

# Impact of Employment and Consumer Reliability in Buying Products Online in Kosovo

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## Abstract

Informative technology and especially the internet has created great opportunities in the business field. Even the United States economy as a world superpower is based on the use and exploitation of the potential benefits of the internet (online access). One of these is electronic business (E-Commerce) or online and which relates to sales and purchases from home. Seeing that international trade is now focused in buying and selling online, this paper first analyzes the theory of purchasing online and confidence in online shopping, then analyzes the data on the income and credibility of the consumers for buying products. The methodology used in this paper is through the analysis of quantitative and qualitative methods. Through simple linear regression (OLS) measurements were made for the income and online purchases whereas the correlation shows the connection between these two variables. To find results in Kosovo, a structured questionnaire with nominal and ordinary data was used. Expected results of this paper serve a certain clientele and have to do with the awareness of people that using internet services is very profitable.

**Keywords:** Internet, e-commerce, online purchases, services, etc.

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## INTRODUCTION

Doing online business in Kosovo is a challenge for businesses as well as consumers. The problem is that businesses have little knowledge about buying and selling online and the role of integration into society, whereas customers is a challenge buying online due to the reliability of the website (identification of personal data) and confidence in the quality of the products.

The purpose of this paper is to identify the challenges, priorities and opportunities of buying and selling online and the citizen's opinion regarding the web-pages of the sale and purchase online in Kosovo, in particular this paper analyzes the unemployment rate and the impact of income on online purchases and consumer credibility to purchase products online.

Many studies on e-commerce and online purchase analyze the impact of various factors regarding online purchase such as: price, time, productivity, trust, online advertising etc. All of these factors are part of a business that determine whether online sales will take place or not. Income and confidence are factors that make other variables *ceteris paribus*.

Work and daily obligations have led to reduced time for shopping in stores, thus, in developed countries buying online is the best option. In developing countries (transition) that include Kosovo as well, unemployment is more noted and there is not enough time to buy in stores and not online. This is a challenge that renders buying on web pages, apps, etc. unsuccessful, additionally, where citizens can buy online, there is a lack of knowledge about online shopping. In rural areas there is little information on these web pages, and for those who have knowledge, struggle with reliability, product delays and hesitation and the quality of the product.

This paper has analyzed the consumer, but its importance is the conclusion and recommendations which will serve to businesses in Kosovo in regards to online sales.

## LITERATURE REVIEW

Internet and electronic commerce are closely linked to developed countries. But they can achieve tremendous benefits for developing countries if applied as an ideal business purpose. E-commerce is a revolution in business practices (Ohidujjaman, et al 2013).

E-commerce refers to trading goods or services over computer networks such as the Internet. It can be divided into sales of e-sales (e-sales) e-commerce and e-commerce (e-purchase) the manner in which an enterprise receives or places orders respectively.

Essentially, e-commerce is part of the enterprise business model, complementing their conventional commercial sales and purchase activities aimed at increasing their performance (Eurostat, 2014).

An important topic in the research regarding online purchases is focused on confidence-attitude-purpose theories such as, the theory of rational action (Ajzen and Fishbein 1980) planned behavior and theory (Ajzen 1991; ORAPIN, 2009), and technology acceptance model (Davis 1993). Typical findings from these studies are that consumers' beliefs about the perceived risk of electronic shopping, perceived usefulness, ease of use and

confidence in the connected internet technology affect the intentions of buying online (Hansen, Jensen, and Solgaard 2004; Koufaris 2002; Van der Heijden, Verhagen, and Creemers 2003; Verhoef and Langerak 2001). The focus of the abovementioned studies has been on the factors that influence the consumers' decision to adopt purchases online or in relation to or as an alternative to traditional retail purchases (Punj, 2011).

The findings showed that three out of five hypotheses were supported. The link between purchase intent and shopping behavior on the internet showed the strongest relationship ( $\beta = 0.723$ ,  $p < 0.05$ ). High effect of purchase, aim towards online purchases behavior was consistent with previous studies (He et al., 2009; ORAPIN, 2009; Pavlou and Fygenson, 2006; Roca et al., 2009) that the goal was a notable predictor of the actual behavior towards buying online.

The group that believes online shopping has to do with saving time, may not be making the proper distinction between potential online pursuit of high value and low value. The lower income consumers need to be educated that the internet is not only time-saving, but serves to save money as well (Punj, 2011).

The customer survey regarding online purchases was focused on the most important factors to online purchasing, which in the theoretical part of the paper were identified as: the lowest price, the ability to find a different product, lack of time, the wide choice, as well as the easiest and most convenient way to purchase. The study has shown that in most cases, buying in online stores is preferred due to its simplicity and comfort. Analysis of socio-demographic characteristics of respondents indicated that women prefer to make purchases online because of lower prices of products offered, and that men value faster and more convenient shopping. The most important factors of online shopping were analyzed based on age groups and it was found that people aged 25-34 more often chose online stores due to lower prices and greater variety of products (Baubonienė, Z., 2015).

Joseph's (2018) paper has analyzed several factors that convince consumers in online purchasing such as: the product price which has a high significance, while other indicators such as product details, conditions and social media activities are less significant.

The link between purchase intent and shopping behavior on the internet showed the strongest relationship ( $\beta = 0.723$ ,  $p < 0.05$ ). The effect of high intention to purchase and the online shopping behavior were consistent with previous studies (He et al., 2009; ORAPIN, 2009; Pavlou and Fygenson, 2006; Roca et al., 2009; Yi JinLim, 2016)

In the paper of Punj, 2011 findings that the relationship between income and online shopping intentions have generally been found to be positive were cited (Donthu and Garcia, 1999; Li, Kuo, and Russell 1999; Mathwick, Malhotra, and Rigdon 2001)

In the report *Study on the Effects on Consumer Behavior of online sustainability information displays* of the European Union, in 2014 it was found that the online environment is very important for purchases: 71.4% of people search for online products on a regular basis, followed by a purchase offline. This means that those people will take their decision on a product in the online environment. Moreover, the majority of consumers in the study (85.6%) visited a site for price comparison.

## METODOLOGY AND HYPOTHESIS

For finding the results and analysis of the paper, primary and secondary data were used. Secondary data were obtained from previous research about buying and selling online, internet sources and reports. The primary data were obtained via google survey forms. The questionnaire was standardized and selective samples was of 101 citizens of the Republic of Kosovo. The data was analysed using SPSS and measuring hypotheses was done by using the statistical technique of correlation. The impact of variables amongst themselves was done by using the correlation technique, whereas by linear regression measurements and predictions for the future were made.

The hypotheses of this paper are:

H1: Unemployment affects online purchases in Kosovo negatively

H2: Confidence in e-commerce affects online purchasing.

Research questions of this paper are:

1. Are you employed?
2. Do you make online purchases?
3. If yes / no, why do / do not make purchases online.

## DATA AND ANALYSIS

### Brife Data History for global e-commerce

Figure 1: E-sales and e-shopping, e-sales turnover from 2008 to 2013, EU-28 (% enterprises% total turnover)



In 2013, more than twice as many enterprises are engaged in electronic purchases than in e-sales.

Source: Eurostat (isoc\_bde15dec) and (isoc\_ec\_evaln2)

As shown in figure 1, during 2013, 38% of enterprises in the EU-28 made electronic purchases. In the same period,

only 18% of enterprises have made electronic sales. Percentage of turnover in e-sales reached 15% of total turnover of enterprises with 10 or more people employed in the EU-28.

According to Eurostat 2013, 40% of large enterprises have e-sales corresponding to 20% of the total turnover in this size class.

Similarly, 25% of medium enterprises have had e-sales corresponding to 11% of the total turnover in this size class. In contrast, 16% of small enterprises engaged in e-sales, corresponding to only 6% of the turnover of such enterprises.

In the EU-28 during the period 2009-2013 there was a slight increase in the percentage of enterprises that had e-sales (+3 percentage points)

Figure 2: Worldwide e-commerce retail from 2014 to 2021 (in billion US dollars)

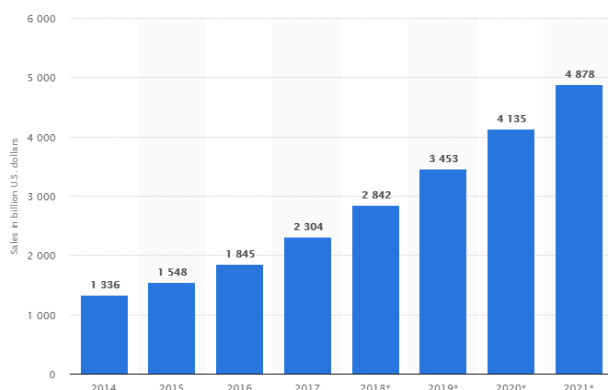


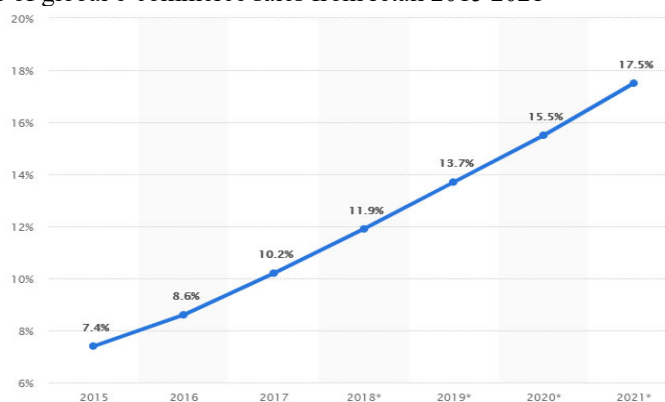
Figure 3 provides information on retail sales worldwide from 2014 to 2021. In 2017, retail sales of online sales worldwide totaled 2.3 trillion US dollars and revenues of retail sales are projected to rise 4.88 trillion US dollars in 2021.

Source: [www.statista.com](http://www.statista.com)

Revenue from online stores reached almost 100 billion US dollars in 2017. Online commerce is one of the most popular online activities in the world, but it varies by region - in 2016, about 19 percent of all retail sales in China took place via the internet, however, in Japan it was only 6.7 percent. Desktop PCs are still the most popular device for online

purchases, but mobile devices, especially smartphones, are becoming more popular.

Figure 3: The emergence of global e-commerce sales from retail 2015 2021



Source: [www.statista.com](http://www.statista.com)

This statistic shows retail sales as a percentage of global retail sales from 2015 to 2021 as shown in Figure 4. In 2017, retail sales accounted for 10.2 percent of all retail sales worldwide. This figure is expected to reach 17.5 percent in 2021.

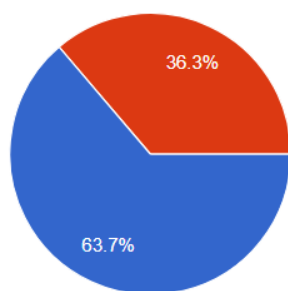
## Descriptive Statistics

Tab 1 Descriptive data

Descriptive Statistics					
Age		Sex		Employment	
<18	4%	Man	45,50%	Employed	49,55%
18-24	50,50%	Woman	54,50%	Unemployed	17,20%
25-31	22,80%			Students	32,70%
32-38	11,90%				
39-50	7,90%				
50+	3%				

The survey included all ages. 4% of the respondents were under the age of 18, is the majority of respondents 50.5% are 18-24 years old, respondents aged 25-31 were 22.8 in percentage, 11.9% were 32-38 years of age, age 39-50 corresponds to 7,9% of the respondents, and over the age of 50 years were 3%. Surveyed in this paper, 45.5% of the respondents were men and 54.5% of the respondents were female. In this survey, 32.7% are not working because they are in school / studies, 17.8% who are unemployed and 49.5% are employed. 44.6% of the respondents claim they do not purchase online whereas 55.4% make purchases online.

Graf.1. Reliability in electronic commerce



- Po 63.7% of respondents believe on the web pages where they purchase online (54.4% who make online purchases), the rest 36.6% even though they purchase online, they claim not to trust the online web pages.
- Jo

Part of 63.7% of respondents to the open questions have said (possibility of online purchase):

- a. Online purchases are good because they save time and money according to Goldman and Johansson 1978; Ratchford, Lee, and Talukdar 2003; Stigler 1961.
- b. Online products are usually more special
- c. We have access to international markets
- d. The desire to test products across the web - site

Part 36.3% of respondents who do not trust the online product purchase gave the following reasons:

- a. They do not believe in giving the account number
- b. Long delays in the arrival of products
- c. Product quality is not like the picture and description
- d. Colors don't match and numbers are not fit

Tab 2 Products most commonly ordered

products	Frequency	percentage
TEXTILE	27	26.73
FOOD	5	4.95
ACCESSORY	14	13.86
OTHERS	55	54.46
TOTAL	101	100

The table above indicates that the products most commonly ordered are textile 26.73%, 4.95 percent of the respondents have ordered food products, 13.86% accessories and 54.46% other products, other products include technological products such as: phone, laptop , ipad and similar.

Model and analysis

H1: Employment affects online purchase in Kosovo

To prove this hypothesis, measurements were made of the employment data and the level of purchase online according to the survey.

Correlation Tab.3

		correlations	
		Occupation	Purchase Online
Occupation	Pearson Correlation	1	.609 **
	Sig. (2-tailed)		.010
	N	101	101
Purchase Online	Pearson Correlation	.609 **	1
	Sig. (2-tailed)	.010	
	N	101	101

\*\* . Correlation is Significant at the 0:01 level (two-tailed).

The correlation shows the relationship of variables with each other. The correlation coefficient is positive (+), which means that the employment rise will have increased purchases online. Linking of variables is the average because the coefficient is .609 which means it's coming closer to the strong bond after it passed 0.5 and is in attempt to 1, according to Donthu and Garcia, 1999; Li, Kuo, and Russell 1999; Mathwick, Malhotra, and Rigdon 2001

Tab.4 OLS (Linear regression)

		coefficients			T	Sig.
pattern		Unstandardized Coefficients		standardized Coefficients		
		B	Std. error	Beta		
1	(Constant)	1732	2005		.864	.091
	Monthly income	.089	.004	.945	21 112	.001

a. Dependent variable: Acquisitions Monthly Online

Y - dependent variables - Purchase online / month

B0 - Constant

B1 - independent variable - Monthly income

$$y = \beta_0 + \beta_1 X_1 + e$$

$$Y = 1.732 + .089X_1$$

The data in Figure 3 are the result of 54 respondents who have made purchases online. For measurements, variables of monthly income amount and average monthly spending on online purchases were taken. From the table we see that regardless of income, citizens will buy products for 1.73 euros, with growth of 1 euro monthly income will also increase costs for purchase online for .089 euros.

H2: Reliability in e-commerce affects online purchasing.

This hypothesis was analyzed based on qualitative data. The result is that consumers (63.7%) believe in online shopping and the rest do not believe in it. From this, it can be concluded that with increased reliability and accurate information in e-commerce, the number of online buyers will be increased.

## CONCLUSIONS AND RECOMMENDATIONS

In this paper, online purchasing and selling in Kosovo were analyzed. The selection sample for the analysis of the results and the confirmation of the hypotheses was taken from 101 respondents. Average age and the most answered in this paper are from 18 to 24 years. 54.5% of respondents were female and 45.5% of respondents were male.

From this work we concluded that one of the factors that affects online purchasing is employment. From the data verification via correlation, we understand that the connection between employment and online shopping is positive and these variables have positive impact amongst themselves. Through regression, the level of monthly income and expenses related to purchase online were measured. With this method we come to the conclusion that with the increased of 1 euro for monthly income, online buying will be increased by Euro 0.089 (8.9 cents) according to Donthu and Garcia, 1999; Li, Kuo, and Russell 1999; Mathwick, Malhotra, and Rigdon 2001

In addition to the employment analysis, in this paper, consumers' reliability regarding online purchasing has also been examined. Regardless of suspicion for purchasing online, 63.3% of respondents have confidence in the web page online. The most common causes of not purchasing online are: reliability of personal data, poor quality products and delays in the receipt of goods according to Goldman and Johansson 1978; Ratchford, Lee, and Talukdar 2003; Stigler 1961; Hansen, Jensen, and Solgaard 2004; Koufaris 2002; Van der Heijden, Verhagen, and Creemers 2003; Verhoef and Langerak 2001.

Companies operating in e-commerce should:

- improve services
- Create more campaigns to inform their e-commerce activities

- Create more methods to increase customer confidence
- Have target group for sale, mainly those with incomes above the average and countries where employment is higher.

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