



ONLINE TRUST AND YOUNG ENTREPRENEURS: A CASE OF SAUDI ARABIA

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ABSTRACT

The young Saudi entrepreneurs are adopting technology and innovation to establish an online business. They are inspired by online companies who own no physical products except proven business process that runs by business intelligence. For example, Uber, who own no physical inventory of taxis, a retailer Facebook that owns no contents or Amazon with no inventory. One thing is common among them, which they share with their customers; Trust. The younger generation of entrepreneurs, likes to build a trusted relationship with customers have a successful business relationship. In this respect, they like to present products and services through the website which offers friendly navigation, easy to follow processes, policies, and procedures. These business processes, enhance the consumer's positive perception towards the website and boost the required level of initial trust. This paper discusses the impact of these factors, specially the usability element towards the success of an electronic website. From the entrepreneurial perspective, the study examined that how vital it is to design a user-friendly interface and foster an initial trust to keep the consumer interested and engage in the decision making process.

Keywords: *Entrepreneurship, Online Business, Usability, Familiarity, Trust, Saudi Arabia*

1. INTRODUCTION

Many industry experts believe that trust is a critical non-technological factor for electronic commerce success [5]. Customers are realizing the importance and benefits of online shopping such as convenience, comparison, product research, larger selection, and lower prices. However, the buying decision may be influenced by many factors such as usability, security, privacy, lack of live interactions, and conducting business with unknown parties. Usability and lack of online trust are one of the major reasons for consumers not shopping from online vendors [17]. Various studies investigate the usability of e-commerce systems and include a general discussion of accessibility and usability. Many experts believe that while examining the characteristics of websites, usability and interactivity were found to be most important with reference to the positive user response [1]. According to Zollet [1], in addition to interactivity,

websites include aspects, such as design, modality, fit, usability, and function. Among these aspects, usability and interactivity are the factors that lead most often to the positive user response. However, much of poor web design today fails to leverage the users' internal interests and motivations into action [2].

According to Nielsen [3], the term "usability" is defined as the usefulness and, therefore, the success of software products and internet applications is determined increasingly by the ease with which users capture the product's potential. Quiñones et al., [4] has mentioned in the research that usability assumes a major role, as transactional websites must allow users to achieve their objectives efficiently, effectively and satisfactorily, always keeping in mind that they must be understandable and easy to use. Akhter et al, [5] have commented that many factors can impact on user experience, such as the time it takes to find the desired



information, efficiency, and security when carrying out the transaction, the reliability of the delivery service on the website, etc. However, two of these are crucial for satisfactory access: service usability and trust in the security of on-line transactions. Researchers [6] are agreed that the trend toward online commerce is continuing to grow while a flawed website design remains a serious barrier to e-commerce implementation. Hence, it is important to improve website usability as it can significantly increase revenue, loyalty, and survival.

The purpose of the present paper is to utilize the young Saudi entrepreneur's perspective to investigate the relationships between potential factors such as usability and trust elements to establish their effect on consumers' decision processes. This study used individual face-to-face interviews with entrepreneurs as an appropriate means to understand how the consumer perceives and evaluates online transactions as well as to explore potential factors that influence online trust.

The rest of this paper is thus organized as follows. The paper begins by introducing the literature review, formulation of hypotheses, research methodology, followed by the analysis of the data. The implications of the results are discussed, and the paper is concluded by highlighting key aspects of the study.

2. LITERATURE REVIEW

In e-commerce, online trust is similar to offline trust in many ways with some distinctions. In online trust, the technology (Internet) is an object of trust [7, 17]. Online trust can be defined as a customer's emotional state of risk acceptance based upon the positive expectations of the intentions or behaviors of an online vendor [8]. Online trust is like a mutual bond between consumers and vendors to pursue interactions on the Internet to accomplish the desired goal. Vendors could reflect their trustworthiness to consumers by convincing them about the reliability of their systems, usability, and processes to manage tasks they are designed to fulfill. Consumers are willing to try out e-commerce only after they believe they have secured control over their own personal data within the system [9]. Securing online trust from reluctant consumers is more important than ever. However, developing online trust is substantially more difficult than developing offline trust [10].

The concept of trust has attracted a great deal of attention and research in the literature. There has

been discussion of what trust is, what it means, and so on. Much of the literature has been in the organizational behavior field. More importantly, there has also been a growing use of the concept of trust in e-commerce. The trust term is used by people concerned with security and e-commerce. Trust as a research concept has been examined in different social science literature such as psychology, sociology, political science, economics, business administration, anthropology, history and most recently in e-commerce. The trust factor has addressed many barriers such as lack of security, privacy, reliability, and adoption of technology, which influence the growth of the e-commerce from the entrepreneurs' perspective. According to Akhter [18], uncertainties inherent in the current e-commerce environment give rise to a lack of trust and reliability in e-commerce partnerships, thereby reducing confidence and creating barriers to trade. He seems to agree that factors such as usability, privacy, security, brand, attitude, navigation, and knowledge affect consumer perceptions of trust in a website. There is a need for better understanding of how these factors affect trust and then how trust affects consumers' purchasing behavior.

3. FORMULATION OF HYPOTHESES

Researcher Egger [11] proposed usability, attractiveness, and perception as the most important interface properties in his model of customer trust in online transactions. He particularly considered the signals that make or break the first impression made by a web site. His model is based on the branding and usability factors. Egger [7] also mentioned that even for the experienced customer, the user interface is a very important factor that could influence his buying decision. Online vendors could foster a sense of trustworthiness in customers by complying with off-line business practices such as the absence of technological failures, clear assignment of responsibilities, upfront disclosure of terms & conditions, and with web standards such as easy to remember URL, good usability, privacy and security policies, the similarity in interaction.

Having assessed a website for the first time, further interaction with the website by a customer could depend on the design, layout and overall impression of the interface. Another influential factor at this time is the company's product presentation. A successful presentation could motivate customers to explore the current website



further. Once customers decide to explore the website, further perception of trustworthiness could depend on ease-of-use and smooth navigation. The web interface should be easy to understand, fast and reliable for novices as well as for experienced customer. In addition, the website interface should avoid broken links and comprise consistent content. To recap, it is expected the website will embed desirable attributes in the user interface to keep customers happy and satisfied. This should then lead to positive initial perceptions about the web site, which should, in turn, influence customer intention to return. This argument leads to the formulation of the hypothesis that *Consumer initial trust is positively related to the usability of the website.*

4. RESEARCH METHODOLOGY

The collection of data in this study was guided by the interpretive methodology [12, 18]. Specifically, we implemented an existential phenomenology approach to analyze the collected data [13]. This approach is commonly used in qualitative researches, such as ethnography and interpretive case study [10], that facilitate the development of on a second or third-order understanding of subjects' experiences; nevertheless, few information systems studies or indeed organizational management studies use hermeneutics and the existential phenomenology [11]. This approach is well-suited for this study to collect and analyze data so that the value-added of usability and trust to the success of e-commerce could be determined. In this methodology, researchers' studies on the collected data provided by the subjects in response to a series of questions that reflects and assist subjects' previous experiences and reflection.

The rationale for using an existential phenomenology approach was to describe experiences as they are lived, and thus, the interview was considered an appropriate tool for the understanding of user's experience. The existential phenomenology method encouraged the respondents to express their own personal experiences of entrepreneurship and shopping online. This method has been successfully employed by other researchers who have studied the respondent's outcome of its experience within the live context [15]. A literature study was carried out to address the hypothesis from the fields of human-computer interactions, moral ethics, relationship marketing, sociology, social

psychology, philosophy, and management information systems.

The outcome of the interview-derived information is accepted as valid because respondents' own words are used for analyzing and expressing their experiences. The experiment was tightly controlled and run on an individual basis in order to collect data through observation and interview. One hundred twenty five graduates & undergraduate students from the college of business administration who had experienced and know-how of business and online shopping were interviewed using open-ended questions. These interviews were conducted during the time-period of September 12, 2014, till January 3rd, 2015. Transcriptions of the recorded interviews were later used for analysis using the existential phenomenology [14]. In this technique, the researcher tries to understand the respondent's view and put aside his own preconceptions of a situation.

4.1 Advantages and Disadvantages of Interviews

Face-to-face interviews are a better option than surveys because surveys do not provide enough opportunity to discuss or explain answers. The advantages of an interview are that open-ended questions can be employed more successfully, particular questions of special interest can be added, follow up questions can be inserted, and unclear questions or answers can be clarified such as "Tell me what your online shopping experience was like as an entrepreneur" or "How do you rate this website for online shopping?". The researcher has avoided questions that permit a "yes-no" answer. These closed ended questions probably would not help to gain a complete picture of respondent's experience such as "Would you shop again on this website?" "Do you have a high speed access to the Internet?" "Do you know what to do when you were asked to enter your credit card number?" And so forth.

Interviews are often a better technique for collecting information about respondents' beliefs, attitudes, and experiences due to the openness of the process. The freedom of communication during interviews allows the interviewer to have a way of gaining deeper insights into the respondent, which yields richer information to understand complex topics. Interviews may be documented by taking notes or they may be tape-recorded for later use. Recorded interviews allow the interviewer to further analyze and interpret the interview at a later time.



To create a dialogue-based interaction, the researcher adopted an unstructured interview format. The unstructured interview is intended to yield a conversation, rather than a simple question and answer session. The outcome of such interview-derived information is deemed valid because the respondents' own words are used for analyzing and expressing their experiences [15]. The interview process enhances the participation in the discussion and enables the interviewer to observe the non-verbal behavior due to the direct interaction with the interviewees.

On the other hand, interviews have their limitations. Interviews are often more expensive to conduct as compared to surveys and require more involvement from respondents. In an interview, the total data collection time required is also likely to be longer than in a survey. It could also be possible that the lack of anonymity in the interview process may result in less valid responses to sensitive questions.

4.2 Population and Sampling Design

In Saudi Arabia, most Internet users tend to be both young and college graduate; the largest number of users at 32 percent are aged 30 to 39, and 79% of users are college graduates [13]. Therefore, the characteristics possessed by the selected respondents are considered a reasonable equivalence to a random sampling of regular KSA Internet shoppers. In other words, students are actually highly representative of the proportion of online shoppers as a whole and, as a result, their reports can be expected to have a greater likelihood of generalization.

Much care and attention must be paid to the population parameters and sampling procedures because they affect the result of any study. Initially, an email was sent to 1,005 undergraduate and graduate students of the College of Business Administration at King Saud University with an introduction to the study. These students have taken MIS, marketing, finance, and other business courses with grade C+ and higher. The potential students were registered as a full-time in the college of business administration. These young entrepreneurs are very keen to design, launch and run a new online business.

There were 307 students who responded positively to be interviewed. There is often concern regarding the generalization of the results when students are the source of the data for a study. It is

true that when students are asked to perform planned tasks that are not of direct relevance to them, this concern is often valid. However, when the domain area of study is indeed of relevance to these subjects, the negative effects of the use of students are mitigated. In this research, students were surveyed about a topic that held direct relevance to them, namely the use of the Internet to acquire goods and services. Students were not asked to project themselves into an artificial role, but were examined about their perceptions in their own right. Thus, it is reasonable to expect that any association found between their perceptions and their adoptions is valid. In addition, other researchers conducting similar experimental studies on consumer perception of e-commerce and technology acceptance have also employed students as their subjects [13].

4.3 Data Collection

Since the nature of the information needed in this research is related to opinions, attitudes, and beliefs, the interview methods were best suited for collecting data. Therefore, qualitative research methods in the form of an interview were used to explore and understand how the consumers perceive and evaluate usability in e-commerce.

The study utilized an interview questionnaire instrument to collect qualitative data for research. To create a dialogue-based interaction, participants were presented with open-ended questions in order to encourage them to discuss and describe their experiences with online shopping. The questionnaire was divided into three parts that could be used to lead the conversation. The first part, called social perspective, had ten questions to answer. The second part, called personal perspective, had eleven questions and the third part, called technical perspective, had nine questions to answer.

4.4 Instrument Validation

The instruments used in this research are adapted from the advice of fellow colleagues and experts in the research domain. The instruments used in this research were checked for validity, appropriateness, reliability, and accuracy. A number of steps were taken to meet this requirement. An instrument for the study was pretested on 10 students, having characteristics similar to those of the target group of respondents. The researchers conducted the pretest to determine whether the instrument would serve



the purpose for which it was designed or whether further revision was needed. The pretest provided valuable information in reforming the instrument such as it is not appropriate to include religious questions due to the nature of the country, participants would appreciate thirty minutes interview duration, avoid judging or criticizing respondents' personal experiences.

5. DATA ANALYSIS

In the study, participants shared their online experience and future expectations about online shopping with the researchers. The researcher used a face-to-face interview as a qualitative research method to explore and understand how the Saudi students' consumer perceives and evaluates online transactions as well as to explore factors that influence their intention to buy online. The course of the dialogue was largely set by the respondents to express their own experiences of shopping online. Researchers have selected 78 students out of 307 for an interview and told of the study's purposes, assured of anonymity, and advised that the interview would be audio taped.

The researcher used the 'hermeneutic technique' [16], to analyze the transcriptions of the recorded interviews, which employs a part-to-whole mode of interpretation [16]. This technique helped the researcher to understand the respondent's view and put aside his own assumptions about a situation or experience. The hermeneutic technique is a clarification process by which researchers attempt to understand the respondents' viewpoints by analyzing different parts of the text. After the completion of each individual interview, a new part-to-whole phase begins in which separate interviews are related to each other and common patterns identified. These patterns of commonalities are referred to as global themes [15].

During the interview sessions, the researchers were present to explain the topic and clarify any concern that arose from the participants. The questions used by the researchers followed the course of the dialogue and were aimed at developing descriptions of the respondents' shopping experiences. The interviewer used descriptive questions such as "What was online shopping like as an entrepreneur?", "How did you feel when you bought and interact with online vendors", and uses the respondent's own words and phrases to follow up. For example, if a respondent said, "I do not like to shop on online," an appropriate follow up question might be "Do you

remember buying or receiving gifts online?" The interviews were audiotaped to free the researcher from taking notes so he could ensure that the interview process went smoothly, knowing the data could always be retrieved later. Participants were also told that they would be able to receive a copy of the report containing the results and findings of the study should they wish. Participation was voluntary and no compensation was offered for the interviews, which lasted 25-30 minutes each.

Each interview began with open-ended questions in English posed in a way to encourage the respondent to develop dialogue resembling a conversation, with the interviewer providing the context from which the respondents' descriptions of a shopping experience could flow freely and in detail. Participants were thus encouraged to discuss not only their online shopping experiences, but also their shopping attitudes and typical ways of shopping. The themes that surfaced from the 78 interviews; website in English verse Arabic, quality of the user interface, knowledge of using the Internet, the barrier to internet usage, and familiarity with the vendors' practices, processes.

The experiment was intended to examine customer expectations and behaviors towards the usage of e-commerce as an entrepreneur. In this qualitative approach, the researchers were indeed able to gain an understanding of respondents' detailed accounts of on-line shopping experiences that would not have come across in quantitative research. The themes that emerged covered online vendors' policies, disclosing of personal information, pricing, and familiarity with the website. This study analyzes one of the selected theme quality of the user interface that arose from the interviews. The other themes will be analysis and discuss in later as a future work. Respondents whose experiences are described are referred to by initials to keep their identity anonymous.

Respondents' Comments:

IK explained that "if the website interface does not give me the impression that the site is trusted, I would not shop here..... the website should have user friendly interfaces to freely navigate". According to MA, "customers pay attention to the graphics and color layout which affects the trustworthiness of the site..... the appearance of the user interface should be attractive." LG indicates, "I feel comfortable with a website which localizes their web contents particularly in Arabic..... should provide a good price as compared to the

physical store. However, the quality of the product is more critical than a cheap price.” He thinks that a good product supplemented by a picture reflects the credibility of the online vendor. He has recommended that user interfaces should have a higher level of clarity to attract customer attention to the product rather than lower visual fidelity images. On the same subject, MA said that he prefers to see a product in motion rather than in static mode. He believes that interface design, which uses motion as the sales pitch, keeps the customer engaged in the website longer and may lead to a final purchase decision. He explained how crucial the size of the image is in remembering the product; “I remember products for a longer period of time when they are represented by larger images as compared to smaller images.” As for simplicity, IK thought that customers prefer a clear design of a website because simplicity reduces the wastage of time, deception, and frustration. He thought that the goal of a trust-inducing interface is to streamline the shopping experience and eliminate shoppers’ confusion. The company’s home page is not just a virtual catalog alone, but also a multimedia tool that allows interaction between vendors and customers.

The results show that the effects of a trust-reflecting interface would be stronger since new customers have no clues from previous experience to analyze the company. The responses suggest that new customers who perceive a company to have a trusted interface will be more likely to trust their products and services after their first visit to its website. Eight-five percent of the respondents agreed that a trust-inducing e-commerce interface is strongly related to encouraging a consumer’s initial trust, thereby supporting the hypothesis. This means that online vendors should implement an electronic interface that can attract new consumers along with their trust. Sixty-eight percent of the respondents believed that a trusted interface of the company could also be seen as proof of the company’s capabilities to provide high quality products and services. They believed that the company has the resources and capabilities to offer better products and services. Based on the respondents’ experiences, customers who visit an online company with a badly laid out interface will be likely to expect that the company will be unable to provide quality products and services to them, which in turn decreases their trust in that company.

6. CONCLUSION

Consumers feel more at ease and trust the vendor when they are able to customize the interface according to their habits, culture and interest as seen, for example, in the practice of Yahoo.com where all of these are possible as part of MyYahoo. Most of the respondents in this study were of Arabic origin and prefer to browse in the Arabic language. People tend to rate as important, what they understand. If respondents have a lack of familiarity with security features rather than with social and personal features, this lack of familiarity might influence their choice for desired websites. In this case, educational and promotional efforts, to explain security, features and benefits might be well worth the company’s time and efforts.

The respondents’ responses demonstrated that understanding the vendors’ processes, policies and procedures could well impact on trust in a company. Most consumers judge the vendor’s trustworthiness by their business policies and procedures. The study examined the issues relating to usability of the website and Table 1 summarizes the hypothesis and shows whether they have been supported by the data collected.

Table 1: Summaries of hypotheses and result

Hypotheses	Result
Consumer initial trust is positively related to the quality of usability of the website.	Supported

Strong support was observed for the hypothesis that consumer initial trust is directly related to a company’s user interface. This finding has important implications for online vendors. It is a challenging task for vendors to understand what makes a new or existing customer trust an online company. One of the most important pre-requisites for establishing trust was the perception of the website interface by the new customer. If the company’s interface makes them believe that the company is reliable and trustworthy, this can boost their trust despite no prior shopping experience with the company. Online companies primarily depend on their electronic interface to attract potential



customers and to communicate with them. Therefore, applying trust-inducing features of the websites are the most effective method of enhancing online trust. The present study supports the fact that a trusted user interface can have a positive effect on customers' trust in the online vendor. Consumers who understand and follow the layout of the interface are more likely to perceive the site as useful and easy to use. Consumers could have doubts about the vendor's products and services if the website is presented through a cluttered, unfriendly, and unprofessional user interface. It is extremely difficult for online companies to earn online trust, but easy for them to lose it. The process of engendering online trust is a slow process but this could be lost in no time. Companies build trust over a longer span of time through reinforcing positive interaction with customers, but just one mishap or failure can lead to distrust. Companies may build perceptions of trustworthiness by designing effective user interfaces to convey their commitment to the inclusion of customer service links, interactive emails, and live help options.

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