

## Chapter 2

# eCommerce Trust Beliefs: Examining the Role of National Culture

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### ABSTRACT

*Many studies have raised awareness of the importance of trust in the online commercial environment, and it is widely acknowledged. Due to the international nature of eCommerce, it is likely that the influence of culture may extend to online consumers' trust responses. In this chapter, a trust measurement instrument that had been previously validated in Hong Kong was applied in both the United States and in Ireland—countries that differ in terms of individualism, uncertainty avoidance, and power-distance. Survey methodology was used to collect data. The results provide a refined understanding as to the influence of national culture on the generation of online consumers' trust beliefs. In doing so, they advance the understanding of information systems and diffusion researchers as well as contributing to the understanding of online vendors who seek to gain insight into the factors that can engender consumer trust in their websites.*

### INTRODUCTION

Trust is frequently posited as a key factor influencing the success of eCommerce environments (Rofiq & Mula, 2010; Guenther & Möllering, 2010; Golan, 2010). Understanding the predictors and dynamics of consumer trust is an issue of endur-

ing interest for both researchers and practitioners. That interest derives from the understanding that trust is integral to transactions and its absence creates a chain reaction that manifests in lost sales, damage to reputation and market share gains to competitors. In a commercial world that is becoming increasingly commoditised, consumer trust is

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the defining factor that characterizes winners, and in its absence, losers. This has never been truer than in the online exchange context, a context that is characterized by perceived risk, lack of control and increased consumer vulnerability. Trust is consequently viewed as crucial for the success of eCommerce (Kumar & Sareen, 2009; Koufaris, et al., 2002), and it confers rich rewards. As Rajiv Dutta, eBay's chief financial officer notes, "[At eBay] we do \$2.25 billion worth of gross sales a quarter entirely on trust" (Anders, 2001).

Perceived risk is frequently cited as one of the key factors inhibiting online transactions (Saprikis, et al., 2010; Xu, 2010; Chen & Barnes, 2007). However, added to this, a new factor, the global economic crisis, has entered the equation, resulting in a consumer population that has far less disposable income than previously, a fact that is manifested in sharply reduced online sales (ComScore, 2009). This has implications for Web vendors who are now competing for a vastly reduced pool of available consumers. For Web vendors seeking to gain and retain loyal market share, the imperative for them to ensure that consumers trust their brands and their transaction environments has never been greater.

Gaining that trust is not a simple task and studies have shown that between sixty to seventy-five percent of customers terminate their online transactions when asked to provide personal and financial credit card information as they do not trust the website (Rajamma, et al., 2009; Meziane & Kasiran, 2008). On a practical level, each incidence of shopping cart abandonment represents lost sales to the online retailer (Mullins, 2000), translating into a loss of more than \$6.5 billion per year for the total online retailing industry (McGlaughlin, 2001). Clearly, a strong financial incentive exists for understanding how to successfully engender trust in online consumers.

Research on trust in online environments is diverse and includes research on trust in global virtual teams (Mitchell & Zigurs, 2009), trust in virtual organisations (Young, 2008), trust in

virtual communities (Johnson & Kaye, 2009), trust in eGovernment (Mutulu, 2010), trust in IT artefacts (Wang & Benbasat, 2008) as well as trust in eCommerce (Dutton, et al., 2009; Connolly & Bannister, 2007). This chapter focuses on the latter. Despite its importance, the extant literature on trust in an online environment is comparatively sparse in contrast to the large body of work that exists on trust in a traditional bricks-and-mortar context. However, whilst it is true that the vast proportion of trust studies pertain to the offline environment, the findings of some of these studies transcend the distinction of traditional versus electronic commerce (Kracher, et al., 2005) and consequently the extant literature should be viewed as a source of deep and valuable insights, particularly for those seeking to understand the predictors and inhibitors of consumer trust in Internet commerce.

## CHAPTER FOCUS

This chapter seeks to advance our understanding of trust in an online context by examining whether and to what degree national culture can influence online consumers' trust in Web vendors. Firstly, the importance of trust in an online context is outlined. The conceptual confusion that surrounds the construct is discussed, as are the antecedents, psychological and contextual determinants that facilitate the production and maintenance of trust beliefs. While these sections of the chapter draw from the established offline trust literature, the findings are germane to the online context as traditional and online environments share many commonalities in relation to the factors that can influence consumer trust responses and are therefore worthy of consideration by online trust researchers. In the subsequent section, the methodology used to achieve the research objective is outlined. This involved the application a trust measurement instrument (that had been previously validated in Hong Kong) to samples in the

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