

Influence of E-Commerce on Business Growth in Pakistan: An Approach to Analyze Privacy, Threats and Consumer Trust in Business

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Abstract

The objective of this study was to analyze the influence of E-commerce on growth of businesses in Pakistan. To find out the participation of E-commerce on organization's growth, an administered questionnaire was used. The research was exploratory in nature and the measurement tool was quantitative. Pearson correlation was used to find out the effect of FDI (Foreign Direct Investment) on economic growth. The results reveal that privacy, trust, system security, cost, social & ethical issues and market value help out in determining the success of businesses. E-commerce projects an opportunity to every new venture in the market to reduce the cost of business and increases their market value in certain ways. Although, if the variables considered in the study were addressed properly, this directly leads the businesses towards higher returns and long run success. The results demonstrate that companies can perform extraordinary if these companies take care of the critical success factors.

Key words: E-Commerce, Business Growth, Consumer Trust, Consumer Privacy and E-commerce Threats

1. Introduction

The objective is to explain and prove the effects of e-commerce on business growth. Since the businesses these days are rapidly moving towards making internet appearance and allowing its customers to enjoy their services on their personal computers,

mobile phones, laptops and pocket pc's etc. The E-commerce has sharply gained colossal significance in the last decade with incorporation of platform business models and emergence of platform enterprises. We decided to aim whether this gradual shifting or enhancement towards electronic business actually beneficial for the business or not.

E-commerce can be termed as an industry where buying and selling is carried out electronically i.e. by using internet and computer networks, emails, mobile phones etc. Today's electronic commerce use World Wide Web as a part of its transactional life cycle. Electronic commerce cannot just be limited till buying and selling, any business that uses the technology and networks in its operations can be termed as electronic commerce such as electronic funds transfer, inventory management systems, logistics management systems, automated systems, supply chain management systems etc. Now a days, it is considered most effective way of carrying out business. The growth is explained as the rate at which products and services are developed, sold and delivered. Business growth is the result of following key factors:

- Captivating superior value propositions.
- Accessing target customers/partners.

- Creating successful purchase moments.
- Delivering products and services as promised.
- Creating positive word of mouth.

As to any technological domain e-commerce also has privacy as a critical success factor. If any electronically operated business is not considered to be safe, the consumer will never opt to use it as a medium to shop and other business operations can also be interrupted by this discrepancy of unauthorized access. As key factors of business growth are captivating superior value proposition (providing a safe and secure platform for consumers adds value), creating good word of mouth (the consumer will only praise if he considers the business to be safe). Privacy threats if resolved, build trust of the customer in the business and the business grows if they have customer's loyalty.

2. Literature Review

The internet and big data has revolutionized the world. The network of networks has given birth to the network based enterprises and enterprises are shifting their e-commerce to these platform enterprises. This development has brought with it the distance of the death. They have completely changed the perspective of how businesses used to be carried out previously. It has changed infrastructures of organizations and industries. Lack of trust in consumers, deficiency of appropriate business models and less bandwidth are some limitations of today's E-Commerce platform. Micheal also pointed out that privacy; costs, security, user interface, and social value are the issues that must be addressed for carrying out a successful E-commerce business (Shaw, 1999).

Adoption of e-business significantly impacts on all factors of performance i.e., customer satisfaction, efficiency, relationship development, and sales performance. Market uncertainty increased positive relationship between communication and customer satisfaction. Trust in technology is the initial step for the adoption of e-businesses in this competitive environment (Mahajan and Balasubramanian, 2003). Traditional ways to assess online transactions are not reliable sources. Trust is one of the essential elements for human cooperation because it helps people to interact. In addition, some factors like security risk, privacy and reliability strongly affect trust. Privacy threats that usually occur are unsolicited

email, identity theft, harassing. Trustmark seals have been developed to guarantee web businesses. It is believed that consumers will continue using E-commerce only if they consider it to be secured. (Patton and Josang, 2004).

Innovative decisions by firms are determined either when customers urge the businesses or customers are pulled by the businesses. The firms have to see whether the demand of customers is aligned with the strategic plans of the firm and they have to ensure that the offer creates customer value. The movement from physical business to electronic market involves controlling intangible assets and adopting new or changed practices (Vitale and Weill, 2001).

E-commerce helps in reducing variable per unit cost and increasing optimized size of organizations. Moving to E-Commerce is beneficial for a company because its announcements create a better image of a company. No matter how this decision would prove to be in the long run but in the initial stages of adoption it is considered to be fruitful for the business. Market value is positively affected by E-commerce announcements regardless of its future prospects (Subramani and Walden, 2001).

Skills of workers, interface and technical infrastructure are important for the success of businesses. The factor which has to be overcome is the security in small companies which should be taken into high importance during all the operations which can lead the firms on the way of success. The main thing to overcome this is to take the new employees into the confidence which directly overcomes security issues (Jennex and Amoroso, 2004).

As it is seen that buyers are sensitive towards price when they are buying from a physical channel but when they buy from an electronic channel the buyer becomes more sensitive to price but less sensitive to distance in the same way it helps the seller to reduce its transport cost and sell on a relatively low price (Overby and Forman, 2011).

The B2B e-commerce effect the transaction cost which occurs during buying and selling. The transaction cost is divided into two which is the coordination cost and motivation cost. For motivation cost the information asymmetries are focused because the informational asymmetries have a great importance in the electronic market place in signifying the motivation cost. Research indicates that transactional cost is totally dependent on the

efficiencies of individuals on the internet so they can set easily the minimum transaction cost (Garicano and Kaplan, 2011).

The paper describes that E-commerce systems are unable to analyze three essential requirements including that during a new transaction a buyer should consult other buyer to check reputation of seller, a seller with good reputation must not involve in fraudulent activities and a buyer having a good experience with a bad reputed seller must be able to undergo further transactions. Such a system helps in increased performance. A trust system named E2CTM was implemented at online auctions and it was compared to conventional system. New systems providing more information than conventional systems proved to increase the performance of businesses. One problem that aroused was that due to loads of information to be stored on new systems there was a large amount of memory required (Morid and Shajari, 2012).

Present E-Commerce lacks a platform where trust can be ensured to consumers. The research is carried to analyze a model to maximize trust of consumers. Security systems must be analyzed and check for unauthorized access. It would be increased cost at the side of deliverer and increased ease at the side of buyer (Antoniou and Batten, 2011).

If privacy is given importance bigger benefits are assured in a business. Privacy has taken place in the current environment of E-Commerce. Enable privacy for consumers in E-Commerce is considered to show good business sense. E-Commerce is losing a lot of income due to privacy and security reasons. Technology is very important in order to enable privacy for customers. Technology needs to be more evolved in order to enhance privacy provided to consumers (Smith and Shao, 2007).

The increasing trend of ICT by e businesses is greatly affecting the economy. As e business can greatly affect the inflation rate and also worsens the challenges produce by monetary and fiscal policies by introducing new challenges. The e payment system and e money is also affecting the monetary policies. As by research due to e commerce when sales tax information is leaked it can affect the state's fiscal policies. The e commerce in business is growing and as by its growth there is advance increase in productivity, more reduction in cost and increase competition. Due to deflationary pressures

by the big authorities policy makers are facing the challenges on defining and implementing the monetary and fiscal impacts of e business (Prieger and Heil, 2009).

The privacy, integrity, and security at e-bay suggest different ways to protect the risk. The online security or security issues provides new services in e-commerce. The privacy issues in 2002 and simple operational confirmation policies were also in the topic. Thus we conclude that there is no control on confidentiality, reliability, and security of auctions because there is no control on trust instrument. To build up the auction market, guarantee services and well-made can help it (Duh, Jamal and Sunder, 2002). The research shows that there are lots of problems come to the security of assets in different types of e-commerce activities. It was a critical issue because huge amount of money is involved in it. So we have to make the useful security measurements to overcome these problems. We conclude that "security engineering life cycle" is a great source to secure your information reserve. Good security measurements results in incentives and different types of settlement and also we have to understand the business and organization to get good results (Sengupta, Mazumdar and Barik, 2005)

The research shows that the now a days there are many ethical issues comes like spamming, many of the websites have no concern with the advertisings but suddenly different types of adds comes on screen. The internet has a great power to influence the target audience through ethical measures and have to make a good ethical atmosphere. We conclude that the ethical problems will be removing very quickly due to new technology and from market. The ethical issues never stopped because as the new technology arrives the ethical issues increases. Internet have great role to overcome these issues (Stead and Gilbert, 2001).

The paper suggests that how the peer made their groups and on what criteria they select their group leaders. It can also be possible that the peer can have also more than one or two groups. No business can run without having trust. With the help of proposed group formation we can indulge from peers to P2P (Process to Procurement). The business partners have confidence on this new change. This new model creates employee trust is more secure than others (Musau, Wang and Abdullahi, 2011).

Motivation considered as one of the vital elements that boosts up the morale of every individual. Environmental pressure may serve as motivational factor for shifting from conventional trade to the E-commerce and then to the Platform Enterprises to expand the network (Muhammad, Muhammad, Muhammad, Tehmina, Mamoon, 2018).

2.1 Objectives of Research

- To find out the influence of electronic commerce on business growth.
- To reveal the prospects of electronic commerce in business operations, consequential effect on organizational growth.
- To investigate the issues on privacy that ultimately increases the consequences of investors.
- To realize the consumer trust through the usage of e-commerce.

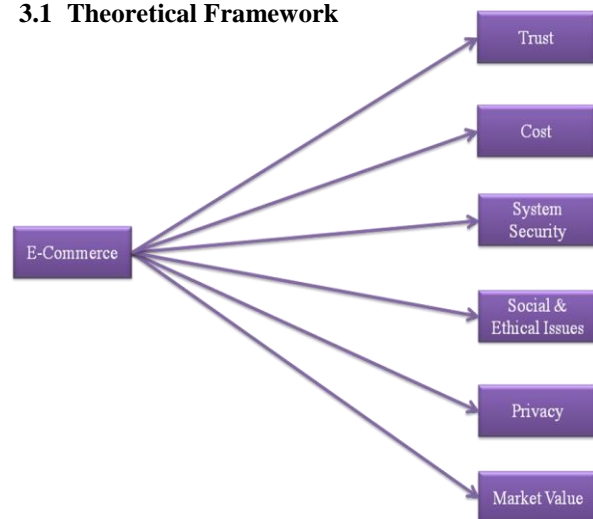
3. Research Methodology

The target population for this study consists of 200 sample size from different sectors of economy. The sample population was selected on the basis of the idea that the people are familiar with the business environment preferably the E-Business environment. In order to develop the questionnaire, initially, in-depth literature regarding the research area was analyzed. First, the questionnaires were circulated among individual to give their response regarding the questions asked rating them on Likert scale. After excluding some questionnaires that contained missing/error values a total of 197 responses met all the criteria. The respondent were asked to rate the success of E-Businesses with respect to trust, privacy, social and ethical issues, system security, cost and market value using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The correlations between the variables in the study were conducted to test the relationships of those critical factors with the success of e-commerce. The relation between the entire set of variables were analyzed using Pearson's correlation coefficient. Correlation results indicated that a number of significant correlations among the variables exist. The variables studied were measured with the instrument developed by past researchers, as discussed above. All the items used to assess the variables were measured

with a five-point likert scale ranging from 1 = 'strongly disagree' to 5 = 'strongly agree' (Bilal, Syed, Syed, 2010)

Research data was collected from different consumers, MNC's who are well aware of the electronic commerce and are using it practically for their operations. Convenient random sampling was used as sampling technique for targeted population to find out the results of research. One hundred and ninety seven questionnaires were distributed among consumers and MNC's in the areas of Islamabad. Each questionnaire contains 30 questions from different dimensions according to research findings.

3.1 Theoretical Framework



3.2 Research Hypothesis

H1: Electronic commerce is negatively impact the trust of people doing transaction through internet

Ho: Electronic Commerce doesn't negatively impact the trust of people doing transaction through internet

H2: Electronic commerce negatively affects the cost of the businesses.

Ho: Electronic Commerce doesn't negatively affect the cost of the business

H3: Electronic Commerce causes the system unsecure

Ho: Electronic Commerce doesn't causes the system unsecure

H4: Electronic Commerce causes social and ethical problems

Ho: Electronic Commerce doesn't causes social and ethical problems

H5: Electronic Commerce has positive relationship with privacy related issues

Ho: Electronic Commerce doesn't have positive relationship with privacy related issues

H6: Electronic Commerce positively influence market value of business

Ho: Electronic Commerce doesn't positively influence the market value of business

4. Data Analysis & Interpretation

To make an appropriate relation between predictor (independent) variables with the criterion (dependent) variable, Pearson correlation is used and to find out the effect of FDI on economic growth the multiple regression model is used.

4.1 Data Reliability

The data reliability is being checked through Cronbach's Alpha by using SPSS which is 53.4%. This data reveals that it is reliable and significant, for statistical analysis.

Correlations

	Age	Current Organization	Current Qualification	Trust	Confidence	System Security	Social Ethics	Privacy	Market Value
Age	Pearson Correlation Sig. (2-tailed) N	1							
Current Organization		Pearson Correlation Sig. (2-tailed) N							
Current Qualification			Pearson Correlation Sig. (2-tailed) N						
Trust				Pearson Correlation Sig. (2-tailed) N					
Confidence					Pearson Correlation Sig. (2-tailed) N				
System Security						Pearson Correlation Sig. (2-tailed) N			
Social Ethics							Pearson Correlation Sig. (2-tailed) N		
Privacy								Pearson Correlation Sig. (2-tailed) N	
Market Value									Pearson Correlation Sig. (2-tailed) N

Current Organization	Pearson Correlation Sig. (2-tailed) N	-.204** .004 197	1						
current Qualification	Pearson Correlation Sig. (2-tailed) N	.335** .000 197	.251** .000 197	1					
Trust	Pearson Correlation Sig. (2-tailed) N	.119 .096 197	-.077 .279 197	.115 .106 197	1				
						1			
							1		
								1	
									1

Cost	Pearson Correlation	-.138	.521**	.175*	.043	.01	1											
	Sig. (2-tailed)	.053	.000	.014	.552													
	N	197	197	197	199	197	199	197										
Systems Security	Pearson Correlation	.025	.247**	.172*	-.044	.26*	1											
	Sig. (2-tailed)	.730	.000	.016	.541	.041												
	N	197	197	197	199	197	199	197										
Social Issues	Pearson Correlation	-.240**	-.120	-.240**	.069	-.293*	1											
	Sig. (2-tailed)	.001	.092	.001	.354	.000												
	N	197	197	197	199	197	199	197										

Privacy	Pearson Correlation	-.051	.091	.031	.135	.20*	.383**	.337**	1									
	Sig. (2-tailed)	.472	.203	.667	.059	.044	.000	.000										
	N	197	197	197	199	197	199	197										
Market Value	Pearson Correlation	.080	.253**	.195**	.144	.37*	.400**	.0152**	.362**	1								
	Sig. (2-tailed)	.262	.000	.006	.100	.000	.000	.040	.000									
	N	197	197	197	199	197	199	197	199	197								

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

* . Correlation is significant at the 0.05 level (2-tailed).

4.2 Results Discussion

The Pearson correlation finds the relationship (positive and negative) among independent and dependent variables. The correlation value falls between 0 to 1, whereas the sign reveals the influence of one variable on the others as positive or negative. Pearson correlation is 11.9 in case of age and trust which means that increase in age causes increase in trust and vice versa but significance is 9.6% thus null hypothesis is accepted and alternative hypothesis is rejected. Pearson Correlation is -7.7 in case of current organization and trust thus increase in one will result in decrease in the other and vice versa. Significance is 27.9% so alternative hypothesis is rejected in this case. Pearson correlation is 11.5 in case of current qualification and trust thus increase in one causes increase in the other and vice versa. Significance is 10.6% therefore alternative hypothesis is rejected.

Pearson correlation is -13.8 in case of age and cost so increase in age results decrease in cost but significance is 5.3% so alternative hypothesis is rejected. Pearson correlation is 52.1 in case of cost and current qualification thus increase in one will result in increase in the other and vice versa and significance is 0% thus null hypothesis is rejected. Pearson correlation is 17.5 in case of current qualification thus increase in one will result in increase in the other and vice versa and significance is 1.4% so null hypothesis is rejected. Pearson correlation is 4.3 in case of trust and cost which means increase in trust will result increase in cost but significance is 55.2% therefore alternative hypothesis is rejected. Pearson correlation is 2.5 in case of age and system security which means increase in age will increase system security and vice versa and significance is 73% thus alternative hypothesis is rejected. Pearson correlation is 24.7 in case of current organization and system security which means increase in one will cause increase in the other and vice versa at 0% significance. Therefore null hypothesis is rejected. Pearson correlation is 17.2 in case of current Qualification and system security which means that increase in one will cause increase in the other and vice versa at 1.6% significance. Therefore null hypothesis will be rejected. Pearson correlation is -4.4 in case of trust and system security that means increase in trust will cause decrease in system security and vice versa at 54.4% significance. Hence alternative hypothesis is rejected. Pearson correlation is 22.6 in case of cost and system security that means increase in cost will cause increase in system security and vice versa at 0.1% significance so null hypothesis is rejected. Pearson correlation is -24 in case of age and social ethical issues thus increase in one will result in decrease in the other and vice versa and significance is 0.1% so null hypothesis is rejected. Pearson correlation is -12 in case of current organization and social ethical issues thus increase in one will result in decrease in the other and vice versa and significance is 9.2%. Hence alternative hypothesis is rejected. Pearson correlation is -24 in case of current qualification and social ethical issues thus increase in one will result in decrease in the other and vice versa and significance is 0.1% so null hypothesis is rejected. Pearson correlation is 6.9 in case of trust and social ethical issues thus increase in one causes increase in the other and vice versa.

Significance is 33.5% therefore alternative hypothesis is rejected. Pearson correlation is -20.4 in case of cost and social ethical issues thus increase in one will result in decrease in the other and vice versa and significance is 0.4%. Therefore null hypothesis will be rejected. Pearson correlation is 29.3 in case of system security and social ethical issues thus increase in one causes increase in the other and vice versa. Significance is 0% so null hypothesis is rejected. Pearson correlation is -5.1 in case of age and privacy thus increase in one will result in decrease in the other and vice versa and significance is 47.2%. Hence alternative hypothesis is rejected. Pearson Correlation is 9.1 in case of current organization and privacy thus increases in one causes increase in the other and vice versa. Significance is 20.3% hence alternative hypothesis is rejected. Pearson correlation is 3.1 in case of current qualification and privacy thus increase in one causes increase in the other and vice versa. Significance is 66.7% hence alternative hypothesis is rejected. Pearson correlation is 13.5 in case of trust and privacy thus increase in one causes increase in the other and vice versa. Significance is 5.9% hence alternative hypothesis is rejected. Pearson correlation is 20.2 in case of cost and privacy thus increase in one causes increase in the other and vice versa. Significance is 0.4% so null hypothesis is rejected. Pearson correlation is 38.3 in case of system security and privacy thus increase in one causes increase in the other and vice versa. Significance is 0% so null hypothesis is rejected. Pearson correlation is 33.7 in case of privacy and social ethical issues thus increase in one causes increase in the other and vice versa. Significance is 0% so null hypothesis is rejected. Pearson correlation is 8 in case of age and market value which means that increase in age causes increase in market value and vice versa but significance is 26.1% thus null hypothesis is accepted and alternative hypothesis is rejected. Pearson Correlation is 25.3 in case of current organization and market value which means that increase in current organization causes increase in market value and vice versa. Significance is 0% thus null hypothesis is rejected. Pearson Correlation is 19.5 in case of current qualification and market value which means that increase in current qualification causes increase in market value and vice versa. Significance is 0.6% thus null hypothesis is rejected. Pearson Correlation is 11.4 in case of trust and market value which means

that increase in trust causes increase in market value and vice versa. Significance is 11% thus null hypothesis will be accepted and alternative hypothesis will be rejected. Pearson Correlation is 36.7 in case of cost and market value which means that increase in cost causes increase in market value and vice versa. Significance is 0% thus null hypothesis is rejected and alternative will be accepted. Pearson Correlation is 40 in case of system security and market value which means that increase in system security causes increase in market value and vice versa? Significance is 0% thus null hypothesis is rejected and alternative hypothesis will be accepted. Pearson Correlation is 15 in case of Social and Ethical issues and market value which means that increase in social and ethical issues causes increase in market value and vice versa. Significance is 84% thus null hypothesis is accepted and alternative hypothesis will be rejected. Pearson Correlation is 36.2 in case of privacy and market value which means that increase in privacy causes increase in market value and vice versa. Significance is 0% thus null hypothesis is rejected and alternative hypothesis will be rejected. Pearson Correlation is 15 in case of Social and Ethical issues and market value which means that increase in social and ethical issues causes increase in market value and vice versa. Significance is 84% thus null hypothesis is accepted and alternative hypothesis will be rejected.

5. Conclusion

From the discussion and the analysis done above we come to conclude that E-commerce is the hub for

6. References

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business growth in many developed countries but still it did not get much concentration in Pakistan due to many factors. As trust is the core issue now a day's behind the failure of E-Commerce as most of the people are conservative in disclosing their personal information while doing transactions on internet due to the chances of misuse of that information. The cost effectiveness is also the factor which attracts many businesses as it does not required much cost which is used for physical existence. Most businesses due to a most sensitive factor "System Security" don't opt to be online as they consider their data much private and confidential which in case of leakage will cause hazards. From the analysis in Pakistan due to the emergence of hackers, e- businesses find themselves insecure while present online.

Social and ethical standards are set but they are not followed in by the people as they are not well aware of them. Privacy is also the factor which plays an important part in the success of businesses unauthorized access has more chances in case of online transactions. Most people thinks that by going online they will not get much privacy of their data due to the presence of many societal evils like identity theft or hackers etc. Online businesses have more growth prospects as compared to physical businesses because through e commerce the productivity of business can be increase which can help in capturing the increased market share. As from the discussions the prices of products can be decreased which automatically lead towards the high sales volume and assures the higher returns for the business.

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