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CONCEPT PAPER ON PERCEIVED RISK AND ONLINE PURCHASE INTENTIONS: THE ROLES OF PROFESSION

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ABSTRACT

The purpose of this study will be to investigate the impact of perceived risk on online purchase intentions among online shoppers in Malaysia, while also examining the role of profession as a moderating factor in this relationship. A quantitative approach will be adopted, utilizing a survey method to collect primary data from individuals who have engaged in online shopping within the preceding three months. The collected data will be subject to analysis employing descriptive statistics and various inferential statistical techniques, including correlation analysis, regression analysis, ANOVA, and t-test. The findings of this study are expected to reveal that perceived risk will hurt online purchase intentions, and that professional identity and norms will moderate this relationship. Moreover, the study will offer implications for online retailers and marketers seeking to target young professionals in Malaysia, with strategies to align products and services to meet their specific needs and expectations. Additionally, these strategies will reduce perceived risk while fostering trust and loyalty among this demographic. Lastly, the study will suggest directions for future research in this area.

ARTICLE INFO

Keywords:

Perceive risk,
profession,
purchase intention,
online purchase,
young professional

1.0 INTRODUCTION

In the globalized era, online shopping has become a popular and easy method of purchasing goods and services. According to Statista, the Malaysian e-commerce market is expected to generate US\$8.75 billion in revenue in 2023, with

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a compound annual growth rate of 13.26% from 2023 to 2027 (Statista,2023a). Malaysian internet consumers are anticipated to expand from 16.5 million in 2020 to 19.6 million in 2027 (Statista,2023b). Despite the enormous expansion and promise of online shopping in Malaysia, there remain numerous problems and barriers that prevent consumers from completely embracing this style of consumption. Perceived risk is one of the most important elements influencing customers' online purchase behavior.

There are several categories of perceived risk, including financial risk, product risk, security risk, time risk, social risk, and psychological risk. These sorts of risks can have an impact on consumers' views, trust, satisfaction, loyalty, and purchase intentions while buying online (Up, A. (2019). Understanding how customers perceive and deal with risk while shopping online is critical for online retailers and marketers to develop successful tactics and interventions to lower consumers' perceived risk and increase their online purchase intentions.

Previous research has looked at the effect of perceived risk on online shopping behavior in a variety of settings and nations (Wai, K., Dastane, O., Johari, Z., and Ismail, N., 2019). However, there has been little research on this problem in Malaysia, particularly among young customers, who are the primary drivers of online shopping in Malaysia (Ariff, M. S. M., Sylvester, M., Zakuan, N., Ismail, K., and Ali, K. M., 2014). Furthermore, most existing research (e.g., Ariffin, S. K., Mohan, T. R. M., and Goh, Y. (2018) has concentrated on the direct effects of perceived risk on online buying behavior, without taking into account the moderating or mediating elements that may influence this relationship. Professional identity, for example, may influence consumers' perceived risk and online purchase intentions because they represent consumers' self-concept, values, beliefs, and expectations about their profession. Professional identity and conventions may also influence customers' online shopping preferences, motivations, and routines.

As a result, the purpose of this study is to fill a vacuum in the literature by studying the impact of perceived risk on online purchase intentions among Malaysian young professionals, as well as the function of professional identity and norms as a moderating factor in this relationship. The study adds to the current literature by giving new insights into the factors that influence online buying behavior among Malaysian young professionals, a segment that has not previously been fully explored. The study also has practical consequences for online retailers and marketers that wish to target this category by providing products and services that meet their requirements and expectations, while also lowering their perceived risk and enhancing their trust and loyalty.

2.0 LITERATURE REVIEW

The term "perceived risk" is used to describe an individual's internal evaluation of the likelihood of unfavorable outcomes following a given course of action (Delbaere, 2010). Perceived risk is a major factor in how customers feel and act when they shop online.

Perceived risk, as defined by Delbaere (2010), refers to the loss or negative impacts that buyers fear may result from making purchases online. Financial risk, product risk, security risk, time risk, social risk, and psychological risk are all included here. The term "financial risk" describes the danger of losing money or other valuables during financial dealings conducted online. Concerns about the product's quality, performance, or suitability are examples of product risk. The term "security risk" is used to describe the danger of having sensitive information, such as credit card numbers, stolen during an online purchase. Concerns regarding the time and energy invested in internet purchasing constitute the "time risk." The term "social risk" refers to the possible adverse reactions from friends and family members when you go shopping online. Concerns about how internet buying will affect one's sense of identity, self-worth, or emotional stability are what we mean when we talk about psychological risk.

The shifting attitudes and actions of consumers regarding internet buying during the COVID-19 pandemic were investigated in a study by Alhaimer (2021). Financial risk did not significantly affect people's opinions toward online shopping, according to the study. This result is in contrast to other studies by researchers such as Masoud (2013), who found that financial risk significantly lowered people's perceptions of online buying. It is noteworthy, nonetheless, that the

study by Alhaimer found no substantial influence of financial risk. This finding may be explained by the Kuwaiti authorities' strong supervision over online financial activities.

Although Alhaimer's specific study from 2021 focuses on the effects of financial risk during a pandemic, it offers insightful information about the connection between financial risk and attitudes regarding online buying. The results indicate that different contextual elements, such as government rules and control over online financial transactions, may have different effects on consumers' opinions regarding financial risk.

The effect of financial risk on customers' inclinations to make online purchases was investigated by Tham, K. W., Dastane, O., Johari, Z., and Ismail, N.(2019). According to the study, customers' intentions to make purchases were significantly impacted negatively by financial risk. This implies that consumers are less likely to make purchases online when they believe there is a greater degree of financial risk involved in online purchasing.

There has been a lot of research done on these aspects of risk awareness about internet purchasing. For instance, Conchar, M. P., Zinkhan, G. M., Peters, C., and Olavarrieta, S. (2004) discovered that consumers' negative sentiments toward internet buying were influenced by their perceptions of financial risk. Similarly, Booth, J., Connelly, L., Lawrence, M., Chalmers, C., Joice, S., Becker, C., and Dougall, N. (2015) discovered that shoppers' worries about their personal information being compromised were a major deterrent to their adoption of online purchasing.

Another important aspect influencing consumers' views and behaviors towards internet purchasing is product risk. Businesses and marketers must comprehend how product risk affects consumers' perceptions and decision-making processes to create tactics that effectively reduce risk and boost customer trust.

In Pakistan, Bhatti and Rehman (2020) carried out research to investigate the relationship between online buying behavior and perceived risks, rewards, and the mediating effect of consumer purchase intention. One of the key variables the study determined from the literature was product risk. In the study, the results indicated that product risk significantly influenced customers' views and behaviors about online buying.

In a similar vein, Tran (2020) looked into the connection between online shopping intentions, perceived satisfaction, and product risk. The study discovered that customers' cognitive attitudes toward websites were influenced by product risk in addition to other risk dimensions like financial, security, and privacy risks. Furthermore, it was discovered that consumers' purchase intentions were influenced by perceived satisfaction and product risk.

The influence of risk variables on the attitudes of South African customers toward internet buying was investigated by Makhitha and Ngobeni (2021). The research discovered that whereas some customers saw product risk as a deterrent to online buying, other studies revealed no discernible impact of product risk on the practice. This implies that attitudes regarding online buying may be influenced differently by product risk depending on the consumer segment.

Ariffin, S. K., Mohan, T. R. M., and Goh, Y. (2018) researched to investigate the relationship that exists between various types of perceived risk and consumers' intentions to make purchases online. According to the findings of the study, consumers' intents to make online purchases were significantly impacted by several types of risk, including psychological risk, social risk, time risk, and security risk. This shows that customers are less likely to engage in actions related to online purchasing when they perceive higher levels of these dangers.

In other research carried out by Hong, L., Nawi, N. C., and Zulkifli, W. F. W. (2019), the authors explored the connection between the image of an online store and the level of perceived risk associated with purchasing online. The research showed that the image of an online business had a strongly unfavorable correlation with several different types of risk, including financial risk, product performance risk, time or convenience risk, psychological risk, social risk, and after-sale risk. This shows that a positive image for an online company might help lessen various types of hazards that consumers perceive and boost their trust in online shopping.

Other studies investigated the influence of social risk, the role of the government, and psychological factors on the behavior of consumers who purchase online. Social risk, which encompasses worries about social judgment and adverse

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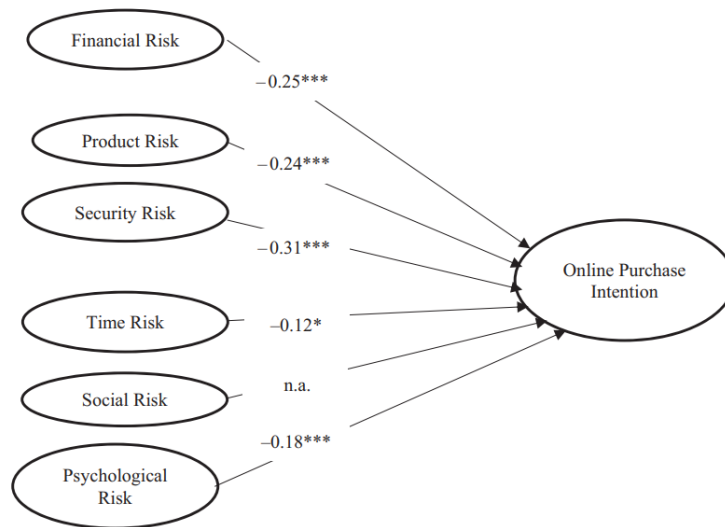
social consequences, had a significant and detrimental effect on individuals' behaviors toward online buying (Bhatti, A., and Rehman, S. U.,(2019). This demonstrates how important it is to handle social risk factors to attract customers to engage in online buying.

Prastiwi, I. E., and Fitria, T. N. (2021) researched to evaluate the impact that risk perception and psychological factors have on a consumer's decision to purchase an online business. According to the findings of the study, the perception of risk did not play a big role in customers' decisions to buy things from online shops, and psychological considerations did not play a large role either. This lends credence to the idea that other factors may play a more significant part in the context of online shopping when it comes to influencing the purchasing decisions of consumers.

The majority of the research points to product risk as a significant influence on how consumers feel and act when they shop online. It affects consumers' perceptions of satisfaction, cognitive attitudes, and purchase intentions. Nonetheless, the influence of product risk on views regarding online buying may change depending on the situation and consumer segment.

Theoretical framework

Figure 1 shows the study's model based on past research. Dai et al. (2014) included product risk, financial risk, and privacy risk since prior studies show this influences online purchase intention. The data suggest that privacy risk does not affect online purchase intentions. For this study, only product and financial risk were considered. Masoud (2013) studied Jordan's e-commerce industry environment and considered time, social, and security risks. In addition, Jacoby and Kaplan (1972) found that psychological hazards negatively affect online buying intentions. A theoretical framework for this study is presented in Figure 1.



Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, n.a.: not significant

Figure 1. Theoretical Framework

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Conceptual Framework

Figure 2 showed the conceptual framework the main variables and the relationships of the study. The independent variable is perceived risk, which is measured by six dimensions: financial risk, product risk, security risk, time risk, social risk, and psychological risk. The dependent variable is online purchase intentions, which are measured by the likelihood of buying products or services online. The moderating variable is professional identity which is measured by socio-demographics like age, income, profession, and frequent online shopping.

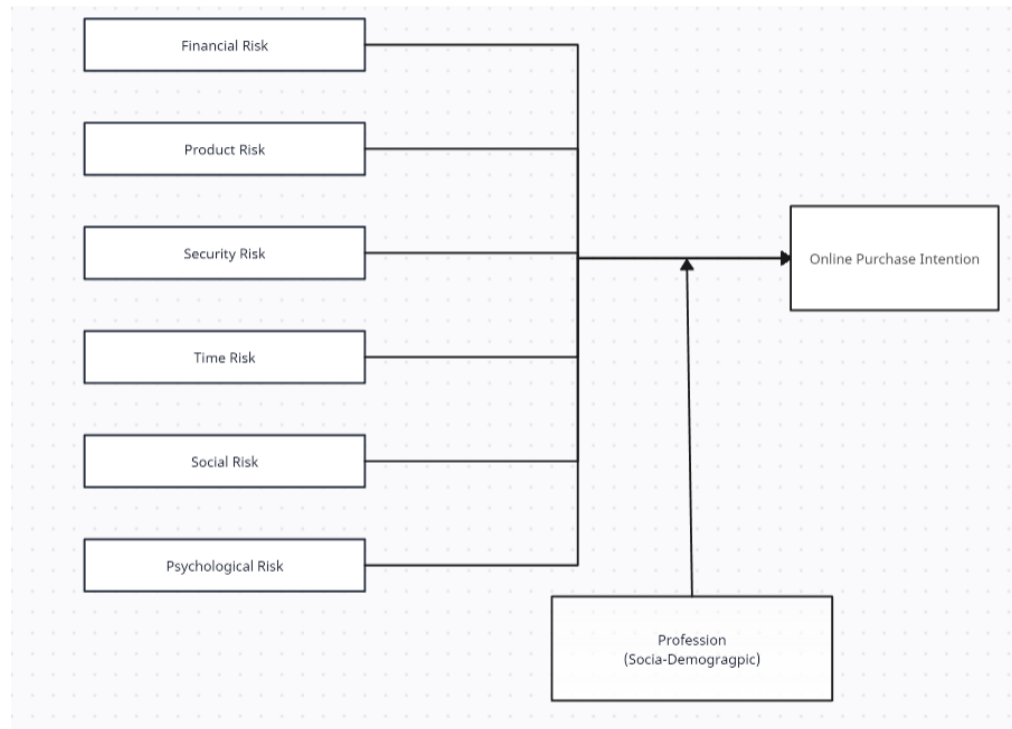


Figure 2. Conceptual Framework

3.0 METHODOLOGY

In this research, the researchers will employ a questionnaire-based approach to measure the variables encompassing financial risk, security risk, product risk, time risk, social risk, psychological risk, and online purchase intention. The population of this study consists of online shoppers who have experience in buying products or services online in Malaysia. The sample size of this study will be selected using the convenience sampling technique. Convenience sampling is chosen due to time and resource constraints, as well as the ease of access to the target population. The development of questionnaire items will draw from a diverse array of literature sources, as will be elaborated below.

The measurement items concerning financial risk and security risk will be sourced from Featherman and Pavlou (2003) and Masoud (2013). For each of these constructs, the researchers will incorporate a set of five items. As for product risk,

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the study will derive the measurement items from Dai et al. (2014) and Masoud (2013), resulting in five items to assess consumers' perceptions regarding risks associated with online shopping products.

Time risk, conversely, will be assessed through four items, which will be fashioned based on the research of Masoud (2013) and Marcelo et al. (2014). These items will aim to capture consumers' concerns regarding the temporal and effort-related aspects of engaging in online shopping activities. To evaluate social risk, the researchers will employ four items adapted from Masoud (2013) and Yang et al. (2016). These items will be tailored to gauge consumers' apprehensions concerning adverse social consequences or judgments stemming from their online shopping behavior.

Psychological risk will be measured using four items, adapted from Bhukya and Singh (2015) and Featherman and Pavlou (2003). These items will be designed to encapsulate consumers' concerns regarding the impact of online shopping on their self-image, self-esteem, or emotional well-being. In the realm of online purchase intention, the researchers will utilize three items developed in accordance with the research conducted by Pappas (2016).

To account for moderating variables, the study will adapt a questionnaire from Fihartini, Y., Helmi, A., Hassan, M., and Oesman, Y. M. (2021) studies. This questionnaire will encompass socio-demographic characteristics of the respondents such as gender, age, types of employment, employment status, monthly expenditure, and intensity of online shopping.

To record participant responses, the Likert scale will be used, prompting individuals to rate their level of agreement with each statement on a five-point scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Subsequently, the data will be collected through the questionnaire and subjected to analysis using Statistical Package for Social Science (SPSS) version 24. Descriptive statistics, including means and standard deviations, will be computed for each variable. Furthermore, inferential statistical techniques, such as correlation analysis and regression analysis, will be harnessed to scrutinize the connections between the variables and assess the research hypotheses.

Through this methodology, the study aims to unveil insights into the intricate interplay between various facets of perceived risk—namely, financial risk, security risk, product risk, time risk, social risk, and psychological risk—and the concept of online purchase intention within the context of online shopping moderating by the roles of profession.

4.0 CONCLUSION

The conclusion of this study is to summarize the main findings and implications of the study, as well as to address the limitations and recommendations of the study. The conclusion of this study is expected to answer the research questions and confirm or reject the hypotheses. The conclusion of this study is also expected to highlight the contributions of the study to the existing literature and the online retail industry in Malaysia. The conclusion of this study is also expected to acknowledge the limitations of the study, such as the sample size, sampling technique, data collection method, data analysis method, and generalizability of the findings. The conclusion of this study is also expected to provide recommendations for future research on this topic, such as using different methods, samples, variables, or contexts.

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