



The Influence of Perceived Financial, Product-Quality, and Privacy Risks on Online Purchasing Decisions on TikTok Shop (A Case Study of Students of the Business Administration Department, Ujung Pandang State Polytechnic)

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ABSTRACT

This research aims to determine the influence of risk perception on online purchasing decisions on TikTok Shop, with a focus on students majoring in Business Administration at the State Polytechnic of Ujung Pandang. The rapid development of e-commerce and social commerce has changed consumer buying behavior, especially among young consumers who tend to prioritize convenience and digital interaction. However, the presence of perceived risks such as product quality, financial loss, or delivery delays can affect purchasing decisions. This research uses a quantitative descriptive approach with a total of 88 respondents obtained through purposive sampling. Data were collected using questionnaires and interviews and analyzed using Partial Least Square (PLS) through SmartPLS 4. The data analysis was conducted using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach with SmartPLS 4, which involved two main stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The measurement model was assessed through convergent validity (outer loadings and Average Variance Extracted/AVE), discriminant validity (HTMT criterion), and composite reliability. The structural model was evaluated using path coefficients, t-statistics obtained through bootstrapping (5,000 resamples), R² values, and significance levels (p-values). The results show that risk perception significantly affects online purchasing decisions on TikTok Shop. High perceived risks related to product quality, transaction security, and delivery time can influence students' decision-making in online shopping behavior.



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INTRODUCTION

The development of digital technology and the internet has brought significant changes to consumer behavior worldwide, including in Indonesia (Masood & Javaria, 2021; Zhang et al., 2025). The increasing use of social media and e-commerce platforms has made it easier for consumers to purchase products without having to visit physical stores (Mukhlis, 2025a; Mukhlis & Saidah, 2025). One of the most recent phenomena in digital marketing is the emergence of social commerce platforms, such as TikTok Shop, which combine entertainment content with buying and selling activities.

TikTok Shop was launched in 2021 and offers a business model that allows users to make purchases directly from short videos presented by creators or brands. This feature attracts young consumers, particularly university students, as it provides an interactive and enjoyable shopping experience (Mukhlis, Arifin, Ridwan, & Zulbaidah, 2025; Mukhlis, Arifin, Ridwan, Zulbaidah, et al., 2025). However, despite the convenience it offers, various risk perceptions have emerged that may influence purchasing decisions, such as concerns regarding product quality, transaction security, and product authenticity.

Students majoring in Business Administration, as part of the digital native generation, represent an active group of consumers in online shopping activities. Nevertheless, observational findings indicate that they still experience concerns related to digital transactions, particularly regarding product mismatches, delivery delays, and potential financial losses (Mukhlis, 2025b; Mukhlis, Suradi, et al., 2023). These factors highlight the importance of understanding how risk perception influences purchasing decisions on TikTok Shop.

Although previous studies have extensively examined risk perception in conventional e-commerce contexts, limited research has specifically explored risk perception within social commerce environments that integrate entertainment-based content, such as TikTok Shop. Most prior studies treat online shopping platforms as homogeneous, without distinguishing the unique characteristics of short-video-based social commerce that blends social interaction, influencer marketing, and instant purchasing features. Consequently, there is still insufficient empirical evidence explaining how multidimensional risk perception operates in this hybrid digital environment, particularly among university students who are both digitally literate and economically constrained.

Furthermore, existing literature predominantly focuses on general consumer populations, leaving a gap in understanding how Business Administration students—who possess academic knowledge related to marketing, management, and consumer behavior—perceive and respond to online transaction risks. Their educational background may shape a more critical evaluation process, which could influence the strength and direction of the relationship between risk perception and purchasing decisions.

Therefore, this study aims to address these gaps by examining the effect of multidimensional risk perception on purchasing decisions in the context of TikTok Shop among Business Administration students. By doing so, this research seeks to clarify whether established theories of risk perception in traditional e-commerce remain applicable in social commerce settings and to provide empirical evidence that strengthens the theoretical and practical understanding of consumer decision-making in emerging digital platforms.

LITERATURE REVIEW

According to Al-Adwan et al., (2019) & Rohden & Zeferino, (2023), risk perception refers to the uncertainty perceived by consumers regarding the outcomes of purchasing decisions. Risk perception includes functional, financial, physical, psychological, and time risks (Mukhlis, Januari, et al., 2023; Mukhlis & Abdullah, 2025). The greater the perceived risk, the less likely consumers are to make a purchase .

Purchasing decision, as defined by Kotler and Keller (2016), is the consumer decision-making process in determining which product to buy (Kumar & Gupta, 2020; Li et al., 2024). This process includes need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

Several previous studies (Milkoreit, 2023; Sung et al., 2021) indicate that risk perception has a negative effect on purchasing decisions. When perceived risk is high, consumers tend to delay or cancel purchases. Conversely, when risk can be minimized, purchasing decisions tend to increase.

RESEARCH METHODS

This study was conducted at the Department of Business Administration, Politeknik Negeri Ujung Pandang, from June to August 2025 (Daly, 2007; Longhofer et al., 2012). The research population consisted of 714 students, with a sample of 88 respondents selected using a purposive sampling technique. The purposive sampling technique was employed because the study required respondents who met specific criteria relevant to the research objectives, namely students who had prior experience in purchasing products through online platforms within the last six months. This criterion ensured that respondents possessed sufficient knowledge and direct experience related to risk perception and purchasing decision behavior. However, it is acknowledged that purposive sampling

may limit the generalizability of the findings, as the sample may not fully represent the entire student population.

Primary data were collected through questionnaires and interviews, while secondary data were obtained from literature and academic documents (Hillman & Radel, 2018; Migdal, 2018). The questionnaire was developed based on established constructs from previous studies on risk perception and purchasing decisions, and was structured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument consisted of two main sections: (1) demographic information of respondents and (2) measurement items reflecting dimensions of risk perception (e.g., financial risk, product risk, and security risk) and purchasing decisions. Prior to data collection, the questionnaire was reviewed by two experts in marketing research to ensure content validity and clarity of items.

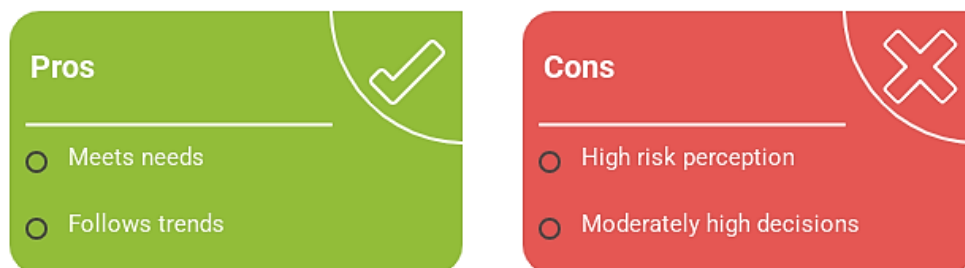
In addition, semi-structured interviews were conducted with selected respondents to obtain deeper insights into their perceptions and decision-making processes. An interview guide was prepared to ensure consistency across sessions, focusing on themes related to perceived risk factors, trust considerations, and determinants of purchasing decisions. Each interview lasted approximately 20–30 minutes and was recorded with the participants' consent to ensure accuracy in data interpretation.

The data were analyzed using a descriptive quantitative approach with the Partial Least Squares (PLS) technique (Borcsa & Rober, 2015), employing the SmartPLS 4 application to examine the relationship between the risk perception variable and purchasing decisions.

RESULTS AND DISCUSSION

The results of the analysis indicate that students' risk perception falls into the high category, particularly in the indicators of functional and financial risk. Students' purchasing decisions are categorized as moderately high, meaning that despite existing concerns, they continue to make purchases due to needs and prevailing social trends.

Student purchasing decisions



Hypothesis testing using PLS shows that risk perception has a significant effect on online purchasing decisions on TikTok Shop (Alqahtani et al., 2019; Katib et al., 2025). A t-statistic value greater than 1.96 and a p-value below 0.05 confirm that the hypothesis is accepted. Specifically, the path coefficient indicates a statistically significant relationship at the 5% level, demonstrating that risk perception is not only statistically meaningful but also substantively relevant in explaining variations in students' purchasing decisions. The higher the perceived risk, the greater its influence on purchasing decisions.

Furthermore, the effect size (f^2) indicates a moderate contribution of risk perception to the model, suggesting that risk perception explains a meaningful proportion of variance in purchasing decisions rather than a trivial statistical association. This strengthens the interpretation that risk perception plays an important predictive role within the structural model. The R^2 value for purchasing decisions also reflects that risk perception contributes substantially to the explanatory power of the model, although other factors beyond this study may also influence purchasing behavior.

These findings are consistent with the theory proposed by Kotler and Keller (2016), which states that risk perception is an important factor in purchase decision-making (Han, 2019). Concerns regarding product authenticity and seller transparency make students more cautious (Mukhlis, Maryam, et al., 2023; Mukhlis et al., 2024). However, trust in brands and the attractiveness of TikTok Shop promotions are able to reduce perceived risk by providing an enjoyable shopping experience.

CONCLUSION

Risk perception has a significant effect on online purchasing decisions on TikTok Shop. Students with a high level of perceived risk tend to be more selective and cautious when shopping. Sellers need to enhance consumer trust through transparent product information, secure payment systems, and timely delivery. For universities and business practitioners, these findings can serve as a reference for understanding students' shopping behavior and for developing marketing strategies that emphasize trust and transaction security. However, this study is not without limitations. First, the sample was limited to students within a specific institutional and demographic context, which may restrict the generalizability of the findings to broader consumer populations. Second, the study focused solely on risk perception as a predictor variable, without incorporating other potentially influential factors such as brand image, electronic word-of-mouth, promotional strategies, or platform usability. Future research is therefore recommended to expand the sample to different age groups, regions, and socio-economic backgrounds in order to improve external validity. Further studies could also adopt longitudinal or mixed-method approaches to gain deeper insights into how risk perception evolves over time and interacts with other psychological and technological variables. Practically, platform developers and policymakers may use these findings to design consumer protection mechanisms, strengthen dispute resolution systems, and develop digital literacy programs aimed at reducing perceived risk and increasing sustainable online purchasing behavior.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest regarding the publication of this article. The research was conducted independently without any financial, commercial, or personal relationships that could be construed as a potential conflict of interest.

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