and Indonesian government officers and members of the parliament own houses at the value of IDR 10 billion [AUD 1 million], so I think it is normal if I want to possess a luxury house like them. (Male, 28, higher income, lower education)

According to the data from the quantitative survey, 33.51 per cent of the respondents who were ‘luxury house intenders,’ wanted to buy a house worth at least IDR 5 billion (AUD 500,000), while the average estimated price of houses which the intenders would have bought if money were not an issue was IDR 18.1 billion (AUD 1.8 million). Pondok Indah, Kemang, Menteng, Kelapa Gading, and Permata Hijau were the preferred houses locations.

The following tables show the proportion of ‘luxury house intenders’ and the mean scores of their intention, including the independent t-test result by gender, monthly income’ and formal education.

**Table VII.6a The intenders of luxury houses: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Intenders (scale 4–6)	373	179	194	225	148	241	132
Percentage of intenders	73.14	70.20	76.08	70.53	77.49	75.31	69.47
Mean score	4.49	4.43	4.56	4.43	4.59	4.59	4.33

**Table VII.6b The intenders of luxury houses: Independent t-test result**

	Gender		Monthly income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury houses	-.951	.342	-1.466	.143	2.018	.044

The independent t-test result showed that the intention (to purchase luxury houses) of respondents who had had formal education up to high school (M=4.59) was significantly higher than that of those who had graduated from an academy or university (M=4.33), {t(df = 508) = 2.018,  $p < 0.05$ }. Neither the difference in level of intention between the male and female groups, nor that between the lower and higher income groups, was significant.

## VII.2.2 Luxury cars

Young Muslims who participated in the focus groups agreed that a car at a price of IDR 200–300 million (AUD 20,000–30,000) was considered to be a good, safe and reliable one, which would be able to fulfil almost all functional requirements. Toyota Avanza and Daihatsu Xenia models had dominated the roads of Jakarta and Indonesia for the past 10 years and they were currently priced around IDR 150–200 million (AUD 15,000–20,000). The higher income participants of the focus groups categorised cars with a price from IDR 500 million (AUD 50,000) as ‘luxury,’ while the lower income group considered IDR 400 million (AUD 40,000) as the starting price for luxury models. The findings from the quantitative survey indicated that the average estimated price of the cars which would be bought by the intenders (if money were not an issue) was IDR 1.5 billion (AUD 150,000).

I heard a story from my teacher that the Prophet (pbuh) used to have a camel worth 200 dinars. If 1 dinar is equivalent to IDR 2–2.5 million [AUD 200–250], therefore the price is around IDR 400–500 million today [AUD 40,000–50,000]. If I had money, I would buy a car at that price. (Male, 33, lower income, higher education)

The brands of luxury cars respondents wanted to buy included Toyota Alphard, Mercedes Benz, Ferrari, BMW, Hummer, Jaguar, and Lamborghini. The results of the quantitative survey showed that 36.02 per cent of 372 respondents who had an intention to buy luxury cars estimated the price of the cars they wanted to buy at IDR 1 billion (AUD 100,000) upwards.

**Table VII.7a The intenders of luxury cars: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Intenders (scale 4–6)	372	185	187	222	150	231	141
Percentage of intenders	72.94	72.55	73.33	69.59	78.53	72.19	74.21
Mean score	4.33	4.36	4.30	4.21	4.53	4.29	4.39

**Table VII.7b The intenders of luxury cars: Independent t-test result**

	Gender		Monthly income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury cars	.566	.572	-2.804	.004	-.908	.364

Based on the independent t-test, there was no significant difference in intention (to buy luxury cars) between either the male and female groups, or between the lower and higher education groups. This result demonstrated that the higher monthly income group (M=4.53) had a significantly higher intention to buy luxury cars compared to its counterpart, the lower monthly income group (M=4.21), {t(df = 508) = -2.804,  $p < 0.05$ }.

### VII.2.3 Luxury motorcycles

A motorcycle at a price of IDR 15–25 million (AUD 1,500–2,500) million was considered to be a good motorcycle. The motorcycles owned by most people in Jakarta were priced around IDR 10–15 million (AUD 1,000–1,500). Luxury motorcycles were estimated to be worth at least IDR 50 million (AUD 5,000). According to the quantitative survey, the average

estimated price of motorcycles to be bought by the intenders (if money were not an issue was) IDR 257.3 million.

The top three luxury motorcycle brands preferred by intenders of this category were Kawasaki, Harley Davidson, and Ducati. Luxury motorcycles at a price of IDR 100 million (AUD 10,000) or above were desired by 42.52 per cent of these potential purchasers.

**Table VII.8a The intenders of luxury motorcycles: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	301	121	180	202	99	202	99
Percentage of intenders	59.02	47.45	70.59	63.32	51.83	63.13	52.11
Mean score	3.97	3.63	4.31	4.05	3.83	4.06	3.82

**Table VII.8b The intenders of luxury motorcycles: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury motorcycles	-6.064	.000	1.906	.057	1.982	.048

The result from the independent t-test showed that there was a significant difference between the male and female samples in their intention to buy luxury motorcycles  $\{t(df = 508) = -6.064, p < 0.05\}$ , as well as between respondents with lower and higher education  $\{t(df = 508) = 1.982, p < 0.05\}$ . The mean scores indicated that males ( $M=4.31$ ) and respondents with lower education ( $M=4.06$ ) have a significantly higher intention to buy luxury motorcycles than their respective counterparts, i.e. females ( $M=3.63$ ) and respondents with higher education ( $M=3.82$ ).

As explained in Chapter III, some of the types of luxury cars and motorcycles listed above were owned by Islamic religious preachers. For instance, Yusuf Mansyur owned a BMW, Abdullah Gymnastiar a Mercedes Benz, and Jeffry Al Buchori (RIP) a Kawasaki and a Harley Davidson. Some informants in the focus groups said that owning luxury cars and luxury motorcycles is a modern way of propagating Islam, as shown by those preachers. When the respondents were asked to rank their favourite Islamic religious preachers, Jeffry

Al Buchori came first, chosen by 39.76 per cent of respondents, Yusuf Mansyur came third with 9.25 per cent of the vote, and Abdullah Gymnastiar received 3.74 per cent of votes, which put him in eighth place. The detailed findings with regard to preferred Islamic religious preachers in Indonesia, from the perspective of young Muslims who live in Jakarta, will be presented in Chapter VIII.

#### VII.2.4 Luxury gadgets/smartphones

The consensus of participants in the focus groups was that a gadget/smartphone with an IDR 5 million (AUD 5,000) price tag would be categorised as ‘luxury’. On the other hand, they perceived a gadget/smartphone with a value ranging from IDR 1.5–3 million (AUD 150–300) to be a good smartphone in terms of quality and design. In the quantitative survey, 31.18 per cent of the gadget/smartphone intenders wanted to purchase a gadget or a smartphone at a price of IDR 10 million (AUD 1,000) or more, while the average estimated price of the gadgets or smartphones which the intenders would buy (if money were not an issue) was IDR 7.7 million (AUD 770). Most of the intenders wanted the high end variants of Apple, Samsung, Blackberry, and Nokia brands, with full accessories.

**Table VII.9a The intenders of luxury gadgets/smartphones: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	340	169	171	230	110	211	129
Percentage of intenders	66.67	66.27	67.06	72.10	57.59	65.94	67.89
Mean score	4.23	4.24	4.22	4.35	4.04	4.20	4.28

**Table VII.9b The intenders of luxury gadgets/smartphones: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury gadgets /smartphones	.186	.852	2.913	.004	-.744	.457

The independent t-test revealed that there was a significant difference between the higher monthly income group and the lower monthly income group in their intention to buy luxury gadgets/smartphones { $t(df = 508) = 2.913, p < 0.05$ }. The mean scores indicated that the

lower monthly income respondents (M=4.35) had a significantly stronger intention to buy luxury gadgets/smartphones compared to the higher monthly income group (M=4.04).

### VII.2.5 Luxury apartments

The preferred locations for apartments which intenders would have bought, assuming that money were not an issue, included Kuningan (Rasuna Said Street), Pondok Indah, Kemang, Sudirman Central Business District (SCBD), Taman Anggrek, Permata Hijau, and Pakubuwono. Based on the results in the quantitative survey, the average estimated price of desired apartments was IDR 13.8 billion (AUD 1.38 million), and 31.55 per cent of the apartment intenders wanted to buy an apartment worth at least IDR 5 billion (AUD 500,000). The participants in the focus groups agreed that the value of a good apartment in Jakarta ranged from IDR 500 million to 1.5 billion (AUD 50,000–150,000), and apartments with an asking price of more than IDR 2 billion (AUD 200,000) were considered as ‘luxury’.

**Table VII.10a The intenders of luxury apartments: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	206	108	98	112	94	124	82
Percentage of intenders	40.39	42.35	38.43	35.11	49.21	38.75	43.16
Mean score	3.54	3.62	3.46	3.45	3.69	3.57	3.48

**Table VII.10b The intenders of luxury apartments: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury apartments	1.309	.191	-1.923	.055	.681	.496

From the result of the independent t-test, it can be concluded that there was no significant difference between the male and female groups, between the higher and lower monthly income groups, or between the higher and lower formal education groups in their intention to purchase luxury apartments.

## VII.2.6 Luxury laptops

The data from the quantitative survey show that the brands of laptops desired by respondents included Apple, Samsung, Toshiba and Sony. The average estimated price of laptops which the intenders would have purchased (if money were not an issue) was IDR 13.3 million (AUD 1,330), and 30.46 per cent of intenders wanted to buy a laptop with a price tag of IDR 15 million (AUD 1,500) or more. On the other hand, IDR 5–7.5 million (AUD 500–750) was the price range mentioned by the participants in the focus groups for a good quality laptop. They considered that a luxury laptop should be priced at least at IDR 12 million (AUD 1,200).

**Table VII.11a The intenders of luxury laptops: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	302	149	153	197	105	191	111
Percentage of intenders	59.22	58.43	60.00	61.76	54.97	59.69	58.42
Mean score	4.05	4.05	4.04	4.10	3.96	4.06	4.03

**Table VII.11b The Intenders of luxury laptops: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury laptops	.143	.886	1.184	.237	.218	.828

The independent t-test result showed no significant difference (in their intention to buy luxury laptops) between the male and female groups, between the lower and higher monthly income groups, or between the lower and higher formal education groups.

## VII.2.7 Luxury jewellery

According to the consensus of the focus groups in the qualitative stage of this study, a set of jewellery with prices ranging from IDR 5 million to 10 million (AUD 500–1,000) was considered valuable enough for a Muslim or even a Muslim family. A set of jewellery at a price of IDR 25 million or more was categorised as ‘luxury’.



The quantitative survey revealed that 51.38 per cent of the ‘jewellery intenders’ wanted to buy a set of jewellery worth at least IDR 50 million (AUD 5,000), preferably in diamonds. The average estimated price of jewellery sets which intenders would have bought if money were not an issue was IDR 448.3 million (AUD 44,830).

**Table VII.12a The intenders of luxury jewellery: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	253	147	106	154	99	155	98
Percentage of intenders	49.61	57.65	41.57	48.28	51.83	48.44	51.58
Mean score	3.75	4.00	3.50	3.75	3.76	3.78	3.71

**Table VII.12b The Intenders of luxury jewellery: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury jewellery	4.295	.000	-.149	.882	.618	.537

From the results of the independent t-test, it is clear that there was a significant difference between the male and female samples in their intention to purchase luxury jewellery { $t(df = 508) = 4.295, p < 0.05$ }. The mean scores indicated that females ( $M=4.00$ ) had a significantly higher intention to purchase luxury jewellery than did males ( $M=3.50$ ).

## II.2.8 Luxury watches

The brands of watches that the intenders in the quantitative survey liked best included Rolex, Guess, Casio, Gucci, Armani, Tag Heuer, Bvlgari, Cartier, Tissot, Girard Perregeaux, Versace, Jimmy Cho, Louis Vuitton, Prada, and Omega. The results from the quantitative survey showed that the average estimated price of watches which the intenders would have bought (if money were not an issue) was IDR 46.2 million (AUD 4,620), and 18.92 per cent of respondents wanted to buy watches with a price tag of IDR 50 million (AUD 5,000) or more.

On the other hand, young Muslims who participated in the focus groups agreed that a watch at the price of IDR 2 million (AUD 200) was considered to be a good quality watch. The participants categorised watches with a price from IDR 5 million (AUD 500) as luxury items.

The media reported that many members of the parliament, including the leader of an Islamic party, wear luxury watches, such as Rolex, that are worth more than IDR 100 million [AUD 10,000]. They said those are a symbol of their status as government officers. The way I see it, as long as they bought them with their own money, it would not be a problem. (Male, 32, higher income, higher education)

**Table VII.13a The intenders of luxury watches: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	222	112	110	130	92	136	86
Percentage of intenders	30.00	30.20	29.80	27.59	34.03	29.38	31.05
Mean score	3.54	3.56	3.52	3.47	3.66	3.53	3.56

**Table VII.13b The intenders of luxury watches: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury watches	.388	.698	-1.681	.093	-.332	.740

The result from the independent t-test demonstrated that there was no significant difference between male and female respondents, between the groups of higher and lower monthly income earners, or between the groups with higher and lower formal education, in their intention to buy luxury watches.

### VII.2.9 Luxury bags/handbags

A bag or handbag in the price range of IDR 1 to 2 million (AUD 100–200) was considered to be a good bag or handbag, according to the consensus of the informants in the focus groups. Luxury bags/handbags were estimated to be worth at least IDR 10 million. The responses from the quantitative survey showed that the average estimated price of bags/handbags which the intenders would have bought (if money were not an issue) was IDR 25.7 million (AUD 2,570).

The top bag brands preferred by intenders of this category were Louis Vuitton, Gucci, Guess, Hermes, Prada, Chanel, D&G, Versace, and Armani. Luxury bags/handbags with a price of IDR 10 million (AUD 1,000) or more were desired by 36.51 per cent of respondents.

**Table VII.14a The intenders of luxury bags/handbags: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	189	135	54	105	84	118	71
Percentage of intenders	37.06	52.94	21.18	32.92	43.98	36.88	37.37
Mean score	3.40	3.80	3.01	3.28	3.62	3.40	3.41

**Table VII.14b The intenders of bags/handbags: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury bags/handbags	7.406	.000	-2.995	.003	-.019	.985

The independent t-test result showed that the female group ( $M=3.80$ ),  $\{t(df = 508) = 7.406, p < 0.05\}$ , as well as the higher monthly income group ( $M=3.62$ ),  $\{t(df = 508) = -2.995, p < 0.05\}$ , had a greater intention to purchase luxury bags/handbags than their respective counterparts, i.e. the male group ( $M=3.01$ ) and the lower monthly income group ( $M=3.28$ ).

### VII.2.10 Luxury furniture

A set of luxury furniture with a price around IDR 10 million (AUD 1,000) was considered a good one, based on the consensus of the participants in the focus groups. They agreed that a set of furniture with an IDR 20 million (AUD 2,000) price tag would be categorised as 'luxury'. In the quantitative survey, 33.67 per cent of the luxury furniture intenders indicated that they wanted to purchase sets of furniture at a price of IDR 25 million (AUD 2,500) or more. The average estimated price of luxury furniture which the intenders would have bought (if money were not an issue) was IDR 52.8 million (AUD 5,280). The intenders named Da Vinci, Romance, Vicenza, and Valencia as the top luxury furniture brands.

**Table VII.15a The intenders of luxury furniture: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	196	113	83	111	85	114	82
Percentage of intenders	38.43	44.31	32.55	34.80	44.50	35.63	43.16
Mean score	3.49	3.67	3.30	3.39	3.65	3.49	3.48

**Table VII.15b The intenders of luxury furniture: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury furniture	3.558	.000	-2.367	.018	.105	.916

The results from the independent t-test revealed that there was a significant difference between the female and male samples in their intention to buy luxury furniture:  $\{t(df = 508) = 3.558, p < 0.05\}$ . The mean scores indicated that females ( $M=3.67$ ) had a significantly higher level of intention to buy luxury furniture than did males ( $M=3.30$ ). Likewise, the respondents with a higher monthly income ( $M=3.65$ ) had a greater intention to buy luxury furniture than did those with a lower monthly income ( $M=3.39$ ),  $\{t(df = 508) = -2.367, p < 0.05\}$ .

### VII.2.11 Luxury clothes

The brands of luxury clothes and accessories most highly desired by respondents included Armani, Zara, Hermes, Versace, Chanel, Mango, Calvin Klein, Prada, Louis Vuitton, DKNY, D&G, and Tommy Hilfiger. Based on the responses to the quantitative survey, the average estimated price of a set of luxury clothes was IDR 25.5 million (AUD 2,550), and 24.86 per cent of intenders wanted to buy clothes that were worth at least IDR 10 million (AUD 1,000). The participants in the focus groups agreed that the value of good clothes in Jakarta ranged from IDR 250,000 to IDR 1 million per set (AUD 25–100), and clothes with a price of more than IDR 2 million (AUD 200) were considered as ‘luxury’.

**Table VII.16a The intenders of luxury clothes: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	185	115	70	110	75	114	71
Percentage of intenders	36.27	45.10	27.45	34.48	39.27	35.63	37.37
Mean score	3.40	3.59	3.22	3.33	3.53	3.39	3.42

**Table VII.16b The intenders of luxury clothes: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury clothes	3.469	.001	-1.840	.066	-.240	.810

There was a significant difference between the male and female samples in their intention to buy luxury clothes, according to the results from the independent t-test  $\{t(df = 508) = 3.469, p < 0.05\}$ . The mean scores indicated that females ( $M=3.59$ ) had a significantly greater intention to buy luxury clothes than did males ( $M=3.22$ ).

### VII.2.12 Luxury shoes

The results from the quantitative survey showed that brands of shoes desired by respondents included Kickers, Guess, Butchery, Charles & Keith, Louis Vuitton, Armani, Calvin Klein, Prada, Zara, Gucci, Clark, Versace, Hermes, Belly, and Jimmy Cho. The average estimated price of shoes which the intenders wanted to purchase was IDR 5.2 million (AUD 520), and 20.81 per cent of potential purchasers wanted to buy a pair of luxury shoes with a price tag of IDR 10 million (AUD 1,000) or more. On the other hand, IDR 250,000–750,000 (AUD 25–75) was the price range mentioned by the participants in the focus groups for a pair of good quality shoes. They considered that the luxury ones would be worth at least IDR 2.5 million (AUD 250).

**Table VII.17a The intenders of luxury shoes: Proportion and mean scores**

	Total	Gender		Monthly income		Formal education	
		Female	Male	Less than IDR 7.5 million	IDR 7.5 million or more	Up to high school	Academy or university
Total N	510	255	255	319	191	320	190
Scale 4 to 6	197	107	90	119	78	117	80
Percentage of intenders	38.63	41.96	35.29	37.30	40.84	36.56	42.11
Mean score	3.42	3.49	3.35	3.36	3.50	3.38	3.47

**Table VII.17b The intenders of luxury shoes: Independent t-test result**

	Gender		Income		Education	
	t (df=508)	Sig.	t (df=508)	Sig.	t (df=508)	Sig.
Luxury shoes	1.311	.191	-1.249	.212	-.829	.407

The independent t-test result indicated that there was no significant difference (in intention to buy luxury shoes) between the male and female groups, between the higher and lower monthly income groups, or between the higher and lower formal education groups.

### VII.3 Respondents with an Islamic education

One of the demographic variables that has not been covered in the above analyses is type of education. As the country with the biggest Muslim population in the world, Indonesia has many Islamic schools and universities. In this study, respondents were also asked whether or not they had received an Islamic education.

**Table VII.18 Comparison between the intentions of respondents with an Islamic education and those with a non-Islamic education: The independent t-test results**

	t (df=508)	Sig.		t (df=508)	Sig.
Luxury cars	.035	.972	Luxury gadgets/smartphones	1.698	.090
Luxury motorcycles	.613	.540	Luxury laptops	.824	.410
Luxury watches	.176	.860	Luxury furniture	.953	.341
Luxury clothes	.697	.486	Luxury jewellery	2.336	.020
Luxury shoes	.236	.813	Luxury apartments	-1.622	.105
Luxury bags/handbags	-.106	.916	Luxury houses	.832	.406

An independent t-test was carried out to examine the possible mean scores difference between the intention levels of two further groupings of respondents, i.e. those with an

Islamic education and those with a secular education. The results showed that the intention (to buy jewellery) of respondents from Islamic schools or universities ( $M=4.03$ ) was significantly higher than for those from non-Islamic schools ( $M=3.68$ ),  $\{t(df = 508) = 2.336, p < 0.05\}$ .

#### **VII.4 Reasons for the intention to buy luxury goods from the quantitative survey**

In summary, the average estimated prices of luxury goods that respondents wanted to buy were consistently considerably higher than the estimated prices of items which were considered merely as good quality. This showed the respondents' willingness to allocate a large amount of money for reasons not related to quality or function. The reasons given by respondents (in the quantitative survey, through multiple choice answers) for their intention to buy luxury goods included: 'because it is cool' (29.66 per cent); 'the product's brand is famous' (20.97 per cent); 'exclusive and prestigious' (20.34 per cent); 'sophisticated' (17.37 per cent); 'luxurious' (13.98 per cent); 'top quality' (13.35 per cent); 'trendy/stylish' (12.29 per cent); 'elegant' (8.90 per cent); 'durable/long-lasting' (6.36 per cent); 'very expensive' (6.14 per cent); 'comfortable/enjoyable' (4.66 per cent); 'good design' (4.03 per cent); and other reasons, mentioned by less than 4 per cent of the respondents, such as 'unique,' 'modern,' 'made in America,' and 'made in Europe'. Thus, the reasons given by respondents were dominantly related to aspects of the desired items not related to quality and or function.

Certain categories of luxury goods were preferred by respondents from certain demographic groups. For example, luxury houses were preferred by respondents with a formal education up to high school, luxury cars by respondents with higher monthly income, luxury motorcycles by male respondents and those with lower income, luxury gadgets/smartphones by lower monthly income respondents, luxury bags/handbags as well as luxury furniture by females and higher income respondents, and luxury jewellery by females and respondents with an Islamic education.

The results presented in the following section can be used as a reference for the above mentioned demographic groups. It was found that some demographic groups of respondents had a greater intention to buy some particular luxury items than did the other groups, and some demographic groups may be more 'vulnerable' than others.

## **VII.5 Possible determinants of the intention to buy luxury goods**

Purchasing decisions can be a result of rational economic calculation, so that consumers choose products that can provide the greatest quality and functionality in accordance with their preference and budget. This concept is based on the assumption that consumers always try to maximise their satisfaction within their financial limitations, that they have knowledge about alternative sources to meet their needs or wants, and that they always act rationally. However, the aim of examining the concept of consumer behaviour is not only to explain and/or to learn what is to be bought by consumers from an economic point of view, but also to consider cultural, social, personal, and psychological factors affecting their choices (Assauri, 2000; Solomon, 2007; Schiffman and Kanuk, 2007; Jansson-Boyd, 2010).

This study basically focuses on the role of religion, in terms of Islamic religious teachings, in consumption, and religiosity in relation to the intention, among young Indonesian Muslims, to buy luxury goods. It also considers, in depth, the above mentioned factors (e.g. cultural, social, personal, and psychological factors), as possible determinants of this intention. These determinants can be categorised as external or internal factors, as explained below.

The external factors include culture, social class and social group, as well as family. Culture can comprise symbols or complex facts that are passed down from generation to generation, and determines and rules the behaviour of people as members of community.

Social class is a group in a society that is relatively homogenous in economic terms. A social group is a social unity where individuals interact with one another because of the relationship among them. The members of the same social class or social group tend to have the same values, interests, and behaviours. Social class and/or social group can be a reference group for non-members. This means that people who do not belong to the group are inspired by and then identify themselves with the members of the group.

Family is the smallest structure in society which is commonly believed to have significant influence in forming a person's attitudes and behaviours, including those related to consumption and its decision making processes.

Besides the external factors, internal factors also contribute to building the profiles of consumers, and influence their intention to buy and their decision making processes when



purchasing goods or services. Internal factors include internal motivation, observation, learning, character, and attitude.

Motivation is a condition in a person which encourages the individual to carry out a certain act. There are several levels of motivation that can exist in a person, from basic physical need to the realisation of aspiration. Each level of motivation may involve fulfilment through owning or consuming goods.

Observation, in relation to consumption, is a process where consumers notice and interpret various aspects of other people's acts and of social phenomena which influence their perspectives about certain products and services.

Learning is related to changes in behaviour that occur as a result of the experiences of buying and consuming. The learning process usually occurs as a reaction by consumers to their satisfaction or dissatisfaction.

Character is a set of traits that distinguishes one, or one type of, consumer from others. Examples of good character are confidence, humility, and optimism, while dishonesty, arrogance, and sarcasm are examples of bad character. Each person or consumer has several traits that build his or her character, and the individual combination of traits makes every single person's character unique.

Attitude is also an internal factor that influences the intention to buy, or the buying process. Attitude determines how consumers react to specific products or services and their attributes, embedded or not, such as product appearance, advertisements, and endorsements.

In the next section, several possible determinants, or influencing factors, of the intention to buy luxury goods are elaborated and tested. They include materialistic attitude or materialism (Richins and Dawson, 1992), attitude towards luxury goods, and social influence (Hung et. al., 2011), as well as possible determinants which were identified through the focus groups in the qualitative stage of this study, i.e. global life style, national culture, ethnic culture, and family influence.

There are various studies, as mentioned in Chapter III, which explain the influence of economic materialism or a materialistic attitude on luxury goods purchase behaviour. This study adopted the materialism scale developed by Richins and Dawson (1992). This is a 6 point scale on which 4 represents moderate agreement, and 6 represents strong agreement. The mean scores and proportions of those with a score of 4 to 6 on each statement are presented in the table below.

**Table VII.19 Materialism scale**

Item	Mean score	Scale 4–6 (%)
I admire people who own expensive homes, cars, and clothes.	3.63	58.43
Some of the most important achievements in life include acquiring material possessions.	3.86	66.08
I don't place much emphasis on the amount of material objects people own as a sign of success.*	3.95	68.63
The things I own say a lot about how well I'm doing in life.	4.19	74.51
I like to own things that impress people.	3.65	55.1
I don't pay much attention to the material objects other people own.*	3.43	49.22
I usually buy only the things I need.*	2.46	20.00
I try to keep my life simple, as far as possessions are concerned.*	2.69	22.94
The things I own aren't all that important to me.*	3.83	61.96
I enjoy spending money on things that aren't practical.	3.05	33.14
Buying things gives me a lot of pleasure.	3.69	57.84
I like a lot of luxury in my life.	3.46	51.76
I put less emphasis on material things than most people I know.*	3.19	37.06
I have all the things I really need to enjoy life.*	3.28	41.18
My life would be better if I owned certain things I don't have.	3.86	66.27
I wouldn't be any happier if I owned nicer things.*	3.68	54.51
I'd be happier if I could afford to buy more things.	3.64	57.65
It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	3.95	69.41

\*reversed scores

The validity test using factor analysis showed that all the 18 items were valid and the reliability test provided Cronbach's coefficient alpha of 0.73. The overall mean score of the above materialism scale is 3.53 (in a 6 point scale). It cannot be concluded that young Muslims in Jakarta who participated in this survey were materialistic in general, as the mean score did not reach 4 in a 6 point scale. It can only be interpreted that they had a tendency to be materialistic.

Based on the results of the independent t-test, the mean score for materialism of respondents with higher monthly income (M=3.60) is significantly higher than that of respondents with lower monthly income (M=3.48),  $\{t(df = 508) = -2.669, p < 0.05\}$ . There is no significant difference between the male groups (M=3.56) and female groups (M=3.49), between higher education groups (M=3.56) and lower education groups (M=3.50), or between Islamic education groups (M=3.56) and non-Islamic education groups (M=3.51).

Six possible determinants related to attitude towards luxury goods and social influence are adopted from Hung et. al (2011): i.e. functional value, experiential value, symbolic value, social influence, vanity–physical, and vanity–achievement. Following are the mean scores, standard deviations and proportions of those who somewhat agree (a score of 4 on a 6 point scale) to strongly agree (a score of 6) for each statement within each of those six determinants.

**Table VII.20a Function value**

Item	Mean score	Scale 4–6 (%)
The brand's product is designed by an expert.	5.25	100.00
The brand's product has the best quality.	5.23	100.00
The brand's product is sophisticated.	5.13	98.43
The brand's product is superior.	5.02	98.04
All the 4 items were valid. Cronbach's coefficient alpha=0.82		

**Table VII.20b Experiential value**

Item	Mean score	Scale 4–6 (%)
The brand's product is precious.	5.11	98.63
The brand's product is rare.	4.99	96.67
The brand's product is unique.	4.88	91.96
The brand's product is attractive.	5.07	97.45
The brand's product is stunning.	4.88	94.51
All the 5 items were valid. Cronbach's coefficient alpha=0.87		

**Table VII.20c Symbolic value**

Item	Mean score	Scale 4–6 (%)
The brand's product is conspicuous.	5.16	97.84
The brand's product is expensive.	4.89	90.78
The brand's product is for the wealthy.	4.55	80.00
All the 3 items were valid. Cronbach's coefficient alpha=0.81		

**Table VII.20d Social group influence**

Item	Mean score	Scale 4–6 (%)
It is important to know what luxury brands will make a good impression on others.	4.22	69.41
My friends and I tend to have the same wants of luxury brands.	3.49	45.49
It is important to know what kinds of people buy certain luxury brands.	3.64	51.96
It is important to know what others think of people who use certain luxury brands.	3.89	61.37
I tend to pay attention to what luxury brands others are buying.	3.58	52.92
I like to know what branded luxury products make good impressions on others.	3.81	60.00
I tend to actively use or want branded products that are in style.	3.57	51.37
All the 7 items were valid. Cronbachs' coefficient alpha=0.86		

**Table VII.20e Vanity–physical**

Item	Mean score	Scale 4–6 (%)
I place high emphasis on my appearance.	4.72	86.86
My appearance is very important to me.	4.73	86.27
It is important that I look good.	4.77	88.82
I would feel embarrassed if I was around people and did not look my best.	4.20	71.76
I make an effort to look good.	4.82	88.43
All the 5 items were valid. Cronbach's coefficient alpha=0.90		

**Table VII.20f Vanity–achievement**

Item	Mean score	Scale 4–6 (%)
My achievement is highly regarded by others.	3.84	60.98
I want others to look up to me because of my accomplishments.	3.89	60.39
Professional achievements are an obsession with me.	4.45	78.82
Achieving greater success than my peers is important to me.	4.32	76.08
All the 4 items were valid. Cronbach's coefficient alpha=0.86		

The possible determinants of, or factors influencing the intention to buy luxury goods which were identified through the focus groups in the qualitative stage of the study are as follows:

**Table VII.21a Perceived influence of family**

Item	Mean score	Scale 4-6 (%)
My family admire people who own luxury goods.	3.36	47.65
I support my own family's attitude if they admire people who own luxury goods.	3.32	45.49

**Table VII.21b Perceived influence of ethnic culture**

Item	Mean score	Scale 4-6 (%)
The culture of my ethnic group admires people who own luxury goods.	3.31	44.51
I support the culture of my ethnic group if it admires people who own luxury goods.	3.15	35.88

**Table VII.21c Perceived influence of national culture**

Item	Mean score	Scale 4-6 (%)
The Indonesian culture admires people who own luxury goods.	3.69	58.82
I support the Indonesian culture if it does in fact admire people who own luxury goods.	3.32	42.16

**Table VII.21d Perceived influence of global lifestyle**

Item	Mean score	Scale 4-6 (%)
Globalisation promotes a global lifestyle with many international brands of luxury goods through advertisements, films, product displays, exhibitions etc.	4.02	72.94
I would like to enjoy a global lifestyle with many international brands of luxury goods.	3.60	57.06

The external and internal factors that are considered in this study as possible determinants are: materialism: perceptions of function value, experiential value, and symbolic value; social group influence; perception of vanity–physical and vanity–achievement; perceived global lifestyle; national culture; ethnic culture; and family influences. All these variables will be included in the further analyses in the next chapter, along with variables that are related to religiosity, and will be tested against the dependent variable, i.e. the intention to buy luxury goods.

## **Chapter VIII**

### **The relationship between religiosity and the intention to buy luxury goods**

This chapter presents the study's quantitative findings related to religiosity among young Muslims in Jakarta, including religious awareness, behaviour and orientation, as well as perceived Islamic religious norms concerning the ownership of luxury goods. The results include statistics in relation to respondents' claims regarding the execution of obligatory Islamic ritual practices, and statistical tests to examine the mean scores, based on the demographic groupings. For instance, there is a test of the hypothesis that the group of participants with an Islamic education fulfilled their ritual obligations better, in terms of frequency, than did those with a secular education.

The most important findings in this chapter, and indeed in this study, relate to testing and analysis of the hypotheses concerning the relationship between religiosity and the intention to buy luxury goods. Seventeen independent variables in the logistic regression equation, including the perception of functional, experiential, and symbolic values, and social influence, are tested against the dependent variable, which is the intention to buy luxury goods.

As described in chapter II, from the perspectives of the social sciences there are various dimensions of religiosity—for instance, religious knowledge and religious behaviour, which can be measured, respectively, by an understanding of religious principles, and frequency of personal prayer. A religiosity or religiousness construct usually consists of several dimensions. Considering the objective of this study, the nominated constructs discussed in Chapter IV, and the results of qualitative analyses presented in Chapter V, the dimensions of religiosity used for the quantitative analyses in this chapter include self-perceived religiosity, religious awareness, religious behaviour, and ritual practices, as well as religious orientation, and perceived religious norms.

Self-perceived religiosity is a personal feeling about one's religiosity, while religious awareness is about the feeling of God's existence and His role in one's daily life. Religious behaviour is a habit of conducting good deeds, as well as ritual practices, according to the

rules and tenets of one’s affiliated religion; in a Muslim context these include mandatory and non-mandatory (additional) daily prayers and fasts, alms and donations, minor and major pilgrimages, and learning and reciting the Qur’an.

This section presents descriptive statistics and independent t-test results with regard to religiosity as represented by 16 questions/items. There are 12 items adopted from the religiousness construct/scale developed by Strayhorn et al. (1990), including self-perceived religiosity, religious awareness and behaviour. Adjustments were made to some terms in this construct concerning religious literature, places of worship, and alms in order to make them fit into a Muslim context. Four questions relating to Islamic obligatory ritual practices were also added. The table below contains mean scores based on the total of 16 items, while the detailed findings concerning each item are presented afterwards.

**Table VIII.1 Mean scores for religiosity (based on 16 items)**

		Mean score
Intention	Non-intenders	4.42
	Intenders	4.06
Gender	Female	4.15
	Male	4.03
Monthly income	Less than IDR 7.5 million or AUD 750 (lower income group)	4.05
	IDR 7.5 million or more (higher income group)	4.16
Formal education	Up to high school (lower education group)	4.00
	Academy or university (higher education group)	4.23
Type of education	Islamic education	4.16
	Non-Islamic education	4.07
Total		4.09

Based on the reliability tests, Cronbach’s alpha of the religiosity construct consisting of 12 items adopted from Strayhorn et al. (1990) was 0.86, and when the 4 additional items of Islamic obligatory ritual practices were added, the Cronbach’s alpha of the 16 item religiosity construct was even better, at 0.88 (all the 16 items were valid based on the validity test using factor analysis). The overall mean score = 4.09 on a 6 point scale. Therefore, it can be concluded that the young Muslims in Jakarta who participated in this survey are, in general, religious, as the total mean score reached 4 on a 6 point scale (median = 3.5).

Analysis of the mean scores showed that the group of 'non-intenders' had the highest score for religiosity (M=4.42) among all demographic groups, followed by the group of respondents with higher education (M=4.23), the Islamic education group and the higher income group (M=4.16), then by the group of female respondents (M=4.15). The mean scores of these four groups were above the average for the total number of groups.

The subsequent independent t-test result showed that there was a significant difference between the following groups in terms of their religiosity, based on their mean scores for the total 16 items:

- non-intenders (M=4.42) and intenders (M=4.06), { $t(df = 508) = -3.721, p < 0.05$ }
- the higher education group (respondents with academy/university education) (M=4.23) and the lower education group (respondents with formal education up to high school) (M=4.00), { $t(df = 508) = -3.404, p < 0.05$ }.

The mean scores indicated that the group of non-intenders and the group of respondents with higher education were significantly more religious than their respective counterpart groups, i.e. intenders and respondents with lower education. There was no significant difference between the two different gender groups, or between the two different income groups. This kind of result could be used for developing a religious education program especially for the demographic groups which are below the average in terms of mean score for religiosity.

In order to identify the religiosity dimensions which were low in terms of frequency or intensity, as well as under-performing demographic groups, detailed descriptive statistics and independent t-tests on each item were required. All the 16 items of the religiosity construct used in this study yielded optional answers on a 6 point scale. This 6 point scale was also used by Wilkes, Burnett and Howell (1986) in their 4 item religiosity construct. It proved better at avoiding the central tendency which is more likely to occur in a 5 point scale.

Following is the presentation of the results based on the four additional dimensions relating to Islamic obligatory ritual practices.

### **VIII.1 Religious ritual practices**

The respondents were asked questions with regard to Islamic obligatory ritual practices: i.e. performing five times a day ritual prayer (*salat*); fasting in the month of Ramadhan; almsgiving (*zakat*) at the rate of 2.5 per cent of income and/or wealth; and undertaking a



major pilgrimage (*hajj*), or, if there were financial limitations, at least having the intention to do so. The findings are presented in the following four tables.

**Table VIII.2 How frequently do you offer five times a day obligatory ritual prayer (*salat*)?**

	Frequency	Percentage
Very seldom (1)	23	4.51
Seldom (2)	117	22.94
Usually five times daily(3)	117	22.94
Always five times daily (4)	95	18.63
Always 5 times daily and usually I also offer non-obligatory but recommended prayers (5)	97	19.02
Always 5 times daily and I always also offer non-obligatory but recommended prayers (6)	61	11.96
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	253	49.61
Mean score (6 point scale)	3.61	

Only about half of the total number of respondents (49.61 per cent, or 253 out of 510) always offered five times a day obligatory ritual prayer (*salat*). The mean score for *salat* (M=3.61) was lower than the mean score for religiosity for the total number of respondents (M=4.09).

The independent t-test results showed that there was a significant difference between the scores for the following groups:

- Islamic education (M=3.91) and non-Islamic education respondents (M=3.53), {t(df = 508) = 2.412,  $p < 0.05$ }
- Higher education (M=3.84) and lower education respondents (M=3.47), {t(df = 508) = -2.877,  $p < 0.05$ }
- Female (M=3.74) and male respondents (M=3.47) {t(df = 508) = 2.609,  $p < 0.05$ }
- Non-intenders (M=4.11) and intenders (M=3.57), {t(df = 508) = -2.213,  $p < 0.05$ }.

The Islamic education, higher education, female, and non-intender groups performed better than their counterparts in terms of the frequency of offering five times a day obligatory ritual prayer (*salat*).

**Table VIII.3 Do you regularly give alms (*zakat*) in the right amount?**

	Frequency	Percentage
Never (1)	4	0.78
Seldom (2)	56	10.98
Usually less than 2.5 per cent (3)	91	17.84
Usually 2.5 per cent (4)	151	29.61
Always 2.5 per cent (5)	107	20.98
Always 2.5 per cent and promptly (6)	101	19.80
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	359	70.39
Mean score (6-point scale)	4.18	

The mean score for *zakat* (4.18) was higher than that for religiosity. However about 30 per cent of the respondents did not fulfil their almsgiving obligation. The results from the independent t-test indicated that there was no significant difference between male and female respondents, between the higher and lower income groups, between higher and lower formal education groups, or between Islamic and non-Islamic education groups in the matter of almsgiving.

**Table VIII.4 Do you regularly complete fasting in the month of Ramadhan?**

	Frequency	Percentage
Never (1)	9	1.76
Less than one month (2)	114	22.35
Mostly one month (3)	149	29.22
Always complete (including those compensated) (4)	101	19.80
Always complete (including those compensated) and usually also undertake non-obligatory but recommended fasts (5)	80	15.69
Always complete (including those compensated) and always also undertake non-obligatory but recommended fasts (6)	57	11.18
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	238	46.67
Mean score (6 point scale)	3.59	

With regard to fasting in the month of Ramadhan, less than half of the total respondents (46.67 per cent, or 238 out of 510) fulfilled their obligation (including those compensated). The mean score was only 3.59. This result is quite similar to that of five times a day obligatory ritual prayer (*salat*). The independent t-test results revealed that there was a

significant difference between the higher education groups (M=3.96) and the lower education groups (M=3.37), {t(df = 508) = -5.000,  $p < 0.05$ }.

**Table VIII.5 Have you gone on the major pilgrimage (*hajj*)?**

	Frequency	Percentage
I do not feel invited by God to do so. (1)	217	42.55
I have the intention and money but I have not signed up yet. (2)	42	8.24
I went on the minor pilgrimage but I have not signed up for the major one yet. (3)	11	2.16
I have the intention but I do not have enough money to sign up. (4)	235	46.08
I have signed up. (5)	0	0.00
Yes, I have. (6)	5	0.98
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	240	49.22
Mean score (6 point scale)	2.56	

Only Muslims who have the financial capability or who are sponsored can go on the major pilgrimage (*hajj*). In 2013, the cost for *hajj* from Indonesia started at USD 4,000. However, if they have the intention to go on the *hajj*, Muslims can sign up by opening a savings account. It usually takes years for a Muslim to have his or her turn due to the limited *hajj* quota. Even though this survey rated respondents who just had the intention to go on this major pilgrimage (*hajj*) at point 4 in a 6 point scale, the mean score for this item was only 2.56, mainly because a large number of respondents (217 out of 510, or 42.55 per cent) did not have any intention or did not feel invited by God to do so. The independent t-test results demonstrated that there was a significant difference between the Islamic education groups (M=2.89) and the non-Islamic education groups (M=2.47), {t(df = 508) = 2.668,  $p < 0.05$ }.

## VIII.2 Religious behaviour

Besides being questioned regarding Islamic obligatory ritual practices, the respondents were asked about their religious behaviour, which included non-obligatory but recommended actions, such as: studying/reciting the Qur'an; donating money (excluding almsgiving); serving in places of public Islamic worship (e.g. a mosque or *musala* (a small mosque)); serving in religious organisations; performing social responsibilities; attending religious group activities; and praying on various occasions. The following five tables show the results from these questions.

**Table VIII.6 How often do you study/recite the Qur'an?**

	Frequency	Percentage
Never (1)	24	4.71
Seldom (2)	57	11.18
Occasionally (3)	145	28.43
Once a week (4)	89	17.45
2-3 times a week (5)	124	24.31
Every day (6)	71	13.92
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	284	55.69
Mean score (6 point scale)	3.87	

Of 510 respondents, 284 (55.69 per cent) studied/recited the Qur'an privately at least once a week, while 71 (13.12 per cent) performed this recommended religious ritual every day. The mean score for this item ( $M=3.87$ ) was still below 4. The independent t-test results indicated that there was a significant difference between the non-intenders and the intenders  $\{t(df = 508) = -2.054, p < 0.05\}$  in their habits of studying or reciting the Qur'an. The mean scores showed that the intenders ( $M=3.84$ ) studied or recited the Qur'an significantly less frequently than did the non-intenders ( $M=4.32$ ).

**Table VIII.7 How much of your income do you spend per year for donations (excluding zakat)?**

	Frequency	Percentage
A very small amount (usually small change) (1)	28	5.49
About 1 per cent (2)	32	6.27
More than 1 per cent but less than 2.5 per cent (3)	101	19.80
About 2.5 per cent (4)	274	53.73
More than 2.5 per cent but less than 5 per cent (5)	55	10.78
5 per cent or more (6)	20	3.92
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	349	68.43
Mean score (6 point scale)	3.70	

Regarding the proportion of their income that respondents gave per year in donations, 68.43 per cent of respondents said that they donated about 2.5 per cent of their income or more. The independent t-test results showed that there was a significant difference between the following groups:

- Female ( $M=3.83$ ) and male respondents ( $M=3.57$ ),  $\{t(df = 508) = 2.781, p < 0.05\}$

- Respondents who had a monthly income of less than IDR 7.5 million (AUD 750) (the lower income group) (M=3.89) and respondents with a monthly income of IDR 7.5 million or more (the higher income group) (M=3.58), {t(df = 508) = -3.332,  $p < 0.05$ }
- The higher education group (M=3.92) and the lower education group (M=3.57) {t(df = 508) = -3.768,  $p < 0.05$ }

The mean scores indicated that the female, lower income, and higher education groups gave a significantly higher percentage of their income in donations than did their respective counterpart groups, i.e. the male, higher income, and lower education groups. It is interesting to note from the data and the independent t-test results that, in terms of the proportion of income respondents donated per year, the respondents with a lower income were more generous than those with a higher income.

**Table VIII.8 How often do you serve in a mosque/*musala* or religious organisation or perform social responsibilities in a year?**

	Frequency	Percentage
Never (1)	40	7.84
Once (2)	86	16.86
2–3 times a year (3)	99	19.41
4–6 times a year (4)	48	9.41
Once a month (5)	174	34.12
More than once a month (6)	63	12.35
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	285	55.88
Mean score (6 point scale)	3.82	

According to the above data, about 46 per cent of the respondents served in a mosque/*musala* or in other religious organisations, or performed other social responsibilities at least once a month. The independent t-test results revealed that there was a significant difference between the lower income group of respondents (M=4.07) and the higher income group (M=3.67). In this case {t(df = 508) = -2.939,  $p < 0.05$ }, indicating that the respondents with lower income performed this particular religious obligation more frequently than did the higher income respondents.

**Table VIII.9 How often have you attended religious group activities during the past year?**

	Frequency	Percentage
Never (1)	32	6.27
Once (2)	60	11.76
2–3 times (3)	101	19.80
4–6 times (4)	54	10.59
Once a month (5)	171	33.53
More than once a month (6)	92	18.04
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	317	62.16
Mean score (6 point scale)	4.07	

In this survey, the mean score for religious group activities attendance was 4.07. This figure is very close to the total religiosity mean score, which was 4.09. About half of the total number of respondents attended religious group activities at least once a month (263 out of 510 respondents, or 51.57 per cent). The results from the independent t-test demonstrated that there was no significant difference between the male and female groups of respondents, between the higher and lower monthly income groups, between the higher and lower formal education groups, or between the Islamic and non-Islamic education groups, regarding their attendance at religious group activities.

**Table VIII.10 Other than mealtimes, how often, on average, do you pray to God privately?**

	Frequency	Percentage
Very seldom (1)	1	0.20
Seldom (2)	24	4.71
Occasionally (3)	88	17.25
Once a day (4)	120	23.53
2–3 times a day (5)	110	21.57
More than 3 times a day (6)	167	32.75
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	397	77.84
Mean score (6 point scale)	4.60	

In answer to the question concerning how often (if at all) they performed prayers, apart from at mealtimes, 77.84 per cent of the respondents said they prayed to God privately at least once a day, on average. The results from the independent t-test indicated that there was a significant difference between the performances of the non-intenders and the intenders  $\{t(df = 508) = -2.483, p < 0.05\}$ . This same significant difference occurred between the lower and higher groups  $\{t(df = 508) = -2.918, p < 0.05\}$ . The mean scores indicated that the non-

intenders (M=4.95) prayed significantly more frequently than did the intenders (M=4.57), while the respondents with lower education (M=4.48) prayed less frequently than the respondents with higher education (M=4.81).

### VIII.3 Self-perceived religiosity

One of the dimensions of religiosity in the construct adopted for this study was self-perceived religiosity. In this dimension, respondents were asked to assess themselves with regard to their religiosity, which included a self-assessment of their religiosity overall and their consciousness of some religious goal or purpose in life, as well as the nature of their relationship with God. The results are presented in the three tables below.

**Table VIII.11 How religious would you say you are?**

	Frequency	Percentage
Not religious at all (1)	2	0.39
Not religious (2)	27	5.29
Not very religious (3)	109	21.37
Quite religious (4)	178	34.90
Religious (5)	167	32.75
Very religious (6)	27	5.29
Total	510	100.00
Scale 4 to 6	372	72.94
Mean score (6 point scale)	4.10	

When respondents were asked to assess their own religiosity, 72.94 per cent assessed themselves as quite religious, religious, or very religious. This percentage was higher than the percentages for respondents who, in terms of frequency at least, fulfilled the two Islamic obligatory ritual practices of five times a day obligatory ritual prayer (*salat*) (49.61 per cent), and fasting in the month of Ramadhan (46.67 per cent). This discrepancy indicates that 23 to 26 per cent of young Muslims in this survey might have claimed that they were, at least, quite religious, without having properly fulfilling those two obligations. On the other hand, only 38.04 per cent of the respondents claimed that they were either religious or very religious. This percentage is lower than that for the above two items of Islamic obligatory ritual practice. From this it can be deduced that 9 per cent to 12 per cent of respondents fulfilled those two obligations properly without claiming themselves to be religious or very religious Muslims.

The results from the independent t-test showed that there was a significant difference between the non-intenders and the intenders in the level of their self-perceived religiosity { $t(df = 508) = -2.103, p < 0.05$ }. There was a significant difference, also, between the lower and higher income groups of respondents { $t(df = 508) = -2.449, p < 0.05$ }. The mean scores indicated that the non-intenders ( $M=4.43$ ) and the respondents with lower income ( $M=4.24$ ) had a significantly higher self-perception of their religiosity, overall, than did their respective counterparts, i.e. the intenders ( $M=4.08$ ) and the respondents with higher income ( $M=4.02$ ).

**Table VIII.12 To what extent are you conscious of some religious goal or purpose that serves to give direction to your life?**

	Frequency	Percentage
To a very small extent (1)	3	0.59
To a small extent (2)	12	2.35
To a moderate extent (3)	55	10.78
To quite a large extent (4)	126	24.71
To a large extent (5)	213	41.76
To a very large extent (6)	101	19.80
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	440	86.27
Mean score (6 point scale)	4.64	

The above table shows that 61.56 per cent of respondents considered that they were conscious of some religious goal or purpose to either a large or very large extent. The larger the consciousness, the higher the perception of being religious. The independent t-test results showed that, in this awareness, there was a significant difference between non-intenders ( $M=5.00$ ) and intenders ( $M=4.61$ ), { $t(df = 508) = -2.262, p < 0.05$ }.

**Table VIII.13 How would you describe the nature of your relationship with God?**

	Frequency	Percentage
Very distant relationship (1)	2	0.39
Distant relationship (2)	6	1.18
Slight relationship (3)	48	9.41
Quite close relationship (4)	151	29.61
Close relationship (5)	229	44.90
Very close relationship (6)	74	14.51
<b>Total</b>	<b>510</b>	<b>100.00</b>
Scale 4 to 6	454	89.02
Mean score (6 point scale)	4.61	



Almost 60 per cent of the total respondents answered that they have either a close or very close relationship with God. The independent t-test result showed that there was a significant difference between the following groups:

- Non intenders (M=4.89) and intenders (M=4.59), {t(df = 508) = -2.268,  $p < 0.05$ }
- Lower income (M=4.74) and higher income respondents (M=4.53), {t(df = 508) = -2.583,  $p < 0.05$ }

#### VIII.4 Religious awareness

This dimension is mainly related to people’s individual awareness of the presence of God and His role in their day to day lives. Unlike the other religiosity dimensions, which had various optional answers, but only a single item, the dimension of religiosity awareness consists of four items, and had the same answer options for each of these items, i.e. 1 (very seldom), 2 (seldom), 3 (occasionally), 4 (quite often), 5 (often), and 6 (very often). In the presentation of the results, the four items are summarised.

**Table VIII.14 Religious awareness**

	Mean score	Scale 4–6 (%)
When you are tempted to do something wrong, how often do you ask God for strength to do the right thing?	4.77	85.49
When you have decisions to make in your everyday life, how often do you ask yourself what God would want you to do?	4.92	87.65
How often do you experience God’s approval for some good act you have done?	4.42	77.84
How often do you experience God’s disapproval for some undesirable act you have done?	3.96	63.53
Mean score (6 point scale) of 4 items	4.52	

Respondents were offered a choice between two statements related to God’s approval or disapproval. In general, respondents stated that they experienced God’s disapproval less frequently than God’s approval. In other words, they perceived that they performed more good acts than undesirable acts. The other two statements related to asking God for strength and direction. More than 85 per cent of the respondents requested these things ‘quite often,’ ‘often,’ or ‘very often’. It follows that most respondents felt aware that God had the power to grant this support and that they could rely on Him. The independent t-test result indicated a significant difference between the groups of:

- Non intenders (M=5.06) and intenders (M=4.47), {t(df = 508) = -3.865,  $p < 0.05$ }
- Female (M=4.62) and male respondents (M=4.41), {t(df = 508) = 2.614,  $p < 0.05$ }
- Respondents with higher education (M=4.65) and respondents with lower education (M=4.44), {t(df = 508) = -2.526,  $p < 0.05$ }

In summary, the dimension of religious ritual practice had relatively lower mean scores overall, while the mean scores for self-perceived religiosity and religious awareness were higher. Religious behaviour mean scores in general were not as high as those for the dimensions of self-perceived religiosity and religious awareness, but were still higher than those for religious ritual practices. This indicated that the self-assessment of the young Muslims in the study as religious persons might have been based mainly on their perception and awareness, while their performance of ritual practices and religious behaviour still lagged behind the two former dimensions. However, some groups performed better than others in religious ritual practices and religious behaviour. These included the higher education, the lower income, and, especially, the non-intender groups.

Of 510 respondents to the questionnaire, 102 (20 per cent) had studied in Islamic schools or universities and 408 (80 per cent) had a general non-Islamic based secular educational background. Besides formal education and studying the Qur'an privately, the respondents used some other sources for studying or seeking information related to Islam, as shown in the table below.

**Table VIII.15 Sources for studying or seeking information related to Islam (excluding formal education and studying the Qur'an privately) (multiple answers)**

	Frequency	Percentage
TV stations	292	57.25
Islamic study groups	212	41.57
Private teachers ( <i>ustadz</i> )	178	34.90
Books/journals	75	14.71
The internet	68	13.33
Magazines/tabloids/newspapers	61	11.96
Radio stations	30	5.88

Almost 60 per cent of the respondents chose TV stations as additional sources of information. Since the vast majority of TV viewers in Indonesia are Muslim, various TV programs with

Islamic religious content have been created, such as religious preaching, soap operas, and various religion based programs for entertainment and education. Most of the favourite religious preachers chosen by respondents in this survey were those who frequently appear on television.

**Table VIII.16 Favourite religious preachers**

		Frequency	Percentage
1	Jeffry Al Buchori (RIP)	202	39.61
2	Mamah Dede	58	11.37
3	Yusuf Mansyur	47	9.22
4	Arifin Ilham	39	7.65
5	Zainuddin MZ (RIP)	33	6.47
6	Maulana	27	5.29
7	Quraish Shihab	21	4.12
8	Abdullah Gymnastiar	19	3.73
9	Habib Munzir Al Musawa (RIP)	16	3.14
10	Soleh Mahmud	11	2.16
11	Buya Hamka (RIP)	8	1.57
12	Felix Siauw	5	0.98
13	Wijayanto	5	0.98

Jeffry Al Buchori (RIP) was the favourite religious preacher chosen by 40 per cent (202) of the 510 young Muslims in Jakarta who participated in this survey. He was also known as ‘Uje’ (*ustadz* Jeffry). The term ‘*ustadz*’ means a male Islamic religious teacher or preacher (the feminine form is ‘*ustadzah*’), from the Arabic word for ‘teacher’. Jeffry was famous, especially among the generation of young Muslims, due to his frequent appearances on Indonesian television, and for his lifestyle, which included his hobby of collecting expensive motorcycles, such as Harley Davidsons (merdeka.com, 29 April 2013). He died in a traffic accident on 26 April 2013, while riding his 650cc Kawasaki ER-6N motorcycle (tempo.co, 26 April 2013) in Pondok Indah, one of the elite areas of Jakarta. As stated in Chapter III, some of the religious preachers in the above table were known to own luxury motorcycles and luxury cars. The results of the quantitative survey showed that 64.71 per cent of respondents agreed with the statement: ‘It is good if rich Islamic religious preachers own luxury goods, because they are beneficial for propagating Islam’ (M=3.82 on 6 point scale).

### VIII.5 Religious orientation

The construct of religious orientation was adopted from Allport and Ross (1967) and Essoo and Dibb (2004), with some alterations to the statements made by Muhammad to fit a Muslim context (Muhammad and Mizerski, 2010). Religious orientation is divided into two, i.e. intrinsic orientation or motivation, and extrinsic orientation or motivation. The former is about matters of inner spirituality, such as developing a good relationship with God, which includes performing good deeds for the sake of gaining God's blessing. The latter is more related to worldly or personal agenda, such as doing good deeds to achieve a better social status or acknowledgement from a specific audience. The results from the questionnaire are as follows:

**Table VIII.17 Intrinsic religious orientation**

Items	Mean score	Scale 4–6 (%)
I read literature about the Muslim faith.	4.53	89.02
Religion is especially important to me because it answers many questions about the meaning of life.	5.22	97.84
If I were to join a mosque group, I would prefer to join a Qur'an study group rather than another social fellowship.	3.84	64.71
The prayers that I say when I am alone carry as much meaning and personal emotion as those said by me during services.	4.51	83.92
I try hard to carry my religion over into all my other dealings in life.	4.96	96.08
If not prevented by unavoidable circumstances in life, I attend the mosque.	4.56	87.84
It is important to me to spend periods of time in private religious thought and meditation.	4.68	89.80
Quite often, I have been keenly aware of the presence of Allah.	5.27	97.84
My religious beliefs are what really lie behind my whole approach to life.	5.29	98.43

Based on the reliability test, Cronbach's coefficient alpha of the intrinsic religious orientation scale was 0.74. The validity test using factor analysis confirmed that all items in the above scale were valid.

**Table VIII.18 Extrinsic religious orientation**

	Mean score	Scale 4–6 (%)
The purpose of prayer is to secure a happy and peaceful life.	5.22	95.69
I pray chiefly because I have been taught to pray.	4.84	85.49
A primary reason for my interest in religion is that attending my mosque is a congenial social activity.	4.26	75.88
One reason for my being a mosque member is that such membership helps to establish a person in a community.	3.94	66.67
Occasionally I find it necessary to compromise my religious beliefs in order to protect my social and economic wellbeing.	3.76	61.37
Although I am a religious person, I refuse to let religious considerations influence my everyday affairs.	3.14	41.76
What religion offers me the most is comfort when sorrow and misfortune strike.	5.21	94.71
The mosque is most important as a place to formulate good social relationships.	5.03	94.51
The primary purpose of prayer is to gain relief and protection.	5.30	95.69
Although I believe in my religion, I feel there are many more important things in my life.	3.51	51.18
It does not matter so much what I believe so long as I lead a moral life.	3.83	59.41

All items in the extrinsic religious orientation scale were valid according to the validity test using factor analysis. The reliability test provided Cronbach’s coefficient alpha of 0.79.

This research used the original statements classification of intrinsic and extrinsic motives which was developed by Allport and Ross (1967) and altered by Muhammad (2008) to fit a Muslim context. The construct is valid and reliable based on the statistical tests in the previous studies as well as in this research (Cronbach’s coefficient alpha were 0.74 and 0.79 for the intrinsic and extrinsic religious orientation scales respectively). Therefore, no statements from both intrinsic and extrinsic groups should be taken out, altered or reclassified and re-tested.

Of 510 respondents, 132 (25.88 per cent) had a mean score for extrinsic religious orientation higher than that for intrinsic religious orientation. With reference to the theory developed by Allport and Ross (1967), this indicates that those 132 respondents focused more on worldly or personal agenda than on matters of spirituality. Following are the mean scores for religious orientation by group of respondents:

**Table VIII.19 Religious orientation by group of respondents**

		Mean score	
		Intrinsic religious orientation	Extrinsic religious orientation
Intention	Non-intenders	4.81	4.34
	Intenders	4.76	4.37
Gender	Female	4.76	4.36
	Male	4.77	4.37
Monthly income	Less than 7.5 million	4.75	4.34
	7.5 million or more	4.79	4.41
Formal education	Up to high school	4.73	4.37
	Academy or university	4.82	4.36
Type of education	Islamic	4.82	4.34
	Non-Islamic	4.75	4.37

A comparison of each group's mean score for intrinsic religious orientation with that for extrinsic religious orientation showed that all of the above groups focused more on spiritual matters than on worldly or personal matters, i.e. their intrinsic religious orientation mean scores were higher than those for extrinsic religious orientation. No demographic pattern was found with regard to the 132 respondents who tended to be more extrinsic in terms of their religious orientation.

### **VIII.6 Perceived religious norms**

Perceived religious norms are related to religious consequences (Stark and Glock, 1968), focusing on how a person uses religious beliefs and teachings in determining his or her attitudes and behaviour in life. The perceived religious norms relevant to this study were the beliefs held by young Muslims concerning Islamic teachings on luxury goods ownership. Statements were developed based on the perceptions of participants in the focus groups, which were classified into the following three general opinions.

**Table VIII.20 Perceived religious norms related to luxury goods ownership.**

	Mean score	Scale 4–6 (%)	Scale 1–3 (%)
Islam allows Muslims to own luxury goods as long as they can buy them legitimately. (Perceived norm: not prohibited)	4.87	92.16	7.84
The ownership of luxury goods does not contradict Islamic values in general. (Perceived norm: no contradiction)	4.62	86.86	13.14
Islam encourages rich Muslims to own luxury goods for demonstrating their economic achievements and motivating others. (Perceived norm: encouraged)	3.51	53.53	46.47

those who

Professor Masudul Alam Choudury (1983) claimed that most Muslim scholars oppose the ownership of luxury goods. Several works written by Muslims scholars such as Mannan (1984), An-Nabhani (1990), Siddiqi (2000), and Mawdudi (2011 [1969]) support Choudury’s statement. However, only a few participants in this research had this perspective. The participants were divided into two basic groups, according to their perceived religious norms regarding luxury goods ownership.

The first group, which included the majority of the quantitative survey respondents or those who somewhat agree (a score of 4 on a 6 point scale) to strongly agree (a score of 6) for each statement in the table VIII.20, as well as the focus group participants, consisted of young Muslims who believed either that Islamic religious norms do not prohibit the ownership of luxury goods, or that Islam encourages Muslim to own luxury goods ownership. The second group took the opposite viewpoint, that Islam either prohibits or discourages the ownership of luxury goods. The first group’s standpoint is in line with the behaviour (i.e. in owning luxury goods) of many popular Muslim preachers, Muslim government leaders and Parliament members, as well as the elite of Muslim political parties and organisations in Indonesia.

### **VIII.7 The relationship between religiosity and the intention to buy luxury goods**

The main question of this research is: ‘How does religiosity affect the intention to buy luxury goods?’ In order to answer this question and also predict the likelihood that an individual will have an intention to buy such items, this study used a logistic regression analysis, considering various factors adopted from previous studies, and the qualitative results of this research, as potential determinants.

The general equation of the logistic regression is expressed as follows:

$$P(Y=1) = \pi = \frac{e^{\beta_0 + \beta_1 x_1 + \dots + \beta_k x_k}}{1 + e^{\beta_0 + \beta_1 x_1 + \dots + \beta_k x_k}}$$

The above equation can also be expressed as follows:

$$P(Y=1) = e^x / (1 + e^x)$$

where

$$x = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k$$

$P(Y=1)$  is the probability of  $Y=1$ . In this case  $Y$  is the intention to buy luxury goods and 1 means that there is an intention to do so, while 0 means that there is no intention. The independent variables ( $X_1$  to  $X_k$ ) are the possible determinants of  $Y$ .

In this study 17 independent variables ( $X_1$  to  $X_{17}$ ) in the logistic regression equation were tested against the dependent variable ( $Y$ ).



**Table VIII.21 Variables in the logistic regression**

Y	Purchase intention
X <sub>1</sub>	Function value perception
X <sub>2</sub>	Experiential value perception
X <sub>3</sub>	Symbolic value perception
X <sub>4</sub>	Social group influence
X <sub>5</sub>	Physical vanity
X <sub>6</sub>	Achievement vanity
X <sub>7</sub>	Global lifestyle value perception
X <sub>8</sub>	National value perception
X <sub>9</sub>	Ethnic value perception
X <sub>10</sub>	Family value perception
X <sub>11</sub>	Materialism
X <sub>12</sub>	Religiosity
X <sub>13</sub>	Religious orientation
X <sub>14</sub>	'Islam endorses luxury' perception
X <sub>15</sub>	'Islam does not prohibit luxury' perception
X <sub>16</sub>	'Islam does not contradict luxury' perception
X <sub>17</sub>	Feeling of guilt

'Y' represents the dependent variable, i.e. whether or not an individual has an intention to buy luxury goods if money were not an issue. Responses were ranked on a 6 point scale. Responses indicating a moderate intention to buy to a strong intention to buy scored 4–6. Respondents who scored 4–6 in at least one of the luxury goods categories were coded as '1' and labelled 'the intenders'. Responses indicating a strong intention not to buy to a moderate intention not to buy scored 1–3. Respondents who scored 1–3 were coded as '0' and labelled as 'the non-intenders'.

Independent variables X<sub>1</sub> to X<sub>17</sub> were measured on a 6 point scale, ranging from '1 = strongly disagree' to '6 = strongly agree'. Items X<sub>7</sub> to X<sub>17</sub> were weighted items, as described in

Chapter VII. The mean scores were used for independent variables represented by a scale/subscale, i.e.  $X_1$  to  $X_6$ , and  $X_{11}$  to  $X_{13}$ .

The following hypotheses were developed by referring to previous studies and to the results of the qualitative research stage of this study.

- H1. Functional value perception is positively correlated with purchase intention.
- H2. Experiential value perception is positively correlated with purchase intention.
- H3. Symbolic value perception is positively correlated with purchase intention.
- H4. Social group influence is positively correlated with purchase intention.
- H5. Physical vanity is positively correlated with purchase intention.
- H6. Achievement vanity is positively correlated with purchase intention.
- H7. Materialism is positively correlated with purchase intention.
- H8. Global lifestyle value perception is positively correlated with purchase intention.
- H9. National value perception is positively correlated with purchase intention.
- H10. Ethnic value perception is positively correlated with purchase intention.
- H11. Family value perception is positively correlated with purchase intention.
- H12. Religiosity is positively/negatively correlated with purchase intention.
- H13. Religious orientation is positively/negatively correlated with purchase intention.
- H14. 'Islam endorses luxury' perception is positively correlated with purchase intention.
- H15. 'Islam does not prohibit luxury' perception is positively correlated with purchase intention.
- H16. 'Islam does not contradict luxury' perception is positively correlated with purchase intention.
- H17. Feeling of guilt is negatively correlated with purchase intention.

Hypotheses H1 to H6 were developed with reference to the study conducted by Hung et al. (2011); H7 was based on Belk (1984) and Richins and Dawson (1992); H8 to H11 were based on Schiffmann and Kanuk (2007); H12 was based on Strayhorn et al. (1990) and Veer and Shankar (2011); H13 was based on Allport and Ross (1967) and Muhammad and Mizerski (2010); H14 to H17 were based on the results of the focus groups conducted in the qualitative part in this study. Hypotheses H14 to H16 were reversed versions of the opinions of Choudury (1983), Mannan (1984), An-Nabhani (1990), Siddiqi (2000), and Mawdudi (2011 [1969]). In regard to H12 and H13, the 'either/or' statements of these hypotheses were made considering the results of the focus groups and the study conducted by Veer and

Shankar (2011), which stated that religious consumers might be interested in buying luxury goods depending on their beliefs and on how such items were advertised/presented.

The model was examined using binary logistic regression analysis (Hosmer and Lemeshow, 2000). The results are as follows:

**Table VIII.22 Significance tests for the model**

G test	- 2 times the log of the likelihood value (- 2LL) is 131.758*
Hosmer & Lemeshow's value	$\chi^2 = 8.465$ (df = 8)
eR	.561

**Table VIII.23 Significance tests for variables**

	B	S.E.	Wald	df	Sig.	Exp(B)
Function value perception	.789	.595	1.761	1	.184	2.202
Experiential value perception	1.298	.513	6.398*	1	.011	3.664
Symbolic value perception	1.013	.371	7.455**	1	.006	2.754
Social group influence	1.180	.425	7.713**	1	.005	3.256
Physical vanity	-.311	.363	.734	1	.391	.733
Achievement vanity	.374	.375	.993	1	.319	1.453
Global lifestyle perception	.050	.046	1.175	1	.278	1.051
National value perception	-.003	.045	.003	1	.956	.997
Ethnic value perception	-.078	.059	1.721	1	.190	.925
Family value perception	-.020	.050	.154	1	.694	.981
Materialism	.855	.671	1.623	1	.203	2.352
Religiosity	-.950	.402	5.566*	1	.018	.387
Religious orientation	-.310	.371	.699	1	.403	.733
'Islam endorses luxury' perception	.154	.189	.657	1	.417	1.166
'Islam allows luxury' perception	-.026	.288	.008	1	.928	.974
'Islam does not contradict luxury' perception	-.372	.272	1.872	1	.171	.689
Feeling of guilt	-.143	.247	.337	1	.562	.867
Constant	-11.741	4.165	7.945**	1	.005	.000

\*significant at  $p < 0.05$  \*\*significant at  $p < 0.01$

Four variables were found significant in explaining the intention to buy luxury goods. Their relationships with the intention to buy luxury goods are as follows:

**Table VIII.24 The interpretation of significant variables**

Significant variables	Interpretation
<p><b>X<sub>2</sub></b> Experiential value perception (EV)</p>	<p>The perception that luxury goods would deliver the experiential values; i.e. notions like ‘precious,’ ‘exclusive,’ ‘unique,’ ‘attractive’ and ‘stunning’ had a positive relationship with the likelihood of having an intention to buy luxury goods. The more favourably participants perceived the experiential value of luxury goods, the more likely they would be to intend to buy such items.</p>
<p><b>X<sub>3</sub></b> Symbolic value perception (SV)</p>	<p>The perception that luxury goods would deliver the symbolic values; i.e. expensiveness and conspicuousness, for the elite and for the wealthy, had a positive relationship with the likelihood of having an intention to buy luxury goods. The more favourably participants perceived the symbolic value of luxury goods, the more likely they would be to intend to buy such items.</p>
<p><b>X<sub>4</sub></b> Social group influence (SI)</p>	<p>The social influence variable revealed that people who attached great importance to social influence related to luxury goods (i.e. ‘luxury goods make a good impression on others in social life’), were more likely to buy luxury goods. The more favourably participants perceived the importance of social influence related to luxury goods, the more likely they would be to intend to buy such items.</p>
<p><b>X<sub>12</sub></b> Religiosity (R)</p>	<p>The religiosity variable revealed that people who had a higher level of religiosity, which was measured by certain constructs adopted by this study, the less likely they would be to have the intention to buy luxury goods.</p>

The following equation is used to predict the probability that an individual will have an intention to buy luxury goods.

$$P(Y=1) = e^x / (1 + e^x)$$

Based on G-test, Wald test, and Hosmer and Lemeshow’s value, x contains the following significant constant, coefficients and variables.

$$x = -11.741 + 1.298 \text{ EV} + 1.013 \text{ SV} + 1.180 \text{ SI} - 0.950 \text{ R}$$

The probability of having an intention to buy luxury goods, P(Y=1), can be explained by conducting simulations using the above equations and certain assumptions of the mean scores of the significant independent variables. Some results of simulations are presented below.

**Table VIII.25 Purchase intention probability**

Purchase intention probability	$P(Y=1)$	x	Experiential value (EV)	Symbolic value (SV)	Social influence (SI)	Religiosity (R)
99.97	$e^{8.255} / (1 + e^{8.255})$	8.255	6	6	6	1
97.08	$e^{3.505} / (1 + e^{3.505})$	3.505	6	6	6	6
0.54	$e^{-5.223} / (1 + e^{-5.223})$	-5.223	3.5	3.5	3.5	6

Based on the 6 point scale, if an individual had the minimum mean score for religiosity (1), and, at the same time, the maximum score (6) for experiential value, symbolic value, and social influence, respectively, the probability that he or she had an intention to buy luxury goods was 99.97 per cent. In a case where the mean score for religiosity improved to 6 but the mean scores for the other significant variables remained the same (6), the probability that an individual had this intention would still be high (97.08 per cent). If the scenario changed, and, for instance, the mean score for religiosity was at the maximum (6), and the mean scores for experiential value, symbolic value, and social influence were each 3.5 (the median), the probability that a person had an intention to buy luxury goods would be 0.54 per cent.

In conclusion, the three factors of experiential value, symbolic value and social influence had a very strong impact on the intention to buy luxury goods. Religiosity, as constructed and measured in this study, had a negative relationship with the intention to buy luxury goods. However, if a person had the highest possible mean score for religiosity, and his or her scores for the other three significant variables were also high, the probability of that person having an intention to purchase would still be above 90 per cent. In other words, a Muslim with a high level of religiosity would not be able to conquer the intention to buy luxury goods if he or she also strongly believed in the experiential value, symbolic value and social influence related to those goods.

In the next chapter, the characteristics of ‘intenders’ and ‘non-intenders’ will be elaborated by using segmentation/cluster analysis and considering the purchase intention, its determinants, and other factors from quantitative and qualitative perspectives.

## **Chapter IX**

### **Segmentation of young Muslims based on their intention to buy luxury goods**

This chapter presents the cluster or segmentation analysis based on the significant determinants of the intention to buy luxury goods, as well as the qualitative responses related to them. The respondents in the quantitative survey in this study were grouped into several clusters according to similarities in the variables that influenced their intention to purchase luxury goods. The cluster analysis, using Ward's method, shows 'types' of respondents, according to certain criteria. In order to elaborate on the motives and characteristics of the 'non-intenders' segment, a qualitative analysis is added.

#### **IX.1 Quantitative cluster/segmentation analysis using Ward's method**

Cluster analysis (or segmentation analysis) classifies objects into 'clusters' according to their similarities. The greater the similarity of the objects in a cluster and the bigger the difference between clusters, the better the quality of the analysis.

There are two major methods in cluster analysis: hierarchical and non-hierarchical. In hierarchical cluster analysis, the number of clusters is not determined at the outset, while in non-hierarchical cluster analysis the number of clusters is assumed in the initial stage. The hierarchical method that is applicable to a set of grouping sequences is the agglomerative hierarchical method, which consists of the linkage method, Ward's method, and centroid method.

The linkage method has several approaches in forming clusters. The single linkage method classifies objects based on the minimum distance between pairs of objects. The complete linkage method is based on the maximum distance, and the average linkage is based on the average distance, between pairs of objects. In the centroid method the classification of objects is based on squared Euclidean distance, and the median linkage method is based on the squared Euclidean distance between weighted centroids. In Ward's method, or Ward's sum of squares method, classification is determined by the sums of squares of the distances between objects within clusters (Everitt et al., 2001). In order to produce a less subjective solution to clustering, this study did not employ the non-hierarchical methods. Ward's

method (Ward, 1963) was employed because, compared to the other non-hierarchical methods (i.e. the linkage methods and the centroid method (Sokal and Michener, 1958)), Ward's method is more sensitive to outliers, and it produced more homogenous and spherical clusters (and with sufficient samples for further statistical analysis based on the four significant determinants of the purchase intention), with more distance among the clusters.

Several sets of clusters were produced using Ward's method. These were compared and evaluated, according to the characteristics of each group within each set. Following is a set of clusters which consists of four segments. These can be used as a basis for analyses concerning respondents' characteristics in relation to the four significant determinants. They can also be a basis for recommendations.

**Table IX.1 Cluster analysis–Ward's method**

	<b>Total</b>	<b>Cluster I</b>	<b>Cluster II</b>	<b>Cluster III</b>	<b>Cluster IV</b>
	510	179	94	144	93
	100 %	35.10 %	18.43 %	28.24 %	18.24 %
	Mean score	Mean score	Mean score	Mean score	Mean score
<b>Experiential value</b>	4.98	4.93	4.32*	5.28	5.30**
<b>Symbolic value</b>	4.87	4.91	3.67*	5.37**	5.23
<b>Social group influence</b>	3.74	2.90*	3.34	4.59**	4.45
<b>Religiosity</b>	4.09	3.76	4.21	4.73**	3.61*

\*the lowest mean score among clusters

\*\*the highest mean score among clusters

The main purpose of performing the above cluster analysis was to assess each cluster or segment through different approaches, by referring to the results of binary logistic regression analysis, which empirically proved that the variables of experiential value, symbolic value, and social group influence have more impact than does religiosity.

Cluster I has 179 members: 171 intenders and 8 non-intenders. The mean scores for experiential value (M=4.93), social group influence (M=2.90), and religiosity (M=3.76) in cluster I are less than the mean scores of the total number of participants for the same variables (M=4.98, M=3.74 and M=4.09, respectively). The mean score for social group influence in cluster I (M=2.90) is the lowest mean score among all clusters. The only mean score of cluster I that exceeds the mean score of the total number of participants, for the same

variable, is the mean score for symbolic value (M=4.91 compared to M=4.87). Even though this cluster contains a large number of intenders, the pressure from peers in this cluster is relatively low.

In cluster III, all the mean scores are higher than the mean scores of the total number of participants. Its mean scores for symbolic value (M=5.37), social group influence (M=4.59), and religiosity (M=4.73) are the highest among all clusters. Even though the mean score for religiosity in this cluster is also the highest for this variable among all clusters, only 2 of its 144 members are non-intenders, as its mean scores for experiential value and symbolic value are even higher. This cluster is thus a promising market segment to be pursued by luxury goods marketers, as it has the highest mean scores for symbolic value and social group influence, and contains a large number of intenders.

All 93 members of cluster IV are intenders. The mean scores for experiential value (M=5.30), symbolic value (M=5.23), and social group influence (M=4.45) in this cluster are higher than those of the total number of participants. The mean score for experiential value is the highest for this variable among all clusters, while the mean score of religiosity (M=3.61) is the lowest for this variable among all clusters.

Cluster II contains the largest number of non-intenders among all clusters (27 respondents). It also contains 67 intenders. All mean scores in this cluster are below the mean scores of the total number of participants, except the mean score for religiosity (M=4.21). However, the mean score for experiential value (M=4.32) is still higher than that for religiosity, while the mean scores for symbolic value (M=3.67) and social group influence (M=3.34) are just near the median value of 3.5 on the 6 point scale. Cluster II contains 27 non-intenders, while cluster I contains 8, and cluster III contains 2 non-intenders. This result needs to be elaborated through a review of the detailed responses of those respondents, related to luxury goods. An elaboration with qualitative findings is presented the next section.

## **IX.2 Qualitative segmentation analysis of the non-intenders**

Thirty seven respondents were categorised as 'non-intenders,' because they had no intention to buy any type of luxury goods. These 37 persons chose to circle point 1 (definitely do not intend to buy), or point 2 (do not intend to buy), or point 3 (have some intention to buy) when they were asked the question: 'If money were not an issue, please express your intention to



purchase any goods that you consider as luxury goods'. This question was followed by an open ended question about individual reasons for their choice of answer, without making any connection to religious teachings. One reason was given by each respondent. Only a few respondents gave more than one reason for not intending to buy luxury goods. In this case, the first line of answers was used for the following analysis. The following are the responses, classified under four themes, or four segments, with information (in brackets) regarding the gender, age, income level, and education of each respondent.

### **IX.2.1 'Religious values are not in line with luxury goods ownership'.**

This segment comprised 12 non-intenders. In terms of demographics, there were: 6 female and 6 male respondents; 5 academy/university graduates (higher education) and 7 respondents who had had primary to high school education (lower education); 7 respondents earned a monthly income of IDR 7.5 million or more (higher income), and 5 earned less than IDR 7.5 million monthly (lower income); 8 respondents were under 30 years of age, and 4 were 30 years of age or older. Their individual responses were as follows:

If I were to have a vast amount of money that would give me the ability to buy anything, I would not buy expensive but unnecessary things like luxury goods. I would rather use the money for charitable activities, so I can get rewards from God. (Female, 28, higher income, higher education)

Luxury goods would trigger more desire for worldly matters, so we could forget the purpose of this life. I will leave this world sooner or later. It would be better to use the money for good deeds. (Male, 29, lower income, lower education)

The real life will be in the hereafter, so I think we have to prepare ourselves with the best effort we can, including wise choices in how we allocate our money. Buying luxury goods is not included. (Male, 27, higher income, lower education)

It would be much better for me, in order to be a good Muslim, to give donations for the 'have nots' instead of buying luxury goods. (Female, 34, higher income, lower education)

I would like to have a spiritual life in this world. By having luxury goods it would be difficult to achieve, because I would focus more on material aspects. (Female, 30, higher income, lower education)

A luxurious life is not necessary. I can live well with common and economical things, and the money can be used for going on the pilgrimage, giving to charity, helping orphans and doing other good deeds. (Male, 26, lower income, higher education)

Money is not everything. We will not take any money and material possessions, including luxury goods, with us when we die. The function of money is merely to support our lives to survive and to be better persons. (Female, 25, lower income, higher education)

Just a simple reason, my religion teaches me that doing charitable activities is much better than buying luxury goods. (Female, 32, higher income, higher education)

Luxury goods will not last forever, but good deeds will. The former will just give you unreal, fake happiness. (Female, 25, higher income, lower education)

Every human being has a wish, but I think only a few people wish for a truly good faith. Most people wish for material things. (Male, 25, lower income, higher education)

The most important thing for all human beings, especially Muslims, is how to do good deeds in this world so they deserve a good place and rewards in the next life, in the hereafter. Luxury goods will not help us to become persons who deserve heaven in the hereafter. Instead, they will make us neglect our duty, as stated in the Qur'an. (Male, 32, lower income, lower education)

Having a peaceful life and avoiding sins are the most important things in my life. Owning luxury goods can distract us from focusing on those matters. (Male, 25, higher income, lower education)

### **IX.2.2 'A simple life is better than a luxurious life'**

Ten non-intenders gave this reason. Of these 10 members of this segment: 6 were female and 4 were male; 2 had higher education, and 8 had only lower education; 5 were in the higher income bracket, and 5 in the lower income bracket; 5 were less than 30 years old, and 5 were 30 years old or over. Following are their individual responses:

Possessing luxury goods would make me feel uncomfortable. I think if I were to have a luxury car, for instance, I would focus on it more than anything else. I would need to be very careful in driving it and keeping it secure. I would be very angry or sad if the car was broken or scratched. I prefer a simple life, owning reliable yet economical things. (Female, 25, higher income, lower education)

Buying luxury goods is not wise behaviour. It is such an extravagance to spend lavishly, because the things we would buy are unimportant, unessential but very expensive. There is no harm in being rich but we need to keep our lives simple, if we want to be a wise person. (Female, 26, higher income, lower education)

I do not want to possess any luxurious goods, because having useful simple things is enough for me. (Male, 32, lower income, higher education)

I feel I have enough and am happy with the simple life I have. It will even be much better if I can keep my simple life while am able to help poor people. (Male, 28, lower income, lower education)

I prefer to have a simple lifestyle. I only buy things because they are necessary. I keep everything simple. I will do my best to earn money, but I will have to keep my own simple standard regarding possessions. (Male, 33, higher income, lower education)

I will be happy if I can control myself from buying unnecessary things. Luxury goods are unnecessary and very expensive too. I believe a simple life will bring a happy and peaceful life. (Female, 34, lower income, lower education)

I am a simple person. I usually buy things based on their functionality. For me, things are good if they last long and work well but are still affordable. (Female, 30, lower income, higher education)

I am already happy although I do not have luxury goods in my life, so why do I have to own such things? I have a happy life with good simple things. Good things are not necessarily expensive. (Male, 25, higher income, lower education)

For me a simple life is more convenient and enjoyable. Living a luxurious life brings feelings of guilt and insecurity. (Female, 27, lower income, lower education)

If I had a chance to buy any luxury goods because I were rich, I would not buy them. I want to be rich, but I would not like living a luxurious life, because I believe the combination of being rich and keeping our life simple is the best option. (Female, 28, higher income, lower education)

### **IX.2.3 'Having a good education is better than owning luxury goods'.**

The 10 non-intenders in this segment valued education more than luxury goods and therefore had no intention to purchase such items. The demographics for this group were the same as for the previous group (6 female and 4 male respondents; 2 respondents with higher education, and 8 with lower education; 5 respondents earning a higher income, and 5 earning a lower income; 5 respondents under 30 years old, and 5 who were 30 years old or over).

Their individual answers are as follows:

In my opinion, education and investment are two things that make our lives secure, not luxury goods. (Male, 35, higher income, higher education)

Owning luxury goods is not important to me, but children's education is. (Female, 26, higher income, lower education)

Luxury goods are not important in my life today and neither will they be in the future. The future depends on how I provide the best education for my children. (Female, 25, higher income, lower education)

Luxury goods will make me happy for a very short period of time, but good and continuous education will make my life and my family far better. (Female, 28, lower income, lower education)

The highest achievement in my life will be to give the best and the highest education that I can to my children. Luxury goods basically have nothing to do with one's achievement. (Male, 26, higher income, lower education)

I will just save the money and use it later for my children's future, especially their education. Luxury goods are not important. (Female, 31, lower income, lower education)

I feel at ease, convenient and peaceful if I do not buy luxury goods. They are unnecessary and expensive. There are better things I can do with the money, such as providing a good education for my children. (Female, 30, higher income, lower education)

I used to own expensive things that I considered as luxury goods in the past, then I realised that basically luxury goods are a waste and many other things deserve to be prioritised, especially education. I do not want to participate in the race of accumulating unnecessary things for the sake of symbolising one's wealth. (Female, 33, lower income, higher education)

For me, I just want to live a simple life owning simple things, my children's education is the top priority. I want them to get the highest education possible. (Male, 34, lower income, lower education)

The value of expensive things like luxury goods will be depreciated, but if I invest the money in education, I am sure that it will be much more useful. (Male, 27, lower income, lower education)

#### **IX.2.4 'Luxury goods are unnecessary things'.**

A small group of 5 non-intenders stated, as their reason for not intending to buy luxury goods, that they considered luxury goods to be unnecessary. Of the 5 members of this segment: 3 were female, and 2 were male; 3 had higher education, and 2 had only lower education; 2 earned a higher monthly income, and 3 earned a lower income; 3 were under 30 years of age, and 2 were 30 years of age or over. Their reasons were as follows:

Instead of thinking about luxury goods which are unessential, if money were not an issue, why don't we think about something else which can give more value to our lives, such as visiting many countries, learning about other cultures, supporting our family and helping other people? (Female, 27, higher income, higher education)

Ownership of luxury goods is not necessary for any reason, period. (Male, 25, lower income, higher education)

Happiness is not measured by luxury goods ownership. There are a lot of enjoyable things we can do with money if we do not buy luxury goods, such as travelling around the world. (Female, 34, lower income, lower education)

Enjoying time with true friends is better than having luxury goods, which are unnecessary and can make other people jealous. Real happiness comes from friendship and has nothing to do with luxury goods. (Male, 31, higher income, lower education)

If I were to have much money, I would invest it and use it for business. For what a wasteful spending it would be if I used the money just to buy luxury goods which are not necessary. (Female, 28, lower income, higher education)

In summary, each of the three major segments of non-intenders had a different reason for not intending to purchase luxury goods. These reasons related to religiosity (N=12), a simple life (N=10), and education (N=10). For the purposes of the next analysis, these three groups will be identified as 'religious,' 'simple life,' and 'education' segments. The above data shows that there was no dominant demographic pattern among the segments. The members of the 4 segments were varied in terms of gender, age, and levels of income and education. Amongst

the 37 non-intenders there were: 21 female, and 16 male respondents; 11 respondents with higher education and 26 with lower education; 17 respondents with higher income and 20 with lower income; 22 respondents under 30 years of age and 15 aged 30 years or over.

According to the results of the quantitative cluster analysis using Ward's method, there were 27 non-intenders in cluster II. This cluster had the lowest mean scores for experiential value ( $M=4.32$ ), and for symbolic value ( $M=3.67$ ). The mean score for social group influence ( $M=3.34$ ) was also lower than the average for the total number of participants ( $M=3.74$ ), while that for religiosity ( $M=4.21$ ) was higher than the mean score of the total number of participants ( $M=4.09$ ).

### **IX.3 Quantitative and qualitative segmentation analyses**

A combination of quantitative and qualitative segmentation results revealed that the 27 non-intenders in cluster II comprised 12 non-intenders from the 'religious' segment, 10 from the 'simple life' segment, and 5 from the 'education' segment. The above analyses have shown that the non-intenders were varied in terms of demographics. This means that it is possible for young a Muslim to become a 'non-intender,' regardless of gender, age, income, or level of education.

The analysis results related to cluster II demonstrated that, with relatively lower susceptibility to social group influence, and relatively higher religiosity mean scores, in addition to having the lowest mean scores for experiential and symbolic values, 67 participants became intenders, while 27 participants decided against intending to buy luxury goods and thus became non-intenders. This fact leads to the elaboration of questions (variables) to which the 27 non-intenders responded with the same answers.

A review of all the answers from each scale/sub-scale and item related to the reasons listed above, in the selected/filtered cases of these 27 non-intenders, and looking especially at the items with low standard deviations, revealed that what the 27 non-intenders had in common was that they chose to circle either point 5 (agree) or point 6 (strongly agree) on a 6 point scale when they were asked the question: 'I feel guilty if I own luxury goods in this country where most people are poor and struggle to meet their basic needs'.

Of 510 respondents, 85.10 per cent chose to circle point 4 (somewhat agree), point 5 (agree), or point 6 (strongly agree) in answer to the above question, but still became intenders. Most (74.51 per cent) of the respondents who agreed with the statement and became intenders also agreed with the statement: 'There is no harm owning luxury goods even though there are many poor people, because they will be supported by alms and charitable activities'.

On the other hand, in responding to this statement, 4 non-intenders chose to circle point 4 (somewhat agree), 4 chose point 3 (somewhat disagree), 1 chose point 2 (disagree) and 1 chose point 1 (strongly disagree). Therefore the variable of 'guilty feeling' is not one of the significant independent variables in the binary logistic regression analysis, as many respondents who had a feeling of guilt became intenders. Conversely, some non-intenders who gave reasons other than 'religiosity' or 'simple life,' did not have a feeling of guilt.

The following analysis, concerning the attitude of respondents towards the socioeconomic gap, combined data gathered from the quantitative survey (510 respondents) and from the second stage of the qualitative research (i.e. in-depth interviews with 24 informants who also participated in the quantitative survey). The recruitment method of in-depth interview participants is to select 24 informants from 510 respondents in the quantitative survey, with quota based on their religiosity mean scores and the type of purchase intention. Of these 24 informants, 18 were intenders with above average 'religiosity' mean scores, chosen randomly from each cluster, mainly from cluster III in the quantitative analysis, since this cluster contains intenders with higher religiosity scores compared to other clusters. The other 6 were non-intenders from the segments labelled 'religious' (3 persons), 'simple life' (2 persons), and 'education' (1 person).

Besides the differences in relation to the 4 significant determinants and the feeling of guilt, the other difference between the 27 non-intenders and the other respondents lay in their attitude towards the socioeconomic gap. Two different attitudes were expressed by the respondents regarding this disparity. In the quantitative survey, the statement regarding this matter was: 'A vast socioeconomic gap in society is normal as long as the 'haves' and the 'have nots' understand each other'.

The first segment (6.47 per cent of 510 respondents), which was the minority group which included the 27 non-intenders, did not agree with this statement. In the in-depth interviews,

members of this segment said that a socioeconomic gap, especially in an extreme form, is the result of a corrupt system. According to them, a corrupt system also causes social inequality, which does not allow equal access for everyone to quality education, while at the same time unfair policies and business practices give advantages to the big capitalists or corrupt bureaucrats. This group believed that the socioeconomic gap is not predestined, and even though it cannot be totally eliminated, it should be reduced to a minimum level.

The second segment, the majority of respondents (93.53 per cent of 510), agreed with the statement that a vast socioeconomic gap in society is normal. Moreover, in the in-depth interviews, the members of this segment saw this gap as being normal in any society, even if it is extreme. They referred to the fact that there have always been poor people and rich people. They considered inequality as part of the destiny of a society. If poor people did not exist, there would be nobody to receive alms and donations. Moreover, there would be nobody to work as janitors or do the jobs that the rich do not want to do. Even though they stated that there have been poor people since the beginning of humanity, they did not want to experience poverty themselves, praying, and trying very hard to avoid it. In other words, they believed that poverty is unavoidable in society, but not at an individual level. They believed that poor people can change their condition by gaining a better level of education, praying, and working hard, but, as some poor people managed to improve their quality of life, there would be other people who would be ‘downgraded’ to a lower income or wealth level. Some of the informants said that this would happen again and again until Judgment Day, but they expected that poverty would ‘happen’ to other people, not to themselves.

The following table shows the proportion of respondents who responded positively to each of the statements related to the socioeconomic gap, social inequality, and poverty. (These statements were initially derived from the focus group discussions.) The participants saw the socioeconomic gap mainly as a matter of income and purchasing power disparity between the rich and the poor. They saw social inequality as the condition in which not everyone has equal access to quality education, public transport, and health facilities. The segmentation analysis in this section is based on responses to the first question in the table.

**Table IX.2 The socioeconomic gap, social inequality and poverty, from the perspectives of young Muslims**

	Mean score	Scale 4–6 (%)
A vast socioeconomic gap in society is normal as long as the 'haves' and the 'have nots' understand each other.	4.97	93.53
Socioeconomic inequality will always exist in society and cannot be eradicated.	4.64	88.63
Social equality will never happen because people are divided into different social classes according to their own fate.	4.11	72.35
The day poverty ends indicates that we are close to Judgment Day.	4.02	66.67

Most of the respondents considered that a vast socioeconomic gap is normal, and that socioeconomic inequality will always exist. About 70 per cent of them also believed that social inequality and poverty are related to fate or destiny. The respondents who did not agree with the statements concerning social inequality and poverty were from both non-intender and intender groups.

One male informant (32, lower income, higher education), one of the intenders in the majority segment, explained that this attitude concerning the socioeconomic gap was partly based on experience. He said that in traditional Islamic schools, the relationship between students and teachers was based on status. The students were positioned below the teachers and the teachers' families, in terms of social class. The teachers might have some possessions that the students were not allowed to own or enjoy. For instance, a teacher might have a television set with a satellite receiver and the students not even be allowed to watch the programs. They had to accept this kind of treatment as normal, or even as part of their religious education. The informant also said that 'God makes some people higher than others'. Although he believed that people's destiny to be rich or poor depends partly on their own efforts, and that the poor are not restrained by religion from achieving a better economic condition, he believed that a socioeconomic gap will always exist.

Another intender (female, 27, higher income, lower education) believed that people of royal descent should be respected more than ordinary people in society, as they have higher social status. She said that most people in Indonesia also extend this tradition to the bureaucrats, who usually demand special treatment. Thus, this informant believed that classification of



people into several social classes, based on their lineage, positions in the government, and material possessions, is both natural and normal.

In general, the members of the majority segment, who saw the socioeconomic gap as normal, said that there have always been different socioeconomic classes, and people in each class would usually spend in proportion to their income. There need not be any limit on their expenditure as long as it does not exceed their total income. In this case, buying luxury goods cannot be classified as lavish expenditure as long as it is within their buying power. They said that it is only extravagant spending when people buy beyond basic necessities and beyond their ability to pay cash.

One intender, who is a member of an Islamic political party, said that it is better to display wealth in the form of luxury goods than ‘pretending,’ as a person who lives a simple life.

If you were a rich man, you would need to act like a real one, not pretending as a simple guy like one of the presidential candidates. [He refers to Joko Widodo, the governor of Jakarta who is running for the presidency at the time this report is being finalised.].  
(Male, 34, higher income, higher education)

According to the above informant, the simple style shown by Joko Widodo cannot be considered as an example of an Islamic way of life, as he may cover up his real character, pretending to be a simple person, but not because he follows Islamic teachings. Most of the 18 intenders in the in-depth interviews who claimed to be ‘religious,’ did not like Joko Widodo, and some of them even said that he does not represent a ‘good Muslim’.

In connection with the criteria for ‘extravagant’ spending, one of the intenders (female, 31, higher income, higher education) gave the example of buying a stylish bag, which cost IDR 1 million (AUD 100). This was categorised as lavish spending if it was bought in instalments due to limited income, when the purchaser could have bought another cheaper bag with the same function. On the other hand, according to this woman, people who purchase a bag for IDR 10 million (AUD 1,000) in cash, because they can afford it without sacrificing any basic necessities such as food, shelter, and education, are not categorised as lavish spenders.

The interpretation of the Qur’anic verses and *hadiths* concerning luxury goods ownership, according to the members of the majority segment, was that it is based on the individual’s purchasing power and economic strength. According to them, the luxury goods category is

always relative and debatable. Even though they knew that there is a government regulation regarding luxury taxes which are applied to certain expensive goods, they argued that the category depends on one's wealth, because items categorised as luxury goods by lower socioeconomic groups may be considered as normal items by the upper classes. Given the fact that there is a categorisation of luxury goods determined by an international conference on the subject, they argued that there is no harm in owning such items as long as they are within the budget, not sacrificing basic needs, and not neglecting money related religious obligations.

Most of the participants in this research who thought that a socioeconomic gap is normal, had an intention to buy luxury goods, and believed that this does not go against their religiosity. Since they also believed that there have always been social classes in society, a lot of participants argued that owning luxury goods can be necessary for the purpose of propagating Islam, because people from upper social strata tend to listen only to people from the same social level, and Islam is for all classes of people, regardless of their socioeconomic background. These upper or 'high' class people have become an important target for Islamic propagation, since their wealth and socioeconomic power can be useful for the future of Muslim society. The results from the quantitative survey and in-depth interviews regarding this matter are set out below.

**Table IX.3 Reasons for owning luxury goods, from the perspective of young Muslims**

	Mean score	Scale 4–6 (%)
Owning luxury goods is OK as long as we can keep our heart from becoming a material slave and we must believe that it still belongs to Allah.	5.27	96.86
Owning luxury goods is OK as long as the owners keep giving alms and engaging in charitable activities.	5.27	96.47
Owning luxury goods is OK as long as the intentions, uses and purposes are good.	5.08	94.51
Muslims who own luxury goods can be seen as people who are blessed by God in the material aspect of their lives.	4.18	75.69
Luxury goods are a sort of gift from Allah to reward a person's piety.	4.10	72.55
A successful Muslim deserves to own worldly goods, including wealth and luxury.	3.98	69.22
Muslims who display luxury goods ownership show that they can also achieve worldly success.	3.88	66.67
Luxury goods can be used for propagating Islam, especially in upper class economic societies.	3.66	60.20
Displaying luxury goods owned by Muslims is important to show their economic strength.	3.49	53.14
I believe that if many Muslims own luxury goods, Muslim society will not be underestimated.	3.58	52.75

Some members of the segment that viewed a socioeconomic gap as normal argued that luxury goods, such as a luxury car, would be useful for the effective propagating of Islam, even if used in the context of a lower socioeconomic class. It would impart a sort of charisma to the preacher and make a good impression, and be an effective tool in motivating people to achieve a better life by improving themselves physically, intellectually and spiritually.

You can imagine what it is like, when an *ustadz* (preacher) comes to a low level income community by driving a brand new luxury car and gives donations. I believe that people will respect him and be motivated to work hard and improve their standard of living. Comparing this with an *ustadz* who is relatively poor and asks for some money when he teaches Islam to the community. I think the former *ustadz* is far better at carrying out his responsibility. (Male, 34, lower income, higher education)

It depends on the target audience. In order to make the effort of propagating Islam to the high (economic) class people more effective, luxury goods can be used as a tool. Those people are usually resistant to receiving messages or values from other people who are perceived as coming from a lower (economic) class. (Female, 31, higher income, higher education)

We need to have a better knowledge of the various ways of propagating Islam that can be effectively applied in this modern world. People will underestimate us if we do not match their appearance. The socioeconomic gap is something common and natural, so there is no harm in possessing such things, as long as they conduct their ritual religious obligations. (Male, 26, higher income, lower education)

One of the members of the majority segment explained his perspective, which he claimed represents his Islamic community group's point of view concerning the '*hisab*,' or afterlife evaluation of everything that Muslims' owned when they lived on earth, including luxury goods. He said that as long as the luxury goods were used in an Islamic way, and helped the preachers who were also members of that community to carry out their duties, then there was no problem.

Owning luxury goods must be in an Islamic way and for Islamic purposes. Moreover, it is important that we are members of a *jamaah* [Islamic community group], so everything we use for the *jamaah* can be considered as belonging to the *jamaah*. Without being a member, it would be difficult to justify the usage of any kind of valuable things for Islamic purposes. Owning luxury goods in a *jamaah* and for a *jamaah* is permissible. (Male, 28, lower income, lower education)

The members of the minority segment that considered that a socioeconomic gap is not 'normal' and should be reduced to a minimum level, said that it is not prohibited by Islam to become rich, but owning luxury goods is not a good thing, especially in the situation where a large number of people live in poverty. In this situation, luxury goods are a symbol of socioeconomic inequality and a non-egalitarian spirit. They said this has nothing to do with the effectiveness of Islamic propagation, as people who reject Islam or Islamic values cannot be persuaded by a glamorous propagation style which goes against Islamic values per se.

The way I see it, those who argue that luxury goods can be used for propagating Islam effectively hide their real motive, which could be to acquire a 'high class' status in society, and for celebrity preachers, it could be marketing strategy, for example, to attract a larger audience and raise their preaching fees. It is basically a business motive. (Male, 33, higher income, higher education)

I heard that one of the celebrity preachers said that it is important to have access to rich people and in order to gain that access we need to understand their lifestyle, such as owning luxury cars. By matching our appearance to theirs, they can accept us as one of their own. The preacher said that he can collect more than IDR 200 million (AUD 200,000) donations in two days. This amount of money for charity is hard to collect if we do not have access to those people. In my opinion this kind of method is not the way the Prophet (pbuh) taught us. He was a trustworthy man, so people, including the elite, accepted him without looking at what he was wearing or riding. (Male, 27, higher income, lower education)

If they do not want to follow Islamic values, they will reject or avoid them. Trying to attract them with an impressive high class lifestyle does not persuade them to follow Islamic values. I think it is hedonism with Islam as a cover. Some of the Muslims in the Prophet's era were rich, but they did not live a luxurious life or propagate Islam in a glamorous way. (Female, 26, lower income, higher education).

I expect Islamic teachings without any gimmicks. I do not like glamorous Muslim preachers who often act like stand-up comedians or entertainers. I like preachers who can act and speak simply, genuinely from their heart and with meaning. I believe that the Prophet (pbuh) did not use any glamorous or luxurious style in propagating Islam. (Female, 29, higher income, higher education)

Living a simple life is not the same as living in poverty. Being rich does not mean living a luxurious life and certainly being respected because of material things is relying on outward appearances. These people are not truly good. The Prophet himself never gave such an example of a luxurious life. I remember a *hadith* in which God warned the Prophet in the *surah* (Qur'anic verse) Abasa, because he focused more on the elite of the Quraisy tribe instead of listening to Abdullah Ibnu Maktum, the poor blind man. Islam is for all segments of society, meaning that we cannot focus on the elite or the rich people in propagating Islam. (Male, 33, higher income, higher education)

The minority segment realised that Muslims need dignity, and that the lower income group should be motivated. However, they said that luxury goods are not a tool for developing dignity and motivating poor people to improve their lives. They were concerned with access to education for poor people, public facilities, and the opportunity to compete in a fair way. The dignity of a community or society, they said, will increase if people can live in a non-corrupt system and an egalitarian society with equal access for everyone to education and public facilities such as transport and health. The wealth of society should not be concentrated in a minority while the rest of the people are poor.

Muslims are now living with an extreme socioeconomic gap. I think the ideal society is not the one with an extreme gap like that, it is a society where most people live a simple life or with a moderate level of economic prosperity, but they have good access to education and public facilities. If most Muslims can think of this kind of society and put all their efforts in building it, then Muslims will have their dignity, not because some of them own luxury goods. (Male, 32, lower income, higher education).

The wealth of society is far more important than the wealth of individuals. The society's wealth will not burden an individual in the process of evaluation on Judgment Day, because every individual will be judged according to where they earned their own individual wealth and for what purpose the wealth was used. If the society is wealthy, individuals do not need to be rich, but able to have access to a good education, transportation and other public facilities. (Female, 33, higher income, higher education)

At the end of the in-depth interviews, all informants admitted that not every Muslim has the ability to interpret every single rule or norm stated in the Qur'an and *hadiths*. They often need explanations or examples from Muslim teachers, scholars, or preachers. They said that their opinions were based on limited references, or the opinions and teachings of a limited

number of teachers or advisors. They agreed that knowledge about religious rules or norms is a dimension of religiosity which may influence their intentions and acts. They thought that it is also important for Muslims to understand what are classified as lawful and unlawful acts, based on Islamic jurisprudence, so they can behave accordingly. Without drawing the conclusion that the non-intenders interpreted the Qur'an better than the intenders, the quantitative data in Chapter VIII revealed that, in terms of frequency of studying/reciting the Qur'an, the group of non-intenders had the highest mean score (M=4.32) among all demographic groups, indicating that they studied the Qur'an significantly more often than did the intenders (M=3.84).

In summary, the results of the above segmentation analyses showed that, in view, of their mean scores for the 4 significant determinants (experiential value, symbolic value, social group influence, and religiosity), 4 clusters could be treated differently from the others. One cluster comprising 27 (out of 37) non-intenders was identified. The main differences between these 27 non-intenders and the other respondents lay not in demographics, but in their feeling of guilt in relation to the purchase intention, and in their attitude toward the socioeconomic gap. Of the total number of respondents, 85.10 per cent said they would have felt guilty if they were to own luxury goods in a country where most people are poor and struggle to meet basic needs. However, most of this 85.10 per cent decided to ignore such a feeling, and became intenders. Most of the non-intenders were members of the minority segment that regarded a socioeconomic gap as not being normal and as very problematic. The non-intenders who were interviewed in the second stage of the qualitative research criticised luxury goods ownership, not only from a religious standpoint, but also from a socioeconomic perspective, while the intenders gave reasons related to religion to justify their intention to purchase, and most of them saw a socioeconomic gap as normal.

The result of the quantitative survey showed that the majority (92.16 per cent) believed that Islam allows Muslims to own luxury goods, as long as they can buy them legitimately. In addition to this belief, most of the respondents also considered that it was normal to have a socioeconomic gap (93.53 per cent), social class divisions (96.86 per cent), and social inequality (88.63 per cent). These beliefs and perceptions might lead the intenders to justify the ownership of luxury goods in Muslim society on these grounds. However, the results of quantitative analysis proved that perceived religious norms are not the variables which explain the intention to buy luxury goods, because a considerable number of non-intenders

also believed that Islam allows Muslims to own luxury goods. Further discussion regarding these findings and related theories and/or studies will be presented in the next chapter.

## Chapter X

### Discussion

This chapter provides a comprehensive discussion of the research findings. The study found religiosity, social group influence, and the perceptions of experiential and symbolic values to be the predictors or variables which explain the intention to purchase luxury goods. The discussion in this chapter is divided into four sections: the first relates to aspects of religiosity; the second covers external influences, with a focus on social influence; the third discusses perceived values of luxury goods in connection with vanity and materialism; and the last section reviews young Muslims' religious beliefs regarding luxury goods ownership.

#### **X.1 Religiosity, perceived religious norms, religious orientation**

The main research question, regarding the relationship between religiosity and the intention to buy luxury goods, is addressed in this section. In this study, religiosity is measured with 16 items under the dimensions of self-perceived religiosity, religious awareness, and religious behaviour (adopted from Strayhorn et al. (1990)), with additional items of Islamic ritual practices. According to the result of the binary logistic analysis, religiosity has a negative relationship with the intention to buy luxury goods {Wald(df = 1) = 5.566,  $p < 0.05$ }.

In other words, the higher the religiosity, the lower the intention to purchase. However, the role of religiosity is smaller than that of the other three significant variables, i.e. symbolic value, experiential value, and social group influence. Muslims with a high level of religiosity would possibly still have a strong intention to buy luxury houses, cars, motorcycles, jewellery, watches and other types of luxury items (if money were not an issue), in a situation where the social influences were strong and they appreciated or were impressed by the experiential and symbolic values inherent in the luxury goods per se.

In this study, religiosity was the only variable found to negatively influence the intention to buy luxury goods, but there were several other factors which had a significantly greater role in determining the intention. This finding concurs with a study conducted by Veer and Shankar (2011), which adopted the same religiosity construct (as developed by Strayhorn et al. (1990)) in the study of Protestant and Anglican communities. They found that participants with high religiosity tended to respond negatively towards an advertisement of a luxury



watch which emphasised lifestyle. However participants became more positive, and showed an intention to buy, when the lifestyle aspects of the advertisement were suppressed and it focused instead on promoting quality and durability. Veer and Shankar (2011) concluded that the latter aspects, related to functionality values, were used by participants as justification for a positive response toward the advertised 'luxury' watch, when they had responded negatively to the previous 'lifestyle' advertisement. It was inferred that religious participants could find reasons or justifications for their intention to buy luxury goods when they were influenced by external factors such as functionality values which were promoted through advertisements. Young Muslims participants in this study did not use functionality values as reasons or justifications. Rather, most of the intenders believed that Islamic values do not contradict luxury goods ownership, and that such items can be useful in propagating Islam.

Ten reasons, conditions or justifications (for having an intention to buy luxury goods) related to religion were given by the intenders in this study, two of which were: 'Owning luxury goods is OK as long as we can keep our heart from becoming a material slave and we must believe that it still belongs to Allah'; and 'Owning luxury goods is OK as long as the owners keep giving alms and doing charitable activities'. More than 95 per cent of the respondents in the quantitative survey agreed with these statements. Since the total intenders accounted for 92.75 per cent of the total respondents, this means that some non-intenders also agreed with the above statements. With regard to perceived religious norms, 92 per cent of respondents believed that Islam allows Muslims to own luxury goods as long as they can buy them legitimately. Some of the non-intenders also agreed with that norm, while a few of the intenders did not. The logistic regression analysis indicated that perceived religious norms were not the significant predictors of the intention to buy luxury goods.

According to the explanation given by Stark and Glock (1968) about religious consequences, religious individuals use their religious beliefs and their understanding of religious teachings, including perceived religious norms, in determining their standpoint, attitude and behaviour concerning many things in life, and having an intention to buy luxury goods could be predicted as the consequence or manifestation of the belief that religion does not prohibit the ownership of such items. However, in this study, the result from logistic regression analysis showed that perceived religious norms did not influence the intention to purchase luxury goods. The group of respondents who perceived that Islam allows the ownership of luxury

goods, or that the ownership of luxury goods does not contradict Islamic values in general, included the non-intenders. As explained in the above paragraph, some of these non-intenders even agreed with the religion related reasons given by the intenders.

The participants who believed that the ownership of luxury goods is not prohibited in Islam did not necessarily become intenders, because according to their qualitative explanations from the in-depth interviews, they did not find any strong reasons that motivated them to buy luxury goods, or they thought that if they had a lot of money, they would prefer to allocate it for something else which they thought more important, such as education and investment. Some considered that the simple life of the Prophet (pbuh) could be an example of a better way of life, but did not see Muslims who adopted the opposite lifestyle as being wrong.

During the in-depth interviews, a few male respondents, who did not have an intention to buy luxury goods but believed that Islam allows the ownership of such items, said that everything instructed by their religion should be followed, but not everything that was allowed. For example, they referred to the laws of polygamy (the marriage of a man to more than one woman at the same time) in Islam. They perceived that Islamic religious norms allow this, but they nevertheless did not want to engage in it (even though they had the financial capability), due to factors that were not necessarily related to religious matters, such as the fact that it might ruin their relationship with their current wife.

With regard to the morality or ethical considerations of consumption and material possession in Islam, according to Kahf (1992), the life of a Muslim is first measured by Islamic moral fibre, not by material possessions or the amount of the wealth owned, and being devoted to God can be achieved by obeying the rules determined by God in every aspect of life, including consumption. Kahf (1992) also states that wealth is not a bad thing and is not necessarily to be avoided, but it should not be pursued and utilised in ways which are not in line with Islamic beliefs. Young Muslims in this study agreed that morality is one of the main principles in Islam and that wealth should be pursued and utilised only in line with Islamic norms. However, the majority of the respondents believed that luxury goods ownership has nothing to do with morality. According to them, as long as the ownership is legitimate, there is no problem with such ownership from a religious perspective.

According to Kahf (1992), the belief that a Muslim must have faith in Judgment Day should have an impact on his or her consumption activities, so Muslims are encouraged to use their income and wealth for various permissible interests that provide benefits in this world and the hereafter. The majority of young Muslims in this study argued that owning luxury goods for good purposes, such as propagating Islam, can also be considered as a good deed, with benefits accruing to them both in this world and in the hereafter.

Some of the non-intenders agreed with the intenders that luxury goods ownership has no relationship with morality and ethics, and that owning luxury goods for propagating religion constitutes a good deed. However, these non-intenders did not want to spend their money on luxury goods, as they believed these things were not important. On the other hand, not all intenders thought alike. Some of the intenders said that owning luxury goods is not good from an Islamic perspective, but that they could not fight the temptation to own such items.

Of 37 non-intenders, 27 gave reasons related to 'religion,' 'education' and preference for a 'simple life,' and shared the same attitude in regard to buying luxury goods in a situation where most people were poor and struggled to meet their basic needs. Each member of this group of 27 scored at least 5, on a 6 point scale, for a 'feeling of guilt'. On the other hand, 82 per cent of the intenders also had this same feeling. The difference was that the 27 non-intenders felt that they would feel guilty, but had no intention to buy luxury goods, while the intenders had the same feeling but they also had the intention to purchase. Therefore, the guilt factor, as a variable, is not a significant predictor. Many respondents (including a large number of intenders and those with a 'religiosity' score above 4 on a 6 point scale) felt guilt at the thought of buying luxury goods while most people in the country live in poverty and cannot afford to meet even their basic needs, such as staple foods, but only 27 respondents with that feeling had no purchase intention. This indicated that being 'religious' (as measured by the 16 items of the construct, with a mean score of at least 4 on a 6 point scale) did not necessarily mean being influenced by a feeling of guilt concerning the huge socioeconomic gap (i.e. luxury goods ownership on the one hand and massive poverty on the other). Most of the intenders believed that almsgiving and engaging in charitable activities were the solution, while avoiding a luxurious life had nothing to do with efforts to minimise this gap.

Based on the quantitative and qualitative findings, it is clear that religiosity, as constructed and measured in this study, had a negative relationship with the intention to buy luxury goods. However it does not necessarily mean that young Muslims with higher mean scores of religiosity had a lower intention to purchase luxury goods. Referring to the above discussions, young Muslims who perceive that Islam allows ownership of luxury goods and that such ownership has nothing to do with moral and ethical concerns regarding the vast socioeconomic gap which exists in Indonesia, would have the intention to buy such items.

## **X.2 External influences**

According to the result of the binary logistic analysis of this study, social group influence has an impact on the intention to buy luxury goods {Wald(df = 1) = 7.713,  $p < 0.05$ }. Schiffman and Kanuk (2007: 307), from the perspective of consumer behaviour theory, say that “consumers are potentially influenced by a diverse range of people that they come in contact with or observe.” In reference to this theory, social group is one of the external factors which potentially influence a person’s purchase intention; others may include family, friends, ethnic culture, national culture, and global lifestyle or global culture.

The majority of the informants in the focus groups felt that there were influences, or even pressures, from their peer groups or social groups, in workplaces and ‘hangouts,’ which impelled them to buy branded luxury goods so they could be better accepted in their social circles. Informants also said that they felt some other external influences from their families or families-in-law, from their ethnic or national culture, as well as from the global lifestyle, that heightened their intention to purchase these goods. However, according to the data from the quantitative survey, perceived external influences were not significant, except for influence from social groups. This does not mean that the other external factors did not exist, but the data showed that the respondents with purchase intention did not necessarily feel the influence of these factors and/or they did not support the cultures or the lifestyle where the influences came from. According to the quantitative findings, all intenders felt social group influences, while only about half of the total number of intenders stated that they felt the other external influences.

In the following discussion of perceived values of luxury goods, social group is considered not only as a factor which influences an individual to become an intender, but also as a target audience to whom luxury goods owners display their belongings.

### **X.3 Perceived values of luxury goods and materialism**

The results of the binary logistic analysis of this study showed that symbolic value perception {Wald(df = 1) = 7.455,  $p < 0.05$ }, and experiential value perception {Wald(df = 1) = 6.398,  $p < 0.05$ } were significant drivers of the purchase intention. The (aforementioned) study conducted by Veer and Shankar (2011) showed that its research participants tended to react negatively towards non-functional aspects of the advertised luxury watches, possibly seeing them as not being in line with their (the participant's) perceived religious values. On the contrary, in the present study, young Muslims tended to see positively non-functional aspects such as lifestyle and symbolic values. 'Exclusive,' 'prestigious,' 'trendy/stylish,' and 'elegant' were some of the reasons they gave for their intention to purchase.

For young Muslims in this study, luxury goods are displayed as a symbol of wealth, in order to gain status recognition. They considered that, although superior in terms of quality and price, luxury goods are not necessarily important in terms of functionality, because the benefit of the product itself is expected to be derived from other people's reaction to, or admiration of, the purchasing power of the owners. Furthermore, owning goods that cannot be afforded by the majority of the community reflects an ability to accumulate wealth. The more money that can be spent on this kind of goods, the more other people in the community are expected to believe that the purchasers are prosperous and deserve a higher social status. This finding is in line with the phenomenon described by Veblen (1979 [1899]) in the late nineteenth century in the US.

Furthermore, it was believed that the reaction of the audience towards one's possessions is the most relevant factor in delivering satisfaction. Although experiential values related to product enjoyment significantly influence the intention to buy luxury goods, they do not deliver a high level of satisfaction if the audience does not show admiration. Thus the expected admiration resulting from the symbolic value of luxury goods becomes one of the factors behind the intention to buy certain products. The higher the level of expected admiration, the higher the price the buyers will pay. This finding is supportive of Veblen's theory (1979 [1899]) that goods that are obviously expensive and of very good quality, such as luxury goods, can become useless if they do not deliver the expected 'admiration effect'.

The results of the present study also indicated that most of the participants did not want to be seen as ordinary people who own ordinary things. Almost 70 per cent of the respondents

believed that Muslims who own and display luxury goods show that they can also achieve worldly success. They said that Muslims need to outperform others and display their wealth so that Muslim society (themselves included) will not be underestimated. This tendency was explained by Veblen (1979 [1899]), who claimed that an individual will not be satisfied by only maintaining his or her current standard of wealth. The rich people who currently belong to the elite class tend to aim to achieve an even higher wealth status. Once they achieve the first level, they will strive to further the distance between themselves and others below them. This phenomenon may apply to people at any socioeconomic level. People feel uncomfortable if they are perceived by other people in their group as 'ordinary,' with just a standard ability to consume, and just average in terms of material possessions.

The young Muslims in this study were influenced by the symbolic value of luxury goods. This meant that, for them, the satisfaction of having luxury goods was derived from the recognition, by others, not of the goods per se, but rather of the owners' wealth (i.e. which enabled them to afford such expensive things).

The symbolic value of luxury goods is reflected by the ability to display ownership of luxury goods, which also means displaying the ability to accumulate wealth or large amounts of money. According to Veblen (1979 [1899]), these abilities are perceived to be strongly related to social status, and he notes that people are increasingly considering wealth as the major factor in determining an individual's social standing. Therefore, most people are really concerned with luxury goods ownership or conspicuous consumption behaviour in order to maintain or improve their status in society.

Veblen (1979 [1899]) stated that luxury goods ownership reinforces social divisions, leading to groups of 'elite' and 'non-elite'. It can also divide people into groups of 'successful' and 'non-successful,' and 'respectable' and 'not respectable,' based merely on the possession of goods. This statement is supported by Campbell (1987), Schor (1998), and Frank (1999). These perspectives were not alluded to by most of the participants in the present study.

The intenders considered that luxury goods not only provide physical satisfaction derived from the high level of quality, and aspects relating to aesthetics, uniqueness, and convenience, but also non-physical or emotional satisfaction. For them, owning valuable things such as luxury goods was necessary to prove that they had successfully achieved one

particular goal related to wealth or financial matters, for instance, a higher position in the workplace or a bigger business. Without ownership of such items, success was not clearly defined, felt or, more importantly, displayed. Luxury goods were a symbol of wealth, or to be precise, a symbol of being wealthier than others. According to Veblen (1979 [1899]) a person's material achievement, which is reflected by the value of the luxury goods owned, endorses his or her status in society. Therefore, possessing luxury goods may satisfy the owners emotionally, giving them the feeling of being respected by others, or at least the feeling of being more deserving of respect than other members of society.

Veblen (1979 [1899]), and scholars who follow or refer to the Veblenian tradition (such as Galbraith (1958), Packard (1959), Campbell (1987), Schor (1998), and Frank (1999)) tend to consider negatively the attitude of treating luxury goods as symbols of wealth and social status. However, they realise that there is an opinion or a belief among people that this attitude can motivate individuals, groups, or business institutions to achieve their material goals and thus become financially secure and independent and able to improve the quality not only of their own lives, but also that of society at large.

The participants in this study argued that possessing luxury goods as a symbol of wealth and social status can have a positive impact, both on the owners and the people around them. The feeling of emotional satisfaction (i.e. of being an achiever and of being respected), as mentioned by the informants earlier, is a positive thing. In addition, people who are exposed to luxury goods may then desire such things themselves, which should, in turn, motivate them to improve their skills and be more productive. Participants said that Muslims in general are far behind people of other religions in terms of wealth or economic achievements, and therefore they should be motivated to work harder. To this end, exemplars of financially successful Muslims were needed. According to the informants, as long as it was not intended for showing off, the display of luxury goods was not problematic from a religious standpoint. Rather than being envious of Muslims who own luxury goods, people should view their success positively, because the informants believed that seeing a Muslim who can achieve success (which is reflected in the possession of legally acquired luxury goods) will make many other Muslims realise that wealth and luxury goods do not belong only to non-Muslims, or to secular, or even corrupt, individuals. They concluded that the ownership and display of luxury goods as a symbol of wealth is beneficial both for the Muslim owners and

for Muslim society. They also repudiated the perspective that luxury goods ownership promotes a materialistic attitude or materialism.

Participants in this research defined materialism as the attitude that it is acceptable to get what one wants from others using any (including dubious) means, or as the attitude that money is more important than anything else, including love and friendship. They did not see the ownership of luxury goods as a reflection of materialism, as it does not oppose religious norms as long as the possessions are acquired legitimately. According to the results from the quantitative analysis, materialism was not significantly correlated with purchase intention. The result indicated that respondents who had a higher materialism means score than the average for the total number of participants tended to be intenders. However, a considerable number of respondents who had a lower materialism score were also to be found in the intenders group. This result was also evident in relation to the variables of physical vanity and achievement vanity. Respondents who had higher mean scores for materialism, physical vanity, and achievement vanity tended to be intenders, but the group of intenders also included a significant number of respondents who had lower mean scores for these three variables but who were driven by their perception of the experiential and symbolic values of luxury goods as well as by social group influence.

#### **X.4 Young Muslims' religious beliefs with regard to luxury goods ownership**

Seventy three per cent of the young Muslim participants in this research claimed to be 'religious'. Most of them actively accessed information regarding religious matters via the internet, Islamic group discussions, television programs, and other sources, while a significant proportion had received a formal Islamic education, for example, through traditional Islamic boarding schools (*pesantren*), or modern Islamic schools and universities. The majority (92 per cent) of participants in this study stated that they had an intention to buy luxury goods; this group included participants who had received formal Islamic education and participants who had not. They also accepted that social class division is based on ownership of material goods.

Nearly all the participants who had received a formal Islamic education and those who had actively joined in Islamic group discussions shared with those who had only accessed religious information or Islamic teachings through the media the same belief that luxury goods ownership does not contradict Islamic religious values. They proudly stated that they



were religious and yet had the intention to buy luxury goods. Therefore, 'religiosity,' as perceived and constructed by the participants, does not preclude a luxurious lifestyle, and 'religious' persons could also accept the concept of social class division based on ownership of material goods.

Most of the participants believed that ownership of material goods may be prohibited if it were to result in arrogance and the neglect of religious obligations, especially almsgiving. They said that as long as an individual could afford to buy luxury goods legitimately and also fulfil religious obligations and maintain a good relationship with the poor through charitable activities, there would be no restriction, from a religious perspective, on owning these goods. They believed that even although the Prophet lived a simple life during the period of His prophecy, Muslims may enjoy a luxurious life if they can afford it. They also stated that although they agreed with the Islamic norm of the prohibition of extravagant spending, 'extravagance' depended on an individual's financial situation. In the in-depth interviews, the intenders, including those who had an Islamic education background and claimed to be 'religious' persons, stated that they had never been taught that luxury goods are prohibited in Islam.

Conclusions and recommendations related to the above discussion will be presented in the following and final chapter.

## Chapter XI

### Conclusions and recommendations

This final chapter of the thesis presents conclusions based on major empirical findings in an Indonesian Muslims context, and proposes recommendations related to education and policy making, as well as offering suggestions for further studies.

#### XI.1 Conclusions

Participants in this research agreed that a ‘religious’ person is generally perceived as an individual who believes in God, has sufficient knowledge about his or her religion to be able to distinguish between (religiously) lawful and unlawful behaviour, who conducts the obligatory ritual practices, and who also possesses a good character. For this segment, owning luxury goods is not categorised as (religiously) unlawful behaviour, as long as the money for the purchases is obtained lawfully. ‘Extravagant’ spending is perceived as a non-proportional budget allocation, as when, for instance, people who are not rich enough to buy expensive things push themselves to buy those items anyway. In other words, buying luxury goods is not extravagant spending for wealthy people as long as they do not use the major proportion of their money for this while neglecting other needs or obligations, such as giving alms.

The participants did not see the ownership of luxury goods as having any social issues, even though they were living in a society with a huge income disparity. They also felt that the possession of luxury items has no impact on social class divisions, as determined by ownership of material goods, which lead to the existence of different social strata, and regard this situation as a normal state of affairs that is in line with religious norms and that can be accepted even by a religious society. Most of those who intended to purchase luxury goods (if money were not an issue) claimed to be ‘religious’ people. They did not see a contradiction between religiosity and the ownership of luxury goods.

The young Muslims in this study were concerned with the social status associated with being seen as a wealthy and religious person. They felt that Muslims deserve to have expensive worldly things, and that they can even be seen as people who are blessed by God in the material aspects of their lives. Displaying luxury cars, for instance, within their particular

group, or in society at large, was believed to be effective in securing their social status, as well as showing off their achievements as religious yet wealthy people, and for simply avoiding being labelled as an 'ordinary' or marginalised person. The informants believed that in a country which has an enormous gap between the rich and the poor, and where only a small percentage of people can attain membership of the upper socioeconomic group, being a member of the wealthy class is a very important achievement. They saw not accumulating wealth, and not owning something expensive or worth displaying as a failure on their part. This lack of material wealth would relegate them to the masses, the lower class, the class that is not respected by most communities. The ownership of luxury goods, especially luxury cars (due to their mobility, ease of display and recognition), was seen as a shortcut to enjoying life in a city like Jakarta, where traffic is bad and public transport inadequate, as well as to improving status and avoiding being perceived as inferior.

In this study, luxury goods were demanded by both the group who had higher mean scores for materialism and the group whose scores were lower, across all demographics, including those of income and education. Most of the people with a high score for materialistic attitude were intenders, but being materialistic was not a necessary criterion for being an intender. Many non-intenders did not have a background of higher education, even though a significant proportion of them earned an income in the higher bracket. Therefore, higher education was not a requirement for being a non-intender, nor was higher income necessary for being an intender. The majority of the non-intenders stated that they would have had feelings of guilt if they bought luxury goods while seeing many poor people in Indonesia struggle to satisfy basic needs.

The results of the study showed that a high proportion of young Muslims in Jakarta have an intention to own luxury goods, even though they live in a society with a huge socioeconomic disparity. A socioeconomic gap, even in an extreme form, was seen by most of the intenders in this study as normal, as was the use of economic resources for luxury goods production, and money for purchases. Social class division, as constructed on the basis on ownership of material goods, especially luxury goods, was also seen as normal. None of the above issues were perceived as problems by the majority of young Muslims in this study.

This study does not discuss local or global culture, including the media, as the main cause of the increase in purchase intention among Muslims, since the data in this study did not support

this hypothesis. The research findings showed that 92 per cent of the respondents believed that Islam allows Muslims to own luxury goods as long as they can buy them legitimately, but only 57 per cent of the respondents would like to enjoy a global lifestyle with many international brands of luxury goods.

Veblen's theory regarding conspicuous consumption was written in 1899, before the era of media and globalisation. Mason (1981) even stated that this behaviour had been present in the Roman Empire, long before Veblen's era. Ahsan (1979) explained that Muslims in the era of the Abbasids (786–902) enjoyed a luxurious life style as their economy progressed. The results in this study have demonstrated that perceived symbolic and experiential values are significant determinants of consumption behaviour, while the only external factor that is significant is social group influence, as the participants saw luxury goods as a 'ticket' to enter the elite social groups they would like to belong to.

The majority of the young Muslims in this study appreciated luxury goods (in symbolic and experiential ways) and intended to buy such items, because, according to their perceived religious norms, legitimate ownership of luxury goods has nothing to do with morality or ethics (as discussed above) and social class division and social inequality are 'normal'.

For this research, no purposive quota was set regarding the educational background of participants to be recruited. The result of the random recruitment process was that 20 per cent of the participants had a background of modern or traditional Islamic education, and 80 per cent had a secular education. The intenders from both education backgrounds stated that they had never been taught that luxury goods are prohibited in Islam. This study revealed no evidence that local and/or global culture had infiltrated religious norms, but it did show that the values which related to 'beyond needs' consumption (such as consumption for symbolic and experiential purposes), social class division by ownership of material goods, and the norms taught by the religious campaigners, were all in line with the perceived religious norms of the young Muslims in this study. This research argues, therefore, that the majority of young Muslims who perceive that ownership of luxury goods does not contradict religious values and has nothing to do with the morality and ethics concerning the vast socioeconomic gap evident in the country, with or without external influence, will have the intention to buy such items, if money is not an issue.

Therefore, it can be predicted that in the future, in Jakarta, Muslims will continue to use, and appreciate, luxury goods as symbols of high social status, believing that even though they may live in a society where the poorer classes struggle, their consumption of these goods does not go against their religious norms, as long as they keep giving alms and engaging in charitable activities.

The rise of Islamic expression in Indonesia in the last decade fuelled the growth of businesses which identified Muslims as a target market. Various products and services, as well as media programs with content related to religion have been offered to Muslims. Besides the business people who profit by selling products to Muslim customers, there are people with religious backgrounds or religious affiliations who also receive financial benefits from this situation, such as Muslim religious campaigners and the members of the Shariah Advisory Board, who are professionally engaged by corporations which sell *halal* products or services.

Media in Indonesia, especially TV stations, have been riding the wave of Islamic expression, and involving Muslim religious campaigners in TV programs to attract a larger audience and so achieve higher ratings, while marketers have been using these people to endorse *halal* products and services. Some well known Muslim religious campaigners also receive fees for preaching at corporate and sponsored public events. These practices have earned Muslim religious campaigners higher incomes compared to the incomes they earned in the 1980s or in the era prior to the rise of Islamic expression in Indonesia. With this increased income, some Muslim religious campaigners have bought luxury goods, such as luxury cars. These purchases indicate that they do not see luxury goods ownership as being contradictory to Islamic teachings. Luxury goods ownership by Muslim religious campaigners may be interpreted by their Muslim audiences, including the younger segment, as ‘a green light’ in terms of the religious rulings concerning such ownership, and therefore as ‘a green light’ to the purchase intention already aroused by the perceived symbolic and experiential values of these goods.

Four types of attitude were exhibited by participants in the study towards luxury goods ownership among Muslim religious campaigners. First, most of the non-intenders were opposed to it, as they believed all Muslims should live a simple and modest life, even if they were rich, and did not see any reason offered for owning such luxuries, such as for the propagation of religion, as acceptable.

Second, some intenders believed that luxury goods ownership is allowed in Islam and they did not see ownership of luxury goods among Muslim religious campaigners as being contrary to religious values. However they did not see the benefit of owning such items. Nearly all the non-intenders also stated that they did want to buy luxury goods because of their feelings of guilt concerning the huge inequalities in society.

Third, a few intenders believed that even though the Prophet's tradition may not be in line with such behaviour, luxury goods ownership among Muslim religious campaigners is now required, in order to show that religious Muslims can achieve worldly success. They thought that luxury possessions could motivate other Muslims and eliminate the impression that Muslims in Indonesia are economically weaker than non-Muslims.

Fourth, the majority of intenders, including those with an Islamic educational background, stated that luxury goods ownership among Muslim religious campaigners assured them that legitimate ownership of luxury goods is allowed by their religion, and made them more confident about having and expressing their purchase intention.

This study argues that, among young Muslims, the understanding of Islamic religious values concerning ownership of luxury goods is not built mainly on perception of global lifestyle and inherited cultural values. As the quantitative results showed, only about half of the total number of respondents felt those influences. On the other hand, this research found that the intenders who had an Islamic education background and actively joined in Islamic group discussions had the same understanding as those who did not; both stated that they had never been taught that Islam prohibits luxury goods ownership.

The data gathered in the in-depth interviews indicated that the major educational content in formal Islamic schools and informal Islamic group discussions attended by informants, regarding Islamic values on consumption and private ownership, can be considered as being in line with the luxurious lifestyle exposed in the media and exemplified by Islamic religious campaigners. Therefore, this research concludes that Islamic education does not lead to avoidance of luxury goods ownership.

The young Muslims in this study understood that Islamic religious norms do not contradict luxury goods ownership because this is what they were taught, or had learned from sources

related to their religion. Again, this research does not see external influences, such as global lifestyle and local culture, as the main drivers of the intention to buy luxury goods, but rather as accelerators, or factors that may augment the level of intention. This argument is supported by findings from a comparison of perceived religious norms concerning *halal* meat consumption.

All participants believed that, in Islam, eating pork is prohibited. The participants who claimed that they were 'religious' stated that, even if they lived in an area where there were many shops selling pork, with attractive product displays, they would never be tempted, even a bit, to buy and eat such meat, because this is prohibited by Islamic law. In the case of luxury goods ownership, these participants believed that the ownership of such items is not prohibited, and said it is normal to want to purchase these things, as this does not go against Islamic laws. Attractive product displays of luxury goods, media exposure, and global lifestyles which advertise the symbolic and experiential values of luxury goods, as well as presenting ownership of such items as a 'ticket' to access elite social classes, to some extent augmented the participants' levels of intention. If one were to imagine two 'gates' that can allow the purchase intention to be released and then acted upon—the first gate a religious norm, and the second the values or benefits of luxury goods per se—the participants who claimed to be religious persons, would not consider opening the second gate if the first gate were closed.

The intention to purchase, as well as the purchase behaviour shown by young Muslims in this study, can be explained from a microeconomics angle by using the indifference curve approach, where utility, or satisfaction, is expressed as an ordinal degree. In this approach, it is assumed that consumers' preferences can be expressed in an indifference curve, i.e. a curve indicating various combinations of goods that can be purchased or consumed by an individual and which provide the same degree of satisfaction. In this study—as this is what the young Muslims believed—no goods are prohibited, as long as they are *halal* (permissible) in terms of contents or ingredients, and are purchased legitimately, while the quantity and quality of goods to be purchased includes those that can deliver the highest satisfaction. In this case, consumers' efforts to achieve maximum satisfaction are only limited by the size of their budget. This limitation is expressed in a budget line, which shows a combination, or limitation, of choices of various goods that can be purchased within a particular budget.

This study used an assumption that money was not an issue, therefore the participants could buy anything, including expensive and unnecessary things, as they had the financial capability to do so. This assumption was used to test whether or not young Muslims would take into account social values or religious norms that restrict purchases or consumption activities when using their budget. The results showed that young Muslims had a tendency to apply most of their financial capability to the pursuit of maximum satisfaction, as long as they had fulfilled their almsgiving obligations and performed some charitable actions. In conclusion, when young Muslims expressed their intention to buy luxury goods, the norms they considered were limited to the following: the *halal* (permissible) aspect of goods to be purchased, in terms of contents or ingredients; the legitimacy of the money for the purchase; and the prior fulfilment of the almsgiving obligation. They did not take *maslaha* (collective goodness) or social impact into consideration, as they still saw satisfaction of the individual as the principal objective of purchases and consumption. *Maslaha*, as explained in Chapter III, refers to the harmony of society, achieved where economic resources are managed effectively and efficiently for the fulfilment of the needs of humankind in general.

## **X.2 Reflections and recommendations**

Indonesian Muslims or anyone else who would like to see a change in the attitudes described above would need to take the necessary steps, including setting up an education program about social solidarity and the appreciation of the non-material aspects of life, such as compassion, friendship, and knowledge. Another, but more difficult, route to a change in prevailing attitudes would involve changing perceived religious norms, in anticipation of the increasing intention among Muslims to purchase luxury goods. However, this would be challenging, as the majority of people (as reflected in the sample in the study) believe that social class divisions based on ownership of material possessions is in line with their (perceived) religious norms.

### **X.2.1 Gaining respect without luxury goods**

As long as young Muslims perceive that respect from society is derived from material possessions, there will always be competition to own expensive but unessential material things like luxury goods. This competition will marginalise people who prioritise, or dedicate their time and knowledge to, efforts which do not lead to excessive material acquisition. Examples of such people would be teachers or medical doctors in rural areas, or working in the public or social services. This study recommends that educational content in



Indonesia should include more accounts regarding respected people who work hard doing something beneficial for society, for the country, or for humanity, who are financially independent without having, or feeling any necessity for, a luxurious life (for example, people like Muhammad Natsir, the former prime minister of Indonesia, and Muhammad Hatta, the former vice president).

Although many of the informants who intended to buy luxury goods argued that displaying the ownership of such goods can motivate people to work hard and thereby achieve a better economic situation for themselves, it can be argued that it also motivates people, who do not have enough purchasing power, to buy luxury goods that they cannot afford. Moreover, the motivation which derives from an intention to own luxury goods or spend extravagantly may lead to a selfishness that creates disharmony in the workplace. For example, an entrepreneur or professional may compromise a company's budget for labour or personnel development, slashing it to a minimum level, in order to make a greater profit with which to buy luxury goods. As an example, an entrepreneur informant, who did not want to buy luxury goods, said that those of his friends who had started businesses and failed in the first three years were those who spent their money lavishly on luxury goods. Some of them even used business loans or consumer loans from banks to buy luxury goods, as they felt they needed to be seen as successful businessmen and thus gain respect from their communities.

### **X.2.2 Showing solidarity and social equality values by avoiding luxury goods ownership**

Most young Muslim participants in this study believed that as long as their obligation of almsgiving was fulfilled and some money was also allocated for charity, they could use their income to buy anything within the limits of their purchasing power, other than prohibited goods. Most of them did not see solidarity and brotherhood as being related to an understanding of, or empathy towards, the situation of others. In a country with vast socioeconomic disparity, there are many people who struggle to survive and who have very poor living conditions. Ownership of luxury goods, especially in this situation, even if alms are given and charitable activities are performed, does not reflect a spirit of solidarity and brotherhood. Professor Masudul A. Choudury (1983) emphasised that equality and cooperation is a reflection of brotherhood in Muslim communities. This does not mean that people should have the same living conditions, but when many people face difficulties in just meeting their basic needs, while others of the same faith acquire very expensive but unessential things, the spirit of solidarity and brotherhood in these 'acquirers' is questionable.

Professor Hamka (1984) (also known as Buya Hamka), the first chairman of the Indonesian Muslim scholars' council, saw building luxurious houses and buildings, and owning luxury vehicles as unnecessary, especially as he noted that many poor people in Jakarta were homeless. He said that wealth is allowed, and even required, in Islam in order to enable people to enjoy a good standard of living, as well as for developing society, but it is not for luxuries. This study recommends that Muslims who believe in solidarity and brotherhood should show their empathy, not only by giving alms and donating to charities but also by avoiding owning luxury goods.

### **X.2.3 Implementing and maintaining a high consumption tax on luxury goods**

The policy of taxing luxury goods can be seen from two perspectives: as encouragement or as discouragement. This policy forces buyers of luxury goods to 'donate' their money to the government. The money accrued through taxation can then be used to build public facilities and infrastructure beneficial to society. With tax added, the price of luxury goods will be higher, but (as long as the buyers can afford it) the greater the number of people who buy luxury goods, the higher the income received by the government. For buyers of luxury goods, a higher price may lead to higher prestige and paying consumption tax on such items can be seen as their contribution towards developing society. It could thus be argued that taxing luxury goods may encourage people to buy. However, Professor Robert H. Frank (1998) suggested that the purpose of applying a high consumption tax to luxury goods is to discourage people from spending their money on such items. By not purchasing luxury goods, people who have disposable income can increase their savings and this money, from a macroeconomic perspective, can be used to fund the development of infrastructure. The money can also be more useful when it is allocated for economic development or for improving people's health and education, so that the productivity and quality of life are enhanced. Professor Masudul A. Choudury (1983) stated that from the perspective of Islamic jurisprudence, taxation on idle assets is allowed, and this can be applied to any unproductive asset. Indonesian tax law no. 42/2009 states that taxes on luxury goods vary from 10 per cent to 200 per cent of the value of the goods. In 2104, some changes were made regarding the criteria for luxury goods and the percentages of taxation. For instance, tax on luxury cars increased from 75 per cent to 125 per cent (Indonesian government regulation no. 22/2014). Even though there are potential problems regarding the tax on luxury goods, such as smuggling or encouraging a black market, increasing the tax on, and reducing the market for, luxury goods, which are mostly imported items, are seen as steps that should be taken. The

Indonesian Finance Minister said that the rise in both volume and value of imported luxury goods applies significant pressure on Indonesia's current account deficit (jpnn.com/jawa post national network, 22 March 2014). This study recommends a consumption tax on luxury goods which will act as a discouragement or disincentive. The tax should therefore be high or very high.

#### **X.2.4 Allocating money and economic resources for the essential needs of more people**

Every purchase means money spent for one or more particular items, and has an impact not only on the spenders but also on society as a whole. For the spenders, the items bought are expected to fulfil their needs or desires, and for society, an allocation of funds for one particular item means eliminating the chance of that money being used for something else. Money can be saved and then spent for various purposes, and people need to prioritise their spending. Most of the participants in this study were of the opinion that purchasing luxury goods, when this means people have to sacrifice essential things, is not a wise form of spending and nor is buying luxury goods through instalments due to weak purchasing power. On the other hand, they believed that for very rich people who have very strong purchasing power and are able to fulfil their essential needs and religious obligations (of giving alms and going on the major pilgrimage), buying luxury goods is not such an unwise way of spending, even though once the money is spent on these goods it cannot be used for something else which may benefit society (not necessarily charitable activities). Apart from charity, it would be more beneficial if the money were used by those who have it, for example, for their families' wellbeing, for their workers' education and training programs, for visiting relatives and friends to enhance relationships, or for opening new businesses in which more people can be employed.

The rising demand for luxury goods means that producers and marketers need to allocate more of their economic resources just to satisfy a relatively small number of people who can afford such things. It would better if these producers were to make a profit by fulfilling the essential needs of more people. Professor Phillip Kotler (Kotler et al., 2010), in his concept of Marketing 3.0, emphasises the urgency for 'consume less for more' behaviour. This concept means that if the 'haves' consume fewer unessential things, the available economic resources can be allocated to producing more essential things for more people, including the 'have nots'. This study recommends that educational content related to consumption for Muslims needs to explain not only the criteria for *halal* (permissible) goods, from an Islamic

point of view, but also the impact of spending money on the society as a whole, and the world's economic resources allocation.

### **X.2.5 Finding ways to benefit society with money saved by not buying luxury goods**

Luxury goods ownership is not in line with the vision of enhancing the real economic sector in Indonesia, as most luxury goods are imported. Even though Indonesian manufacturers could produce luxury goods, a vast amount of the money allocated to buying them would become non-productive. For example, if someone buys a good quality handbag which costs USD 200, while a luxury handbag costs over USD 2,000, there is a USD 1,800 difference in price for the same functionality. Another example is if a person buys a good, reliable, safe, and economical car which costs USD 20,000–25,000 while the price of a luxury car exceeds USD 100,000. The money saved (represented by the difference in price) could be used for other things, not necessarily to give to charities, but to develop productive economic activities, such as a capital funding scheme with no interest payable for small businesses with a profit sharing scheme. It could also be spent on buying raw materials or finished goods from small businesses, and re-selling them at a small margin, so that, from the perspective of economic resource allocation, the money is distributed in a better way and for the benefit of more people.

Avoiding luxury goods, even while being able to afford them, leads to a higher propensity to save, if there is no desire to use the money for speculative activities, for other types of consumption, or for charitable activities. Saving in financial institutions that assist a real sector, especially helping small businesses to grow, makes the money productive. The savings could also be used by financial institutions to fund projects related to infrastructure development, housing, and many other projects beneficial to society. However, many of the Muslims in this study thought that using money to buy luxury goods is useful for propagating Islam, as more and more rich people will be attracted to the religion, and will make donations. It is questionable whether rich people attracted to Islam will donate their money in the same amounts as they allocated it for buying luxury goods. Moreover, some participants argued that rich people can be attracted to Islam (and make donations) without the dubious use of luxury goods. Hence, allocating the money for non-charity but productive activities, or for improving economic productivity, especially for the sector of small businesses in Indonesia which produce necessities, is better than using it to buy luxury goods.

### **X.2.6 Creating a ‘simple life club’ or community**

Peer pressure is one of the factors influencing the purchase of luxury goods. Some people can feel marginalised in their community if they do not own expensive things with prestigious brands. This study found this to be the case in Muslim communities also. To overcome this feeling, Muslims who have a strong belief that a simple life is better than a luxurious life, could establish a community or a club that supports this belief. In this club, one recommendation from J. B. Schor (1998) in *The Overspent Americans* could be applied, i.e. determining the highest price acceptable for certain items to be bought. For example, the ‘club’ could evaluate the qualifications of ‘a good car’ by focusing on functionality and ‘must-have’ criteria, such as being safe, reliable, and economical. If this kind of car costs, for example, a maximum of USD 25,000, then the club may decide that its members can only buy a car at that price or below for the next few years or until the criteria are re-evaluated. The same approach could be used for other goods that can be easily displayed to the public, such as shoes, clothes, gadgets, or bags, or even for some items related to ceremonies or traditions, such as wedding ceremonies and festive celebrations or parties. The cost would be capped at a certain level, as agreed by the members of the club.

It would be expected that the members of this club would not only be Muslims with a low to medium income level, but also those with a medium to high income level. This would indicate that being rich is allowed in Islam, but that there are Muslims who are rich yet limit their consumption by referring to essential needs and focusing on the functionality of goods. Through this community or club, Muslims who do not believe in the usefulness of luxury goods for themselves or for society could avoid the feeling of being ‘marginalised,’ because they would have peers who supported their belief in the importance of a simple life. The existence of this club or community would advertise the message that people who do not own luxury goods (branded and very expensive items) need not be marginalised. In a wider context, the club or community could be open to people who have the same values, regardless of their religion, as long as Muslims were also members. This club should be creative in recruiting its members, who may still feel a need for recognition or respect from others. The unique propositions of this club for its members may include a ‘simple life’ and ‘coolness’. In short, they could come to be recognised as a ‘simple but cool’ community.

### **X.2.7 Further studies**

This study tested various dimensions of religiosity, including perceived religious norms and religious ritual behaviour, as well as factors not related to religion, against the dependent variable of the purchase intention as the consequence or manifestation of religious beliefs. The results of this study, especially the empirical result regarding the role of religiosity in the intention to buy luxury goods, contribute to the literature on religiosity and consumer behaviour in a Muslim context.

Further studies may refer to the constructs used in this study, as well as its quantitative and qualitative findings, in developing a better understanding of the perceptions, attitudes, and behaviours of Muslims (as well as the relationship between religiosity and the intention to purchase luxury goods), concerning the complex situation faced by consumers who live with, and according to, religious values. Two major types of further studies related to this research are recommended, as described below.

First, the research area could be expanded to examine, for example, urban areas versus rural areas in Indonesia, or areas with great social inequality versus areas with relatively little social inequality in other countries. Further studies may be also conducted in Muslim societies in other areas or countries, considering their similarities or differences in various terms, such as historical background and socioeconomics, or welfare systems. This study could apply to various Muslim demographic groups (e.g. different age groups) and/or organisations.

Second, the study could focus on certain specific research variables or change the dependent variable. This study dealt with 17 independent variables, four of which were significant predictors. Further research could investigate those significant variables, such as social group influence and symbolic values related to possession of material goods, in a Muslim context, and/or their determinants. Some of the 17 independent variables could also be tested against different dependent variables which relate to perceived religious norms and religious consequences beyond the issue of consumer behaviour, for example, choosing non-Muslim leaders. Each construct and dimension of religiosity used in this study may also be elaborated on and challenged in further studies, in order to seek more appropriate constructs/dimensions that can be implemented in Muslim or religious studies in particular, and in social science in general.

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### **Online Resources**

<http://www.bps.go.id> (Indonesia's Central Statistics Agency)

<http://www.bbc.com/news/business-28570422>

<http://www.capgemini.com/resources/asia-pacific-wealth-report-2013>

[http://www.datamonitor.com/store/Product/clothing\\_accessories\\_and\\_luxury\\_goods\\_retailing\\_in\\_indonesia?productid=DBVT6094](http://www.datamonitor.com/store/Product/clothing_accessories_and_luxury_goods_retailing_in_indonesia?productid=DBVT6094)

<http://data.worldbank.org/indicator/SI.POV.2DAY/countries>

<http://www.euromonitor.com/luxury-goods-in-indonesia/report#>

<http://www.jpnn.com/read/2013/09/21/192057/Izin-Mal-akan-Dihentikan-1>

<http://www.jpnn.com/read/2014/03/22/223707/Menkeu:-Kalau-Mau-Beli-Ferrari-Sekarang-Saja->

<http://majalah.detik.com/read/2013/06/07/183706/2267534/1314/bisnis-mimpi-yusuf-mansur>

<http://www.marketwired.com/press-release/global-luxury-goods-sales-exceed-us318-billion-1838681.htm>

<http://www.merdeka.com/peristiwa/ahok-039naikkan039-jumlah-penduduk-miskin-di-jakarta.html> (2012, November 23)

<http://www.merdeka.com/peristiwa/5-ustaz-ini-gemar-naik-motor-besar/ustaz-jeffry-al-buchori.html> (2013, April 29)

<http://www.pewforum.org/2011/01/27/the-future-of-the-global-muslim-population/>

<http://povertydata.worldbank.org/poverty/country/IDN>

<http://www.tempo.co/read/news/2013/04/26/064476031/Ini-Spesifikasi-Motor-Gede-yang-Ditanggung-Uje>

<http://www.timlo.net/baca/29299/mobil-mewah-m-arifin-ilham-seharga-2-m/>

<http://www.tribunnews.com/regional/2013/06/15/pengusaha-madura-punya-tiga-mobil-lamborghini>