



Please cite this article as: Ahmad Kafrawi, M. H., Abd Aziz, S., & Bakri, N. H. S. (2023). Concept Paper on Perceived Risk and Online Purchase Intentions: The Role of Profession. *The Asian Journal of Professional & Business Studies*, 4(2), 73–79. <https://doi.org/10.61688/ajpbs.v4i2.133>

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

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Received 31 Oct 2023, Revised 20 Nov 2023, Accepted 30 Nov 2023, Published 31 Dec 2023

### ABSTRACT

This study aims to investigate the impact of perceived risk on online purchase intention among online shoppers in Malaysia and to examine the moderating role of profession in this relationship. A quantitative approach will be adopted, utilising a survey method to collect primary data from individuals who have engaged in online shopping in the preceding three months. The collected data will be analysed using descriptive statistics and various inferential statistical techniques, including correlation analysis, regression analysis, analysis of variance, and t-tests. The findings of this study are expected to reveal that perceived risk will lower online purchase intention and that professional identity and norms will moderate this relationship. Moreover, this study offers 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 group. Finally, this study suggests directions for future research in this area.

**Keywords:** *Perceive risk, profession, purchase intention, online purchase, young professional*

### 1. INTRODUCTION

In the era of globalisation, online shopping has become a popular and easy method for 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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The compound annual growth rate is 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, numerous problems and barriers prevent consumers from completely embracing this style of consumption. Perceived risk is one of the most important factors influencing customers' online purchase behaviour.

Several categories of perceived risk exist, including financial, product, security, time, social, and psychological risks. These types of risks can impact consumers' views, trust, satisfaction, loyalty, and purchase intentions when shopping online (Up, 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 examined the effect of perceived risk on online shopping behavior in various settings and nations (Wai, K., Dastane, O., Johari, Z., and Ismail, N., 2019). However, little research has been conducted 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 considering the moderating or mediating elements that may influence this relationship. Professional identity may influence consumers' perceived risk and online purchase intentions because it represents their self-concept, values, beliefs, and expectations about their profession. Professional identity and conventions may also influence customers' online shopping preferences, motivations, and routines.

Thus, this study attempts to fill this gap in the literature by investigating the effect of perceived risk on online purchase intention among young Malaysian professionals and the function of professional identity and norms as moderating factors in this relationship. This study contributes to the current literature by providing new insights into the factors influencing online buying behaviour among young Malaysian professionals, a segment that has not been fully explored. Additionally, it has practical implications for online retailers and marketers who wish to target this category by providing products and services that meet their requirements and expectations while lowering perceived risk and enhancing trust and loyalty.

## 2. LITERATURE REVIEW

The term "perceived risk" describes an individual's internal evaluation of the likelihood of unfavourable 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 may fear resulting from making online purchases. 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 online financial transactions. Concerns about a product's quality, performance, or suitability are examples of product risk. The term "security risk" describes 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 shopping online. Concerns about how Internet buying affects 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). According to the study, financial risk did not significantly affect people's opinions toward online shopping. This result contrasts with 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

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

Although Alhaimer's specific study from 2021 focuses on the effects of financial risk during a pandemic, it offers valuable information about the connection between financial risk and attitudes toward 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 much research on these aspects of risk awareness in Internet purchases. 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 behaviours toward 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) investigated the relationship between online buying behaviour and perceived risk and reward, as well as the mediating effect of consumer purchase intention. One of the key variables identified in this study from the literature is product risk. The results of this study indicate that product risk significantly influences customers' views and behaviours regarding online buying.

Similarly, Tran (2020) investigated the relationship 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, such as financial, security, and privacy risks. Furthermore, it was found that consumers' purchase intentions were influenced by perceived satisfaction and product risk.

Makhitha and Ngobeni (2021) investigated the influence of risk variables on the attitudes of South African customers toward Internet buying. The research discovered that while 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.

Hong, L., Nawi, N. C., and Zulkifli, W. F. W. (2019) 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 was strongly and negatively correlated with several 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 have investigated the influence of social risk, the role of the government, and psychological factors on the behaviour of consumers who purchase online. Social risk, which encompasses worries about social judgment and adverse

social consequences, had a significant and detrimental effect on individuals' behaviours 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.

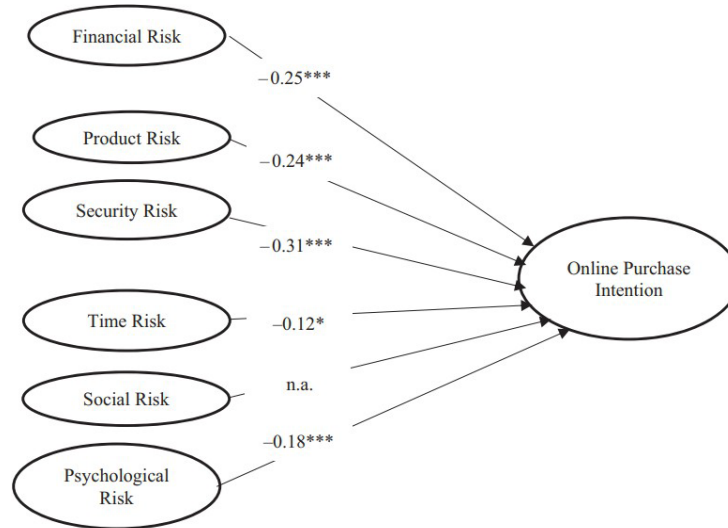
Prastiwi, I. E., and Fitria, T. N. (2021) researched to evaluate the impact that risk perception and psychological factors have on a consumer's decision to purchase an online business. According to the findings of the study, the perception of risk did not play a big role in customers' decisions to buy 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.

Most research indicates that product risk is a significant influence on consumers' feelings and actions when shopping online. It affects consumers' perceptions of satisfaction, cognitive attitudes, and purchase intentions. However, the influence of product risk on views regarding online buying may change depending on the situation and consumer segment.

## 2.1 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.

**Figure 1.**  
Theoretical Framework



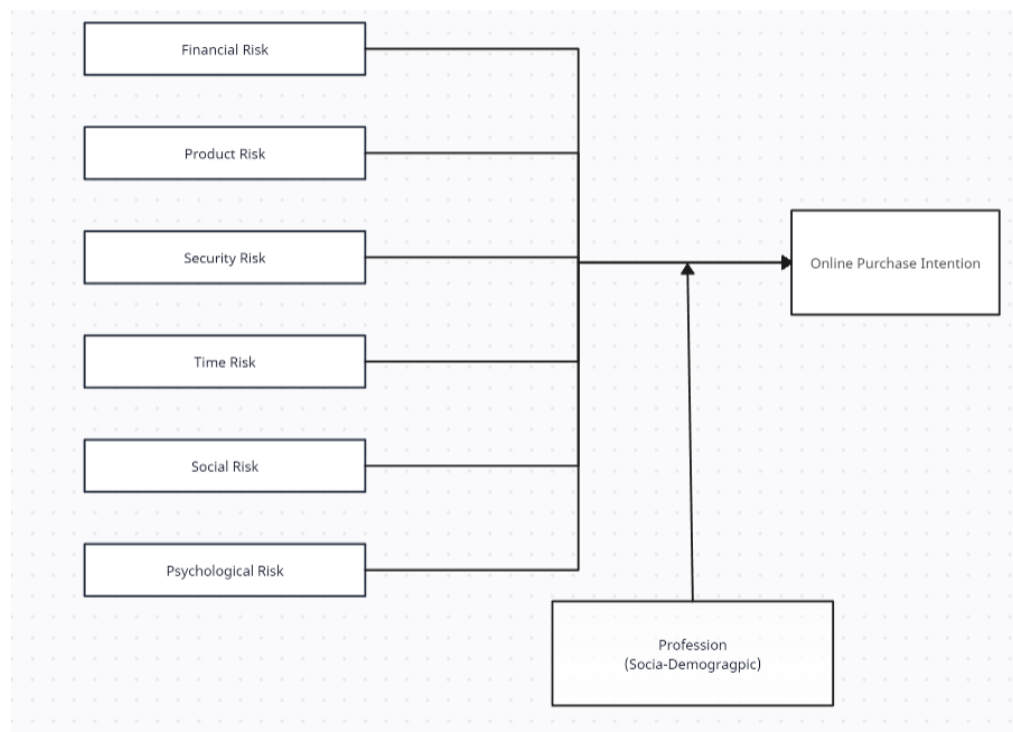
**Note:** \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$ , n.a.: not significant

## 2.2 Conceptual Framework

Figure 2 presents the conceptual framework of the main variables and their relationships. The independent variable is perceived risk, which is measured using six dimensions: financial, product, security, time, social, and psychological risks. The dependent variable was online purchase intention, which was measured by the likelihood of buying products or services online. The moderating variable is professional identity, which is measured by sociodemographic factors such as age, income, profession, and frequency of online shopping.

**Figure**  
Conceptual Framework

2.



## 3. METHODOLOGY

In this study, a questionnaire-based approach was employed to measure the variables encompassing financial risk, security risk, product risk, time risk, social risk, psychological risk, and online purchase intention. The target population comprised Malaysian online shoppers with prior experience in buying products or services online. The sample size of this study will be selected using the convenience sampling technique. Convenience sampling was chosen because of time and resource constraints, as well as the ease of access to the target population. The questionnaire items were developed by drawing on a diverse array of literature sources, as elaborated below.

The measurement items concerning financial and security risks were sourced from Featherman and Pavlou (2003) and Masoud (2013), respectively. The researchers incorporated a set of five items for each construct. As for product risk,

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

Conversely, time risk was assessed using four items based on the research of Masoud (2013) and Marcelo et al. (2014). These items capture consumers' concerns regarding the temporal and effort-related aspects of engaging in online shopping activities. To evaluate social risk, the researchers employed four items adapted from Masoud (2013) and Yang et al. (2016). These items gauge consumers' apprehensions concerning adverse social consequences or judgments stemming from their online shopping behaviour.

Psychological risk was measured using four items adapted from Bhukya and Singh (2015) and Featherman and Pavlou (2003). These items 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 utilised three items developed in accordance with Pappas (2016) research.

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, a Likert scale was 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, data will be collected through a questionnaire and analysed using the Statistical Package for the Social Sciences (SPSS) version 24. Descriptive statistics, including the means and standard deviations, will be computed for each variable. Furthermore, inferential statistical techniques, such as correlation and regression analyses, will be used to scrutinise the connections between variables and assess the research hypotheses.

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

#### 4. CONCLUSION

The conclusion of this study summarises the main findings and implications of the study and addresses its limitations and recommendations. The conclusion of this study is expected to answer the research questions and confirm or reject the hypotheses. The conclusion of this study is 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 its limitations, such as the sample size, sampling technique, data collection method, data analysis method, and generalisability 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, and contexts.

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