E-Commerce Adoption
A Comparative Study of Sweden and Pakistan

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Mirza Kashif Baig           Hussain Raza           Umer Farooq
Abstract

The rapid proliferation of internet has turned the growth of e-commerce into a global phenomenon including both, in the developed and developing countries. Several studies have been conducted in the perspective of consumer level e-commerce adoption for different developed countries. There felt a need to look into whether the same pattern of studies has any implication on other countries, especially the developing countries. This study aims at analyzing the pattern of e-commerce adoption on consumer perspective and the factors that have greater influence in the adoption of e-commerce by conducting a comparative study between Sweden and Pakistan. The factors of trust on online sellers, national culture, infrastructure involved in the overall e-commerce activities and education level of consumers are found to have significant impact on the adoption of e-commerce. Trust plays a pivotal role in e-commerce adoption due to a higher level of uncertainty followed by risk, invisibility of the parties involved in exchange and lack of control mechanism. Same is the case with the national culture whereby the propensity to trust on the online seller and risk taking are influenced to a great extent by different cultural orientation of consumers. Hofstede’s (1980; 2001) frame work of cultural dimensions provide a good insight on national culture to draw their implication for the e-commerce adoption. Swedish culture appears to be more adaptive towards e-commerce than the Pakistani culture, due to its wider difference on the Hofstede’s cultural dimension indices. Moreover Swedish customers exhibit more trust on suppliers’ of online services and products. On the other hand, infrastructure and education are two important contextual factors that serve as support function to e-commerce activities and complement each other such that without them e-commerce activities cannot be executed or flourished. Insufficient infrastructure and low education level are also the main hurdles that refrain most of the consumers in Pakistan to make online purchases.

Key words

E-commerce adoption, trust on e-commerce, national culture, e-commerce infrastructure
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Chapter 1. Introduction

1.1. Introduction

This chapter introduces research overview by elaborating the research concept and context. It also discusses the aims and objective of the study as well as presents a brief overview of the chapters covered in this thesis. Research concept answers the questions what is the study is about and the main theme of the research. Furthermore, the research context discuses why the study is conducted, and there is a brief contextual background of the study. Aims and objective part identifies the goals of the study and brief overview gives a snapshot of chapter discuses in the research.

1.2. Research Concept

A strong impact of internet is prominent on life, from work to leisure, information to entertainment, study to play; socializing to business; everywhere internet is playing a vital role especially in economy (Lumpkin & Dess, 2004). Traditional way of business and satisfying customer need also influenced a lot by internet and the concept of e-commerce has changed all ways of traditional buying and selling, internet influence on business started from digitalization which means to represent a business online and then to processing and payments online (Maamar, 2003). Furthermore Bakery and Bakery (2001) defined e-business as an exchange of information and transactions on internet, intranet and extranet and considered e-commerce as a part of e-business (cited in Konttradet, et al., 2003). Similarly Elsin, et al., (2001) described e-commerce as a general term for transfer of information and commercial transactions (cited in Mammar, 2003). Also Bidgoli, (2000) defines e-commerce as buying and selling online. Reviewing these definitions, it becomes apparent that two components are dominant i.e. the commerce and internet. That is why we can summarize the definitions as “the commerce on internet”. Traditionally commerce include, buying, selling auctioning and clearing of goods and
services to overcome needs of customers (Maamar, 2003) so e-commerce concept represents an enhancing view of traditional commerce as it enhance the use of new technologies and infrastructure to complete the transaction and transfer of information phase.

Moreover, not only commerce adopted new way and technology but also if we see it as an alternative to the traditional commerce the growth of business on internet symbolizes its importance in current scenario, as in the year 2000 European internet business worth was $8.5 billion while in North America it was $40.5 billion (Amit and Zott, 2001). In 2004 United States became $100 billion market for internet business which had 4.5% of the retail sale (Lumpkin & Dess, 2004). This continuous growth in internet business represents the increase in adoption of e-commerce in the western countries as Simoes, et al., (2008) described its impact on new generation to whom they called “Millanies” that they are accustomed to the mobile technology, SMS email and they are dependent on their laptops and cell phones it changes their way of purchase and consumption (Simões, et al., 2008). Most of the authors discussed different prospect to do business online from company perspective, for example, Stanfield, et al., (2002) discussed the importance of internet business attachment with the physical business while (Lumpkin & Dess 2004) discussed different models and content for the internet business. Amit and Zott (2001) elaborate the concept of value creation on internet, Ching and Elis (2004) researched on SME’s to indentify factors helpful to adopt internet business. Although some authors described from other way round i.e. customer perspective like kolskar (2004) discussed about trust factor in internet, Kim and Benbasat (2009) discussed the trust issue from customer perspective. It is therefore, intended to study the factors which influenced in the adoption of e-commerce in different geographical areas which is mentioned as an acceptance of e-business in east and west by Lim, et al., (2004).

1.3. Research Context

There is a growing trend of online buying generally in developed countries, e-commerce was first adopted in US but its impacts have been felt around the world, hope ever the level of adaptation varied significantly from country to country (Shih, et al., 2005). Sweden is a developed country with an established e-commerce industry and on the other hand developing countries like Pakistan has still slow trend for E buying particularly in business to consumer (B
to C) market, which is mentioned by Lim, et al., (2004), by illustrating the difference of high acceptance of internet buying between the West and East (Lim et al., 2004; Yoon, 2009).

Classification of e-commerce can be done in two sub groups i.e. Business to business (B2B) and business to consumer (B2C) (Cuneyt & Lien, 2003). In this research work our main focus of discussion will be business to consumer aspect of e-commerce in Swedish and Pakistani market.

The estimated number of internet users in Pakistan are 18.5 million whereas in Sweden the estimated number of internet users are 8.397 (International Telecommunication Union, 2009; 2010) million which is almost less than half of the internet users in Pakistan. A survey by Nielson (2010) reported that 47% of the people in the region of middle east, Africa and Pakistan never made any online purchase, and if we see the comparison of purchasers who don’t plan to buy online for next six months are 22% Swedish while 38% Pakistanis do not plan for the online shopping for next 6 months (Neilson, 2010). The difference in use of e-commerce for consumers of these two countries (Sweden and Pakistan) while living in the same age of time put a question mark in our minds that why there is so much difference in e-commerce industry of both countries. The idea is to identify some key factors which have influence in adopting and using e-commerce especially in B to C business for the comparative study of the two countries. These key factors of our interest are culture, trust, education, and infrastructure. We are also interested in research from customer perspective as our focus in this research is to identify the factors which influence the adoption of the internet business from customer perspective. The factors, we believe, contribute greatly to the e-buying behaviour of customers in the two countries. Our focus is to make a comparative study of the two countries by finding differences and similarities of these factors in adopting ecommerce in Pakistani and Swedish market.

1.4- Aims and objectives

Through this study, it is intended to achieve the following aims and objectives

- Make a consumer level comparative analysis of the adoption of e-commerce in Sweden and Pakistan.
- Find out the degree of influence of the factors which contribute in the adoption of e-commerce in the two countries.
Despite of a very big market size, there is an anticipated low degree of acceptance on the consumer side to adopt an e-commerce as their ultimate buying market in the developing countries, like Pakistan. Through this study, we want to come up with reasonable findings that can be helpful in understanding the factors underlying the low adoption, so that the companies willing to extend their operations through e-commerce in these regions can better understand the ground conditions and device appropriate strategy for it.

1.5. Thesis overview

- **Introduction:** This chapter introduces the basic concept of study and discusses the research concept, context, aims and objectives and brief overview of the entire thesis.

- **Literature Review:** This chapter identifies the theoretical background of consumer behaviour pertaining to e-commerce, discuses the new scenario in which the e-commerce adoption involves and explains factors which influences this adoption such as trust, culture, Infrastructure and education in detail on the basis of previous research and further raises the research questions and identifies hypotheses on which empirical research is conducted.

- **Methodology:** This chapter provides the basic methodologies involved in research and details out the approaches, techniques and systematic steps taken to conduct this research.

- **Analysis and Data Presentation:** This chapter presents the statistical analysis of empirical research conducted. Data tables for reliabilities, normalities, crosstabs, correlations and frequencies are presented to conduct hypotheses tests, analysis, and further discussion.

- **Discussion and conclusion:** This chapter concludes the empirical findings and the literature about factors which affect the adoption of e-commerce and presents a comparative analysis on behalf of which research questions are answered. It further discusses the limitation, managerial implication and recommendations for future research.
Chapter 2. Literature Review

2.1. Introduction

This section aims at identifying the theoretical background on the “buying via internet” that replaces the traditional buying on a physical market settings on the consumers’ perspective, and the factors that influence consumers to make (or do not make) online purchases.

The field of consumer behaviour, in the physical market perspective is first discussed in order to study, identify and analyse whether the buying-selling logic of the physical market place has any direct or indirect implication and/or impact on the buying-selling logic of that of a virtual market place.

The factors of trust, culture, infrastructure and education are discussed in a greater detail in connection to the adoption of e-commerce. Trust on an online seller, for example, is a key element for consumers to adopt e-commerce in their day to day life. Since a higher degree of uncertainty followed by risk is involved not only on the sellers’ side but also on the consumers’ side, the trust plays a pivotal role in the adoption, and completion of purchase cycle in e-commerce. Culture, on the other hand, is considered to be an important factor in e-commerce adoption. The slogan of “Think globally and act locally” cannot be materialized unless taking into account various aspects of cultural influences inherent in different nations in the world. The Hofstede’s framework of cultural dimensions and their implication on the online buying behaviour is discussed with a brief comparison of Swedish and Pakistani cultures on the basis of these cultural dimensions.

To support applications of e-commerce for consumers, business partners and corporate functions infrastructure is needed in the form of Information and Communication Technologies (ICTs) which include telecommunication networks and internet facilities. The application of infrastructure is discussed as support function on the consumers’ perspective only as the scope of
this thesis pertains. Payment and the delivery systems are also discussed as an important support functions in e-commerce and an integral part of infrastructure to be used in e-commerce activities. The digital divide which is caused by the unavailability of internet or the ICT’s as a whole, cannot be bridged until the people acquire the skills and abilities required to make use of these facilities. Therefore the role of education is very important in a country to fully exploit the ICT facilities and adopt e-commerce. Education and infrastructure are discussed as complementary to each other, and as important contextual factors in the adoption of e-commerce.

2.2. Buying behaviour of Consumers

Solomon (2011) has defined the field of consumer behaviour as “the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experience to satisfy needs and desires. Researchers have referred the field of consumer behaviour as the buyer behaviour, which reflects an emphasis on the interaction between consumer and producer at the time of purchase (Solomon, 2011). Howar and Sheth (1969) consider the buying behaviour as rational in that it resides within the “bounded rationality” of buyers, i.e. their behaviour is rational within the limits of their cognitive and learning capacities and within the constraints of limited information. According to Howar and Sheth (1969) much buying behaviour is more or less repetitive, and the buyer establishes purchase cycles for various products which determine how often he will buy. For some products, for example durable appliances, this cycle is lengthy and purchase is infrequent while for many other products, such as food and personal care items, the purchase cycles are short and the purchase is frequent (Howar & Sheth, 1969).

On the other hand, Baumgartner and Steenkamp (1996) consider the desire for exploration as one of the important motivating influences, among many, on the buying behaviour of consumers. These writers further elaborate the “desire for exploration” and include the exploratory components such as risk taking in making product choices, innovativeness in the adoption of new products and facilities, variety seeking in purchase behaviour, browsing, looking at window displays and similar forms of recreational shopping and curiosity motivated information acquisition evidenced in leafing through catalogues or talking to others about the purchases (Cox, 1967; Mittelstaedt, et al., 1976; Bellenger & Korgoankar, 1980; Hirschman, 1980; cited in
Baumgartner & Steenkamp 1996). All these behaviours can result in exciting and novel purchase experiences, providing relief from boredom, and satisfying the desire for knowledge and of curiosity (Baumgartner & Steenkamp, 1996).

Income and social class are also an important consideration of correlation in consumer buying behaviour as pointed out by Meyrs, et al. (1971). The social class is inferior to the income class as a correlation of buying behaviour except in some Scandinavian countries, like Sweden, where there are virtually low high-or low level income extremes (Meyrs, et al., 1971).

Another important buying behaviour is impulsive buying. The impulsive buying is unintentional as the purchases are made from an unexpected desire or urge to buy an item of interest during a shopping experience, which means that a consumer purchase is unplanned, (Kollat & Willett, 1967; cited in Davis & Laszlo, 2009) had a sense of thoughtlessness (Weinberg & Gottwald, 1982; cited in Davis & Laszlo, 2009), and is pervasive in the market place (Lio, et al., 2009). It is also characterized by a subjective bias in favour of immediate possession (Kacen & Lee, 2002). The impulse buying generates over $4 billion in annual sales volume in the United States and accounts for up to 80% of all purchases in certain product categories (Kacen & Lee, 2002). Davis & Laszlo (2009) argue that the M-commerce is a branch of e-commerce, has a very significant role in the impulse buying. A somewhat similar argument is made by Kacen & Lee, (2002) that the growth of e-commerce is the main responsible factor in the impulse buying. A study conducted by User Interface Engineering (2002) explored that the impulse purchases represents almost 40% of all the money spent on e-commerce sites.

Many of these theories and discussions by different researchers have been made on the physical market perspective, whereas with the emergence of the World Wide Web, a significant portion of the market place has been turned into virtual market. A literature review conducted by Cheung, et al., (2003) presented that mostly researchers on the online buying behaviour draw their theories from classical consumer behaviour research. Cheung, et al., (2003) further argue that a close examination of the literature in this area reveals that most of the components of consumer behaviour theory have been applied to the study of online consumer behaviour. LaRose & Eastin’s (2002) research suggests that the forms of unregulated consumer behaviour, including compulsive, impulsive and addictive buying, are present on the internet. We will now examine
the literature developed under the e-commerce perspective and the online buying behaviour of consumers.

2.3. E-buying behaviour; a new paradigm?

“The domain of activities where internet usage and consumption behaviour overlap can be called internet consumer behaviour” (Goldsmith, 2002). Goldsmith and Bridge (2000; cited in Goldsmith, 2002) have included the activities in the e-buying behaviour such as “gathering consumption information through exposure to advertising; shopping which include browsing, comparing products, and deliberate information search; and online buying of services and goods, and information”.

The area of e-buying behaviour has grown in its importance with the phenomenal growth of e-commerce activities. The importance of the online buying behaviour is reflected by the fact that the literature in this area has risen dramatically such that more than 120 articles were published in 2001 on this topic (Cheung, et al., 2003). As the e-commerce grows in size and importance, Peterson, et al., (1997; cited in Goldsmith, 2002) has put more emphasis on studying consumers’ internet behaviour or how consumers make the internet part of their consumption lives. Data about the online purchasing behaviour is also needed to help companies to define their online retail strategies for web site design, online advertising, market segmentation, product variety, inventory holding, and distribution when they are planning for the growth of online retailing (Lohse, et al., 2000). Understanding the mechanisms of virtual shopping and the behaviour of the online consumer is a priority issue for practitioners competing in the fast expanding virtual marketplace (Constantinides, 2004).

Several factors influence the ways customer tends to buy online and develop a habit for their purchases on internet. According to a report by Cisco Systems (2003, cited in Khalifa & Liu, 2007) online retailers consider that the development of online shopping habit has a major impact on internet sales. Due to this reason Khalifa and Liu (2007) have declared it important to examine the role of habit in the online shopping context in general and its effect on online repurchase intention in particular. A model proposed by Crespo and Rodriguez (2008) explains that the adoption of e-commerce by consumers includes the simultaneous influence of attitudes, social norms, perceived risks, personal innovativeness in the field of new technologies and
attributes perceived in the technology. The attitude towards the subjective norms of consumers and the e-buying systems are supposed to be the main determinant of the intention to buy on internet (Crespo & Rodriguez, 2008). Konradt, et al. (2003) have identified the factors which influence the intention of customer to buy online which include usability in the online shopping, buyer-seller relationship, and response time and size (in terms of variety) of the e-shop. The prior experience on the online shop, (e.g. Khalifa & Liu, 2007) has proved to have an impact on the online buying practices. In the similar vein, the research by Koyuncu, et al. (2003) suggests that people with more online experiences in a more private and secure environment like home are disposed to order more from the Internet. The life style also influences the pattern of consumption, especially in the young generation (Simões, et al., 2008).

Trust is one of the major factors which influence the online buying (Kim & Banbasat, 2009; Kolsaker, et al., 2004; Mahavedvan, 2000). Internet buying depends on consumer’s perceived risk and level of satisfaction and this perceived risk can be reduced by the trust development (Kolsaker, et al., 2004). National cultural plays an important role (e.g. Lim, et al., 2004; Yoon, 2009) in adopting the e-commerce. Infrastructure is another important factor which is required for development of e-businesses. The most important and the basic element of infrastructure are Information and Communication Technologies (ICT), which affects the e-business capabilities (Okoli, et al., 2010). The study has identified the factors of trust, culture, infrastructure of the internet facilities with payment and delivery systems, and the education level, especially the computer literacy in a country to be very important to have a larger impact on the overall e-commerce activities in general, and on the buying habits of consumers in particular.

2.4. Trust

Trust is studied as an integral part of human society from the ancient times whether it is government people relationship as Plato and Thucydides mentioned it as political requirement for the government (Mara, 2001) or beliefs about God and man relationship as Proctor (2006) defined Religion as Trust in authority, and as Siala (2004) mentioned about the relationship of trust on online store and the buyer on the basis of same religion (Siala et al, 2004) whether it is private relation like friendship and love or business relationship like vendor and buyer, trust plays an important role in human social interactions, and is considered as fundamental factor of
human social life (Blomqvist, 1997). Some authors like Baumol (1974) concluded that firms can never be moral (cited in Hausman, 2002) but other authors like Hausman (2002) concluded trustworthiness is more beneficial for the firms in cost and benefit relationship and on general level even claimed that only those societies can be flourished which have trustworthy people (Hausman, 2002). Trust has wide range and a broad spectrum, and as Husted (1989) argued it can be subjective in different context which makes it complicated to define (cited in Siala, et al., 2004). So trust can be defined according to the discipline in which it is going to be referred as, generally trust is defined with reference to two parties one is trustee and other is trustor (Siala, et al., 2004). On organizational level Trust is considered as control mechanism and defined as a relationship between trustee and trustor.

Mayer et al (1995) defined it as

"the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer et al, 1995)

This definition of Mayer, et al., (1995) is considered to be most frequently cited definition in the literature of trust (Krauter & Kaluscha, 2003) and suitable for the e-commerce (Ambrose and Johnson, 1998). As in e-commerce buyer (trustor) and seller (trustee) engaged in a virtual relationship in which buyer make itself vulnerable due to the lack of control mechanism and physical presence.

Moreover, generally in overall business and particularly in e-commerce, trust is vital and is considered as a fundamental part of the business on internet as mention by Gefen, et al., (2003) trust is the key to retain customer in online business. Kolsaker (2004) mentioned it as a one of the major factors for online buying. Quelch and Klein (1996) described Trust as one of the basic factors to stimulate the purchase in online buying (Cited in Jarvenpaa & Tractinsky, 1999). People are interested in prices though but while purchasing on internet especially, it is required something more than that when there is overseas buying as consumer become more vulnerable and consumer has to trust on supplier in the start so trust plays an important role (Jarvenpaa & Noam, 1999). If we say “selling on internet” as service marketing as online vendor making
promises with customers and the remaining part of keeping promises are ahead in this scenario, see for example Gronroos’ model for service marketing (Gronroos, 2006) showing another reason why it is difficult to maintain trust in online buying and trust is missing element of tangibles in this service marketing (Parasuraman, et al., 1985). Amit and Zott (2004) mention it as part of value creation in online business by offering loyalty programs for lock-ins. Some authors such as Ambrose and Johnson (1998) as well as Teo and Liu (2005) proposed theories based on Trust generating models for the electronic businesses.


Also e-commerce and risk are closely related because while purchasing from internet, there is just a website in between a buyer and a seller. The risk exists mainly because the buyer cannot see the actual product. Neither can he touch it or see the store’s aesthetics and designs, nor can he feel the environment of shopping and encouragement by seeing other buyers since there is no physical relationship between buyer and seller (Lim, et al., 2004). Also the observation of body language and emotional signals are missing in case of online buying which reduces trust (Krauter & Kaluscha, 2003) and which increases the vulnerability of the consumer and so the risk.

Furthermore Risk is defined by Dowling & Staelin, (1994) as the uncertainty perceived by the customer (cited in Jarvenppa, et al., 1999). Consumer faces risks in two relationships while buying online, one is uncertainty regarding payment systems, hardware and software and whole infrastructure from payment to delivery to which McKnight at al mentioned as institutional based trust (Ashrafi & Ng, 2009; McKnight et al, 2000) and secondly about the supplier and buyer relationship (Mayer, et al., 1995; Teo and Liu 2005; Ambrose and Johnson, 1998). So trust is required in these two relationships to reduce perceived risk.
2.4.1. Trust in Relationship

Trust is based on relationship of two parties trustor and trustee, trustor becomes vulnerable when it trusts on trustee as in case of trust there is no control mechanism (Mayer et al., 1995). Furthermore Mayer, et al., (1995) presented a model based on trustor (Buyer) and trustee (Sellers) relationship in which it elaborates the relationship on the bases of Trustworthiness of trustee and Propensity to trust of trustor. This relationship is also mentioned by Mcknight, et al., (2002) as “trusting to belief” and “willingness to depend” (Mcknight, et al., 2002). Regarding e-commerce this relationship is supported by Teo & Liu (2005) by mentioning e-commerce vendor characteristics and buyer’s Propensity also by Ambrose and Jhonson (1998) present their model of e-commerce trust on the basis of same relationship.

Online Sellers characteristics are as following (Mayer, et al., 1995; Ambrose and Johnson, 1998)

- Ability : Explained as Capability to complete transaction on sellers end, i.e, ability to provide the product/service or to fulfill the promised made (Mayer et al., 1995; Ambrose and Jhonson, 1998)
- Benevolence: It is the extent to which it is believed that trustee is good to trustor (Mayer et al., 1995, Ambrose and Jhonson, 1998)
- Integrity: It is trustor’s perception that the trustee sticks to those principles to which trustor believe to be accepted (Mayer, et al., 1995; Ambrose and Jhonson, 1998). Positive relationship with trust has also been mentioned by Rofiq and Mula, (2010)

Propensity of trust refers to the extent to which buyer is ready to take risk (Mayer, et al., 1995). Aldiri, et al., (2006) mentioned propensity as dispositional trust (Aldiri, et al., 2006). Amrose and Johnson (1998) mention it as a combination of buyer and seller characteristics where buyer’s characteristics are mentioned as

- Need
- Capacity
- Willingness
Propensity refers to the general level of willingness to trust (Amrose and Johnson, 1998) and as trust is also referred as desire to reduce risk as mentioned by Kolskar, 2004 and as the definition of trust purposed that trust increase the vulnerability of trustor which means trustor take risk on trustee so we can conclude that the willingness of buyer can be the willingness to take risk, as Hostfeild, 2001 mentioned and calculated as UAI uncertainty avoidance index as a dimension of culture (Hostfeild, 2001). Yoon 2009 supported the association of UAI and trust. It is discussed in detail in the next section of culture.

### 2.4.2. Trust in overall infrastructure

Trust in overall infrastructure is one of the major part as if there is no trust in payment systems, privacy, goods delivery infrastructure as mentioned by Mbarika (2009) as lack of network and communication technology, it is difficult for the buyer to purchase online. Some authors mention this trust as trust in system or institutional trust which defined as individual perception about environment in case of internet (McKnight et al, 2002a). Stewart (2003) described it as the safety felt by buyer (Stewart, 2003). So over all infrastructures is important to develop the trust. We will discuss details in the section of infrastructure.

### 2.5. Culture

A culture is defined to be “the accumulation of shared meaning, rituals, norms, and traditions among the members of an organization or society” (Solomon, 2011). Culture is the glue that binds people together (De Mooij, 2004), a set of attitudes (Wasson, 1975), a society’s personality that includes both abstract ideas such as values and ethics, and managerial objects and services, such as the automobiles, clothing, food, art, ethics, and sports a society produces (Solomon, 2011). Generally the culture is described as the way of life of a people (Maitland & Bauer, 2001) or norms of behaviour of all sorts (Wasson, 1975).

An interesting argument given by Maitland & Bauer (2001) is one in which they have defined culture as the societal-construct, yet it has implications for individual behaviour. These authors has supported this argument by Hofstede (1997; cited in Maitland & Bauer, 2001) that culture can be seen as a mediator between human nature, which is universal, and personality, which is specific to individual. Another implication of the national culture may be found on the internet.
diffusion that include the patterns of communication (e.g. near or distant), relative roles of work and family, perceptions of the role of technology in home life, and the shopping behaviour (Maitland & Bauer, 2001).

Solomon (2011) considers culture as dynamic rather than static which is evolving persistently, synthesizing old ideas with the new ones. A culture, he states, consists of these functional areas

- “Ecology; this is the way a system adapts to its habitat. The ecology of a culture is shaped when it uses technology to obtain and distribute resources.
- Social structure; the way people maintain an orderly social life. The social structure is composed of domestic and political groups that dominate the culture, e.g., the nuclear family and the extended family.
- Ideology; the way people relate their environment and social group. It the mental characteristics of a people which relates to the idea of a common world’s view. The individuals tend to share ideas about principles of orders and fairness. Moreover they also share an echo, or set of moral and aesthetic principles” (Solomon, 2011).

Hofstede (2001) has identified a constant influence of national culture on consumer behaviour which affects the validity of theories and practices in both marketing and advertising. A culture has direct impacts on any kind of marketing efforts (Waason, 1975) and is a determinant of certain aspects of consumer behaviour (Henry, 1976). In a similar vein, Solomon (2011) argues that the consumption pattern cannot be understood unless its cultural context is not considered. Moreover people belonging to different cultures use products as a means of communication (Douglas & Isherwood, 1979). A research conducted by Chan, et al., (2009) makes it evident that the multidimensionality of cultural influence and emphasise a deeper focus in conceptualizing cross-cultural consumer behaviour.

A strong influence of the national culture is found on the perspective of e-commerce adoption especially in the buying habit of consumers on internet, (e.g. Park & Jun, 2003; Yoon, 2009; ElSaid & Hone, 2005; Van Slyke, et al., 2010; Jarvenpaa & Tractinsky, 1999). In addition to the direct impact, the influence of culture is also mediated by e-commerce beliefs (Van Slyke, et al., 2010). In explaining why some countries are successful while others flounder, Yap, et al., (2006)
argue that the internet access does not necessarily translate to the e-commerce usage and that culture and socio-economic factors are fundamental and pivotal in bridging the gap between internet usage and the e-commerce diffusion.

As a corporate website serves as a platform for the e-commerce activities (Ritter, 1999), the users from different countries can be better facilitated if different information preferences are accommodated by taking into account the cultural differences in the content preparation of the websites (Liao, et al., 2008). Furthermore, the cultural impacts on the design of the e-commerce websites need to be well articulated (Lo & Gong, 2005). Therefore, the localization of the websites is of prime importance for business success in the virtual marketplace. Also, Tractinsky and Rao (2001) posit that the buyer-seller interaction has a significant social dimension, therefore, these dimensions should be incorporated in the websites whom they called “‘web-store design’”.

The impacts of culture are also very dominant in the customized product shopping on the internet, for example, Cho and Wang (2010) declares the local culture as an important component in the acceptance of the online apparel customization while comparing the Chinese and Americans online markets. “‘The cultural tendencies have contrasting effects on consumer tolerance, such that Asian (vs. Western) consumers are more dissatisfied with social failures but less dissatisfied with non-social failures’”, (Chan, et al., 2009). Thus, the varying degree of sensitivity in cultures in terms of the tolerance to service failure may have diverse or at least varying effects on the e-retailing.

Reviewing the above discussed literature, it becomes clear that many authors did talk on national culture in the e-commerce perspective. However, it is also observed that most of the research on the e-commerce on the cultural ground has been conducted either in the US, Europe or in Far East Asia (Elsaid & Hone, 2005) or on almost exclusively in advanced countries (Yoon, 2009). The rapid proliferation of the web has turned the growth of e-commerce into a global phenomenon, (Jarvenpaa & Tractinsky, 1999; Elsaid & Hone, 2005; Yoon, 2009) including both, in the developed and developing countries. Due to this reason, it is therefore, important to magnify whether the patterns on the online shopping present in one culture (mostly developed...
countries, such as Europeans) can also be applied in other cultures (especially in developing nations, like Pakistan).

Hofstede’s (2001) work on culture of different nations provides us a pretty good insight on the values, norms, habits and other important aspects of a culture. This veteran writer on culture has identified five dimensions of a culture that distinguish thinking and social actions that exist among members of various nations. Hofstede (2001) further argues that ‘‘‘people carry mental program’’ that are developed in the family in the early childhood and reinforced in the schools and organizations, and these ‘’mental programs contain a component of national culture’. Hofstede’s work on culture is, however, general in nature but researchers (such as Yoon, 2009; Lim, et al., 2004; Gong, 2009; Van Everdingen & Waarts, 2003) have drawn implications of the five cultural dimension frame work for the adoption of e-commerce and innovation diffusion in different cultures.

2.5.2. Hofstede’s cultural dimensions and their implications for e-commerce

Hofstede’s (2001) termed the five dimensions as empirically verifiable and statistically independent such that each country could be placed between the poles somewhere with various possible combinations. Through an extensive research, he has developed indices score under each dimension which help identify the degree of sensitivity of the dimension pertaining to the cultures of various nations. These dimensions relate to every fundamental problem which the human society faces, but different societies may find different answers to these problems (Hofstede, 1983). The five cultural dimensions offered by Hafstede and their implications to e-commerce are discussed as under.

2.5.2. a. Power distance

This cultural dimension measured in the power distance index (PDI) is defined as ‘‘‘the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. The basic problem involved is the degree of human inequality that underlies the functioning of each particular society’’ (Hofstede, 1980; 2001). While explaining the technology acceptance model (TAM), Veiga and Floyd (2001) consider the power distance as a potent factor in the acceptance of the new technology due to the reason that the greater the
level of power distance in a culture, the stronger will be the influence of the elite social class. The TAM model which reflects the ease of use with the perceived usefulness as the main factors to shop online (Tong, 2010), culturally induced beliefs of the social class may also of a significant importance (Veiga and Floyd, 2001). Also the higher level of power distance negatively influences the diffusion of innovation (Van Everdingen & Waarts, 2003), which may become a barrier to accept the e-commerce as the ultimate shopping platform.

In the low PDI societies where superiors and subordinates are supposed to be equal which results in an ‘‘interdependency’’ which is a necessary condition of trust because it is a willingness to be vulnerable under conditions of risk (Yoon, 2009). Due to this reason Yoon (2009) argues that the customers from the low power distance countries are less likely to believe than the high power distance ones that the service provider may engage in an unethical behaviour. Thus the author posits that the customers in the low power distance cultures are more likely to trust on the online shopping shop than the customers from high power distance do.

The online purchase of the personalized products is also found to depend on customers’ cultural orientation (Moon, et al., 2008) such as the acceptance of online apparel customization (Cho & Wang, 2010). Steenkamp, et al., (1999) relate the power distance to conservatism which tends to maintain the status quo. Due to this status quo, Moon, et al., posit that ‘‘individuals are more likely to buy a standard product in more power distant countries than those in less power distant countries. Consumers in countries with high power distance are less likely to seek a personalized product that has fewer status quo’’. This situation may exists as Veiga and Floyd, (2001) believe that ‘‘in low power distance cultures people feel less constrained by the attitudes of higher status members’’. A research by Shaffer and O’ Hara (1995; cited in Jarvenpaa & Tractinsky, 1999) has reported the similar findings that people in a society with high PDI tend to trust less on service providers than do the people in the low PDI society.

2.5.2. b. Uncertainty avoidance

It refers to ‘‘the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. The basic problem involved is the degree to which a society tries to control the uncontrollable’’ (Hofstede, 1980; 2001). This dimension of a culture has very...
significant impact on buying on internet (Lim, *et al.*, 2004). Png, *et al.*, (2001) has reported that the countries with higher uncertainty avoidance index (UAI) were found be less likely to adopt an IT infrastructure (e.g. frame relay). Therefore there found to be a lower tendency to adopt ERP among the people with higher uncertainty avoidance than the people in the low uncertainty avoidance (Van Everdingen & Waarts, 2003). Steenkamp, *et al.*, (1999) findings have been similar in this ground too, which report that cultures which possess higher level of uncertainty acceptance are open to accept change and innovations.

There found to be a total change in shopping habits and life style in the adoption of shopping via internet (Lim, *et al.*, 2004). A research by Kale and Barnes, (1992; cited in Lim, *et al.*, 2004) reports that a high uncertainty avoidance society exhibits a strong resistance to change. A change brings about uncertainty which is an inevitable part of buying on internet (Lim, *et al.*, 2004), especially in the beginning stage of the internet retailing, there is a higher level of ambiguity and risk involved (Gong, 2009). Moreover “the differences between parties in the perception of the risk of risky options have direct implications for their exchange” (Weber & Hsee, 1998).

Reviewing these notions it can be concluded so easily that shopping online inherent more risk and uncertainty than it does at the physical market place.

A literature review by Cheung *et al.*, (2005) also consider perceived risk and trust among the most important determinant for e-tailing, i.e. buying through internet. Yoon (2009) argues that the higher UAI is expected to be associated with trust, therefore the UAI and the perceived risk appears to have a similar impact on the online shopping, provides a sufficient ground to assume that the consumers of higher UAI countries are more reluctant to buy online than the people in the low UAI countries.

Lynch and Beck (2001) findings on the consumer in Asian countries reflects that most of the Asian customers feel less secure while doing shopping online which reflects the higher uncertainty avoidance pertains in these countries, whereas Gong (2009) considers Latin America as to possess a higher uncertainty avoidance culture and offer more resistant to change from the established pattern of shopping, and tend to focus on risk avoidance and reduction (Gong, 2009).
2.5.2. c. Individualism versus collectivism

The individualism and collectivism are the two opposite poles of a continuum. This is defined as “the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family. Positioning itself between these poles is a very basic problem all societies face” (Hofstede, 1980; 2001). Parallel with the uncertainty avoidance dimension the individualism and its opposite collectivism are found to have more significant impacts on the online buying behaviour of consumers (Lim, et al., 2004). Consumers belonging to the collectivist culture are not inclined to trust strangers (Fukuyama, 1995; cited in Connolly & Bannister, 2007) and are not likely to trust anyone who is not part of their in-group (Yamagishi & Yamagishi, 1994) which draws its converse statement that in an individualist society the trust on strangers tends to be higher (Connolly & Bannister, 2007).

In the similar vein, Triandis (1995; cited in Yoon, 2009) considers the collectivist to put more emphasis on relationship and interdependence and are more sensitive to in and out group boundaries. They (collectivist) therefore consider trust as a necessary condition for group memberships and are less likely to trust an outsider. It is more likely to an individualist culture to extent his/her trust to an online shopping mall than the collectivist can do (Yoon, 2009; Jarvenpaa & Tractinsky, 1999). Furthermore the online shopping is a solitary process relative to the shopping on the physical market place, thus the collectivist may see the online shopping as disadvantageous for them (Van Slyke, et al., 2005; 2010).

Van Slyke, et al., (2010) points to another important aspect of the e-commerce that resides in the situation that it may not allow for the communication of social cues as does the traditional shopping. The consumers of collectivist societies may find lack of social cues on the online shopping environment as more effortful for them (Van Slyke, et al., 2010), thus causing reluctance to make online purchases.

2.5.2. d. Masculinity versus Femininity

The two extremes of a culture refer to “the distribution of emotional roles between the genders, which is another fundamental problem for any society to which a range of solutions are found; it opposes “tough” masculine to “tender” feminine societies” (Hofstede, 1980; 2001). An impact of
the masculinity-femininity dimension is found on the adoption of IT, both in eastern and western countries (Van Slyke, et al., 2010). While discussing national cultural impacts on the technology acceptance, Srite and Karahanna (2006) have related the perceived usefulness to the achievement of work goals and advancement, and argued that the higher the degree of masculinity, the higher the effects of perceived usefulness on IT adoption. In the “perceived usefulness” and “perceived ease of use” perspective, Yoon (2009) consider that the effort free use have a direct impact on the pleasant and less frustrating environment, and the quality of work life, which are the feminine values. Therefore, the lower the degree of masculinity, the higher the effects of perceived ease of use in the IT adoption and the online shopping mall would be affected by consumers’ perception about IT adoption (Yoon, 2009).

In this regard the findings of Stafford, et al., (2004; cited in Van Slyke, et al., 2010) are of prime importance that shows that consumers belonging to the less masculine societies involved less in the online shopping. While comparing the eastern and western countries in the adoption of e-commerce, Van Slyke, et al., (2005) reports that American consumers, higher in the masculinity dimension, are found to have more acceptance than the Indian consumers with less in the masculinity score.

Van Everdingen and Waarts, (2003) reports the match between a society’s culture and the product characteristics to be important, products with more masculine characters may diffuse faster in a more masculine society. They consider the Internet to be a more masculine type of product that took its roots faster in the masculine countries like Austria and the United Kingdom, than in a more feminine country like Sweden (EOS Gallup Europe, 1999; cited in Van Everdingen and Waarts, 2003). This situation provides substance to the idea that the product characteristics may have moderating impacts of masculinity on the adoption of innovations (Van Everdingen and Waarts, 2003).

2.5.2. Long term versus short term orientations

This cultural dimension was worked out in the later model of Hofstede’s cultural dimension framework developed in 2001 in an effort to understand the differences between the East and West. It refers to “the extent to which a culture programs its members to except delayed gratification of their material, social and emotional needs” Hofstede (2001). It can be viewed to
deal with the virtue regardless of truth. Values associated with the long term orientation are thrift and perseverance whereas the values attached to the short term orientation are respect for tradition, fulfilling social obligation” (geert-hofstede.com, 2011). It shows a society’s tendency to be more (or less) future oriented, or forward looking (Veiga & Floyd. 2001). Also in the face of change acceptance, the individuals in the short term oriented society may tend to be responsive to change, especially when past successes and traditions are proved to be wanting (Hofstede, 1993, cited in Veiga & Floyd. 2001). The long term-short term orientation dimension can have significant importance to technology acceptance; particularly its perceived usefulness (Veiga & Floyd. 2001) therefore can have a major impact in the society wide adoption of e-commerce.

Yoon (2009) argues that the individuals in a highly long term orientation society possess strong belief of the future that fosters taking risky decision in an uncertain situation. Since the value of short term gains from untrustworthy actions get reduced, the long term orientation fosters trust. Due to this fact, Yoon (2009) posit that “the higher degree of long-term orientation, the higher the effects of trust on intention to use the online shopping mall”, which leads the adoption of e-commerce.

2.5.3. Comparison of Pakistan and Sweden on Hofstede’s cultural framework bases

Pakistan is rated significantly higher in the power distance dimension with a PDI score of 55, than Sweden whose power distance index is 33. Along with the power distance index, it also holds a higher score of uncertainty avoidance index (UAI) than Sweden.
The higher level of the power index score reflects the power is more unequally distributed in the Pakistani society it does in Sweden (Hofstede, 2001;1980). The diffusion of a new technology may show significantly negative trend in Pakistan than in Sweden (Van Everdingen & Waarts, 2003), thus it may act as a barrier to adopt e-commerce.

The higher level of uncertainty avoidance index in Pakistan than Sweden predicts that the society exhibits low tolerance towards uncertainty and ambiguity. As reported by Hofstede that “the people in the uncertainty avoidance countries are more emotional, and motivated by inner
nervous energy, whereas in the uncertainty acceptance countries, they are more tolerant of the opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist, and allow many currents to flow side by side” (geert-hofstede.com, 2011). In this ground Pakistani consumers appear to have bound on the formal rules and regulations, and can exhibit more difficulty to accept a novel form of shopping i.e. shopping via an internet store.

Table 1: Cultural Dimension Indices

<table>
<thead>
<tr>
<th>Country</th>
<th>PDI</th>
<th>IDN</th>
<th>MAS</th>
<th>UAI</th>
<th>LTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>31</td>
<td>71</td>
<td>05</td>
<td>29</td>
<td>33</td>
</tr>
<tr>
<td>Pakistan</td>
<td>55</td>
<td>14</td>
<td>50</td>
<td>70</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: www.geert-hofstede.com

Figure 3: Comparison on Cultural dimension

Source: www.geert-hofstede.com
Pakistani society is collectivist whereas Sweden is a more individualist society. In an individualist society the ties between the individuals are weak, and every ones takes care of his/her immediate family, on the other hand the collectivists are the people who are integrated into strong cohesive in-groups, often extended families (with uncle, aunts and grandparent) which continue protecting them in exchange of un-questioning loyalty (geert-hofstede.com, 2011). Therefore a highly collectivist consumer in Pakistan may not tend to trust a person outside their in-groups (Fukuyama, 1995; cited in Connolly & Bannister, 2007), and may be reluctant to buy from an invisible seller.

Sweden is quite more feminine society than that of Pakistani (see table. 1). The Swedes may tend to buy more in an effort free environment i.e. buy online (Yoon, 2009) than the Pakistani customers who hold more masculine cultural values than the Swedes. Swedish society is highly long term oriented relative to that of the Pakistani where the long term orientation approaches to zero (see table.1). With a less long term oriented focus, the Pakistani consumers may tend to avoid taking risk (Yoon, 2009) which may refrain him/her to do shopping through an e-shop.

2.6. Infrastructure

“The goal of e-business infrastructure is to support applications for consumers, business partners, employees and corporate function in a continuous network environment” (Ritter, 1999). The business to consumer e-commerce involves a corporate website to which consumers, connect, buy, return and get warranty and communication with the customer support (Ritter, 1999). Infrastructure enables the people to access to various telephone and internet based communication services such as

- Email
- Web Browsing
- Instant massaging
- Text messaging (Mbarika, 2009)

Ritter (1999) explained that in business to consumer e-commerce there is a corporate website that facilitates the e-business, the information and communication infrastructure enables the access to global resources (Mbarika, 2009) including the web through internet. There is a greater
need for clear and easy access to web information as poorly structured information in the World Wide Web can cause a problem to access (Konradt, 2003).

Information and communication technologies infrastructure is important and basic element of e-commerce (Okoli, et al., 2010; Zwick & Dholakia, 2008), which is based on Internet, mobile Phone communications (Zwick & Dholakia, 2008) and computers (Elen, 2010).

2.6.1. Information and Communication Technologies

An ICT infrastructure can be defined as a “physical system of telecommunications pathways and connections that transmit voice, video, and data, using a web of telecommunications, information and computing technologies” (McLoughlin, 2000).

Information and communication technologies (ICT) are becoming more important in all corners of the world (Elen, 2010) particularly holding great promises in developing regions (Plauché, et al., 2010) and are considered to be basic and necessary prerequisites for effective e-business (Kardaras and Karakostas, 2001). The McLoughlin (2000) definition states the components of Information and communication systems i.e. telecommunications and internet as vital elements.

Telecommunication infrastructure is considered to be the backbone through which a region can implement and develop its information and communication technologies such as e-commerce, moreover communication infrastructure enables the people to access the global infrastructure. (Mbarika, 2009) the lack of telecommunication infrastructure acts as a barrier in the growth of ICTs. (Kaba, & Mbarika, 2008).

Mubarika (2009) explained four Telecommunication infrastructure development obstacles in reference to Africa’s least developing economies.

1. Organizational obstacles: Access most of the telecommunication channels are controlled by state monopolies and according to the World telecommunication development report, International telecommunication union points this monopolized situation in developing economies as major obstacle. (Mbarika, 2009; Okoli, et al., 2010).
2. Financial obstacles: Countries with low gross domestic products, low GDP per capita and no financial autonomy in operating entities and poor state of banking system usually faces the financial obstacles in the development of infrastructure (Meso, et al., 2007; cited in Mbarika, 2009).

3. Technology obstacles: Mbarika, (2009) explained that technological issues are the major concerns in the growth of teledensity, most of the telephone system is placed to serve the need of the government which tend to be confined to major cities. Moreover the use of outdate equipment and poor maintenance of equipment is also creating hindrances.

4. Geographical obstacles: Remote areas usually offer low monetary returns and fewer incentives to telecommunication infrastructure extension to such areas hence not an ideal place for private investors especially in developing countries (Mbarika, 2009). Even developed country like United States faces geographical obstacles as Government Accountability Offices states that rural rugged terrain of tribal lands and tribe’s limited financial resources put barriers and increase the cost of infrastructure development and limits the cost recovery (Goldstein, 2006).

Information and Telecommunication, plays a vital role in economic development (Okoli, et al., 2010). Telecommunication infrastructure can be characterized by teledensity of the country (Mbarika, 2009) where as information infrastructure is characterized by PC and internet which are complementary to each other in diffusion (Dewan, et al. 2010). Teledensity is defined as number of land telephone lines per 100 people (Mbarika, 2009; Sargana, 2005). Traditionally teledensity was regarded only for landlines but contemporary calculation includes mobile phones in teledensity as well. Telephone lines traditional role were voice communications and were used all over the world but eventually became backbone and an integral part of data communications (Mbarika, 2009). Internet brings lot of benefits in terms of e-business and business transaction (MacKay et al., 2004) but there is a great disparity between high and low income regions, 97% of internet hosts exist in the developed countries which home to only 16% of world population (Petrazzini & Kibati. 1999 ; cited by Mbarika, 2009) this difference between information rich and information poor countries is called digital divide and there are growing concerns about it (UNCTAD, 2004). Digital divide is defined as the “differential capabilities of entire social or regional groups to access and utilize electronic forms of knowledge” (Straub, 2003; cited in
Mbarika, 2005). According to Huang & Chen 2010 “Digital Divide refers to the gap between the more privileged who have access and the less privileged and who do not have access to information and communication technology (ICT)”. In both of the definition the common thing that is identified is difference or gap between developing and the developed economies in terms of access to ICTs. The digital divide of the world is wide enough that a country sometimes has more access then an entire continent which is evident the number of internet users in Sweden are more than the number of users in Africa (Norris 2001; cited by Huang & Chen 2010). Global digital divide factors were summarized by Huang & Chen (2010) after their empirical study on 48 countries as

- Cultural factors
- Economic factors
- Educational factors

The obstacles in the development of infrastructure can be removed, experts indicated that competition is required for the improvement of infrastructure as in most developing countries telecommunication providers have their monopolies and are not proactive in expending and building the infrastructure (Meso, et al., 2007; Okoli, et al., 2010). The improvements in the infrastructure will lead to efficiency and lowers costs and prices. (Okoli, et al., 2010). The competition can be brought through privatization (Ngwenyama & Morawczynski, 2009) which will result in network extension and efficiency (Birdsall & Nellis, 2003) and increased teledensity and internet users (Meso, et al. 2007). Ross (1999; cited by Meso, et al. 2007) pointed out privatization is positively correlated with network expansion. The privatization effect could be judged from the progress of some countries mentioned by (Ngwenyama & Morawczynski 2009) like Colombia which started the privatization process in 1990 and by the time till 2001 it increased the teledensity of landlines from 7 landlines per 100 people to 24.85 and mobile subscribers from 2.3 to 7.6 per 100 people. Similarly Brazil progressed from 8.35 main lines per 100 inhabitants to 38.5 main lines per 100 inhabitants during the time period of 1994 when privatization started to 2001. Brazil also reported an increase in mobile subscribers from .7 to 16.73 and internet subscribers from 0.04 to 4.66 per 100 inhabitants during the time
period of 1994 to 2001. Dewan, et al. (2005) mentioned that pc and internet penetration can be increased by increasing the mainline density and decreasing internet costs.

Pakistan is considered as a developing economy where telecommunication is inadequately developed to match the growth of industrial activity and this lagging of telecom infrastructure behind the economic growth resulting in constraining the expansion (Looney, 1998). Pakistan’s telecommunication is moving away from the regulated state owned monopoly to deregulated competition. Pakistan telecommunication is holding a monopoly on fixed land lines and it also own the fibre optic backbone transmission network of Pakistan. Barriers to e-commerce are inadequate infrastructure, insufficient telephone land lines, lack of security of online transactions, and another factor that is frequent power failures (Telecom and Technology, 2005).

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>170 m</td>
<td>9 m</td>
</tr>
<tr>
<td>Teledensity</td>
<td>64.08</td>
<td>92.5</td>
</tr>
<tr>
<td>Fixed Land lines</td>
<td>3.68m</td>
<td>5.01m</td>
</tr>
<tr>
<td>Cellular lines</td>
<td>99.16</td>
<td>12.2 m</td>
</tr>
<tr>
<td>Internet users</td>
<td>18.5m</td>
<td>8.4m</td>
</tr>
<tr>
<td>BroadBand users</td>
<td>0.96m</td>
<td>4.5 m</td>
</tr>
</tbody>
</table>

Table 2: Infrastructure Indicators

Figures taken from Pakistan telecommunication Authority, Swedish National Post and TelecomAgency (Post & Telestyrelsen.PTS) and PTS statistic portal and International Telecommunication Union.

Pakistan’s ICT industry is one of the rapidly emerging sector of the country and the size of this industry is about US$12 billion and is attracting foreign direct investment which is current stands to 1.07 billion (Connect, 2010). Sargana (2010) mentioned that International telecommunication (ITU) reported the underlining change of moving from fixed telephone networks to mobile.
communication networks, next generation networks and broadband wireless networks all over the world. Pakistan is passing through the same phase and cellular services have reached to almost every corner of the country almost 92% of the land area. Even the world economic crises did not affect the growth of telecommunication sector much in Pakistan.

Sweden on the other hand is a developed country with adequate infrastructure and use of new technology, mobile services like telephony and data transfer, and Internet access is continuously gaining grounds. The total number of mobile connections has exceeded the total number of population and is still increasing. The country is shifting rapidly towards new and advanced technologies e.g. mobile subscribers are adopting 3G technologies and internet users are shifting to broadband connections from dialup networks and in broadband connections the focus is to provide high speeds up till 100 MB from 10 MB to all users. (E-Commerce report 2009)

2.6.2. Payment system

With the rapid emergence of high speed broadband and wireless internet connection (Ashrafi & Ng, 2009), consumer spending via internet has recently show a double digit growth nearing about 50 percent increase every year which highlights the need of importance of online secure transactions through online payment system, which can be defined as “the means and processes involved in conducting transactions online” (Lowry, et al. 2006) also called electronic bill presentment and payment technology (EBPP) (Au & Kauffman, 2001) or e-invoice presentment and payment (EIPP) (Stoneman, 2004). EBPP facilitates the billers in presenting electronic bills to customers also know as electronic invoicing (IOMA report 2002) thus enabling them to pay electronically (Lowry, et al. 2006). There are four stake holders involved in online payments or EBPP which are billers, Bill consolidators, Banks, Consumers (Lowry, et al. 2006).

Billers are the persons who are involved in presenting the bills or e-invoices to the customer and can have multiple advantages of electron payments in way to save money, reduce cost and build relationships with customers by personalized market campaigns (Au & Kauffman, 2001).

Bill consolidators are “the intermediaries that consolidate bills from multiple billers at a single online location” (Ouren, et al., 1998). Bill consolidators generate revenues in the form of fees from billers and customers (Au & Kauffman 2001).
Banks are the trusted centre of bill payment for most consumers (Ouren, et al., 1998) Bank facilities the e-commerce via online transfer of money into the merchant’s account from customer’s account and is the most diffused and quickest in supporting ecommerce process (Mangiaracina, & Perego, 2009)

Payment process is initiated by a customer when he places an order for a good or service which he wants to buy (Ashrafi & Ng., 2009). Meng & Xiong (2004a; 2004b; cited in Lowry, et al. 2006) Jayawardhena & Foley, (1998) and Hsieh (2001) mentioned many different online payments system are used to complete the transaction e.g.

- credit cards, both standard and prepaid
- E-wallet
- E-cash
- Merchant Account

In B2C e-commerce the most appropriate system are Debit/Credit cards and e-Wallet (Mangiaracina, & Perego, 2009) but Credit Card with almost 85% of worldwide use (Philippsohn & Thomas, 2003)) is the most frequently used tool for payments (Hsieh, 2001). On the other hand Electronic wallets are filled with the credit card or through bank transfer. The data of credit card and personal information has to be filled in after registering to a specific e-Wallet. The best example of e-Wallet is PayPal (Mangiaracina, & Perego, 2009) and is also the most widely used and inexpensive Person-to-person e-credit service. Pay pal offer accounts to both merchants and consumers (Managing Credit, Receivables & Collections Report 2011). Online payment providers like PayPal assures the secure online transaction and guarantee payments (Lowry, et al. 2006) and major online companies such as eBay and Amazon.com use the services of PayPal for transactions.

Merchant account is conventional way of accepting e payments, it is an account established at the merchant’s bank to receive funds from the bank of the customer who owns a credit card. This account is also called reverse credit card account because of it functionality of inflow of funds from the credit card accounts (Lowry, et al., 2006).
Customer preference for online payments depends on the complex combinations of nations’ customs, laws and banking system resulting in certain patterns of use of online payment system such as bank transfers are used in Asia, Europe and Latin America where as in North America PayPal is more common than any other region. (Managing Credit, Receivables & Collections Report 2011).

Sweden’s ecommerce, credit cards payment system and all type of other online payment systems are growing rapidly. According to Swedish National Post and Telecom Agency consumers are becoming use to of paying online through credit cards and in providing their information electronically. Sweden has a well established internet banking system and payments can be made electronically using the internet banking facility. (E-Commerce Report, 2009). More over online payment facilitators like PayPal which assures the secure transactions without proving the real information of the buyers to the sellers is also providing services in Sweden (www.paypal.com). Unlike the international trend of using third party payment facilitators and person to person online payment services like PayPal, Pakistan is totally depending on its bank sector as a facilitator for online payments, most of the progress of ecommerce is associated with the growth of banking sector (Qureshi, et al., 2008; Kaleem, et al., 2008). According to Kolachi (2006; cited in Kaleem, 2008) Pakistani banks are providing payment facilities like

- Transfer of funds,
- Credit cards payments,
- Direct payments,
- Utility bills payments

Pakistan lacks investment in person to person payment system networks like PayPal which has not extended its services in Pakistan though it exists in the neighbouring country India (www.paypal.com). The use of credit card for online payments could increase the online buying behaviour of people but some security concerns due to fraudulent activities (Lowry, et al. 2006), authenticity, consumer mind-blocks (Hsieh, 2001) and secure transactions are causing hurdles. In order to promote the e-commerce in Pakistan particularly to support Business to consumer e-commerce State bank of Pakistan offered Merchant accounts in accordance with the banks
operating in Pakistan (SBP, 2000) but solely merchant account will not create huge difference in the adoptability of ecommerce activities.

2.6.3. The Delivery System

The increasing trend in consumers of online purchasing which they used to purchase from traditional retail stores have highlighted the importance of product delivery. The delivery of the product to consumer is referred as final or last mile or “point of origin to point of consumption” (Grant, et al. 2006), in order fulfilment last mile is the most important element (Bromage, 2001; cited in ESPER, et al., 2003). The importance of on time delivery has been mentioned by Yankelovich (2000; cited in ESPER, et al., 2003) that 89% online shoppers give priority to on time delivery and consumers see accurate order and delivery information as an essential part of customer service (Bowersox and Closs, 1996).

In B2C model the “2C” portion lies on the successful home delivery of the product or service to the customer. Generally home delivery seems simple but complications arise when challenges of controlling costs, first time successful and customized delivery occurs. The main objective of the shippers is to deliver the products to the customer to meet his expectations (Newton, 2001) and satisfaction as dissatisfaction from the delivery service is costing loss of order to online retailers (Thomos, 2006).

According to the Chief executive of Internet Media in Retail Group (IMRG) Roper (2007) almost 12 percent of the deliveries fail for the 1st time where as 2 percent completely fails due to several reasons. Some of the reason are retailers don’t provide enough information to customers to book a specific window of delivery, in next day delivery offer weekends are not counted mentioned phone numbers on the delivery cards often remained unanswered. Sometimes the delivery needs consignee signature however due to the absence of customer at home the package has to be redelivered thus increasing the cost (Weltevreden, 2008). One way of solving the 1st time delivery failure issue and to keep the cost low as well is collection and delivery points (Browne, et al., 2001; McKinnon and Tallam, 2003; McLeod et al., 2006). After the failure of 1st time delivery the package will be delivered to collection and delivery points from where the package can be collected by the customer. Mostly collection and delivery points exist near the
residential areas or places which are mostly visited like petrol stations or railway stations. (McKinnon & Tallam, 2003). In the delivery system the courier services like DHL, Fed-ex, UPS and other international carriers play an important role to deliver product in different geographical locations but the role of the national postal services is most important as they may be the most cheapest and reliable way of delivering the products to the ultimate consumers. Both the countries under discussion have their own national postal services which can play an important role in the development and progress of e-commerce.

Swedish post or Posten is a worldwide leader and is one of the largest messaging and logistic operators of Nordic region, providing quality service and delivery performances. Collaborating with its network of operating companies and strategic partners Posten is offering solutions from single mail piece to major logistics to every address in Sweden with its quick, reliable and cost efficient services (www.posten.se).

Pakistan post is official postal service of Pakistan providing its services to every corner of the country through its network. With the collaboration of Universal Postal Union, Pakistan post is ensuring timely delivery of mail, money and packages at affordable costs. (www.pakistanpost.gov.pk)

2.7. Education

The world has seen many transformations due to the emergence of web-based life style, as noted by Gilster (1997) that “at the turn of the new century, web technologies are replacing televisions, telephones and newspapers as the primary means by which we are informed and entertained”, the computer literacy has become much more important than ever before. The knowledge of the utilization of the web based environment has become important that Gilster (1997) attached it with our future and mentioned that “our ability to adapt to the web as it adapts to us will determine its future and our own” (Gilster, 1997).

Education is considered as an important factor for a healthy economy to flourish. When it comes to the context of e-commerce adoption as an ultimate way of doing shopping, the major part of literacy, other than the basic education, is a “know how” about the computer use and the internet. Hargittai (2002) considers education to be a consistent predictor of access to the internet (NTIA
1995, 1998, 1999, 2000; cited in Hargittai, 2002) which likely to affect the level of web use skills. Hargittai (2002) further argues that the individuals with a higher level of education are likely to have gained more exposure to the computer technology in general, familiarity of which is an important step in gaining access to the internet.

Reinhardt and Isbell (2002) presents the views of some social theorists and literacy scholars who believe the internet as a communication tool has changed the way literacy is defined in today’s world. There found to be the impact of internet, most notably by the World Wide Web (WWW), on the socially established definitions of literacy (e.g. Labbo & Keiffer, 1998; cited in Reinhardt & Isbell, 2002). When it comes to defining the e-literacy, or the computer literacy, there exist many aspects of an individual’s ability to do a range of tasks, experience on a number of software packages and programming languages, and the level of normal training (Kay, 1994). Kay (1994), however, affirms that the measure of the computer-ability depends on how the subject interacts with computer, the context of computer use, the goals and needs of an individual. Therefore, in the context of e-commerce, the basic computer literacy may include web browsing and computer operating skills other than making use of some simple software packages and a general level of Information Technology (IT) knowledge. Mossberger, et al., (2003) explains the IT skills that include an appropriate level of skills in the both the technical competencies, i.e. know how required to operate hardware and software, and the information literary i.e. the ability to recognise when information use can solve a problem.

2.7.1. Computer literacy and digital divide

In the perspective of digital divide which shows the relationship between Information and Communication Technologies (ICT’s) and the group of people who reside within the same social and environmental arrangements, political set ups, and have similar economic conditions (Gil-Garcia, et al., 2006) the role to appropriate IT literacy has been ignored (Hargittai, 2002; Ferro, et al., 2011). Ferro, et al., further argue that the dichotomous view of the digital divide explains only the simple separation between those who have, and who have no access to computers and the internet. The focus has been on the individual’s access to the IT facilities, not on the complexity of individual use. According to Ferro, et al., (2011) Information Technology (IT) literacy is seen as both a determinant of the digital divide and can be considered as a divide
itself. Wilson (2000; cited in Hargittai, 2002) argues that the digital divide cannot be bridged with merely an internet access if users often give up in frustration and confusion due to lacking of internet skills. Huerta and Sandoval-Almazán (2007) argue that the digital divide reduction goes beyond providing places to access ICT and the people must be able to take advantage of the ICT if it is going to have a reasonable degree of economic and social impact. In such a situation of lacking abilities, the digital divide will persist in its capacity to effectively use the internet (Wilson, 2000; cited in Hargittai, 2002). Reviewing these researchers view points, it can be realized that the digital divide can be expressed not only in terms of in-accessibility or the unavailability of the information and communication technology, but it is also the lack of skills or ability to make use of the ICT that causes the digital divide to persist. Therefore the researchers (such as Kling, 1998; Dewan & Riggins, 2005; cited in Huerta and Sandoval-Almazán, 2007; Hargittai, 2002) have distinguished the digital divide into two types

- First order effect or technological access; is the digital divide caused by the lack of physical access to ICT.
- Second order effect or social access; is the digital divide caused by the lack of skills required to take advantage of ICT.

Eshet-Alkalai and Chajut (2009) termed the ability to make use of the ICT as the digital literacy. They define digital literacy as “the ability to employ a wide range of cognitive and emotional skills in using digital technologies”. On the digital literacy perspective some researchers (e.g. Eshet-Alkalai, 2004; Huerta and Sandoval-Almazán, 2007; Eshet-Alkalai and Chajut, 2009) have given a “digital literacy frame work” which is comprising of five skills which are photo visual, reproduction, branching, information, and socio emotional skills. Three of these skills deemed important and worth describing in the context of e-commerce..

- Branching Skills; these skills are specific to a digital environment and are described as “the ability to navigate in a non-linear environment to find out the desired information” (Eshet-Alkalai, 2004; Huerta and Sandoval-Almazán, 2007).
Information skills; since a great deal of information is available on the internet. This skill allows users to retrieve quality information as they desire (Eshet-Alkalai, 2004; Huerta and Sandoval-Almaz´an, 2007). Thus the users can search for the relevant product that can better fulfil their needs, and make a comparison between various features and options available online.

Socio-emotional skill; it is the ability to interact with other people on the internet. This ability also makes the users familiar with the rules of interactions on the internet (Eshet-Alkalai, 2004; Huerta and Sandoval-Almaz´an, 2007). Therefore this skill can enable a user to have fairly good knowledge of the payment system to be used while they are ordering for a product or service. Moreover they are better off in having negotiation with the online shop keepers.

Therefore computer literacy, especially the internet literacy, can be considered as a very important contextual factor in the adoption of e-commerce in a market. A general level of education in a society may be an important indicator of people’s ability to make use of computer and internet as Hargittai (2002) mentions that a higher level of education makes the exposure to computer technology bigger which is an important step to use internet. Furthermore keeping the view of Pigato (2001; cited in Huerta and Sandoval-Almaz´an, 2007) that “direct access to computer-mediated information for the populations of most low development countries is likely to remain with the educated elite unless literacy can be considerably raised” it can be argued that a lower level of internet use persists due to lower level of education in most of the developing countries. A brief comparison of the Swedish and Pakistani education situation appears to give a rough picture of the internet usage as well as the e-commerce.

2.7.2. Comparison of Education in Pakistan and Sweden

Pakistan is almost spending 2.0 percent of its GDP on Education and the literacy rate of the country is about 57 % (Economic Survey of Pakistan Report, 2009-2010). In Pakistan the definition of literacy is “one’s ability to write his own name” (Anon, 2007) which means that all those people who can only write their names are included in the literate people of the country. The population of the country is growing rapidly, out of 170 m people over 85 m are below the age of 19 (Anon, 2007). Although the government is taking education seriously and pouring in
more investments and resources however the literacy rate varies across provinces. The literacy rate remains higher in the urban areas around 74% than in the rural areas which is around 48% and is more prevalent for men 69% compared to women 45%. (Economic Survey of Pakistan Report, 2009-2010)

Table 3: Education Indicators

<table>
<thead>
<tr>
<th>Education Indicators</th>
<th>Percentage</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net enrolment rate. Primary. Total</td>
<td>66.4</td>
<td>2,009.0</td>
</tr>
<tr>
<td>Net enrolment rate. Secondary. All programmers. Total</td>
<td>32.7</td>
<td>2,009.0</td>
</tr>
<tr>
<td>Primary completion rate, total (% of relevant age group)</td>
<td>61.1</td>
<td>2,009.0</td>
</tr>
<tr>
<td>Drop-out rate. Primary. Total</td>
<td>39.8</td>
<td>2,008.0</td>
</tr>
<tr>
<td>Youth (15-24) literacy rate (%). Total</td>
<td>71.1</td>
<td>2,008.0</td>
</tr>
<tr>
<td>Public expenditure on education as % of GDP</td>
<td>2.7</td>
<td>2,009.0</td>
</tr>
</tbody>
</table>

Source: UNESCO institute for statistics in EdStats 2010

According to the World Bank Report (2010) the dropout rate at primary and secondary school is very high in Pakistan. The total enrolment rate in primary school is 66.4% whereas in secondary schools the rate of enrolment is only 32.7 percent. The completion rate of primary schools is 61.1 percent which means that almost 30.9 percent students drop out from primary schools. On the other hand Sweden which has the literacy rate of 99% and the definition of the literacy is “people who have completed 9 years of education”, have low dropout rates and SCB Sweden (2009) states that almost half of the Swedish population takes part in formal or informal education which means that the level of education and educated people is on a rise and there are more highly educated Swedes then the less educated ones. The figures below are showing the number of students enrolled at different levels of education both in Sweden and in Pakistan.
From the table of Education statistics of Pakistan it can be analyzed that as the level of education is increasing the number of enrolments is decreasing. From almost 18.7 million enrolments in the primary schools only 0.45 million enrolments take place in degree colleges whereas as 0.94 million enrolled in universities. One of the reasons of low enrolments in middle and high school levels is high rate of dropout at primary and middle levels. Over the years the enrolment at universities has been increasing and from 2001-02 to 2009-10 almost 190.94% increase has been seen (Economic Survey of Pakistan Report, 2009-2010) which means that people with the higher level of education are increasing with in the country but unlike Sweden, Pakistan has more uneducated people than the educated people.

### 2.8. Summary

There are some factors which play a very important role in the adoption of e-commerce in a country. They are trust, local culture, and infrastructure and education level in a country. Trust is the fundamental and vital part in the e-commerce adoption because of lack of control...
mechanism, invisibility of the parties involved in the exchange, and physical absence of the product or service scape in case of a service which leads to develop the hypothesis that

H₁: A higher level of trust influences the adoption of e-commerce.

Swedish culture appears to be more adaptive than that of Pakistani culture towards the e-commerce based on their risk perception, trust, convenience etc. The higher level of trust leads to higher level of e-commerce adoption. The lower power distance cultures tend to trust more on the online seller than the culture with high PDI scores. In the similar way, the collectivist societies are bound more closely to their in-groups or family nuclei than the individualist ones and consider online shopping as solitary process. Therefore, they (collectivist) are less likely to trust on strangers than the “individualists”. The highly long term oriented societies also reflect more trust on the online vendor. Table.1 reflects that the Swedish culture is less on the power distance index and higher on the individualist and long term orientation scores than Pakistan. This leads to the development of following hypothesis.

H₂: Swedish customers are more likely to trust on e-commerce vendor than that of Pakistan

Customers in a low uncertainty avoidance culture are open to accept change and innovation, and therefore shopping from internet which is a novel form of shopping involving greater risk. Moreover, a more long term oriented culture exhibits more risk acceptance than the culture with low long term orientation score. Swedish culture has lower uncertainty avoidance index than that of Pakistan (see table.1). This situation leads to assume that

H₃: Swedish customers are more like to take risk on the online buying than Pakistani customers

Infrastructure includes the technologies such as Information and Communication Technologies ICT’s that facilitates payment and delivery systems. The ICT’s provide the backbone for information sharing and communication through internet whereas payment and delivery systems facilitate the e-commerce through monetary transactions and ultimate delivery of the product to end consumer. Therefore the following hypothesis can be generated that

H₄: Well developed infrastructure increases the use of e-commerce in a country.
Education is an important factor that causes the digital divide to persist across developing nations. A higher level of education makes the exposure to computer technology bigger which is an important step to use internet and therefore to adopt e-commerce. Hence it leads to develop the hypothesis that

H₅: The higher the education levels the bigger the adoption of e-commerce.

Thus, based on this critical literature review and the subsequent hypotheses, these broader research questions are required to be answered

Q1. Are there differences in the adoption of e-commerce in developed and developing countries?

Q2. What are the factors that cause this difference to persist?

The next section will be describing the research methodologies, approaches and design that can help answer these questions in a systematic and scientific way.
Chapter 3. Research Methodology

3.1. Introduction

Previous chapter of literature review has laid down the foundation of research. This section details out the approaches, techniques and systematic steps taken to conduct this research. With the help of this research methodology, it is intended to provide a tool for systematically gathering the required information and using it for the development of hypothesis, testing the hypotheses as well as answering the research questions raised in the previous section.

3.2. Theoretical framework

Research is a practical activity (Coldwell & Herbst, 2004) which is defined by Saunders, et al., (2009) as “something that people undertake in order to find out things in a systematic way, thereby increasing knowledge”. Presenting knowledge and creating new insights (Ghauri, et al., 1995) are the two fundamental purposes of research. On the business side, it is a systematic and objective process of gathering, recording and analysing data for decision making and a management tool that companies use to reduce uncertainty (Coldwell & Herbst, 2004). This research is, therefore invested to take an insight pertaining to the adoption of e-commerce in two different countries taking into account the factors influencing this adoption. The focus is placed business value along with the academic value so that a framework is set for the study of e-commerce for other students and companies can be benefited as they are planning to extend operations through internet.

For setting the stage for research formulating research questions, it is required to have a critical review of the literature. A literature review provides a foundation on which a research is built with a purpose to develop a good understanding and insight into the relevant previous research.
and trends that have emerged (Saunders, et al., 2009). While examining the pattern of buying via internet, under the influence of culture, trust, infrastructure and education, the following aims and objectives have been taken into account as guided by Blumberg, et al., (2005)

- A context of the problem pertaining to e-commerce is established by reference to previous work on the similar field.
- Literature is analysed to understand the structure of the problem
- The theories on internet buying behaviour and ideas of the problem have been related
- Relevant variables, e.g. trust on e-commerce, perceived risks, and education level, infrastructure etc, and their relations have been identified
- It is intended to show the reader what has been done previously on internet buying literature and is shown what theories have been applied on the problems previously
- It is intended to synthesise and gain a new perspective on the problems on e-commerce adoption

The literature review has also provided us the choice of an appropriate research approach, i.e. whether to use a deductive or inductive reasoning, or do qualitative or quantitative research for gaining systematic knowledge of the problems related to adoption of e-commerce on consumers’ side.

3.3. Research Approach

3.3.1. Inductive versus Deductive Research

The research study is based on hypotheses generation and their testing through the empirical observations, a similar approach as the deductive research approach where theories will be applied in the real world for the purpose of testing and assessing their validity (Lancaster, 2005). Deductive reasoning works form the more general to more specific, whereby conclusions follow logically from premises i.e. available facts, therefore it is sometimes informally called a top-down approach.

On the other hand, the inductive approach reverses the process used in the deductive approach. In this approach, researchers develop hypothesis and theories with a view to explaining empirical
observation found in the real world (Lancaster, 2005). Therefore the inductive reasoning works the other way, i.e. moving from specific observation to broader generalizations and theories. Conclusion is likely based on premises. It involves risk and is in formally called as bottom-up approach.

As the developed hypotheses are stemmed from a critical literature search bringing together the ideas of other authors in the area of internet buying and e-commerce adoption and then the testing of these hypotheses through the empirical observations to validate the findings from literature this research study is based on deductive research approach.

3.3.2. Qualitative versus Quantitative

This research study is based on both qualitative and quantitative. Qualitative research has been used in literature review section in order to build a deep in depth knowledge of the research problem, where as quantitative approach has been used in order to conduct the empirical study based on the findings of qualitative research. Various factors influencing the E-commerce has been identified through the qualitative research and by conducting a quantitative research these factors will be proved or disproved through the statistical analysis. Coldwell & Herbst (2004) explained quantitative and qualitative data as “information is considered to be qualitative in nature if it cannot be analysed by means of mathematical techniques”. Quantities research on the other hand generally involves the collection of primary data from large number of individual units with the intentions of projecting results. Quantitative data can be quantified and analyzed and is easily measured using the numbers.

Brown (2003) explained difference as it determines what is happening it is used quantitative research rather to determine why is happening qualitative research is followed (Brown, 2003). Malhotra (2004) differentiated this difference on the basis of objective, sample, data collection and analysis, and outcome basis as mentioned in following table.
### Qualitative Vs Quantitative Research

<table>
<thead>
<tr>
<th></th>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>To gain the qualitative understanding of the underlying reasons and motivation</td>
<td>To quantify the data and generalize the results from the sample to the population of interest</td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td>Small number of non representative cases</td>
<td>Large number of representative cases</td>
</tr>
<tr>
<td><strong>Data collection</strong></td>
<td>Unstructured</td>
<td>Structured</td>
</tr>
<tr>
<td><strong>Data analysis</strong></td>
<td>Non statistical</td>
<td>Statistical</td>
</tr>
<tr>
<td><strong>Out come</strong></td>
<td>Developed and initial understanding</td>
<td>Recommended a final course of action.</td>
</tr>
</tbody>
</table>

**Table 5: Qualitative Vs Quantitative**

Adopted from Malhotra (2004)

### 3.4.0 Survey and data collection techniques

Data collection is based on the collection of primary and secondary data.

#### 3.4.1. Secondary Data:

It is defined as the data which is collected by someone else and is available in published sources. The examples of secondary data are quarterly profits published in the Wall Street Journal, data collected by Government departments, business information sources, Encyclopaedia of Business information sources, Journals and Library Databases (Johnson & Wichern 1997). To understand and formulate the research problem, the secondary data collection was mainly based on the electronic sources in the form of online journals and articles available on university library website and other online sources where as different books have been consulted as well for the purpose of gathering basic definitions. The secondary data collection helped in suggesting suitable methods to handle particular problems as well as interpreting and understating the primary data in a time saving and cost efficient way. Some of the draw backs faced during the
collection of secondary data for the study difficulty in classification of data in a way that is consistent to the particular research and sometimes the issues of accuracy and outdatedness.

3.4.2. Primary Data

The data relevant to the study and research problem which is collected by the researchers is called primary data. There are several ways of collecting primary data which includes

- Observation
- Survey (Questionnaires)
- Interviews

Survey and questionnaire are the most popular data collection method in business studies and questionnaires are of two types i.e. descriptive and analytical. Descriptive survey involves the identification of phenomena whose variance a researcher wants to describe where as analytical survey involves the identification of independent dependent and extraneous variables (Ghauri, et al., 1995). The reason for selecting the survey method was to gather the information from a larger population so that we can eliminate the biasness which could appear in case of interviews. Moreover the research demanded a broader prospective from the selected population which can only be gathered through the survey questionnaires.

3.4.3. Probability and Non Probability Sampling

A sampling design is part of the research design. According to Ghauri, et al., (1995) sampling design can be divided into probability sampling and non probability sampling designs. The research study is based on non probability sampling technique as the particular unit which will be included in the sample out of the populations of two countries i.e. Sweden and Pakistan are unknown whereas in probability sampling the units are known. Non probability samples are

- Convenience Sample
- Judgement sample
- Quota Sample
From both the countries the responses should be from all age groups and education levels and to get the proper responses judgemental sampling method is used in order to make a judgement to try to get a sample which is the representative of population and researchers try to select units which they think are representative of the population.

3.4.4. Sampling Design

This research study is based on collection of both primary and secondary data. Literature review is totally based on the secondary data collection under which data has been gathered through multiple sources like library, journals and websites etc, whereas to collected some primary data and due to the nature of the research a survey is conducted and questionnaires are floated using the random sampling method to get the response of people from both countries. The nature of the questionnaire is descriptive as the identification of the factors is required for the adaptation of e-commerce and all the questions are close ended allowing the respondents to select one of the options (Ghauri, 1995). Various ways are used to get the responses from both countries e.g. an online survey is conducted using the Google Doc application and spreading it to various forums and portals, emails are sent to Linkoping university students. Besides a street survey is conducted in the cities of Linkoping and Norrkoping down town areas in Sweden and in Pakistan, various markets of Karachi and Lahore city are covered to find the responses from all age groups as well as education levels. The selected sample size is 100 for this research from each country and the population size is based on the population of each city. A pilot study has been conducted with a sample size of 10 to check the reliability before starting the actual survey.

3.4.5. Data Analysis Techniques:

To analyse the collected empirical data SPSS has been used. The questionnaires have been coded into the data sheets by assigning each answer a numeric value. A likert scale of 5 has been used where 1 is used as a lowest value and is assigned to the lowest or worst option were as 5 is the highest value, assigned to highest or the best option e.g. Strongly agree = 5 Agree = 4, Neutral =3, Disagree =2, Strongly disagree =1. After defining the variables and options the responses have been entered into the data sheet of SPSS in order to test hypotheses. Furthermore the test of normality has been conduct to find out whether the observations are normally distributed. Having found the observations as “not normally distributed”, Spearman’s (rho) coefficient of correlation
was conducted for the strength of relationship, and Man Whitney U-tests were performed to see the statistically significant difference. Once the questionnaire has been coded, a reliability test has been conducted on all the responses as well as on the pilot study to check the reliability of the data. After confirming the reliability of the data future tests have been applied on various variables for testing hypothesises.

3.5. Ethical issues in research

Research ethics are defined by Blumberg, et al., (2005) as “the study of the ‘right behaviour’ and addresses the question of how to conduct research in a moral and responsible way”. This research has been conducted in an ethically responsible way keeping the ethics principle in mind. Some of the ethics principles are taken into account in this research as guided by Bryman and Bell (2007) are as follows

- There should be no harm to the participants
- There should be no lack of informed consent
- There is no invasion of privacy
- There is no deception involved

3.6. Summary

The methodology chapter has discussed how this research work is conducted using the blend of qualitative and quantitative approaches. The literature review has been discussed earlier this chapter, showing the qualitative approach towards understating and identifying the influencing factors where as data collection using the non probability judgemental sampling through the street survey in Pakistan and Sweden shows quantitative approach used in this research. For the data analysis and hypothesis testing SPSS has been used to convert the survey responses in a mathematical form through coding each response and assigning it a certain values from 1 to 5. This coded data will be further analysed and various tests will be conducted for the hypotheses testing in the next chapter.
Chapter 4. Data Presentation and Analysis

4.1. Introduction

P
revious chapter has provided with the basic tools to be used in the empirical research. This chapter aims at presenting the data in the form of tables describing frequencies, correlations, test of normality, and reliability. The hypothesis developed in the literature review has been tested in this chapter so as to answer the broader research questions raised in the same chapter.

4.2. Data Reliability

<table>
<thead>
<tr>
<th>Cases</th>
<th>N (Pilot Study)</th>
<th>N (Complete Survey)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>10</td>
<td>200</td>
<td>100.0</td>
</tr>
<tr>
<td>Excluded</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>200</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 6: a. Listwise deletion based on all variables in the procedure.

Total 10 responses for the pilot study were registered and in complete survey 200 responses were registered and 100 % results for both for reliability test.
Reliability Statistics

<table>
<thead>
<tr>
<th>No. of variables</th>
<th>Pilot Study</th>
<th>Complete Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cronbach's Alpha</td>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>14</td>
<td>.606</td>
<td>.809</td>
</tr>
</tbody>
</table>

Table 6.1. Reliability Test

For Pilot study coefficient of Cronbach’s alpha was near to .7 rather in complete study it was above 0.7 which shows its reliability. “No of variables” represents the total number of variables used in the questionnaire to check the reliability.

Table 7: Case Processing Summary (Sweden & Pakistan)

<table>
<thead>
<tr>
<th>Cases</th>
<th>N (Swe)</th>
<th>N (Pak)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>100</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td>Excluded(^a)</td>
<td>0</td>
<td>0</td>
<td>.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

\(^a\) Listwise deletion based on all variables in the procedure.

100 responses have been registered from each country; a reliability test will be conducted to find out the reliability of the data.

Table 7.1: Reliability Statistics

<table>
<thead>
<tr>
<th>No of variables</th>
<th>Cronbach’s Alpha (SWE)</th>
<th>Cronbach’s Alpha (Pak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>.678</td>
<td>.844</td>
</tr>
</tbody>
</table>

Strategy and Management in International Organizations (SMIO)

Department of Management and Engineering (IEI)

Linköping University,
The results of reliability test are showing the reliability of data from each country as Cronbach’s Alpha is near to .7 in Swedish survey whereas in case of Pakistan it is greater than .7. To check the reliability two variables are ignored and total of 14 variables represented by “No of variables” have been used.

4.3. Data Normality Test:

4.3.1 Normality for Infrastructure

<table>
<thead>
<tr>
<th>Which Internet Connection do you own?</th>
<th>Cases</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Valid</td>
<td>Missing</td>
<td>Total</td>
<td>N</td>
<td>Percent</td>
<td>N</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>Percent</td>
<td>N</td>
<td>Percent</td>
<td>N</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>How often do you purchase online?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>16</td>
<td>100.0%</td>
<td>16</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dial up internet</td>
<td>8</td>
<td>100.0%</td>
<td>8</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile telephone internet</td>
<td>7</td>
<td>100.0%</td>
<td>7</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wireless Internet</td>
<td>52</td>
<td>100.0%</td>
<td>52</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband</td>
<td>117</td>
<td>100.0%</td>
<td>117</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The normality of the infrastructure on the basis of variables i.e. internet Connections and online purchases have been checked.
Table 8.1: Tests of Normality\(^b\)

<table>
<thead>
<tr>
<th>Which Internet Connection do you own?</th>
<th>Kolmogorov-Smirnov(^a)</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>Wireless internet</td>
<td>.365</td>
<td>8</td>
</tr>
<tr>
<td>Dialup internet</td>
<td>.332</td>
<td>7</td>
</tr>
<tr>
<td>Mobile telephone internet</td>
<td>.189</td>
<td>52</td>
</tr>
<tr>
<td>None</td>
<td>.225</td>
<td>117</td>
</tr>
</tbody>
</table>

\(^a\) Lilliefors Significance Correction

\(^b\) How often do you purchase online? is constant when Which Internet Connection do you own? = None. It has been omitted.

As the significance level of all variables is below 0.05 suggesting the violation of the assumption of normality, means that the distribution is non normal.

4.3.2 Normality for Culture

Table 9.0: Case Processing Summary

<table>
<thead>
<tr>
<th>Shopping from internet may involve risk.</th>
<th>Valid</th>
<th>Missing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>Percent</td>
<td>N</td>
<td>Percent</td>
</tr>
<tr>
<td>How often do you purchase online?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>11</td>
<td>100.0%</td>
<td>0</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>13</td>
<td>100.0%</td>
<td>0</td>
</tr>
<tr>
<td>Neutral</td>
<td>45</td>
<td>100.0%</td>
<td>0</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>107</td>
<td>100.0%</td>
<td>0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>24</td>
<td>100.0%</td>
<td>0</td>
</tr>
</tbody>
</table>
The normality of the culture on the basis of variables i.e. Internet risk and online purchases has been checked.

Table 9.1: Tests of Normality

<table>
<thead>
<tr>
<th>Shopping from internet may involve risk.</th>
<th>Kolmogorov-Smirnov(^a)</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>How often do you purchase online?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>.442</td>
<td>11</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>.276</td>
<td>13</td>
</tr>
<tr>
<td>Neutral</td>
<td>.219</td>
<td>45</td>
</tr>
<tr>
<td>Somewhat Agree</td>
<td>.206</td>
<td>107</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>.199</td>
<td>24</td>
</tr>
</tbody>
</table>

\(^a\) Lilliefors Significance Correction

As the significance level of all variables is below 0.05 suggesting the violation of the assumption of normality, means that the distribution is not normal.

4.3.3 Normality for education

Table 10.0: Case Processing Summary

<table>
<thead>
<tr>
<th>What is your Education?</th>
<th>Cases</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Valid N</td>
<td>Percent</td>
<td>Missing N</td>
<td>Percent</td>
</tr>
<tr>
<td>How often do you purchase online?</td>
<td>Uneducated</td>
<td>6</td>
<td>100.0%</td>
<td>0</td>
<td>.0%</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
<td>11</td>
<td>100.0%</td>
<td>0</td>
<td>.0%</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>16</td>
<td>100.0%</td>
<td>0</td>
<td>.0%</td>
</tr>
<tr>
<td></td>
<td>High School/collage</td>
<td>45</td>
<td>100.0%</td>
<td>0</td>
<td>.0%</td>
</tr>
<tr>
<td></td>
<td>University</td>
<td>122</td>
<td>100.0%</td>
<td>0</td>
<td>.0%</td>
</tr>
</tbody>
</table>
The normality of the education on the basis of variables i.e. internet risk and online purchases has been checked.

<table>
<thead>
<tr>
<th>What is your Education?</th>
<th>kolmogorov-smirnov(^a)</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>How often do you purchase online?</td>
<td>Uneducated</td>
<td>.492</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
<td>.492</td>
</tr>
<tr>
<td>High School/ collage</td>
<td>.241</td>
<td>45</td>
</tr>
<tr>
<td>University</td>
<td>.203</td>
<td>122</td>
</tr>
</tbody>
</table>

\(^a\) Lilliefors Significance Correction

As only one variable’s (High School/ collage) significance is above 0.05 but the significance level of all other variables are below 0.05 suggesting the violation of the assumption of normality, means that the distribution is not normal.

### 4.3.4 Normality for Trust

<table>
<thead>
<tr>
<th>How much do you trust your online seller?</th>
<th>Cases</th>
<th>Valid</th>
<th>Missing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often do you purchase online?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Low</td>
<td>15</td>
<td>100.0%</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Low</td>
<td>35</td>
<td>100.0%</td>
<td>0</td>
<td>35</td>
</tr>
<tr>
<td>Medium</td>
<td>98</td>
<td>100.0%</td>
<td>0</td>
<td>98</td>
</tr>
<tr>
<td>High</td>
<td>43</td>
<td>100.0%</td>
<td>0</td>
<td>43</td>
</tr>
<tr>
<td>Very High</td>
<td>9</td>
<td>100.0%</td>
<td>0</td>
<td>9</td>
</tr>
</tbody>
</table>

The normality of the trust on the basis of variables i.e. trust on online seller and online purchases has been checked.
purchase has been checked.

<table>
<thead>
<tr>
<th>How much do you trust your online seller?</th>
<th>Kolmogorov-Smirnov</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often do you purchase online?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Low</td>
<td>.438, 15, .000</td>
<td>.609, 15, .000</td>
</tr>
<tr>
<td>low</td>
<td>.319, 35, .000</td>
<td>.692, 35, .000</td>
</tr>
<tr>
<td>Medium</td>
<td>.226, 98, .000</td>
<td>.858, 98, .000</td>
</tr>
<tr>
<td>High</td>
<td>.324, 43, .000</td>
<td>.834, 43, .000</td>
</tr>
<tr>
<td>Very High</td>
<td>.325, 9, .007</td>
<td>.846, 9, .068</td>
</tr>
</tbody>
</table>

a. Lilliefors Significance Correction

As the significance levels of all variables are below 0.05 suggesting the violation of the assumption of normality, means that the distribution is not normal.

4.4. Hypotheses Testing

**H1; A higher level of trust influences the adoption of e-commerce.**

Let μ be the relationship between trust and online purchase

Step 1;

Null hypothesis; A higher level of trust has no influence on the adoption of e-commerce, i.e.

Ho: μ = 0

Alternate hypothesis; A higher level of trust influences the adoption of e-commerce. i.e.

H1: μ ≠ 0
Step 2; the alternative hypothesis is in the form of inequality, therefore a two tailed test has to be applied.

Step 3; Level of significance $\alpha = 0.01$, which is $\alpha/2 = 0.005$ for two tailed test

Step 4; test statistic

The differences between the education and the online buying are not normally distributed and a relationship has to be found. Therefore a Spearman correlation coefficient (rho) has to be performed.

<table>
<thead>
<tr>
<th>Table 12.0: Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Spearman's rho</td>
</tr>
<tr>
<td>How often do you purchase online?</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>How much do you trust your online seller?</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Step 5; decision

The relationship between the trust and e-commerce was investigated using the Spearman correlation coefficient ($\rho$). The p value in the table is 0.00 which is quite less than the level of significance i.e. $\alpha=0.005$ on each side of the distribution. There is a statistically significance that exists between the variables. Moreover there exists a strong positive relationship i.e. $\rho=0.49$ between the e-commerce and trust as shown in table. Therefore the null hypothesis is rejected to accept the alternative hypothesis. We can conclude that a higher level of trust influences the adoption of e-commerce. Moreover there exists a large positive relationship between the e-commerce and trust as shown in table.

$H_2$: **Swedish customers are more likely to trust on e-commerce vendor than that of Pakistanis**

Let $\mu_1$ and $\mu_2$ be the medians of trust level of consumers in Sweden and Pakistan respectively.

Step 1; Null and Alternative hypothesis

Null hypothesis; Swedish customers are not likely to trust on e-commerce vendors more than that of Pakistanis, i.e.

$H_0$: $\mu_1 \leq \mu_2$

Alternate hypothesis; Swedish customers are more likely to trust on e-commerce vendors than that of Pakistanis, i.e.

$H_1$: $\mu_1 > \mu_2$

Step 2; since the alternative hypothesis is in the form of inequality, therefore it is a one tailed test

Step 3; the level of significance $\alpha = 0.05$

Step 4; Test statistic; the Mann Whitney U test is applied as the population is not normally distributed. The important statistics is as follows
Table 13.0: Ranks

<table>
<thead>
<tr>
<th>Country</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much do you trust your online seller? Sweden</td>
<td>100</td>
<td>123.08</td>
<td>12307.50</td>
</tr>
<tr>
<td>Pakistan</td>
<td>100</td>
<td>77.93</td>
<td>7792.50</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 13.1: Test Statistics

<table>
<thead>
<tr>
<th>How much do you trust your online seller?</th>
<th>Mann-Whitney U</th>
<th>Wilcoxon W</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2742.500</td>
<td>7792.500</td>
</tr>
<tr>
<td></td>
<td>Z</td>
<td>-5.925</td>
</tr>
<tr>
<td></td>
<td>Asymp. Sig. (2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Grouping Variable: Country

Step 5; Decision

From the above table, z-value is -5.93 (rounded) whereas the p value (Asymp.Sig) is 0.000 for two tailed significance level. Dividing it by 2 to get a one tailed p value will remain the same i.e. p=0.000 which is less than the significance level of α=0.05. It shows that there is a statistically significant difference between the trust level on online seller in Sweden and Pakistan. Therefore we will reject the null hypothesis and accept the alternative hypothesis concluding that the Swedish customers have more trust towards the online vendors than that of Pakistani customers.
$H_3$: **Swedish customers are more likely to take risk on the online buying than Pakistani customers**

Let $\mu_1$ and $\mu_2$ be the medians of the variables “risk taking in online shopping” in Sweden and Pakistan respectively.

Step 1:

Null hypothesis; Swedish customers are not likely to take risk on online buying more than Pakistani customers, i.e.

\[ H_0: \mu_1 \leq \mu_2 \]

Alternate hypothesis; Swedish customers are more likely to take risk on the online buying than Pakistani customers, i.e.

\[ H_1: \mu_1 > \mu_2 \]

Step 2; It is a one tailed test because of the greater than sign in the alternate hypothesis.

Step 3; the level of significance $\alpha$ is $\alpha = 0.05$

Step 4; Test statistic; the Mann Whitney U test is applied as the population is not normally distributed.
Table 14.0: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping from internet</td>
<td>200</td>
<td>3.60</td>
<td>.972</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>may involve risk.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How often do you</td>
<td>200</td>
<td>2.34</td>
<td>1.109</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>purchase online?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>200</td>
<td>1.50</td>
<td>.501</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Ranks

<table>
<thead>
<tr>
<th>Country</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often do you</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>purchase online?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>100</td>
<td>132.62</td>
<td>13261.50</td>
</tr>
<tr>
<td>Pakistan</td>
<td>100</td>
<td>68.39</td>
<td>6838.50</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping from internet</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>may involve risk.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>100</td>
<td>95.35</td>
<td>9535.00</td>
</tr>
<tr>
<td>Pakistan</td>
<td>100</td>
<td>105.65</td>
<td>10565.00</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 14.1

Shopping from internet may involve risk.
Table 14.2: Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>How often do you purchase online?</th>
<th>Shopping from internet may involve risk.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mann-Whitney U</td>
<td>1788.500</td>
<td>4485.000</td>
</tr>
<tr>
<td>Wilcoxon W</td>
<td>6838.500</td>
<td>9535.000</td>
</tr>
<tr>
<td>Z</td>
<td>-8.180</td>
<td>-1.378</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.000</td>
<td>.168</td>
</tr>
</tbody>
</table>

a. Grouping Variable: Country

Step 5; Decision

The z-value on the two variables i.e. online buying and the risk perception on the online buying are -8.18 and -1.39 (rounded) which are well below the significance level of $\alpha=0.05$. It provides sufficient evidence that there is a statistically significant difference between Swedish and Pakistani consumers in risk taking on online buying. Therefore we can reject the null hypothesis and accept the alternate hypothesis. It is important to note here that there is a less difference in the z-value of risk perception on online buying between the two countries yet the Swedes buy more on internet. It is therefore concluded that Swedish customers are more likely to take risk on the online buying than Pakistani customers.

$H_4$: Well developed infrastructure increases the adoption of ecommerce in a country

Let $\mu_1$ and $\mu_2$ be the medians of e-commerce adoption due to infrastructure (which combines variables of internet connection type and payment method) in Sweden and Pakistan respectively.
Step 1;

Null hypothesis; well developed infrastructure does not increase the adoption of ecommerce in a country, i.e.

Ho: $\mu_1 \leq \mu_2$

Alternate hypothesis; Well developed infrastructure increases the adoption of ecommerce in a country, i.e.

H1: $\mu_1 > \mu_2$

Step 2: A one tailed test has to be conducted as it suits for this alternative hypothesis

Step 3; Level of significance $\alpha = 0.05$

Step 4; the Mann Whitney U test is applied as the differences between the variables used are not normally distributed.

<table>
<thead>
<tr>
<th>Table 15.0 Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>----</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Which Internet Connection do you own?</td>
</tr>
<tr>
<td>How often do you purchase online?</td>
</tr>
<tr>
<td>Which payment method do u prefer to use for online purchases?</td>
</tr>
<tr>
<td>Country</td>
</tr>
</tbody>
</table>
Table 15.1 Ranks

<table>
<thead>
<tr>
<th>Country</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which Internet Connection do you own?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>100</td>
<td>110.29</td>
<td>11028.50</td>
</tr>
<tr>
<td>Pakistan</td>
<td>100</td>
<td>90.72</td>
<td>9071.50</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How often do you purchase online?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>100</td>
<td>132.62</td>
<td>13261.50</td>
</tr>
<tr>
<td>Pakistan</td>
<td>100</td>
<td>68.39</td>
<td>6838.50</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Which payment method do you prefer to use for online purchases?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>100</td>
<td>123.23</td>
<td>12322.50</td>
</tr>
<tr>
<td>Pakistan</td>
<td>100</td>
<td>77.78</td>
<td>7777.50</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 15.2 Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>Which Internet Connection do you own?</th>
<th>How often do you purchase online?</th>
<th>Which payment method do you prefer to use for online purchases?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mann-Whitney U</td>
<td>4021.500</td>
<td>1788.500</td>
<td>2727.500</td>
</tr>
<tr>
<td>Wilcoxon W</td>
<td>9071.500</td>
<td>6838.500</td>
<td>7777.500</td>
</tr>
<tr>
<td>Z</td>
<td>-2.704</td>
<td>-8.180</td>
<td>-5.816</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.007</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Grouping Variable: Country

Step 5; decision

The z-value of the variables online purchase, internet connection type and payment method are -8.18, -2.70 and -5.85 (rounded) respectively which fall below the level of significance $\alpha=0.05$. This shows that there is a statistically significant difference in the adoption of e-commerce due to infrastructure in the two countries. Therefore we can reject the null hypothesis and accept the alternative hypothesis that a well developed infrastructure increases the adoption of ecommerce in a country.
**Hs; The higher the education levels, greater the adoption of ecommerce.**

Let $\mu$ be the relationship between online purchase and education in Sweden and Pakistan

Step 1; null and alternate hypothesis

Null hypothesis; The higher the education level, the lower the adoption of e-commerce. i.e.

$H_0: \mu = 0$

Alternate hypothesis; The higher the education, the greater the adoption of e-commerce. i.e.

$H_1: \mu \neq 0$

Step 2; a two tailed test has to be performed due to the inequality of the alternative hypothesis

Step 3; Level of significance $\alpha = 0.01$, which is $\alpha/2= 0.005$ on each tail of the distribution

Step 4; test statistic

The differences between the education and the online buying are not normally distributed and a relationship has to be found. Therefore a Spearman correlation coefficient (rho) has to be performed.
Table 16.0 Correlations

<table>
<thead>
<tr>
<th></th>
<th>How often do you purchase online?</th>
<th>What is your Education?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.218**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>200</td>
</tr>
<tr>
<td>What is your Education?</td>
<td>Correlation Coefficient</td>
<td>.218**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>200</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Step 5; decision

The relationship between the education level and e-commerce was investigated using the Spearman correlation coefficient ($\rho$). The $p$ value is 0.002 which falls below the significance level of $\alpha=0.005$. This provides evidence of the statistically significance to hold. Moreover, there exists a positive relationship i.e. $\rho=0.218$ between the e-commerce adoption and education, which can be considered very significant due to a larger sample size i.e. $n=200$. Therefore, we reject the null hypothesis and accept the alternative hypothesis and conclude that the higher the level of education the greater will be the adoption of e-commerce.
4.5. Frequency Distributions:

**How you rank the Importance of Overall reputation of seller?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irrelevant to business</td>
<td>4</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Not important</td>
<td>6</td>
<td>3.0</td>
<td>3.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Don’t know</td>
<td>51</td>
<td>25.5</td>
<td>25.5</td>
<td>30.5</td>
</tr>
<tr>
<td>Important</td>
<td>80</td>
<td>40.0</td>
<td>40.0</td>
<td>70.5</td>
</tr>
<tr>
<td>Very important</td>
<td>59</td>
<td>29.5</td>
<td>29.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Table 17: Online sellers Reputation Frequencies of complete data*

The table represents the perception of the people what they think about the importance of reputation of online sellers almost 40 % respondents consider reputation of seller important in case of doing any purchase.

**Do the online sellers deliver the product on time that is mentioned on the website?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>9</td>
<td>4.5</td>
<td>4.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>89</td>
<td>44.5</td>
<td>44.5</td>
<td>51.5</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>81</td>
<td>40.5</td>
<td>40.5</td>
<td>92.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>16</td>
<td>8.0</td>
<td>8.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Table 18: On time product Delivery Frequencies of complete data*
The table represents that most of the people have neutral opinion about the sellers ability to get the product delivered on time. The table is representing the frequencies of the perception from both countries.

**Do think it is important for you while purchasing online that your supplier is good with you other than transactional relationship?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irrelevant to business</td>
<td>14</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Not important</td>
<td>25</td>
<td>12.5</td>
<td>12.5</td>
<td>19.5</td>
</tr>
<tr>
<td>Don’t know</td>
<td>54</td>
<td>27.0</td>
<td>27.0</td>
<td>46.5</td>
</tr>
<tr>
<td>Important</td>
<td>73</td>
<td>36.5</td>
<td>36.5</td>
<td>83.0</td>
</tr>
<tr>
<td>Very important</td>
<td>34</td>
<td>17.0</td>
<td>17.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 19: Online Seller Relationship Frequencies of complete data

The above table represents that people wanted to have a relationship with the supplier of the product they wanted to purchase other then the transaction. For purchasers relationship is important.

**Supplier’s over all integrity (ethical behaviour) is important for the online purchaser?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>9</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>6</td>
<td>3.0</td>
<td>3.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Neutral</td>
<td>58</td>
<td>29.0</td>
<td>29.0</td>
<td>36.5</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>84</td>
<td>42.0</td>
<td>42.0</td>
<td>78.5</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>43</td>
<td>21.5</td>
<td>21.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 20: Supplier’s integrity Frequencies of complete data
The table represents the frequency distribution of two countries about the perception of the people regarding the integrity of the suppliers.

### How you rank the Importance of Overall reputation of seller?

<table>
<thead>
<tr>
<th>Valid</th>
<th>Irrelevant to business</th>
<th>Frequency (Pak)</th>
<th>Frequency (Swe)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Not important</td>
<td></td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Don’t know</td>
<td></td>
<td>35</td>
<td>16</td>
</tr>
<tr>
<td>Important</td>
<td></td>
<td>31</td>
<td>49</td>
</tr>
<tr>
<td>Very important</td>
<td></td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Table 21: Frequency of Online supplier Reputation from two countries separately**

The above frequency table shows the perception of the people from each country separately that how people in both countries feel the importance of overall reputation of the seller.

### Supplier’s over all integrity (ethical behaviour) is important for the online purchaser?

<table>
<thead>
<tr>
<th>Valid</th>
<th>Strongly disagree</th>
<th>Frequency (Pak)</th>
<th>Frequency (Swe)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly disagree</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td></td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Neutral</td>
<td></td>
<td>26</td>
<td>32</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td></td>
<td>37</td>
<td>47</td>
</tr>
<tr>
<td>Strongly agree</td>
<td></td>
<td>30</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Table 22: Frequency of Suppliers integrity from two countries separately.**
The table represents the frequency distribution of responses from people of both countries separately about supplier’s overall integrity.

**Do you think it is important for you while purchasing online that your supplier is good with you other than transactional relationship?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency (Pak)</th>
<th>Frequency (Swe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irrelevant to</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Don’t know</td>
<td>29</td>
<td>25</td>
</tr>
<tr>
<td>Important</td>
<td>35</td>
<td>38</td>
</tr>
<tr>
<td>Very important</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Table 23: Supplier’s relationship Frequencies from two countries separately**

The table represents the frequency distribution of responses from people of both countries separately about relationship with suppliers other than transaction.

**How much do you trust your online seller?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency (Pak)</th>
<th>Frequency (Swe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very low</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>Low</td>
<td>27</td>
<td>8</td>
</tr>
<tr>
<td>Medium</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>High</td>
<td>9</td>
<td>34</td>
</tr>
<tr>
<td>Very high</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Table 24: Trust Frequencies from two countries separately**

A significant difference is reflected in the table regarding the trust that Swedish and Pakistani customers have on the e-commerce seller.

Strategy and Management in International Organizations (SMIO)  
Department of Management and Engineering (IEI)  
Linköping University,
How often do u purchase online?

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency (Pak)</th>
<th>Frequency (Swe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>59</td>
<td>3</td>
</tr>
<tr>
<td>Rarely</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>Sometimes</td>
<td>15</td>
<td>53</td>
</tr>
<tr>
<td>very often</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Always</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 25: Online Purchase Frequencies from two countries separately

The table shows that 74% respondents (combining sometimes, very often and always) are the users of e-commerce in Sweden, whereas in Pakistan this percentage is significantly low, i.e. 22%, and 59% respondents have never bought online.

Shopping from internet may involve risk.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency (Swe)</th>
<th>Frequency (Pak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Neutral</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>54</td>
<td>53</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 26: Risk Perception in online buying

A little difference is reflected in the perception of risk in the two countries on the online buying in the two countries.
The online shopping is very convenient, time saving, offers more discount and variety than the physical stores. How much do you agree to this statement?

<table>
<thead>
<tr>
<th></th>
<th>Frequency (Swe)</th>
<th>Frequency (Pak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Neutral</td>
<td>33</td>
<td>37</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>45</td>
<td>39</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 27: Perceived ease of use and usefulness of online buying

Most of the people in the two countries appear to agree on the ease of use and usefulness of the online buying.

Do the online sellers deliver the product on time that is mentioned on the website?

<table>
<thead>
<tr>
<th></th>
<th>Frequency (Pak)</th>
<th>Frequency (Swe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Neutral</td>
<td>60</td>
<td>29</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>28</td>
<td>53</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 28: On time Delivery Frequencies from two countries separately
The perception of the people from the two countries about the timely delivery of the product is explained by the table. The difference between the two countries is that people from Pakistan have more neutral opinion about where as people from Sweden agree that the online sellers deliver the products on the time which is mentioned on their website.

**Shopping from a physical store provides more social cues and entertainment than online shopping.**

<table>
<thead>
<tr>
<th></th>
<th>Frequency (Swe)</th>
<th>Frequency (Pak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Neutral</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>16</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 29. Social cues in shopping, physical versus online store

Pakistani consumers appear to feel more lack of communication of social cues than the Swedes

**Which payment method do you prefer to use for online purchases?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency (Swe)</th>
<th>Frequency (Pak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>3</td>
<td>48</td>
</tr>
<tr>
<td>E wallet</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>PayPal</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Bank Transfer</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>Credit card</td>
<td>48</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 30: Payment Method Frequencies from two countries separately
The table shows the distribution of methods people use for the online payments. Credit card is the most preferred way used for online transactions in both countries where as almost half of the people from Pakistan don’t use any online payment method because of the less involvement in e-commerce. Even though Paypal is not offering its services in Pakistan but still some people have managed to use this service where as in Sweden Paypal is providing its services but not many people are using it.

### Which Internet Connection do you own?

<table>
<thead>
<tr>
<th></th>
<th>Frequency (Swe)</th>
<th>Frequency (Pak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid None</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Dial up internet</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Mobile telephone internet</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Wireless internet</td>
<td>28</td>
<td>24</td>
</tr>
<tr>
<td>Broadband</td>
<td>65</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Table 32: Internet connection Frequencies from two countries separately**

This table shows the frequency of the internet connections that respondents own. Most of the respondents own the broadband and wireless internet connections. There is only one respondent in Sweden who owns a dialup internet and there is not even a single person who does not own or have access to any internet connection. Besides 16% of the respondents from Pakistan stated that they do not own any kind of internet.
4.6. Crosstabulation and Correlation:

What is your Education? * How do you rate your computer skills?

Cross tabulation

<table>
<thead>
<tr>
<th>What is your Education?</th>
<th>Uneducated</th>
<th>Primary</th>
<th>Secondary</th>
<th>High School/college</th>
<th>University</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Worst</td>
<td>Bad</td>
<td>Fair</td>
<td>Good</td>
<td>Excellent</td>
<td>worst</td>
</tr>
<tr>
<td>Uneducated</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Primary</td>
<td>6</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Secondary</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>8</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>High School/college</td>
<td>1</td>
<td>4</td>
<td>19</td>
<td>18</td>
<td>3</td>
<td>45</td>
</tr>
<tr>
<td>University</td>
<td>1</td>
<td>1</td>
<td>24</td>
<td>58</td>
<td>38</td>
<td>122</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>9</td>
<td>49</td>
<td>86</td>
<td>43</td>
<td>200</td>
</tr>
</tbody>
</table>

Table 33: Cross Tabulation between the education level and computer skills for both Countries.
Cross tabulation has been conducted and correlation has been checked to find out the relationship between education level and computer skills. The results stated that there is a positive relationship between both of them as the Spearman correlation is 0.461, which reflects that there is a high positive correlation between the education and computer skills.
Table 35: Correlations

<table>
<thead>
<tr>
<th>Spearman's rho</th>
<th>How much do you trust your online seller?</th>
<th>How you rank the Importance of Overall reputation of seller?</th>
<th>Do the online sellers deliver the product on time that is mentioned on the website?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation</td>
<td>1.000</td>
<td>.310**</td>
<td>.461**</td>
</tr>
<tr>
<td>Coefficient</td>
<td></td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How you rank the Importance of Overall reputation of seller?</th>
<th>Correlation</th>
<th>1.000</th>
<th>.306**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>.310**</td>
<td>1.000</td>
<td>.306**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Do the online sellers deliver the product on time that is mentioned on the website?</th>
<th>Correlation</th>
<th>.461**</th>
<th>.306**</th>
<th>1.000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>.306**</td>
<td>1.000</td>
<td>.306**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The above table shows a positive correlation between 3 variables which are Trust, sellers reputation and on time delivery. The results showed that the significance level of each variable is above 0.01 which means that the variables are positively correlated to each other.
Table 36: Correlations

<table>
<thead>
<tr>
<th>Spearman's rho</th>
<th>How often do you purchase online?</th>
<th>How do you rate your computer skills?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation Coefficient</td>
<td>1.000</td>
<td>.260**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How do you rate your computer skills?</th>
<th>Correlation Coefficient</th>
<th>200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The above table shows a positive correlation between 2 variables which are Online purchases and computer skills. The results showed that the significance level of each variable is above 0.01 which means that the variables are positively correlated to each other.
Table 37: Correlations

| Spearman's rho | How much do you trust your online seller? | Correlation Coefficient | 1.000 | .125 | .163* |
|               | Do think it is important for you while purchasing online that your supplier is good with you other than transactional relationship? | Correlation Coefficient | .125 | 1.000 | .370** |
|               | Supplier's over all integrity (ethical behaviour) is important for the online purchaser? | Correlation Coefficient | .163* | .370** | 1.000 |

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

** Correlation is significant at the 0.01 level (2-tailed).
The above table shows a positive correlation between 3 variables which are Trust, Seller relationship and Seller’s integrity. The results showed that the significance level of each variable is above 0.01 and 0.05 which means that the variables are positively correlated to each other.

4.7. Summary

The presented results show some statistical significant difference in the adoption of e-commerce in Pakistan and Sweden. The five hypotheses are tested which were developed to see whether the factors of trust, culture, infrastructure and education have an impact on the e-commerce adoption. All alternate hypotheses that support the researchers´ claims were found to be true which results in the conclusion that there is a significantly more e-commerce adoption in Sweden than Pakistan. Some other statistical measure e.g. the frequency distributions, correlation coefficients and cross tabulations show the similar results. Further detailed discussion has been made supporting or criticising the literature, in the discussion chapter ahead.
Chapter 5. Discussion and Conclusion

5.1. Introduction

This chapter concludes the empirical findings and the literature about factors which affect the adoption of ecommerce and presents a comparative analysis on the basis of which research questions are answered. It further discusses the limitation, managerial implication and recommendations for future research.

5.2. Discussion

Trust is discussed as an integral part for the adoption of e-commerce, and discussed as a control mechanism between truster and trustee. In the empirical research, the hypothesis H₁ was tested as the relationship between online purchase and the trust on online seller in Sweden and Pakistan. Literature discussed characteristics of seller for online buying which makes the online seller more trustworthy in the eyes of consumer which is also supported by the empirical research.

First characteristic of supplier mentioned as Ability to supply goods or services which is based on “delivery of goods in time” and “capability to deliver” for which the “overall reputation of the supplier” is discussed. So if we go through the data (see table 17) around 29.5% responses considered reputation very important whereas 40% considered it as important so the total of 69.5% responses agreed with the importance of reputation of seller. Similarly consumers’ perception of suppliers’ ability of on time delivery (see Table 18) came out as 40.5% agree and 8% strongly agree, so the total 48.5% respondents were agreed with it. Conversely a total 7% respondents did not agree in which somewhat disagree were 2.5% and strongly disagree were 4.5%, so it showed the support of the overall ability characteristic of online seller to increase its trustworthiness. Further the correlation (table.35) between trust on online seller and delivery on time is 0.461 and with the reputation, it is 0.31 which shows positive relationship for the trust
and the ability as perceived ability improves the trust improves. This result validates the literature claim that the increase in the ability of supplier increases the trust level on online supplier.

Second characteristics of supplier for the trust was discussed as the benevolence or buyers believe that supplier’s non transactional relationship is also important to buy online, study showed (see Table 19) that more than half respondents considered that important or very important exact numbers were 36.5% responses for important and 17 % for very important so total 53.5% responses were agreed with the statement and very less were disagree side i.e. 19.5% in which 12.5% considered it not important while 7% considered this relationship irrelevant to the business. The high percentage of agree responses strongly supported the importance of perceived benevolence for the online supplier. As well as (table 37) shows the value of coefficient of correlation 0.12 which also shows the positive relationship between trust and benevolence and validate the theory about this characteristic that if benevolence increases trust increases.

Third characteristic was the supplier’s integrity or the suppliers ethical behaviour in perception of the buyer as discussed in literature review earlier, this study showed (see Table 20) that only 7.5% responses did not considered it important in which 4.5% responses were somewhat disagree and 3% were strongly disagree rather 63.5% over all agreed with the importance of integrity of online supplier in which 42% were somewhat agree and 21.5% were strongly agree. So on partial basis integrity of the supplier is also important for the buyer while purchasing online. Also the correlation table supports the theory’s clam about the positive relationship between trust and integrity by showing (see Table 37) coefficient of correlation as 0.163.

Finally as literature argues that all three characteristics create a perception of trustworthiness of seller for the buyer as discussed by Mayer et al, (1995) & Ambrose and Johnson, (1998) and also study showed high intensity in frequencies of positive responses for these characteristics as well as positive correlation between trust and characteristics of buyer. On the other hand table of correlation shows the strong positive relationship between trust and online purchase by showing (see Table 12) the coefficient of correlation as 0.49 and proves the Hypothesis $H_1$ as true.
Conclusively the study proved the positive relationship between online supplier’s characteristics and the trust and also between trust and adoption of e-commerce so if suppliers characteristics i.e. ability, benevolence and integrity are perceived higher by the online purchasers it can not only increase the trust but adoption of e-commerce also.

If we compare Sweden and Pakistan, study showed that respondents of both countries responded very closely when they were asked about how they perceive benevolence,(see Table 23) from Pakistan 51% responded that they want their supplier’s relationship must be more that transactional on the other side Swedish respondents were around 56% who have the same believe. Similarly from Pakistan 20% and from Sweden 19% considered it as not important or irrelevant to business. In case of Integrity also responses were very much close as(see Table 22) Pakistani respondents who agreed with the importance of integrity were around 67% and Swedish response were 60% and who do not agree with the importance of integrity from Pakistan were 7% and from Sweden 8% so it can be analyzed that people of both countries thinks same about the importance of benevolence and integrity of their online suppliers. But we can see a clear difference in the result of perceived ability of the online sellers which includes the delivery of goods as well as overall reputation. From Pakistan respondents(see Table 28) who agreed with right time delivery of goods were 32% and disagree were 8% rather in Sweden there is huge difference around 65% Swedish buyer’s receive goods in time or perceived that, and who don’t agree with the right time delivery were 6% similarly we can see a big difference in the case of reputation(see Table 21) 60% agreed with the importance of reputation of the seller from Pakistan and 5% disagreed, while from Sweden agreed were 79% and disagreed were 5%. So it can be understood that in case of ability there are vast differences between perception of Swedish and Pakistani buyers reason could be the difference of infrastructure between both countries and the rate of e-literacy. As it was discussed earlier that these characteristics of online seller are positively correlate to the trust and consequently to the online buying so if the difference between Pakistan and Sweden trust level is being analyzed it can be seen as a clear difference(see Table 24) from Pakistan 11% trust highly or moderately on their online sellers, and 40% don’t trust or has low level of trust rather from Sweden 44% showed trust and 10% do not showed trust so conclusively there should be less online purchasing in Pakistan than Sweden. which is also supported by the data(see Table 25) as 78% of respondents from Pakistan
do not purchased or rarely purchased goods or service through internet but in Sweden they are only 26%, and Swedish people who often or always purchase online were 21% which were three time greater than Pakistan as Pakistani respondents who purchased online were only 7%. This difference is more in actual than what this study showed as the data collected from Pakistan had many limitations including the uneducated or less educated responses were not being collected as easily as it was done in Sweden because many educated people in Pakistan do not have such understanding and know how about the e-commerce that is mentioned as digital dived in the literature secondly there is huge difference in education and infrastructure available in urban and rural areas of Pakistan if compare with Sweden. So it can be concluded that if these characteristics i.e. ability, benevolence and integrity are perceived higher in one country it can become a reason to higher the overall trust on online seller and can result in increase of online purchase.

The national culture is found to have a very significant influence on the trust level which the Pakistani and Swedish consumers appear to extend for their online vendors. The pattern of trust among the two nations appear to validate the implications which different researchers of consumer level e-commerce adoption have drawn out of the Hofstede´s (2001, 1980, table 1) frame work of cultural dimension. The alternate hypothesis (H2) was tested as true that the Swedish customers have greater trust on the online seller than the Pakistani customers do. This test is found to have a direct implication for the cultural dimension of power distance, collectivism versus individualism and uncertainty avoidance.

Literature clearly states that the consumers in the less power distance index (PDI) societies tend to trust more on the online service provider. If we compare the PDI scores of Sweden and Pakistan, there appears to be a major difference in the way power is distributed across the two nations. Power is much more unequally distributed in Pakistan (PDI 55) than Sweden (PDI 33). This larger PDI differences dictated a similar degree of trust deficit in the two markets towards an e-tailer, which proved to be true in this study. Table 24 shows that the Swedish customers’ low and very low trust level is 10%, medium trust is 49% and, high and very high trust level is 41%, whereas the trust levels in the Pakistani consumers are such that the low and very low level is 40%, medium is 49% and, high and very high combines 11%. These figures show large trust deficits prevail in the two online markets.
There might be various reasons that the trust differences are present between the Swedish and Pakistani consumer. One reason might be the Yoon’s (2009) interpretation of the low PDI societies in which superior and subordinate are supposed to be equal resulting interdependencies which in turn results in higher level of trust to persist. Also, it might be the belief of low PDI people that the service provider is less likely to engage in the unethical behaviour, a necessary condition of trust as discussed above. Another reason might be the culturally induced beliefs of the social class (Veiga and Floyd, 2001) which exists in the high PDI society of Pakistan that negatively influences the diffusion of innovative shopping experience (Van Everdingen & Waarts, 2003) and which might be a barrier to adopt e-commerce in this developing country. The marketers of the online customised products might face even stronger resistance and challenge in Pakistan than in Sweden. This is because of the more rigid status quo in the developing countries with higher on the PDI dimension which is referred by Steenkamp, et al., (1999) and Moon, et al., (2008) that the Pakistani consumer feels more constraint by the attitude of higher status members whereas the Swedish customer may exhibit more flexibility to order a personalised product online.

Swedish society is considered to be much more individualist than the society of Pakistan (see table 1, Hofstede, 1981; 2001) as reflected by the trust level (see table 24). In the collectivist culture of Pakistan, people do not easily trust a stranger, whereas in the individualist society of Sweden, the trust level on the stranger is higher which supports the findings of above discussed researchers (e.g. Yamagishi & Yamagishi, 1994; Connolly & Bannister, 2007). In the individualist culture of Sweden, the ties between individuals are weak. On the other hand, the collectivist people of Pakistan are integrated more closely into families, which appear to have impact on the invisible online seller. These arguments are also supported by the trust level (table 24) and online purchase frequencies (table 25) by the responses from the two countries. Table 25 shows that 74% respondents from Sweden are in habit of online buying while only 3% respondents said that they never bought online. On the other side, in Pakistan, only 22% of respondents are found to develop the online buying habits while 59% people have responded as they have never purchased online. These figures clearly show the wide gap of online buying habits in the two regions. The perceived risk in the online buying and trust is also found to be
closely associated as the literature (e.g. Yoon, 2009) shows that the higher UAI consumer is less likely to trust on the invisible seller on the internet.

The level of risk perception in Sweden and Pakistan has direct implication on the cultural dimensions such as uncertainty avoidance (UAI) and long term orientation (LTO). Risk avoidance nature of the Pakistani society is also found to have major impact on this low adoption of e-commerce (table 25). Pakistan is placed quite higher on the uncertainty avoidance index (UAI) i.e. 70 as compared to Sweden where the UAI is only 29. Therefore the Pakistani society exhibits low tolerance towards ambiguity and uncertainty. Literature reflects that the online shopping is a novel form and involves a total change in the shopping habits and life style (e.g. Lim, et al., 2004). A high uncertainty avoidance society demonstrates a higher resistance to change because change brings about ambiguity and uncertainty which is an inevitable part in the online buying. Therefore Swedish consumer, that are lower on the UAI score are more open to accept change and innovation than the Pakistani consumers. On the similar ground the hypothesis H3 is tested as true that Swedish customers are more likely to take risk on the online buying than Pakistani customers. The question was raised whether the online shopping involved risk in the two countries, the responses emerged such that in Sweden, 62% respondent agreed to it, 25% stayed neutral and 13% didn’t consider it as a risky exercise. In Pakistan, the responses came out as 69% respondents consider online shopping as risky, 20% stayed neutral and 11% disagreed to it. If we compare the risk perception level of the respondents of the two countries (see table 26), it is observed that the risk perception pertaining to the online shopping is somewhat similar in Pakistan and Sweden but on the online buying side, 74% respondents in Sweden are in online buying habits, whereas in Pakistan, only 22% respondents have established the online buying habits (table 25). This clearly reflects the risk avoiding nature of Pakistani respondents.

These findings also confirm the literature developed on the adoption of IT technology (e.g. Png, et al., 2001; Van Everdingen & Waarts, 2003) which also have direct impact on the e-commerce adoption. The lower UAI society of Sweden seems to be more open to accept the new technological change and innovation than the people in the high UAI values like Pakistan.
Literature suggests that the high long term oriented societies are more open to accept change and ready to adopt risky options because they are more future oriented and forward looking. They have more believe of the future that fosters taking risky decision. The comparison of the risk taking attitude in online shopping of Swedish and Pakistani respondents also validates these notions as Sweden has a LTO index 33, while in Pakistan, this value is nothing i.e. LTO=0, (see table 1).

Perceived ease of use and perceived usefulness of the online shopping experience are reported to have relationship with the femininity-masculinity dimension of a culture in the above discussed literature. Pakistan is more a masculine society (MAS index 50), while the Swedish is more feminine with MAS index only 05 (table 1). The question was raised whether the online shopping is more convenient and offer more discount and variety than a physical shop. The responses that came out from Sweden are such that 6% respondents disagreed to it, 33% stayed neutral, and 61% agreed. In Pakistan, 16% respondents disagreed to it, 37% were neutral and 47% were found agreed (table 27). The differences of the perceived ease of use and perceived usefulness between respondents of the two countries are not great. Yoon’s (2009) argument has found some partial support in this study that the perceived ease of use and usefulness are feminine values. Due to this reason, feminine societies, like Sweden are open to adopt e-commerce while Pakistani respondents who are higher on the masculinity index have given equal importance the ease of use and usefulness of online buying. On the other hand, arguments by Van Slyke, et al., (2005) and Van Everdingen and Waarts, (2003) failed to get support that the masculine cultures are more adaptive towards IT technology, innovation and therefore the e-commerce.

The other argument of Van Slyke, et al., (2010) found sufficient support related to collectivist cultures that these cultures less likely to buy online because the lack of communication of the social cues. Question was raised whether the physical shopping has more social cues than the online shop. Responses received from Sweden were such that 65% respondents agreed to it, 25% neutral, and 10% disagreed to it. In Pakistan, 77% respondents agreed to it, 21% neutral and only 2% disagreed to it (table 28). In the collectivist Pakistani society, which is more family oriented, it’s a fun to go for shopping and spend long hours bargaining and chatting with the shop keepers.
and among themselves which is not possible while shopping in a virtual shop. This provides another reason why there is a lower adoption of e-commerce in Pakistan than Sweden.

Infrastructure and education are important contextual factors which provide foundations on which the e-commerce activities based. In this study infrastructure is the 1st contextual factor which enables the consumers to access the information and global resources. Infrastructure exists in physical form like telecommunication networks and product delivery networks as well as in virtual form like internet and payment systems which are considered as the basic and necessary prerequisites for e-business as explained in the literature. Telecommunication infrastructure serves as a backbone for information and communication technologies which is measured on the basis of teledensity. Table 2 is explaining the teledensity differences and further segregates it on the basis of fixed and cellular telephone lines, internet users and connection. The table shows that there is a significant difference in the teledensity of two countries and hypothesis testing (H4) based on the empirical data also confirmed that well developed infrastructure increase the adoption of e-commerce in a country. Sweden which has a developed telecommunication infrastructure to support e-commerce activates has a greater number of people who somehow purchase through internet where as Pakistan a developing country suffering from many infrastructure obstacles like financial, economic and technological, with a developing telecommunication infrastructure have greater number of people who do not purchases online.

To check the role of infrastructure the discussion is divided into two parts. 1st part is about the factors which are in control of the consumers and the 2nd part is about the factors which are not in control of the consumer. Variables like purchasing online, payment system which include various ways for online payments and internet connection which includes broadband, dialup internet, wireless internet connections, are in control of the consumers. They can decide either to purchase online or not, which connection they wanted to have or which payment method they wanted to use, whether they want to use their credit cards or bank transfer, or they might be interested in any other payment source. These are the factors that are total in control of consumers at least in a developed country like Sweden where infrastructure is well established. On the other hand the delivery of the product is not in the control of the consumer, it is in the control of supplier or the online seller. Hypothesis testing (H4) stated the difference between the factors which are in control of consumers where as to find out the difference between the factors which are in control of consumers where as to find out the difference between...
perceptions of people about timely delivery of the product, table 28 shows the frequencies that as most of the people from Pakistan don’t really buy from internet and there is a low rate of ecommerce in the country 60% people have neutral opinion about the timely delivery of the products representing their perceptions without experiencing the real case scenario On the other hand people from Sweden who have experience of online purchasing most of them agree that the online sellers deliver the products on time. In B2C e-commerce the “2C” part is about the ultimate delivery of the product to the consumers and as the literature suggests e-commerce cannot takes place unless the product or service has been delivered to the consumers and if the consumer thinks that the product can be delivered in time he will be more adaptive to e-commerce.

As the survey is conducting in the two main cities of Pakistan where most of the people have the access to broadband internet connections and frequency table 32 shows the statistics that above 50 percent of the respondents own a broadband connections however one factor has been neglected that rural population of the country which is around 60% of the total population do not have sufficient access to information and communication technologies and they hardly have dialup internet connections which is because of the reason that Government and telecommunication companies are targeting those areas from where they can attain sufficient returns on their investments and have less geographical constraints. The teledensity of the two countries in table 2 shows that Pakistan has lesser teledensity then Sweden which represents the digital divide between the two countries and with in Pakistan in the rural and urban areas this digital divide exists.

The banking sector in Sweden supports the bank transfers and many people are using the bank transfer for online payments whereas use of the credit card is the most common way not only in the world but in Sweden as well. In Pakistan people who have done online purchases most of them have used or prefer to use the credit cards as it is the most authentic source that exist in the country. Banking sector is flourishing in Pakistan but it does not support the direct bank transfers and those people who do not own a credit card are unable to do the payments online, similarly international service like paypal is not offering its services in Pakistan, which is resulting in not using any source of online payments and preference towards the physical payments.
Education is the second contextual factor of this research study. Education is considered to be a consistent predictor to access the internet but as the literature suggests that computer “know how” is a basic requirement in e-commerce context. Computer know how is explained as e-literacy in the literature which means that e-literacy may include web browsing and computer operating skills other than making use of some simple software packages and a general level of Information Technology (IT) knowledge. Literature suggested that people with the higher level of education have more exposure to computer skills than people with the lesser education based on this assumption a hypothesis test (H5) has been conducted using the correlation test to find out the relationship of e-commerce and education level which stated that education is positively related to the adoption of e-commerce. When the level of education will increase the adoption of e-commerce will increase as well. Through this hypothesis the relationship has been explained between the online purchasing and education level but to explain the phenomena how computer skills are increasing with the increase in education level, table 33 shows the statistics that as the level of education is increasing the number of people are increasing who have fair, good or excellent computer skills. People in the university level of education have the highest level of skills as only 2 respondents declared that they have bad or worst computer skills. So there is a positive correlation between education level and computer skills as the Spearman correlation coefficient is 0.461 which shows a strong positive relationship between the two variables as depicted by the table 34. Moreover the correlation between computer skills and the online buying shows positive relationship between them as the coefficient of correlation 0.26 represents this relationship. Therefore it can be concluded that if education improves, so does the e-literacy and the improvement in the e-literacy also improves the e-commerce adoption. Conclusively increase in education, will increase the e-commerce adoption which was the hypothesis H5 and already proved as true in hypothesis testing part.

Considering the scenario of two countries there is a significant difference between the education levels of the two countries. The literacy rate of Sweden is 99 % and people are considered to be literate who have studied up to the grade 9 where as literacy rate of Pakistan is only 54 % and people who can only write their names also fall in the literate category. There is a high rate of dropping out from the schools at primary and secondary level and people are not able to gain computer skills at primary and secondary level however as the cross tabulation table 33 suggests
that people who have college education have greater internet skills than the people who have dropped out. As Pakistan is a developing nation, the concentration of the government is still towards the big cities there is a significant difference between the urban and rural population literacy rate and apart from this difference, some people have the facility but do not have the ability, whereas some people have the ability but don’t have the facility which represents the digital divide between country to country, with in country in different geographical locations and within people of a similar geographic locations.

5.3. Answers to Research Questions

The literature developed in advanced countries pertaining to e-commerce adoption provided the basic ground for this study as most of the study in the e-commerce adoption was conducted either in the US, Europe or Far East Asia (Elsaid & Hone, 2005) or on almost exclusively in advanced countries (Yoon, 2009). Through this empirical study some valid implications of already developed literature has been found to make a comparative analysis between Sweden and Pakistan in the e-commerce adoption area.

5.3.1 RQ-1: Are there differences in the adoption of e-commerce in developed and developing countries?

Differences have been found in the adoption of e-commerce in Sweden, which is a well-developed country and the developing country Pakistan. Empirical findings show that 74% respondents, which include consumers of different age group and education background, have the habits of online buying and only 3% consumer responded as non-users of e-commerce. Conversely, in Pakistan only 22% consumers responded to have established online buying habits whereas a large number of respondents i.e. 59% were found to be non-users of e-commerce, reflecting a wide gap in the e-commerce adoption between the two countries.

5.3.2 RQ-2: what are the factors that cause this difference to persist?

The factors of Education level of consumers, availability of the relevant infrastructure, national culture, and overall trust on the online seller are found to have a greater impact on the adoption of e-commerce in Sweden and Pakistan. Education level and availability of the required
infrastructure are the major contextual factors, in the absence of which the overall e-commerce activities cannot take place and flourish. These two factors cause a digital divide between the consumers in developed and developing countries. The lower education level in Pakistan refrains most of the consumer to make use of computer, internet, and therefore they lack the skills required to make an online transaction. This is shown in this study as a strong positive correlation of 0.46 between education and internet skills. The differences in the education levels in Pakistan and Sweden are such that the literacy rate in Pakistan is only 54% which include all the people who have ability to merely read and write. Whereas in Sweden the literacy rate is 99% which include people of grade 9 or more. There exist differences in the infrastructure. The payment system in Pakistan is such that PayPal is not offering its services in the country. People use credit cards which they need to unblock for the online payment by calling the respective bank. Even though the difference between the internet connections that people own is great but the respondents from Pakistan who use broadband internet connections still showed lack of interest in internet buying. About the delivery of the product almost 60% people have the neutral opinion about the online sellers that they will deliver the products on time. There are differences in the tele-density in Sweden and Pakistan (see table 2) and the delivery system. This lacking facilities cause great hurdle to make online payment resulting unwillingness of consumer to make online purchases.

Trust level is another important factor that influences greatly the adoption of e-commerce which also has many important implications for a national culture. Trust level of Pakistani consumer on the online seller is found to be very poor. The construct of trust which is composed of suppliers integrity, benevolence and ability perceived by the consumer (Mayer, et al., 1995; Ambrose & Johnson, 1998) show differences in trust on trust on the online seller in Pakistan and Sweden. In the consequence of Pakistani consumers’ reduced perception of online supplier’s integrity, benevolence and ability, Pakistani consumers trust less on the online seller than do the Swedish customers (table 24).

The national culture has a very significance influence on the trust level in Pakistan and Sweden. Different cultural orientation of Pakistani and Swedish societies has impacted in the e-commerce adoption. Hofstede (2001) cultural dimension power distance (PDI), collectivism versus individualism (IND), and uncertainty avoidance (UAI) indices reflect the trust level which
Pakistani and Swedish consumer have on the online seller. Pakistani consumers trust less on the online seller because they are higher on the PDI (i.e. 55) and UAI (i.e. 70) dimension, and lower on the IND (i.e. 14) dimension. On the other hand Sweden that has these dimensions value as PDI=31, IND=71, and UAI=29.

Risk avoidance nature of the Pakistani culture is also refraining consumers in the country to buy online, whereas Swedish customers are more open to accept change and uncertainty because of their different orientation on UAI dimension. Moreover the Pakistani consumers, with less on the IND dimension are more collectivist who don’t buy because of the lack of communication of social cues on the online shop.

5.4. Conclusion

This comparative study was conducted to find out differences between a developed and a developing country particularly by conducting a comparative analysis between Sweden and Pakistan to identify the factors which have greater influence on the e-commerce adoption. This difference is discussed as difference of e-commerce adoption in the East and West (Lim et al, 2004; Yoon, 2009). Also it is mentioned as digital divide (Gil-Garcia, et al., 2006). Support from literature study identified some factors such as trust, culture, infrastructure and education. Education and infrastructure act as contextual factors in adoption of e-commerce and serve as a necessary prerequisite for e-commerce whereas the difference in culture and trust level on online sellers also play a dominant role in online buying. Findings from empirical study proved the influence of these factors on the adoption of e-commerce and results showed the positive relationship between trust, education and e-commerce adoption whereas the differences in education level and infrastructure clearly state the difference between the levels of e-commerce adoption between the two countries. Cultural differences also have a pivotal role as Pakistani society inclined more towards collectivism and uncertainty avoidance, and less on the long term orientation. Therefore, they trust less on the people outside their family nuclei and need more communication of social cues, rather Swedish society which is inclined more towards individualism and long term orientation which results in more and easily trusting attitude towards outsiders. Therefore the four identified factors are trust, culture, infrastructure and education which have significant influence in the adoption of e-commerce in a country.
Research Limitations

Research was conducted in form of survey from Pakistan and Sweden, sample size of 100 was taken from each country but there were some limitation which may cause some difference in the results that were derived out of this study.

- This study emphasis on B2C level, i.e. consumer level adoption of e-commerce and B2B level was neglected.
- Main emphasis was to collect data from the urban population and rural population was neglected.
- Less educated people from Pakistan were unable to answer the survey questions so most of the respondents from Pakistan were from the university level education which can influence results.
- Study was conducted in Linkoping which is not a major population center of Sweden but in Pakistan study was conducted in Karachi and Lahore which are the major population centres of the country.
- Due to the limited resources and time sample of 100 was taken from each country.

Managerial Implication:

The comparative study was conducted to analyze the factors which can influence the adoption of e-commerce in Pakistan and Sweden to get reasonable findings. This study can help managers involved in the strategic decision making to enter into new markets through offering their services, or selling through internet in the developing countries like Pakistan. Thus this study provided useful information to understand the ground situation in the two countries, which can help the managers to device appropriate strategies for their companies.

In Sweden managers will have the ease of developing the strategies as the identified factors which influence the e-commerce are at a level where they are promoting the e-commerce industry whereas in Pakistan, these factors are proving to be barriers in e-commerce adoption. This study helps the managers in Pakistan to devise a strategy in a way by taking the maximum utility of the existing resources of the country and promoting the e-commerce in the areas where all these factors have the least influence in creating obstacles.
Recommendation for future research

This research was conducted in the context of difference between Pakistan and Sweden market and factors affecting in these countries for the adoption of e-commerce from consumer perspective. No research can cover all the factors which can affect the e-commerce so some factors including trust, culture, infrastructure and education were discussed. For the future researchers recommendations are as follow

- Qualitative research can be conducted with focus groups and street interviews so further depth of discussed factors can be obtained and understood.
- Future research can explore more about these factors from Sellers point of view.
- More variables can be discussed like different political and economical conditions affecting the adoption of e-commerce.
- A detailed study can be done on each of the factor of e-commerce adoption.
- Future researcher can discuss these identified factors in context of B2B business.
- Same research model can be expanded to major population centres of Sweden to get more reliable results.
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Appendix

E-Commerce Survey

Questionnaire

1. What is your Gender?
   - Male
   - Female

2. What is your age?
   - Below 18
   - 18-25
   - 26-35
   - 36-50
   - Above 50

3. What is your Education?
   - Primary
   - Secondary
   - High School/collage
   - University
   - Uneducated

4. How do you rate your computer skills?
   - Excellent
   - Good
   - Fair
   - Bad
   - Worst

5. How often do you use internet?
   - Always
   - Very Often
   - Sometimes
   - Rarely
   - Never

6. Which Internet connection do you own?
   - Broadband
   - Dial up internet
   - Wireless internet
7. How often do you purchase online?

- Always
- Very Often
- Sometimes
- Rarely
- Never

8. How often do you make unplanned purchases while using internet and browsing different web sites?

- Always
- Very Often
- Sometimes
- Rarely
- Never

9. Which payment method do you prefer to use for online purchases?

- Credit card
- PayPal
- E wallet
- Bank Transfer
- None

10. Do the online sellers deliver the product on time that is mentioned on the website?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

11. Shopping from internet may involve risk.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree
12. How safe do you feel when making an online payment for a product or service?

- Highly Safe
- Safe
- Neutral
- Unsafe
- Highly unsafe

13. The online shopping is very convenient, time saving, offers more discount and variety than the physical stores. How much do you agree to this statement?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

14. Shopping from a physical store provides more social cues and entertainment than online shopping.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

15. The web site design affects your intention to buy on internet.

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

16. How much do you trust your online seller?

- Very high
- High
- Medium
- Low
- Very low
17. Supplier’s over all integrity (ethical behaviour) is important for the online purchaser?
   - Strongly agree
   - Agree
   - Don’t know
   - Disagree
   - Strongly disagree

18. Do you think it is important for you while purchasing online that your supplier is good with you other than transactional relationship?
   - Very important
   - Important
   - Don’t know
   - Not important
   - Irrelevant to business

19. How do you rank the Importance of Overall reputation of seller?
   - Very high
   - Medium
   - Low
   - High
   - Very low

E Commerce Survey – Swedish

Questionnaire

1. Kön
   - Man
   - Kvinna

2. Ålder
   - Under 18
   - 18-25
   - 26-35
   - 36-50
   - Över 50

3. Utbildnings nivå
   - Låg och mellanstadi det
   - Gymnasiet
   - Ingen utbildning
   - Universitet/ Högskola
   - Högstadiet
4. Hur bra är du på datorer
   o Utmärkt
   o Okaj
   o Sämtst
   o Bra
   o Dålig

5. Hur ofta använder du internet?
   o Alltid
   o Ibland
   o Inte mycket
   o Aldrig
   o Väldigt mycket

6. Vilken internet uppkoppling har du?
   o Bredband
   o Trådlöst internet
   o Mobiltelefon internet
   o Dial up/Ring upp internet
   o Ingen

7. Hur ofta handlar du över internet?
   o Alltid
   o Ibland
   o Aldrig
   o Väldigt mycket
   o Inte mycket

8. Hur ofta gör du oplannerade köp över internet och tittar på olika webbsidor?
   o Alltid
   o Ibland
   o Aldrig
   o Väldigt mycket
   o Inte mycket

9. Vilken betalmetod föredrar du att använda vid onlineköp
   o Kredit Kard
   o Bank transöverföring
   o PayPal
   o None
   o E wallet

10. Leverar onlinesäljarna produkten i tid enligt webbsidan?
    o Instämmer helt
    o Ingen åsikt
    o Medhåller
    o Instämmer delvis
    o Medhåller ej
    o Medhåller absolut inte

11. Shoppa över kan medföra risk?
    o Instämmer helt

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12. Hur säker känner du dig när du gör en online betalning för en produkt eller service
   o Väldigt säkert
   o Säkert
   o Neutral
   o Osäkert
   o Väldigt osäkert

13. Att handla online är väldigt bekvämt, tids sparande, erbjuder mer rea och alternativ än vad en fysisk affär. Håller du med i detta påstående?
   o Instämmer helt
   o Instämmer delvis
   o Ingen åsikt
   o Medhåller ej
   o Medhåller absoult inte

14. Handla från en fysisk affär erbjuder mer sociala köer och underhållning än att handla online
   o Instämmer helt
   o Instämmer delvis
   o Ingen åsikt
   o Medhåller ej
   o Medhåller absoult inte

15. Hur webbsidan är designad påverkar vad du köper
   o Instämmer helt
   o Instämmer delvis
   o Ingen åsikt
   o Medhåller ej
   o Medhåller absoult inte

16. Hur mycket litar du på online säljare
   o Väldigt mycket
   o Mycket
   o Medium
   o Lågt
   o Väldigt lågt

17. Hur stor roll spelar online säljarens betende vid online köp?
   o Instämmer helt
   o Instämmer delvis
   o Ingen åsikt
   o Medhåller ej
   o Medhåller absoult inte

18. Tycker du det är viktigt, att när du handlar online att säljaren är bra med dina andra pengaröverföringar

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19. Hur viktigt är det ryktet av säljare.

- Väldigt mycket
- Mycket
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