

# Impact of Trust on Online Shopping: A Systematic Review of Literature

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**Abstract** – Trust is one of the curial factors for the online shopping around the world business. Trust has multifold constructed where there is still a lack of definition. This research study tries to explore the importance and significance of the trust behavioral, competence and intentional trust. Additional to them, some other factors like risk, faith technological tools were discussed. This study conducted a systematic literature review, including papers from 25 journals and 7 books in 4 different databases like science direct, Taylor and Francis, Web of Sciences and JSTORE. The study concludes that Trust is the factor to reduce the risk and enhance the commitment and the satisfaction level of buyer and sellers. **Copyright © 2015 Penerbit Akademia Baru - All rights reserved.**

**Keywords:** Trust, Online shopping, Internet, Risk, Faith, Technology Tools

## 1.0 INTRODUCTION

Recent technology permits different market exchanges, which was not allowed before this. Online shopping has one of the most interested and debated topics in the field of research. Several studies examined that most businessperson is now forcing on online shopping [1], by using internet. Similarly, organization or firm wants more and more customers and wants that customer have awareness for the company products, in results the firm wants to sell the products more and more. Therefore, the recent technology plays an important role in the marketing. All e shopping has been done on the bases of internet, but customers are feeling difficulty in the online shopping because due to faith between businessperson and customers [2]. Hoffman et al [2] reported, "In essence, consumers simply do not trust most web providers enough to engage in relationship exchanges with them" (p. 2).

From last decade, trust has been one of the most hot and debatable research topics. The term trust is not considered as a short-term issue, but as considered as one of the important and significant long-term barriers in the e marketing to make more and more customer and sell out their product in the market. During the electronic transaction, an effective mental shortcut like trust has

applied, where trust “serve as mechanism to reduce the complexity of human conduct in situations where people have to cope with uncertainty” [3] (p, 43). Therefore, the firm needs to improve the importance and significance of the marketing the procedure and rules had mentioned clearly to all of the customers.

Einwiller [4] demonstrated that during online shopping, the customer experiencing different risks. In result from the previous few years, the number of internet fraud is increasing day by day. In 1999, consumers lost by internet fraud around 3.2 US million Dollars. Therefore, for increasing the customers and promoting their business in the market trust is considered a significant factor, where the firm’s manager will establish and electronic markets for online transactions between the buyers and sellers. From previous literature, Spremann [5], examined that policies maintain and develop the trust level in e marketing, and explained such polices like information, guarantee and reputation polices. Information polices reduce the uncertainty by the communicative measurement. Especially, public relationship, advertising and direct marketing which is important, when their quality was on the bases of experience. Guarantee police depend on different instruments. It is more effective in building trust in e marketing. Therefore, in the current study examined the relationship between the individual-to-individual and individual to the firm or organizational level of trust.

Trust has considered as a multifold variable, due to defined in different diverse contexts [6-9]. There is no proper definition of trust in the research studies, still there is a lack of definition. Trust has been studied in different field like sociologists, psychologists, economists and as well as management. As a social psychologists trust is the expectation of the behaviors in contextual factors of third parties during transactions, which enhance to maintain and development the level of trust. Sociologically, Lewis and Weigert, [10] trust is “conceptualized as a reciprocal orientation and interpretive assumption that is shared, has the social relationship itself as the object and is symbolized through intention action. Sociological trust is not derived from, nor reducible to the psychological states of atomistic individuals” (p.456). The economist Williamson [11] defined trust as how the incentives have created to reduce the uncertainty and anxiety, while in his work the author concentrated on calculation of risk [12]. Trust is related to dependence and risk, where the buyer depends on someone, while there is uncertainty of satisfaction that thing will go right or wrong [13].

Furthermore, trust is defined as a binding force in the online shopping between buyer and seller transaction. Trust consists of three main factors, reliability, fairness and predictability. Similarly, trust is considered as an economic calculation where the values are explored by the comparisons between the relationship, creating and sustaining with the actual costs of serving it. The level of trust grows with repeatedly communication and contact between the buyer and sellers. The trust has no previous experience with another party, trust as goodwill and predictability [14, 15]. Trusts reduce risk, increase the level of commitment and satisfaction [16-18]. Trust makes from the transaction of the third party to the latter, where the third party plays a significant role in making the level of trust.

Two different uncertainty methods were used as a basic transaction dimension relevant for the importance of trust in the e marketing such as system dependent uncertainty or exogenous market uncertainty and transaction specific uncertainty. For the easy and secure process in online transactions depends on the functioning of both hardware and software protocols in exchange

services. The resistance to this method, it makes sense to concentrate on the formation of institutional based trust. Institutional trust is relevant to ethics; rule of the firm and standards refers Table 1. In addition, transaction specific uncertainty is also called endogenous market uncertainty. Transaction specific uncertainty is significant in two different aspects called performance oriented and comprehensive information substitute, which assess to reduce the uncertainty [13]. Similarly, trust replaces the strategy to reduce the level of uncertainty by using a subsidiary mechanism.

**Table 1:** Inference of intentional reliability

Basis	Examples
Characteristics based Trust	Membership of Family (local, ethnic or religious, Community, Culture, Religion
Institutional Based Trust	Rules, Ethics, Professional Standards
Process Based Trust	Loyalty, Commitment

Source: Adopted from Zucker [14] Nootboom and Six [13]

Trusts have different types such as behavioral, intentional and competence, trust [13]. Behavioral trust consists of people and organization. These behavioral trusts are connected with the functions and positions, where they play the role in the organization. Secondly, competence Trust, which refers to cognitive, communicative and technical competencies, while in the firm level, it includes access of resources, technological, commercial, innovative, organizational and managerial competence [19]. For further details refer Table 2.

Furthermore, intentional trust refers the intensions of the business partner towards the relationship, especially when there is a lack of expenditures or goodwill [20, 21]. Intentional trust has further divided into two types trust in the benevolence and trust in dedication.

The aim of the study is to explore the importance of Trust in the online shopping between the buyer and seller. For the current study, the researcher selected the JSTORE, Science Direct, Taylor and Francis and web of the science databases, because they were considered mostly quilted, H-index journal and impact factor journals. Secondly, there results are comparatively good results with others.

**Table 2:** Inference of competences

Basis	Examples
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Characteristics based Trust	Membership of Professional associations, educational achievements
Institutional Based Trust	Technical/ professional standards, benchmarking
Process Based Trust	Mutual adaptation, learning by doing, routinization

Source: Adopted from Zucker [14] and Nooteboom and Six [13]

## 2.0 METHODOLOGY

This study, conducted with the help of JSTORE, Taylor and Francis, Web of Sciences and Science Direct. The author studied 30 research papers of the last thirty-five years, with books, thesis and some reports refers Table 3. The researcher selected all those papers which consists of topics online shopping, technological expansion, the significance and importance of trust in online shopping throughout the world. The current study methodology was parallel to previous research studies in the field of management psychology [22]. Topics related have generally searched at [www.google.my](http://www.google.my). The cited journals in the current study are Communications of the ACM, the journal of marketing its details are shown in the Table 4.

**Table 3:** Sources description

S #	Source	Number of Items
1	Journal Articles	24
2	Conference Proceedings	2
2	Books	7
	Total	33

**Table 4:** Description of journals

Name	Frequency
The Journal of Marketing,	3
Communications of the ACM	2
Journal of Business Communication	1
Journal of advertising research	1
Journal of Operation Management	1
Journal of interactive Marketing,	1
Journal of law and economics	1
Decision Support Systems,	1

### 3.0 RESULTS AND DISCUSSION

The research papers were analyzed by using the topics online shopping, technological expansions, faith, risk and significance of trust throughout the world in online transactions. During online shopping, the internet fraud is on the pick level of fraud. Therefore, in the study, the researchers Ba *et al.*, [23] reported that there a loss of 310 dollars per buyer in 1999, while in 2000 it was 427 dollars and in 2001 as was 478 dollars. In the similar way, authors Ba *et al.*, [23] determined that information asymmetry is also one of the major problem in the online shopping, such as when two parties did not report the same information at the same time. Secondly, the researchers also explained that lack of interpersonal interactions in online shopping is also considered as a problem and sources of Fraud.

In another study, Lee and Yoo, [24] concentrated focus on the problem of “quality discovery in electronic trading of physical goods”, and examined that the problem can be solved by third parties in lemons auctions. Similarly, Sulin, Andrew, Whinston and Zhang [23] also conducted studies on the Trusted Third Party (TTP), and focused that how TTP facilitate the trust in the online shopping, which reduces the online fraud in the market. Furthermore, the authors, Benassi, [25], Doney and Cannon [26] and Zucker, [14] examined that marketing and social exchange theory recommended that trust is the most significant assets in every business, while in the new area of World Wide Web (WWW) and Internet the trust is considered more crucial [2, 27], therefore, trust is one of the pivotal issues in the field of research. In the online shopping the brand name and trust is the most significant factors [28]. Furthermore, trusts take a significant importance in the e marketing because of temporal and spatial separation imposed between the sellers and buyers [29].

Few studies, like Herschel and Andrews, [30] and Korgaonkar and Wolin [31] also investigated that the buyer is feeling hesitation from online shopping due to lack of trust. Similarly, Lohse et al. [32] explore that privacy and lack of trust online were among the most significant dimension that leads the customers to drop out from the online shopping [33]. In the same way, Hoffman et al. [2] also investigated that beside trust, faith is also one of the reasons that buyers are afraid from online shopping.

#### **4.0 CONCLUSIONS**

The research study concludes that during the online shopping trust and recent technology tools are the most important factors for the buyer and sellers. This study also provides the relationship between the online shopping and trust, trust and technological tools and online shopping with technological tools. This research study also serves as a guide for future studies to analyze the decreasing trend in online shopping for a business and shows the importance of trust of both buyers and sellers in the market. Technological advances have considerably added to the efficiency of the businessperson or executives and have lessened their burden thus a huge support to get more and more customer and sell out their products in the market.

The paper recommends that businessperson should know about the technological tools that as both hardware and software to increase their selling in the market, which affect the customers and daily online businesses. The study also helps them to minimize those constraints, which affect the business other than trust and technological tools.

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