

# Investigation Customer's Intention to Purchase Online from SMEs based on Sharia Perspective

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**Abstract** - The main purpose of the study was to investigate the relationship between theory of planned behavior factors and purchase intention of Muslim customers to purchase Online from SMEs. E-commerce is associated many challenges, such challenges are associated with the Islamic belief and culture. Samples of 304 postgraduate students in Islamic universities of Malaysia were asked to complete a 42 items survey using a closed interval questions. From the square multiple correlation result, it is noted that the model fit criteria are solved and there was 0.50 (50%) of influence of behavioral attitude on intention to purchase. It was also confirmed that TPB factors (behavioral attitude, perceived behavioral control, subjective norms) were indicators for predicting the intention of the customers to purchase via e-commerce with sharia perspectives. Thus, a better understanding on the sharia instruments like Islamic assurance and Islamic background for the products increases the intention to purchase.

**Keywords** - Theory of Planned Behavior, E-commerce, Purchase intention, Sharia

## I. INTRODUCTION

E-commerce is the most growing technology nowadays for doing business online. This technology is getting rapid implementation in most of business portals and companies are becoming global sellers because of e-commerce technology. The adopting e-commerce bear many challenges and there are certain barriers that should be identified and eliminated before the implementation process, some of the barriers are technological capacity and infrastructure in a particular country and government support. Some of these factors are associated with behavior of the buyers and their intention to purchase online. This study will produce a general knowledge about the usage and intention to purchase from e-commerce adopted by Small and Medium Enterprises in Malaysia, and identify the main impact of Islamic factors such as Islamic assurance and Islamic background on the intention to purchase from e-commerce.

## II. PROBLEM STATEMENT

The works of Abdulgani and Suhaimi (2014) revealed that usually, consumers are attracted dealers with cost-effective deals, this happens when such unbelievable deals are available on the dealer's website. This hints of some fraudulent or misuse of credit and personal information. Niesel (2011) revealed that developing online trust and coping with the risks of online transactions are major challenges of e-commerce in the Malaysian e-commerce industry. With increasing e-commerce research (Bouhleb, Mzoughi, Ghachem, and Negra, 2010; Ling, Chai, and Piew, 2010; Meskaran, Ismail, and Shanmugam, 2013; San Martín and Herrero, 2012), online purchase intention and the demand for secured online transaction has progressed because awareness has been created on such issues as security, privacy, trust and consumer's awareness.

This makes it seemingly difficult for consumers to be reliant on this information when performing transactions. Hence, before embarking on further research, it becomes necessary to understand the legal issues involved in e-commerce, that is, from an Islamic perspective. In the Malaysian context, Amin (2008) emphasized the legal issues, prospects and challenges of transacting business within Islamic sharia. Through the study of e-commerce, customer's behavioral intention and trust has been studied for many years, there are not enough studies that tread the sharia aspect. Trust and assurance have a significant impact on the motivation of consumers, their acceptance and their intention when purchasing online. Still, in their studies, they emphasized that it might result in a negative consequence when the overall e-commerce industry is concerned due to the inability to the quench the eccentric desire of Muslim internet users (Muhammad and Muhammad, 2013).

### III. THE OBJECTIVE

- A. To identify the factors that influence purchase intention of customers to perform e-commerce dealing with SMEs.
- B. To investigate the relationship between Islamic factors and purchase intention of customers to perform e-commerce dealing with SMEs.
- C. To verify the validity and confirm the proposed new TPB model in accordance with assessment approach of purchase intention of customers.

### IV. THE QUESTIONS

- A. What are the factors that affect online purchase intention of customers dealing with SMEs?
- B. To what extent the Sharia perspective affect online purchase intention of customer dealing with SMEs?
- C. How can the new proposed TPB model including Sharia instrument be validated and practically used?

### V. THE METHODOLOGY

Confirmatory factor analysis (CFA) through SEM technique was utilized to test the hypotheses. This study investigates to generate findings by examining the data collected based on the observed and unobserved variables. Thus this study is a confirmatory research that utilizes quantitative analysis for the given purpose and problem statement addressed in the previous studies. According to (Baeza-Yates, Calderón-Benavides, and González-Caro (2006); Yuserrie, Noor Azlinna, & Panigrahi, 2014) quantitative method is able to demonstrate situation factors, practices, and other phenomena (Sekaran, 2003). As suggested by Yuserrie et al. (2014) customers with IT knowledge are able to provide information accurately through the survey questionnaire. Customers having experience on e-commerce usage were chosen as unit of analysis. There are no specific industries or sector targeted in this study, but the main focus was on the Muslim customers who are bounded with sharia law while performing online transactions.

Hypothesis testing was performed through several analyses for the initial 42 items. Reliability findings suggested that the Cronbach's alpha value of the variables were having reliability of above 80%, exceeding the acceptance criteria of 0.70 provided by (Cronbach, 1951).

### VI. THE RESULT AND DISCUSSION

The purpose of the survey instrument used in this study was to investigate the extent to which the TPB factors improve customer's intention to purchase SMEs products with sharia perspectives. Regression analysis and confirmatory factor analysis were utilized to test the hypotheses postulated in the study. Null hypotheses were rejected, accepting the four real hypotheses. In addition it was found that information quality was having high beta coefficient with intention to purchase, confirming that quality of information is more important factor that intention of customers to purchase from SMEs with sharia perspectives.

From the qualitative findings it was confirmed that information quality and sharia instrument for the SMEs products are the main components that customers are concerned with while purchasing online through e-commerce.

### VII. CONCLUSION

It is reasonable to conclude that a multidimensional approach to the study of customer's purchase intention and attitude with regard to e-commerce usage for SMEs products through sharia instruments results into a better understanding and provisions for the requirement of customers in order to go for e-commerce purchase. The findings from this study revealed that a better understanding on the sharia instruments like Islamic assurance and Islamic background for the products increases the intention to purchase. Further consideration should be given to SMEs managers to encourage customers with the usage of e-commerce for their products bounded with sharia instruments. This consideration would not only increase customer's trust and belief on such products but would also lead to increase their confidence and get products in cheaper price with good quality.

### VIII. STRUCTURAL MODEL

In the structural model, direct relationship between behavioral attitudes, perceived behavioral control, subjective norms on intention to purchase represents the hypothesized relationship between the two variables. This study aims to develop the model of (TPB) by adding extra dimensions which are deemed to be correlated with the intention to purchase online. These dimensions are (Trust, Cultural Effect, Information Quality, Islamic Assurance IA and Islamic Background IB).

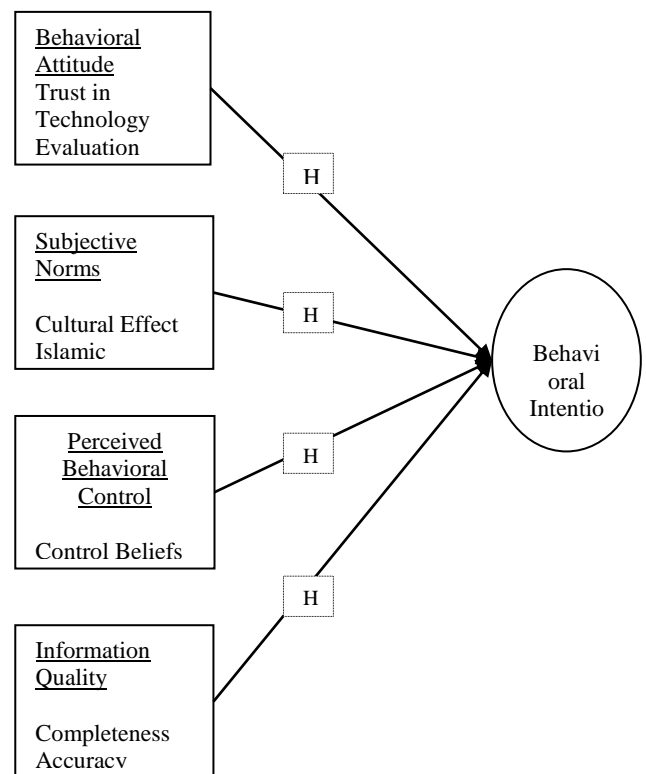


Fig.1Develop the model of the (TPB) with Sharia Perspective

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