

## **Chapter 3**

### **Research Methodology**

#### **3.1 Introduction**

Previous chapter provide theories related to online shopping environment, factors influencing consumers' trust in online shopping and actual purchase through online. This chapter presents the proposed model framework, the development of hypotheses, selection of measures and questionnaire design, sampling design and data collection procedures, pre testing survey and also the data analysis techniques use in this study.

#### **3.2 Proposed Model Framework**

The proposed model was adopted from Kaufaris and Sosa (2004) however some modification was made which are bringing additional one independent variable whereas two variables from original model which are perceived willingness to customize and perceived company size were excluded from the model.

The proposed model consists of six independent variables which are perceived usefulness, perceived ease of use, perceived reputation, perceived security, perceived privacy and propensity to trust. Five (5) out of six independent variables were adopted from Kaufaris and Sosa (2004) research model, while another one (1) additional variable which is perceived privacy was adopted from Cheung and Lee (2000) research model.

Initial trust in company was performed as dependent variable in original model, on the contrary to this proposed model, trust will be act as mediating variable. Prior research conducted by Lu Yaobin and Zhou Tao (2007), purchase intention was performed as dependent variable however, actual purchase will be proposes as the dependent variable in this study.

Figure 3.1 shows the Proposed Research Model and Hypotheses Paths for factors influencing consumersø trust in online shopping. This study intends to develop a theoretical model for explaining and predicting what factors influences consumersø trust in online shopping, to examine whether trust influence consumers to purchase online and to determine whether trust mediates the relationship between factors influencing consumersø trust in online shopping to actual purchase. Thereafter, theoretical framework was design on the study for further understanding and meets the study objectives.

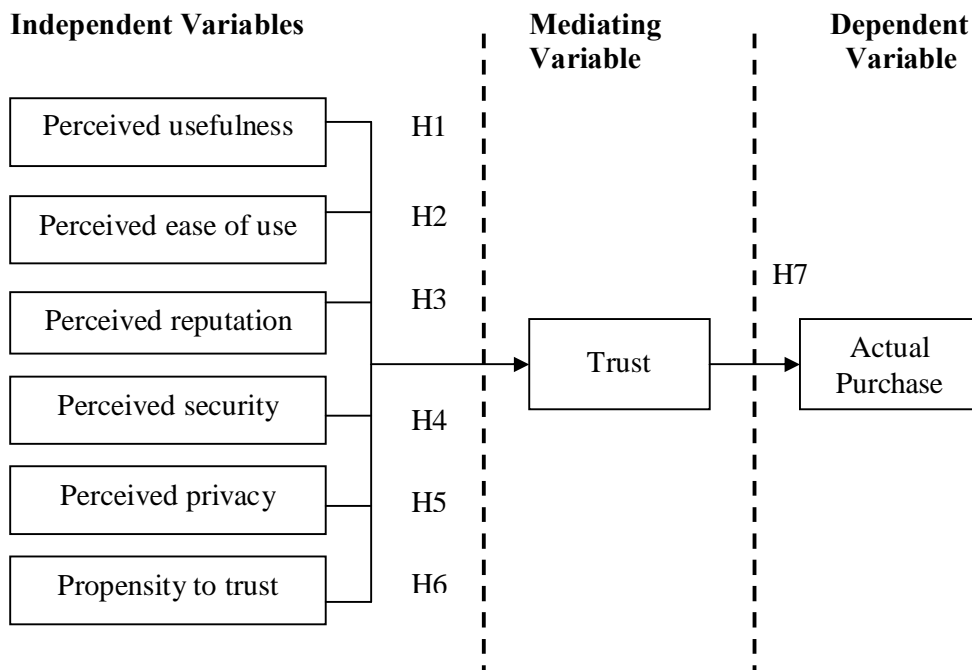


Figure 3.1: Proposes Research Model and Hypotheses Paths

### 3.3 Development of Hypotheses

Referring to the literature reviews, it understandable that consumers' trust is influenced by perceived usefulness, perceived ease of use, perceived reputation, perceived security, perceived privacy, propensity to trust, which is in turn influenced consumers' actual purchase in online shopping. Thus, the hypotheses proposed in this study are as follow;

Hypotheses	Descriptions
H1	Perceived usefulness is positively related to trust in online shopping
H2	Perceived ease of use is positively related to trust in online shopping
H3	Perceived good reputation of the company is positively related to trust in online shopping
H4	Perceived security is positively related to trust in online shopping
H5	Perceived privacy is positively related to trust in online shopping
H6	Propensity to trust is positively related to trust in online shopping
H7	Trust will have positively related to consumers' actual purchase in online shopping

Table 3.1: Research Hypotheses

### 3.4 Selection of Measures and Questionnaire Design

The questionnaire was consists of three sections where Part 1 identified factors influencing consumers' trust in online shopping and to examine consumer actual purchase; Part 2 illustrates the respondents experience with internet and online

shopping. Lastly, Part 3 is the respondent profile and demographic. Here respondent profile was put under last section, mainly to gain truthfulness from the respondents and induce more participation. Such design is to ensure that respondents reveal their actual perception on a particular online website. The measurement scale in Part 1 are measures using the 5-point Likert scales rated from 1 to 5 where 1 being strongly disagree and 5 being strongly agree.

In Part 2, questions 1 and 2 covers respondents experience using the internet and yearly approximate total amount spent in online purchase. Lastly, in Part 3 questions on respondents personal information covering gender, ethnic group, age, marital status, education level, occupation and monthly income. The summary of the main construct of study with the respective measures use in this study tabulate as follows;

<b>Construct</b>	<b>Measures Adopted</b>	<b>Author (Year)</b>
Perceived usefulness	Using this web site can improve my shopping performance.	Kaufaris (2002)
	Using this web site can increase my shopping productivity <i>(Reworded to: Using this web site can increase my shopping process efficiency)</i>	
	Using this web site can increase my shopping effectiveness.	
	I find using this web site useful.	
Perceived ease of use	Learning to use this web site would easy for me. <i>(Reworded to: I find it easy to learn to use this web site)</i>	Kaufaris (2002)
	My interaction with this web site is clear and understandable.	
	It would be easy for me to become skillful at using this web site.	
	I find this web site easy to use.	
Perceived Reputation	This company is well known.	Doney and Cannon (1997); Jarvenpaa et al. (2000)
	This company has a good reputation.	
	This company has a reputation for being honest.	
	This company is known to be concerned about customers.	

<b>Construct</b>	<b>Measures Adopted</b>	<b>Author (Year)</b>
Perceived Security	The web site implements security measures to protect its online shoppers.	Cheung and Lee (2001)
	The web site has the ability to verify online shoppers' identity for security purposes.	
	The web site usually ensures that transactional information is protected from being accidentally altered or destroyed during transmission on the Internet.	
	I feel secure about the electronic payment system of the web site.	
Perceived Privacy	The personal information that I provide on this web site is secure.	Yousafzai et al. (2003)
	The monetary information that I provide on this web site is well protected.	
	This web site will not use unsuitable methods to collect my personal data.	
	This web site does not ask for irrelevant personal information.	
	This web site does not apply my personal information for other purposes.	
Propensity to Trust	It is easy for me to trust a person/thing.	Cheung and Lee (2001)
	My tendency to trust a person/thing is high.	
	I tend to trust a person/thing, even though I have little knowledge of it.	
	Trusting someone or something is not difficult.	
Trust	This company is trustworthy.	Doney and Cannon (1997); Jarvenpaa et al. (2000)
	I trust this company keeps my best interests in mind.	
	This company will keep promises it makes to me.	
	I believe in the information that this vendor provides me.	
	This company wants to be known as one who keeps promises and commitments.	
Actual Purchase	I have purchase product from this web site.	New items
	I will continue to purchase product from this web site.	
	I have been purchasing product from this web site for many times.	

Table 3.2 : Measures of Independent, Mediating and Dependent Variable

### **3.5 Sampling Design and Data Collection Procedures**

The sampling method used for this study is convenience sampling due to time limitation where it allows selection of the respondents that is most conveniently available. Target population consists of colleagues, friends and post graduate student of Master of Management (MM) and Master of Business Administration (MBA) at the Faculty of Business and Accounting, University of Malaya. A total of 200 questionnaires were distributed via electronic mail and personal distribution. Only 170 questionnaires were completed and returned on time.

### **3.6 Pre Testing**

A pilot test was conducted to refine the construction of the questionnaire, and at the same time to measure the reliability of measurement before it was used for actual data collection. The pilot study consists of 20 respondents which are 10 males and 10 females. From the feedback of respondents in pilot study, some items were reworded.

### **3.7 Data Analysis Techniques**

The questionnaires were collected and the responses were analysed using the Statistically Package for Social Sciences programme (SPSS) version 17.0. The descriptive analysis based in frequencies of respondents to each of the major variables was conducted. Factor analysis was chosen to identify the factor structure of each measurement in the independent, mediating and dependent variables. The statistical

analysis of correlation coefficient and multiple regression analysis were used to test the validity of the hypotheses.

### **3.8 Conclusion**

This chapter has presented the fundamental structure of the research method used in this study. The proposed research framework was adopted from previous researcher's research model, seven (7) hypotheses was developed and will be answered in next chapter, the measures and questionnaires design were also adopted and from previous studies, convenience sampling was chosen due to time limitation and 170 useable questionnaires were completed and analysed using SPSS to validate the hypotheses. Results on measurement validation and hypotheses testing are presented and discussed in the next chapter.