Social Commerce in the Digital Age: Analysis of Adoption Differences among Consumers in Malaysia and Nepal

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ABSTRACT

This study examines social commerce adoption in Malaysia and Nepal. Both nations are in the group of developing countries but information and communication technology levels are quite significantly different. Given the different level of access to ICT we aim to investigate how consumers in these two countries adopt social commerce by focusing on their acceptance of the process quality, communication quality, security and privacy, service quality and continuance. Using the survey method, data was collected from social commerce users in both countries. The results show no significant differences in the scores of communications, service quality and continuance adoption. However, there are significant differences in how they perceive the process quality and security in social commerce.

Keywords: Factors of social commerce adoption, social commerce adoption, social commerce in Malaysia, social commerce in Nepal

INTRODUCTION

The emergence of social commerce following the growth of development and demand for technology signifies the digital age. The booming roles of social commerce in expediting social and community development have led to creative innovations and growth of studies in diverse perspectives including its acceptance and adoption. Social commerce is seen as an important strategy for creating branding (Michaelidou,

Siamagka, & Christoudoulides, 2011). While both sellers and buyers show positive attitude towards social commerce, they are nevertheless motivated differently. Sellers use social commerce for fulfilling their social utilitarian and social motivation needs while buyers' influenced by their hedonic motivation. Nevertheless, studying the factors of adoption in two different settings can improve understanding of this subject.

In this study, we examine the perceptual differences in social commerce adoption among consumers in Malaysia and Nepal. While both nations are in the group of developing countries, the information and communication technology maturity rate is significantly different. Therefore, given the different level of access to ICT in the digital age, we aim to investigate how consumers in these two countries adopt social commerce, specifically on their acceptance on the process quality, communication quality, service quality, security and privacy and social commerce continuance adoption.

LITERATURE REVIEW

Early studies found antecedents of social commerce adoption are system quality and service (technology) quality (Liang, Ho, Li, & Turban, 2011), normative belief (Teh & Ahmed, 2011) and perceived usefulness and perceived ease of use (Shen, 2012). More recent studies have started to shift to examine the roles of relationship quality (Wang & Hajli, 2014), observe consumer purchase (Chen & Shen, 2015) and parasocial interaction (Xiang, Zheng, Lee, & Zhao, 2016). There are some key issues of

social commerce use. Since it involves social media, communication and relationships are important issues. Similarly, the process of the buying-selling and the privacy aspects are not less than significance.

Process is a basis of any business (Lohrmann & Reichert, 2013). In social commerce, it relates to the attributes of reliability, ease of use, design and purpose fit (Victor Chen, Chen, & Capistrano, 2013). Failure to offer these qualities will off customers. As netizens are known to be the group that prefers speedy process reliable social commerce is important. Good quality communication and interaction is essential in business. Client loyalty requires improving the customer's experience (Janita & Miranda, 2013) and social commerce is about interactions. Therefore, maintaining interaction by giving prompt response is necessary (Kassim, Othman, & Zamzuri, 2016).

As the communication and interaction is open, social commerce operators must provide a secure protection to customer's information. Customers who are confident with the privacy features will be more likely to return, thus promoting for higher social commerce effectiveness. Delivering service quality is very important, especially with the presence of web technologies. The extent to which the online site facilitates efficient and effective shopping, purchasing and delivery of products (Collier & Bienstock, 2015) is important. Service quality has been found to be a significant predictor of social commerce adoption (Liang et al., 2011; Lee, Cha, & Cho, 2012).

Social Commerce in Malaysia

In Malaysia, social commerce has begun to be widely acceptable. Reports from the Business Insider highlights the rise of social commerce and its impact on the retail market. The social media increased its share of e-commerce referrals nearly 200% between the first quarters of 2014 and 2015. While Facebook continues to grow its lead as the dominant social commerce platform, Snapchat and Instagram have also become the choice for influencer marketing (Business Insider Malaysia, 2015). Studies on social commerce in the local context show that trust in the social network plays an important role in mediating the relationships between closeness, familiarity and intention to purchase (Ng, 2013). Similarly, customers trust in social network online purchase is affected by the level of security quality (Jailani, Othman, & Kassim, 2014). Kassim et al (2016) in their study concluded social commerce operators emphasized on the importance of managing customer relationship by strategizing on the purchase process, service quality and communication.

Social Commerce in Nepal

The concept of social commerce in Nepal is fairly new. A study conducted by Sharma and Lijuan (2015) on online service qualities suggested that information quality and online service quality were the key determinants for user satisfaction and the sustainability of e-commerce technology. Another study by Sharma and Lijuan (2014) on the various factors that influence consumer trust and privacy on e-commerce system revealed the significance of ethics on consumer purchase and its influence on online marketing. They also found the role of ethical performance of the online portal in facilitating trust, which enhanced customer commitment and loyalty.

METHODS

Instrument Development

An online survey was utilized to collect the data. Five constructs were used in the study namely process quality, communication quality, service quality, security and privacy and social commerce continuance adoption. The items were adopted from Victor Chen, Chen and Paolo (2013), Janita and Miranda (2013) and Udo (2001) and modified accordingly in order to fit the context of the study. All items were scored on a five-point Likert scale ranging from (1) not true to (5) very true. Table 1 summarizes the items.

A content validity procedure was conducted by asking two experts in the field to evaluate the items, and which was followed by a pilot study. The Cronbach alpha results of greater than 0.70 show the scores for all items have the same range. Thus, the internal consistency was assumed. Factor analysis was done to examine the construct dimensionality by using the exploratory factor analysis of principal component and varimax with Kaiser Normalization rotation. The KMO measure of sampling adequacy for the social commerce scale is .935 indicating that the items were interrelated. Bartlett's Test of Sphericity shows a significant

Table 1
Item measurement

Measure	Items	Source
Process Quality	Purchase is reliable	Victor Chen, Chen and Paolo (2013)
	Product received as expected	
	SC design easy to understand	
	Purchase achieved buying purposes	
	Purchase was easy	
Communication Quality	Received order acknowledgement	Janita and Miranda (2013)
	Prompt reply to comments	
	Quick response to request	
	Deal with product return	
	Communicate in good manner	
Security and Privacy	Confident business protects financial info	Janita and Miranda (2013), Udo (2001)
	Confident business not share personal info	
	Purchase is protected by terms and regulations	
	Confident with security protection	
	Feel secured when release financial info	
Service Quality	Products delivered within time	Janita and Miranda (2013)
	Quality and quantity matched with order	
	Confident with purchase	
	Products free of defects	
SC Continuance	Recommend products to others	Victor Chen, Chen and Paolo (2013)
	Consider seller as first choice	
	Will do more purchase	
	Will recommend seller	

value (Approx. Chi-Square = 8500.823, p<0.01) indicating the significance of the correlation matrix and appropriateness for factor analysis. Moreover, the individual MSA values range from .917 to .973, indicating that the data matrix was suitable to be factor analysed. Results of factor analysis with varimax rotation indicated the existence of four factors with initial eigenvalues greater than one that explained 78% of total variance. The results of a scree test also provided support for a four-factor solution. As the survey was conducted in two countries, the questionnaire which was originally written in English, was translated to two languages– Bahasa Malaysia and Nepali.

Demographic Profile of Respondents

The profile of the respondents is shown in Table 2.

The sample consisted of 520 respondents from Malaysia (53%) and 463 respondents

Table 2
Demographic profile of respondents

| | | Number (percent) | | | |
		Malaysia		Nepal	
Gender	Male	200	(38.5)	223	(48.2)
	Female	320	(61.5)	240	(51.8)
Occupation	Student	126	(24.3)	189	(40.8)
	Others	394	(75.7)	274	(59.2)
IT Competency	Yes	426	(81.9)	326	(70.4)
	No	3	(0.6)	10	(2.2)
	Just know the basic	91	(17.5)	127	(27.4)
Use of social media for online purchase	Instagram	478	(91.9)	139	(30.0)
	Facebook	300	(57.6)	264	(57.0)
	WhatsApp	426	(81.9)	27	(5.8)
Reasons for purchasing through social media	Easy	496	(95.4)	379	(81.9)
	Trending	259	(49.8)	163	(35.2)
	Confident	144	(27.7)	67	(14.5)
	Habit	104	(20.0)	26	(5.6)
	Only sold via social media	126	(24.2)	40	(8.6)
Continue purchase	Yes	506	(97.5)	432	(93.3)
	No	13	(2.5)	31	(6.7)
Will social commerce dominate online business?	Yes	517	(99.4)	280	(60.5)
	No	3	(0.6)	183	(39.5)

(47%) from Nepal. The gender distribution in Nepal was evenly mixed but there were more female respondents in the Malaysia sample. Nevertheless, majority of the respondents in both countries claimed to be competent in information technology. The main reason for shopping via social commerce was easy. When asked about their intention to continue purchasing via social commerce, more than 93% were willing to do so. However, while the Malaysian respondents strongly believe social commerce will dominate the online business, only about 60% of the respondents from Nepal share similar thought.

RESULTS AND DISCUSSION

Test for Common Method variance

As both dependent and independent variable data were collected from a single informant, common method variance could be a potential problem. Therefore, the Harman's one-factor test was performed to examine the extent of the bias. The results indicate common method variance does not occur.

Means, Standard Deviations and Correlation Matrices

Table 3 shows the means, standard deviations and bivariate correlations coefficients of the constructs. The internal consistency

scores are shown in bold. The results of the correlation coefficient indicate multi-collinearity is not an issue since there is no correlation coefficient value greater than 0.90.

Similarly, the Variance Inflation Factors (VIF) indicated in Table 4 show all variables have VIFs of less than the minimum required cut-off value of 10. Thus, it suggests multi-collinearity issue does not exist.

Table 3
Means, standard deviations, internal consistency and correlation matrices

Measure	Mean	SD	1	2	3	4	5
Malaysia Sample							
Process Q	4.160	.694	.910				
Communication Q	3.912	.764	.714**	.901			
Security Q	3.618	.844	.546**	.720**	.906		
Service Q	4.099	.704	.739**	.653**	.579**	.900	
Continuance	4.183	.772	.698**	.642**	.572**	.807**	.908
Nepal Sample							
Process Q	3.537	.720	.649				
Communication Q	3.454	.711	.425**	.611			
Security Q	3.305	.812	.299**	.319**	.758		
Service Q	3.398	.795	.474**	.356**	.350**	.698	
Continuance	3.342	.885	.441**	.295**	.313**	.536**	.798

Table 4
Collinearity statistics

Independent variable	Malaysia		Nepal	
	Tolerance	VIF	Tolerance	VIF
Process Q	.360	2.780	.693	1.443
Communication Q	.330	3.027	.762	1.312
Security Q	.459	2.176	.826	1.211
Service Q	.404	2.437	.712	1.404

Tests of Significant Differences

A set of independent sample t-tests was conducted to examine the differences in social commerce adoption between the two groups. The results are presented in Table 5. The Levene tests for equality of variances of ($p > .05$) show there are no significant differences between the variances of the groups. Hence, the independent-groups t-test assumptions are assumed. Table 4 shows the results of the tests.

Table 5
Results of t-tests and Descriptive Statistics of social commerce adoption

Outcome	Group						95% CI for Mean Difference		
	Malaysia			Nepal					
	M	SD	n	M	SD	n		t	df
Process	4.16	.694	520	3.53	.720	463	0.53, 0.71	13.79*	981
Communication	3.91	.764	520	3.45	.711	463	0.36, 0.55	9.72	979.11
Security	3.61	.884	520	3.30	.812	463	0.20, 0.41	5.90*	981
Service	4.09	.704	520	3.39	.795	463	0.60, 0.79	14.60	928.92
Continuance	4.18	.772	520	3.34	.885	463	0.73, 0.94	15.77	922.98

* $p<0.05$

From the results, it can be concluded there are statistically significant differences, at the .05 level of significance, between Malaysians and Nepalese in their perception of social commerce process quality and security quality. However, there is no statistical difference exists between consumers in both countries in terms of communication and service quality and continuance.

The findings suggest respondents in both countries perceive communication qualities during the transaction to be satisfactory. There was also no significant difference in how service quality of social commerce is perceived. This may be related to the Asians qualities which providing good services regardless of the business means are very important. Furthermore, both groups of respondents share similar attitudes towards social commerce continuance adoption. As technologies are more accessible and communication via the Internet has become part of everyday life, consumers are putting more trust on utilizing the Internet even for buying and selling. Thus, even though national ICT infrastructure and facilities provision differ in both countries, it does not differentiate the consumers' willingness to continue adopting social commerce. The findings also explain digital age has no boundary.

However, process quality and security and privacy are perceived differently as these two qualities are more related to business and technical procedures. In addition, both qualities are provided depending on the ICT maturity and how much the system is trusted. As the ICT infrastructure is different, it could explain varying degree of perception. Malaysia has a higher rate of social media and Internet penetration while Internet access is fairly limited in Nepal thus utilizing social commerce is more challenging. Furthermore, different perception of security describes that trusting the business to protect the financial and personal data is an issue. Even though we are living in the digital age, concerns on privacy, data protection and violation are highly contained. Thus, it highlights for the alerting needs of policy improvement.

CONCLUSION

This study explored perceptions of social commerce adoption in Malaysia and Nepal. Five constructs were examined: process quality, communication quality, security and privacy, service quality and social commerce continuance. While there seem to be no significant difference in how the respondents react towards communication, service quality and social commerce continuance adoption, there are differences in how they perceive the process and security and privacy qualities. The non-differences could be attributed to the Asian qualities and the influence of technologies in the everyday life of the digital age, whereas the differences could be related to the technical, IT maturity, and consumers' cautious and awareness of digital information and system readiness attributes.

The findings of the study could be used by business to position their brands in different settings by adopting customized strategies. In addition, the study could provide a foundation for further exploration on the dynamics of social commerce and data protection policy, and opens up an avenue for future research to explore differences in other social commerce issues. Future study may investigate how the new trend of e-commerce could be adopted to help single mothers or people who live away from big cities to use social media in reaching the potential customers.

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