

Impediments to growth of Ecommerce in the Metropolitan city of Pakistan

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Abstract- The research is about the barriers that are restricting the growth of Ecommerce in Pakistan. Pakistan has a lot of potential in Ecommerce but due to some factors it is not growing. The factors Fraud and Illiteracy were never discussed in any Research paper of Pakistan and it is detailed discussed in this paper which will help the researchers in future. A questionnaire survey has been used with closed ended questions with a sample size of 200 to collect data. The findings prove that the two factors are affecting the growth of Ecommerce. People do not prefer Ecommerce due to fraudulent scams and therefore buy directly. The result also tells us that due to illiteracy there is unawareness of computer and internet which is causing the abatement to growth of Ecommerce.

Index Terms- Growth of Ecommerce, Fraud, Illiteracy, Unawareness.

I. INTRODUCTION

Ecommerce (Electronic commerce) basically is the buying and selling of products and services on the internet. It helps you to buy products and avail services at your doorstep. Ecommerce was not familiar in Pakistan years back when it started but later on it has immensely increased in Pakistan but there are still some barriers that need to be broken for the growth of Ecommerce. The most trending Ecommerce websites in Pakistan are Olx, Kaymu, Daraz.pk, other than that there are many pages on Facebook which are into Ecommerce and are doing a successful business. There were many studies conducted in the past decade about the hurdles Ecommerce is facing, but none of them discussed the variables that will be discussed in this research i.e. Low Literacy rate and Mistrust. The research highlights that how these variables are setting boundaries to the growth of Ecommerce.

1.1. Problem Statement: Ecommerce should have a speedy growth in a developing country like Pakistan and not only youth but adults should also have an advantage of online shopping but low literacy rate, unawareness of computer and mistrust are the impediments that are restricting them to buy online. This research will help to draw the inference with the help of the data collected.

1.2. Significance of the study: The barriers discussed in research have terrible affect on the growth of Ecommerce. People are not very fond of shopping online due to the risk of fraud, and then there are adults who don't have the

awareness of computer and are not literate enough to prefer Ecommerce. Therefore this study highlights the affect of these barriers on the growth of Ecommerce and it will help to understand that how does low literacy rate affect Ecommerce? How does Mistrust affect Ecommerce? How can we break these barriers and increase growth of Ecommerce?

1.3.

1.3. Objectives of the study:

- To identify the affect of mistrust, low literacy rate on the growth of Ecommerce.
- To identify the strategies to break these barriers.
- To highlight the barriers that was not highlighted in any research before.

1.4. Limitations: Although this research has accomplished its objectives but the time was very short and specific due to which the sample size was not very large and variables were limited. The research is conducted only in Karachi because of the short time span.

1.5. Scope of the study: Ecommerce growth in Pakistan is facing many impediments; few of them are highlighted in this study. The scope of the study is to find the relevant solutions that can break the impediments and can analyze an authentic result that how can the growth of Ecommerce increase.

II. LITERATURE REVIEW

According to the research of (Fauzia Mazhar, 2012)conducted in Pakistan, word of mouth plays a vital role in influencing customer's buying decision as well as trust. The sample of the research was 311 employees taken from various organizations. In order to find out the reputation of e-commerce in the market and consumers' trust in e-commerce, the researchers studied the consumer perception factors i.e. perceived site quality, users' web experience, perceived technical trustworthiness and word of mouth seeking. These components have an in number impact whether to buy on the web, their own states of mind, which is, eagerness to do web shopping, assume a critical part in the achievement or disappointment of e-trade. Researchers have suggested testing the Word of mouth seeking in actual market settings so that we can see how it influences the buying in brick and mortar stores.

(Ahmed, 2011) Research says; that online shopping is still infancy in Pakistan. The research has a sample of 286 respondents and the models were evaluated by confirmatory factor analysis and regression analysis. The research was conducted in Pakistan. The factors recognized performance, recognized simplicity, recognized danger, recognized entertainment, distrust and lawful structure will be the main elements influencing online buying approval apart from which the ethical atmosphere incorporates a negligible effect. According to the research online shopping can be increased if we focus on the customers living abroad and implement the strategies they work on for online shopping.

In (Samin, 2012) Qualitative research was conducted in Pakistan, E-commerce relates to marketing in addition to purchasing connected with goods in addition to providers by means of world wide web through internet and PC. E-commerce could enhance financial expansion, increase businesses, competition, and much bettering addition to rewarding usage of marketplaces. E-Commerce will be growing like a brand-new means of assisting business enterprises in order to compete in the market and so causing financial achievements. In this particular analysis paper in relation to advanced SWOT evaluation connected with E-commerce that can consists of skills, weak points, possibilities in addition to provocations encountered simply by e-commerce within present predicament. In future, E-commerce can be much beneficial if it's used efficiently, effectively and globally.

Another research containing 341 samples using Likert scale was conducted in Pakistan says that the number of online people elevated considerably within a short period of time. While some people identified it as a convenient as well as advanced method of buying, other people were not fond of this medium. Different factors were recognized of this variation throughout online behavior i.e. fraud, privacy and security factor and lack of computer education. (Shakeel Iqbal, 2012)

According to (Zhang, 2002) Consumers' buy on the internet is because of their own determination to generate buying within the Internet store. This factor is actually tested through consumers' determination to acquire and return for added buying. Many customers type targets of the quality of the web page which they patronize prior to doing on the internet shopping pursuits. These targets affect their thoughts and also buying behavior from an Internet store. In case their expectations are fulfilled, they feel the pleasure, which usually increase their online shopping.

(Alam, August 2012) Qualitative research says that; E-Business, a new perspective to business that has become available through the net, requires internet for purchasing, marketing as well as supplying product or service. Leaving behind all its backwardness, Bangladesh has stepped into IT world, e-business by now. By using e-business Bangladesh may gain in lots of ways such as extension of organization, lowering of conversation issues, rivalry against the exporters of nations around the world, exportation of quality merchandise inside overseas nations around the world etc.

(Syed Fida Hussain Shah, 2006) Conducted a research in UK that Vectone Cell phone can be a recently expanding mobile driver inside telecoms marketplace which offers transmission companies into a big current market regarding European

countries along with particularly the UK. Vectone Cell phone is providing very interesting Promotional Offers towards the buyers having improved upon companies which have a practical its competitors Lebara along with Lyca and so on. Most of these marketing promotions usually are divulged through recommendations (very efficient because of its least expensive prices along with offers) other than facts on websites. Additional advertising and marketing transmission programs along with on the web Social networking instruments have not also been employed, seeing that it must be, so as to increase its current market write about.

(Sohaib, 2014) Conducted the research in Australia and Pakistan which examines that how E-commerce does differentiates in both countries on cultural grounds. The effects show that B2C web sites for some reason echoes' the cultural atmosphere that surrounds the web customers. It seems that to be able to effect online customers to get, businesses have to develop culturally modified web sites. This specific study delivers some signs the cultural pattern inside B2C web sites provides opportunities to be able to enterprise businesses to generate changes to their marketplace ways of better lead to their online sale simply by aimed towards a couple of distinct countries.

(Ghulam Muhammad Kundi, 2012) Qualitative research held in Pakistan highlights the legality issues that have risen with the increase in use of the internet and E-commerce. The experimenter have got underlined many aspects responsible for creating issues intended for eTransactions nevertheless the difficulties involving eSignature are visible. Throughout Pakistan, eBusiness is a new perspective struggling with many societal and also legalities electronic, comfort and also authentication, trust internal and also ethnic, internet access and also eSecurity. Researcher suggests for the buyer and seller both to have authenticity, full information, receipts and everything before making transactions to avoid any uncertainty.

(Ameer, 2014) Researches containing a sample size of 150 individuals were asked some closed ended questions to analyze their response towards online shopping, as youth plays an important role in online buying and mostly it's the youth that buys online. The test was conducted in Pakistan and analyzed on SPSS. The online shopping, according to the research is adopted after seeing some factors like: Occasion, Brand name Quality, Safety Risk and Price.

According to (ZoyaWajidSatti, 2014), E commerce is not being used in Pakistan on a large scale because people don't find it much reliable and prefer to shop from the retail store. Therefore the customers should be provided protection, full information, reasonable prices and safety so that the scope of e-commerce in Pakistan increases and people buy more online.

(Muhammad Mehtab Azeem, 2015) Researches highlighted banking sector in Pakistan with sample of 50 individuals filling online questionnaire. Ecommerce has said to be a revolution for the banking sector of Pakistan and it has a positive impact on the organizational performance in the banking sectors. The research result show that there are constructive relationship between e-commerce in addition to organization efficiency in addition to by employing e-commerce; companies boost it is efficiency with regards to small business operations, career efficiency in addition to client satisfaction.

(Hamza Ahmad Qureshi, 2014) Research conducted in Pakistan using questionnaire technique and analysis with SPSS found that there are several factors that acts as barrier for online shopping like (Product/service high quality, product varieties, cost, Observed threat, Societal norms along with Website design) that behave as limitations to be able to online purchasing within Pakistan and prevent Pakistani customers to consider online purchasing because their prime setting connected with purchasing.

In a study by (Chitura T, August 2008) conducted in Zimbabwe if the barriers documented within first e-commerce studies differ from these within current e-commerce studies. The learning concludes however the difficulties curbing SMEs inside their uptake associated with e-commerce are usually relatively unlimited, particular difficulties have generally remained same since 1990's. They've analyzed to cease reinventing the list of e-commerce barriers but rather emphasis their own initiatives about how SMEs can certainly get over most of these barriers in an attempt to enjoy the complete advantages of the actual technology.

(Adnan Mahar, 2013) Research study held in Pakistan highlighted the E-services that are needed by a Pakistani citizen. The researcher says that Pakistan is a developing country and the demands of E services are increasing day by day thus there should be an increase in the availability of E services too. E

services contains numerous services like E commerce, E health facility, E Education etc which are highlighted in the research paper that should be developed in Pakistan.

III. METHODOLOGY

This study is descriptive in nature and it consists of Quantitative approach technique for data collection. Because this analysis directly pertains to customer therefore the analysis has been done individually through questionnaires. The questionnaire of research will be close ended. The sample size for this research is 200. The data collected for this study consists both Primary and Secondary data.

Hypothesis

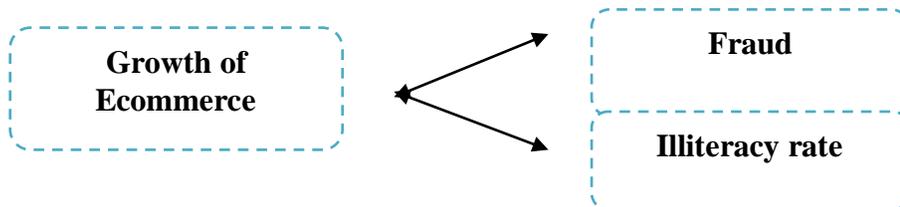
HO₁: Fraud has no momentous effect on the growth of E commerce.

HA₁: Fraud has momentous effect on the growth of Ecommerce.

HO₂: Low literacy Rate does not play an important role in the growth of E commerce.

HA₂: Low literacy Rate plays an important role in the growth of E commerce.

Model:



Data Analysis

The purpose of this paper is to highlight the impediments to growth of Ecommerce in Pakistan. The test is evaluated in SPSS version 22, which consists of Descriptive analysis, Pearson's correlation, ANOVAs and coefficients. The outcomes of the test are presented in table that is against the hypothesis and the acceptance and rejection of null hypothesis are followed by.

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Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
For how long you have been using E commerce?	199	1.0	4.0	2.327	1.2139	.257	.172
What is the purpose of your use?	199	1.0	3.0	1.528	.8634	1.079	.172
According to you which factor is more important when buying online?	199	1.0	7.0	3.558	1.9189	-.267	.172
Which factors are important on site when you seek to achieve trust?	200	1.0	4.0	3.085	.9604	-.687	.172
Which factors are important on site when you seek to achieve trust?	200	1.0	4.0	3.200	.8797	-.895	.172
Which factors are important on site when you seek to achieve trust?	198	1.0	4.0	2.833	.9110	-.274	.173
Which factors are important on site when you seek to achieve trust?	197	1.0	4.0	2.934	.9426	-.532	.173
Which factors are important on site when you seek to achieve trust?	198	1.0	4.0	3.449	.8154	-1.339	.173
Which factors are important on site when you seek to achieve trust?	199	1.0	4.0	3.161	.8786	-.771	.172
E commerce is a convenient medium for buying	200	1.0	5.0	2.190	.9264	.877	.172
Website name has an impact on buying behavior.	200	1.0	5.0	2.180	1.0551	.645	.172
Website design influences buying behavior.	200	1.0	5.0	2.350	1.1766	.655	.172
Word of mouth has an affirmative effect on buying behavior	200	1.0	5.0	2.145	.9479	.671	.172
Online shopping involves fraudulent scams.	200	1.0	5.0	2.180	.9284	.585	.172
Illiteracy has great consequences on online shopping	200	1.0	5.0	2.320	1.0455	.474	.172
E commerce has increased enormously in Pakistan	200	1.0	5.0	2.050	.9497	.788	.172
Online buying is more appropriate than physical buying	200	1.0	5.0	3.120	1.1053	-.285	.172
E commerce has more advantages than disadvantages	200	1.0	5.0	2.775	.9896	.057	.172
Our Government is doing sufficient to enhance E commerce in Pakistan	200	1.0	5.0	3.285	1.0907	-.118	.172
Pakistan has a bright future of Ecommerce in Pakistan.	200	1.0	5.0	2.280	1.1126	.755	.172
Valid N (listwise)	195						

H0₁: Fraud has no momentous effect on the growth of E commerce.

HA₁: Fraud has momentous effect on the growth of Ecommerce.

Correlations

	Online shopping involves fraudulent scams.	E commerce has increased enormously in Pakistan
Online shopping involves fraudulent scams.	Pearson Correlation Sig. (2-tailed) N	1 .138 200
E commerce has increased enormously in Pakistan	Pearson Correlation Sig. (2-tailed) N	.138 .051 200

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.414	1	3.414	3.839	.051 ^b
	Residual	176.086	198	.889		
	Total	179.500	199			

a. Dependent Variable: E commerce has increased enormously in Pakistan

b. Predictors: (Constant), Online shopping involves fraudulent scams.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.742	.171		10.216	.000
	Online shopping involves fraudulent scams.	.141	.072	.138	1.959	.051

a. Dependent Variable: E commerce has increased enormously in Pakistan

Analysis # 1:

The tables above show the result, that the significance level is (.051) which is less than 0.07 which means the null hypothesis is reject. Coefficient is (.141) which shows that there is a positive relationship between online fraud and growth of Ecommerce.

Fraudulent scams are affecting the growth of Ecommerce. There have been a lot of fraud cases due to which people don't prefer buying online.

$$\text{Equation: Fraud} = .141 \text{Growth of Ecommerce} + 1.742$$

HO₂: Low literacy Rate does not play an important role in the growth of E commerce.

HA₂: Low literacy Rate plays an important role in the growth of E commerce.

Correlations

	Illiteracy has great consequences on online shopping	E commerce has increased enormously in Pakistan
Illiteracy has great consequences on online shopping	Pearson Correlation Sig. (2-tailed) N	1 .171* 200
E commerce has increased enormously in Pakistan	Pearson Correlation Sig. (2-tailed) N	.171* .015 200

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

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.252	1	5.252	5.968	.015 ^a
	Residual	174.248	198	.880		
	Total	179.500	199			

a. Predictors: (Constant), Illiteracy has great consequences on online shopping

b. Dependent Variable: E commerce has increased enormously in Pakistan

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.689	.162		10.442	.000
	Illiteracy has great consequences on online shopping	.155	.064	.171	2.443	.015

a. Dependent Variable: E commerce has increased enormously in Pakistan

Analysis # 2:

Reference to the table above, the result shows that significance level is (.015) which is less than 0.07 which means that the null hypothesis is reject. Coefficient is (.155) which shows that there is a positive relationship between the illiteracy rate and growth of Ecommerce.

Illiteracy rate highly affects the growth of Ecommerce because of lack of literacy people cannot even use the computer and therefore it is impossible for them to buy online.

If the literacy rate increases and people will learn computer and internet, it will definitely influence the growth of Ecommerce.

Equation: Illiteracy Rate=.155Growth of Ecommerce+1.689

IV. CONCLUSION

The purpose of this research is to highlight the barriers that are demarcating the growth of Ecommerce in Pakistan. The two factors that are poorly affecting the growth of Ecommerce are Fraud and illiteracy rate. The findings declare that the null hypothesis of both the independent variables are rejected which means Fraud and Illiteracy both are affecting the growth of Ecommerce. Due to lack of literacy in Pakistan people are unaware to the use of computer and therefore they have no idea about the internet and online shopping. The fraudulent scams have also increased because of which people have lost their trust in online shopping and they prefer physical buying. So, for the improvement of Ecommerce and for the conquer of these impediments Government should compose some basic steps for retaining information from every Ecommerce website as well as of every customer and make it compulsory to provide the info so that both the parties get the relevant information which will reduce the chances of fraud. Government should also endeavor in increasing the literacy rate, building more schools, giving free education till Matric and most importantly giving computer learning to the people of Pakistan. All these efforts if made will

definitely increase the growth of Ecommerce as well as have an affirmative affect on the economy of Pakistan.

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