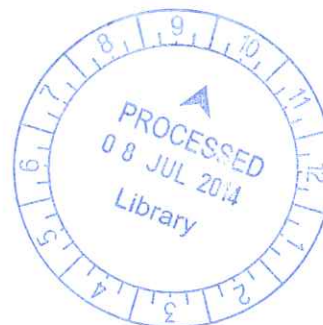


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

EMPIRICAL STUDY ON ACCEPTANCE LEVEL OF MOBILE TRANSACTION DUE TO PRIVACY INVASION

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Declaration

I declare that thesis entitled "Empirical study on acceptance level of mobile transaction due to privacy invasion" which is submitted by me as a partial fulfillment of the requirement for my MBA course at INTI International University comprises only my original work and due acknowledgement has been made in the text to all other material used. Besides that, this thesis has not been previously submitted for any master award.



TAN CHIA CHEE

28TH December 2014

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Abstract

Issue of privacy invasion is alarming nowadays. Many mobiles users in Malaysia received unsolicited phone calls and text messages in marketing various kinds of products and services without knowing the reliability of information sources. Reliability of mobile transaction thus seems to become questionable with the privacy issues arose in the market. In this research study, the main focus is to identify acceptance level of consumers in mobile transaction due to the issue of privacy invasion as complaints are arising. In order to achieve this objective, online survey had been conducted in context of Malaysia. A total of 377of respondents are selected through snowball sampling in participating the questionnaire survey which representing the interest of population. For the data analysis, Statistical Package of Social Schemes (SPSS) version 20.0 Software and Partial Least Squares regression (PLS) version beta were deployed in computing statistical data.

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List of Abbreviations

- PPIT - Willingness to provide personal information to transact on the Internet
(Acceptance Level of Mobile Transaction)
- IPC - Information Privacy Concern
- PS - Perceived Severity
- PV - Perceived Vulnerability
- SE - Self Efficacy
- RE - Response Efficacy
- TRA - Theory of Reasoned Action
- TPB - Theory of Planned Behavior
- PMT - Protection Motivation Theory
- SPSS - Statistical Package of Social Science
- PLS - Partial Least Squares
- SEM - Structural Equation Modeling
- CFA - Confirmatory Factor Analysis
- AVE - Average Variance Extracted

Chapter 1

Introduction

1.0 Chapter Summary

This chapter provides a thorough introduction for the dissertation entitled “Empirical study on the acceptance level of mobile transaction due to privacy invasion.” The chapter begins with the background of the study which explains about the growth of the use of mobile devices and mobile transactions in the Malaysian context. It then highlights the issues that arise in mobile transactions and contribute to the formation of research aims and objectives. Significance of the study, limitations in dissertation completion as well as scope of study are addressed at the end of this chapter.

1.1 Background of Study

In this era of technology, mobile devices have become a necessity in the life of a wide range of people. This can be seen as people no longer solely depend on computers to send out instant message. The smartphone is another platform to perform such routine. (Mohd, Abdullah and Zainal, 2012) Marketers have been using mobile marketing as the tool to approach consumers since decades ago. Mobile marketing is the alternative marketing channel due to the explosive growth of technology. Mobile devices has enabled marketer to establish innovative forms of relationship with all range of customers (Barwise and Strong 2002; Laszlo 2009; Venkatesh, Ramesh, and Massey 2003). Closer marketing linkage between marketers with consumers is further improved by the adoption of internet enabled smartphone. Such disruptive technology enabled marketing activities to be performed through mobile devices which further enhanced personalization and interactivity between parties. The mobile marketing trend is widely spread throughout the world. This can be seen as companies in the US alone paid \$9.3billion on mobile advertising in 2010 and such expenditure is expected to grow approximately 600% by 2015 (Marketing Charts, 2011).

Therefore, mobile commerce is targeted as the next generation of e-commerce (electronic commerce). E-commerce is defined as the commercial activity through Internet. Similarly, mobile electronic commerce is a term that refers to activity involving Internet consumption or transaction made via a wireless link. Thus, mobile transaction can refer to direct or indirect transaction via wireless link through mobile phone. The ease of mobility and portability of mobile technology is significant to the fast pace of life of consumers. Millions of online transactions take place daily through Internet nowadays. Such trend is actually in line with the advancement of technology, as Nielsen Research (2010) postulated that there will be 90% of people are soon connected with mobile devices which are mostly internet enabled compared to other devices in 2015. With such a large population thus connected and potentially targeted by mobile marketers, which should result in generating higher transactions, better business performance seems to be a foregone conclusion.

Scoping down to the Malaysian context, Rao (2012) highlighted that penetration rate of mobile phone hit 124% of the 28.7 million of the nation's population. High penetration rate of mobile phone does not necessary indicate high level of usage in mobile marketing. However, there is a higher chance for the marketers to exploit this as mobile devices have become another platform in conducting marketing activities. Malaysia is forecasting to generate RM3.4 billion in mobile sector by 2015 due to the fast growing mobile environment in the country. (Bernama, 2012) In addition, the government of Malaysia also took the initiative of promoting the usage of smart phones among youngsters through Youth Communication Package (YCP) (The Star Online, 2012). Youngsters are offered a rebate of RM200 for selected 3G Smartphones below RM500. Such an initiative has boosted the usage of smartphones in a short period. According to The Star (2013), for the first half of the year, smartphone shipment made up 49.6% of total mobile phone shipments, a significant increase from year 2012. This indicates that there is a huge potential for mobile transaction in Malaysian market.

However, issue of privacy invasion is alarming nowadays because it happens every now and then. CNET (2004) highlighted that a total of 33.6 million Americans' personal information have been abused. It has caused anxiety among consumers when giving out personal private information in public. Worries by consumers about their data being revealed over the Internet are the main perceived risk in the technology environment today (Eurostat 2006a). Perception of consumers toward mobile transaction tends to be affected due to such issue. Schwaigh (2013) mentioned that consumers tend to react negatively toward information practice by corporation due to the anxiety of their privacy being invaded. As such, consumers are now more concerned about their privacy. Thus, consequences of privacy concern tend to have a negative effect on the relationship between marketing activities and consumers. (Hsu, 2006)

1.2 Problem Definition

Privacy invasion is now becoming a common issue in Malaysia as well. Consumers have been complaining for quite long time about the occurrence of unsolicited phone calls as well as text messages from marketers in promoting products and services. Worse still, some of the calls and spam text messages are not made by the telemarketers who have customers' contact details, but those service providers who have "existing business relationships" with the consumers. (The Star, 2012) Furthermore, consumers felt that their data are being collected and sold to third party without consent (The Star, 2012). It is a common notion to leave personal information of customers in counters upon registration. However, with the dangers that arise when personal data such as identity card details, bank account details, phone numbers etc. are disclosed in public and used in crimes, this has resulted in significant impact on marketing activities. Consumers are wondering how service providers have been obtaining personal information without authorization. Privacy information seems to be easily tracked among marketers though. Hence, such scenario contributes much to the negative perception generated among consumers to engage in marketing activities.

Apart from that, even though the Malaysian government has launched the Personal Data Protection Act (PDPA) in dealing with this crucial matter, but enforcement of the protection act does not have much impact to solve the problem even until today. The Star Online (2013) highlighted that personal data of consumers is still open to abuse. Marketing fraud still happens every now and then. Nigel Tan, director of Symantec Malaysia in the Star (2012), mentioned that approximately 1.1 million of identities were exposed per breach globally in year of 2011. Therefore, this further increases anxiety among consumers to engage in mobile transactions. According to Loiose (2013), nearly 50% of people are concerned about privacy when using mobile internet. This directly affects the acceptance level of mobile transaction. GSMA (2013) further highlighted that concern over mobile privacy might constrain the adoption of mobile app in Malaysia.

However, with the fast growing mobile environment, it is necessary to figure out the impact of privacy invasion on the acceptance level of mobile transaction which is in line with the government's initiative in promoting usage of smartphone among youngsters in Malaysia. Perception of consumers toward mobile transaction will be crucial in sustaining such marketing activities. As mentioned by Schwaig, Segar, Gover & Fiedler (2013), consumers will be more concerned about their privacy due to the absence of face to face interaction in mobile marketing and transaction. Hence, consumers might lack confidence in engaging in such activities.

Acceptance level of consumers toward different dimension of mobile marketing has been investigated by previous researchers; including traditional platform and also others such as fixed internet, media etc. (e.g., Bauer, Barnes, Reichardt, & Neumann, 2005; Rohm and Sultan 2005; Shankar et al., 2010). However, there is limited study regarding acceptance level of mobile transaction due to privacy invasion in Malaysia. Hence, to bridge this gap, this research will focus on studying the factor(s) that affects privacy concern among consumers and their behavior towards mobile transaction.

1.3 Research Objectives

This study aims to investigate the impact of privacy invasion on the acceptance level of mobile transaction among consumers. Research will be carried out by using a conceptual framework which integrates main models like Protection Motivation Theory, Social Cognitive Theory and Privacy Theory. At the end of the study, it is expected that literature on mobile transaction in Malaysia will be enhanced. Research objectives to address the research problem defined above are listed below.

1. To identify impact of information privacy concern on the acceptance level of mobile transaction.
2. To identify factors that influence information privacy concern of consumers.
3. To identify the relationship between individual factor (gender) and information privacy concern.

1.4 Research Hypothesis

H1: Information privacy concern of consumer tends to influence the acceptance level of mobile transaction.

H2: Perceived severity positively affects information privacy concern in mobile transaction.

H3: Perceived vulnerability positively affects information privacy concern in mobile transaction.

H4: Response-Efficacy positively affects information privacy concern in mobile transaction.

H5: Self-Efficacy positively affects information privacy concern in mobile transaction.

H6: There is a relationship between gender and information privacy concern in mobile transaction.