

Chapter IV

Factors Affecting Online E–Payment Adoption: A Company Perspective

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ABSTRACT

Online e-payment is playing an important role in the further development of e-commerce and e-business. Research so far has been conducted to analyze the acceptance of online e-payment from consumers' point of view. No research has been carried out to examine the relationship between managers' attitudes towards online e-payment and their influence on the company's e-payment adoption. This research studies the adoption of online e-payment by business enterprises using Rogers's relational model of perceived innovation attributes and the rate of adoption. An online questionnaire survey is developed to collect the data from a sample of Chinese companies. Confirmatory factor analysis is used to validate and refine the instrument. Logistic regression model is employed to test the hypotheses and gain insights into how managers' perceived innovation attributes could affect company's e-payment adoption. The findings suggest that only perceived compatibility has significant influence on online e-payment adoption of Chinese companies. It is suggested that the technology-organization-environment (TOE) model could be used in future study to gain a more comprehensive understanding of nonperceptive factors that may affect company's adoption of online e-payment.

INTRODUCTION

Adoption of information and communication technologies (ICT) innovations is attracting increasing attention from researchers in recent years (Venkatesh, Morris, Davis, & Davis, 2003). Based on various innovation adoption theories, scholars are particularly interested in the factors that affect the adoption of innovations to provide theoretical and practical guidelines to understand behaviors of potential users for the further development of ICT innovations (Chau & Tam, 1997; Harrison, Mykytyn, & Riemenschneider, 1997; Min & Galle, 2003; Teo, Wei, & Benbasat, 2003; Venkatesh & Brown, 2001; Zhu, Kraemer, Xu, & Derick, 2004).

As an emerging technology, online e-payment is playing an important role in the development of e-commerce, in that the lack of online e-payment could hinder the successful implementation of e-commerce (Goldfinger & Perrin, 2001). Research which has been carried out so far is mainly on the acceptance of online e-payment from consumers' point of view. For example, Abrazhevich (2001b, 2001c) conducted a survey to examine consumers' attitudes toward online e-payment to determine the main characteristics that have the most direct effects on user acceptance. Cheng, Sheen, and Lou (2006) investigated the effect of customers' perceptions on their acceptance of channel functions of the Internet, including financial payment. Hung, Chang, and Yu (2006) examined the public acceptance of online tax filing and payment function of e-government from the end user's point of view. Other research focuses on users' requirements in accepting online e-payment instruments without distinguishing commercial users with individual consumers (Buck, 1996; Pilioura, 1998). However, given the importance of companies as e-payment users as well as providers, very little research has been conducted to examine the factors affecting companies' decision on adopting online payment methods. Because companies are organizations, which are different from individual consumers,

the process of adopting new technologies would be more complex than that of consumers. It appears that no empirical research has been carried out so far to systematically analyze business organizations' adoption behavior. Therefore, this research aims to focus on companies' adoption of online e-payment systems and to provide some in-depth understanding of why companies adopt or refuse to use an online e-payment method.

This research attempts to use the innovation diffusion framework of Rogers (1983, 1995) to explore the effect of management's perceptions on the company's adoption of e-payment in order to shed light on understanding the acceptance behavior of the potential e-payment adopters. An online questionnaire survey was conducted with a sample of Chinese companies. The data were used to refine the survey instrument and gain initial understanding of how companies' perceptions of e-payment affect their adoption decision.

The following section discusses the reason why e-payment is viewed as an innovation for companies. This is followed by the demonstration of Rogers' (1983, 1995) relational model, which serves as a theoretical base for the development of research hypotheses. The process of survey development and conduction is described. Confirmatory factor analysis (CFA) is used to validate and refine the survey instrument. The logistic regression model is employed to test the hypotheses to provide initial understanding on the effect of perceived innovation attributes on companies' adoption of online e-payment. Findings from this study call for further research on a company's innovation adoption behavior. The chapter finally discusses other theoretical models that could be used in future research.

ONLINE E-PAYMENT AS AN INNOVATION FOR COMPANIES

Due to the rapid growth of business-to-business (B2B) and business-to-consumer (B2C) e-com-

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