Concept Paper

Research Writing

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**Title:**E-Commerce: The Impact of the Internet to Carousell/Shopee PH Entrepreneurs to Increase Profit and Growth

**Keywords:**E-Commerce, Online Shops, Increase Profit and Growth

**Short Title:**The Impact of the Internet to Online Shop Entrepreneurs

**Rationale:** Online shops are very in demand nowadays with a surprising increase in traffic. They are like mushrooms that have burgeoned especially in the Philippines, but we are concerned about the reasons behind why did these entrepreneurs came to the certain extent where they migrate their business to the internet. As millennials, we chose this topic for the reason that we are much more engaged in new technology. A vast majority of this generation is inclined to advance technology that makes things so much handy for people that even shopping is just now one click away.

Being a college student is indeed very hassle and stressful thus we have to balance our time in handling tons of activities. So as busy students, we would rather go through our gadgets to go to online shops. For us, a searchable and convenient catalog makes purchasing effortless along with its various product reviews and feedbacks regarding the specific online shop services that give is contentment to buy the certain merchandise. Online shopping saves us a lot of time and energy. Aside of the convenience they offer, there are also factors that positively affect the supplier, consumer and even the economy of the country.

**Background of the Study:** Electric commerce, commonly known as e-commerce, is the buying and selling of products or services over an electronic system over the internet. In this modern time, the term e-commerce could be used for almost anything that involves electronic transaction such as purchasing from an e-tailer, online delivery of paid content, and financial transaction between bank accounts.

E-commerce became possible in early 90s, in this period, the internet became exposed for commercial use. Since then, thousands of businesses have taken up residence at web sites. Soon after the birth of ecommerce, several types of ecommerce emerged into the scene. These types include: Business-to-Business(B2B), Business-to-Consumer (B2C), Consumer-to-Consumer (C2C), and Consumer-to-Business (C2B).

Over the years, e-commerce widespread and implemented globally to the point it reached the Philippines. The Filipinos are currently taking advantage of the idea of electronic transaction with Lazada, Zalora, Metrodeal, Shopee, Carousell etc., more Filipinos are becoming oriented to E-commerce and with the market growing; it is not alarming to see the venture capitalist gathering for online shops. Basically, the Internet has significantly modified the way Filipinos do business.

**Research Questions:**

1. What are the opportunities and disadvantages that the Entrepreneurs encountered upon migrating to Online Platforms?
2. How important is the role of data as a catalyst for the creation of new services and a source of competitive advantage? Will the notion of privacy need to change?
3. What would be the effects of the Online Shops to the

* Entrepreneurs
* Economy of the Philippines
* Consumers

**Objectives:** This research aims to study the impact and effects of the internet regarding the implementation of online marketplaces like Carousell and Shopee PH to Filipino entrepreneurs. It is to analyze aspects that caused growth and increase in profit after the implementation of the said online marketplaces. Thus the objectives are the following:

1. to determine the advantages and disadvantages encountered by Filipino entrepreneurs upon either migrating or extending their businesses and ventures on online marketplaces
2. to analyze the economic growth, in terms of profit, of Filipino entrepreneurs who have implemented E-commerce into their businesses

**Theoretical Framework:**

* **E-Commerce –** the buying and selling of goods and services over the internet.

**Ecological System Theory** (Brofenbrenner, 1979)

According to analysis of systematic and ecological features of e-commerce ecosystem, we can summarize that the system has the characteristics: integrity, hierarchy, open, dynamic, nonlinear, biological, competitive, symbiotic, and collaborative evolution, and so on. Therefore, we can conclude that: e-commerce ecosystem can be considered as a complex ecological system.

**Chaos Theory**

It has applications in many areas including networking, big data analytics, fuzzy logic, business intelligence (BI), marketing, game theory, systems thinking, predictive analytics and social networking.

**Complexity Theory** (Dawson, 1994; Crossan, White, Lane & Klus, 1996)

Complexity theory emphasizes on planned change instead of chaotic processes of “self-organization that produce unpredictable emergent change” (Shaw, 1997). It advocates continued adaptation and realignment instead of freezing an organization to a state of rigidity

**System Theory** (Lomerson et al., 2007)

The basic advantage of the system approach is that it encompasses many concepts of system theory such as inputs, outputs, boundaries, feedback and control, etc. that are useful in understanding business situations. An Information System (IS) is a typical example of a system that conforms to the system theory. The IS as a sub system that works with other sub systems of the business system that acquires the resources, supports business processes and produces the outcomes that represent business performance

* **Online Shops** – also known as online marketplaces, are e-commerce websites where product or services are provided by multiple third parties.

**Planned Behavior Theory** (Ajzen, 1980)The theory of planned behavior (abbreviated TPB) is a theory that links beliefs and behavior. The concept was proposed by Icek Ajzen to improve on the predictive power of the theory of reasoned action by including perceived behavioral control. It is a theory explaining human behavior.

**Lazy User Theory of Solution Selection** (Collan and Tettard, 2007)  
 The theory focuses on the *need and user characteristics*, *effort needed from the user*, and the *effect of learning to the effort needed*. This theory explains that “selection of solution = technology adaptation”. The users need defines and the users state limits the set of possible solutions to fulfill a certain need, also, the selection of solution is based on the lowest level of effort needed

**Technology Acceptance Model** (Davis, 1985)  
 Reference: Chuttur M.Y. (2009). "Overview of the Technology Acceptance Model: Origins, Developments and Future Directions ," Indiana University, USA . *Sprouts: Working Papers* *on Information Systems*, 9(37). http://sprouts.aisnet.org/9-37   
 This theory proposes that users’ motivation can be explained by three factors: *Perceived Ease of Use, Perceived Usefulness,* and *Attitude Towards Using* the system. He said that the attitude of a user towards a system will determine whether the user will accept or reject the system. And the users’ attitude greatly relies on 2 major beliefs, perceived usefulness and perceived ease of use.

* **Profit and Growth**

**New Growth Theory** (Romer, 1993)  
 This theory assumes that the people’s wants and unlimited desires supports the constantly increasing productivity and economic growth. It asserts that real GDP per individual won’t constantly expand due to the people’s pursuit of earnings. One of the principles of the theory is this main idea: as the competition arises in an area, people basically have to innovate or invent new products in order to dominate and garner a higher profit.

**Neoclassical theory** (Weintraub, 2002)

Reference: Weintraub E.R. “The Concise Encyclopedia of E-Commerce”, Library of Economics and Liberty. //www.econlib.org/library/Enc1/NeoclassicalEconomics.html

The Neoclassical economics theory focuses more on how useful the product is rather than the cost of production of the product itself. The theory assumes the following:

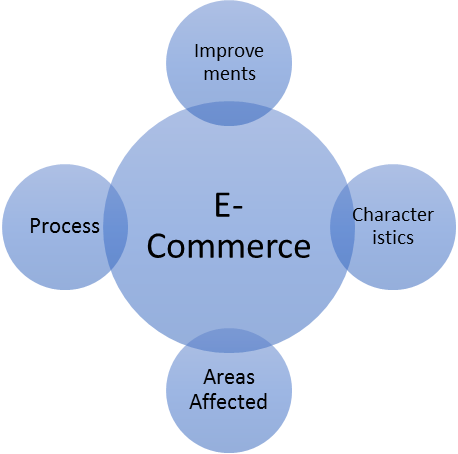
1. People have rational preferences among outcomes.
2. Individuals maximize utility and firms maximize profits.
3. People act independently on the basis of full and relevant information.

With that being said, it is also concluded that the usefulness of products heavily affects market forces such as the supply and demand.

**Endogenous growth theory** (Arrow, et al.)  
 Reference: The Endogenous Growth Theory: Models and Policy Implications. http://www.yourarticlelibrary.com/macro-economics/growth-models/the-endogenous- growth-theory-models-and-policy-implications/31170/  
 This theory basically says that the growth of the economy is not because of external forces, but due to endogeneity with factors such as stock of human capital and knowledge being the main factors of economic growth. This theory is based on 5 assumptions:

1. There are many firms in a market.
2. Knowledge or technological advance is a non-rival good.
3. There are increasing returns to scale to all factors taken together and constant returns to a single factor, at least for one.
4. Technological advance comes from things people do. This means that technological advance is based on the creation of new ideas.
5. Many individuals and firms have market power and earn profits from their discoveries. This assumption arises from increasing returns to scale in production that leads to imperfect competition."

**Conceptual Framework:** The researchers will relate the *Ecological System Theory* to the concept of E-Commerce because they wanted to widen the factors that might also affect the e-tailers, as they are a part of the e-commerces ecosystem. The researchers will also relate the *System Theory* and *Complexity Theory* because in the System Theory, it clearly says that an IS (Information System) is a basic advantage in a business setting, while in the Complexity Theory, it states that it emphasizes on planned change, and the researchers believes that the formulation of virtual marketplaces are planned, not accidental. The formulation of such marketplaces are also dependent on the users themselves, because according to the *Lazy User Theory*, the selection of solution leads to technology adaptation, and in addition to that, the *Technology Acceptance Model*, states that the users’ motivation to use the system varies on the system itself. The researchers will also relate the *New Growth Theory* because they wanted to know the different tactics of entrepreneurs to increase their profit and growth. The researchers will also include the *Neoclassical Theory* as it states that the product usefulness affects the supply and demand growth, also, one of the factors that affects profit and growth are external factors as hypothesized by the *Endogenous Growth Thoery*



Complexity Theory

Ecological System Theory

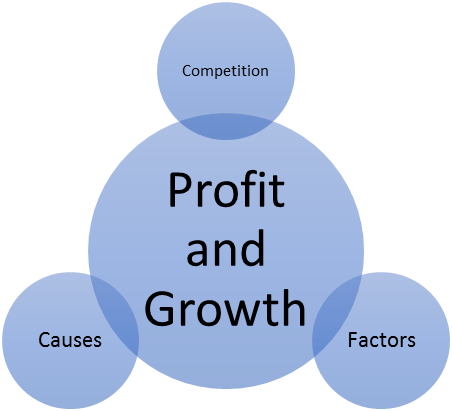
System Theory

Chaos Theory

Planned Behavior Theory

Technology Acceptance Model

Lazy User Theory



New Growth Theory

Neoclassical Theory

External Factors

Endogenous Growth Theory

**Scope and Limitations:** This research aims to determine the impact of the internet on increasing the profit and growth of the Philippines' entrepreneurs.

**Definition of Terms:**

The definition of words to be used in this research is defined by the following:

* Entrepreneur - a person who organizes and operates a business or businesses.
* E-commerce (electronic commerce or EC) - the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet.
* E-tailer - a retailer selling goods via electronic transactions on the Internet.
* Online shopping - a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser.
* Traffic - the amount of visitors and visits a web site receives.
* Endogeneity – a change or variable that arises from within a model or system.

**Methodology  
- Research Design:** This research will be an observational study wherein the researchers will look for the effects the internet did to the entrerpeneurs’ profit and growth as compared to their profit pre-migration.

**- Respondents of the Study:** The respondents of this study are online shop entrepreneurs who migrated or extended or both their businesses to online marketplaces Carousell and Shopee PH.

**- Research Instruments:** The researchers will use various research instruments such as a questionnaire method through simple random sampling, and a semi-structured interview will be conducted. This is to make the data gathered much more precise and accurate. support the effects the internet did to Filipino entrepreneurs. Also, to further support our research, we will use Google and EBSCO Host to look for secondary sources related to our topic.

**- Procedure:** The researchers will choose respondents from different online marketplaces such as Carousell Philippines and Shopee PH, respondents will be given a questionnaire that they should answer. Some of the respondents will be called in for an interview to further support the data gathered for this research.

**- Statistical Treatment:** The researchers will process the gathered from the answered questionnaires by computing for its mean, median, and mode in order to find out the standard deviation. The researchers will also use a pie chart indicating the percentages of the general data.

 FORMULAS:

Mean: Median (Odd):



Median (Even):



Standard Deviation:

Where μ = mean

X1 = are individual values

Percentage:   
Where % = Percent

f = Frequency

n = number of cases