



05-4506832



pustaka.upsi.edu.my



Perpustakaan Tuanku Bainun
Kampus Sultan Abdul Jalil Shah



PustakaTBainun



ptbupsi

THE CHOICE OF MECHANISMS AND
TECHNOLOGIES TO BUILD ONLINE TRUST
IN E-COMMERCE WEBSITE AND THE
INFLUENCE OF PERSONAL
CHARACTERISTICS



05-4506832



pustaka.upsi.edu.my



Perpustakaan Tuanku Bainun
Kampus Sultan Abdul Jalil Shah



PustakaTBainun



ptbupsi

FLORA ANAK MEMBUAS

UNIVERSITI PENDIDIKAN SULTAN IDRIS

2011



05-4506832



pustaka.upsi.edu.my



Perpustakaan Tuanku Bainun
Kampus Sultan Abdul Jalil Shah



PustakaTBainun



ptbupsi



THE CHOICE OF MECHANISMS AND TECHNOLOGIES TO BUILD
ONLINE TRUST IN E-COMMERCE WEBSITE AND THE
INFLUENCE OF PERSONAL
CHARACTERISTICS

FLORA ANAK MEMBUAS



THIS DISSERTATION IS SUBMITTED TO FULFILL THE PARTIAL OF
REQUIREMENT FOR THE DEGREE OF MASTER EDUCATION
(INFORMATION TECHNOLOGY AND COMMUNICATION)

FAKULTI SENI KOMPUTERAN DAN INDUSTRI KREATIF
UNIVERSITI PENDIDIKAN SULTAN IDRIS

2011





PENGAKUAN

Saya mengaku bahawa disertasinya ini adalah hasil kerja saya sendiri kecuali nukilan dan ringkasan yang setiap satunya saya jelaskan sumbernya.

20 DISEMBER 2011

FLORA ANAK MEMBUAS

M20092001249





DECLARATION

I hereby declare that the writing in this thesis is my own except for the quotations and summaries of other authors' work where each of them I explained the source.



FLORA ANAK MEMBUAS

M20092001249





ACKNOWLEDGEMENT

I would like to take this opportunity to thank my supervisor Dr Ramlah Binti Mailok in completing this research. She has provided guidance, cooperation, criticism and commitment and invaluable assistance in terms of ideas and thoughts in the completion of this study. She never stops encouraged me and advised to think positive no what circumstances. The award is also dedicated to all Information Technology and Communication education lecturers who involved directly or indirectly in the shed all the knowledge they shared based on their experience in this field of research. Not forget also for my data analysis lecturer, Dr Ramlee Ismail, who never stops response to all my questions regarding on statistic tests that suitable for my research.

To my beloved parent, my siblings and other family members whom by my side from the beginning until the end of this research. Endless appreciation for my father and mother for not only giving me moral support but they also support in terms of financial in order to complete my study. To all my friends that sharing their idea and opinion as well as critics, thank you very much. Last but not least, I also would like to thank all postgraduate students that became respondents for this study for their cooperation to answer the questionnaire. In conclusion, this research has taught me the true meaning of life. I learnt how to manage time and myself very well, learnt to appreciate every single thing other people helped and taught me. All these human values are very precious which I cannot get anywhere. May God bless all of you. Thank you.





ABSTRACT

Aim of this study was to investigate the preference of mechanism and technologies to build online trust among consumer towards e-commerce website. Mechanisms and technologies that being studied were secure communication channel mechanism, interaction with past consumers, clear policy, website design, third party services, company information, and products or services information. The selection of mechanisms and technologies are influenced by the gender, e-commerce experience, Internet experience and personality being study to investigate influence of these factors. This study adopted quantitative approach, use questionnaire as instrument and samples were 226 postgraduate from one of the public institutions of higher education (IPTA) in Malaysia. To determine the effect of the selection mechanism and the existence of such technology, comparison of mean values using t test and ANOVA test were performed. It was found that only Internet experience affects online trust towards e-commerce website while gender, type of personality and e-commerce experience do not influence online trust. For e-retailing and e-service website, clear policy is the most important mechanism to build online trust while for e-banking website, third party services has been selected. E-commerce website in future is recommended to have these seven trust triggers to attract consumers to engage with e-commerce transactions. Overall, secure communication channel is the most important technology for e-commerce website to build online trust among consumers.





ABSTRAK

Kajian ini dijalankan untuk mengkaji pilihan teknologi dan mekanisma yang boleh mewujudkan kepercayaan dalam talian dalam kalangan pengguna terhadap laman web e-dagang. Mekanisma dan teknologi yang dikaji adalah saluran komunikasi selamat, interaksi dengan pengguna lepas, kejelasan polisi, reka bentuk laman web, khidmat pihak ketiga, maklumat syarikat dan maklumat produk atau pekhidmatan. Pemilihan mekanisma dan teknologi adalah dipengaruhi jantina, pengalaman menggunakan laman web e-dagang, pengalaman menggunakan internet dan personaliti dikaji untuk menentukan kesan pengaruh faktor-faktor berkenaan. Kajian ini merupakan kajian kuantitatif, menggunakan borang soal selidik sebagai instrumen kajian. Sampel terdiri daripada 226 pelajar pasca siswazah dari salah sebuah IPTA. Untuk menentukan kewujudan pengaruh pemilihan mekanisma dan teknologi tersebut, perbandingan nilai min dengan menggunakan ujian t dan ANOVA digunakan. Didapati hanya pengalaman menggunakan Internet sahaja yang mempengaruhi kepercayaan terhadap e-dagang manakala jantina, jenis personaliti dan pengalaman menggunakan laman web e-dagang tidak mempengaruhi kepercayaan terhadap laman web e-dagang. Untuk laman web jenis *e-retailing* dan *e-service*, polisi yang jelas dipilih sebagai mekanisma yang paling penting, manakala untuk laman web *e-banking*, khidmat pihak ketiga dipilih sebagai mekanisma yang paling penting. Web e-dagang disyorkan untuk mempunyai ketujuh-tujuh elemen kepercayaan dalam talian untuk menarik minat pengguna terhadap transaksi e-dagang. Secara keseluruhannya saluran komunikasi selamat adalah teknologi paling penting untuk laman web e-dagang untuk mewujudkan kepercayaan dalam talian dalam kalangan pengguna.





TABLE OF CONTENT

	Page
Pengakuan	ii
Declaration	iii
Acknowledgement	iv
Abstract	v
Abstrak	vi
Table of Content	vii
List of Tables	xiii
List of Figures	xvi



CHAPTER 1: INTRODUCTION

1.1	Introduction	1
1.2	Background of Study	3
1.3	Problem Statement	6
1.4	Objectives	8
1.5	Null Hypotheses	8
1.6	Research Questions	9
1.7	Significant of the Study	9
1.8	Scope of Study	10
1.9	Operational Definitions	11
1.10	Conceptual Framework	13
1.11	Summary	14





CHAPTER 2: LITERATURE REVIEW

2.1	Introduction	15
2.2	Terminology of E-Commerce	17
2.3	E-Commerce Classification, Types and Categories	18
2.3.1	E-Service	20
2.3.2	E-Banking	21
2.3.3	E-Retailing	23
2.4	Online Trust and Perceived Online Trust	24
2.4.1	Online Trust	24
2.4.2	Perceived Online Trust	26
2.5	Learning Theory towards E-Commerce	28
2.5.1	Social Cognitive Theory	30
2.5.2	Cognitive Perspective	33
2.5.3	Online Trust in Social Cognitive Terms	33
2.6	Consumer Personal Characteristic	36
2.6.1	Personality	36
2.6.1.1	Introvert	37
2.6.1.2	Extrovert	37
2.6.1.3	Ambivert	38
2.7	Gender and E-Commerce	38
2.8	Internet Experience	41
2.9	E-commerce Experience	43
2.10	Trust Models or Guidelines	46
2.11	Mechanisms and Technologies to Integrate Online trust	54



2.11.1	Secure Communication Channel Mechanism	55
2.11.1.1	Encryption Approach	56
2.11.1.2	Secure Socket Layer	56
2.11.1.3	Secure Hypertext Transfer Protocol (S-HTTP)	57
2.11.1.4	Secure Electronic Transfer (SET)	58
2.11.2	Clear Policy	58
2.11.2.1	Privacy or Security Policy Statement	58
2.11.3	Website Design	60
2.11.3.1	Online trust and Website Design	61
2.11.4	Third Party Services	62
2.11.4.1	Trust Seals Programs	63
2.11.4.2	Type of Trust Seals Programs	63
2.11.4.3	Digital Certificate	70
2.11.5	Vendor (Company) Information	72
2.11.5.1	Trust and Vendor Information	72
2.11.6	Product or Service Information	73
2.11.6.1	Trust and Product or Service Information	73
2.11.7	Interaction with Past Consumer	73
2.11.7.1	Consumer Feedback	74
2.11.7.2	Testimonial and Reference from Past Consumer	74
2.12	Summary	75

CHAPTER 3: METHODOLOGY

3.1	Introduction	76
3.2	Research Design	77
3.3	Population and Sample	79
3.3.1	Sampling Technique	80
3.4	Instruments or Measures	81
3.5	Validity	83
3.6	Reliability	85
3.7	Pilot Test	86
3.8	Data Collection	87
3.9	Data Analysis	88
3.9.1	Descriptive Analysis	88
3.9.2	Independent Sample T-Test	89
3.9.3	One Way ANOVA	90
3.9.4	Correlation	90
3.9.5	Summary of Data Analysis	91
3.10	Summary	92

CHAPTER 4: ANALYSIS

4.1	Introduction	93
4.2	Analysis of Consumer Personal Characteristics	95
4.3	Analysis for Preference Mechanisms and Technologies	98
	E-Commerce Website	
4.4	Consumer Personal Characteristics	100
4.4.1	Gender	101
4.4.1.1	Gender towards Online trust	101

4.4.1.2 Gender towards Preference Mechanisms and Technologies	102
4.4.2 Personality	107
4.4.2.1 Personality towards Online Trust	107
4.4.2.2 Personality towards Preference Mechanisms and Technologies	108
4.4.3 E-Commerce Experience	112
4.4.3.1 E-Commerce towards Online trust	113
4.4.3.2 E-Commerce towards Preference Mechanisms and Technologies	114
4.4.4 Internet Experience	119
4.4.4.1 Internet Experience towards Online Trust	119
4.4.4.2 Correlation between Internet Experience With Online trust	120
4.4.4.3 Internet Experience towards Preference Mechanisms and Technologies	121
4.5 Relationship between Variables and Online trust	126
4.6 Type of E-Commerce Website towards Online trust	131
4.7 Summary	132

CHAPTER 5: DISCUSSION AND RECOMMENDATION

5.1 Introduction	134
5.2 Discussion on Preference Mechanisms and Technologies for E-Commerce Website	135

5.2.1	Discussion on Preference Mechanisms and Technologies for E-Retailing	138
5.2.2	Discussion on Preference Mechanisms and Technologies for E-Service	139
5.2.3	Discussion on Preference Mechanisms and Technologies for E-Banking	140
5.3	Discussion on Consumer Personal Characteristics that Influence Preference Mechanisms and Technologies	142
5.3.1	Discussion on Consumer Personal Characteristics that Influence Online trust	143
5.4	Discussion on Mechanisms and Technologies towards Online trust	146
5.5	Recommendation regarding on Mechanisms and Technologies to Build Online trust in E-commerce Website	150
5.5.1	Product or Service Information	150
5.5.2	Website Design	151
5.5.3	Clear Policy	152
5.5.4	Interaction with Past Consumer	155
5.5.5	Third Party Services	156
5.5.6	Vendor (company) Information	157
5.5.7	Secure Communication Channel	158
5.6	Future Research	159
5.7	Summary	160



LIST OF TABLES

Tables	Page
2.1 Top Ten Trust Attributes	47
2.2 Trust Inducing Features for Web Design	51
2.3 Guidelines for Integrating Trust in Online Stores	52
2.4 Trust Triggers	53
3.1 Number of Minimum Sample According to Type of Study	80
3.2 Sampling Procedure	81
3.3 Questionnaire Constructs	83
3.4 Cronbach Alpha	86
3.5 Summary of Data Analysis	91
4.1 Consumer Personal Characteristics	96
4.2 Descriptive Analysis	98
4.3 Levene Test for Gender	101
4.4 T-Test Gender Factor towards Online trust	102
4.5 Levene Test Gender towards Mechanisms and Technologies	102
4.6 T-Test Gender towards Secure Communication Channel	103
4.7 T-Test Gender Factor towards Interaction with Past Consumer	103
4.8 T-Test Gender towards Clear Policy	104



4.9	T-Test Gender towards Website Design	104
4.10	T-Test Gender towards Third Party Services	105
4.11	T-Test Gender towards Vendor Information	105
4.12	T-Test Gender towards Product or Service Information	106
4.13	ANOVA Test Personality Factor towards Online trust	107
4.14	ANOVA Test Personality Factor of Secure Communication Channel	108
4.15	ANOVA Test Personality Factor of Interaction with Past Consumer	109
4.16	ANOVA Test Personality Factor of Clear Policy	109
4.17	ANOVA Test Personality Factor of Website Design	110
4.18	ANOVA Test Personality Factor of Third Party Services	110
4.19	ANOVA Test Personality Factor of Vendor Information	111
4.20	ANOVA Test Personality Factor of Product or Service Information	112
4.21	Levene Test for E-Commerce Experience towards Online trust	113
4.22	T-Test E-Commerce Experience Factor towards Online trust	113
4.23	Levene Test E-Commerce Experience towards Preference Mechanisms and Technologies	114
4.24	T-Test E-Commerce Experience Factor of Secure Communication Channel	115
4.25	T-Test E-Commerce Experience Factor of Interaction With Past Consumer	115
4.26	T-Test E-Commerce Experience Factor of Clear Policy	116
4.27	T-Test E-Commerce Experience Factor of Website Design	117

4.28	T-Test E-Commerce Experience Factor of Third Party Services	117
4.29	T-Test E-Commerce Experience Factor of Vendor Information	118
4.30	T-Test E-Commerce Experience Factor of Product or Service Information	118
4.31	ANOVA Test Internet Experience towards Online trust	119
4.32	Correlation between Internet Experience with Online trust	120
4.33	ANOVA Test Internet Experience towards Secure Communication Channel	121
4.34	ANOVA Test Internet Experience towards Interaction with Past Consumer	122
4.35	ANOVA Test Internet Experience towards Clear Policy	122
4.36	ANOVA Test Internet Experience towards Website Design	123
4.37	ANOVA Test Internet Experience towards Third Party Services	124
4.38	ANOVA Test Internet Experience towards Vendor Information	125
4.39	ANOVA Test Internet Experience towards Product or Service Information	125
4.40	Correlation between Mechanisms and Technologies with Online Trust	127
4.41	Correlation between Types of E-Commerce Website with Online Trust	131



LIST OF FIGURES

Figures	Page
1.1 A Proposed Conceptual Framework Model to Build Online Trust in E-Commerce Website	13
2.1 A Diagrammatic of Social Cognitive Theory Illustrating how Personal and Environmental Factors affect Behavior	30
2.2 Consumer's Trust Formation Model	50
References	162
Appendices	181





CHAPTER 1

INTRODUCTION



1.1 Introduction

The Internet is becoming an indispensable tool in our daily life, and eventually becomes a part of mainstream culture in our society. According to Wee (2010), the Malaysian people surfs the Internet on an average of 5.2 hours per day or 5.3 days per month. More than 70% of the Malaysians use the Internet daily. The number of Internet subscribers in Malaysia has risen greatly since Malaysia putting more aggressive moves towards providing advance information technology, communication





and multimedia services. At the time being, Malaysia has a 66% Internet penetration rate.

The true potential of Internet technology is now being exploited at a higher rate as a medium of selling and purchasing goods (Ab Razak et al., 2009). The technology has transformed many industries into the e-commerce market environment. It is not surprising to find out that 83% of digital lifestyle consumers in Malaysia use the Internet to do purchasing while 75% of them use search engines to search for products or services sold online (Wee, 2010).

However, most scholars in the field of e-business are concerned with factors that affect the number of customers willing to engage in e-commerce transactions.

Many consumers seem to feel uncomfortable engaging in a transaction over the Internet with unfamiliar vendors (Gefen & Straud, 2003). Consumers are sometimes reluctant to share their personal information because they are unsure if they can put their trust on the websites.

Many have agreed that the lack of trust in e-commerce is one of the main factor that affects the number of consumer engaging in e-commerce (Tan & Teon, 2000; Lee & Turban, 2001; Reigelsberger et al., 2003; Patton & Josang, 2004; Pennanen, 2005). Hwang (2008) found that 95% of consumers have declined to provide personal information to e-commerce websites because of their lack of trust to those collecting. This scenario is not surprising since the internet itself is widely known as an open information sharing medium (Qin & Tian, 2007). The study by Horrigan (2008) suggested that by alleviating the concerns about safety of the online





transaction environment and assuring the consumers that online transaction not only convenience but would also save their time, the number of online consumers would increase.

1.2 Background of Study

Trust is the catalyst for human cooperation. It allows people to interact spontaneously and helps the economy to operate smoothly. Lack of trust at the other hand makes consumers waste time and resources on protecting themselves against possible harm and thereby clogs the economy. Websites offering e-commerce services should have certain characteristics that can trigger perceived trust among consumers which at the end will encourage the consumers to engage with the e-commerce businesses.

Consumers usually perceived the web as a world of chaos, offering both opportunities and threats (Cheskin Research and Studio Archetype/Sapient, 1999). Factors that affecting trust in e-commerce for consumers include the security risks, the privacy issues, and the lack of reliability in e-commerce processes, in general. The US Federal Trade Commission (2000) reports a rapid rise in the number of online fraud and deception complaints from consumers. In this environment of risk and uncertainty, e-commerce merchants should develop strategies for establishing trust and the system should be developed to assist consumer in accessing the level of trust they should place in e-commerce transaction. One of the strategies is to use certain mechanisms that would allow consumer to build the trust or trust.





Recent studies present a number of mechanisms that are highly potential to build the trust. In this study, the mechanisms include the technologies for securing communication channels, interaction with past consumers, clear policy, website design, third party services, vendor information and product or service information. In terms of securing communication, technologies such as encryption approach, secure socket layer (SSL), secure hypertext transfer protocol (S-HTTP), and secure electronic transfer (SET) and digital certificate are taken into consideration. Third party services include the uses of trust seal marks such as TRUSTe, VeriSign, BBBOnline, MultiCheck, WebTrust as etc. Study by Lee, Choi and Lee (2004) suggest that the third party service mechanism is strongly associated with the increase of perceived trustworthiness towards web retailers while decrease the consumers' perceived risk toward intention to purchase from the website.



As for vendors, websites are the main tools in persuading their customers to make purchasing. Since research shows a strong relationship between interface quality and trust (So et al., 2005), and most e-business success is determined in part by trust (Turban & King, 2003), the designs of the websites become vital in building the trust. At the most fundamental level, if a consumer cannot use an e-commerce website then he or she cannot purchase from it regardless of how much trust the website inspires and how good the marketing campaign is. As a result, web usability that focuses on the design and structure of the entire website has become one of the most vital issues in website design (Jamshidi, 2008).





To help consumers trust their websites, companies with an online presence started announcing their privacy practices. These practices make use sets of rules governing the organizational policy regarding personal data protection and security. These rules shall be documented in a statement which is called the *privacy policy* (Moulinos et al., 2004). The data security (*e-security*) refers to the technical aspects of data management and protection. There are many different methods of e-security such as statements about data protection and firewalls (protection) as well as familiar and verifiable domain name (verification) (Mandic, 2009).

Whether people have a precise goal in mind or simply browse a site, detailed descriptions of the products and services offered helps them to make informed decisions about their purchases (Egger, 2003). In terms of the vendor or company information, knowing who the other party is and how they it behave in the past proves to be a very good basis to decide whether they are trustworthy or not. The lack of direct interaction in e-commerce can be addressed by providing complete information about the history of the company, its legal status and the people behind it (Egger, 2003).

Consumer trust seems to be influenced by consumers' characteristics such as the personality, gender and also their past online or Internet experiences. Seeing how personality traits results in people's attitudes towards their environment, personality may very well affect an individual's choice such as their preferences for shopping online (Goby, 2006). However, recent studies show that women generally spend less time online, less interested in the Internet, and less likely to shop online (Gabarino & Strahilevitz, 2004; Rodger and Harris, 2003). Even though the literature regarding





gender differences in e-commerce is still relatively nascent (Dittmar et al., 2004), prior literature has shown that men and women react differently to website (Cyr & Bonani, 2005; Rodger & Harris, 2003), information design (Cyr & Bonani, 2005), and navigational design.

Several studies have focused on various aspect of trust to understand more about the concept of consumer trust in an online environment. Each studies propose different kind of models and frameworks (Tan & Teon, 2000; Lee & Turban, 2001; McKnight & Chervany, 2001; DeLone & McLean, 2004; Corritore et al, 2003; Pennanen, 2005). For example, study by Roca et al. (2008) contributed to the importance of perceived trust, security and privacy.



In this study, we categorized e-commerce businesses into three types which are e-service, e-banking and e-retailing. The consumer preference of building trust mechanisms is not only determined in general but also specifically based on each of the e-commerce business type.

1.3 Problem Statement

As e-commerce continues to grow, many businesses will utilize the Internet as their sales channel, thus many new websites are being developed and are becoming part of the e-commerce. Public concerns regarding e-commerce have emerged from the vast range of potential threats present on the Internet.





Due to its nature, the Internet is very different from the traditional “off-line” environment. The most prominent of these differences is the lack of person to communicate to, face-to-face (Flavian et. al, 2006). In regards to the purchase of products, one does not has a chance to assess goods as would in store (Flavian et.al, 2006), or even worse goods purchased might not be delivered at all. These problems might get worse if the individual deals with people from foreign countries especially when they have no established companies.

New reports about various online crimes have only led to more serious consumers’ concern that need to be justified. Fear must have increased—particularly when the reports involved some well-known companies. During that time, the risks in e-commerce might be perceived more strongly than they are in reality. Despite the e-commerce business types, all businesses will be affected, either e-retailing, e-service or e-banking. However, putting a stop to such news reports in order to alleviate the risks perceived towards e-commerce is not ethical. The news has to be communicated to the public. By doing so, consumer will be alerted thus further online crimes can be avoided or prevented. Concerns among consumers towards the risks of using the e-commerce need to be addressed efficiently to promote the healthy growth of the e-commerce market especially in Malaysia. One of the approaches that can be done is through the e-commerce websites themselves. It is essential for the websites to have certain characteristics or mechanisms that can signal some trust to the consumers. The most ideal mechanism for consumers remains an open question.





1.4 Objectives

1. Determine the preference mechanisms and technologies for e-commerce website in general among postgraduate students.
2. Determine the preference mechanisms and technologies for each type of e-commerce websites (e-retailing, e-service and e-banking) among postgraduate students.
3. Determine the personal characteristics that influence preference of mechanisms and technologies to build online trust among postgraduate students.



1.5 Null Hypotheses

H₀1: Product or service information has no relationship with online trust towards e-commerce website.

H₀2: Vendor (company) information has no relationship with online trust towards e-commerce website.

H₀3: Secure communication channel mechanism has no relationship with online trust towards e-commerce website.

H₀4: Interaction with past consumer has no relationship with online trust towards e-commerce website.





H₀5: Clear policy has no relationship with online trust towards e-commerce website.

H₀6: Website design has no relationship with online trust towards e-commerce website.

H₀7: Third party services have no relationship with online trust towards e-commerce website.

1.6 Research Questions



The main research question to be explored in this study is: Which is the most preferred trust signals that would eventually lead a consumer to use an e-commerce website in relating to the consumer him or herself? In particular, the research study contains the following questions:

1. Which is the most general mechanism in building trust chosen among postgraduate students?
2. Which is the most preferred trust builder mechanism regarding e-retailing, e-service and e-banking among postgraduate students?
3. Which of the consumer characteristics influence the preference of online trust builder mechanisms among postgraduate students (if any)?





1.7 Significant of the Study

Trust is a critical element of longevity and success in an e-commerce. Trust also often cited as one of the major concerns by consumers regarding on conducting an online transaction. Increasing consumer confidence and trust will fuel the growth of e-commerce on the Internet. As e-commerce continues to evolve, re-examination of the relationship between e-commerce website and consumer in the electronic market becomes necessary as a mean to gain better understanding especially of factors that influence the consumer's trust.

This study will contribute to the knowledge of online consumer trust and acceptance of e-commerce through the preference of mechanism and technology that should exist not only in e-commerce website generally but specifically for each time of e-commerce website (e-service, e-banking and e-retailing) that we studied.

Hopefully that the findings of this study a better understanding about trust technologies and their importance to support the increase use of e-commerce among consumers. To be more specific, from this research we can identify potential trust builder especially related to e-retailing, e-banking and e-service. These findings could be a good guidance for web vendors and e-commerce merchants which might eventually lead to a successful e-commerce business.





1.8 Scope of Study

This study is conducted based on certain scope in order to gather information about the preference mechanisms and technologies to build online trust among postgraduate students regarding on uses of e-commerce website.

- i) This study is conducted only for the postgraduate students from Universiti Pendidikan Sultan Idris.
- ii) This study is explore the mechanisms and technologies generally without rigidly focus for certain type of mechanisms and technologies that should be existed in each type of e-commerce websites.



1.9 Operational Definitions



Technology: The making, usage, and knowledge of tools, machines, techniques, crafts, systems or methods of organization in order to solve a problem or perform specific function (Ratnasingam, Pavlov & Tan, 2002).

Mechanism: The theory that everything in the universe is produced by matter in process or an instrument or a process, physical or mental, by which something is done or comes into being (Ratnasingam, Pavlov & Tan, 2002).

Online trust: Degree of confidence consumers have in online exchanges, or in the online exchange channel (Ribbink et al., 2004).





E-service: An interactive, content-centred and Internet-based customer service, driven by the customer and integrated with related organizational customer support processes and technologies with the goal of strengthening the customer service provider relationship (De Ruyter, Wetzels & Kleijnen, 2000).

E-retailing: Refers to the selling of retails goods electronically over the Internet (Mishra, 2009).

E-banking: Familiar and relatively mature electronically-based products in developing markets, such as telephone banking, credit cards, ATMs, and direct deposit. It also includes electronic bill payments and products mostly in the developing stage, including stored-value cards (e.g., smart cards or smart money) and Internet based store value products.

Internet experience: Internet experience is an indication of an individual's duration of use of the Internet (Jones, Leonard & Riemenschneider, 2009).

E-commerce experience: The consumer's online experience is defined as the feelings consumers have while performing online activities (Ranganathan & Jha, 2007). In context of this study, e-commerce is referring to the respondents' online experience whether they have bad experience or not when engaging with e-commerce website.



1.10 Conceptual Framework

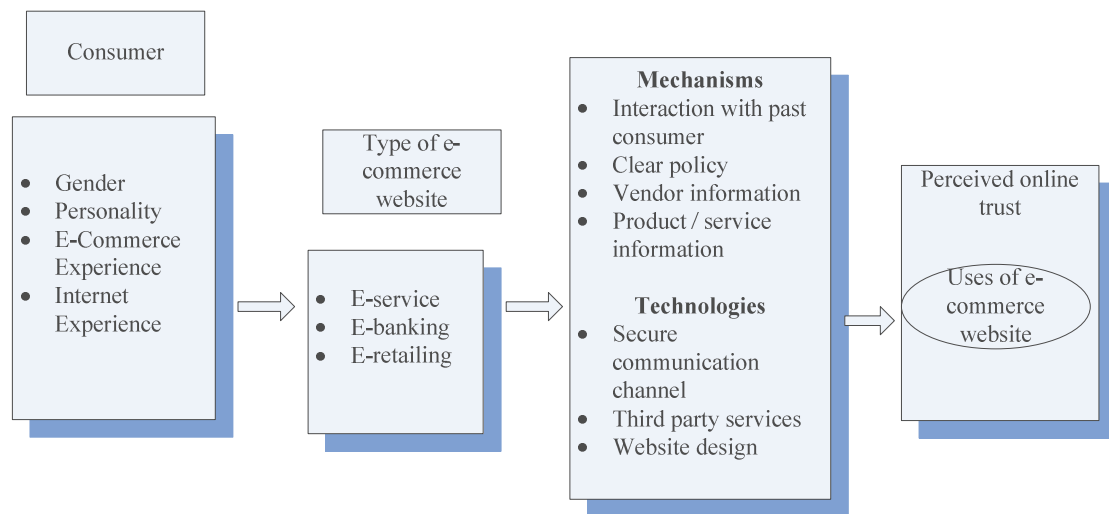


Figure 1.1. A Proposed Conceptual Framework to Build Online Trust in E-Commerce Website

Figure 1.1 shows the proposed conceptual framework for this study. This conceptual framework is adapted from Yang et al (2005); Pennanen (2005); Nah and Davis, (2002). There are four personal characteristics of consumers that may influence their trust building which are the consumers' gender, their personalities, and also their past e-commerce experiences and Internet experiences. Types of e-commerce businesses that will be discussed in this thesis are the e-service, the e-retailing and the e-banking. There are seven types of mechanisms considered in this study which include the secure communication channel, the interaction with past consumer, the clear policy, the website design, the third party services, the vendor information and last but not least the product or service information.



1.11 Summary

This chapter gives the overview of the study regarding consumer preference of trust builder mechanisms. The brief introduction given is concerning the e-commerce issues related to trust. The problem of the study and why it is initiated are discussed in the problem background section. The problem statement needs to be addressed by the time of completion of the research. There are three main objectives of this study that need to be achieved in order to complete the research successfully. It is a hope that this study project will contribute some knowledge to the field of study.

