



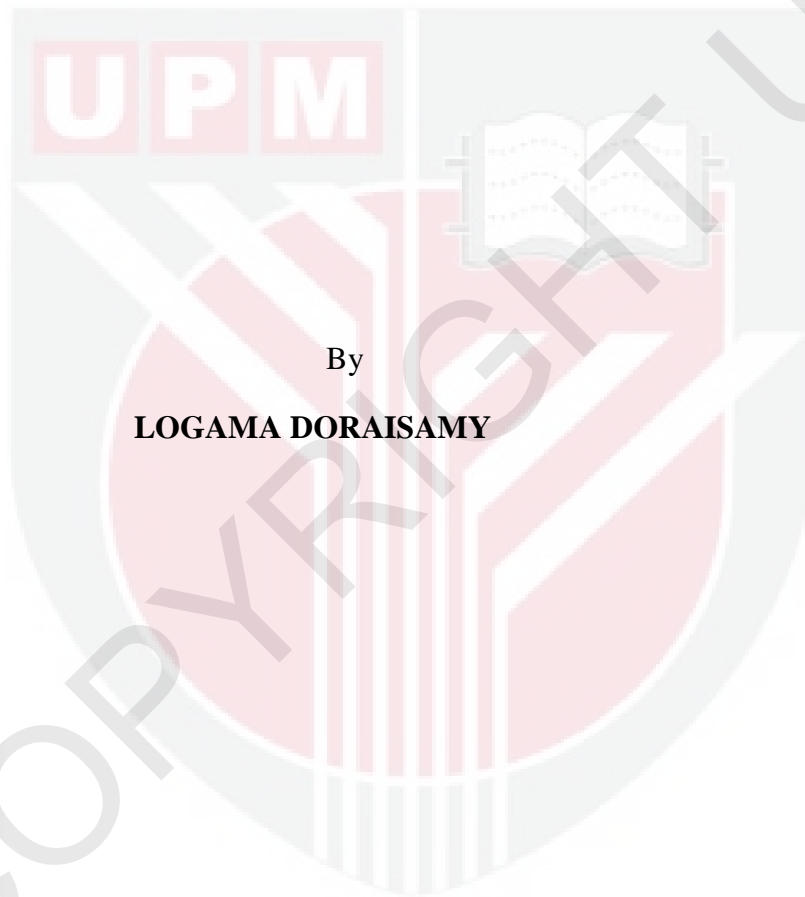
UNIVERSITI PUTRA MALAYSIA

***FACTORS DETERMINING INITIAL TRUST AMONGST
MALAYSIAN ONLINE SHOPPERS***

LOGAMA DORAISAMY

GSM 2012 15

**FACTORS DETERMINING INITIAL TRUST AMONGST
MALAYSIAN ONLINE SHOPPERS**



By

LOGAMA DORAISAMY

Thesis Submitted to the Graduate School of Management, Universiti Putra Malaysia, in
fulfilment of the Requirement for the Degree of Doctor of Philosophy

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I certify that a Thesis Examination Committee met on 25 June 2012 to conduct the final examination of Logama Doraisamy on her Doctor of Philosophy thesis entitled “Factors Determining Initial Trust Amongst Malaysian Online Shoppers” in accordance with the Universities and University College Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U. (A) 106] 15 March 2008. The Committee recommends that the student can be awarded the Doctor of Philosophy degree.

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DECLARATION

I hereby declare that this thesis is based on my own original work except for quotation as citations which have been acknowledged. I also declare that it has not been previously or concurrently submitted for any other at UPM or any other institution.

Date:

LOGAMA DORAISAMY

Dedicated to:

Swamiye Saranam Ayyappa and Sai Ram

Late parents S. Doraisamy Pillai & V. Chellama and late father in law G. Arunasalam Pillai

Beloved family members of Doraisamy Pillai and Arunasalam Pillai

Life best friends : Tirughana Sambandan, Revathiswari and Rahjiswari

My special guardian angel – Brother Nagarajah Lee

“You have been instrumental to each and every success of the ladder of my life”.

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**FAKTOR MENENTUKAN AMANAH AWAL DIKALANGAN PEMBELI DALAM
TALIAN DI MALAYSIA**

Oleh

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June 2012

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ABSTRAK

Meningkatkan tahap amanah pengguna mengenai e-dagang akan mengurangkan ketidakpastian dan kebimbangan yang dialami. Ianya akan menjadi cara yang berkesan untuk menarik minat pengguna untuk berurusan secara dalam talian. Titik permulaan pembangunan amanah adalah amanah yang awal, kerana persepsi pengguna risiko dan keselamatan yang paling menonjol dalam web yang asing dapat menarik minat pengguna bergantung kepada setakat amanah awal yang diakibatkan oleh vendor, dan meyakinkan pengguna untuk berurusan dengan mereka dalam masa depan, bergantung pada tahap peningkatan amanah awal (McKnight & Choudhury & Kacmar, 2002).

Walaupun terdapat banyak faktor yang menyumbang kepada pertumbuhan membeli-belah dalam talian faktor fisiologi amanah memainkan peranan penting untuk kejayaan satu perniagaan online terutamanya di kalangan pembangunan pembeli kali pertama iaitu pembangunan amanah

awal. Oleh kerana konsep amanah awal ini penting dan konteks pembangunannya berbeza dan unik, banyak kajian telah dijalankan di negara-negara lain untuk lebih memahami proses Amanah Awal pengguna tempatan membeli-belah dalam talian. Di Malaysia kajian dalam bidang ini masih pada peringkat awal, oleh itu kajian ini menepati keperluan masa kini. Kajian ini juga menyumbang memenuhi aspirasi Rancangan Pembangunan Malaysia ke-9 untuk menjadi sebuah hab ICT serantau dan dalam mempercepatkan pertumbuhan perniagaan dalam talian.

Kajian ini bertujuan untuk mengenal pasti faktor ketara yang menyumbang kepada amanah awal di kalangan pembeli secara dalam talian di Malaysia. Penentu amanah awal terdiri daripada dua komponen yang saling berkaitan, i) Pengalaman Kali Pertama, dan ii) Ciri-ciri individu. Pengalaman kali pertama ditakrifkan sebagai lima faktor membina yang terdiri daripada Psikologi, Risiko, Kredibiliti, Alam Sekitar dan Pengetahuan.

Rangka kerja Amanah permulaan untuk kajian telah dibangunkan melalui pendekatan kaedah campuran. Faktor yang telah dikenal pasti berdasarkan output daripada perbincangan kumpulan fokus di kalangan pembeli secara dalam talian yang dipilih serta kesusasteraan pada amanah dalam kajian membeli-belah secara dalam talian. Pembangunan instrumen melalui lapan langkah proses pembangunan instrumen yang disyorkan oleh Churchill (1976).

Kajian ini mempunyai fokus untuk mewujudkan hubungan bersebab antara penentu amanah awal (langkah-langkah sebagai pengalaman kali pertama dan ciri-ciri individu) dan amanah awal di kalangan pembeli secara dalam talian, hubungan antara pengalaman masa yang pertama, ciri-ciri individu dan amanah awal diterokai menggunakan pemodelan persamaan struktur.

Penemuan utama kajian ini menunjukkan bahawa terdapat enam faktor yang signifikan yang mempengaruhi kepercayaan awal pengguna di Malaysia secara dalam talian iaitu Psikologi, Risiko, Kredibiliti, Pengetahuan, Niat, dan Kemudahan Mencari. Walaupun faktor demografi tidak ketara mengubah persepsi pembeli secara dalam talian, 'pengalaman kali pertama mereka ini yang menarik sebagai model yang dicadangkan boleh digunakan untuk semua pemboleh ubah demografi dalam mengukur kepercayaan awal untuk kajian di masa depan. Hasil kajian

mendapati terdapat hubungan yang positif di kalangan pengalaman kali pertama, ciri-ciri individu, dan amanah awal.



**Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of
The requirement of for the degree of Doctor of Philosophy**

**FACTORS DETERMINING INITIAL TRUST AMONGST MALAYSIAN ONLINE
SHOPPERS**

By

LOGAMA DORAISAMY

June 2012

Chair : Assoc. Prof. Dr. Jamil Bojei

Faculty : Graduate School of Management

Enhancing the level of trust by consumers on e-commerce will reduce perceived uncertainty and fears and this will be an effective way to lure consumers to online transactions. The starting point of trust building is the initial trust, since consumers' perception of risk and security is most salient in an unfamiliar web setting and attracting consumers depends on the extent of initial trust engendered by vendors, and persuading consumers to transact with them in the future, depends on the extent of improvement of initial trust (McKnight, Choudhury and Kacmar, 2002).

Whilst there are many factors that contribute to the growth of online shopping, the psychological factor of trust plays a significant role for successful closing of an online businesses especially amongst the first time buyers, i.e. development of initial trust. Due to the significance of initial trust in different context and unique development stage, many studies have been undertaken in other countries to better understand the process of initial trust of the local consumers in online shopping. As in Malaysia, studies of such are still at the infant stage, thus this study is in timely

need to contribute in meeting the aspiration of the 9th Malaysian Development Plan in becoming a regional ICT hub and in accelerating the growth of online business.

This study aims to identify the factors that significantly contribute to the initial trust amongst Malaysian online shoppers. The determinant of initial trust comprises two interrelated components, i) First Time Experience and ii) Individual Characteristics of the Malaysian online shoppers. The first time experience is defined as a five factor construct comprising Psychological, Risk, Credibility, Environment, and Knowledge whilst the individual characteristics are a four factor construct consisting of Personality, Intention, Brand Consciousness, and Convenience Seeking.

The Initial Trust framework for the study is developed through the mixed method approach. The factors are identified based on the outputs from the focus group discussion among selected online shoppers as well as literature on trust in online and online shopping studies. The instrument development followed the eight-step process of instrument development suggested by Churchill (1976).

As the focus of this study is to establish the causal relationships between the determinants of initial trust (measures as first time experience and individual characteristics) and initial trust amongst online shoppers, the relationship between first time experience, individual characteristics and initial trust is explored using the structural equation modelling.

The major findings of this study indicated that there are six factors that significantly influence the initial trust of online Malaysian consumers which are Psychological, Risk, Credibility, Knowledge, Intention, and Convenience Seeking. The demographic factors do not significantly alter the online shoppers' perception of their first time experience. This is interesting as the proposed model can be used for all the demographic variables measuring initial trust for future studies. As for the cause effect association between first time experience individual

characteristics and initial trust, there are positive causal relationships between first time experience, individual characteristics, and initial trust.

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