The Status of E-Commerce Trust Issue and Solving Approach in China

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Abstract

The trust issue has been identified as one of the most formidable factor to impact human behavior in e-commerce. As a raising commerce channel Online Shopping is provided with the attribute of convenient, money-saving and diverse commodities. However, due to the limitation of space-time the Internet has high indeterminacy. In China, Internet has got rapid development in recent years. As result of the e-commerce shoppers increased quickly in this country the trust issues have become more severity. This dissertation is focused on investigating trust related issues in e-commerce in Chinese context, especially in the area of Chinese online shoppers’ perception of how trustworthy e-commerce companies are in China. The literature related to trust, trust in e-commerce and Chinese attitude on e-commerce are reviewed. In order to take a deep study a questionnaire regarding Chinese online shopping behavior and personal attitude to e-commerce is implemented. Security, fraudulent information, virus in ecommerce websites and product quality are main concerns of Chinese. The responders expressed they would like to see a more complete and healthy mechanism will be established in China in the future. The topic of how to solving the trust issue is also discussed in this dissertation. Government involvement in e-commerce is important, which activity can institute the correlative policy and regulation for developing the market. In other hand online vendors/e-commerce companies should ensure the legitimacy of their websites and improve their payment systems. As long as these worries of the trust are improved a lot, the volume of e-commerce transaction will be increased tremendously. In the last chapter some limitations occurred during studying and surveying are presented. To improve these nonideal matters some recommendations for further research are suggested.
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Chapter 1

Introduction

1.1 Introduction

This chapter firstly indicates the background of the research and outlines the problem domain and the context of this research. The importance of this study is also expressed briefly. And then, the general research aim and specific objectives are also clearly presented along with the investigation methods utilized. Finally, a brief structure outline will be presented at the last of the chapter to give readers a holistic overview of this dissertation.

1.2 Background of the Research

The arrival of the internet and e-commerce in this age and time has been welcomed by luminaries in the information and communication industry. In addition to western countries, China is an amazing example for quick development of internet and e-commerce. For the past few years, Internet is becoming the prevalent trend in China, it has made a significant progress. According to the latest report about Internet development made by (CNNIC 2008), there are 210.00 million Internet users in China until the end of 2007 (CNNIC 2008). The yearly increasing rate reached 53.28%. However, many of Chinese internet users are never conduct online transaction before. In particular, the customer distrust toward online shopping is the main concern in the period of promoting e-commerce in China. So the proposed study area of this dissertation will discuss why trust issues are so important to the development of e-commerce in China and find out some solutions for those issues as well.
1.3 General Statement of the Research Problem

In this dissertation, the trust issue of e-commerce in China will become to main research problem to be examined. Trust is crucial in a successful e-commerce environment. However, China e-commerce environment already faced the austere challenge from trust issue. Many Chinese internet users would never conduct some online transactions though they could surf on the internet for everyday, because they don’t trust each other and security of e-commerce. The trust issues arising in China e-commerce caused by many aspects of problem, which involve: “infrastructure problems” (e.g. connectivity hardware and software, interface design of e-commerce website, security for website and transportations systems); “product” themselves (e.g. limited product selection, quality of product); “fraudulent information” (which lead to hesitate to use online shopping); “services” (online payment system, secure messaging). Those issues are main problems that lead to trust issue happened in e-commerce of China.

1.4 The Importance of the Study

China is an amazing example for quick development of internet and e-commerce. In the past several years, e-commerce is about to explode in China, millions of people try to conduct some transactions through online. However, the trust issue likes mainly barrier to embarrass the future development of e-commerce into a new era in China. Therefore, the importance of this study is trying to find out some solutions to solve those problems and in order to increase confidence of Chinese Customer. On the other hand it is very helpful to attract more international companies to invest in China with good e-commerce environment.
1.5 Aim and Objectives of this Research

The research study aims to investigate trust related issues in e-commerce in Chinese context, especially in the area of Chinese online shoppers’ perception of how trustworthy e-commerce companies are in China. The researcher aims to contribute to the growth, enhancement, and stability of the e-commerce industry in China.

In order to achieve the research aim a series of explicit objectives have been developed as follows:

1) Provide an evaluative summary of literature written on the development of e-commerce in China, with focus on the issue of trust, security, and acceptability of e-commerce websites and platforms in the country.

2) Investigate the mindset, and behavior of Chinese internet users and their tendency or propensity to use e-commerce. The level of popularity of Chinese e-commerce portals shall also be established in order to understand the potentials for the growth of e-commerce in the country.

3) Analyze the issue of trust from the standpoint of customers and potential consumers of e-commerce products and services as well as the challenges and barriers for them to engage in e-commerce transactions.

4) Provide recommendations concerning the expansion, enhancement, and growth of the usage of e-commerce in China. Particularly, recommendations in overcoming the trust issues among Chinese internet users and on the trustworthiness issues on the part of e-commerce establishments shall be put forward. This may include providing effective interface, effective security, customer relationships management, marketing, and delivery of goods and services.
1.6 Outline of Structure of the Dissertation

To indicate how the chapters and sections fall into place, a brief overview of the dissertation structure was presented as follows.

Chapter 1- Introduction

This chapter firstly indicates the background of the research and outlines the problems domain and the context of this research. The importance of this study is also expressed briefly. And then, the general research aim and specific objectives are clearly stated. Finally, a brief structure outline is presented at the last of the chapter to give readers a holistic overview of this dissertation.

Chapter 2- Literature Review

This chapter provides the review of general concepts of trust which mainly related to the background knowledge at the beginning. Afterwards, it will introduce trust in e-commerce, in this section, the definition of trust in online environment will mention within it, the importance of trust in e-commerce will state within the section as well. Finally, it does will clarify the Chinese attitude towards e-commerce trust issues

Chapter 3- Methodology

This chapter details the methodology used for the study, what kind of research approach was used and why. Then, the methods of investigation for collecting data which used in this research will be introduced to readers. Finally, the design and analysis detail of the questionnaires are outlined followed by a briefly explanation of sampling.
Chapter 4- Data Analysis

The statistical data collected by the questionnaires are presented in this chapter. In addition, in order to obtaining a better understanding of collected data, all the results and findings will be illustrated and described by related graphs, tables, and charts. And then, some related analysis was conducted to provide a deep view of the relationship among variations.

Chapter 5- Discussion

The Chapter 5 will discuss all the major research findings obtained in Chapter 4 (Data Analysis). After that, it’s will state some solving approaches for this research study, which are according to the analysis of literature in Chapter 2 (Literature review) and also by comparing and contrasting with the other sources of relevant literature.

Chapter 6- Conclusion

Finally, in this chapter the research aim and objectives are recapped and assessed as to whether they have been fulfilled. Limitations of the study and recommendations for further researches are described based on the results of the research.
Chapter 2

Literature Review

2.1 Introduction

This section will examine and assess recent studies which related to the concept of trust, trust in e-commerce, and especially Chinese attitude towards e-commerce trust issues. This section is organized as follows: First of all, the researcher will defined the concept of trust, and then, the trust issue in e-commerce will be discussed as well. After that, the analysis for Chinese attitude towards e-commerce trust issues followed by the statement of trust issues in e-commerce.

2.2 What is Trust

Whenever the subject of trust is brought up many different opinions arise but there is one thing that sociology experts, scientists and scholars agree upon: trust can never be fully explained on its own (Guinnane, 2005). Nonetheless, it has been a widely studied topic in many branches of knowledge which include neurobiology, psychology, marketing, economy and management fields to name a few. Moreover, it has become a very important subject in the advent of the Internet attack to domestic, institutional, national and global communications. Trust has very significant impact on economy, particularly in the virtual space where e-commerce is gaining broad acceptance.
2.2.1 The Definition of Trust

Before engaging on the discussing the concepts of trust, further one must define trust first. According to Mollering et al., (2004) “trust” can be traced back to the 13th century when the word was originally used to symbolize faithfulness and loyalty. In the recent years a lot of researchers and scholars have given their definitions of trust based on their understandings. Gambetta (1988:217) pointed that trust is “a particular level of the subjective probability with which an agent assesses that another agent or group of agents will perform a particular action.” Michalos (1990) stated that trust is “a relatively informed attitude or propensity to allow oneself and perhaps others to be vulnerable to harm in the interests of some perceive greater good.” Boon and Holmes (1991: 194) claimed that “trust is a state involving confident positive expectations about another’s motives with respect to oneself in situations entailing risk.” Cummings and Bromiley (1996: 303) claimed that trust is “an individual’s belief or a common belief among a group of individuals that another individual or group (a) makes good-faith efforts to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available.”

On the other hand, Chang et al. (2004) explain the reason behind the fuzziness of the nature of trust. According to them, the difficulty of measuring the internal factors such as willingness and capability of agents results to the limitation with the measurement of trust and trustworthiness. They added that sensing and intuition largely influence the decision to trust or not to trust. Thus, trusting ultimately depends on whether the agent will prefer thinking over feeling regarding the facts or personality of the trusted agent.
Chang et al., (2004) also presented a trust model considering endogenous and exogenous factors influencing the decision of trusting agent as shown in figure 2.1. The relationship between the two trusting agents (M’s) is signified by the Trust Value (I). Endogenous and exogenous factors such as intuitions and senses influence the trusting agent’s decision whether to trust the other one or not.

Considering the above definitions of trust, the definition was given by Mayer et al (1995) can be the most frequently quoted in the e-commerce literature (Krauter and Kaluscha, 2003; Rousseau et al, 1998): “The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action to the trustor, irrespective of ability to monitor or control that other party.” Mayer et al (1995:712)
2.2.2 Trust in Different Disciplines

To be able to make an attempt at fully understanding the meaning of trust, there is need to evaluate the different concepts forwarded in as many discipline as possible. Accordingly, the biochemical workings of the mind and cognitive perceptions both have explanations regarding trust; thus, neurobiology and psychology will be included. Business also has a different view on trust which implies equal importance for marketing, economy and management sciences (McKnight & Chervany, 1996). Through the said disciplines the dynamism of trust and risk will then be expounded.

**Neurobiology**

Since all human behaviour and actions can be traced back to the brain, it is only logical to attribute those issues on the biochemical makeup, patterns and status of the said organ. According to Zak et al, (2004), the substance that may have a large role in the exhibition of trust in humans is endogenous oxytocin. They start by relating the said chemical to various social behaviours in different kinds of animals. Their experiments indicated that receipt of expressions of trust is correlated with increased level of peripheral oxytocin. They also claim that trustworthy behaviour is associated with levels of oxytocin and concluded that the said chemical plays an important part in motivating cooperation among humans.

**Psychology**

According to Castelfranchi & Falcone (2000), trust can be regarded as both a mental state and a social behaviour and relationship. Their work indicates that trust can only be performed or expressed by a cognitive agent on another agent indicating that it is a mental state which can be considered as a complex attitude in relation to achievement of a particular goal. This involves the initial competence belief of the trusting agent on another and that this agent can or willing to perform according to
the goal in mind of the trusting agent. Thus there is esteem, expectation and reliance playing a role and that this means that trust can be equated to a bet due to the investment and the risk that the trusting agent must make and contend with. Furthermore, Castelfranchi & Falcone (2000) also provides a three-party relationship model involving an authority who instils trust on the two agents by way of contract. As illustrated in Figure 2.2, the symbol A is the mediator between symbols X and Y. The symbol A sets the conditions for engagement between X and Y.

Figure 2.2 Three-party Relationship Model (from Castelfranchi & Falcone, 2000)

On the other hand, Dunn & Schweitzer (2005) determine the influence of emotional states on trust. They discover that incidental emotions play a significant role in the expression of trust in different settings. They claim that happiness and gratitude which are emotions with positive values increase trust. On the other hand, anger which has negative value diminishes trust. However, their work also suggests that emotions are not effective in influencing trust when a person is aware of the source of emotions or when the person is very familiar with the trustee.
Marketing

Johnson and Grayson (2003), and Callaghan & Shaw (2000) provide definitive examples. According to Johnson & Grayson (2003), interpersonal trust at consumer-level service settings involve cognitive and affective aspects. Cognitive trust is the willingness of customers to rely on service provider expertise. Affective trust is the confidence one plays on a partner based on feelings or emotions. Several factors have impacts on customer trust: expertise, product performance, reputation, satisfaction and similarity in perception between consumer and service provider. Their study concludes on the separation between cognitive and affective dimensions of trust although with both common and unique antecedents.

Johnson & Grayson (2003) also illustrate the Customer trust in service provider model. As below in Figure 2.3, Service Provider Expertise (H1) and Product Performance (H2) show positive relationships with cognitive trust and not with affective trust in a service provider. Firm Reputation (H3) and Satisfaction with Previous Interactions show are positively related on both cognitive and affective trust in a service provider. Similarity (H5) shows a positive relationship only on affective trust in a service provider. Cognitive Trust is positively related with Affective Trust, Sales Effectiveness, and Anticipation of Future Interactions while affective trust shows a positive relationship on Anticipation of Future Interactions.
Callaghan & Shaw (2000) note that current trends indicate the use of relationship marketing as a pattern for marketing strategy although there is an evident lack of knowledge regarding the operational basis of this concept.

Callaghan & Shaw (2000) show the Relationship orientation trust antecedent model as illustrated in Figure 2.4. The model included ethics, bonding, empathy and reciprocity as the four (4) dimensions of relationship orientation. Bonding is the relationship between two parties that results into a unified action towards a goal. Empathy enables the two parties to see the situation from the perspective of the other. Reciprocity causes parties to make allowances for the other in return for the same in the future.
Figure 2.4 Relationship Orientation Trust Antecedent Model (from Challaghan & Shaw, 2000)

Economy

Dyer & Chu (1997) provide a very comprehensive look on the importance of trust and its economic implications. They relate trust to the myriad factors related to economic activities particularly between supplier and buyer. These include transaction costs, information exchange, and relation-connected investments. Their results show that trust lowers transaction costs and improves information exchange. Moreover, the economic gains due to trust and resulting information exchange were found to be substantial and that these can be important sources of competitive advantage. Dyer and Chu (1997) also presents the Economic Model of Trust in Supplier-Buyer Relationship as seen in Figure 2.5. It shows the positive and negative relationships between trust and buyer assistance, information sharing, transaction costs, and relation-specific investments. These relationships lead to joint economic performance.
Management Science

Hagel & Brown (2002) and Helliwell & Huang (2006) provide two interesting views. According to Hagel & Brown, understanding trust is a very important step towards achieving group or company performance. According to them, trust is the opposite of control and provides concrete advantages when evaluating effects on management practices. Trust enables managers to exploit the economic potential of cooperation and flexibility. Trust can establish shared expectations in relation to end products instead of dictating in detail activities that must be undertaken to deliver end products as in a control-based management. This implies that trust is a powerful and versatile method to deliver business results. However, the authors explain that
trust is something that needs lengthy periods of development as with the associated
skills that will be honed to perform better. Nonetheless, such disadvantage can be
negated by the ample opportunities to develop capabilities without much undue risk
to the business. On the other hand, Helliwell & Huang (2006) offer proof on the
economic role of trust in management practices. According to their study, an increase
in the level of trust in management translated into more than 30% increase in
monetary gains for a company. Their results indicate that well-being in a workplace
increases when trust in management is highly rated. They also find out that trust
matters more to female employees compared with male employees and that union
workers perceive trust in management lower than non-union employees do. These
results significantly impact the way organizations and businesses are run. For
employers, trust becomes a focus in determining avenues to improve current business
practices while for employees trust takes a significant role in work life satisfaction.
These indications provide bases for policy-makers on the importance of trust.

The following is a summary table for trust definition which concluded by each
authors.

Table 2.1 Summary of Trust Definition

<table>
<thead>
<tr>
<th>Author’s Name</th>
<th>Year</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guinnane T.W</td>
<td>2005</td>
<td>Whenever the subject of trust is brought up many different opinions arise but there is one thing that sociology experts, scientists and scholars agree upon: trust can never be fully explained on its own.</td>
</tr>
<tr>
<td>Mollering et al</td>
<td>2004</td>
<td>Trust can be traced back to the 13th century when the word was originally used to symbolize faithfulness and loyalty.</td>
</tr>
<tr>
<td>Gambetta, D</td>
<td>1998</td>
<td>Trust is a particular level of the subjective</td>
</tr>
<tr>
<td>Authors</td>
<td>Year</td>
<td>Definition</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td>Michalos Alex C.</td>
<td>1990</td>
<td>Trust is a relatively informed attitude or propensity to allow oneself and perhaps others to be vulnerable to harm in the interests of some perceive greater good.</td>
</tr>
<tr>
<td>Boon S.D and Holmes, J.G</td>
<td>1991</td>
<td>Trust is a state involving confident positive expectations about another’s motives with respect to oneself in situations entailing risk.</td>
</tr>
<tr>
<td>Cummings, L.L., and Bromiley P</td>
<td>1996</td>
<td>Trust is an individual’s belief or a common belief among a group of individuals that another individual or group (a) makes good-faith efforts to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available.</td>
</tr>
<tr>
<td>Mayer et al</td>
<td>1995</td>
<td>The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action to the trustor, irrespective of ability to monitor or control that other party.</td>
</tr>
</tbody>
</table>
2.3 Trust in E-Commerce

Just like any other business industry, the e-commerce also experiences different issues that could be harmful in a sense. And, it is perceived that the notion of trust is a significant matter that is considered in different issues. Trust for the different studies and in e-commerce proves to be important in enhancing the relationship between the consumers and the system providers or between the trusted and the trustee. For both parties, trust is essential for the success of any transactions, projects, and partnerships. Trust in both the trusted and the trustee therefore play a very significant role in the success of online transactions.

Moreover, trust is a notion that everyone clearly understands at a given personal perception However, it is considered that one of the main issues with regard to trust in e-commerce is associated with the people’s difficulties in expressing specific definition of such idea. Some of the public entails stricter basis in measuring and evaluating their trust in a person or a company

2.3.1 The Definition of Trust in Online Environment

The rapid growth of the Internet initiated multifarious areas of information fronts and applications. Each day these sources of information increases in exponential rate forcing people around the word to absorb and process chunks of data in less and less time. This results to the low degree of confirmation and certification systems for each fact or claims forwarded in every site. In turn, users find it more and more difficult to trust information that is received through the Internet. De Cock and da Silva (2006) expose trust in a matter of degree by using it as a way a source can be trusted instead of probability. As explained above, trust, has many different interpretation in different areas of discipline. This holds true in the realm of the World Wide Web. Trust has a meaning or value unlike in the neurological, psychological, social or
economic terms. The concept originated from established computational models that are dealing with trust in a binary way which is a code on which computers operate.

According to Zeigler & Golbeck (2006), trust is a prerequisite for a user to reflect in some degree in able to provide meaningful results in the use of Internet services. Nikander and Parvonen (2000) argue that trust simply means that something in the Internet can be trusted and on which the users are thoroughly dependent on such that when a trusted component fails, the whole system’s security breaks down. However, according to Wang & Emurian (2005), online trust has many traits that are similar with traditional concepts of trust such as in psychology, sociology, marketing and management. According to the authors, online trust has both trusted and trustee; the former is the browser of the internet website and the latter is the website itself or the merchant which the website represents. The object of trust, sometimes, is the technology according to them.

2.3.2 Importance of Trust in E-Commerce

Trust is a two-way phenomenon according to Marsh et al. (2000). The importance of online trust lies in the very first step in contracting business in most websites. One cannot continue in availing a particular service, for example applying for a credit card, without providing enough evidence on one’s identity. Additional confirmatory information is needed to backup claims of identity or membership. These may include personal identification numbers, passwords and the likes. In this way, the website or service provider can ensure that the person it is dealing with can be trusted. Claudia Kesser (2002) concludes that the introduction of trust management has increased the levels of trust (investment) and trustworthiness (returns) which leads to an increase in the overall efficiency. In a presence of a management system, trust contributes to the increase in net gains of the investors.
According to Josang et al. (2005) trust requires two parties wherein the relying party which is the trusted is interested in determining the trustworthiness of the trustee as accurately as possible. On the other hand, the trustee is keen on painting the best appearance of him as possible which translates to having the characteristics of a trustworthy client. Online trust is composed of either extrinsic trust factors or intrinsic trust factors. The former are the information elements that are exchanged between the two parties while the latter are information elements emanating or developed from personal experience (Josang et al., 2005). Moreover, the authors indicated that online trust is not a single event process which automatically lures and make a client conduct business with a website service provider. According to them trust is a sequence of steps that build the trust of the customer with each exchange of information on the web interface. Good experience on the part of the client increases trust on the service provider while bad experience decreases the level of trust. In order to make a purchase or finally availing of a particular service, the trust level of a client must reach certain levels above the purchase threshold. Josang (2005) also shows the Trust Transition Model in e-commerce as illustrated in Figure 2.6. A customer chooses his or her service provider. A good experience will improve trust as shown by the rising arrow. However, bad experience will cause trust to go down as indicated by the broken arrow. The extrinsic trust factors are information used for communication between parties. The intrinsic trust factors are information gained from personal experience.
Trust management in e-commerce is essential in improving the service from service providers to the consumers. Two (2) dimensions as cited by Josan et al. (2005) describe the goals of trust management: (1) it makes the consumers to study carefully and efficiently the reliability of systems, services, and remote parties, and (2) it aims to permit parties and system owners to enhance the security and system reliabilities as well as to represent these to other players.

Another importance of trust in e-commerce is that the system that uses it such as security mechanisms provide protection from malicious parties. There are various threats that strive hard to gather information from users and service providers to exploit online systems for monetary and other gains. Trust and reputation mechanisms lower or eliminate this possibility by making it hard for unauthorized individuals from using the information of authorized users through checks and
confirmatory tests. In return, the information and resources covered by this security measures are ensured to have high credibility and more reliability due to the exclusiveness of the persons permitted to access them.

Trust plays a very significant role since security protocols have been described to be mechanisms for propagating trust from its origin to where it will be used. Trust derives its value not only from its source but also being a confirmation from a security mechanism. It continues and grows as the trustee uses his or her identification in different contracts across the internet. The trustworthiness level increases as rated by the number of successful negotiations undertaken in the past. Therefore, trust is not spent singly in one site but shows its value in as many sites as applicable.

A high level of general trust, according to Josang et al. (2005), is an indispensable factor for the prosperity and economic stability or fitness of the online community although it also naturally applies to traditional communities. High level of trust translates to a condition wherein all players perform and behave in good faith which is very beneficial to all. Trust and security mechanisms also make the online environment secure and dependable. This is achieved by making every part of online transactions as transparent and as honest as possible given the available tools in the Internet.

### 2.3.3 Trust Risks in E-Commerce

According to VeriSign (2000), there are five main risks in e-commerce related to trust issues. These are spoofing, unauthorized disclosure, unauthorized action, eavesdropping, and data alteration. Spoofing is an online modus operandi wherein someone imitates an existing website with the goal of enticing the customers of the original site to give personal information or money to the fake website. Unauthorized disclosure constitutes interception of sensitive information during the transaction of
online business. Unauthorized action results from website alterations made by a third party that invariably results to malfunctions or denials of service. Eavesdropping is an act of accessing private information left unprotected in the Internet. Data alteration results from making changes on stolen information to for monetary or similar gains.

Trust levels in each situation fluctuate as the risks become more apparent. Trust plays a large role in the success of spoofing since customers readily submit personal information without looking closely on familiar websites. Installed security mechanisms entice clients to trust pages of their private details even with a perceived risk of outsiders getting a hold of such information.

Unauthorized action, on the other hand, is critical on the trust vested on users or clients of a particular website since abuse of functions of pages is a violation of trust given to customers. Also, denials of service (DNS) results from excessive requests which results to site malfunctions which is also an abuse on the trust of site owners to users. Eavesdropping and data alteration are both risks resulting from failure of trust mechanisms on both sides which initially arises from breakdown of security measures that ward off intruders and possible hackers.
The following is a summary table for trust definition within online environment which concluded by each authors.

**Table 2.2 Summary of Trust Definition in E-commerce**

<table>
<thead>
<tr>
<th>Author’s Name</th>
<th>Year</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>De Cock and da Silva</td>
<td>2006</td>
<td>Trust in a matter of degree by using it as a way a source can be trusted instead of probability</td>
</tr>
<tr>
<td>Zeigler &amp; Golbeck</td>
<td>2006</td>
<td>Trust is a prerequisite for a user to reflect in some degree in able to provide meaningful results in the use of Internet services.</td>
</tr>
<tr>
<td>Nikander and Parvonen</td>
<td>2000</td>
<td>Trust simply means that something in the Internet can be trusted and on which the users are thoroughly dependent on such that when a trusted component fails, the whole system’s security breaks down</td>
</tr>
<tr>
<td>Wang &amp; Emurian</td>
<td>2005</td>
<td>Online trust has many traits that are similar with traditional concepts of trust such as in psychology, sociology, marketing and management.</td>
</tr>
</tbody>
</table>
2.4 Chinese Attitude towards E-commerce Trust Issues

2.4.1 Current Status of Internet and Online Shopping Development in China

In the last 10 years, internet penetration in China has increased considerably. Honxiu and Suomi (2007) revealed in their studies about the challenges and opportunities of online shopping in China that according to China Internet Network Information Centre (CNNIC), internet users in China has reached 123 million as of June 2006, website number as 788,400 and 81% of websites being used for business. (However today’s internet users have increased to 210 million according to the latest report made by CNNIC (CNNIC 2008)). According to the two authors, e-commerce in China is developing with the pace of internet users. They revealed that per China Market Information Centre (CCID), as of 2005, the e-commerce revenue generated amounted to $92.2 billion in China with expansion of as much as $654.3 billion by 2010. Furthermore, they reported that the revenue in 2005 of B2B reached $85.1 billion representing a 44.8% increase from 2004 level. The B2C revenue in the same year was reported to be $5.9 billion representing an increase of 475.6% over the 2004 revenue. “In 2007, online shopping market kept stable increase and the year revenue exceeded 100 billion yuan (USD 14 billion)” (PrLog.com, 2008, 1st par.).

According to the authors, the rate of developments is in line with the adoption theory that IT diffusion process is initially slow, then gradual growth followed by dramatic rise and rapid growth and then gradual stabilization. Honxiu and Suomi (2007) stated that at present the US is the biggest Internet market and nearly takes in to their economy close to 50% of the global Internet market revenue. Economic experts predict that with the largest population in the world and double digit
economic growth, China could potentially outplace US and become the largest Internet telecommunication and e-commerce market in the world. According to them, despite these developments, the e-commerce in China is still in its infancy and different technical, commercial and regulatory problems exert pressure in its development.

2.4.2 Chinese Cognition and Attitude for Trust Issue of E-commerce

Demographics data on China supported the common knowledge that it is the most populous country in the world. As of 2006, China’s population is 1.314 billion with about 68% or 884 million in the 15-64 years old bracket (starmass.com 2006). This age bracket according to starmass.com has an illiteracy rate of 6.72% compared to 15.88% in 1990 five years before the internet was introduced into the country. It is an accepted fact that this age bracket is also the population exposed to two generations of communism wherein the country is ruled by man and his principle and not by laws created by majority of man under democratic regime. This age bracket is also the people trying to adjust their sense of values acquired under communist regime and adapt to democratic ideals of the Western world. The people gave up equalitarian concept and turn to gain more fortune. Furthermore, collectivism or the commune system wherein everybody is helping each other to achieve a task is the embraced philosophy in 30 years ago and it follows that if the task is not achieved according to standard, everybody is responsible and should be subjected to punishment (afe.easia.columbia.edu.). This condition was instilled into the mind of the 884 million people (15 to 64 age bracket) who were indoctrinated into this kind of thinking. A newcomer into an organization who is a complete stranger should not be trusted due to the fact that they still need to know who is the stranger and a much longer personal relationship is needed before the organization will give their trust. “It can be said that Chinese trust only two things; their family and their bank accounts”
The concept of “guanxi” or the need for a longer relation involving face to face communication so that trust will be developed as was imbibed from their culture became the standard by which e-commerce is being slowly accepted in China (Gorill 2007). Based from the nature of the Chinese that interpersonal trust is first needed before convincing can be done and judging from the nature of e-commerce transaction wherein the seller and customer can only talk through the internet without personal interaction, then there lies the problem.

Majority of the internet users in China still don’t fully trust the internet and e-commerce due to the fact that they are still relatively new to this modernization (BBC News 2005). Peng, D. (2007) revealed in his study that the quality of service that the website offers, privacy of the information being supplied by the customer and convenience are the factors that greatly contribute to acceptance of internet and e-commerce. The author also reported that social economic status and the quality of service are the two most influencing factor being considered by the Chinese to make transactions in the internet while risk factors associated with transaction and degree of convenience are the factors being considered in Taiwan in adopting e-commerce.

By deducing from these information, the Chinese being normally secretive, a trait they imbibe from their culture while the opposite is needed in the internet and e-commerce are the factors that negatively influence the acceptance of e-commerce in China. From the information reported by Peng, D, only the people with high social economic status finds e-commerce acceptable and convenient and these are the younger generations of Chinese. The author analyzed the reasons for adopting e-commerce in China mainland and compared to other Chinese part of Hongkong and Taiwan. The author reported that door do door delivery was the main reason for choosing e-commerce in China. On the drawbacks of e-commerce in China, Peng reported that 66% of consumers claimed distrust in commodity quality bought through e-commerce. Internet shopping and e-banking were the activities that Chinese internet users claimed they will try in the future. This suggests that the Chinese are slowly embracing the internet and e-commerce. The follow tables
representing the motives, drawbacks and willingness to try e-transactions in the future suggest that China will continue to embrace e-commerce despite the problems of cognition and perceptual trust.

Table 2.3 Motives of E-transactions (from Peng, D. 2007)

<table>
<thead>
<tr>
<th>Why do you choose e-transaction? (Multiple choices)</th>
<th>Taiwan</th>
<th>China</th>
<th>Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoid harassment from salespeople</td>
<td>15.50%</td>
<td>17.60%</td>
<td>20.30%</td>
</tr>
<tr>
<td>More privacy in shopping</td>
<td>12.50%</td>
<td>18.60%</td>
<td>6.60%</td>
</tr>
<tr>
<td>Door-to-door delivery</td>
<td>26.70%</td>
<td>34.30%</td>
<td>25.40%</td>
</tr>
<tr>
<td>Diverse commodities</td>
<td>22.60%</td>
<td>25.00%</td>
<td>31.10%</td>
</tr>
<tr>
<td>Sole commodities from the Internet</td>
<td>11.00%</td>
<td>8.30%</td>
<td>14.80%</td>
</tr>
<tr>
<td>Related information is complete</td>
<td>10.50%</td>
<td>13.70%</td>
<td>13.50%</td>
</tr>
<tr>
<td>Simple procedures</td>
<td>24.40%</td>
<td>22.10%</td>
<td>33.30%</td>
</tr>
<tr>
<td>Convenient payment and transfer</td>
<td>21.50%</td>
<td>21.60%</td>
<td>30.00%</td>
</tr>
</tbody>
</table>
Table 2.4 Drawbacks of E-transactions (from Peng, D. 2007)

<table>
<thead>
<tr>
<th>What are the drawbacks of e-transaction? (Multiple Choices)</th>
<th>Taiwan</th>
<th>China</th>
<th>Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less comfortable than with traditional transactions</td>
<td>8.30%</td>
<td>6.40%</td>
<td>15.00%</td>
</tr>
<tr>
<td>Unable to show the real things</td>
<td>27.60%</td>
<td>25.50%</td>
<td>42.20%</td>
</tr>
<tr>
<td>Insufficient transaction security</td>
<td>61.80%</td>
<td>52.50%</td>
<td>71.50%</td>
</tr>
<tr>
<td>Unable to evaluate commodity quality</td>
<td>56.70%</td>
<td>66.70%</td>
<td>63.80%</td>
</tr>
<tr>
<td>Too few commodities</td>
<td>17.10%</td>
<td>37.70%</td>
<td>21.40%</td>
</tr>
<tr>
<td>Too little information about commodities</td>
<td>28.70%</td>
<td>36.30%</td>
<td>24.15%</td>
</tr>
<tr>
<td>Transaction process is too complicated</td>
<td>10.10%</td>
<td>26.00%</td>
<td>8.20%</td>
</tr>
<tr>
<td>Delivery is too slow</td>
<td>16.50%</td>
<td>39.20%</td>
<td>26.30%</td>
</tr>
<tr>
<td>No drawbacks</td>
<td>0.70%</td>
<td>0.00%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Others</td>
<td>1.20%</td>
<td>0.50%</td>
<td>1.10%</td>
</tr>
</tbody>
</table>

Table 2.5 Willingness to Try E-transactions in the Future (from Peng, D. 2007)

<table>
<thead>
<tr>
<th>What kind of e-transactions will you try in the future? (multiple choices)</th>
<th>Taiwan</th>
<th>China</th>
<th>Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>None at all</td>
<td>12.60%</td>
<td>3.90%</td>
<td>7.50%</td>
</tr>
<tr>
<td>Internet shopping</td>
<td>62.20%</td>
<td>75.50%</td>
<td>53.60%</td>
</tr>
<tr>
<td>E-banking</td>
<td>43.50%</td>
<td>66.70%</td>
<td>67.80%</td>
</tr>
<tr>
<td>Online brokerage</td>
<td>41.50%</td>
<td>37.70%</td>
<td>35.80%</td>
</tr>
<tr>
<td>Subscription of e-paper or e-magazine</td>
<td>39.80%</td>
<td>28.40%</td>
<td>25.60%</td>
</tr>
<tr>
<td>Others</td>
<td>10.35%</td>
<td>0.00%</td>
<td>1.50%</td>
</tr>
</tbody>
</table>
2.4.2.1 Trust Issues of E-commerce Faced in China

E-commerce analysts point out that trust issue is the most important barrier that hinders e-commerce development in China. Alev M. Efendioglu, et.al (n.d.) stated that “in development and diffusion of e-commerce in China, cultural issues such as socializing effect of commerce, transactional and institutional trust and attitudes towards debt play a very major role” (e-commerce in Developing Countries. Abstract). The authors further stated that despite government efforts to expedite e-commerce development, the progress of development is very slow. They identified three major barriers which they outlined as follow figure:

Figure 2.7 Influences on Diffusion of E-commerce (from Alev M. Efendioglu, et.al Efendioglu, et.al)

Influences on Diffusion of E-Commerce

- **INFRASTRUCTURE:**
  - Access to Technology & Connectivity,
  - Telecommunication Infrastructure, & Supporting E-Services

- **COUNTRY-WIDE**
  - ACCEPTANCE & DIFFUSION of E-COMMERCE

- **POLITICAL / LEGAL:**
  - Governmental Policies and Support, & Legal Environment and Practices

- **SOCIO-ECONOMIC:**
  - Business Environment, Consumer and Business Practices, & Social and Cultural Characteristics
The study revealed that one of the infrastructural problem deals with access to technology specifically the connectivity of hardware and software. This problem is being acted upon by the government by the entry of foreign investment according to the authors. A proof of this is the significant increase of internet users with access from home which reached 17.4 million in 2003. The China Center of Information Industry Development (CCID) projected an 18.8% annual growth of home-accessed internet in the next five years the authors reported. In support of this target, the government established China Telecom which is the backbone of China’s e-commerce in the coming years. The authors further revealed that E-transaction support is also lacking due to the fact that very few Chinese have credit cards that is internationally accepted. This type of card is the basic payment option in e-commerce and not the local cards that most Chinese possesses. In place of this is COD arrangement and postal money order which are antiquated already at this point in time. With this problem is the lack of reliable parcel service to deliver the ordered commodities in rural areas. The parcel service only operates in big cities of China. Another problem out of infrastructural issue is the lack of security of the personal data being divulged in the process of e-commerce. Chinese being discreet in nature are hesitant to acquire and use credit cards due to the fact that they don’t trust the security of the data they submitted, the authors reported. The tradelink-ebiz.com (2008) supported the statements of the authors on the online security of transactions and reported the existence of E-bay and Amazon to take care of this matter. Another issue according to the authors is the quantity and quality of products being offered on line. Woudhuysen (2007) of Global Tech Forum declared “Home-grown internet retailers offer a limited product selection, of which the quality is often suspected. In March this year for example, online book store Dangdang.com was forced to apologize to a publishing house for selling pirated books online. Incidences like these lower consumer confidence, thus hindering e-commerce growth”. (China Internet, “On line Trust”, 3rd par).
Another consideration in attracting the online users in e-commerce is the interface design of the website. Considering the Chinese culture, the website should be designed as reflective of the culture. Lo and Gong (2005) said that “how to think globally, act locally is a challenge facing many e-commerce companies that want to extend their business to other parts of the globe” (Cultural Impact, Abstract). The author suggested that for a website to be acceptable to Chinese customers, the design should focus on the end result of consumers’ acceptance and trust in an e-commerce system. From the statement it is very clear that the concept of guanxi should be incorporated in the design of websites.

It is an accepted fact that the socio-cultural aspect of trust will always be a barrier in e-commerce progress in China and as such, patience should be exerted to achieve further penetration. Based from their culture, long personal relation is needed to establish trust. This is a vital part of their culture and companies who want to succeed in China e-commerce. They should find ways to be worthy of trust in their activities.

The legal framework by which China aims to manage the e-commerce is well in placed in writing. It is now a common knowledge that the regulatory agency lacks political will in implementing the rules. The China Daily (2005) reported that Alamusi, the Chief Executive of China E-Law pointed out “that the law has just 36 articles and does not cover other major legal issues like electronic contracts, protection of e-commerce consumers, and the legal liability of e-commerce service providers.” (E-Commerce Legislation, 8th par.)
2.4.2.2 Why Chinese has such Attitudes for E-commerce depend on Trust Issue

The seemingly negative attitude of Chinese towards e-commerce can be explained by the requisite of trust which can only be achieved through the concept of guanxi. According to afe.easia.columbia.edu (n.d.), this ruler embraces Confucianism and its principle called collectivization was implemented to the people representing the age bracket of 64 and under at present or those who were born in the year 1949 just after World War II. The afe.easia.columbia.edu revealed that under collectivization, people are grouped into communes and work together collectively to achieve a task or goal. The paper continued by saying that due to longer face to face communication and daily cooperation, mutual trust was developed among the members of the commune. Analyzing very closely and relating it to our daily lives, it is an accepted reality that the parents usually pass on to the children the sense of values which they think will be helpful for their children to imbibe. The parents are those aged 65 and up at present and the children are those aged 15 to 40 at present. These two generations were the ones who experienced the liberation from commune system to the age of Westernization at present. The two generations now are being exposed to two different contrasting ideologies and seems to be at loss what ideology to follow. Due to the fact that cognitive trust can only be achieved through constant personal communication in our daily lives and this belief is deeply in placed in their mind, the tendency of Chinese conducting e-commerce activities is still consider cognitive trust as basis for their full adoption of e-commerce. Through education in universities in the cities and what they can see from peers, the rural youth are now slowly embracing the ideals of Westernization and democracy but still the concept of distrust towards strangers and anything foreign cannot be set aside from their mind.

The other cultural value deeply entrenched among Chinese is mianzi or ones pride or reputation (communicaid.com, 2007). Causing someone humiliation or
allowing yourself humiliated by buying fake and low quality items from e-commerce is a great shame in Chinese culture according to communicaid.com. Inappropriate withholding of respect to individuals within an organization can damage business transactions and showing moderate respect by praising someone can earn respect, loyalty and success in negotiation.

Keqi is another cultural trait among the Chinese people and it connotes courteous and refined behavior. In e-commerce, the Chinese culture prefers people who demonstrate humility and modesty as boastful claims are taken with distrust and suspicion. In the design of websites, it follows that excessive claims should not be used as this will lead to suspicion and distrust.

The three cultural values were deeply entrenched into the mind of Chinese people and cannot just be set aside no matter how an individual try to forget it. As a result of indoctrination of the fathers which the father later on passed on to their children due to the fact that they believe it was the right thing to do, distrust attitude towards anything new including e-commerce will always persist. This sense of distrust for anything new is a safeguard against anything bad or evil that might happen for trying the new things in life.

2.4.2.3 How Important Trust Issue Affect Chinese Cognition and Attitude

The trust issue of Chinese towards the internet and e-commerce in particular and its effect in cognition and attitude can be traced to three different but interrelated causes as reported by Peng, D (2007). According to the author, they are infrastructural limitations like connectivity, interface design of website, limited payment options and delivery services and on line security of data. The other is cultural or the inherent character of Chinese to distrust anything new and the last is the strict and/or lack of government regulations. The negative attitude of the Chinese
towards e-commerce result to slow development compared to other countries in the Western world. On the other hand, close analysis of their hesitance and cognition of e-commerce has done the country more good than harm. Considering that the country has the biggest potential market for e-commerce which at present is in its slow pace of development, investors are thinking very seriously how to manage the causes of distrust to their advantage.

As a result, the Chinese consumers will benefit more in terms of excellent service, user-friendly websites and other amenities web sites companies will offer to get the nod of the consumers. Along this line, Johnson (2008) a website designer is devising a way by which websites design will be reflective of a company sensitive to Chinese culture and ideals. The cultural trait of guanxi, mianzi and keqi will be the dominant theme and will be incorporated in the messages to create a welcome feeling among Chinese users, a feeling that can say this is our own website. The designers are full of hope that the popular cooperation concept and word of mouth will help them promote the site. The psycho-cultural orientation will offer them more time to device strategies to maximize the benefits of e-commerce and collectively help the government achieved its dream of economic greatness and self-sufficiency. The Chinese people have been struggling for quite a long time already. Countless lives has been given and sacrificed to free itself from the ideals of socialism. A very big opportunity to rise and achieve their economic goals is now within reach. It is just a matter of analyzing the strategies to be done to manage the opportunity and benefit from it. A popular saying says “doubt is the first step to finding the truth and believing what is the real truth”. Based from the available documents on reasons for Chinese slow adoption of e-commerce, they are still observant and searching for more justifiable reasons to join the bandwagon in the light of their conservative culture and ideals. By doing so, they are ensuring that loopholes and humps along the way going to total e-commerce adoption are identified and seen, repairing those loopholes and humps and seeing to it that they will never fall to the trap affecting their mianzi and guanxi. The collected documents reveal that Chinese are not the
individualistic type of people as Westerners. They are conservative, analytical and accustomed to achieving target and goals based on cooperation and efforts as a group.

### 2.4.2.4 How to Change the Chinese Attitudes on Trust Issue of E-commerce in the Future

It is now a known fact that the causes of distrust by Chinese in e-commerce are infrastructural, cultural and political. Of the three causes, cultural cause takes the center stage as it directly affects the other two. The inherent lack of trust among the Chinese towards e-commerce is primarily alleviated by the design of websites which are not reflective of the cultural heritage that they have. Johnson (2008) suggested that in designing websites for Chinese e-commerce, it is of prime importance to front load the site with features and benefits of many products the site offers. This will sink into the mind of the surfers that more products are available and solve the problem related to trust that limited products are available. The sales message according to Johnson should incorporate the concept of guanxi, mianzi and keqi. Most important, the predominant color should be red. Messages from well known Chinese e-commerce customer to the effect that they are satisfied with their own line shopping with the website should be incorporated. Considering the cultural heritage of guanxi, this will greatly help get approval from rest of the surfers.

The other consideration of computer and internet connectivity, this will be easily solved in the very near future with the introduction of China Telecom. On security of on line transaction, the government with the cooperation of E-bay and Google is leading the way to solve the problem. As internet will be available to rural users, the e-commerce market will also enter the picture in the area. Applying the principle of snowballing effect wherein people tend to go where the tide is going, parcel services companies which only cater to customers in the urban areas will be encouraged to
extend delivery services to rural areas. As e-commerce acceptance goes higher, the demand for international credit cards will be felt. Local banks will be forced to find ways to partner with international banks and make the cards available to many e-commerce customers.

As regard to government regulations, much stricter implementation of laws on counterfeiting of goods is needed as well as stricter laws on registration of websites catering to e-commerce must be implemented. Fake goods are usually available in unregistered websites. This is to prevent availability of fake goods which add to the distrust of consumers on the net and e-commerce and ease the competition with legally registered web sites.

On the culturally influenced trust, the problem will ease gradually as more and more consumers experience the changes in infrastructure and government regulations. It is now a common knowledge that distrust is always in the mind of not only Chinese but of all people buying from the internet. As more positive experiences are known among the e-commerce enthusiast, the trust will be gradually developed. The concept of placing the pleasant experiences of the customer in culturally inspired Chinese websites will help a lot in developing the concept of guanxi which need a more personal encounters and a little longer time to achieve. Doing so will promote mianzi and keqi leading to a faster development of e-commerce in China.

2.5 Summary

This chapter discussed the literature and different trends regarding concept of trust, and definition of trust in online environment. Besides that, the Chinese attitude toward e-commerce also identified within this chapter. Especially, it mentioned the importance of trust issue for Chinese and the suggestions for how to change Chinese attitudes on trust issue of e-commerce in the future. In additional, the whole chapter embraced some figures and tables to elaborate knowledge further about the trust.
Chapter 3

Methodology

3.1 Introduction

This chapter details the methodology used for the study, what kind of research approach was used and why. Then, the methods of investigation for collecting data which used in this research will be introduced to readers. After that, the design and analysis detail of the questionnaires are outlined followed by a briefly explanation of sampling and distribution.

3.2 Research Approaches

3.2.1 Deductive versus Inductive

In logic, there are general two broad methods we often refer to in research. They are deductive and Inductive approaches. The following will simply introduce each of them, and then select suitable one for this research.

Deductive approach starts the research with a more generalized concept and runs towards a specific observation. The observation is found out through logical argument and analysis of various theories and examples from literature. This approach can be termed as "top-down" approach. The research begins with a concept or theory then narrows down the search to specific hypotheses to test further. The approach further narrows its scope while making observations to address the
hypothesis. Finally, the study narrows down the process of observation by further testing the hypothesis to confirm the validity of the data with reference to the original theory and hypothesis. The deductive defined by the online Dictionary Labour Law Talk (2005), “the method of scientific progress whereby a hypothesis is tested by generating predictions that may be tested through scientific experiments”.

Inductive approach starts the research with more specific observation to produce broader generalization and theories. This approach is also called “bottom up” approach. The research makes specific observations and measures and detects the patterns and regularities to form tentative hypothesis. This tentative hypothesis will be further explored to develop some general theories and conclusions. Inductive approach is defined by Thomas (2003:2), “a systematic procedure for analysing qualitative data where the analysis is guided by specific objectives”.

This research adopts a deductive approach. The current study is proposed to begin with the literature observations and survey results and then begin to detect patterns, and methods for the website operations that are in support to the Chinese e-commerce.

3.2.2 Quantitative and Qualitative

The choice of using qualitative, quantitative or both methods should depend upon what the research aims to find out (Silverman, 2002). According to the aims and objectives of this current research as well as the time schedule of this study, applying a quantitative research method is suitable approach for this research.

Moor (2003) pointed out that qualitative only focuses on people’s beliefs, perceptions, values, points of view etc. Examples of qualitative methods are case study research, action research and ethnography. However, this study is going to describe Chinese people’s attitudes toward e-commerce trust issues, which need
gathering big demographic information based in China which also in order to support the research. On the other hand, Quantitative methods allow for a broader study, involving a greater number of subjects, and enhancing the generalization of the results. Quantitative research is also generally defined as the collection of numerical and statistical data. It is perceived as the scientific approach of research employing ‘experimental’ and ‘quasi-experimental’ strategies. Harvey (2002) describes quantitative data as data which can be sorted, classified, measured in a strictly “objective” way - they are capable of being accurately described by a set of rules or formulae or strict procedures which then make their definition (if not always their interpretation) unambiguous and independent of individual judgments.

Quantitative methods are ideally suited for finding out who, what, when, and where (Day, 1998). Quantitative methods use structured and standardized methods that allows for greater objectivity and accuracy of results. Using standards means that the research can be replicated, analyses and compared with similar studies. Usually, quantitative methods are designed to provide summaries of data that support generalization about the phenomenon under the scope of study. To accomplish this, quantitative research employs prescribed procedures to ensure validity and reliability. Kruger (2003) confirms that quantitative methods allow us to summarize vast sources of information and ease comparisons across categories and over time. Based on above discussion the quantitative method is sufficient to achieve the goal of this study.
3.3 Methods of Investigation

Different methods of gathering data were used in this research study: literature review and survey (questionnaire)

3.3.1 Literature Review

It is very important to make literature review in the research project, which gives out the over-all the background and development status of the topic. CQU Library 2000 defined Literature Review as: “A literature review is an evaluative report of information found in the literature related to your selected area of study. The review should describe, summarize, evaluate and clarify this literature. It should give a theoretical base for the research and help you (the author) determine the nature of your research. Works which are irrelevant should be discarded and those which are peripheral should be looked at critically.”

3.3.2 Quantitative Survey Method

For this research study, the quantitative research method is observed through the Survey questionnaire to gather opinion and trust levels of e-commerce shopper on the Chinese e-commerce websites. This data is further compiled on analyze and to suggest the further course of action for the trust issue in e-commerce industry.

Fink (1995) defined survey as “a systematic procedure for collecting information to describe, compare, or explain attitudes, behaviour and perceptions. Surveys involve setting objectives for designing research for data collection. This involves devising an instrument for data collection on different opinions and scoring the instrument, analyzing data, and reporting the results”.

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The data produced from the survey is given a clear form of representation against the factors involved taking the overall consensus. The further interpretation of results through quantitative analysis can help in identifying the trust issue of e-commerce in China.

As the sample size if large and geographically wide, E-mail survey was administered in gathering information to have a cost effective way of conducting the research. This also helped to eliminate interviewer bias as there is no direct interviewer. Besides being cost effective this is the fastest method of distributing a survey. However, the main disadvantage in this method is the inability to probe respondents for more detailed information.

3.3.2.1 The Reasons of Using Questionnaire Survey for this Study

The development of standard questions by researchers can eliminate bias and false representation, allowing the study to gather the view of participating subjects instead of the researcher. The results of the quantitative survey research being limited and numerical descriptions can provide accuracy of the output rather than detailed narrative perception.

Secondly it will elicit the strength of the opinion among the participants and facilitates to know the trend and patterns that are in practical and useful. From an evaluation perspective the use of interviews as a data collection method starts from the assumption that informant’s perspectives are significant, useful, comprehensible, clear, and will positively affect the project and produce rich, detailed data for analysis (Frechtling, 1997:3; Lofland et al, 1995).

As the study needs to gain opinion of the majority of the population, survey is the best suited method to gain such result. In Quantitative survey
analysis, the questions will be direct and easily quantified, and made available to a sample of no less than two hundred participants to permit reliable statistical analysis (Urban Wallace & Associates, 1995). Hence, survey is best suited method in gathering the opinion of Chinese for e-commerce trust issues.

The results obtained in the survey were analyzed using quantitative analysis methods. The data coded into the excel format will be decoded against the parameters of against factors and were calculated for the relation between the factors.

### 3.4 Questionnaire

#### 3.4.1 Pilot Study

Before administering the survey, the research has distributed the survey questionnaire to a small Chinese sample of population (n=15) in information department of Sheffield University. The purpose of administering this pilot study is to observe the practical issues in administering the survey to the large population. And in case, if the pilot survey is unable to gain the response from the sample respondents, then it would be better to adopt an alternative method of survey distribution or an alternative method of research method to collect data. The alternative for such circumstances could be a carrying of direct in-depth interviews with less number of sample size. However, the pilot study was successful permitting the research to further carry survey to the large population.
3.4.2 Sampling

Sampling is the process of selecting a finite part from a population of interest. The sample represents the large unit in reflecting the opinions and behaviors and attitudes. A population is a group of individuals, persons, items or objects from which samples are considered to evaluate and measure the effect or outcome of effect. In social researches, while dealing with people, it can be defined as a set of respondents (people). Sample frame is developing a setting to conduct the research, where some scientific research will be conducted as lab settings

Sampling can be done in two ways one is random sampling where the sample need not require to fulfill any criteria to be included in study, whereas the other one is called stratified sampling, which is based on a special criteria like livelihood income, education levels, gender etc. The current study adopts stratified sampling and picks only the Chinese. The study has picked the above sample size from surrounding population with prior intimation and concern about the study and distributed the survey questionnaires through e-mail.

The current study conducted the research with 221 sample population pulled from the population of internet users including male and female. The considered the respondents who are willing to participate in the study. The sample size was evaluated for external validity by closely screening the population who are internet users and knows about the online transactions and the trust issue. The study has included most of the online shoppers to know their opinions on the trust issue than the non online shoppers.
3.4.3 Questionnaire Design

Quantitative methods deal with issues known at the beginning of the research project as this is when the questions are decided and documented (McCullough, 1995). They can also be complex process and require considerable investment for proper understanding and using (Kruger, 2003). So survey design was carefully undertaken as described in the following section:

McCombs, M, (1999) examined five motivations in the formation of the public agenda: self-interest, civic duty, avocation, emotion and peer influence. Hence the current study tried to observe who are associated with e-commerce trade and internet usage, and framed the Section 1 questions to enquire about the demographics of the participants. In order to know the personal information of Chinese respondents the questionnaire enquired on the preliminary facts like Gender, Age, Education background, Monthly income under Section 1.

According to James Bryce it is only after the initial affective encouragement that the individual seeks additional information and begins to formulate a definite view on the issue. So the study uses certain questions to generate the attitude to think about the trust issue in e-commerce by enquiring about their general internet behaviour through the questions like, how long have you been using internet in Question 5 and Question 6 at the beginning of the Section 2. Norris and Phillips (1987) suggest the essence of critical thinking or using is raising alternative interpretations. So the study tried to evaluate the online behaviour as critical thinking of the users on further shopping in deciding the continuity of usage of the online as shopping mode through the questions from 7-13.
According to Stern (1997), affective commitment is developed through time, as a result of the fact that consumers get used to positive emotional responses and as a consequence, more security is generated in the relationship. So the emotional response of the internet users and the attachment or the commitment is tested through the questions like 14, 15, and 16 to acknowledge their perception of unpleasantness or likeness towards online shopping in Section 3.

The barriers to technology include poor resources and equipment, lack of technological knowledge, lack of technical support, and low motivation to use the technology (Beggs, 2000 & et al.). So the study framed the questions to know the motivation levels of the e-commerce shopper and their desired payment methods as convenience for payment through the Questions 17 and Question 18 in section 3 as well. McIvor et al., (2002) said that in the online context, higher quality in the communication between the parties produce higher degrees of trust communication has been considered as a major antecedent of trust and proximity feelings between the parties in a relationship. So Question 19 in section 3 was included to identify the trust issue on China e-commerce websites.

Stockdill & Morehouse (1992) said that the most comprehensive and useful technology diffusion theories are the Critical Factors in adoption. So the study tried to identify the critical factors for adoption as recommended by the users of e-commerce to improve the Chinese online trading. Hence, in section 4, the question 20 and question 21 contained more detailed expectations of respondents as the likely adoption for future e-commerce context.
3.4.4 Questionnaire Analysis

The study after collecting the data from the survey questionnaires, decoded the data on to the excel spreadsheet for further analysis. The data was analyzed against each questionnaire as the study has not included any complicated analysis. The response from each question was analyzed against the answers. The results were observed as values or percentages and then presented in the graphical format. These results will be further analyzed and discussed against the initial concepts. The analysis of results develop the general conclusions or theories on the trust issues in Chinese e-commerce.

3.5 Summary

It is important to set up a methodology in the beginning of a research. The study adopts quantitative as basic methodology to fulfill this dissertation after analyzing the trait of each approach. The chapter also explored the questionnaire design, which includes how to frame a series of questions to reflect the context of e-commerce in China. In order to reach better result a pilot sampling is needed.
Chapter 4

Data Analysis

4.1 Introduction

This chapter presents the findings of the survey completed. The survey was conducted through the distribution of questionnaires. Such instrument contained four parts with a total of 21 questions. Each part dealt with a distinct subject matter which is vital and relevant to the aim and objectives of this research. All questions are centered on online shopping through Chinese websites and the attitudes and beliefs of Chinese people that influence their choices. The discussion will follow the flow of the questionnaire beginning with demographical questions.

A total of 250 questionnaires were distributed. However, only 221 were considered valid. The remaining 29 were either never returned or invalid due to the incomplete answers or information.
4.2 Demographics of the Sample (Question 1-4)

Table 4.1 Respondents Personal Information

<table>
<thead>
<tr>
<th>Respondents=221</th>
<th>Frequency (No. of Respondents)</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>125</td>
<td>57%</td>
</tr>
<tr>
<td>Female</td>
<td>96</td>
<td>43%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;18</td>
<td>17</td>
<td>8%</td>
</tr>
<tr>
<td>19-29</td>
<td>80</td>
<td>36%</td>
</tr>
<tr>
<td>30-39</td>
<td>63</td>
<td>28%</td>
</tr>
<tr>
<td>40-49</td>
<td>38</td>
<td>17%</td>
</tr>
<tr>
<td>&gt;50</td>
<td>23</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Educational Background</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under High School</td>
<td>18</td>
<td>8%</td>
</tr>
<tr>
<td>High School</td>
<td>43</td>
<td>19%</td>
</tr>
<tr>
<td>Technology College</td>
<td>46</td>
<td>21%</td>
</tr>
<tr>
<td>Undergraduate Postgraduate</td>
<td>82</td>
<td>37%</td>
</tr>
<tr>
<td>Master or Above</td>
<td>32</td>
<td>15%</td>
</tr>
</tbody>
</table>
This section presents a demographic profile of the respondents and compares the gender, age, educational background and monthly income. Determining the demographic characteristics of the respondents is a vital element of any research. Such demographic information allows the researcher to create a profile of the sample. Furthermore, demographic characteristics may influence certain responses from the sample which may then lead to vital information for the research.

From the table above, of the 221 respondents, 57% were male and 43% were female. These figures are conducive to the study as the sample is not dominated by either gender. From table above it also clears that the ages of the Chinese respondents were varied. However, the greatest number of respondents placed their age between 19 and 29. 80 or 36% responded that they were between 19 and 29 while 63 or 28% responded that they were between 30 and 39.

The table 4.1 shows the breakdown of the sample based on educational background. The study observed that most of the Chinese Respondents in this survey study belong to the undergraduate category of educational qualification. So, as above mentioned the 82 or 37% members of the sample placed their educational background at the undergraduate postgraduate level. And 32 participants are with masters or above qualification. There is an equal participation of the respondents

<table>
<thead>
<tr>
<th>Monthly Income</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;2000</td>
<td>19</td>
<td>9%</td>
</tr>
<tr>
<td>2000-4000</td>
<td>70</td>
<td>32%</td>
</tr>
<tr>
<td>4000-6000</td>
<td>56</td>
<td>25%</td>
</tr>
<tr>
<td>6000-8000</td>
<td>45</td>
<td>20%</td>
</tr>
<tr>
<td>&gt;8000</td>
<td>31</td>
<td>14%</td>
</tr>
</tbody>
</table>
from the technical and high school background. Likewise, there is only 18 of the respondents or 8% from the under high school background. This shows the prevalence and usage of internet and E-commerce with different education backgrounds. Except age, educational background, the monthly income is one of important personal information should be mentioned in this demographics section. According to the table 4.1 was shown, 70 of the respondents or 32% of the sample placed their income in the 2000 to 4000 RMB bracket while 56 of the respondents or 25% said that the income was in the range of 4000 to 6000 RMB. Only 19 respondents placed their income to be less than 2000 RMB a month.

With such demographic information provided, a profile of the sample can then be created. Based on the given demographic data, it can be assumed that majority of the sample is made up of professionals who hold jobs that provide sufficient or more than sufficient income. Also, these individuals are well-educated which would mean that they are up-to-date with the present trends and technologies. The monthly income is highly relevant for it is a determinant of the dispensable income that is used purchase goods and services that are offered through e-commerce websites. The age of the Chinese respondents is likewise vital for people between the ages of 18 and 39 have been identified as the most likely to make online purchases. (Pew Internet, 2008)

The demographic profile of the sample reflects the widely acknowledged belief that online shoppers are younger, better educated, and high income earners. As Pew Internet (2008) stated, “Some expected demographic factors account for some of the differences between online shoppers and other internet users. Online purchasers tend to be younger, better educated, and higher-income than those who have not bought a product over the internet.”
4.3 Internet Usage and Online Shopping Behaviours (Question 5-13)

The next segment of the survey aimed to gather data on the Chinese respondents’ internet usage and online shopping behaviours. The survey reveals that most of the respondents are seasoned users of the internet.

How long have you been using the Internet? (Question 5)

Figure 4.1 Period of Using the Internet

As the figure above would show, most of the members of the sample have been using the internet for more than 3 years. Specifically, all of the respondents have used the internet with almost 58% of them acknowledging that they have used the internet for more than three years.
How frequently do you use the Internet? (Question 6)

Figure 4.2(1) Frequency of Using the Internet

![Bar graph showing frequency of Internet use: Daily 104, Weekly 73, 2 to 3 times a week 25, Monthly 11, Less than once a month 8.]

Figure 4.2 (2) Frequency of Using the Internet

![Pie chart showing frequency of Internet use: Daily 47%, Weekly 33%, 2 to 3 times a week 5%, Monthly 4%, Less than once a month 11%.]
The figure 4.2(1), (2) was shown that not only are the respondents seasoned users of the internet, they are frequent users as well. Question 6 aimed to gather information as to how often the respondents used the internet. Out of 221 responses, 104 or 47% indicated that they use the internet daily while 75 or 33% answered that they accessed the worldwide web weekly. The responses show that the internet is an integral part of the everyday life of the respondents. For the majority of them, not a week goes by without them accessing the internet.

**Have you ever made an online purchase? / When was the last? (Question 7 and Question 9)**

**Figure 4.3 Latest Online Purchases**

From the figure above it is clear that the respondents were likewise asked to state whether they have ever made an online purchase. 155 said yes while 66 said that they have yet to complete an online transaction. This means that around 70% of the respondents have had experience using e-commerce websites. Thus, the information
that they would share will be extremely valuable for their opinions would be based on actual experiences. Also, the question 9 in the survey asked those respondents who have made an online purchase to indicate when their last online transaction was. 95 out of the 155 who said yes answered that their last online purchase was a month ago. This figure represents 61% of the total number of respondents who have made an online purchase many days ago.

What such data indicates is that online shopping has yet to become a habit for the Chinese respondents. Despite their frequent use of the internet, actual online purchases do not occur that often. This likewise shows that online shopping is not the primary purpose of internet usage.

Do you use the Internet to looking for goods or services to buy frequently? (Question 8)

Figure 4.4 Frequency of Using the Internet to Buy
The responses to question 8 are summarized above, and the answers to question 8 indicate that the respondents use the internet for reasons other than online shopping. 70 of the responses or 45% show that the participants only have occasional use of the internet to look for products or items to buy. These figures strengthen the earlier assertion made. They indicate that people have yet to fully utilize the internet for online shopping. It is evident that online shopping has yet to become a habit for the Chinese. Although they are habitual users of the internet, online shopping is not their primary purpose for accessing the worldwide web.

Do you like online shopping? (Question 10)

Figure 4.5 Favorite Degree of Using Online Shopping

Having established the frequency of online shopping among the respondents, it is vital to determine how much they like online shopping. Question 10 in the survey specifically dealt with this matter. The figure 4.5 above provides a detailed view of the responses for this question. The responses gathered reveal that the respondents
are not very same to online shopping. 70 respondents rated that they only somewhat like online shopping and only 6 responded that they liked online shopping very much. Also, 34% of the respondents acknowledged that they were not so much fond of online shopping.

These responses reveal that there is hesitation on the part of the respondents about online shopping. Although they did not clearly reject the idea of purchasing products through e-commerce websites, the majority of them were uncertain as to how much they liked online shopping. There are reasons as to why such hesitation exists. It is critical that such reasons be explored as analyzing such information is vital to the achievement of the objectives of this research.

Why do you purchase online? (Question 11)

In question 11, respondents were asked to state the reasons why they purchase online. They were required to rate the given reasons on the basis of importance on a scale of 1 to 8 with options given a rating of 1 being the most important. Respondents were given 8 options and were given the freedom to pick and rate as many reasons as they want. To determine which reason was deemed as the most important reason for shopping online, the researcher devised a scoring scheme. A rating of 1 was given a score of 8. The score decreases as the level increases. Based on this scheme, if an option is given a rating of 8, it will gain a score of 1. The following table 4.2 summarizes the point system:

Table 4.2 Rating for the Reasons of Purchasing Online
Based on the given point system, the score of each option were determined. This involved multiplying the number of responses for a given option at a given level/rating by the corresponding score/points. The sum of scores of a given option at the different levels is the total score of the said option. This process determined the option that was given the highest rating. The total score determines how important the respondents perceived the reason to be. Such method revealed that the most important reason why the respondents shopped online was the convenience of online shopping. Convenience received a score of 1087. This score was far greater than the rest since the next highest score was 793. This is the score accumulated by the reason that people shop online for items that are not available in local shops. The reason that had the lowest score is curiosity, which only garnered 57 points. The figure 4.6 below summarizes the results of the said question:

<table>
<thead>
<tr>
<th>RATING GIVEN</th>
<th>EQUIVALENT NUMBER OF POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Most Important)</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>8 (Least Important)</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure 4.6 Reasons to Purchase Online
It is clear that the people shop online primarily because they find it convenient. Since online shopping does not require them to physically be at the shop, they can make purchases from anywhere and from any store online.

**What products and service do you purchase online normally? (Questions 12)**

Another important factor that the questionnaire dealt with was the products that consumers commonly purchase from e-commerce websites. The 12th question in the survey aimed to gather such data. Respondents were asked to identify the products or services that they usually buy online. They were free to choose as many products or services as they want. The responses to the said question are summarized in the figure 4.7:
From the figure above, it can be seen that two types of products are commonly purchased online. Books and accessories were chosen 132 and 122 times respectively. It must be noted that these were the only two choices which had more than 100 respondents. The product that had the least number of responses was second hand goods, which was picked by only 28 respondents. The second hand always related to the issue of trust. Also, this result is critical for auction sites which are the common sources of second hand goods. However, elaborating on such finding is beyond the coverage of this research.
What are the reasons that you may not shop online? (Question 13)

Just as the respondents were asked to name the reasons why they choose to shop online, they were likewise asked to state the probable reasons why they would not purchase products or services offered through the internet. The results of question 13, which deals with this subject, are vital for it will help explain the hesitation of respondents with online shopping as revealed in the discussion of the 10th question of the survey. Respondents were given 16 different reasons as to why they would not shop online. They were asked to rate their choice in terms of importance with options given a rating of 1 as the most important reason why they would choose not to complete online purchases. Furthermore, they were allowed to pick and rate as many options as they want. Since this question involves ratings, the results will be evaluated using the same methodology that this researcher utilized for question 11 of the survey. The same point system will be used. Although respondents had 13 different ratings to choose from, only ratings 1 to 8 received at least one response. Therefore, the researcher decided not to include ratings 9 to 13 in the evaluation and the same point system earlier described will utilized. The results of the evaluation, specifically the total points for each of the options given are figured below:
It is evident from the figure that the Chinese respondents were hesitant about shopping online because of the uncertainty with the quality of products that are sold in e-commerce websites. Such reason received a score of 1,243, the highest score among the given choices. The results also indicate that part of the reason why people refuse to shop online is their not trust over the security and privacy of the personal information they are required to give out when making online purchases. The following choices and their corresponding scores refer to trust issues associated with online purchases:
Table 4.3 Five Main Reasons for Not Shopping Online

<table>
<thead>
<tr>
<th>Reason</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>I worry about people may misuse my personal details</td>
<td>882</td>
</tr>
<tr>
<td>I do not trust online payment systems</td>
<td>862</td>
</tr>
<tr>
<td>I worry about someone may steal my credit card details online</td>
<td>714</td>
</tr>
<tr>
<td>I feel unsafe to provide personal information online</td>
<td>649</td>
</tr>
<tr>
<td>I do not trust e-commerce companies</td>
<td>574</td>
</tr>
</tbody>
</table>

These options obtained 5 out of the top 7 scores. Such finding is highly significant for it pinpoints a critical concern regarding online shopping, the security of personal and financial information. Furthermore, this result reveals the need to address such trust concerns in order to better ensure the safety of online shoppers.
4.4 Chinese Attitude towards E-commerce (Question 14-19)

Have you ever had unpleasant online shopping experiences in Chinese e-commerce website? If yes, please you briefly describe the experience (Question 14 and Question 15)

Figure 4.9 Unpleasant Online Shopping Experiences

Another question that the Chinese respondents were asked to answer was whether they have had a bad experience with online shopping. This was succeeded by a question asking those who have had bad experiences to describe such. From the figure 4.9, Of the 221 responses, 83% said that they haven’t a bad experience with online shopping. The 17% or 38 Chinese respondents who declared that they have had a bad experience with online shopping were asked to describe their experience.
Table 4.4 Answers for Unpleasant Online Shopping Experiences

<table>
<thead>
<tr>
<th>Answer</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>No response when I required the vendor to replace the goods.</td>
<td>19</td>
</tr>
<tr>
<td>Network outage issues.</td>
<td>4</td>
</tr>
<tr>
<td>Vendor delayed refund when I return the goods.</td>
<td>15</td>
</tr>
</tbody>
</table>

The above table 4.4 was summarizing the respondent’s explanations for unpleasant experience with online shopping. The results indicate that online shoppers commonly have trouble after the sale has been made. Dealing with the vendors after the sale has been completed is the problem that often arises that thereby leads to the online shopper having a bad experience. The results of question 15 are indicative of this finding since 34 out of the 38 responses named vendor-related issues.

Influences of had a bad experience with online shopping (Question 16)

Figure 4.10 Unpleasant Experiences with Online Shopping
The same Chinese respondents who said that they have had a bad experience with online shopping were asked, in question 16, to indicate what such bad experience led them to do. It is important to note that not one of the 38 respondents said that the experience led them to stop shopping from the Chinese e-commerce websites completely. Instead, 21 out of the 38 respondents said that their bad experience made them more careful in dealing with and completing online transactions with Chinese e-commerce websites. Such finding indicates that bad experiences with vendors do not deter people from continuing to shop online. Instead, such bad experiences only heighten the shoppers’ awareness of the risks or possible issues that they need to look out for when shopping from such websites.

Preferred Payment method (Question 17 and Question 18)

Figure 4.11 Preferred Method of Payment
Questions 17 and 18 focused on the payment method preferred and the reason why they preferred such method. According to the figure 4.11 and figure 4.12 was shown, the results of question 17 show that payment on delivery was the most preferred payment method by online shoppers as 117 of the 221 Chinese respondents or 53% chose it. Paypal was the second most preferred method with 56 or 25% responses. Respondents indicated that their choice of payment method is influenced primarily by the security that such payment method. 218 out of 221 respondents or 99% cited “Most Secured” as their reason for picking the payment method they prefer. Payment on delivery is indeed the most secure method since the shopper need not worry about paying for the item and not receiving it. It is the most guaranteed method since it does not put the shopper’s money at risk.
What factors affecting your online shopping confidence in Chinese e-commerce website (Question 19)

In this question, the Chinese respondents were asked to determine how relevant certain factors are to their confidence in Chinese e-commerce websites. For each given factor, the respondents were asked to state how much they agree or disagree with the statement. The table below summarizes the Chinese responses to the said question:

Table 4.5 Factors Affecting your Online Shopping Confidence in Chinese E-commerce Website

<table>
<thead>
<tr>
<th>Please give your view of how the following factors affecting your online shopping confidence in Chinese e-commerce website. Please tick a box which applies to you.</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The legislation for e-commerce in China is not mature</td>
<td>0</td>
<td>19</td>
<td>72</td>
<td>79</td>
<td>51</td>
</tr>
<tr>
<td>Terms and conditions of e-commerce website are not stated clear</td>
<td>4</td>
<td>42</td>
<td>104</td>
<td>33</td>
<td>38</td>
</tr>
<tr>
<td>Unprofessional web design makes me doubt the company’s credibility</td>
<td>9</td>
<td>25</td>
<td>38</td>
<td>94</td>
<td>55</td>
</tr>
<tr>
<td>No guarantee for delivery time</td>
<td>25</td>
<td>118</td>
<td>57</td>
<td>19</td>
<td>2</td>
</tr>
<tr>
<td>Feel not secure about paying</td>
<td>3</td>
<td>42</td>
<td>85</td>
<td>66</td>
<td>25</td>
</tr>
</tbody>
</table>
with credit or debit cards over the internet in China

Exchange and replace a purchase is not convenient for e-commerce in China

Products may be damaged during delivery

The quality of product does not meet my expectation

Not reliable network system of Chinese e-commerce website

Virus in some Chinese e-commerce websites.

Bad reputation of some Chinese vendors.

The product information on the website may be fraudulent

<table>
<thead>
<tr>
<th></th>
<th>9</th>
<th>89</th>
<th>70</th>
<th>38</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange and replace a purchase is not convenient for e-commerce in China</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products may be damaged during delivery</td>
<td>4</td>
<td>39</td>
<td>113</td>
<td>59</td>
<td>6</td>
</tr>
<tr>
<td>The quality of product does not meet my expectation</td>
<td>2</td>
<td>38</td>
<td>47</td>
<td>109</td>
<td>25</td>
</tr>
<tr>
<td>Not reliable network system of Chinese e-commerce website</td>
<td>23</td>
<td>98</td>
<td>70</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Virus in some Chinese e-commerce websites.</td>
<td>5</td>
<td>19</td>
<td>28</td>
<td>144</td>
<td>25</td>
</tr>
<tr>
<td>Bad reputation of some Chinese vendors.</td>
<td>8</td>
<td>53</td>
<td>97</td>
<td>57</td>
<td>6</td>
</tr>
<tr>
<td>The product information on the website may be fraudulent</td>
<td>0</td>
<td>6</td>
<td>19</td>
<td>124</td>
<td>72</td>
</tr>
</tbody>
</table>

The table reveals several critical findings. First, it shows that most people are wary of the information contained in websites. In other words, the respondents are uncertain of the website’s contents. Product quality is also a major concern of Chinese online shoppers. This finding is consistent with the results of earlier questions in the survey.
4.5 Expectation for Improving Trust Issue in E-commerce (Question 20-21)

The Importance of the Trust Issues Tackled for Future Development of E-commerce in China (Question 20)

Figure 4.13 Importance to Trust Issues

![Bar chart showing importance of trust issues]

The final two questions in the survey dealt with the Chinese respondent’s opinion on security and trust issues with regards to e-commerce websites and the relevant steps that they believe should be taken to address such critical issue. All of the respondents agree that the trust issues of Chinese e-commerce sites should be addressed and tackled. All 221 respondents stated that tackling such issues is important or very important for the improvement and development of Chinese e-commerce websites.
Expectation for improving the trust issues of e-commerce in China (Question 21)

The last question of the survey asked the Chinese respondents to give their expectation as to how the trust issues of Chinese e-commerce websites should be addressed. They were likewise asked to determine the rank of their reasons from 1 to 10 with 1 being the most important and 10 being the least important reason. The table 4.6 presents the summary of results for the said question:

Table 4.6 Expectation for Improving the Trust Issues of E-commerce in China

<table>
<thead>
<tr>
<th>What are your recommendations for improving the trust issues about e-commerce in China? (You can tick as many boxes as you like, Please rank your reasons from most important (1) to least important (10))</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>China government should institute policies to manage all of Chinese e-commerce website.</td>
<td>49</td>
<td>28</td>
<td>19</td>
<td>15</td>
<td>10</td>
<td>13</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China government should enhance education for improving trust concept in the people’s mind</td>
<td>2</td>
<td>9</td>
<td>21</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Continually consummate</td>
<td>91</td>
<td>25</td>
<td>19</td>
<td>21</td>
<td>8</td>
<td>10</td>
<td>6</td>
<td>9</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>the related laws of E-commerce in China</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving the payment system</td>
<td>23</td>
<td>38</td>
<td>26</td>
<td>22</td>
<td>15</td>
<td>3</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To increase security protection of e-commerce website</td>
<td>18</td>
<td>55</td>
<td>46</td>
<td>25</td>
<td>22</td>
<td>23</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To improve moral of every vendor of e-commerce websites</td>
<td>3</td>
<td>9</td>
<td>9</td>
<td>32</td>
<td>13</td>
<td>15</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To redesign Web Site with more professional interface</td>
<td>9</td>
<td>25</td>
<td>15</td>
<td>16</td>
<td>19</td>
<td>20</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To set up 3rd party guaranty mechanism to ensure the safety of transaction</td>
<td>23</td>
<td>4</td>
<td>56</td>
<td>45</td>
<td>26</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To set up the credit system to evaluate each e-vender</td>
<td>2</td>
<td>13</td>
<td>2</td>
<td>23</td>
<td>33</td>
<td>0</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Besides Web sites the telephone number is need for easy contact</td>
<td>1</td>
<td>15</td>
<td>8</td>
<td>15</td>
<td>21</td>
<td>57</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the data gathered, it is apparent that people see the need for e-commerce laws in China to be established. Furthermore, most of the recommendations that the respondents chose or cited are related to the laws that govern e-commerce in China. Thus, it is evident that they believe that protecting the welfare of online consumers is the duty of the Chinese government. Among the ten recommendations listed, the two that were picked as most important on more occasions are those that concern government duty in the process.
4.6 Summary

The discussion has shown that most of Chinese internet users, although seasoned and experienced users of the internet, are not so keen on making online purchases very much. Based on the data gathered, it is evident that their hesitation to purchase goods online is rooted in their concerns over the security of their information and on the possibility that the websites are fraudulent. Furthermore, the survey revealed that trust is a very critical issue to internet users. Finally, the survey showed that Chinese online shoppers believe that it is the China’s government’s duty to protect the welfare of online shoppers through the establishment of relevant laws and policies.
Chapter 5

Discussion

5.1 Introduction

The Chapter 5 will discuss all the major research findings obtained in Chapter 4 (Data Analysis). After that, it’s will state some solving approach for this research study, which is according to the analysis of literature in Chapter 2 (Literature review) and also by comparing and contrasting with the other sources of relevant literature.

5.2 Research Findings

Through the survey and the analysis of the results, several critical elements have been revealed. The aim of the survey was to determine the behavior and attitude of the Chinese with regards to online shopping. Also, it aimed to directly identify the key areas where Chinese online shoppers have security, safety and trust issues regarding online shopping. Although the previous section discussed the results of the survey, the following discussion will place such results in proper context with regards to the objectives of this research.

The survey conducted revealed that the Chinese are seasoned and experienced internet users. Most of them have used the internet for more than one year. Also, the internet has become an integral part of their daily lives since majority of the respondents acknowledged that they access the internet more than once a week, with most of them using the internet every day. The demographic analysis of Chinese internet users revealed that most of the users are young professionals. This means
that they are well-educated and well-compensated. Such demographic data would point out that Chinese internet users are adept and knowledgeable with the various processes and issues of the worldwide web. Furthermore, such data reveals that Chinese internet users are highly capable and have sufficient disposable income to make online purchases. Such findings of the survey reflect the common trend among internet users all over the world. As Pew Internet (2008) stated, “Some expected demographic factors account for some of the differences between online shoppers and other internet users. Online purchasers tend to be younger, better educated, and higher-income than those who have not bought a product over the internet.”

Most Chinese internet users have utilized the internet to purchase goods and services. They pinpointed the convenience of online shopping as the primary reason for buying products sold over the worldwide web. Furthermore, the products that they commonly purchase online are books and accessories which reflect the demographic characteristics stated earlier in this discussion. Books and accessories are items that fit the personality and lifestyle of the people that make up the internet user population among the Chinese. However, the same survey revealed that Chinese internet users are still hesitant and not completely comfortable with online shopping. Although majority of them have made online purchases, most of them acknowledged that it is only on certain occasions where they purchases certain products or services online. Such information runs parallel to another key finding of the survey where it was revealed that most Chinese internet users are not completely fond of online shopping. Most of them could only state that they liked online shopping to a certain extent. Thus, it is clear that there are certain issues or element that they remain wary of.

The survey explored the inherent hesitation among Chinese internet users regarding online shopping. It was revealed that their hesitation is rooted primarily in security and trust issues with the e-commerce sites. Most of them noted that they feared that e-commerce sites were unsecured thereby putting their personal
information, specifically financial information, at risk. This was revealed when the respondents were asked to identify the reasons why they would not shop online. The answers to this question highlighted security and trust issues relating to credit card information, product quality, online payment systems, and legitimacy of e-commerce companies.

Such hesitation to engage in e-commerce is quite surprising since, when asked if they had had any bad experiences with online shopping, majority of the respondents said no. Among those who said yes, the most common experience involves after sales service of the vendors. The fear of their financial information being misused was not experienced by any of those who have had unpleasant experiences when they purchased goods online. Moreover, the after sales issues that the respondents faced did not deter them from continuing to engage in e-commerce as revealed in the survey. Most of the respondents said that their unpleasant experience did not stop them from online shopping; it only made them more careful when dealing with online vendors.

This revelation only indicates that there is indeed a market for e-commerce in China. Chinese internet users are well-informed and are knowledgeable with the benefits and possible risks that online shopping entails. Their reluctance to engage in e-commerce is founded on the various problems that continue to plague e-commerce development in China.

The said problem areas as well as the concerns of Chinese internet users were likewise explored by the survey. One major concern of the Chinese online shoppers was the security of payment methods offered by online vendors. Such concern is apparent in the fact that majority of the respondents preferred cash on delivery as their payment method. Such method of payment is the most secure as the consumer need not pay the vendor until he actually has the product he purchased. Cash on delivery takes out the risk that financial information sent over the worldwide web will be misused or the risk that the consumer will pay for a product and end up not
receiving it. The security of payment methods is the most important consideration as
revealed by the survey where the respondents answered that their preference for a
certain payment method is based on their judgment that such payment method is the
most secure among the given options.

This finding is critical to the goals of this research as it indicates a vital factor to
the development of e-commerce in China. It stresses the need to study the security
issues of payment methods that are currently being offered by online vendors to
ensure the safety and security of the consumers.

The factors that affect the mindset of Chinese internet users regarding
e-commerce were explored further in the survey. The respondents were asked to rate
certain factors related to e-commerce based on how significant they perceive such
factors to be. It is worth noting that the survey found that Chinese online
consumers are greatly concerned about the risk that certain online vendors are
fraudulent or that certain websites contain fraudulent information. Furthermore, the
same question in the survey indicated that Chinese internet users are concerned about
the legitimacy of the websites and the risks involved with giving out their personal
information online. Again, such results make it clear that Chinese online shoppers are
hesitant to make online purchases primarily because of the security and trust issues
that are inherent in the system. The possible fraudulent activities that may occur
when they transact online greatly diminish the confidence they have with Chinese
e-commerce websites.

To conclude the survey, respondents were asked to state whether they believed
trust issues were important to the development of e-commerce in China. All of the
respondents agreed that tackling trust issues is a vital and critical factor that must be
undertaken as e-commerce is developed in the country. The importance of trust
issues is apparent even in the answers to previous questions. As earlier noted, most of
the respondents identified the areas concerned with trust in e-commerce. Some of the
respondents identified trust and security issues with regards to payment methods
while others acknowledged the possibility of fraudulent information that e-commerce websites contain. In both cases, significant areas of e-commerce that are related to trust were identified.

5.3 Solving Approach

The survey revealed that Chinese Internet users lack confidence in e-commerce in China primarily because of trust issues. This study aims to provide certain strategies by which the said issues may be resolved. By doing so, this research may provide avenues by which the hesitation of Chinese internet users to conduct online transactions may be lessened and they may be encouraged to explore online shopping.

The last question in the survey asked the respondents to rate certain strategies on the basis of what they feel must be done to resolve the inherent issues of trust in China’s e-commerce environment. The results of the said question point out four important strategies that must be undertaken to resolve the matter at hand.

5.3.1 Government Involvement, Policies and Regulations

Firstly, the government must play a more active role in the development of e-commerce in China. As the survey revealed, most of the respondents rated the recommendation that laws related to e-commerce in China must be continually consummated as very important. Also, the respondents stated the important role of the Chinese government in instituting policies to manage and regulate e-commerce in the country. These two recommendations were rated as the most important strategies that must be undertaken to resolve the trust issues in Chinese e-commerce.

Up until recent times, the Chinese government has failed to impose regulations that would monitor e-commerce activity in the country. Furthermore, it has failed to
establish policies that would protect Chinese consumers from fraudulent companies or vendors. As Ernst and Jiacheng (2000) noted:

“Security was their biggest concern in conducting business online. On the one hand, companies worry about protecting their electronic business systems from hackers. On the other, there are problems of commercial credibility: e-commerce presents new opportunities for unethical business practices, and these are only exacerbated in China by the abundance of counterfeit and low-quality products already on the market.”

The security issues that deter consumers and businesses from exploring e-commerce online must be addressed by the Chinese government through the establishment of the necessary regulations. Ernst and Jiacheng (2000) recommended support from the Chinese government through the institution of policies and legislation to reduce the security and trust issues that plague the system.

However, it is important to note that in recent times, the Chinese government has begun to implement the necessary policies to regulate e-commerce in China. By August 1, 2008, the said policies have begun to take effect. The set of policies, known as "Opinions on Fully Enforcing the 'Beijing Informatisation Advancement Regulations' and Strengthening the Supervision and Administration of Electronic Commerce" ("Opinion"), are rules that were implemented to increase the governance of internet commerce in China. According to Selvadoray (2008), “The Opinion is a new set of rules governing Internet commerce. It stipulates that all corporate sellers and individuals engaging in profitable online business activities must register for a business license with the BAIC. All e-commerce operators are also required to establish a hyperlink at the bottom of their business website homepages. The link will lead to a webpage that discloses required information such as service guidelines and must be regularly updated.”
The primary goal of The Opinion is to increase consumer confidence in e-commerce by exerting greater control and regulation over transactions conducted online. However, the said rules are only applicable to e-commerce that operates out of Beijing (Selvadoray, 2008). This means that the rest of the country is left without protection from fraud in online shopping. Despite such limitation, the implementation of the said policies is a step forward for the Chinese government. It must continue on the said path and explore implementation of similar policies that will cover the whole country.

5.3.2 Updated IT Infrastructure

Another vital strategy that must be undertaken to boost consumer and business confidence in China’s e-commerce is the development and upgrading of current information technology infrastructure in the country. Zhu (2002) noted that e-commerce in China cannot progress or grow if the infrastructure to implement e-commerce solutions is missing. The use of outdated systems may increase the risk of fraudulent activities that will further reduce the confidence of consumers in China’s e-commerce. Security protection must be addressed both from the technical aspect and from the legal or legislative aspect. As Zhu (2002) wrote, “For the use of E-commerce to expand and extend to commercial proportions, users need to be assured of the security and legal framework. Until this issue is addressed, the market for E-commerce application server software would not be able to develop, as companies are likely to be very reluctant to implement an E-commerce solution due to the high risk of unsecured transactions.” Thus, the development of more secured systems is a necessary to the development of e-commerce in China. Failure to utilize such systems may lead further deter Chinese internet users from engaging in online transactions.
The survey conducted for this research revealed that Chinese online shoppers look for payment methods that offer the greatest amount of security. As such, they commonly opt for Cash on Delivery as this is the most secure method of payment. Such finding indicates the need for secured payment methods to be developed and implemented by Chinese e-commerce websites. Zhu (2002) noted that the lack of secured payment options hinders the development of e-commerce in China. He wrote, “Enterprises or consumer users are reluctant to engage in on-line transaction because of difficulty in finding convenient method of payment. Although 30% of Chinese Internet users own credit card, they still have to resort to other method, such as COD, to pay for the purchase of on-line items.” Zhu (2002) Convenient and secure payment methods are critical elements to e-commerce. Thus, it is adamant that secured online payment systems must be established in China.

Chinese e-commerce websites can take Paypal as a point of reference and a model by which to pattern such third party payment systems. In recent years, several Chinese e-commerce companies have attempted to establish payment systems that follow the concept of Paypal. One of such third-party payment platforms is ZhiFuBao. This is a significant step forward for Chinese e-commerce. The development of such payment systems will greatly contribute to the development of e-commerce in China. More importantly, it is a vital advancement towards increasing the confidence of Chinese Internet users in the status of e-commerce and online shopping in the country.
5.3.4 Ensuring Legitimacy of Online Vendors/E-commerce companies

The survey conducted highlighted an important element that influences the decisions of Chinese internet users regarding online shopping. As it has been mentioned several times through the course of this discussion, Chinese internet users often are wary of the legitimacy of online vendors. From the product information available on the sites, to the overall look and design of the website, Chinese internet users look for possible signs that the website is a form of fraud. Thus, it is critical that companies engaged in e-commerce develop websites that will demonstrate their professionalism and legitimacy. Online consumers will doubt the credibility of a site if it does not look professionally designed. At the same time, websites that are not properly designed will deter users from purchasing from the online vendor. As such, online vendors must demonstrate their legitimate business by coming up with websites that people can trust and use with confidence.

5.4 Summary

Through the deeply analysis and discussion in this chapter, the research findings were conducted to disclose the reasons behind the results, which placed the root reasons in proper context with regards to the objectives of this research. Following the research analysis and discussion, some solving approaches were also given by this chapter. Government involvement, IT infrastructure updating, payment system improvement and websites Legitimacy are recommended as the focus points for future development.
Chapter 6

Conclusion

6.1 Introduction

This final chapter will firstly review the aim and objectives which were instituted in chapter 1 and give demonstration for how to achieve them. Secondly, by looking back all processes of the research some limitations have been realized, which caused some transient influences to complete the dissertation. Then in finally some recommendations to improve the study skill for research are presented as well.

6.2 Aim and Objectives Achievement

6.2.1 Aim Achievement

In chapter 1 the aim of this research was raised: to investigate trust related issues in E-commerce in Chinese context, especially in the area of Chinese online shoppers’ perception of how trustworthy E-commerce companies are in China.

In this study trust issues related to e-commerce have been investigated by questionnaires. The investigation focused on the e-commerce users’ perception to online shopping. Via studying Chinese attitudes for e-commerce this paper has revealed how trustworthy e-commerce companies are in China.
6.2.2 Objective Achievement

This research was directed towards the fulfillment of fourth objectives. Through the course of this study the said objectives have been realized.

First Objective: Provide an evaluative summary of literature written on the development of E-commerce in China, with focus on the issue of trust, security, and acceptability of E-commerce websites and platforms in the country.

The literature review section of this research expended the critical and vital literature that has been written on the subject. The said section covered the concept of trust and its relation to e-commerce. Furthermore, the literature review evaluated previously published studies regarding the attitude of the Chinese towards the concept of e-commerce. By doing so, the literature review was able to meet the requirements stated in the first objective.

Second Objective: Investigate the mindset, and behavior of Chinese internet users and their tendency or propensity to use E-commerce. The level of popularity of Chinese e-commerce portals shall also be established in order to understand the potentials for growth of E-commerce in the country.

Part of this research was the completion of a survey. The survey was conducted through the distribution of questionnaires to the respondents. The aim of the survey
was to gather data regarding the perception, attitude, and behavior of the Chinese towards the internet and e-commerce in particular. The results of the survey and the analysis of the data gathered revealed critical elements and factors that shape e-commerce in China. Thus, the completion of the survey was able to realize the second objective of this research.

**Third Objective: Analyze the issue of trust from the standpoint of customers and potential consumers of E-commerce products and services as well as the challenges and barriers for them to engage in E-commerce transactions.**

The survey conducted gathered data regarding the opinions and beliefs of the Chinese regarding trust issues that are inherent in e-commerce. The analysis of the results revealed that Chinese internet users believe that resolving trust issues is an important step that must be undertaken in the development of e-commerce in the country. Furthermore, the survey revealed that Chinese internet users are hesitant to complete online transactions primarily due to security risks that online shopping poses. The said findings fulfill the third objective of this study.

**Fourth Objective: Provide recommendations concerning the expansion, enhancement, and growth of the usage of E-commerce in China. Particularly, recommendations in overcoming the trust issues among Chinese internet users and on the trustworthiness issues on the part of E-commerce establishments shall be put forward. This may include providing effective interface, effective security,**
customer relationships management, marketing, and delivery of goods and services.

The survey conducted required respondents to rate certain strategies to resolve the trust issues based on importance. The findings of the survey indicated the need for the Chinese government to implement and continually consummate e-commerce laws as the most important strategy that must be undertaken. This strategy, together with other recommended strategies were discussed in this research. Such discussion fulfills the fourth objective of this research.

6.3 Limitation

6.3.1 Time Constraint

Due to time constraint the investigation was mainly implemented in the capital city –Beijing, since many friends of mine are living and working there. Most people in Beijing have lot of experiences in internet and e-commerce. According to CNNIC investigation report (CNNIC, June of 2008) by the June of 2008 the internet users in Beijing have reached 7.37M and the online shopping people were around 2.87M. There are many excuses to select Beijing as target city for my investigation because of its representative place in China. But the city residents have only 13.87M, which is equal to 1% of population in China. So the range of the survey was not widely enough which made the some of results to lack of persuasion. If the research could be repeated, it is important to arrange more time for sampling.
6.3.2 Experience limitation

Because of lack of experience on writing dissertation more time is spent on study literature. So time for questionnaire design, test, distribution and collection is quite tight. If the time frame had been planned very well, the context of the dissertation would have explored deeply. It is clear that the experience for writing a dissertation can be enhanced as long as the researcher is trying to learn more skills in related aspects.

6.3.3 The Participant

The third limitation factor is the people who were accepted investigation. The most of the participants are engaged in ICT or relative industry, yet this does not imply that the results are inaccurate. This study could be used as a basis or framework for future research with a larger base of respondents. Its advantage was that they understood the questionnaire very much, which helped me quickly collect the data. But the disadvantage was that it ignored the opinions from all circles.

6.4 Recommendations for further research

6.4.1 Qualitative Analysis is Necessary in Future

In this dissertation questionnaire is used to collect data. This quantitative research method can collect a great of data in short period of time. The resource can be easily found and utilized. Another advantage is that the data can be analyzed using statistical. In general, it describes some facts like how much, what percentage and level, what characteristics and so on (McNeill, 1985). But it is not comprehensive to understand the people's attitude. However qualitative approach provides a
complementary way to get more information about people’s views and perceptions. Via interview the investigator can get detailed explanation for people’s thinking behind the questionnaires. Gorman and Clayton (2005:3) gave definition: “Qualitative research is a process of enquiry that draws data from the context in which events occur, in an attempt to describe these occurrences, as means of determining the process in which events are embedded and the perspectives of those participating in the events, using induction to derive possible explanations based on observed phenomena”. So via face to face communication the qualitative research can provide more understanding of why something happens. In future it is better to adopt both quantitative and qualitative research methods to do such study if time is sufficient.

6.4.2 Making widely Investigation

As mentioned before the limited sampling has impacted the veracity of the study. If time is sufficient the investigation should cover whole China. Beijing, Shanghai and other eastern provinces are economical developed area in China. Due to high income and good education background, many internet users who are living there have had experience for online shopping (CNNIC 2008). E-commerce development and diffusion are quite different in different regions. The people cognition for e-commerce trust issue in other part of China is our focus point in the near future because they will be huge potential users for online business in next 5 years. Of course, one thing can be foreseen that today’s e-commerce in Beijing will be tomorrow’s preview for whole China. Apart from this point the participant’s selection will also be key issue. Various people could give us more valuable research information. A more reasonable investigation method is to survey the peoples who are engaged in multifarious industries in different cities.
6.4.3 Adopting SPSS in Future Research

SPSS is a very popular SW for statistical and analysis, which has characters of brief and nicety. Due to lack of experience and time constraint SPSS was not used in the dissertation. It’s clear that adopting SPPS will help the researcher to gain legible result from source data. And those analysis data will be become more remarkable results as well.

6.5 Summary

This chapter demonstrated that the aim and objectives which framed in the beginning have been fulfilled. And then some limitations during making this study are presented briefly. In following part the recommendations for further research are also discussed, which would be helpful for somebody who has chance to make similar study in future. Although this research is coming to end, the topic of trust and distrust are always focus points in the field of e-commerce because the form of transaction is quite different comparing with the traditional transaction. So it is necessary to continually trace the subject in the future.

Word Count: 18905
Bibliography


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Appendix A

Research Questionnaire

Dear Sir/Madam,

First of all I am very thankful for you to join this investigation, which is a pure science questionnaire. The aim of this research is to identify the factors that influence Trust issues in Chinese E-commerce Market. All information generated during investigating will not be used in any other purpose. The investigation will be anonymous, and no personal information will be published.

The questionnaire includes 21 questions. It will take you about 15 minutes to fill it.

Thanks again for your support

Yours sincerely,
Xing Hu

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0044-7923389093 (in UK)
0086-13910727803 (in China)
Questionnaire

SECTION ONE- PERSONAL INFORMATION (DEMOGRAPHICS)

Q1 Your gender:

□ Male □ Female

Q2 Your age-range:

□ < 18 □ 19-29 □ 30-39 □ 40-49 □ > 50

Q3 Educational Background:

□ Under high School □ High school □ Technology college
□ Undergraduate Postgraduate □ Master or above

Q4 Monthly income

□ < 2000 Yuan □ 2000-4000 Yuan □ 4000-6000 Yuan
□ 6000-8000 Yuan □ > 8000 Yuan
SECTION TWO- INTERNET USAGE AND ONLINE SHOPPING BEHAVIOURS

Q5 How long have you been using the Internet?
☐ less than 1 Year    ☐ 1 – 3 Years    ☐ More than 3 years

Q6 How frequently do you use the Internet?
☐ Daily    ☐ Weekly    ☐ 2 to 3 times a week
☐ Monthly    ☐ Less than once a Month

Q7 Have you ever made an online shopping before? (If you select No, please go to Q13)
☐ Yes    ☐ No

Q8 Do you use the Internet to looking for goods or services to buy frequently?
☐ Rarely    ☐ Occasionally    ☐ Frequently

Q9 When was the last time you made an online purchase?
☐ One day ago    ☐ one week ago    ☐ one month ago    ☐ one year ago
Q10 Do you like online shopping?

- □ Very much
- □ Much
- □ Somewhat
- □ Not such much
- □ Only a little
- □ Not at all

Q11 Why do you purchase online? (You can tick as many boxes as you like, please rank your reasons from most important (1) to least important)

- □ Convenience
- □ Money-saving
- □ Time-saving
- □ For curiosity
- □ For fun
- □ No interaction with sales people in the shops
- □ A wider range of selections
- □ Things I want to get cannot in the local shop

Q12. What products and service do you purchase online normally?

(Multiple Choice)

- □ Books
- □ CDs and DVDs
- □ Electrical equipments
- □ Tickets
- □ Hotel booking
Flowers/gifts/cards
Clothing
Accessories
Beauty products
Second Hand goods

Q13 What are the reasons that you may not shop online? (You can tick as many boxes as you like, please rank your reasons from most important (1) to least important)

☐ The procedures of carrying out online shopping are too complicated for me
☐ I prefer to purchase offline
☐ Shopping online is a new concept for me
☐ I do not trust e-commerce companies
☐ I cannot shop online because I don’t have a credit card or debit card
☐ It is difficult to judge the quality of the products online
☐ I worry about after-sale service
☐ The delivery procedure is lengthy
☐ The delivery procedure is expensive
☐ I worry about someone may steal my credit card details online
☐ I do not trust online payment systems
☐ I worry about people may misuse my personal details
☐ I hear/read about horrible things about online shopping
I feel unsafe to provide personal information online

I prefer to have face to face transactions

Other

SECTION THREE-CHINESE ATTITUDES TOWARD E-COMMERCE ENVIRONMENT

Q14 Have you ever had unpleasant online shopping experiences in Chinese e-commerce website? (If you select No, please go to Q17)

☐ Yes  ☐ No

Q15 Please you briefly describe the experience

________________________________________________________________________
________________________________________________________________________

Q16 The unpleasant online shopping experience has (please select one item you think it is prior one):

☐ Stopped me from shopping online with Chinese E-commerce website

☐ Stopped me from shopping with a particular Chinese retailer

☐ Had no impact on my attitude towards online shopping at all

☐ Made me pay more attention to online transaction in China
Q17 Which payment method do you prefer?

- □ Credit card
- □ Debit card
- □ By remittance via post office
- □ Payment on delivery
- □ Paypal

Q18 Why?

- □ Convenience
- □ Least risky (I do not worry about not receiving the product after paying)
- □ Most secured
Q19 Please give your view of how the following factors affecting your online shopping confidence in Chinese e-commerce website.

Please tick a box which applies to you.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
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<tbody>
<tr>
<td>The legislation for e-commerce in China is not mature</td>
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<tr>
<td>Terms and conditions of e-commerce website are not stated clear</td>
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<td>Unprofessional web design makes me doubt the company’s credibility</td>
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<td>No guarantee for delivery time</td>
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<tr>
<td>Feel not secure about paying with credit or debit cards over the internet in China</td>
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<td>Exchange and replace a purchase is not convenient for e-commerce in China</td>
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<td>Products may be damaged during delivery</td>
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<td>The quality of product does not meet my expectation</td>
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<td>Not reliable network system of Chinese</td>
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<tr>
<td></td>
<td>Very important</td>
<td>Important</td>
<td>Somewhat important</td>
<td>Not so important</td>
<td>Not important</td>
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<tr>
<td>e-commerce website</td>
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<td>Virus in some Chinese e-commerce websites.</td>
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<td>Bad reputation of some Chinese vendors.</td>
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<td>The product information on the website may be fraudulent</td>
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SECTION FOUR-EXPECTATION FOR IMPROVING TRUST ISSUE IN E-COMMERCE

**Q20 How important do you think the trust issues should be tackled for future development of e-commerce in China?**

□ Very important □ Important □ Somewhat important

□ Not so important □ Not important □ Irrelevant
Q21 What are your recommendations for improving the trust issues of e-commerce in China? (You can tick as many boxes as you like, please rank your reasons from most important (1) to least important)

☐ China government should institute policies to manage all of Chinese e-commerce website.

☐ China government should enhance education for improving trust concept in the people’s mind

☐ Continually consummate the related laws of E-commerce in China

☐ Improving the payment system

☐ To increase security protection of e-commerce website

☐ To improve moral of every vendor of e-commerce websites

☐ To redesign Web Site with more professional interface

☐ To set up 3\textsuperscript{rd} party guaranty mechanism to ensure the safety of transaction

☐ To set up the credit system to evaluate each e-vender

☐ Besides Web sites the telephone number is need for easy contact