

## **1. INTRODUCTION**

### **1.1 Background**

As technology has improved from time to time not all people use it wisely. There are some people who choose to risk their morality by plunging their selves into a wrong direction. Nowadays internet has been a daily need. Internet and computer technology make people easier to access their favorite digital material (e.g., music, movie, software, e-book) and they are able to get those things without any fee. Moreover the wireless broadband (Wi-Fi) are increasingly popular among the youth market and has exploded in recent years makes people even easier to download anything they like (IIPA, 2012). Indonesia's internet usage has reached 39.6 million users (as of December 2010) or 16.1% of the total population (IIPA, 2012).

Indeed, internet is such an important thing for our life, while also has many risks behind it. Nonetheless, some irresponsible people took benefit from this opportunity to built peer-to-peer (P2P) sites that give people chance to download and share anything freely. P2P networks allow users connected to the Internet to link their computers with other computers around the world ([www.fbi.gov](http://www.fbi.gov), accessed on 9 October 2012). It was started by Shawn Fanning, a 19 years old college dropout from Boston. In 1999, he created software, called Napster, with the ability to locate MP3s on any computer that connected to that software (Wade, 2004). By downloading this free program, users could take and send files from any computer in the network.

Afterwards, the other similar peer-to-peer file sharing programs such the Napster comes, and was unstoppable force (Wade, 2004).

Sheyoputra, the Spokesperson of Business Software Alliance (BSA) Indonesia said, *“the results reinforce the need to educate users that software downloaded from P2P networks is often illegal, and installing software purchased for one computer on multiple homes or office is piracy”* (BSA, 2011, p. 2). However, it is such a violation of federal law to distribute copyrighted music, movies, software, games, and other works without authorization, which can be considered as a thief (www.fbi.gov, 9 October 2012). Unfortunately, many people do not see piracy as a crime or an unethical issue. There are many PC users were lack of understanding of whether common ways of acquiring software, such as buying a single program license for multiple computers or downloading a program from a peer-to-peer network, are likely to be legal (BSA, 2011).

Digital piracy is a prevalent and serious problem in Indonesia, especially for music and software industry. The piracy has grown steadily over the past several years (Eri, 2012). If in the past, people inclined to buy cassette or CD, now public are prefer to download their favorite music and listen it through their cell phone (Eri, 2012). Moreover, the expansion of various music devices such as Ipod, Ipad, smartphones, and other MP3 players with various brands that easily to be found in everywhere stimulated the P2P sites to be more innovative. *4shared.com*, for instance, created *‘4shared mobile version’* to make people easier to download music or files using their smartphones or other mobile devices, directly.

Through 33 countries, Business Software Alliance (BSA) did a survey towards software piracy rate globally, which is titled as '*2011 Global Software Piracy Study*'. It was revealed that software piracy in Indonesia is one of the biggest rates in Asia Pacific (APAC) sector ([www.beritahukum.com](http://www.beritahukum.com), accessed on 2 June 2012). Similarly, IIPA (2012) have found the piracy rates in Indonesia remain unacceptable and extremely high, where unlicensed PC software usage had reached 87%, and even higher for other industries. Not only in digital form, the pirated material in physical form which supplied or distributed online is also very dominating Indonesia's market (IIPA, 2012). Robert Holleyman, the BSA President and CEO, said that piracy is a collective challenge to software developers, including those in Asia Pacific (cited in Darmawan, 2010).

In their study, Bender & Wang (2009) view digital piracy as an example of end-user piracy, where consumers can obtain digital material (e.g., MP3s, movies, software and games) for their own personal enjoyment without physical transactions. They agreed that the end-user piracy can be more difficult to detect than commercial piracy since goods never physically exchange consumers' hands. The assumption of people saying that if pirated and counterfeit goods provide work opportunities was totally false, because there are major losses experienced by the country. In fact, by lowering software piracy it would bring significant benefits to the Indonesian economy (IIPA, 2012). Whereas, a study found that the higher the software price the higher individual's desire to do piracy (Cheng, Sims & Teegen, 1997).

Nevertheless, there are still a few researches in marketing that find out the factors behind the issue. They tried to find solutions within their research result to solve this problem. Some studies reveal that by closing down shops or online shops (Moore & Esichaikul, 2010) and blocking illegal download sites (Purwanto, 2012) will not stop people to keep continue pirating. In their study, Moores and Esichaikul (2010) suggested that controlling the piracy is like squeezing a balloon: '*holding one part tightly simply results in the balloon expanding in another direction*'. It means when a problem was handled, apparently the other problems were ready to attack. Just like what Ashwin, a director of *Kominfo (Kementrian Komunikasi dan Informatika)*, said that Indonesian is genius; while one site is closed down, the other sites will come up (Purwanto, 2012).

The current anti-piracy arguments and monetary penalties have been ineffective and people still continue to download digital material illegally, despite the knowledge that was an illegal behavior (Ramayah, Ahmad & Chin, 2009). It seems Indonesian Government did not have a certain regulation of illegal download or piracy that adequate to handle this problem (IIPA, 2012).

Instead of relying solely on those ways, knowing what might influence individuals to pirate would be a more advantageous path (Al-Rafee & Cronan, 2006). Some studies also suggest to stimulate people's thought by increasing individuals' awareness of potential severity and certainty of punishment (Yoon, 2011) or do a socialization through anti-piracy campaigns (Moores & Esichaikul, 2009) could be more effective to lessen the digital piracy attitude.

The current study aims to replicate and extend Al-Rafee and Cronan's study (2006). In their study, entitled "Digital Piracy: Factors that Influence Attitude toward Behavior", Al-Rafee and Cronan (2006) identified factors that influence an individual's attitude toward the decision to commit digital piracy. By doing so, the expectation is to know which factors can be implemented to reduce the digital piracy. This should serve to further strengthen piracy-fighting measures currently deployed (Al-Rafee & Dashti, 2012).

### **1.2 Problem Formulation**

Based on the problem mentioned in the background above, the problem formulation is:

How do moral judgment, gender, age, Machiavellianism, cognitive beliefs, affective beliefs, perceived importance and subjective norms affect consumer attitude toward digital piracy?

### **1.3 Research Objectives**

Based on the problems formulation mentioned above, so the research objectives that will be achieved as follow:

To examine the effect of moral judgment, gender, age, Machiavellianism, cognitive beliefs, affective beliefs, perceived importance and subjective norms affect consumer attitude toward digital piracy.

### **1.4 Research Scopes**

Some scopes were organized in order to summarized the aims of the present study research. Therefore, the scopes of this study are:

1. Digital piracy is an attitude of someone who is downloading or copying copyrighted software, music, movie, e-book and other digital material illegally.
2. This is a replication study of the original article entitled “Digital Piracy: Factors that Influence Attitude toward Behavior” by Al-Rafee and Cronan (2006), in purpose to examine individuals digital piracy behavior. The hypothesized factors that influence attitude toward digital piracy are: moral judgment, age, gender, Machiavellianism, cognitive beliefs, affective beliefs, perceived importance, and subjective norms.
3. The Theory of Planned Behavior (TPB) by Fishbein and Ajzen (1975) and the Defining Issue Test (DIT) by Rest (1986) have been used to assess the attitude of an individual toward digital piracy.
4. Indonesia has been chose as an ideal location to conduct the research because Indonesia is a considerable country that has a high piracy rate.

### **1.5 Potential Research Contributions**

The research outcomes is expected can gives some benefits for:

#### **1.5.1 Potential Academic Contribution**

While the previous study by Al-Rafee and Cronan (2006) had been done in Midwestern, United State, the present study has done in Daerah Istimewa Yogyakarta, Indonesia. It will give new information for the academician about the comparison study of both researches. Moreover, this is such an interesting issue to be expanded. Although there is many studies have already investigated this problem, a piracy issue is always getting wider since it still insurmountable. However, there is

only a few of research in Indonesia studying the digital piracy, although it is been a headline issue that have to be solved as soon as possible.

### **1.5.2 Potential Managerial Contribution**

The research findings hopefully will help people to know more detail about what factors that influence the attitude of individual towards digital piracy. Corporation such as software developers or other institution that concern about the piracy will be assisted by the research findings or also can extend the result more specific. The result also can be a determination of government to make decision to prevent the piracy attitude among people.

### **1.6 Research Structure**

In order to make the research paper will be easy to be followed by readers; the present study arranges a systematic writing, as follows:

#### **Chapter 1: Introduction**

The first chapter declares the research proposal of “Digital Piracy: Factors that Influence Attitude toward Behavior”. The background of the topic elaborated specifically and also explains more detail on the benefit of the research that will be conducted. The current study reveals the research method such as the population and sample, questionnaire, data and analysis tools.

#### **Chapter 2: Literature Review**

The second chapter is set of information from certain sources like journals, books, theories and other reliable source by internet support. Literature review may

give the research being steadier and become a good research that will also give new information to others.

### Chapter 3: Research Methodology

In this chapter, this study clarified in more detail about the research method that already explained on the first chapter such as the population sample, questionnaire, data and analysis tool. It is important to extend this part because a research method is a main step for the data collection.

### Chapter 4: Analysis and Findings

The fourth chapter is being the main chapter that shows the research finding from the processed data collection. This research analyzed the findings and compares it to the previous study. The result gives main point to arrange the conclusion and managerial implications.

### Chapter 5: Conclusion and Managerial Implication

The last chapter elaborates research components from the first chapter until the fourth chapter into the conclusion of the research. The managerial implication will reveal the benefits and the limitation of the research in order to espouse other researcher if they want to expand the research.