

## Sharia Compliance and Trust: Online Purchase Intentions of Generation Z in E-Commerce

Nurfaizah<sup>1</sup>, Mitra Riani Aisyah<sup>2</sup>

Institut Agama Islam Negeri Sorong, Indonesia<sup>1</sup>,

Institut Agama Islam Negeri Sultan Amai Gorontalo, Indonesia<sup>2</sup>

Email : [nurfaizah261293@gmail.com](mailto:nurfaizah261293@gmail.com)

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### Abstract

Numerous factors drive individuals to engage in online shopping, including considerations such as affordability, product quality, variety, trustworthiness, convenience, and various other elements. In this study, four independent variables—namely, Sharia Compliance (X1), trust (X2), usability (X3), and trend (X4)—are utilized, with online purchase decisions serving as the dependent variable (Y). The primary aim of this research is to assess and dissect the influence of Sharia Compliance, Trust, Usability, and Trends on online purchase decisions within the Generation Z demographic in the Gorontalo Province. Employing a quantitative approach, this study involves data collection from 100 respondents through the use of questionnaires. The statistical tool of choice is multiple linear regression analysis. The results of partial testing reveal that while Sharia Compliance exerts a positive influence, its impact on online purchase decisions lacks statistical significance. Conversely, trust, usability, and trend exhibit both positive and statistically significant effects on online purchase decisions. Nevertheless, when considered collectively in a simultaneous examination, Sharia Compliance, trust, usability, and trend collectively demonstrate a positive and statistically significant impact on online purchase decisions among Generation Z individuals in the Gorontalo Province.

**Keywords:** Sharia Compliance, Trust, Usability, Trend, Generation-Z.

### A. Introduction

Online In recent years, the growth of e-commerce has significantly transformed the retail landscape, becoming a preferred shopping method for a wide range of consumers. Based on Similar Web data, Shopee is the e-commerce platform with the highest number of site visits in Indonesia during the first quarter of 2023. From

January to March this year, the Shopee site achieved an average of 157.9 million visits per month, significantly surpassing its competitors. Within the same period, the Tokopedia site garnered an average of 117 million visits, the Lazada site had 83.2 million visits, the BliBli site had 25.4 million visits, and the Bukalapak site had 18.1 million visits per month (Ahdiat, 2023)

Among these consumers, Generation Z, encompassing those born between the mid-1990s and early 2000s, has emerged as a prominent force in the digital marketplace. With their innate familiarity with technology and the internet, Generation Z individuals have embraced online shopping as an integral part of their consumer behavior (Rausch, 2021)

For Generation Z, many factors play a role in shaping their online shopping decisions. One of the key factors that stand out is the consideration of Sharia compliance and the establishment of trust in their e-commerce interactions. Sharia compliance pertains to the adherence to Islamic principles and values, particularly in the context of what is permissible (halal) and prohibited (haram). Trust, on the other hand, encompasses the confidence and reliability that individuals place in e-commerce platforms and sellers when conducting online transactions.

This research aims to delve into the intricate relationship between Sharia compliance, trust, and the online purchase intentions of Generation Z within the realm of e-commerce. Understanding how these factors interplay is vital, as they reflect not only the evolving consumer preferences of Generation Z but also the influence of cultural, religious, and ethical considerations on their online shopping behaviors (Alshurideh, 2017).

Several previous studies have touched upon elements of online shopping behavior, Sharia compliance, and trust, but few have specifically delved into the combined impact of these factors on Generation Z in e-commerce. For instance, the study by (Alshurideh and Alnsour, 2017) highlighted the significance of Sharia compliance in influencing Muslim consumers' purchasing behavior. Additionally, the research conducted by (Wang et al, 2019) shed light on the central role of trust in shaping consumers' online shopping intentions (Wang, 2019).

Yet, there remains an opportunity to comprehensively explore how Generation Z's observance of Sharia principles and the development of trustworthiness in e-commerce settings collaboratively impact their intentions to purchase online. As this generation continues to wield considerable influence on the digital marketplace, understanding the nuanced interplay of these factors holds the potential to guide e-commerce platforms, marketers, and policymakers in enhancing their strategies to cater to this unique segment of consumers.

## **B. Literature Review**

### **The Influence of Sharia Compliance on Purchase Decisions**

According to (Arifin, 2009), the broader meaning of Sharia compliance is "the application of Islamic principles, Sharia, and tradition in financial transactions, banking, and related businesses. The demand for Sharia compliance, when referred to the history of Sharia-compliant economic activities, stems from the core reason for the existence of Sharia: the emergence of Muslim society's consciousness aiming to conduct all activities based on the Quran and Sunnah. For Muslim consumers, Sharia compliance is a consideration in consumption behavior. Previous research by (Zamroni et al, 2016) found that the Sharia Compliance variable partially has a positive and significant influence on consumer decisions regarding purchases or the use of services from Islamic commercial banks in Kudus.

*H1: Sharia Compliance has a positive and significant influence on purchase decisions.*

### **The Influence of Trust on Purchase Decisions**

(Mowen and Minor, 2002) state that customer trust encompasses all knowledge and conclusions made by customers about an object's attributes and benefits. (Siagian and Cahyono, 2014) explain that trust represents a party's belief in the intentions and behaviors of other parties. According to (Annisa, 2019), in her study, trust, ease, and information quality significantly and positively influence purchase decisions. Simultaneously, trust, ease, and information quality significantly impact purchase decisions (Wahyuni et al., 2017).

*H2: Trust has a positive and significant influence on purchase decisions.*

### **The Influence of Ease of Use on Purchase Decisions**

According to (Davis, 1989), perceived ease is the level at which one believes that using a particular system can reduce their effort in performing tasks. Activities become lighter, more comfortable, and simpler. Perceived ease of use, as defined by (Chin and Todd, 1995), reflects how easily a computer system can be understood and comprehended. This research's outcome demonstrates the influence of ease on online clothing purchase decisions in a case study of online shopping among students (Suryadi, 2018).

*H3: Ease of use has a positive and significant influence on purchase decisions.*

### **The Influence of Trends on Purchase Decisions**

Several factors affect the formation of a trend, such as mass media, culture, economic conditions, and an individual's role within a social group (Zaniarti and Novita, 2017). According to (Cheema et al., 2013), in the business industry, trends can be created and utilized to enhance demand for a product or service. In their research, (Damayanti and Susanti, 2021) confirm that Trends, Lifestyle, and Uniqueness have a positive and significant influence on purchase decisions.

*H4: Trend has a positive and significant influence on purchase decisions.*

### C. Research Methodology

This study is a quantitative research, developed to be replicable, verify, and ensure a research problem (Kumar, 2011). The type of data used is primary data obtained through questionnaires directly filled out by respondents. The research population consists of Generation Z individuals aged 18 to 24 years who are studying in the Gorontalo provinces. The sample determination uses a non-probability sampling technique conducted with the judgment or purposive method, which is employed because the author requires specific information related to the research (Sekaran and Bougie, 2009). The criteria set for respondents by the researcher are as follows: Muslim, having accounts on Shopee, Tokopedia, and Lazada, and having made online purchases through the applications. A total of 150 questionnaires were distributed, with 115 returned and 100 questionnaires deemed suitable for analysis.

### D. Results And Discussion

#### Normality test

A normality test is done to find out whether the data has a normal distribution or No. The basis for decision-making for the test normality, that is, if the significance value is  $> 0.05$  then normally distributed data.

Table 1. Normality test results

	Unstandardized Residual
N	100
Normal	,0000000
Mean Parameters <sup>b</sup>	2,3613139
Std. Deviation	,080
Most. Extreme Absolute	,054
Differences Positive	-,080
Negative	,080
Test Statistic	,110
Asymp. Sig. (2-tailed)	

Source: Primary data processed

Based on the output results above, it is known that the significance value of 0.110 is greater than 0.05, thus it can be concluded that the tested data follows a normal distribution.

### Multicollinearity Test

The basis for making decisions in the multicollinearity test is if the tolerance value  $> 0.10$ , then multicollinearity does not occur. Or if the VIF value  $< 10.00$ , then multicollinearity does not occur. The results of the multicollinearity test in this study can be seen in the following table:

Table 2. Multicollinearity Test Results

Variable	VIF
Sharia Compliance (X1)	1,740
Trust (X2)	1,921
Usability (X3)	1,758
Trend (X4)	1,171

Source: Primary data processed

Based on the analysis results, it is known that the VIF values for all independent variables are less than 10. Thus, there is no multicollinearity among the independent variables, allowing for regression analysis to be conducted.

### Heteroskedasticity Test

Based on the analysis results using the SPSS program, the results of the heteroskedasticity test are as follows:

Table 3. Heteroskedasticity Test Results.

Variable	T	Sig.
Sharia Compliance (X1)	-,283	,778
Trust (X2)	-2,100	,038
Usability (X3)	,387	,699
Trend (X4)	-,194	,846

Source: Primary data processed

Based on Table 3, it can be observed from the Park Gleyser test that all the significance values of the Sharia Compliance (X1), Trust (X2), Ease of Use (X3), and Trend (X4) variables are  $> 0.05$ . Therefore, since the probability values of all independent variables are greater than the alpha value (0.05), it can be confirmed that the model does not contain heteroskedasticity elements, thus meeting the requirement for conducting regression analysis.

### Multiple Linear Analysis

To understand the relationship between the independent variables (sharia compliance, trust, ease of use, and trend) and the dependent variable (purchase decisions), as well as to determine the extent to which the independent variables can explain the dependent variable, multiple linear regression is conducted using the following formulation:

Table 4. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
Constant	3,172	1,938		1,637	,105
Sharia Compliance	,117	,094	,100	1,246	,215
Trust	,418	,090	,393	4,641	,000
Usability	,246	,067	,298	3,685	,000
Trend	,291	,075	,256	3,880	,000

Source: Primary data processed

The multiple linear regression equation obtained from Table 4 is  $Y = 3.172 + 0.117X_1 + 0.418X_2 + 0.246X_3 + 0.291X_4$ , where the constant value (C) = 3.172 indicates the baseline level of the dependent variable purchase decisions (Y). This value is greatly influenced by the four independent variables.

### Hypothesis Testing

#### F Test

In the F test, the calculated F value is 43.294 ( $F_{\text{calculated}} > F_{\text{table}} = 2.47$ ) with a significance level of 0.000 ( $\text{sig } \alpha < 0.05$ ). It can be concluded that the independent variables including Sharia Compliance (X1), Trust (X2), Ease of Use (X3), and Trend (X4) collectively and significantly influence the dependent variable, which is online purchase decisions (Y).

Table 5. F Test Results

Model	Some of Squares	Df	Mean Square	F	Sig.
Regression,	1010,445	4	52,610	43,293	,000 <sup>b</sup>
Residual	554,308	95	5,836		
Total	1564,751	99			

- Dependent Variable: Purchase decisions

- Predictors: (Constant), Trend, Sharia Compliance, Usability, Trust.

### T-test

The t-test is intended to determine how much the influence of each independent variable (Sharia Compliance, Trust, Usability, and Trend) individually explains the dependent variable (online purchase decision). The significance level used is  $< 0.05$ . If the significance value is greater than 0.05, then the independent variable partially affects the dependent variable.

Table 5. T-test Results

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
Constant	3,172	1,938		1,637	,105
Sharia Compliance	,117	,094	,100	1,246	,215
Trust	,418	,090	,393	4,641	,000
Usability	,246	,067	,298	3,685	,000
Trend	,291	,075	,256	3,880	,000

Source: Primary data processed

Based on the table above and observing the partial test (t-test), it can be explained as follows:

a. Testing Hypothesis One (H1)

It is known that the significance value for the influence of X1 on Y is  $0.215 > 0.05$ , and the calculated t-value is  $1.246 < 1.985$  ( $a/2: n-k-1$ )  $a = 5\% = t(0.05/2: 100-4-1 = 0.025: 95 = 1.98525)$ . Therefore, it can be concluded that H1 is rejected, which means there is no influence of X1 on Y.

b. Testing Hypothesis Two (H2)

It is known that the significance value for the influence of X2 on Y is  $0.000 < 0.05$ , and the calculated t-value is  $4.641 > 1.985$  ( $a/2: n-k-1$ )  $a = 5\% = t(0.05/2: 100-4-1 = 0.025: 95 = 1.98525)$ . Therefore, it can be concluded that H2 is accepted, which means there is an influence of X2 on Y.

c. Testing Hypothesis Three (H3)

It is known that the significance value for the influence of X3 on Y is  $0.000 < 0.05$ , and the calculated t-value is  $3.685 > 1.985$  ( $a/2: n-k-1$ )  $a = 5\% = t(0.05/2: 100-4-1 = 0.025: 95 = 1.98525)$ . Therefore, it can be concluded that H3 is accepted, which means there is an influence of X3 on Y.

d. Testing Hypothesis Four (H4)

It is known that the significance value for the influence of X4 on Y is  $0.000 < 0.05$ , and the calculated t-value is  $3.880 > 1.985$  ( $\alpha/2: n-k-1$ )  $\alpha = 5\% = t(0.05/2: 100-4-1 = 0.025: 95 = 1.98525)$ . Therefore, it can be concluded that H4 is accepted, which means there is an influence of X4 on Y.

## **Research Discussion**

### **1. The Influence of Sharia Compliance on Purchase Decisions**

Sharia Compliance can be defined as the ability of social networking sites selling their products to comply with and operate under the principles of Islamic economics. Assuring compliance with Sharia principles is crucial in conducting business by Sharia. The hypothesis test results in this study prove that Sharia Compliance does not significantly influence online purchases among millennial Muslim consumers. This research is in line with the study by (Putri Diah Kartika and Rizal Agus, 2021), which found that Sharia compliance does not have a significant partial influence on purchasing decisions. However, simultaneously, Sharia compliance does affect purchase decisions. (Rohali et al., 2022), in a study examining the factors influencing companies' decision-making to transact with Islamic banks, found that Sharia compliance does not have a positive impact on transaction decisions in Islamic banks.

An interesting finding from this research is that Sharia compliance is a distinguishing factor in the behavior of Muslim consumers compared to other consumers, representing a unique behavior among Muslim consumers. However, it appears that Sharia compliance does not yet have an impact on the purchasing decisions of Generation Z Muslim consumers.

### **2. Trust significantly influences online purchase decisions**

The hypothesis test results prove that trust significantly influences online purchase decisions. Trust can be interpreted as the belief in the ability and integrity of online shopping services on platforms like Shopee. Customer preferences require online businesses to be adaptive and maintain consumer trust to ensure continued transactions. In the final stages of the consumer's journey after completing a transaction on an online store, consumers will evaluate the performance of the app's usability and the services provided by the online store.

After purchasing and consuming a product, consumers will experience varying levels of satisfaction or dissatisfaction. If consumers feel confident in the service, they



often express their opinion through star ratings, a popular rating scheme in online stores. This research aligns with a study conducted by (Giampietri et al., 2018), where the trust variable directly influences purchase decisions, meaning that trust plays a significant role in influencing consumer behavior when making purchases.

### **3. Usability significantly influences online purchase decisions**

The hypothesis test results in this study confirm that usability significantly influences online purchase decisions. In online trade transactions, usability is one of the factors considered by consumers. Consumers who find the online shopping system easy to use are more likely to make purchases and repeat them in the future. This research is consistent with previous studies, such as the one conducted by (Wahyuni et al., 2017), which found that the usability variable has a positive and significant impact on consumer purchase decisions on Zalora.co.id. Initially, when someone or a potential consumer wants to shop online for the first time, they may encounter difficulties due to a lack of familiarity with the process. Consumers who find online shopping systems difficult to navigate may abandon their intention to shop online and opt for offline stores that are more accessible. However, on the contrary, when someone experiences ease in online shopping, they are more likely to continue using online shopping apps.

### **4. Trend significantly influences online purchase decisions.**

The hypothesis test results prove that trends significantly influence online purchases. This indicates that trends have a significant impact on online purchases. In online trade transactions, trends are one of the factors influencing consumer interest in purchasing a product. This is supported by Yolinda, Winatha, & and Nurdin (2018) in their research, which found that trends influence consumer clothing purchase decisions. However, (Jayanti's, 2020) yielded different results, indicating that the trend variable, when considered individually, does not significantly affect purchase decisions. In this era of technological advancement, a trend has emerged in society in terms of consumer shopping behavior, with consumers preferring to shop online. (Putro and Haryanto, 2015) argue that online shopping behavior (also referred to as online buying behavior, internet shopping behavior, or shopping via the Internet) involves the process of purchasing goods or services through the Internet.

### **5. Sharia Compliance, Trust, Usability, and Trend together significantly influence online purchase decisions.**

The hypothesis test results demonstrate that Sharia Compliance, trust, usability, and trends collectively have a significant impact on online purchase decisions. This is indicated by the obtained F-test result, with an F-value of 43.294 (F-value > F-table 2.47) and a significance level of 0.000 (sig < 0.05). This indicates that there is a positive and significant influence of the variables Sharia Compliance, trust, usability, and trend together on online purchase decisions. The variable trust (X2) related to online purchases has the highest influence on purchase decisions compared to the Sharia Compliance variable (X1), usability (X3), and the trend variable (X4).

#### **E. Conclusion**

Based on the analysis and discussion conducted, it can be concluded that trust, usability, and trends significantly influence online purchase decisions. However, Sharia Compliance does not have a significant impact on online purchase decisions. Based on these findings and conclusions, when making online purchase decisions, it is important for Muslim consumers to not only consider trust, usability, and trends but also take into account Sharia Compliance and adhere to Islamic principles in their online purchases.

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