



THE GAMUT OF E-COMMERCE: BETWEEN ONLINE FRAUD AND TRUST TOWARDS TECHNOLOGY AMONG GENERATION Y

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ABSTRACT

At present, generation Y represents the most population in the world and their acceptance either as consumers, users or clients plays a significant and important role in making the business world doomed or brighter. Therefore, their behaviour plays the most important role in ensuring e-commerce does well and making the online business industry grow tremendously. Yet, little is known about the intention among generation Y with regards to e-commerce. This study aims to identify the online fraud and trust towards the technology influencing the intention to use e-commerce among generation Y. A total of one hundred and twenty respondents of generation Y were recruited in this study through convenience sampling at Kota Bharu city. This quantitative study using survey as a method of data collection and a questionnaire was distributed to the respondents to fill. The respondents were asked for consent before proceeding with the survey, in order to ensure that the ethical consideration was taken into account while conducting the study. Data were analysed using Pearson correlation and multiple regression analysis. Findings revealed that trust and online fraud had a positive and significant relationship with consumer intention, and they were significantly affecting the intention of generation Y. This study would suggest that the online business companies and e-commerce technologies should consider focusing on these variables in the development and implementation of a strategy to attract and retain buyers in the future.

Key Words: Intention; Generation Y; Online fraud; Trust

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1. INTRODUCTION

The world now is dominated and populated by almost 71 million generation Y. Generation Y is the generation that was born between 1977 and 1994, also known as Millennials (Schroer, 2013). They are incredibly known as sophisticated and technology savvy with the internet becoming their forte, thus leading their life activities. This significant population obviously will bring a big impact to any dimension either in social, political and economic growth or decay. In Kelantan,

generation Y is in the majority with a population of 489,900 (Statistic Department of Malaysia, 2014). Many of them are involved in business either as employers or consumers and this shows that their intention plays a significant and important role in making the business world doomed or brighter. This generation is a very large and economically powerful generation that require e-commerce marketers to study their behaviour towards e-commerce (Djamasbi, Siegel, & Tullis, 2010). Therefore for the purpose of this study, it is interesting to study their intention and behaviours with regard to the use of e-commerce.

E-Commerce enables entrepreneurial businesses to improve their access to a wider range of customers. Perhaps even more importantly, for the niche marketer, the number of customers within their defined target segment is greatly enhanced. E-commerce is a convenient, quick and cost effective tool for managing business transactions 24/7. However, e-commerce faces consumer resistance in certain areas. In essence, consumers simply do not trust most web providers enough to engage in relationship exchanges with them (Grabner-Kraeuter, 2002, p.43). Consumers do not usually like to deal with online business because the personal information being given to a seller will not be private and confidential.

Moreover, fraud, cases of damage, blogger information or details about financial transactions, promised delivery dates, fixing cost or postage cost will reduce consumer intention. Saban et al (2002) found that e-security issues included risk in buying online, which comes from heightened awareness of fraudulent activity stemming from personal contacts and media sources. Consumer will lack intention if the seller does not keep their promise or warranty given to the consumer; and this will definitely discourage them from choosing or buying the items. In order to stay competitive and improve responsiveness to changing customer demands, organizations have to think about more creative ways of using and integrating intention into their business. Consumer intention leading to purchasing behaviour plays an important role in ensuring e-commerce goes well, and ensuring the online business industry grows tremendously. Thus, this paper explores the factors that determine the consumer intention with regards to using e-commerce among generation Y, which includes consumer trust and online fraud.

2. LITERATURE REVIEW

2.1. Consumer Intention

In the context of technology, consumer intention can be seen as a desire to involve in the online activity. Consumer intentions are unpredictable and their needs cannot be reached and cannot be attracted with the e-commerce transaction because they are more rather shopping at the mall to find the satisfaction on their own. The seller has to develop the trust of the consumer in order to attract them without face to face interaction during online transactions. In addition, the intention among consumers shows the effectiveness of e-commerce transactions. This can help sellers generate interest for their products.

Besides, e-commerce also can provide an up-to-date service and meet the consumer's need, while at the same time providing a convenient way for consumers to buy things that can attract them to keep revisiting the seller's webpage. Consumer intention is also based on the convenience of technology, and how easy it is for them to search and buy products or services. According to Taylor et al (2009), consumer intention to carryout online purchases once they trust the seller, confirms their privacy was protected and taken into account. In addition, Anderson (2013) stated that a business website which is free from fraudulent activity can attract consumers to make online purchases. Hence, a user-friendly and safe website will help consumers to make online purchases easily; which will ensure they are more eager to buy other products online.

2.2. Trust

Trust is a decisive instrument in stimulating purchase over the internet and it is vital in any e-commerce environment (Teodoroleque, F.L & Sanchaze-Fernadaz, 2010). Previous research has shown that consumers who had an intention to trust e-commerce or online business are committed to doing online transaction (Srivinasan et al, 2009; Aris et al, 2013). Trust therefore plays an important role in making e-commerce a success (Srinivasan et al, 2009; Aris et al, 2013). An often mentioned reason for consumers not purchasing from internet vendors is the lack of trust (Petrovic et al, 2003). Thus, there is a need for promoting trust since it is able to attract consumers to have confidence in doing online transactions. A study done by Turner and Dasgupta (2003) stated that trust in online transactions involves security and privacy issues. In addition, Windham and Orton (2000) mentioned that security and privacy issues are seen as barriers for consumers to shopping online. They want their identity and personal information to be confidential and fear being exposed online (Petrovic et al, 2003). Consumers are willing to take risks with people or vendors who they trust, to do online transactions. Therefore, lack of trust regarding the divulging of personal information and the feelings of insecurity on the part of users, provides unique challenges in attracting consumers to subsume the growth and development of e-commerce.

Gefen and Straub (2004) stated that with the increasing level of consumers' trust, we will have an increase in the degree of consumers' intention to do online transaction and it is easier for companies to retain customers. Moreover, they believe that online trust plays a key role in creating satisfied and expected outcomes in online transactions. Dayal et al (2011) mentioned that 'trust will attract consumer intention and then will lead to consumer satisfaction'; indeed understanding trust as it relates to consumer intention to use online business is an important factor and also significant. As such, further study is crucial to investigate the trust of generation Y towards e-commerce.

2.3. Online fraud

Online fraud is a term referring to an element of cheating, and can be found in any transactions conducted online by certain people, vendors and organizations. Online fraud is the use or presentation of false, incorrect or incomplete statements or documents through the internet or websites which results in the misappropriation the consumer's information online. It is also the disclosure of information for other purposes, other than for what they were originally granted (Xanthaki, 2009). According to Anderson (2013), online fraud is a growing concern among consumers and it can be a major hindrance to attracting consumers to use e-commerce. Mostly, fraud happens as a result of the dishonesty of a seller towards their customer in such ways as giving their customer a promise but never fulfilling the promise after the transaction has been done. In other words, e-commerce fraud occurs when the seller makes extra profit for items sold but doesn't take any responsibility for damage or refuses to fulfil the guarantee promised the customer. With all the consequences, online fraud will prevent customers from using e-commerce and has been the most important factor for why lack of intention towards e-commerce occurs.

3. METHODOLOGY

This quantitative study recruited one hundred and twenty consumers of generation Y. The respondents were selected through convenience sampling at the Kota Bharu city of east peninsular Malaysia. The main inclusion criteria for this study is the range age of respondents starting from 20 years old to 36 years old, given the fact that generation Y was born from the year 1977 to 1994. This study using survey as a method of data collection and a questionnaire was distributed to the respondents to fill. The respondents were asked for consent before proceeding with the survey, in order to ensure that ethical consideration was taken into account during the conduct of the study. The questionnaire was given to the respondents with a time allocation of around 15 minutes to complete. The questionnaire includes the explanation of the purpose of the study and the instructions to the respondent at the front page, and followed by four sections which

are socio demographic profiles, the Likert-scale designed questions on consumer attraction, consumer trust and internet fraud guarantee. Lastly, the data were analysed using statistical package of social sciences (SPSS) Version 17 and various statistical techniques were used such as reliability and hypothesis testing, factor analysis, Pearson correlation and regression analysis.

4. RESULTS

The profile of the respondents was shown in the Table 1

Table 1: Respondent's profile (n= 120)

Profile	Categories	Percentage (%)
Gender	Male	25.0
	Female	75.0
Age (Years)	20-25	91.7
	26-31	6.7
	31-36	1.7
Marital status	Single	90.8
	Married	6.7
	Others	2.5
Ethnicity	Malay	97.5
	Chinese	0.8
	Indian	1.7
Education	Diploma	9.2
	Degree	88.3
	Professional	0.8
	Master/PhD	0.8
	Others	0.8

Frequency analysis was first run to measure respondents' demographic characteristics. The results of analysis were presented in Table I. The ratio between male and female was not balanced – 75.0% female and 25.0% male. Majority of the respondents fell within the age range of 20 - 25 years old, which was 91.7%, followed by 26-31 year olds (6.7%) and 32-36 year olds (1.7%). This ratio was due to the sampling frame of this study at the city where the population was made up of mostly young people. In terms of marital status, majority of them were single at 90.8%, followed by the married at 6.7% and others – 2.5%. Malay was the most presented ethnicity in this study with 97.5%, followed by Indians at 1.7% and Chinese at 0.8%. It could be that Malay had the greater proportion of the population in Kota Bharu. In terms of education, majority of the respondents were in degree level with 88.3%, followed by those at the diploma level with 9.2%, and professionals, those doing masters/PhD and others sharing a similar percentage of 0.8% respectively.

Table 2: The results of Correlations

		C. attraction	C. trust	C. fraud
C.intention	Pearson Correlation	1	.927**	.940**
	Sig. (2-tailed)		.000	.000
	N	120	120	120
C.trust	Pearson Correlation	.927**	1	.937**
	Sig. (2-tailed)	.000		.000
	N	120	120	120
C.fraud	Pearson Correlation	.940**	.937**	1
	Sig. (2-tailed)	.000	.000	
	N	120	120	120

**. Correlation is significant at the 0.01 level (2-tailed).

The result of Pearson Correlations from the table 2 above shows a very strong relationship between consumer intention with regards to online fraud and trust with a high correlation of $r=.940$ and $r=.927$ respectively.

Table 3: Regression analysis of coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		β	Std. Error	Beta		
1	(Constant)	-.115	.118		-.969	.334
	C. trust	.272	.075	.265	3.613	.000
	C. fraud	.340	.086	.344	3.965	.000

a. Dependent Variable: C.attraction

According to the result above, trust and online fraud guarantee are significant with consumer intention by having a similar p-value = 0.000 respectively. The result also found that online fraud guarantee is the most important factor that contributes to consumer intention with the highest value of $\beta = 0.340$ compared to trust factor with $\beta = 0.272$. The results indicate that they have a positive relationship between each other. The relationship can be defined by when a factor goes up 1%, and consumer attraction also increases by $\beta\%$ while other variables held constant.

5. DISCUSSION & CONCLUSION

From the findings, the study found associating factors that will influence the intention on e-commerce among generation Y consumer. Generation Y intention depends on trust and online fraud which are strongly determine the effect of the intention on e-commerce. An online fraud was the most important and significant factor to be associated with consumer intention on e-commerce. This is due to the fact that consumers are being extra cautious due to experiences of forgery during e-commerce transactions. In e-commerce, customers are more careful to buy a product due to uncertainty of the conditions of the product, and this in turn will affect consumer intention to do online transactions. Most of the products advertised online seem well and in good

condition, but after purchasing and delivery, the products are damaged during delivery and the wrong products are given. Besides, there were several issues related to credit card fraud during online transactions, and it has also become a setback to attracting consumers. Most frauds take place as a result of the dishonesty of a seller towards their customers such as giving a customer a promise to deliver without damage, but not fulfilling the promise after the transactions have been done. In other words, e-commerce fraud occurs when the seller makes extra profit for items sold but doesn't take any responsibility for damages or refuses to fulfil the guarantee promised the customer.

For consumer trust, findings show that it has a strong relationship with consumer intention. Dayal et al (2011), mentioned that 'trust will attract consumers, and then will lead to consumer satisfaction'. This argument is supported by Gefen et al (2003), who stated that if consumers do not trust the Internet or specific online vendors, they are unlikely to be attracted to the products and reluctant to engage in online transactions. Individuals may not trust the Internet or online businesses because of various risks related to issues such as privacy violation and inadequate security when completing online transactions. Privacy and security issues become crucial for generation Y to do online transactions because they want their identity and personal information to be confidential, due to fear of being exposed to online fraud and identity theft (Petrovic et al, 2003). For example, consumers may be worried about the risk that personally identifiable information they submit to a company's website may intentionally or inadvertently be used for unintended purposes. This is supported from the study done by Kim et al (2009) that trust has direct and indirect effects on a consumer's decision to do online transactions and also has a long-term impact in attracting consumers and sustaining their intention to go online through satisfaction. This is because trust determines consumer attraction to use e-commerce and easily convince the services provided. Taylor et al (2009) further indicate that when consumers perceive that information about them is collected implicitly, consumers are concerned about trust and privacy in the vendor.

In conclusion, these two factors; trust and online fraud play important roles in attracting and influencing generation Y to use e-commerce. This study would suggest that online business companies and e-commerce technologies should consider these variables to be targeted in the development and implementation of strategy to attract and retain future buyers. Besides, these findings also provide for business sustainability. For the policy makers, these findings are beneficial for enforcing legislation or forming a task force to combat internet fraud in order to protect consumers' e-commerce transactions. In addition, the scope of this research covers consumers who use e-commerce in one of the small states in Malaysia and the sample size is relatively small. Considering this fact, for future studies, a bigger sample size may be chosen, and comparative studies might be carried out. Furthermore, other complicated models, which include the relationships between those variables and other antecedents, might be examined in order to get better results.

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