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**A MODEL TO ENHANCE THE PERCEIVED TRUSTWORTHINESS OF
EASTERN CAPE ESSENTIAL OIL PRODUCERS SELLING THROUGH
ELECTRONIC MARKETPLACES**

By

NOZIBELE GCORA

**A MODEL TO ENHANCE THE PERCEIVED TRUSTWORTHINESS
OF EASTERN CAPE ESSENTIAL OIL PRODUCERS SELLING
THROUGH ELECTRONIC MARKETPLACES**

By

Nozibele Gcora

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Abstract

Eastern Cape Province farmers in the natural essential oils industry are yet to fully realise the use of electronic commerce (e-commerce) platforms, such as electronic marketplaces (e-marketplaces) for business purposes. This is due to the issues that include lack of awareness, poor product quality, untrusted payment gateways and unsuccessful delivery that are associated with e-marketplaces. As a result, farmers do not trust e-marketplaces and therefore hesitate to engage in e-marketplaces for business purposes. This is further complicated by natural essential oils buyers' tendency of preferring face-to-face interaction with a supplier rather than online interaction as they need quality assurance. As such, this research proposes a model to enhance the perceived trustworthiness of natural essential oil producers in the Eastern Cape Province selling through e-marketplaces. The model constitutes the factors that could be considered in assisting essential oil producers to create a perception of trustworthiness to buyers in e-marketplaces. These factors were evaluated amongst five organisations involved in the production, retail or processing of essential oils using a multiple-case study methodology. The study's use of multiple-case study was applied within the interpretivist paradigm and five cases were considered. Interviews, document analysis and observations were used for data collection. Data analysis was done using within-case analysis followed by cross-case analysis to establish factors of trust. The essential oil producers based in the Gauteng, Kwazulu-Natal and Western Cape provinces were cases that had been successfully using e-marketplaces for a notable period of time. Accordingly, factors that contributed to the successful use of e-marketplaces informed the proposed model of this research. The model proposes that perceived trustworthiness of enterprises in e-marketplaces can be achieved through following the uncertainty reduction stages (Entry, Personal and Exit) and applying uncertainty reduction strategies (passive, active and interactive).

Keywords: Essential oil producers, trust, sellers, buyers, Eastern Cape province, e-marketplaces, uncertainty reduction, case studies.

Declaration

I, **Nozibele Gcora**, hereby declare that:

- The work in this dissertation is my own work.
- All sources used or referred to have been documented and recognised.
- This dissertation has not previously been submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised educational institution.

Nozibele Gcora 201007072

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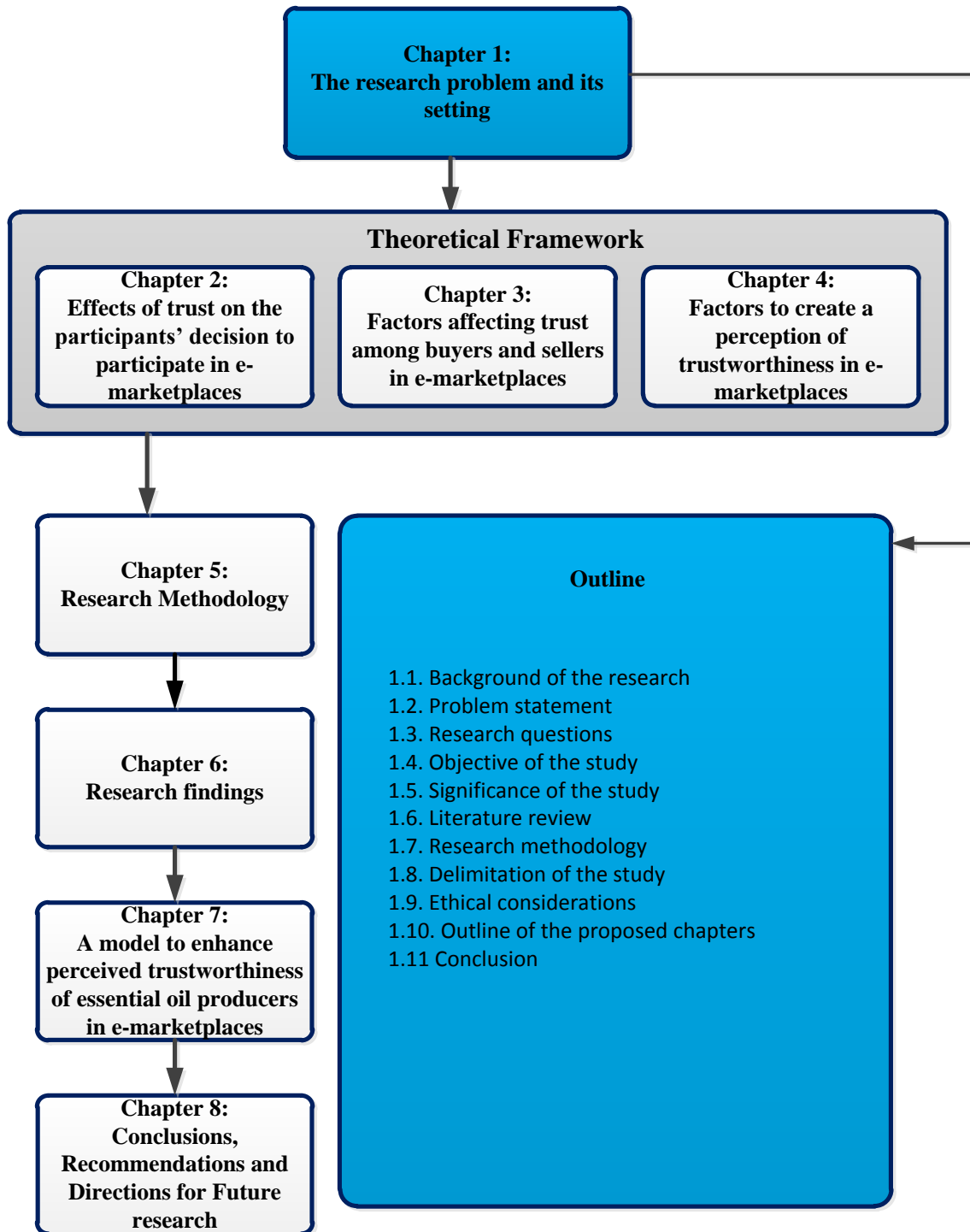
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Chapter 1: The Research Problem and Its Setting



1.1. Background of the Research

South Africa (SA) is one of the developing countries in Africa that have good agricultural produce and a viable essential oils industry (Rodriguez, Batlle, & Nerin, 2007). This is reflected by a remarkable growth in agriculture based industries such as the natural essential oil industry (Vermaak, Kamatou, Komane-Mofokeng, Viljoen, & Beckett, 2011). Research by Machethe (2004) has shown that the agriculture sector can make major contributions to the economic growth of any country. Accordingly, a labour intensive agricultural sector could advance the South African economy in terms of poverty alleviation through employment creation (Swanepoel, 2011). Machethe (2004) concedes that the agricultural sector contributes to poverty alleviation in rural and urban areas through employment creation. The agricultural sector's contribution to both rural and urban areas is welcome in the Eastern Cape province where most land is covered by rural areas. However, for these agriculture based business to be successful, they need to have access to the market and sell their products. Dlodlo and Dhurup (2013) suggest that such businesses could develop competitive advantages through effective utilization of online selling platforms. This is critical considering the fact that, agricultural Small, Medium and Micro Enterprises (SMMEs) farmers operating in natural essential oil industry stand to make more profit when selling agricultural products to foreign markets (Samie & Nefefe, 2012).

Recent research by the ECDC (2015) found that producers of natural essential oils from the Eastern Cape Province have not yet fully realised the advantage of selling their agricultural products to foreign markets. The utilisation of electronic-marketplaces (e-marketplaces) is one of the strategies that essential oil producers could consider in order to overcome inherent trading challenges and promote growth in online trading (Vermaak et al., 2011). "*E-marketplaces are commercial sites consisting of buyers and sellers who exchange product information and make transactions using the Internet*" (Kim & Ahn, 2007, p. 119). E-marketplaces could be used to facilitate the process of buying, selling, or exchanging products, services, and information through computer networks, including the Internet (Liu & Zhang, 2013; Oh & Kim, 2011). Standing, Standing, and Love (2010) add that buyers and sellers can use e-marketplaces as a virtual space where buyers can discover products, services and respective prices by mean of electronic catalogues and auctions. In addition to that, sellers can get more buyers. By acting as a virtual market, e-marketplaces allow suppliers to reach multiple buyers worldwide while buyers have access to a wide range of suppliers or

sellers from the same industry and make informed purchasing decisions (Truong & Bhuiyan, 2011; Cloete & Doens, 2008; Standing et al., 2010). Hence, it is essential that Small and Medium Enterprises (SMEs) have access to e-marketplaces in order to realise the benefit of selling internationally. Moreover, e-commerce platforms such as e-marketplaces are very effective in assisting businesses to have access to a wide range of markets and offer substantial benefits (Stockdale & Standing, 2004; Loukis, Spinellis, & Katsigannis, 2011; Cloete & Doens, 2008). These benefits are presented in Table 1 below.

Table 1: The Benefits Involved in E-marketplace Participation

Benefits	Authors				
	(Stockdale & Standing, 2004)	(Cloete & Doens, 2008)	(Zheng, Wu, Tian, & Zhang, 2009)	(Loukis, Spinellis, & Katsigannis, 2011)	(Ghazaly, 2005)
Reduced transaction costs	✓		✓	✓	✓
Access to a wide range of markets	✓			✓	
Ability to enter supply chain for large companies	✓			✓	✓
Convenience (24/7 accessible)	✓		✓	✓	
Cost reduction on purchases		✓			✓
Flexible in administration and communication	✓			✓	
Information	✓				
Differentiation of products and services customisation	✓			✓	✓
Improved service levels	✓	✓		✓	
Increasing transparency of prices and products			✓		

It should be noted that essential oil producers of the Eastern Cape Province are yet to realise the potential of e-marketplaces as a business tool (ECDC, 2015). This could be attributed to the low adoption of e-commerce technologies in developing countries (Isabirye, Flowerday, Nanavati, & van Solms, 2015). Dlodlo and Dhurup (2010) noted that the global adoption of e-commerce by SMEs has been slowest in the agricultural sector in comparison to other sectors. This trend has been going on for some time as Cloete and Doens' (2008) research found that only a few agricultural businesses are already participating in e-marketplaces with the majority still resistant to the use of e-marketplaces. Further to that, Sahoo, Mehruz, and Rai (2013) noted that SMEs in the manufacturing and production industries are less likely to adopt e-commerce platforms. This is because they spend more time focusing in the production processes of their goods and services. Based on these arguments, it can be concluded that the adoption of e-commerce trading platforms such as e-marketplaces in agriculture remains low.

Barriers to the adoption of e-commerce platforms such as e-marketplaces have been attributed to lack of trust (Makame, Kang, & Park, 2014; Effah, 2014). Factors such as lack of awareness, poor product quality, untrusted payment gateways and unsuccessful delivery have been found to contribute to lack of trust in e-marketplaces (Makame et al., 2014; Hong & Cha, 2013; Effah, 2014; Heinrich, 2015; Sahoo et al., 2013). Moreover, it has been found that buyers of agricultural products are concerned with the quality of products that they buy, as a result they mostly make use of face-to-face interaction (Koh, Fichman, & Kraut, 2012; Mbatha, 2013; Heinrich, 2015). According to Tams (2012) and Perogianni (2014) trust in an e-marketplace is regarded as one of the crucial and more difficult aspects to establish. This is because there is no face-to-face interaction in e-marketplace transactions.

According to Jones and George (1998) trust is an expression of confidence of a party (trustor) that he/she will not be put at risk by the actions of the other party (trustee) in an exchange relationship. The success of transactions in an online trading exchange is founded on trust (Beatty, Reay, Deck, & Millier, 2011). Piderit (2012) declares that initial impressions affect trust formation in an exchange interaction. Gefen, Karahanna, and Straub (2003) further state that a trustor categorises an unfamiliar trustee as trustworthy or untrustworthy based on

second-hand knowledge made available by the trustee. Li, Hess, and Valacich (2008) argue that parties (trustors) lack trust when they have no prior interaction with other parties (trustees) as they cannot develop trust based on direct experience of trustees.

1.2. Problem Statement

Participation in e-marketplaces could offer businesses benefits such as access to a wide range of markets, reduced transaction costs, improved service levels and convenience (Loukis et al., 2011; Zheng et al., 2009; Cloete & Doens, 2008). However, essential oil producers based in the Eastern Cape province face numerous barriers in their endeavour to adopt e-marketplaces (ECDC, 2015). Lack of trust is one of the barriers to the adoption of e-marketplaces (Makame et al., 2014; Effah, 2014). Issues such as lack of awareness, poor product quality, untrusted payment gateways and unsuccessful delivery have contributed to lack of trust to e-marketplaces adoption in the agricultural sector (Makame et al., 2014; Effah, 2014; Heinrich, 2015; Sahoo et al., 2013). In addition, Chien, Chen, and Hsu (2012) point out that most buyers cannot determine who they can trust in e-marketplaces and there are many risks involved in participating in e-marketplaces. Li et al. (2008) adds that parties (trustors) lack trust when they have no prior interaction with other parties (trustees) as they cannot develop trust based on direct experience of trustees. Although there are many risks associated with e-marketplaces. *The problem is that essential oil producers wishing to trade through e-marketplaces need to create a perception of trustworthiness in order to generate sales.* The following research question defines the building blocks of this study's research problem.

1.3. Research Question

The primary research question for this research is:

How can the perceived trustworthiness of essential oil producers selling through e-marketplaces be enhanced?

Gefen et al., (2003) states that trust in online trading is built through a belief that the seller has nothing to gain by cheating and a belief that there are safety mechanisms built into the Web site. Kim and Ahn (2007) further add that building trust is one of the most essential criteria for successful e-marketplaces. Considering the fact that essential oil producers need to enhance perceived trustworthiness in e-marketplaces, this research focuses on examining

factors leading to the creation of a perception of trustworthiness among e-marketplaces participants. Accordingly, the following research sub-questions were formulated to address the research problem and primary research question.

1.3.1. Research sub-questions

1.3.1.1. What are the effects of trust on the participants' decision to participate in e-marketplaces?

ECDC (2015) identified that essential oil producers from the Eastern Cape Province are yet to fully adopt trading in e-marketplaces techniques with the lack of trust one of the major stumbling blocks. A party cannot simply believe that the other party is trustworthy in a social encounter with no face-to-face interaction; rather each party suspends their belief that the other's values may be different from their own (Jones & George, 1998). Accordingly, this sub-question was aimed at providing a broadened discussion of the effects of trust on the essential oil producers' decision to participate in e-marketplaces. The study found that the perception of risks, increased privacy concerns, resistance to change and lack of positive confident expectations in the Web affect participants' decisions to participate in e-marketplaces (Koh et al., 2010; Rofiq, 2012; Moftah, Abdullah, & Hawedi, 2012).

1.3.1.2. What factors affect trust among buyers and sellers of essential oils in e-marketplaces?

According to Johansen, Selart, and Gronhaug (2013), it is essential to understand how trust among parties is affected and experienced psychologically before understanding the impact of trust on behavioural intentions and outcomes. Therefore, this research sub-question aimed to uncover factors that contribute to buyers' decisions not to trust essential oil producers selling through e-marketplaces. It was found that the experience gained through the encounter between the trustor and trustee affects the decision to participate (Jones & George, 1998). Furthermore, the cognitive, institutional, calculative and personality trusting bases were defined as factors that affect trust among buyers and sellers in e-marketplaces (Li et al., 2008; Mayer, Davis, & Schoorman, 1995; McKnight, Choundhurry, & Kacmar, 2002).

1.3.1.3. What factors can assist essential oil producers to create a perception of trustworthiness to buyers in e-marketplaces?

This research sub-question provided constructs of the proposed model for this research which aimed at enhancing perceived trustworthiness of essential oil producers selling through e-marketplaces. Megaw and Flowerday (2010) state that an uncertainty reduction process

increases predictability about behaviour which could lead to increased knowledge of future trusting behaviour. Uncertainty reduction stages (entry, personal and exit) and uncertainty reduction strategies (passive, active and interactive) provide a guide to enhance the perception of a party's ability to accurately predict outcomes (Rhodes, 2008). Findings from this research sub-question show that sellers should provide passive, interactive and active strategies in the e-marketplace to provide assurance for prospective buyers.

1.4. Objectives of the Study

The primary objective of this research was to develop a model with guidelines on how Eastern Cape essential oil producers selling through e-marketplaces could enhance their perceived trustworthiness. The model includes attributes that assess the effects of trust on a participant's decision to participate in e-marketplaces. In addition, the model outlined factors affecting trust among buyers and sellers of agricultural goods in e-marketplaces. This would consequently lead to the establishment of factors of creating perception of trustworthiness of essential oil producers selling on e-marketplaces.

1.5. Significance of the Study

E-commerce tools such as e-marketplaces are trading platforms with the potential to transform the agricultural sector of the Eastern Cape Province. In addition, trust among buyers and sellers in e-marketplaces plays a significant role in building and maintaining trading relationships in e-marketplaces (Moftah, Abdullah, & Hawedi, 2012). This is because trust is the core of exchange transactions in e-marketplaces (Chien, Chen, & Hsu, 2012). Ensuring trust between trading parties is an important factor for the success of transactions in an online trading platform. As such, this study contributes to the body of knowledge by establishing factors that could be considered in order to enhance the trustworthiness of Eastern Cape Province based essential oil producers that are selling through e-marketplaces. While essential oil producers based in other provinces namely Gauteng, Kwazulu-Natal and Western Cape have shown progress in their use of e-marketplaces, Eastern Cape based essential oil producers are still lagging behind. Hence it is critical that contextual issues affecting the trust of e-marketplaces be examined.

1.6. Literature Review

Hofstee (2006) in Williams (2011) claims that a good literature review should consist of a definite theory base, a review of published works that is associated with the researcher's investigation as well as its analysis. The literature review for this research constitutes of underlying theories that were adopted to provide a theoretical guideline and establish research constructs. Some of the constructs that were established from the reviewed theories include factors that affect the trust between buyers and sellers trading on e-marketplaces. In addition, the literature review established factors that contribute to the creation of a perception of trustworthiness among essential oil producers selling on e-marketplaces.

1.6.1. Underlying Theories

According to Lim, Saldanha, Malladi, and Melville (2013) research theories are used to provide direction to an investigation, justification and prediction of the phenomena, and to provide design and action guidelines to the study. They help researchers to ground their arguments and position their studies in the appropriate context. As such, the Initial Trust Formation model (Li, Hess, & Valacich, 2008), Evolution of Trust model (Jones & George, 1998), and Uncertainty Reduction Theory (URT) (Berger & Calabrese, 1975) were applied to address the research questions of this research.

1.6.1.1. Initial Trust Formation Model

The Initial Trust Formation model was proposed by Li (2004) and explains how trust affects individuals and organisations' trusting behaviours, beliefs, attitudes and intentions in their technology adoption decisions. The model asserts that trust bases namely knowledge, personality, cognitive, calculative and institutional trust have an impact on people's trust to the use of technological innovations. Li et al., (2008) recently modified the Initial Trust Formation model that was proposed by Li (2004). Li et al., (2008) eliminated the knowledge base, arguing that there is no direct knowledge in an initial trust context. Initial trust is defined as trust in which the trustor has no previous interaction with a trustee, meaning that he/she is unable to develop trust based on direct first-hand knowledge of the trustee (McKnight, Cummings, & Chervany, 1998). Instead the trustor depends on sources of second- hand information made available by the trustee (Li et al., 2008). As such, the extended Initial Trust Formation model applies to this study as it seeks to establish how trust in sellers of essential oils can be fostered when little or no knowledge about them exists.

1.6.1.2. Evolution of Trust Model

The Evolution of Trust model was proposed by Jones and Georges (1998). The Evolution of Trust model concedes that trust evolves and changes over time. According to the Evolution of Trust model, trust can change over time depending on experience, outcomes of interaction and actions. As such, the model focused on explaining the factors that make up the trust life cycle among other factors (Huang & Wilkinson, 2013). The model also explains how trust is spread, sustained and strengthened or conversely, how it can be weakened among individuals (Jones & George, 1998). According to Kim, Xu, and Koh (2004), the Evolution of Trust model is characterised by a process of initial trust, trust stabilisation, and trust dissolution. Specifically, the evolution of trust model states that each part in a social situation has its own set of interpretive schemes to the extent that it uses or develops similar interpretive schemes to define a social situation. As such, this process would see parties adjust their perceptions on the level of trust present in the social situation until they reach a mutual agreement on the presence of trust. The likely nature of this adjustment depends on the degree of congruence or similarity between the values, attitudes, moods and emotions of the two parties (Jones & George, 1998). Thus, different levels of experience with a party can give the other party different amounts of knowledge and evidence for trust. A party may trust the other party based on direct and partial evidence (Chang & Wong, 2010). Therefore, this model was adopted in this research to provide an in-depth-explanation to factors that affect trust among enterprises and their prospective buyers in e-marketplaces. Specifically, the model was adopted to provide an understanding on why business enterprises and buyers that were using e-marketplaces stopped after an initial attempt due to distrust factors.

1.6.1.3. Uncertainty Reduction Theory (URT)

Effective communication in an online relationship is an engagement strategy and is recognised as a valid modality for building a variety of relationships such as online trading relationships and dating relationships (Gilinsky, Thach, & Thompson, 2015). As noted by Westerman, Van De Heide, Klein, and Walther (2008), URT developed by Berger and Calabrese (1975) offers a unique and valuable insight into building and maintaining relationships. It argues that uncertainty is unpleasant and recommends communication between parties as a measure to reduce uncertainty (Cushman & Kovacic, 1995; Berger, 2011). This research focused on developing a model to enhance the perceived trustworthiness of selling enterprises to buyers in e-marketplaces. As such, this research

borrowed from the URT's approach of reducing uncertainty among parties as a move to address trust issues (Cushman & Kovacic, 1995; Berger, 1986). According to Berger (2011), uncertainty reduction follows a process of developmental stages (Entry, Personal, Exit). The entry phase is characterised by seeking of information about the profile of the potential associate. Much of the interaction in this phase is controlled by communication rules and norms. The exit phase is the final phase of the URT process whereby decisions are made concerning the desirability of future interaction. Normally, these decisions are discussed and plans for future interaction are completed. When communicators begin to share attitudes, beliefs, values and more personal data, the personal stage begins. With the application of this theory, communicators can have the ability to predict and express inter-relationships in any dyadic exchange in environments such as the Internet environment (Berger & Calabrese, 1975; Cushman & Kovacic, 1995).

1.6.2. Factors that Affect Trust among Buyers and Sellers in e-marketplaces

Li et al. (2008) noted that many IS studies have investigated the impact of trust on the perception and use of technology in various interpersonal contexts such as e-commerce and e-marketplaces. The Initial Trust Formation model by Li (2004) and Li et al. (2008) hypothesised that individuals and organisations' actual behaviour is determined by their intentions to perform a given behaviour. The knowledge trust base is excluded in this research because parties involved in a new interpersonal relationship usually have no direct knowledge about the unfamiliar trustee (Mayer et al., 1995; Li et al., 2008). As such, this research concedes that the cognitive, institutional, calculative and personality trusting-bases are the basis upon which organisations make decision to participate in e-marketplaces (McKnight et al., 2002; Mayer et al., 1995; Li, 2004; Li et al., 2008). According to this model, four trusting bases are described namely; cognitive, institutional, calculative and personality (Li et al., 2008). These trust bases are described below:

- The cognitive trust base-according to Li et al. (2008), proposes that cognitive cues and impressions affect the way individuals form their trust. McKnight et al. (2002) state that this trusting base demonstrates that the trustor categorises an unfamiliar trustee as trustworthy or untrustworthy based on reputation and perceived control in a situation.
- Institutional trust base means that when the trustor deals with an unfamiliar trustee, he/she will rely on his/her beliefs about the safeguards to ensure integrity of the

transaction (Li et al., 2008). Structural assurance means that safeguards such as promises, contracts, regulations, and guarantees are provided (Cress, 2006). Safeguards are very important when the trustor has no other information that he/she can use to determine whether or not to trust the trustee (Li et al., 2008).

- Calculative trust base posits that when making a decision to trust an unfamiliar or familiar trustee in a new condition, the trustor usually assumes that the trustee is rational and calculative and that the trustee thus acts in his/her own best interest (Li, 2004).
- Personality trust base assumes, according to Li et al. (2008) that individuals demonstrate different tendencies to trust. For instance, an individual who has high propensity to trust may easily form his/her trusting beliefs towards all types of information systems, while an individual with low propensity to trust may be suspicious of all available systems, even if the system is known to be a trustworthy one (Piderit, 2012).

In addition, to promoting trust between two or more parties, there must be an understanding of how parties experience trust among them and how trust evolves between them (Jones & George, 1998). Furthermore, it is essential to understand how trust among parties is experienced psychologically before understanding its impact on behavioural expectations and outcomes (Joseph, Balaji, & Kumar, 2012). Therefore, experience is an important factor that affects the participants' decision to trust in a given situation (Fullam & Barger, 2007). These factors are especially significant in situations where there is no previous interaction or where the trustor and trustee are not familiar with each other (Jones & George, 1998; Li et al., 2008).

1.6.3. Factors that Create a Perception of Trustworthiness on Essential Oil Producers Selling in E-marketplaces

Delina, Vajda, and Bednar (2011) argue that it is difficult to trust product quality in e-marketplaces because e-marketplaces do not allow physical inspection of products face-to-face interaction. A survey that was conducted for developing countries quantified that 78% of businesses would use the Internet more and 61% of non-users would begin using the Internet if trust and privacy practices were disclosed. There is a need for identifying trust assurance factors and reduce uncertainty in e-marketplaces (Rane & Meshram, 2012).

According to Rhodes (2008), the URT's uncertainty reduction stages provide communicative efforts that are aimed at reducing uncertainty about a situation. URT's stages such as entry and personal stages of uncertainty reduction along with uncertainty reduction strategies such as passive, active and interactive are presented in this study as determinants of the perceived trustworthiness of essential oil producers selling in e-marketplaces. According to Megaw and Flowerday (2010), the stages of uncertainty reduction increase predictability about behaviour which will lead to an increased knowledge of future trusting behaviour. Moreover, Rhodes (2008) adds that uncertainty reduction strategies provide guidance to uncertainty reduction stages and they assist in the perception of parties' ability to accurately predict outcomes in an online trading platform. In applying passive strategies during the entry-phase, an individual is observed in situations where the other person is likely to be self-monitoring (Berger, 1986; May & Tenzek, 2013). When applying active strategies, individuals or organisations try to set up a situation where they can observe each other, for example trading partners in e-marketplaces can use video conferencing tools such as Skype for observing. Once the situation is set up, they sometimes observe (a passive strategy) or talk with the individual (an interactive strategy) in order to gain assurance of the safety of the engagement (Berger, 1986). Interactive strategies involve direct communication between individuals, wherein they obtain information through direct exchange in order to reduce uncertainty in an exchange relationship (Berger, 1986; Allen et al., 2009; May & Tenzek, 2013).

1.7. Research Methodology

According to Williams (2011), a research methodology should provide an understanding and a clear roadmap of how the research leads to the conclusion. Limpanitgul (2009) also points out that the research methodology is very important to any research study as it provides a blueprint by differentiating layers that must be consistently employed when conducting research. The techniques and procedures that are available and consistently employed in conducting this research are in the form of research purpose, research paradigm, research approach, research strategy, and research methods for data collection and analysis.

1.7.1. Research Purpose

Drawing on Saleh, Mavondo, and Ali's (2014) understanding of research purpose identification, a research commonly begins with an exploratory phase to assess what the study is about, depending on the aim of the research study, it evolves into a descriptive or

explanatory phase. Marshall and Rossman (2005) in Salehi-Sangari (2007, p. 102) define descriptive research as research that focuses on describing and documenting the phenomena of interest whereas exploratory research is seen as research that attempts to clarify and explain the relationship between different phenomena or variables in the problem model and examine possible causal relationships. As such, this research is categorised as explanatory. This is because it first focuses on the nature of the problem explored which is the lack of e-marketplaces adoption by farmers of natural essential oils in the Eastern Cape due to lack of trust. Different alternative solutions to the problem are discovered from different provinces of South Africa that have fully adopted e-marketplaces in the agricultural sector. These solutions are compared and contrasted to come up with a solution to assist the farmers to create a perception of trustworthiness to buyers in order to be successful in e-marketplaces.

1.7.2. Research Approach

A qualitative research approach was employed in this study as it has the unique goal of facilitating a meaning-making process in a research study (Barks, 2013; Krauss, 2005). A qualitative research approach is very valuable when there is little understanding of the phenomena of interest in a research study (McDonald & Headlam, 2009; Engstrom & Salehi-Sangari, 2007, p. 103). As stated in the previous section, the purpose of this study is to establish a holistic view of why essential oil producers are not trusted by buyers in e-marketplaces. The qualitative approach has the potential to reach an understanding of how perceived trustworthiness of essential oil producers selling through e-marketplaces can be enhanced.

1.7.3. Research Paradigm

Collis and Hussey (2009) show that there are two distinct research paradigm approaches to social science research, namely positivism and interpretivism. Positivism seeks to offer explanations for human behaviour based on observable evidence, whereas interpretivism focuses on how meaning is constructed by individuals in a social context (Creswell, 2003). This research study used an interpretivist paradigm. This study adopts a view of reality as a realm of symbolic discourse (Collis & Hussey, 2009, p. 49). This is illustrated in Figure 1 below.

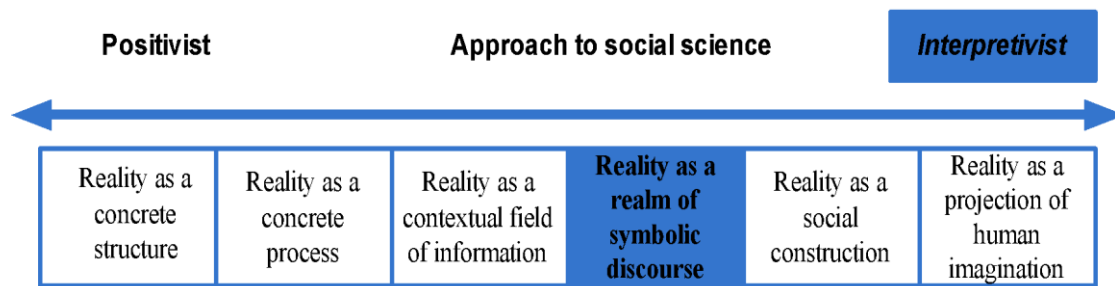


Figure 1: Continuum of Core Ontological Assumptions (Adapted from Collis & Hussey, 2009, p. 49)

1.7.4. Research Strategy

A research strategy is an action plan for getting from here to there, where ‘here’ is the initial set of questions and ‘there’ is the set of answers (Yin, 2003, p. 21; Kelliher, 2005). Creswell (2013) further adds that a research strategy is vital as it provides a logical link between the collected data and research questions, and also contributes to the overall research approach. A multiple-case study design was selected since this research is not dependent on a single, extreme, critical, unique or revelatory case (Engstrom & Salehi-Sangari, 2007, p. 107). Multiple case studies allowed the researcher to compare phenomena from different cases and make recommendations based on those cases that demonstrated evidence of successful e-marketplace usage (Baxter & Jack, 2013). One of the advantages of this strategy is that it provides a close collaboration between the researcher and the participant, while enabling participants to tell their stories. Through close collaboration, the participants were able to describe their own views of reality. This enables the researcher to better understand the participants’ actions (Stake, 1995; Baxter & Jack, 2013).

1.7.4.1. Unit of Analysis

Based on Yin’s (2003) view in Maoneke (2014), the unit of analysis refers to the case(s) to be studied, and its specification is necessary for the researcher to understand how the case(s) related to a broader existing knowledge. This research’s objective was to develop a model that could be used as a source of guidance on how essential oil producers from the Eastern Cape Province could create a perception of trustworthiness to buyers in e-marketplaces. Based on the research problem of this study, SMMEs involved in essential oil production based in the Eastern Cape are the main focus of this research. However, essential oil producers and sellers from other provinces such as Kwazulu-Natal, Gauteng and Western Cape were also examined as they were identified as the provinces that have fully adopted e-

commerce in the agricultural sector. The idea is to establish what is lacking, what needs to be done and improved in order for SMMEs in the essential oil production business of the Eastern Cape Province to enhance their trustworthiness in the views of e-marketplaces buyers. Section 5.2.4.2 describes characteristics of SMMEs that were considered as the unit of analysis for this research.

1.7.5. Research Methods

1.7.5.1. Data collection methods

Benbasat, Goldstein, and Mead (1987) and Yin (2014, p. 119) mention that multiple data collection methods are typically employed when using case study strategy as they provide in-depth understanding. As such, this research employed open-ended interviews, observations and document analysis as data collection methods. Interviews were considered as the primary data collection method of this study. Participants interviewed consisted of buyers and producers (sellers) of natural essential oils. For buyers, each individual responsible for procurement or sales was interviewed. Each interview lasted for 30-45 minutes depending on the participants' circumstances. Observation and document analysis were further used to enhance the understanding of the research context; specifically the understanding of the considered cases for the data collection.

1.7.5.2. Population and Sample

According to Yount (2006, p. 71), a population is the totality of all the members, objects and subjects that share one or more characteristics from which data of the study can be gathered and analysed. In this research study, the population was South African SMMEs who are trading essential oils with the aim of generating a profit. Yount (2006, p. 72) and Belanger and Crossler (2011) further add that a sample represents a portion of the identified population. The sample of this research was as follows:

- **Number of selected provinces:** The first category of enterprises was selected from the Eastern Cape Province, and the other category of enterprises was selected from Kwazulu-Natal, Western Cape and Gauteng Provinces. Therefore the total number of selected provinces is four.
- **Number of selected SMMEs in chosen provinces:** Two SMMEs involved in essential oil production and selling were selected from the Eastern Cape Province. In addition, a single SMME was identified for data collection purposes from three

provinces namely Kwazulu-Natal, Gauteng and Western Cape bringing the total number of the selected essential oil producers and sellers to five.

The sample for data collection of this research study was chosen using a non-probability sampling technique called purposive sampling technique or judgmental sampling. Purposive sampling selects information rich cases that best provide insight into the research questions (Emmel, 2013, p. 34). The selected sample was based on the eligibility criteria and the willingness to participate in this research study.

1.7.5.3. Data Analysis Methods

The collected data for evaluating the proposed model was analysed in an inductive manner. Data analysis was done in two different stages which included within-case and cross-case analysis. Within-case analysis was used in this research study to analyse data from each case so as to get a picture of each enterprise's view about trust in e-marketplaces. After within-case analysis, separate findings from all cases were compared together through cross-case data analysis. According to Yin (2003), the cross-case analysis technique is appropriate and easier for multiple case studies analysis. Koners and Goffin (2007) further add that a cross-case analysis is used to determine where similarities and differences exist and to identify a number of best "practices".

1.8. Delimitations of the Study

This study examined e-commerce trust in the agricultural sector focusing on the essential oil industry alone. The traders of natural essential oils are cooperatives as well as SMMEs. This study focuses on SMMEs trading natural essential oils. Chien, Chen, and Hsu (2012) points out that e-marketplaces are a rapid growth sector in e-commerce and a major effective transaction platform for SMMEs in general. Therefore, the plan in this research study was to understand the needs of SMMEs from the essential oil industry in the Eastern Cape, in order to make recommendations on how to improve trust and thus improve their participation in e-marketplaces.

1.9. Ethical Considerations

To ensure that the undertaking of this research study was ethical, the research proposal of this study was first submitted to the University of Fort Hare's Research Ethics Committee (UREC) for ethical clearance. The research was found to be within the rules of research

ethics that saw the issuance of an Ethical Clearance Certificate (reference number: ISA021SGC001) (see Appendix A) thereby authorising the commencement of data collection. Furthermore, this research was guided by basic ethical principles that include autonomy and respect for the dignity of persons, beneficence, non-maleficence and justice (Wassenaar, 2006 in Maoneke, 2014, p. 77).

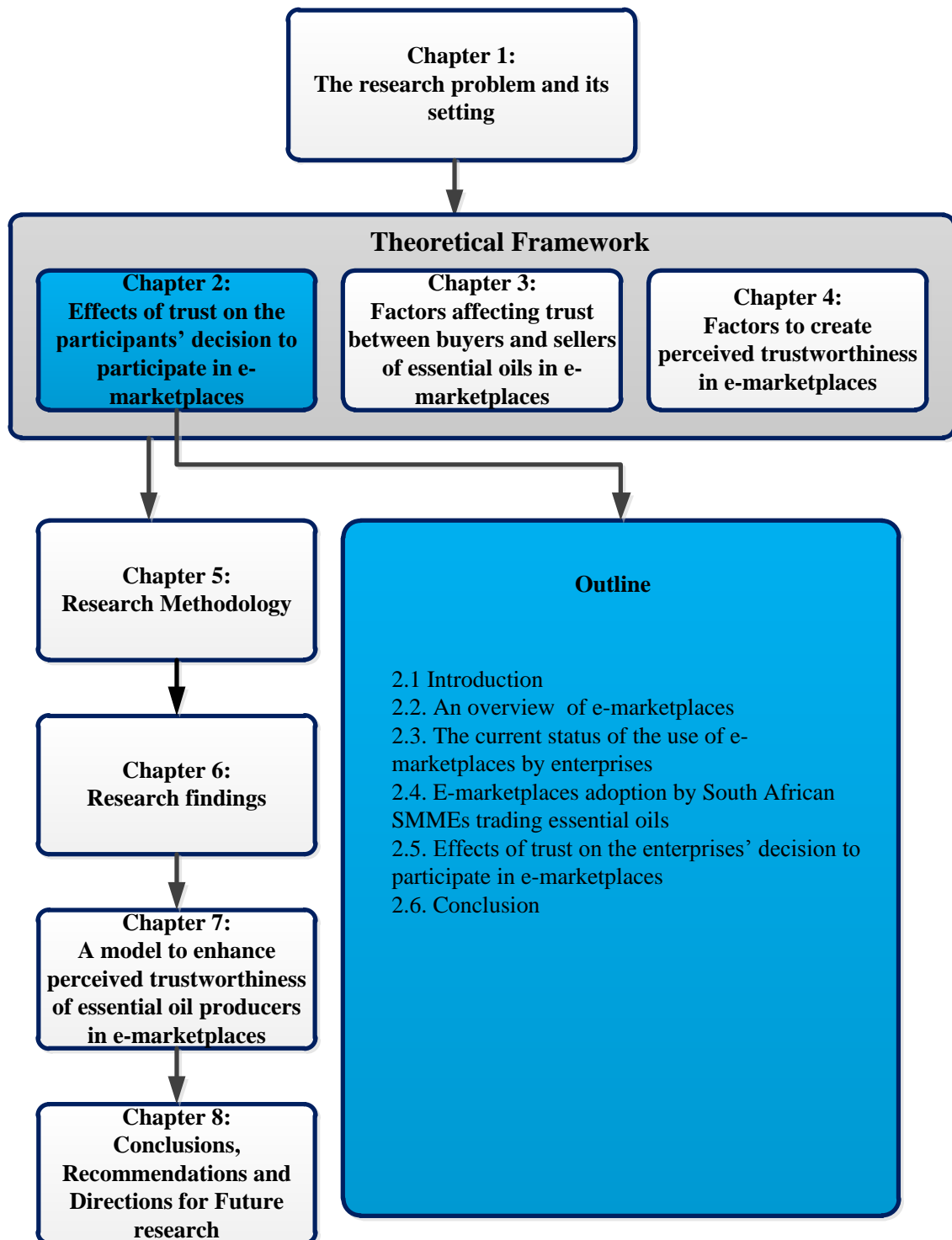
1.10. Outline of Proposed Chapters

Chapter 1 of this research study provides the research introduction (an executive summary of the research). The introduction chapter included the background of this study, the problem statement, followed by the research question and sub-questions, objectives of this research study, significance of the study, a brief literature review, research methodology, delimitations of the study and ethical considerations. **Chapter 2** discussed effects of trust on the participants' decision to participate in e-marketplaces. **Chapter 3** uncovered factors that affect trust among buyers and sellers of in e-marketplaces. **Chapter 4** discussed factors of essential oil producers' trustworthiness to buyers in e-marketplaces. **Chapter 5** discussed the research methodology adopted in this study. **Chapter 6** presented findings from data collection using within and cross-case analysis. **Chapter 7** proposed a model that could be used as a source of guidance towards enhancing perceived trustworthiness of Eastern Cape essential oil producers selling through e-marketplaces. **Chapter 8** provides the conclusion of the research study and suggestions for future research.

1.11. Conclusion

This chapter introduced the research and gave a background of the research problem which stated that essential oils producers within the Eastern Cape are yet to benefit from e-marketplaces benefits due to lack of trust. The research's primary aim is to propose a model that could be used as a source of guidance towards enhancing perceived trustworthiness of Eastern Cape essential oil producers selling through e-marketplaces. The proposed model shall identify factors that could assist essential oil producers and sellers to create a perception of trustworthiness to buyers in e-marketplaces. Qualitative case studies strategy shall be used to meet the research aims and objectives. Using propositions in this chapter, the next chapter investigates the first research sub-question. It describes effects of trust on the participants' decision to participate in an e-marketplace.

Chapter 2: Effects of Trust on the Participants' Decision to Participate in E-marketplaces



2.1. Introduction

IS research studies on trust indicate that trust plays a vital role in assisting users to overcome perceptions of risk and uncertainty in the use and acceptance of e-marketplace trading platforms (Ratnasingam, Pavlou, Tan, & Gefen, 2013; Li, Hess, & Valacich, 2008; McKnight, Choudhury, & Kacmar, 2007). Upadhyaya, Mohanan, and Prasad (2013) note that trust plays a crucial role in commercial relationships among trading organisations in which transactions pose risks and uncertainties. Trust is a critical element when it comes to transacting in e-marketplaces (Son, Tu & Benbasat, 2006). Kot, Grabara, Sandu, and Mihailescu (2011) further affirms the importance of trust by specifying that whether in physical or virtual marketplace platforms, trust is central to the successful execution of the transaction. Trust in the context of e-marketplaces is described as the buyer's belief that the seller will perform the transaction in a trustworthy manner and not conduct unfavourable actions (Son, Tu, & Benbasat, 2010). However, lack of trust in the online environment still remains a major issue (Chien, Chen, & Hsu, 2012).

Accordingly, this chapter sheds light on the effects of lack of trust on the participants' decision to participate in e-marketplaces. It starts with an overview of e-marketplaces that includes definitions and potential benefits and goes on to discuss the current status of the use of e-marketplaces. In addition to that, the chapter presents a discussion on the low level of use and adoption of e-marketplaces in the Eastern Cape. This chapter concludes with a discussion of the effects of lack of institutional trust on the enterprises' decision to participate in e-marketplaces.

2.2. An Overview of E-marketplaces

This section provides a definition of e-marketplaces followed by a discussion of the characteristics and potential benefits of e-marketplaces.

2.2.1. Definition of E-marketplaces

According to Troung and Bhuiyan (2011); Cloete and Doens (2008); and Nedelea and Baditoiu (2010), e-marketplaces could be defined as online trading platforms and open systems that enable organisations to exchange business information and perform business transactions with suppliers and customers through the Internet. Soh and Markus (2002); and Standing et al. (2010) add that buyers and sellers can use e-marketplaces as their virtual

market space where buyers can discover products, services, and their prices by mean of electronic catalogues and auctions; on the other hand sellers can get multiple buyers. In summary, e-marketplace platforms facilitate a relationship model in which many organisations, both sellers and buyers, can communicate, collaborate and perform commercial transactions over a common electronic platform (Alarcon, Maturana, & Schonherr, 2009; Premkumar, 2009). Its key players are market-maker, seller, and buyer (Troung & Bhuiyan, 2011). E-marketplaces are a very important phenomenon because they are theoretically linked to significant economic and business effects (Soh & Markus, 2002).

With the rapid development of e-commerce, numerous e-marketplaces have emerged on the Internet, such as Alibaba, EBay, BidorBuy, Amazon, Gumtree, Facebook groups. These platforms can all be used to support international sales (Zheng, Wu, Tian, & Zhang, 2009; Standing et al., 2010). The main advantage of these E-marketplaces compared to other online trading platforms is that they allow buyers to have full access to multiple sellers with sellers standing a chance to market themselves to multiple buyers (Alarcon et al., 2009). In addition, the increasing trend in the use of Internet-based marketplace applications has created remarkable opportunities for businesses to effectively manage their supply chains (Loukis et al., 2011). The e-marketplace phenomenon has attracted major attention all over the world including, SA where a number of e-marketplaces have recently begun operation. As the e-marketplace industry matures, it has been anticipated that it will have a major impact on South African agricultural businesses (Weimann, Nash, & Smith, 2009).

2.2.2. The Benefits of E-marketplace participation

For developing countries such as SA, the benefits of e-marketplaces are promising particularly when exporting goods to international markets (Soh & Markus, 2002). Furthermore, it has been found that e-marketplaces play a very important role in the economy, facilitating the exchange of information, goods, services, and payments. In the process, they create economic value for buyers, sellers, market intermediaries, and the society at large (Cloete & Doens, 2008). By engaging e-marketplaces, micro-enterprises such as SMMEs stand a chance to benefit from greater competitive advantage that can enable them to compete with larger enterprises. These advantages are discussed next:

- a) **Access to a wide range of markets:** according to Stockdale and Standing (2004) e-marketplaces assist sellers with the potential to broaden their enterprise's target

market globally. They also assist buyers with the potential to broaden the supplier base to find lower prices or product line. Loukis et al. (2011) further adds that e-marketplaces provide buying and selling enterprises with the opportunity to explore new market segments.

- b) **Improved service levels:** E-marketplaces are based on the ability to improve service levels of participating buyers and sellers (Cloete & Doens, 2008). Loukis, Spinellis and Katsigannis (2011) agree that e-marketplaces offer improved customer service. Stockdale and Standing (2004) further explain that the ability to tailor customer services to individual needs is well maintained online and e-marketplaces facilitate this ability.
- c) **Reduced transaction costs:** Zheng et al. (2009) and Loukis et al. (2011) state that e-marketplaces offer lower transaction cost benefits to participants. They reduce transaction costs by facilitating the comparison of prices, products, and services in one location or on a single marketplace without the need to physically move from one market to the other. In addition, electronic transaction processes such as order entries, online payment options and order tracking are seen as more competent and less expensive (Stockdale & Standing, 2004). Additionally, since e-marketplaces often include standardisation and automation of agreement, inquiry, ordering and payment processes, transaction costs are reduced and business methods are streamlined (Ghazaly, 2005).
- d) **Cost reduction on purchases:** companies that have adopted e-marketplaces as their trading platforms have reported that cost savings on direct material are up to 15%. This arrived at courtesy of reducing waste, supplier margins and retrieving price transparency on the market (Ghazaly, 2005; Cloete & Doens, 2008).
- e) **Ability to enter supply chain for large companies:** most companies have broadened their supplier base through the use of e-marketplaces. The competitive advantages of cost and speed that can be gained from trading online are available to companies of all sizes and reduce the barriers that have hindered smaller companies from attempting to enter the supply chain of large companies (Stockdale & Standing, 2004). In addition, e-marketplaces give companies the competitive advantage to increase the efficiency of their supply chain, by automating procurement processes. Companies can, for example, receive deliveries just in time, reduce inventory and bring products to the

market quicker. Such benefits often require strong collaboration from both parties and an implementation of e-marketplaces (Ghazaly, 2005). In support of e-marketplaces, Loukis et al., (2011) state that e-marketplaces provide buyers and sellers with the capability of entering the supply chain of large enterprises.

- f) Convenience(24/7 accessibility):** e-marketplaces are very convenient and accessible when interacting with partners as they can operate round the clock (24/7) throughout the year (Stockdale & Standing, 2004; Loukis et al., 2011; Zheng et al., 2009). For example time zones are less problematic when communicating electronically and participants can perform transactions during any time period to their convenience (Stockdale & Standing, 2004). E-marketplaces can provide organisations with greater transparency in the purchasing process since prices and stock levels are all accessible in an open environment.
- g) Flexibility in administration and communication:** e-marketplaces promote the use of electronic environment that enhance flexible and accurate administrative procedures and facilitates communication within a company and across partnerships (Stockdale & Standing, 2004; Loukis et al., 2011).
- h) Information:** e-marketplaces promote the accumulation of information on one site. It is in the interests of both market-makers and participants that all parties are well informed, although a level of trust in the marketplace must be established to maintain confidence in the sources of information. In addition, information exchange is enhanced through the offering of multimedia applications for marketing, tendering, and design purposes. Designs and plans can be presented via the site for tendering purposes using software drawing packages. Some sites offer Web services to develop marketing for their participants (Stockdale & Standing, 2004).
- i) Updating of information:** e-marketplaces support instant updates of catalogues and price lists, product specifications and configurations. Traditional catalogues are expensive to print and distribute and require additional printing costs to update them. Costs of online updates are substantially low (Stockdale & Standing, 2004; Loukis et al., 2011).
- j) Differentiation of products and services/customisation:** the transparency of information in e-marketplaces enables companies to identify areas where they can differentiate their products and services from competing companies within the same

marketplace (Stockdale & Standing, 2004; Loukis, Spinellis, & Katsigannis, 2011). Ghazaly (2005) specifies that e-marketplaces offer buying and selling enterprises a competitive advantage through improving personalization and customization of product offerings.

k) Increasing the transparency of price and product information digital marketplaces play an important role in increasing the transparency of price and product information which can significantly affect competition in a positive way (Hirschheim, Heinzl, & Dibbem, 2009). Digital technologies lower the marginal cost of finding new counterparts and transactions can be made by means of a broader and more efficient comparison of potential partners (Helia, 2012). Companies can access a wider range of business opportunities if they operate in a digital marketplace. Interacting with a large number of potential counterparts reduces transaction costs and allows companies to enhance their businesses (Zheng et al., 2009).

2.3. Current Status of E-marketplaces Use by Enterprises

Organisations employ Information and Communication Technology (ICT) in order to advance their strategic decision making and improve business processes (Hirschheim et al., 2009). In addition, the emergence of Internet and electronic networks has led to great changes on how enterprises conduct their trading activities with their business partners. These ways of conducting business include Business-to-Business (B2B) and Business-to-Consumer (B2C) (Saprikis & Vlachopoulou, 2012; Janita & Miranda, 2013).

Currently, e-marketplaces have grown at an unprecedented rate as portrayed by the expansion of transaction volume (Matook, 2013). E-marketplaces have attracted a larger pool of buyers and suppliers from different industries who are transacting electronically to negotiate for the best price in order to increase liquidity and have a variety of prices (Ratnasingam, 2005; Loukis, Spinellis, & Katsigannis, 2011). On the other hand, e-marketplaces have a major influence on industrial activities (Chang & Wong, 2010) as they have expanded into most industrial sectors such as the agricultural, construction and fashion industries (Standing et al., 2010; Costa & Tavares, 2013). This could be attributed to the fact that organisations and some individuals find it more beneficial to trade over e-marketplaces than at storefronts as they can shop comparatively among multiple sellers and stand a chance of obtaining reduced

purchasing prices (Janita & Miranda, 2013). The growth of e-marketplaces is also reflected by a growth in research targeting this subject.

Unfortunately, according to Nauoui and Zaiem's (2014) report on e-commerce, the number of incidents of fraud, false suppliers, unsuccessful delivery of goods and services and other forms of misconduct in e-marketplaces has been on the rise too. Estimates show that:

- 42.8% of transactions were fraudulent cases in 2010
- 35.7% of transactions were fraudulent cases in 2012; and
- 61.0% of transactions were fraudulent cases in 2014.

Effah (2014) further adds that e-marketplaces in Bangladesh, Kenya and South Africa have failed to attract participants due to failure to build enough trust. E-marketplaces are especially vulnerable to threats originating from transactions conducted over the Internet (Pihl, Fjelkner, Gustavsson, & Johansson, 2010; Nauoui & Zaiem, 2014). This is mainly because the e-marketplace business model constitutes of e-marketplace providers who simply connect sellers and buyers but have less responsibility and control over what is being traded on the respective e-marketplace (Hong & Cho, 2011). However, many organisations including enterprises have been wary of participating on e-marketplaces mainly because of the risks associated with transacting through them. According to Son, Tu, and Benbasat (2010), 45% of the organisations have indicated that lack of trust had frequently prevented them from transacting over e-marketplaces. This is because online trading environments do not support face-to-face interaction (Tams, 2012). As a result of the lack of trust, many SMMEs often hesitate to engage in the behaviour necessary for the widespread diffusion of e-commerce like sharing personal information (Effah, 2014).

2.4. E-marketplace Adoption by South African SMMEs Trading in essential oils

SMMEs can play different economic roles within their respective countries (McPherson, 2009). For instance, SMMEs can contribute to a country's Gross Domestic Product (GDP) through the manufacturing of goods or the provision of goods and services to consumers and enterprises (Berry, Blottnitz, Cassim, Kesper, Rajaratnam, & Seventer, 2012). According to Olawale and Garwe (2010) South African SMMEs contribute 56% of private sector

employment and 36% to the GDP. They are not just suppliers (sellers); they are also consumers (buyers). This has a vital role if they are able to situate themselves in a market with good purchasing power. Bernstein (2013) argues that not all South African SMMEs greatly contribute to the country's employment and GDP. When compared to other developing countries such as India, the contribution of South Africa's SMMEs towards employment creation and economic growth is relatively low (Berry et al., 2012). Mthente (2012, p. 34) adds that agricultural SMMEs have performed poorly in e-commerce since 2011. As a result, their contribution to the country's GDP has dropped. Mmbengwa, Ramukumba, Groenewald, Van Schalkwyk, Gudidza, and Maiwashe (2011) further adds that since 2008, SMMEs in the agricultural sector in South Africa have not been able to contribute effectively towards job creation and economic growth as before. It has been found that enterprises have a poor e-commerce adoption rate in South Africa. Table 1 below shows South African SMMEs in the agricultural and farming sector that are using e-commerce technologies.

Table 2: Enterprises in South Africa Using E-commerce (Mthente, 2012)

South African Agriculture and Farming SMMEs: Analysis in All Provinces		
Province	Number	Percentage %
Kwazulu Natala	136	30
Gauteng	91	20
Western Cape	64	14
Mpumalanga	55	12
Eastern Cape	37	8
Free State	21	5
North West	17	5
Northern Cape	17	5
Limpompo	16	4

Less than 10%

Generally, e-commerce adoption trends have had a slow impact in South Africa. Even though the South African e-commerce area is showing growth, Internet usage remains low compared to world standards (Warden & Motjoloane, 2007). According to Mthente (2012, p. 3), the estimated number of South African enterprises using e-commerce is 454. This provincial estimation presented in Table 1 above shows that Eastern Cape, Limpompo, Free

State, North West and Northern Cape have the lowest level of e-commerce adoption. These enterprises in the developing provinces of South Africa are constrained by high uncertainty when it comes to engaging online trading environments (Ramaila, Mahlangu, & Du Toit, 2011). The barriers or challenges are discussed in detail in the following section.

2.4.1. Factors Compromising Trust among E-marketplace Participants

Development of the use of e-marketplaces in the agricultural sector effectively promotes the pace of industrialisation of agriculture and rural economic development (Yangeng, Yuena, & Weihua, 2012). However, it has been found that the majority of agricultural businesses including SMMEs do not make use of e-marketplaces as their competitive trading platforms (Dan & Qihong, 2014). The key issue that is related to such findings is that the agricultural sector in South Africa is lacking in terms of technology innovation and the use of emerging technologies (ECDC, 2015). Moxham, Chambers, Girling, Gard, Jelfs, and Bremner (2012) further add that most agricultural projects in SA are based in rural areas where there is a lack of appropriate infrastructure capacity to support the successful implementation of e-marketplaces. The adoption barriers in the agricultural sector are discussed below:

2.4.1.1. Lack of Quality Assurance

This research study focuses on South African enterprises selling natural essential oils that are used for human personal care (health, fragrance and cosmetics) (Bavec, Mlakar, & Bavec, 2007). Quality is a major concern for enterprises involved in the production and processing of natural essential oils (Heinrich, 2015). In this regard, buyers tend to prefer face-to-face interaction with a trader over online interaction (Koh, Fichman, & Kraut, 2012). ECDC (2015) agrees that when dealing with natural essential oils, quality assurance is an important consideration, therefore they prefer face-to-face interaction.

2.4.1.2. Lack of Awareness of e-marketplaces

According to Rhodes (2003), lack of awareness about IS generally challenges any potential to succeed in any situation. According to Sahoo, Mehruz, and Rai (2013), there is a lack of awareness among agricultural farmers about the benefits of Information and Communication Technology (ICT) in agriculture. This includes poor knowledge about e-marketplace initiatives. This has caused difficulties in the implementation of e-marketplaces in the agricultural sector (Sahoo et al., 2013). Effah (2014) agrees that e-marketplace use in developing countries is very limited due to lack of awareness of the possible benefits and

availability. Perogianni (2014) further adds that when organisations lack awareness of the benefits of the proposed technologies, they tend to lack trust.

2.4.1.3. Lack of ICT Capacity (Poor ICT Infrastructure and ICT Literacy) in the Agricultural Sector

According to Warden and Motjoloane (2007), developing countries in Africa have become detached from the global economy mainly due to a lack of sustainable and appropriate ICT strategies and poor telecommunications infrastructure. ECDC (2015); Sahoo et al. (2013); and Lybbert and Sumner (2012) further add that even though there is significant gain in ICT capacity for the agricultural sector, most agricultural projects, especially in the Eastern Cape province, are based in rural areas where further development is limited by lack of infrastructure, insufficient power availability and lack of skills, knowledge, and resources. Cloete and Doens (2008) add that the agricultural sector is constrained by poor IT skills, which causes lack of interest in using e-marketplaces. Maumbe and Okello (2013) add that the poor IT skills and resources prevalent in rural areas have caused enterprises to have difficulty in trusting e-marketplaces.

2.4.1.4. Anonymity

In e-marketplaces, SMMEs do not initially have sufficient knowledge about their prospective trading partners. SMMEs like to have some guarantee about the trustworthiness of their transaction partners, and this kind of trust is based on knowing the partner, or at least the partner's reputation. Anonymity between trade partners contributes to lack of institutional trust (Hofstede, Fritz, Canavari, Oosterkamp, & Van-Sprundel, 2010). Furthermore, anonymity is the issue affecting institutional trust among SMMEs in e-marketplaces, and as a result there is an increase of online trading uncertainties about product delivery, product quality and payment. It has also been found that 68% of companies in e-marketplaces continue to work with business partners that they know, while only 22% of companies choose new suppliers (Perogianni, 2014).

2.4.1.5. Unfair Rating Systems

Reputation and rating systems are regarded amongst the alternative solutions to the online trust problem. They collect and display information about the past behaviour of an actor that can be used to judge his or her trustworthiness as a potential interaction partner. An example of a reputation system is the feedback system of eBay e-marketplace. Buyers and sellers on eBay can give each other positive, neutral, or negative feedback after a transaction (Utz,

Matzat, & Snijders, 2009). Furthermore, a reputation and rating system attempts to provide concise summaries of a selling enterprise's history e-marketplaces. The reputations of enterprises are presented by ratings (Mui, 2010). Reputation of a selling enterprise in an e-marketplace is the outcome of what buying enterprises say about that enterprise (Hofstede et al., 2010). However, when the reputation and rating system is misused, it becomes a crisis. In e-marketplaces there is a problem of unfair ratings in the form of unfairly high ratings and unfairly low ratings which exists in many e-marketplaces. An example of this problem of unfair ratings is on the eBay system: three individuals highly rated each other and later sold fake products for a very high price. Fraudulent selling microenterprises use unfair high ratings in order to increase their seller's reputation. Unfairly low rate of a selling microenterprise in e-marketplaces may be provided by buying micro-enterprises that cooperate with other selling micro-enterprises to drive the seller out of the market (Zheng et al., 2009; Perogianni, 2014). Unfair ratings remain the biggest issue affecting institutional trust among microenterprises in e-marketplaces. As a result, there is an increase of online trading uncertainties about product delivery, product quality and payment.

2.4.1.6. Lack of Security Awareness and Doubts about Reliability

In developing countries like South Africa, many agricultural micro-enterprises are not well connected to the Internet, whereas most large companies are very advanced in this respect (Heghighi, Sajadi, & Ghanavati, 2014; Perogianni, 2014). Most agricultural micro-enterprises do not have a clear picture of e-marketplace trading rules (Perogianni, 2014). According to Jones and George's (1998), when there is no familiarity at the beginning of a social encounter, each party cannot simply assume that the other party is trustworthy; rather each suspends belief that the other's values may be different from their own, thus the other party may not be trustworthy. According to trust researchers, trust develops during childhood as an infant seeks and receives help from his or her benevolent caregiver, resulting in a general tendency to trust others (McKnight, Cummings, & Chervany, 1998). SMMEs have doubts about the reliability and security of the communication infrastructure and its vulnerability to hackers and system failures (Chhabra, 2013). Perogianni (2014) states that there is lack of trust in electronic transactions and there are uncertainties related to confidentiality of sensitive data, lack of clear information on the terms and conditions of the contract, and uncertainties related to security.

Trust researchers maintain that trust reflects the security one feels about a situation because of guarantees, safety nets, or other structures (McKnight, Cummings, & Chervany, 1998). The next section discusses the effects of trust on the participants' decision to participate in e-marketplaces.

2.5. The Effect of Trust on the Enterprises' Decision to Participate in E-marketplaces

In reference to evidence presented in the previous section, lack of trust is still a strong inhibiting factor to the spread of e-commerce (Kobayashi & Okada, 2013). The lack of institutional trust means that there are institutional risks involved, which means that there are obvious omissions in institutional mechanisms that should have been noticed by the average expert in e-commerce. This section investigates the effects of lack of institutional trust in e-marketplaces. Xiaoping, Chunxia, Dong and Xiaoshuan (2009) claim that there are general effects of lack of institutional trust cited by organisations to e-marketplaces adoption. These effects include increased perception of risk and privacy concerns, resistance to change and lack of confidence when transacting through the Web (Koh et al., 2010). However, these effects may be the additional factors that slow down e-marketplace adoption by agricultural micro-enterprises (Xiaoping et al., 2009) and are discussed next.

2.5.1. Increased perception of risks and Privacy concerns

According to Li, Kim, and Park (2007) perceived risk is defined as buyers and sellers' perceptions of uncertainty. In addition, perceived risk refers to uncertainty relating to outcomes of activities (Rofiq, 2012). Currently, even though there are a number of safety mechanisms in e-marketplaces, agricultural micro-enterprises still feel uneasy to transact through e-marketplaces. Two different types of perceived risks can be identified namely: (1) the uncertainty on the result after online selection of a product or service, and (2) the expected loss that could result by the online selection (Li et al., 2007). In addition, there are two types of uncertainties: uncertainty regarding unknown future events (or environmental uncertainty), and uncertainty regarding trading partners' responses to future events (or behavioural uncertainty).

The first risks relate to trading partners who do not behave in a benevolent, competent, honest and predictable manner while the second risks stem from factors outside the relationship that

make the decisions significant and uncertain (Ratnasingam, 2005). Uncertainty can be caused by the possibility of a seller's opportunistic behaviour resulting in buyers experiencing a loss. Perceived risks make agricultural micro-enterprises reluctant to undertake e-marketplace trading. However, compared to face-to-face transactions, the perceived risks associated with e-marketplaces affect people's confidence in decision making (Rofiq, 2012). From an e-marketplace perspective, lack of personal contact and anonymity create uncertainties that lead to greater perceived risks and privacy concerns (White, Daniel, Ward, & Wilson, 2007). As the cyberspace adds uncertainty and risk to transactions, the largest concern for buyers and sellers is incomplete, distorted information and inappropriate behaviour in yet to be fully proven e-marketplaces. However, an e-marketplace that is untrustworthy and characterized by cheating is likely to lead to market failure (Chang & Wong, 2010). Uncertainty about product quality is also a problem for buyers in the online environment (Belkhamza & Wafa, 2009).

Furthermore, the fear associated with online shopping is related to consumers' protection in transaction that requires privacy and trust between different geographical locations or countries. There is increasing concern over online shopping because of insecurity, lack of customer protection and trust, which are vital elements for a successful online transaction between countries, organisations, as well as individuals (Moftah, Abdullah, & Hawedi, 2012).

2.5.2. Resistance to Change

In today's business setting, change has become an everyday part of organisational dynamics and any resistance from individuals involved can affect an organisation (Ahmed, Zbib, Arokiasamy, Ramayah, & Chiun, 2009). Resistance to change is a behaviour whereby individuals adapt in order to protect themselves from the effects of imagined or real change (Kalemic & Ndreka, 2012). Resistance is a phenomenon that can prevent the overall change process, either by delaying, hindering its implementation or obstructions (Belkhamza & Wafa, 2009). Ahmed et al. (2009) theorised that resistance to change may be viewed from two different angles that include attitudinal and behavioural responses to change towards e-marketplaces in the agricultural sector due to lack of trust.

2.5.6. Lack of Positive Confident Expectations in the Website

When lack of institutional trust exists in e-marketplaces, trading partners will not have positive confidence expectations of each other. Consequently, organisations may not give

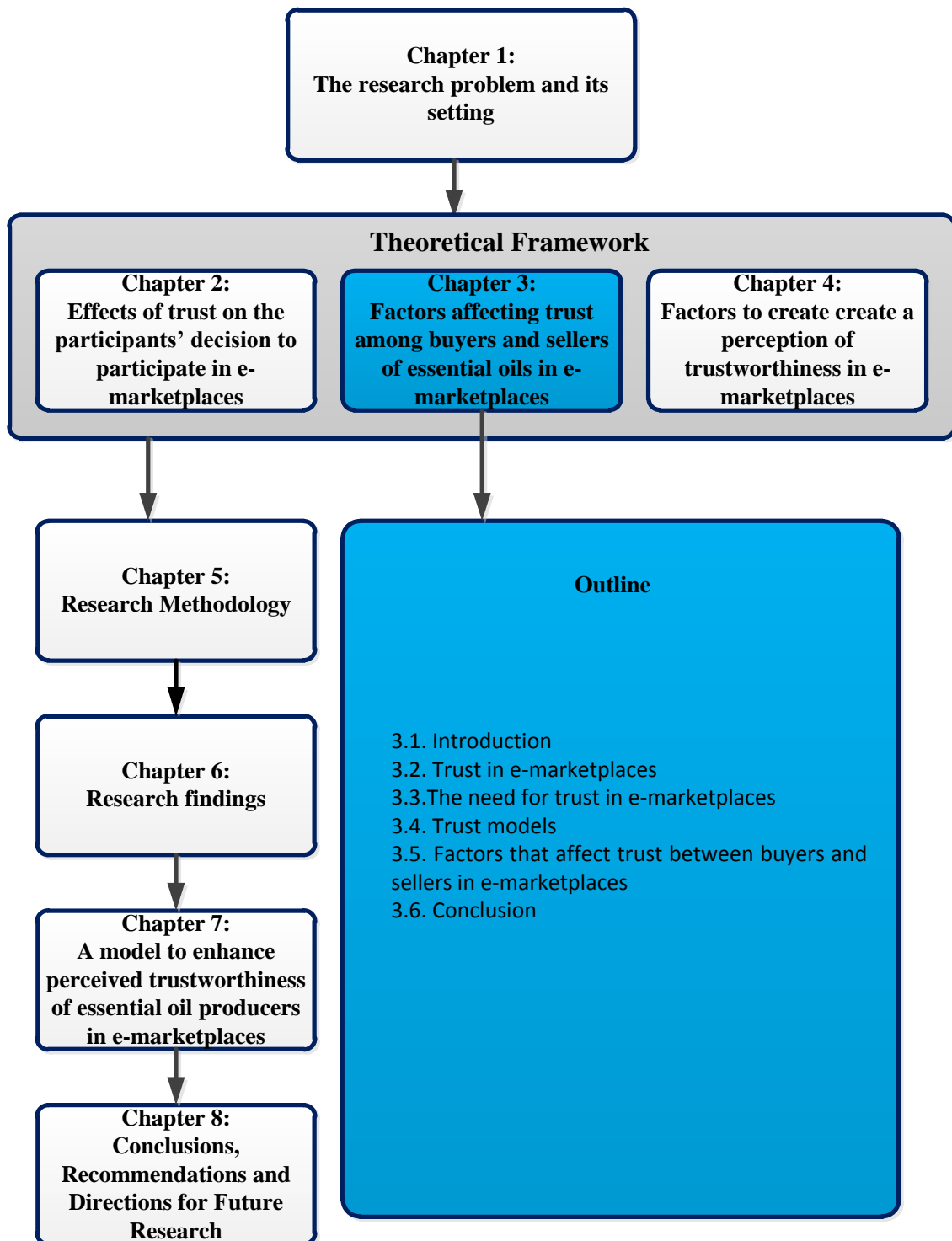
adequate information or details as they develop insecurities about the safeguards of their sensitive business information when dealing with unknown suppliers. It becomes difficult for buyers to be assured that sellers meet or exceed recognisable and industry enforced standards relating to sellers' quality, service and delivery capabilities. In addition, there will be uncertainties relating to the verification of terms and conditions of the contract. Working with unknown sellers limits the capability of buyers from participating in the purchasing process and cause an incompatibility between processes of sellers and buyers. This could be very risky for buyers as there is a potential of misunderstanding or ineffectiveness in their transactions (Rao, Truong, Senecal, & Le, 2007).

2.6. Conclusion

This chapter gave an overview of e-marketplaces in the form of descriptions, definition and potential benefits. However, the current status of e-marketplaces adoption and use suggests that they are not being fully utilised by South African enterprises, more specifically by those enterprises based in developing provinces such as Eastern Cape, Free State, North West, Northern Cape and Limpopo. Challenges contributing to poor e-marketplaces adoption include fear of quality assurance, lack of awareness, and lack of ICT capacity. These challenges also contributed to lack of trust. Other concerns found to be contributing to the lack of trust include anonymity, unfair rating systems, lack of security awareness and doubts about reliability, and market environment and power. These findings align to this chapter's primary aim of establishing the effects of institutional trust on the enterprises' decision to participate in e-marketplaces. It was found that, these effects include increased perceived risks and privacy concerns, resistance to change, and lack of confidence expectations in the Web resulting in suspicions, awareness, watchfulness and fear.

Building from this chapter, the next chapter (chapter 3) discusses the factors that affect trust enterprises and buyers trading on e-marketplaces.

Chapter 3: Factors Affecting Trust among Buyers and Sellers of essential oils in E-marketplaces



3.1. Introduction

The previous chapter established that there is lack of institutional trust among enterprises in e-marketplaces. It further discussed the effects of lack of institutional trust in their decisions to participate on e-marketplaces. This chapter builds from the previous chapter and identifies factors that affect the trust of South African SMMEs that trade in e-marketplaces. To arrive at these aims, this chapter is guided by trust models namely the Evolution of Trust model (Jones & George, 1998) and the Initial Trust Formation Model (Li, Hess & Valacich, 2008).

This chapter first provides a brief overview of the trusting relationship in e-marketplaces. It further explains trust models to be adopted in order to identify factors that affect trust among buyers and sellers in e-marketplaces. Lastly, factors that affect trust between buyers and sellers of essential oil in marketplaces are discussed.

3.2. Trusting Relationship in E-marketplaces

According to McKnight (2005), trust is one of the vital elements in human interaction whether interpersonal or face-to-face interaction. Additionally, trust is a governance mechanism in exchange relationships characterised by uncertainty, vulnerability and dependence (Hong & Cho, 2011). Therefore in short, trust can be described as “the glue” in dynamic interacting relationships such as the buyer-seller relationship (Ojukwa & Georgiadou, 2007). Trust can also be considered as a belief that the other party will behave in a dependable manner within the respective exchange relationship involved (Tams, 2012). When trust is applied to the context of interpersonal relationships in e-marketplaces, which is the main focus of this study, a trusting relationship is expected to exist between buyers and sellers and the e-marketplace provider (Chen, Wu, Lu, & Chien, 2013). Within the context of e-marketplaces, trust can be seen as one organisation’s willingness to rely on another organisation believing that it will act fairly and behave in a dependable manner (Chang & Wong, 2010). Trust is a serious issue in this type of online trading platform because trading partners in e-marketplace face the challenge of buying and selling from unfamiliar trading partners and also buying products and services that they cannot actually touch to ensure quality before buying (Son et al., 2006; Lim, Sia, Lee, & Benbasat, 2006; Chen et al., 2013). A trusting relationship of e-marketplace is in the form of a trilateral that is between buyers, sellers and e-marketplace provider (Son et al., 2006) as shown in Figure 2.

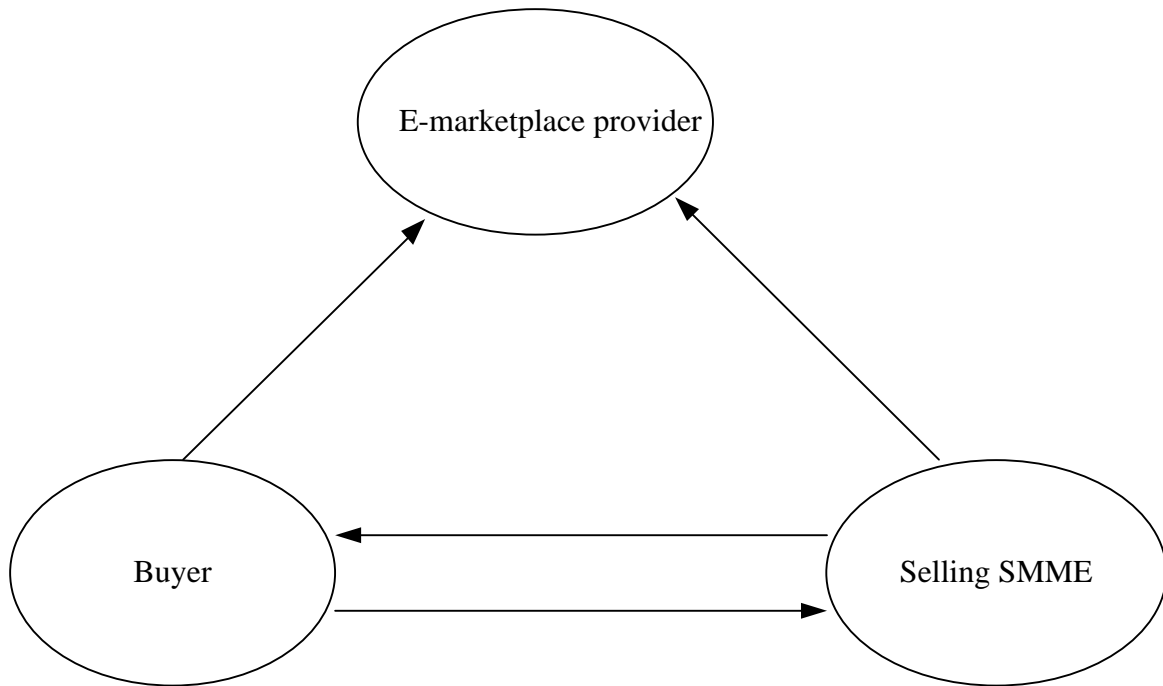


Figure 2: Trusting relationship in E-marketplaces (Son et al., 2006)

According to Kuttainen (2005), organisations in public e-marketplaces are governed by rules and policies provided by an e-marketplace provider, making it an instance of an institution. E-marketplace providers also use digital certificates that help define trust path, establishing a trusting relationship between the seller and a buyer (Chong, Tadjouddine, & Shafaghi, 2011). The e-marketplace context brings to mind the environment where trust is particularly significant through necessitating the certification of business partners (Pavlou, Tan, & Gefen, 2012; Zucker, 1999; McKnight, Choudhury, & Kacmar, 2007). Trust is the category of trust that can be described as the intentions and behaviours generated by situations that facilitate successful outcomes. It deals with third parties (Pavlou et al., 2012) and it is a critical part of e-marketplace transactions. Trust can also be described as the organisations' beliefs that favourable conditions in place are beneficial to positive successful outcomes (Ratnasingam et al., 2003). That is to say, it is a belief that the organisation is honest and does not seek to take unfair advantage of opportunities and will make an effort to fulfil its obligations (Chang & Wong, 2010). The next section discusses why there is a need of institutional trust in organisation relationships in public E-marketplace.

3.3. The Need for Trust in e-marketplaces

According to Piderit (2012), institutional trust plays a crucial role for the successful execution of transactions among trading parties in an interpersonal relationship. It makes business possible in e-marketplaces; without it, few transactions would occur successfully (Cazier, Shao, & Louis, 2006). In addition, it assists e-marketplace providers through facilitating fair transactions between trading partners (Chang & Wong, 2010). Ratnasingam et al. (2005) acknowledge that institutional trust is viewed as the key facilitator of e-marketplaces. Furthermore, the successful implementation of institutional trust leads to improved quality of the decision-making process, which in turn improves the supply chain performance of both organisations and e-marketplace (Piderit, 2012).

3.4. Trust Models

Recent IS research focusing on trust has primarily identified trust as the predominant predictor of technology usage and an essential construct to understand users' perceptions of technology (Li et al., 2008; Sinclaire, Simon, & Wilkes, 2010; McKnight, Choudhury, & Kacmar, 2002). The Initial Trust Formation and Evolution of Trust models provide a useful explanation of how trust affects individuals' and organisations' trusting behaviours, beliefs, attitudes and intentions in their technology adoption decision making. The Initial Trust Formation model was originally proposed by Li (2004). The extended Initial Trust Formation model and Evolution of Trust models are significant to this research as they help uncover factors that contribute to buyers' decisions not to trust enterprises using e-commerce tools such as e-marketplaces. The trust factors that are affecting institutional trust among enterprises in e-marketplaces are adapted from both of trust models.

3.4.1. Li et al.'s (2008) Initial Trust Model

According to Belkhamza and Wafa (2009), it is important to understand the behaviour and intention to perform such behaviour. It is also important to develop a comprehensive understanding of the underlying external variables in the behavioural context of the phenomena of interest. The Initial Trust Formation model was originally developed by Li in 2004. The model is based on the Theory of Reasoned Action (TRA) and Theory of Reasoned Behaviour (TRB) (Li, 2004). The Initial Trust Formation model asserts that trusting bases such as knowledge, personality, cognitive, calculative and institutional trusting bases have impact on people's trust when using technology innovations. The model was further refined

by Li et al. in 2008 in which they eliminated the knowledge trust base as one of the trusting bases. Li et al.'s (2008) model constitute of five trusting bases which are seen as the external variables that contribute to trusting beliefs, trusting attitudes, subjective norms and trusting intentions. The Initial Trust Formation model is illustrated in Figure 3.

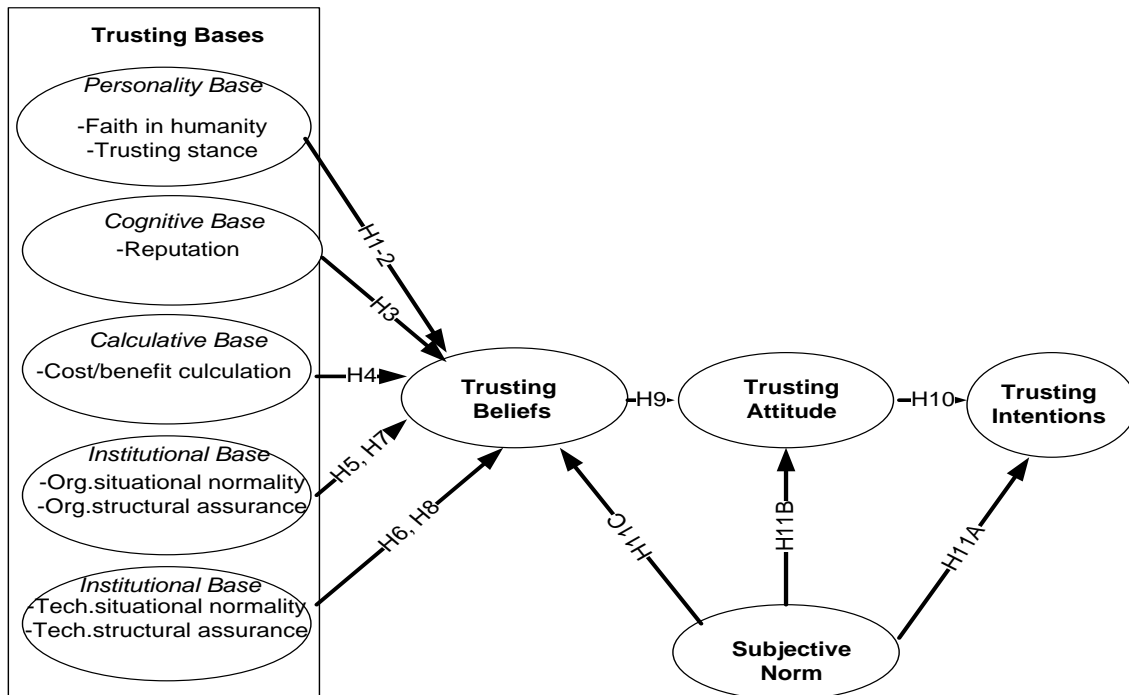


Figure 3: Initial Trust Formation Model (Li et al., 2008, p. 42)

This model represents the volitional formation process among parties namely buyers and sellers that do not have a direct interaction with each other (Li, 2004). It consists of trusting bases, trusting beliefs, trusting attitudes, trusting intentions and the subjective norm which represent the important stages of behavioural formation of trust (Li et al., 2008). This model was empirically tested and supported in the e-commerce context (McKnight et al., 1998). A further explanation of the entire constructs of this model is in Table 3 below.

Table 3: Constructs of the Initial Trust Formation Model (Li et al., 2008)

Construct of the Model	Explanation	Reference
Personality Trusting-Base	Influences how much trust one is capable of having towards others prior to any interaction and it is more influential in the	(Li, 2004; Li et al., 2008; McKnight,

	initial trust phase of a relationship. This trusting- base consists of two subcomponents: faith in humanity and trusting stance.	Cummings, & Chervany, 1998)
Cognitive Trusting-Base	This trusting-base suggests that a trustor may categorise an unfamiliar trustee as trustworthy or untrustworthy based on the reputation of the trustee. Cognitive-based trust researchers imply that trust relies on rapid cognitive cues or first impressions, as opposed to personal interaction.	(Li, 2004; Li et al., 2008; McKnight et al., 1998; McKnight et al., 2002)
Calculative Trusting-Base	This trusting base believes that people tend to trust when the trustee is thought to have nothing to gain, or the cost overwhelms the benefit, from being untrustworthy. It predicts that lack of incentives can result in low levels of trusting behaviour among participants in an online trading platform.	(Li et al., 2008; McKnight et al., 1998)
Institutional Organisational Trusting-Base	Institutional trusting-base means that organisations believe that the necessary structures are in place to enable one to act in anticipation of a successful future endeavor. This trusting-base consists of organisational situational normality and organisational structural assurance.	(Li, 2004; Li et al., 2008; McKnight et al., 1998; McKnight et al., 2002)
Institutional Technology Trusting-Base	This trusting-base consists of technology situational normality and technology structural assurance.	(Li, 2004; Li et al., 2008; McKnight et al., 1998; McKnight et al., 2002)
Trusting Beliefs	Defined as the trustor's perceptions of whether the trustee has the desired attributes to be trusted.	(Li et al., 2008)
Trusting attitudes	Defined as the trustor's positive or negative evaluations of trust-related behaviours.	(Li et al., 2008)
Trusting Intentions	Are defined as the trustor's willingness to depend on the trustee.	(Li et al., 2008)
Subjective Norms	Defined as the individual's perception that most people who are important to him/her think he/she should or should not perform the behaviour in question.	(Li et al., 2008)

3.4.1. Jones and George's (1998) Evolution of Trust Model

An estimated 65 % of Internet shoppers have abandoned their shopping-carts after their initial attempt of using e-marketplaces (Brush & McIntosh, 2013). This is because distance between the buyers and sellers and participants in e-marketplaces have started to develop uncertainties and increased risk through the delay between purchase and delivery, and the information asymmetry between the two parties (Kim, Xu, & Koh, 2004). In the presence of such risks and uncertainties, lack of trust has been seen as one of the greatest barriers inhibiting participation in e-marketplaces (Alrubaiee, Alshalbi, & Al-bayati, 2012). Thus, it is essential to understand how trust is created and how it evolves in the e-marketplace context throughout buyers and sellers' experiences (Kim et al., 2004).

The Evolution of Trust model was proposed by Jones and George, and it argues that trust evolves and changes over time (Jones & George, 1998). The model clarifies that trust can change depending on experience, outcomes of interaction, and actions. It explains the factors that drive those changes through the trust lifecycle (Huang & Wilkinson, 2013). The model further explains how trust is spread, sustained, strengthened and how it comes to be weakened among individuals (Jones & George, 1998). According to Kim et al. (2004), the Evolution of Trust model is characterised by a process of initial trust, trust stabilisation and trust dissolution. Meaning that different levels of experience with a party can give the other party different amounts of knowledge and evidence for trust. A party may trust the other basing on direct and partial evidence (Chang & Wong, 2010). For example, potential buyers may have their trust in an e-marketplace seller based on indirect and partial experience, such as browsing the seller's website, while repeat customers may rely on additional evidence such as transaction experience. Potential customer trust refers to the initial trust that a potential customer has in an unfamiliar trustee. The period during which a customer visits and explores an Internet store's website without any transaction experience with the store is within the domain of potential customer trust. Repeat customer trust refers to the trust that a repeat customer has in a familiar trustee after having transaction experience with it (Kim et al., 2004).

3.5. Factors Affecting the Trust between Buyers and Sellers in e-marketplaces

This chapter is guided by the Evolution of Trust and Initial Trust Formation models to arrive at the factors affecting the trust between buyers and sellers trading through e-marketplaces. The focused literature is on the trust factors that are affecting institutional trust in an organisational relationship between individuals. In the context of this research, organisational relationship is among enterprises cooperating in e-marketplaces. Scholars on trust in various discipline such as IS consider trusting bases as the trust factors (Li, 2004; Li et al., 2008; McKnight, Choudhury, & Kacmar, 2007; Piderit, 2012; Mayer, Davis, & Schoorman, 1995). These factors are outlined in Table 4.

Table 4: Factors Affecting Trust between Buyers and Sellers in E-marketplaces (Jones & George, 1998; Le et al., 2008)

Factor	Trust Model	Studies
-Cognitive-trusting base: <ul style="list-style-type: none"> • Reputation • Perceived control in a situation 	-Initial Trust Formation Model	(Li, 2004; Li et al., 2008)
-Institutional trusting base: <ul style="list-style-type: none"> • Organisation-situational normality • Organisation-structural assurance • Technology-situational normality • Technology-structural assurance 	-Initial trust Formation Model -Initial Trust Model	(Li, 2004; Li et al., 2008; McKnight et al., 2002)
-Calculative trusting base: <ul style="list-style-type: none"> • Positive/negative outcomes • Cost/benefit violation 	-Initial Trust formation Model - Proposed Model of Trust	(Li, 2004; Li et al., 2008; Mayer et al., 1995)

<ul style="list-style-type: none"> • Perceived risk 		
-Personality trusting base: <ul style="list-style-type: none"> • Trustor’s propensity • Faith in humanity • Trusting stances 	-Initial Trust Formation Model -Initial Trust Model -Proposed Model of Trust	(Li, 2004; Li et al., 2008); McKnight et al., 2002; Mayer et al., 1995; Piderit, 2012)
-Experience: <ul style="list-style-type: none"> • Values • Attitudes • Moods and emotions 	-Evolution of Trust Model	(Jones & George, 1998; Li et al., 2008)

The identified factors in Table 4 above are comprehended as the determinants of the trusting attitudes, trusting beliefs, and trusting intentions in sociology, management, psychology and IS/IT research contexts. They predict trust prior to the interaction among two parties and clarify the formation of initial trust in an organisational context. They are incorporated in a context of initial trust in an unfamiliar partner, where parties have no knowledge about and similarity to each other. These factors are discussed below:

3.5.1. Cognitive Trusting-Base

The cognitive trusting-base follows a cognitive process in which cognitive cues and impressions affect the way individuals develop their trust. Initial impressions play a critical role in trust formation (Piderit, 2012). Stemming from these processes, the trustor categorises an unfamiliar trustee as trustworthy or untrustworthy based on the reputation and perceived control in a situation (McKnight et al., 2002). Therefore, trust in the context of this trusting-base is determined by the degree of familiarity. However, when the trustor has first-hand knowledge about the trustee, this cognitive familiarity becomes less important (Li, 2004). The cognitive trusting-base has two sub-trusting-bases namely reputation and perceived control in a situation.

- **Reputation:** with reference to cognitive trusting-base, reputation sub-trusting-base assumes that a trustee with a good reputation is believed to be trustworthy (Li et al., 2008). However, when there is lack of experiential information available, the trustor may lack trust and the trustee’s reputation may affect an individual’s beliefs about the

trustee's benevolence, competence and integrity (Serva, Benamati, & Fuller, 2013). This means that those organisations with good reputations are more likely to be trusted in an online trading environment (Li, 2004).

- **Perceived Control in a situation:** the perceived control in a situation sub-trusting base implies that if one part cannot obtain sufficient direct knowledge about the other part, the first part's perception of level of control in their relationship will affect their willingness to trust (Piderit, 2012).

3.5.2. Institutional Trusting-Base

McKnight et al. (2002) acknowledge that previous IS research examining institutional trusting-base has typically focused on the Internet environment context. In accordance to the trusting-base, trust is viewed as a social structure were impersonal structures that are essential in any specific context facilitate trust building. When essential institutional structures are primed and the social environment is in proper order, a trustor is more likely to grant trust. Specifically, when there is high institutional trust-base, the trusting intentions during the initial stage of interaction become high (McKnight et al., 1998). This trusting base is especially significant in situations where there is no previous interaction or where the trustor and trustee are not familiar with each other (Li et al., 2008). The institutional trusting base consists of situational normality and structural assurance (Li, 2004; Li et al., 2008; McKnight et al., 1998).

According to Li (2004), "situational normality involves a proper ordered setting that appears to facilitate a successful interaction". It is concerned with supportive apparatus such as law, procedures and licensing (Bechmann & Zaheer, 2006, p. 40). However it is also acknowledged that when an individual or organisation face inexplicable, abnormal situations, they tend to become uncomfortable and tend not to trust. Therefore, when the trustor lacks knowledge about the trustee, they will rely on their feelings about the situation's setting to build trust (Li et al., 2008). On the other hand, structural assurance relates to safeguards such as promises, contracts, regulations, and guarantees that are necessary to build institutional trust (Cress, 2006). Structural assurance acknowledges that safeguards are very important when the trustor has no other information that he/she can use to determine whether or not to trust the trustee (Li et al., 2008). The following section applies these two constructs to an

organisation and technology context in cases where the trustor has no other information with which to make trust references (Serva et al., 2013).

- **Organisational-Situational Normality:** within the context of an organisation, the situational normality would imply that individuals are more likely to develop trust during the initial stages of interaction if they believe that governing standards are operated with integrity in a benevolent and competent conduct.
- **Organisational-Structural Assurance:** when applied to an organisational context, this construct would mean that individuals can seek organisational policies, regulations and norms in order to facilitate their initial trusting beliefs (Li, 2004; Li et al., 2008; McKnight et al., 2002).
- **Technology-Situational Normality:** within the technology context, situational normality means that individuals are more likely to develop trust during their initial stages of interaction if they believe that technologies are employed with integrity in a benevolent and competent manner.
- **Technology-Structural Assurance:** when the structural assurance is applied within the context of technology, individual initial trust beliefs trust would build depending on the availability of safeguards such as encryption, specific system development processes and procedures, third-party certifications and feedback mechanisms (Li, 2004; Li et al., 2008; McKnight et al., 2002). The next section discusses calculative trusting base as the factor that affect trust.

3.5.3. Calculative Trusting-Base

The calculative trusting-base refers to the economic principles and calculations that affect trust (Li, 2004 in Piderit, 2012). Trust is built through the calculation done by parties involved in an organisational relationship taking into account the outcomes of entering into a trusting relationship with another partner (Piderit, 2012). Individuals tend to develop trust when the trustee is thought to have nothing to benefit, or if the cost overwhelms the benefits from being untrustworthy (Li, 2004; Li et al., 2008). This trusting-base shows that when a trustor makes a decision of trusting an unfamiliar trustee in a new situation, he/she generally assume that the trustee is rational and calculative and therefore the trustee will act in their own best interests. The calculative trusting base is determined by three sub-trusting-bases namely cost/benefit, positive/negative outcomes and perceived risk (Li, 2004; Li et al., 2008; Piderit, 2012; Mayer et al., 1995) and are explained as follows:

- **Positive/negative outcome is** a trust decision (from the trustor's perspective) that can be made based on calculating the strength of the positive and negative motivational consequences and the probabilities that these consequences would occur.
- **Cost/benefit violation** is a trust decision (from the trustee's perspective) that can be made based on calculating the fear of punishment for violating trust and the rewards of preserving it.
- **Perceived risk** relates to the factors that have influence on individuals' online trading decision-making (Kim, Ferrin, & Rao, 2008). Personality trusting-base is discussed in the following section.

3.5.4. Personality Trusting-Base

In relation to the personality trusting-base, Li (2004) hypothesised that individuals with different levels of the tendency to trust may vary in their trust building strategies. For instance, an individual who has a high propensity to trust may easily form his/her trusting beliefs towards all types of information systems, while an individual with a low propensity to trust may be suspicious of all available systems even if the systems are known to be trustworthy (Piderit, 2012). So, this trusting-base is among the external variables that contribute to the explanation of variation in trust and is vital during the initial stages of building trust (Mayer et al., 1995). In the significant trust model, personality trusting-base is predicted to be one of the essential antecedents of trusting beliefs that indirectly affect the intent to trust (Gefen, Karahanna, & Straub, 2003; Li, 2004; Li et al., 2008; Mayer et al., 1995; McKnight et al., 2002). Drivers of personality trusting base include trusting stances, trustor's propensity, and faith in humanity (Li, 2004; Li et al., 2008; Mayer et al., 1995).

- **Trustor's propensity:** according to Piderit (2012), trustor's propensity is a general willingness to trust others. It influences the level of trust that a part instils in another part before considering the characteristics of the trustee (Piderit, 2012). Individuals differ in their inherent propensity to trust. Propensity influences the level of trust in which one has for a trustee prior to the trustee's information being made available. This shows that people with different developmental experiences, personality types, and cultural backgrounds vary in their propensity to trust (Mayer et al., 1995).
- **Faith in humanity:** faith in humanity refers to the underlying assumptions about people, while trusting stance is like a personal strategy (McKnight & Chervany, 2001). Faith in humanity shows the extent to which an organisation believes that

others are trustworthy, therefore this sub-personality trusting-base affects one's initial trusting beliefs (McKnight et al., 1998).

- **Trusting stances:** trusting stances signifies that irrespective of what an individual assumes about the others, they will always stand to achieve better results when dealing with other people under the assumption that they mean well and are reliable (McKnight & Chervany, 2001). Furthermore, the Initial Trust Formation model assumes that whether organisations are reliable or not, they will still obtain better interpersonal outcomes. Therefore, trusting stances drive calculative trusting-base (McKnight et al., 1998).

3.5.5. Experience

Evolution of Trust model by Jones and George (1998) view trust as an outcome of experience resulting from the interaction of individual's value, attitudes, moods and emotions.

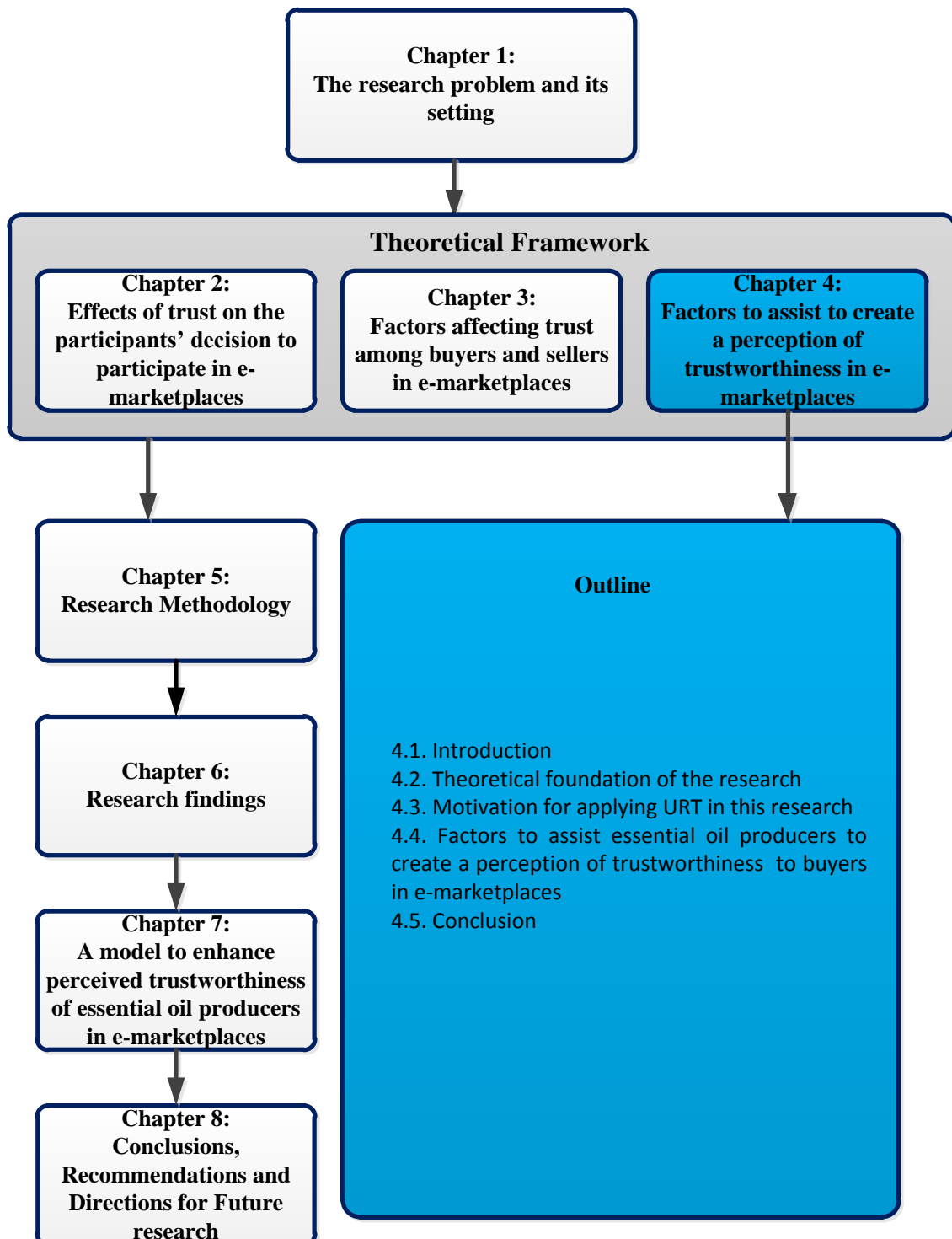
- **Values:** individuals use values as their guiding principles when deciding to trust another part. Values also assist in determining whether a situation is desirable or undesirable. For example, an individual whose value system emphasises on loyalty and honesty is likely to strive to achieve loyalty in their relationship with others (Jones & George, 1998).
- **Attitudes:** individuals experience trust in a more specific mode which is the attitude towards other individuals based on the knowledge, beliefs and feelings they have about them (Jones & George, 1998). Li, Hess, and Valacich (2008) hypothesise that when individuals lack direct and relevant information and repeated experience with the trustee, they will establish their cognitive familiarity based on second-hand knowledge, impressions, cognitive cues, and cognitive processes.
- **Moods and emotions:** these can be viewed as the essential aspects of the experience of trust. They suggest that the experience of trust symbolises the effects, whether in terms of strong or intense feelings (emotions) or more indirect feelings (moods). Moods and emotions entail positive or negative effect. When they entail high levels of positive affect, they can be identified by terms such as active, enthusiastic, exciting, strong and excited. When they entail high levels of negative affect, they can be identified by terms such as distressed, nervous and fearful. Therefore, individuals

often decide if they can initially trust someone by examining the feelings they have toward that person (Jones & George, 1998).

3.6. Conclusion

This chapter gave background on institutional trust in e-marketplaces. It has been found that institutional trust is needed in trading relationships because it is a governing mechanism that plays a crucial role in the successful execution of the transaction among buyers and sellers in interpersonal relationships. This chapter further provided background on the two trust models Evolution of Trust (Jones & George, 1998) and Initial Trust Formation (Li et al., 2008). The Evolution of Trust model (Jones & George, 1998) was developed to argue that trust evolves and changes over time depending on experience, outcomes of interaction and actions. The Initial Trust Formation model (Li et al., 2008) was refined to further explain how trust is formed and affected during the initial stage of interaction among organisations in interpersonal interaction. These two trust models are used in this research study to achieve the aim of this research chapter, which is to discover trust factors that affect institutional trust among buying and selling enterprises in e-marketplaces. To arrive to trust factors that affect trust, the researcher went through a content analysis of these two models. Trust factors found are in the form of trusting-bases from the Initial Trust Formation model (Li et al., 2008) and experience analysed from the Evolution of Trust model (Jones & George, 1998). Through the identification of trust factors that affect trust between selling enterprises and buyers in e-marketplaces, this chapter met the requirements of the second sub-question of this research study. The next chapter is the last literature chapter, Chapter 4, in which it looks at the factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces.

Chapter 4: Factors Assisting Essential Oil Producers to Create a Perception of Trustworthiness to Buyers in E-marketplaces



4.1. Introduction

According to Williams (2011), technology for e-commerce can only be effective and provide business with efficiency if it is actually used. Serban, Chen, Zhang, and Minsky (2008) add that for both traditional marketplaces and e-marketplaces to be effective, there must be a degree of trust between buyers and sellers. Son et al. (2006), however, point out that even though e-marketplaces facilitate transaction between buyers and sellers, they are still struggling to have an efficient trustworthy trading environment. Koh, Fichman, and Kraut (2010) state that there is a lack of institutional trust in e-marketplaces which leads to slow adoption and participant drop out from e-marketplace platforms.

Chapter 2 established a lack of trust in e-marketplaces increases perceived risks and privacy concerns, difficulties in economic action, negatively affects resistance to change, and hinders mutual collaboration resulting in suspicions, wariness, watchfulness and fear thereby causing participants to lack reasons for positive confidence expectations from e-marketplaces (Chenet al., 2013; Raoet al., 2007; Utzet al., 2009; Chang & Wong, 2010). These effects reduce participation and create barriers to trade on online trading platforms. Therefore, there is a need to reduce uncertainty in e-marketplaces. As such this chapter identifies factors that can assist selling enterprises to create a perception of trustworthiness to buyers trading on e-marketplaces.

In addition, this chapter provides a theoretical perspective for dealing with initial stages of interpersonal interaction between selling enterprises and buyers on e-marketplaces. The aim is to provide factors that can assist selling enterprises to create a perception of trustworthiness to their buyers on e-marketplaces. Accordingly, this chapter presents a background overview of the theory, its purpose, and the reasons for employing this theory. Factors that can assist selling enterprises to create a perception of trustworthiness to their buyers in e-marketplaces are then discussed.

4.2. Theoretical Foundation of the Research

In an attempt to reduce uncertainty, Berger and Calabrese (1975) proposed the Uncertainty Reduction Theory (URT) which is based on the assumption that uncertainty is unpleasant and therefore influences the communication between parties. URT can be useful in explaining factors that can assist selling enterprises to create a perception of trustworthiness to their

buyers on e-marketplaces. URT proposes that parties involved in a relationship need to encourage effective communication in order to make the behaviour of others predictable and understandable in interpersonal interactions (Westerman, 2007; Berger, 2011; Delina, Vajda, & Bednar, 2011).

According to Berger and Calabrese (1975), uncertainty reduction follows a process of developmental stages (Entry, Personal, Exit) presented in Figure 4 below.

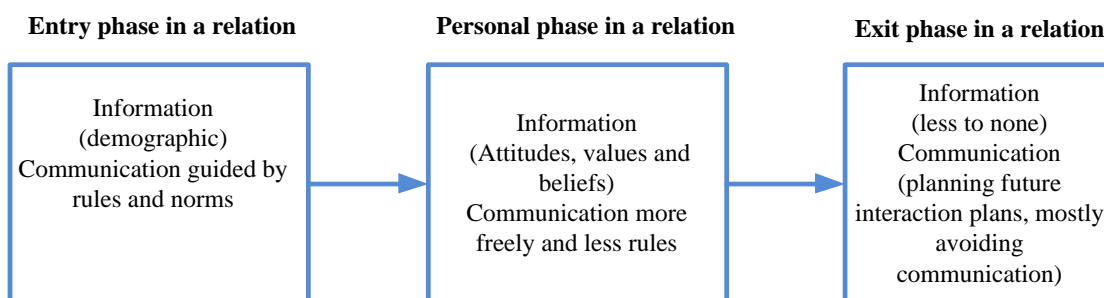


Figure 4: Uncertainty Reduction Model (Berger & Calabrese, 1975)

The entry phase is characterised by seeking of information about the profile of the potential associate. Much of the interaction in this phase is controlled by communication rules and norms. The personal stage is characterised by communicators sharing attitudes, beliefs, values, and more personal data. The exit phase is the final phase of the URT process whereby decisions are made concerning the desirability of future interaction. Normally, these decisions are discussed and plans for future interaction are mapped (Berger & Calabrese, 1975; Berger, 1986; Berger, 2011). The URT theory can be used by communicators to predict and express inter-relationships in any dyadic exchange in environments such as the Internet environment (Berger & Calabrese, 1975). This research aims to assist selling enterprises and buyers to enter the entry stage of interaction in a trustworthy manner and facilitate a trustworthy transaction from the entry to the personal phases in e-marketplaces. Previous research shows that URT fits across relationships and can be applied to interaction as this research study is focused on improving the trading relationships between buyers and sellers in e-marketplaces (Westerman, Van De Heide, Klein, & Walther, 2008).

In addition, organisations or individuals during initial phase of interaction are characterised by a lack of similarity and familiarity about one another. Therefore, Berger (1986) proposed uncertainty reduction strategies such as passive, active and interactive, which can be

considered during entry and personal stages of uncertainty reduction process. This aims to increase the predictability of behaviour, which leads to an increased knowledge of future trusting behaviour among parties (Boxter & Montgomery, 1996; Kramer, 2008). Furthermore, Megaw and Flowerday (2010) noted that the URT is of the view that when two parties meet with each other for the first time, they undergo a series of stages in order to reduce uncertainty about each other. This forms part of an evaluation process that attempts to determine whether the two parties like or dislike each other and whether each of them can trust and be trusted. The theory describes how trust is developed, through communication and the motivation of uncertainty avoidance (the fact that uncertainty is unpleasant and people will be motivated to reduce it) which in turn reduces uncertainty (Cushman & Kovacic, 1995; Allen, Preiss, Gayle, & Burrell, 2009; Delina, Vajda, & Bednar, 2011). Table 5 provides a description of three strategies to uncertainty reduction.

Table 5: Uncertainty Reduction Strategies (Berger, 1986)

Strategies of Uncertainty Reduction	
Strategies	Description
Passive	In applying passive strategies during the entry-phase, an individual is observed in situations where the other person is likely to be self-monitoring (Berger, 1986; May & Tenzek, 2013). According to Allen et al. (2009), with the application of passive strategies, an organisation can construct messages that can assist in facilitating uncertainty reduction through unobtrusively observing the other. Once the buying enterprise has the necessary information about the seller but still does not trust the party, then the process moves to the personal phase.

Active and Interactive	<p>In applying active strategies, individuals or organisations try to set up a situation where they can observe each other, for example trading partners in e-marketplaces often use video conferencing tools such as Skype for observing. Once the situation is set up, they sometimes observe (a passive strategy) or talk with the individual (an interactive strategy) (Berger, 1986). In applying interactive strategies, individuals communicate directly with each other and obtain information through direct exchange in order to reduce uncertainty in interpersonal relationship (Berger, 1986; Allen et al., 2009; May & Tenzek, 2013). These two strategies are most applicable for the personal phase of uncertainty reduction (May & Tenzek, 2013). Allen et al. (2009) agree that individuals can use active and interactive strategies to seek information conceivably from a third party (such as an e-marketplace provider).</p>
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Berger (1986, 2005) further extended the URT by adding two types of uncertainty: cognitive and behavioural uncertainties. Cognitive uncertainty is a generalised state, whereas behavioural uncertainty is identified as the result of a particular exchange (May & Tenzek, 2013). Cognitive uncertainty deals with not knowing one's own or another's beliefs and attitudes. Behaviour uncertainty deals with unpredictability of behaviours in different situations (Westerman, 2007). Whenever individuals try to figure out why others behave the way they do, they engage in these two types of uncertainty and then encourage communication to overcome them (Westerman, 2007).

4.3. Motivation for Applying URT in this Research Study

URT provides a suitable framework for studying interpersonal relationships among partners trading through e-commerce (Westerman et al., 2008). In addition, the URT model has been applied to studies in the field of interpersonal communication in e-commerce. This is because of the perspective that most individuals experience uncertainty in e-commerce and seek information in order to reduce uncertainty (Kramer, 2008). Furthermore, previous research shows that URT focuses on interpersonal communication processes and aims to

achieve a positive relational outcome (May & Tenzek, 2013; Allen et al., 2009; Delina et al., 2011). This shows that URT fits across relationships and can be applied to interactions as this research study is based on the relationship among agricultural micro-enterprises trading on e-marketplaces (Westerman et al., 2008). The theory is therefore considered in this research study as it give guidance on how communication can be used as means for solving inconsistencies, building trust among interpersonal partners during entry, personal and exit phases. Through communication, individuals can reduce uncertainty stimulated when experiences do not match anticipations or when relationships change (Kramer, 2008). Cushman and Kovacic (1995) agree that URT is one of the few theories to have been tested across different cultures and ethnic group to include relationships between people from different cultures and ethnic groups. The URT is also used by a wide range of scholars and to explain communication across different contexts (Cushman & Kovacic, 1995). Yoo (2008) further agrees that URT do not only aim to reduce uncertainty and maximising predictability, but also attempts to maximize relational outcomes of the condition.

4.4. Factors that Can Assist Selling Essential Oil producers to create a Perception of Trustworthiness to Their Buyers in E-marketplaces

Delina et al. (2011) argues that it is difficult to trust the quality of products on e-marketplaces because they are trading platforms that have a high number of unknown participants worldwide. This argument was motivated by findings from a survey that was conducted in developing countries which found that 78% of businesses would use the Internet more, and 61% of non-users will begin using the Internet if trust and privacy practices were disclosed. Hence the need to identify trust assurance factors (Rane & Meshram, 2012). In this regard, the URT is adopted for this research and used as a source of guidance towards explaining how uncertainty can be reduced through enhanced communication to improve trust. These factors are argued in the form of uncertainty reduction strategies such as passive, active and interactive. Furthermore, these factors are discussed according to the factors that affect institutional trust among selling enterprises and buyers trading on e-marketplaces. These factors (discussed in Chapter 3) include personality trusting-bases, cognitive trusting-bases, institutional trusting-bases, calculative trusting-bases and experience. Figure 5 below summarises the identified factors that can assist enterprises to create a perception of trustworthiness to their buyers in e-marketplaces.

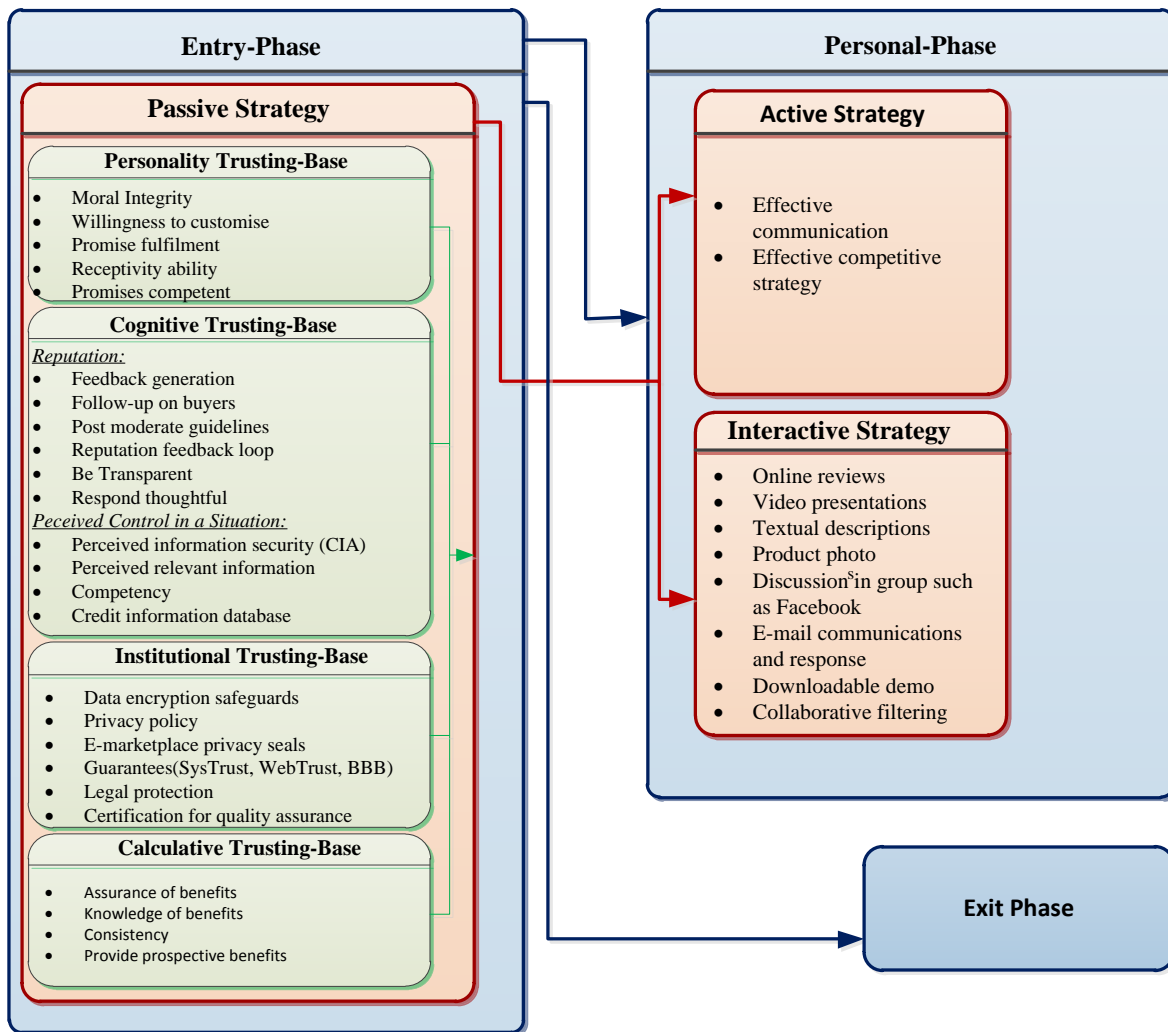


Figure 5: Identified Factors that can Assist Selling Essential Oil producers to create a Perception of trustworthiness to Buyers in E-marketplaces

4.4.1. Entry Phase Factors

The entry phase of the URT concedes that organisations are motivated to observe given information in order to reduce uncertainties they experience during their interpersonal interaction on e-commerce (Kramer, 2008). Ramirez, Walther, and Burgoon (2002) emphasise that, the reduction of uncertainty during the entry phase can be achieved through the implications of passive strategies as they involve acquiring information about a target through unobtrusive observations. Passive strategies are applied within the context of this research as entry phase factors that can assist selling enterprises to create a perception of trustworthiness to their buyers on e-marketplaces. These passive strategies are discussed in the form of trust factors that affect institutional trust among buying and selling enterprises in e-marketplaces as discussed in the previous chapter. These factors include personality

trusting-bases, cognitive trusting-bases, institutional trusting-bases and calculative trusting-bases.

4.4.1.1. Passive Strategies

Buyers of natural essential oils are always concerned with the quality of oil that they buy from enterprises through e-marketplaces. They want to ensure that the oil is not diluted and that it satisfies the desired standard of quality (Mbatha, 2013). As a result buyers have the following concerns:

- The product that they order will be in the quality as advertised,
- The product will be delivered,
- The payment information will not be misused, and
- The product will be delivered within the specified time frame.

In this regard, they prefer face-to-face interaction with the seller than using e-marketplaces (Heinrich, 2015). To fully address these concerns, selling enterprises need to ensure that trusting bases are formed in e-marketplaces during the entry phase of interaction as they have been reported as crucial and more difficult factors to establish (Tams, 2012; Kohet al., 2012).

4.4.1.1.1. Personality trusting-bases

Buyers on e-marketplaces usually start a trading transaction after they have seen the trustworthiness and are able to take the risks associated with the selling entities. Therefore sellers have to ensure that they provide buyers with information that show moral integrity, willingness to customise, promise fulfilment and receptivity ability (Koufaris & Hampton-Sosa, 2004). These factors are discussed next.

1) Moral integrity and promise fulfilment

According to McKnight et al. (2002), during the initial interaction, buyers use the information available on the Website to make trust references about the seller. Therefore, selling enterprises in e-marketplaces need to ensure promise fulfilment and moral integrity. Mayer et al. (1995) adds that the trustee (seller) needs to facilitate trusting beliefs through information on the website that is morally sound and keeps promises.

2) Perceived willingness to customise

The willingness to customise is defined as the buyer's perception regarding the readiness of the selling organisation to provide customised products and services to its customers

(Koufaris & Hampton-Sosa, 2004). In previous research studies on online buyer-seller relationships, the willingness to customise has been found to increase the buyer's trust towards the seller significantly. McKnight et al. (2002) adds that a seller (a trustee) needs to ensure that the institutional environment has safety and security mechanisms in place in order to influence the buyer's trusting beliefs and trusting intentions. In the case of this research, the institutional environment is e-marketplaces. The next section discusses cognitive trusting-bases factors

4.4.1.1.2. Cognitive trusting-bases

1) Feedback generation, reputation feedback-loop and follow-up on buyers

The need for work on trust and reputation systems stems from the understanding that some individual's operating in e-marketplaces may be dishonest. Reputation systems aim at providing some measure of protection for e-marketplace participants against such dishonest online traders. Reputation systems attempt to predict the degree to which an agent is likely to be honest in the future (Kerr & Cohen, 2009). Conversely, reputation systems spread through individual experiences and can have a powerful influence on the level of trust that buyers and sellers have in an e-marketplace. Reputation systems can help trading partners to establish if the other trading partner or an e-marketplace can be trusted (Head & Hassanein, 2009). According to Kerr and Cohen (2009), reputation systems increase the likelihood of selecting a trustworthy trading partner and an e-marketplace provider.

2) Perceived information security

Chellappa and Pavlou (2002) described the perceived information security as the subjective probability with which buyers believe that their personal information, such as credit card information and banking information, will not be manipulated by the seller during the transaction process in a manner consistent with their confident expectations. Therefore, selling enterprises need to ensure that they are using an e-marketplace that facilitates the main security dimensions such as confidentiality, integrity availability and non-repudiation in place to protect transactions against threats (Yasin, Haseeb, & Qureshi, 2012). This agrees with findings from Pavlou et al.'s (2012) research that concede that trust would be favourably influenced by an increase in perception of security and privacy in e-commerce transactions.

3) Post Moderation Guidelines

Chui, Wang, Fang, and Huang (2014) emphasise the fact that what a seller presents in an e-marketplace is a company's face to the world, as such buyers use what is made available on the website to evaluate the trustworthiness of the seller before conducting trading transaction. Thus it is advantageous to present moderate guidelines that are easy to assess to reduce users' frustrations and uncertainty. Beige and Abdi (2015) adds that it is vital for sellers to have terms and conditions as moderation guidelines on their pages on e-marketplaces so as to show buyers the kind of behaviour that they should expect from them. Being creative and up to standards in e-marketplaces can give buyers a perception that the seller is reliable thereby initiating the development of trust (Canavari, Fritz, Hofstede, Matopoulos, & Vlachopoulou, 2010).

4) Transparency and competency

According to Janita and Miranda (2013), sellers in e-commerce need to be honest and upfront about anything. For example, if a seller has blogs and social networks that they use to communicate with buyers, they must be consistent at all times and not remove posts and comments that reflect buyer dissatisfaction. Buyers in e-commerce do not expect sellers to be perfect but to be transparent and honest. Sellers in e-marketplaces need to have the ability to build buyer-relationship successfully and efficiently (Birkhofer, Schogel, & Tomczak, 2010)

5) Perceived relevant information

Presenting information rather than lacking knowledge in e-commerce is what motivates trustors in initial encounters. There is a possibility of discouraging buyers from the initial stage of interaction in the event that a seller fails to show or display significant historical information for easy online reviews concerning the products they are offering (Racherla, 2008). Therefore, it is essential to provide clear, relevant information that can be a potential driver of trust when unfamiliarity exists (Hsu & Liao, 2014).

4.4.1.1.3. Institutional trusting-bases

McKnight et al. (2002) believe that institutional trust as a perception of security during the entry-phase of interaction can be developed. According to McKnight et al. (2002), a trustee (seller) needs to ensure that the e-marketplace used for trading has technological and legal safeguards in place that produce institutional trusting-base and make the trustor feel that the e-marketplace environment is trustworthy. The technological and legal safeguards that selling enterprises can consider include data encryption safeguards, privacy policy, e-

marketplaces privacy seals, trust guarantees, legal protection, and certification for quality assurance of products and services. In addition, selling enterprises need to convince buyers that the e-marketplace they are using for trading is secure. That way, buying enterprises can overcome a perception of security uncertainty in e-marketplaces (Fang, Quresh, Sun, McCole, Ramsey, & Lim, 2014).

1) E-marketplace Privacy Seals and Trust Guarantees

According to McKnight et al. (2002), once buyers during initial interaction in e-commerce trading website see that a website has privacy seals and trust guarantees in place, their security uncertainties concerning a website are reduced. Hampton, Arnold, Khazanchi, and Sutton (2012) propose that the technological safeguards shown in Figure 6 below promote initial trusting relationship in e-marketplaces. Privacy seals and trust guarantees audit a website's stated privacy policies and allow the website to display the seal if the privacy policies and disclosures meet specific standards. It has been found that trust mark seals are recognised as they increase buyers' perception of a website's trustworthiness (Rane & Meshram, 2012). In addition, they are displayed on a website to guarantee that it is set to be used by individuals (Greer, 2014). Individuals may click on the trust seal of approval displayed on an e-marketplace website to obtain detailed disclosures of the trusted third party on the website. The seals and their disclosures are designed to assure consumers that the transactions of the online vendor reflect the high standards set (Head & Hassanein, 2009). Furthermore, they are only found in a secured website that has private policies implemented and approved by an independent website company (Shih, Lin, & Ke, 2013). Examples of trust seals to be considered as trust structural assurance features during entry phase in a relationship in e-marketplaces are presented in the Figure 6 below.



Figure 6: Trust Seals and Trust Guarantees Programs (Greer, 2014)

2) Certification for quality assurance of products and services

A digital certificate is a digital document that is issued by a trusted third party institution known as a certification authority that contains the name of the subject or company, the subject's public key, a digital certificate serial number, an expiration date, an issuance date, the digital signature of the certification authority and other identifying information. The certification authority is a trusted third part that hands out certificates and publishes identities and public keys in a directory. The certificate is signed with the private key of the certification authority; therefore, its authenticity can be confirmed by using the known public key of the certificate authority (Rane & Meshram, 2012). This is because if a buyer perceives that the e-commerce website is of high quality, he or she develops a trust perception that the seller has positive attributes and will perform trusting intentions (McKnight et al., 2002).

3) Data Encryption Safeguards

Data encryption is a very effective and practical way to safeguard data during its transmission through the computer networks. The sender of information encrypts the data using a secret code and specified receiver decrypts the data using the same or different secret code (Turbal, King, Lee, Liang, & Turbal, 2015). E-marketplaces are declared that their data encryption safeguards are more likely to be found trustworthy by their buyers (Rane & Meshram, 2012). However, According to Heghighi, Sajadi and Ghanavati (2014) it is the duty of sellers to ensure that the buyer's data such as credit card information does not get into hackers' hands. Hence before requesting customer information, a seller must determine privacy and security

safeguards first (Heghighi et al., 2014). Accordingly, sellers must engage e-marketplaces that have provisions to encrypt data as a precaution in case the buyers' data falls into the wrong hands (Rane & Meshram, 2012).

4) Privacy Policy

A trustee in an e-commerce environment needs to have a clear and easily visible privacy policy that specifies how the buyer's information will be kept confidential once a transaction is done (Adelola, Batmaz, & Dawson, 2014). In creating and improving a perception of trustworthiness in e-commerce, selling organisations need to have an informative privacy policy which assures buyers that the disclosure of their information is a low-risk proposition (Wu, Huang, Yen, & Popova, 2012).

4.4.1.1.4. Calculative trusting-bases

According to Gefen et al. (2003), a trustee should show the trustor that there is no point for the trustee to be untrustworthy in an e-commerce transaction. The next section covers factor to create a perception of trustworthiness during personal phase of interaction.

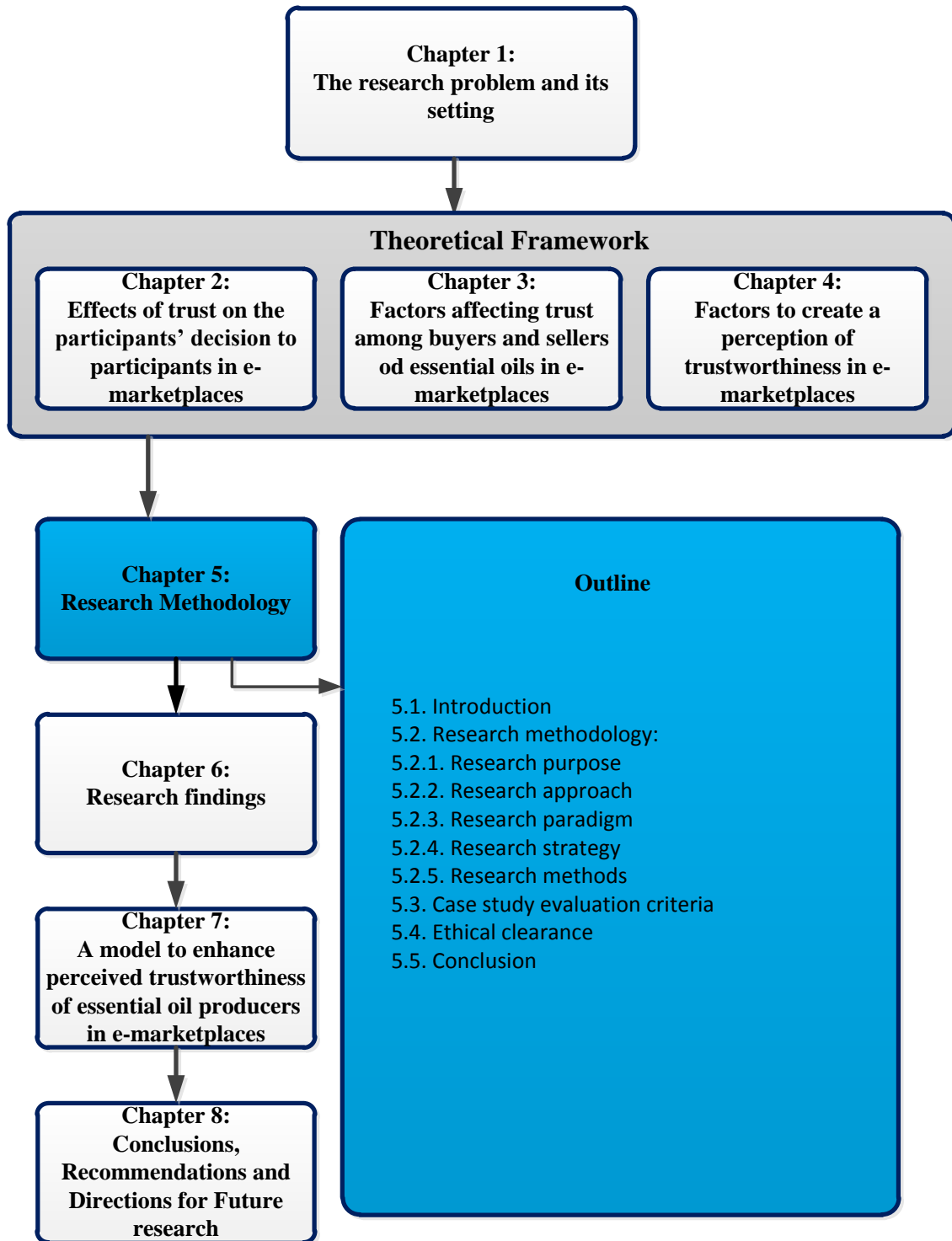
4.4.1.2. Personal Phase Factors

During this phase, active and interactive strategies are implemented to increase buyers' institutional trust and develop new experience of e-marketplaces that can lead to progressive trusting beliefs, trusting attitudes and trusting intentions (May & Tenzek, 2013). Kramer (2008) noted that organisations can reduce uncertainties that result from experiences that do not match expectations or when relationships change through active and interactive communication. In applying active strategies, buyers can ask the seller to set up an environment where they can observe each other through the information that is made available. For example, in online trading, partners in e-marketplaces can use video conferencing for interactive communication. Such environments can make use of computer-mediated technologies such as Skype (an interactive strategy) (Berger, 1986; May & Tenzek, 2013). In applying interactive strategies, individuals communicate directly with each other and obtain information through direct exchange in order to reduce uncertainty in interpersonal relationship (Allen et al., 2009). The level of trust during the personal phase is expected to be fairly stable and not move to the exit phase. However, if trust is not fairly stable and buyers still cannot regard the seller as trustworthy, then they can move on to the exit phase.

4.5. Conclusion

This chapter discussed factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces. The discussion of these factors was based on the uncertainty reduction stages such as (Entry and Personal) developmental stages of URT. The argument of these factors was based on uncertainty reduction strategies such as passive, active and interactive. This is because it was found that in order to have sufficient level of trust, a significant level of effective communication is required. The next chapter proceeds with the aims to develop a research methodology that is used to evaluate factors to enhance perceived trustworthiness of selling enterprises to buyers in e-marketplaces.

Chapter 5: Research Methodology



5.1. Introduction

Kumar and Phrommathed (2005) and Kuttainen (2005) acknowledge that developing a body of knowledge begins with reviewing previous research to understand how far researchers in the field of interest have gone through the subject. In the context of this research study, Chapter 1 of this research study stated the problem statement which is: *How can perceived trustworthiness of enterprises selling through e-commerce tools such as e-marketplaces be enhanced?* Chapter 2, 3 and 4 presented a critical literature review discussing existing trust models aligning them to this research. The reviewed literature provided a solid theoretical basis for this research study and was used to build the foundation as well as to present the relevance of this study. The expected output of the research study is a proposed model for the enhancement of perceived trustworthiness of enterprises selling through e-marketplaces.

This chapter presents the research methodology used in this study to validate the identified factors for creating a perception of trustworthiness to buyers in e-marketplaces. These factors were discussed in the previous chapter. The presentation of the research methodology is discussed according to sections or categories namely the research purpose, research paradigm, research approach, research strategy, research methods, evaluation criteria, as well as the ethical clearance of the research study.

5.2. Primary Research and Research Methodology

According to Limpanitgul (2009), primary research is a blueprint that enables a researcher to gather answers to the questions being studied for any research field of interest. It is, however, a research plan that contains constraints and ethical issues that a study will inevitably encounter and which must also be taken into account. It is used to describe the research methodology that is used to gather data for evaluating prior established research through secondary research (Joubish, Kurram, Ahmed, Fatima, & Haider, 2011). A research methodology is the discipline or the body of knowledge that improves techniques and practices for conducting research (Kinash, 2012). In the context of this research study, the research blueprint is presented in Figure 7 guided by the research onion. Prior to the development of the research methodology for this research study, existing research methodologies were reflected on.

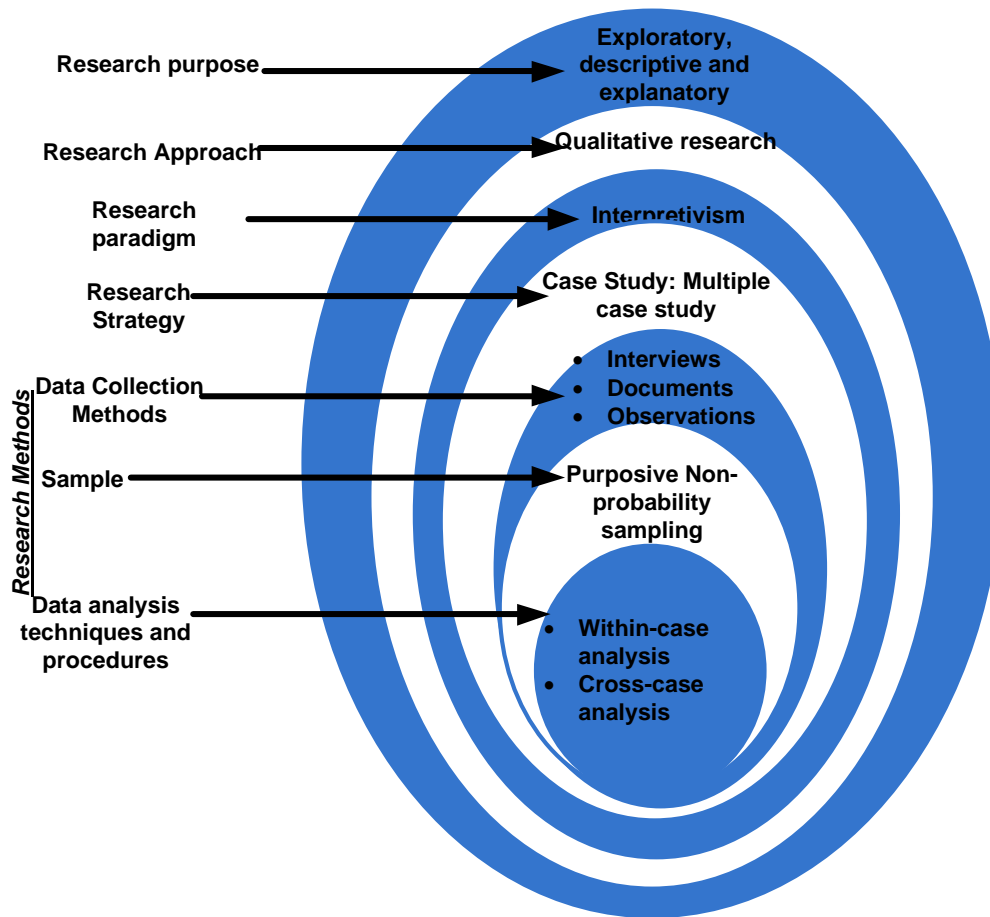


Figure 7: The Research Onion (Limpanitgul, 2009; Saunders, Lewis, & Thornhill, 2009, p. 108)

The above research onion illustrates the different techniques and procedures that are available and consistently employed in the implementation of the research methodology for this research study. The following sections discuss the elements of the research methodology for this study guided by the research onion. These sections include the research paradigm, approach, method, strategy, data collection method, sample and data analysis techniques and procedures.

5.2.1. Research Purpose

According to Engstrom and Salehi-Sangari (2007, p. 102), a research study can be classified as exploratory, descriptive or explanatory. Devi, Singh, and Naz (2013) conceded that exploratory research provides a better understanding of the research problem. As such, research commonly begins with the exploratory phase to assess what the study is about, depending on the aim of the research study; thereafter it evolves into a descriptive and/or explanatory phase (Saleh, Mavondo, and Ali, 2014). This study engaged exploratory meetings at first to investigate the current state of e-commerce in the agricultural sector of the

Eastern Cape Province. These meetings found that the agricultural sector, specifically farmers that are producing natural essential oils, are not using e-commerce tools such as e-marketplaces due to myriad factors that leads to a lack of trust.

As such, it can be argued that this research is categorised mainly as explanatory. This is because it first focuses on the nature of the problem explored, which is the lack of e-marketplaces adoption by farmers of natural essential oils in the Eastern Cape due to a lack of trust. Different alternative solutions to the problem were identified from different provinces in South Africa that have fully adopted e-commerce in the agricultural sector. These solutions are compared and contrasted to come up with a solution to assist farmers from the Eastern Cape.

5.2.3. Research Approach

In any practice of a research study, a research is usually required to employ research approach to count effects of the research and/or talk to people (Kinash, 2012). Therefore, research approaches such as qualitative, quantitative and mixed methods (qualitative and quantitative) are broadly classified in this distinction (McDonald & Headlam, 2009). This research study employs qualitative research approach as it has a unique goal of facilitating the meaning-making process in a research study (Barks, 2013; Krauss, 2005). This is because a qualitative research approach is valuable when there is little understanding of the phenomena of interest and since it can be more exploratory thereby allowing the researcher to be descriptive and explanatory (McDonald & Headlam, 2009; Engstrom & Salehi-Sangari, 2007, p. 103). Creswell (2007, p. 35) and McDonald and Headlam (2009) further adds that in understanding the research problem, qualitative researchers use an emerging qualitative approach to the inquiry, data collection in a natural setting sensitive to people and place under the study, and data analysis that is inductive and establishes patterns. As stated in the previous section, the purpose of this research study is to obtain a holistic view why essential oil farmers do not trust trading in e-marketplaces. A qualitative approach has the potential to provide a brief understanding on how perceived trustworthiness of enterprises selling through e-marketplaces can be enhanced.

5.3. Research Paradigm

According to Collis and Hussey (2009, p. 55), a research paradigm is the philosophical framework that guides how a scientific research should be conducted. In addition, the

perceived importance and naming of all paradigms may vary, but the two main paradigms – positivist and interpretivist – have received the most focus in IS/IT research over time (Boucher, 2013; Creswell, 2014, p. 7; Collis & Hussey, 2009, p. 56). According to Creswell (2003), positivism paradigm seeks to offer explanation for human behaviour based morally on observable and empirical evidence, whereas interpretivism paradigm focuses on how meaning is constructed by individuals in a social context. In the context of this research study, the interpretivist paradigm, also known as phenomenologist paradigm, is used.

According to Cilliers (2010) and Cilliers and Maart (2013), it is imperative to make use of the philosophical assumptions that provide the foundation for research paradigms when conducting a research study. This is because an approach to social science research can range from a positivist to an interpretivist approach (Collis & Hussey, 2009). The continuum of paradigms in Figure 8 depicts the variance of views of reality between positivism and interpretivism within the social sciences. The continuum of core ontological assumptions illustrates that the research is seldom purely positivist or interpretivist, but can be inclined towards either based on the way the researcher views reality. This study views reality as a realm of symbolic discourse, and thus is leaning towards interpretivism (Morgan & Smircich, 1980; Collis & Hussey, 2009, p. 58).

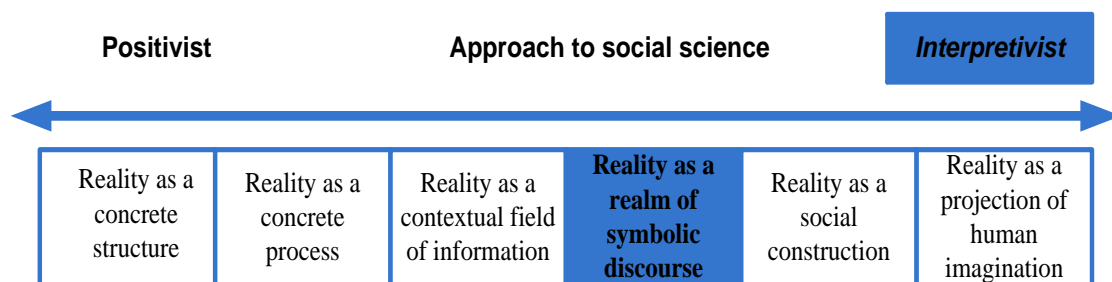


Figure 8: Continuum of Core Ontological Assumptions (Adapted from (Collis & Hussey, 2009, p. 49))

In the context of this research study, the expanded view in the continuum of ontological assumption evidently exhibits the social world view as a realm of symbolic discourse (Collis & Hussey, 2009, p. 49). According to Morgan and Smircich (1980), the social world’s view underlines how social situations should be studied in a manner that discloses their inner nature. In the perspective of organisations, there may be concerns for understanding the roles

that traditions, language and symbols play in the shaping of any given reality such as trust, and a concern for generating ethnographic interpretations of particular conditions that may yield insight with regards to the way reality works. According to Cilliers and Maart (2013) and Roux (2005), the interpretivist paradigm argues that individuals are not mechanistic and they have multiple realities which require to be understood within their context. As such, knowledge and meaning are acts of interpretation and there is no objective knowledge which is independent of thinking. If researchers are to understand people's actions, they have to understand those actions in the way that they do themselves.

5.2.4. Research Strategy

A research strategy is an action plan for getting from here to there, where 'here' is the initial set of questions and 'there' is the set of answers (Yin, 2003, p. 21; Kelliher, 2005). In order for an empirical research study to be understood, it must have a good research strategy. Creswell (2013) further adds that a research strategy is vital as it provides a logical link between data collected and the questions of the research study and also contributes to the overall research approach. This research adopts a case study research strategy to provide in-depth understanding to the research question and meet the research objectives. This is because the case study strategy is most often used in explanatory and exploratory research (Saunders, Lewis, & Thornhill, 2009, p. 139). In addition, Yin (2003) states that when the research study's focus is on answering the "how" and "why" questions, the researcher should consider the use of case studies as a strategy of the research. This research uses the case study strategy to answer the research question: "How can perceived trustworthiness of Eastern Cape essential oil producers selling through e-marketplaces be enhanced?" Rose, Sprinks, and Canhoto (2015) and Baxter and Jack (2013) add that a case study strategy is useful when the research makes use of multiple source of evidence where the focus is based on a specific situation or context. The case study design of this research study is clearly discussed and illustrated in the following sections.

5.2.4.1. Case study research design

In the context of this research, multiple-case study design is selected due to the fact that this research is not dependent on a single, extreme, critical, unique or revelatory case (Engstrom & Salehi-Sangari, 2007, p. 107). Multiple-case study design provides the researcher with virtuous tools to study the phenomena of interest within their context in e-marketplaces (Baxter & Jack, 2013). One of the advantages of this design is that it provides a close

collaboration between the researcher and participants, while enabling participants to tell their stories. Through these stories the participants describe their own views of reality which thus enables the researcher to better understand the participants' actions (Stake, 1995; Baxter & Jack, 2013). Figure 9 illustrates the multiple-case study design for this research.

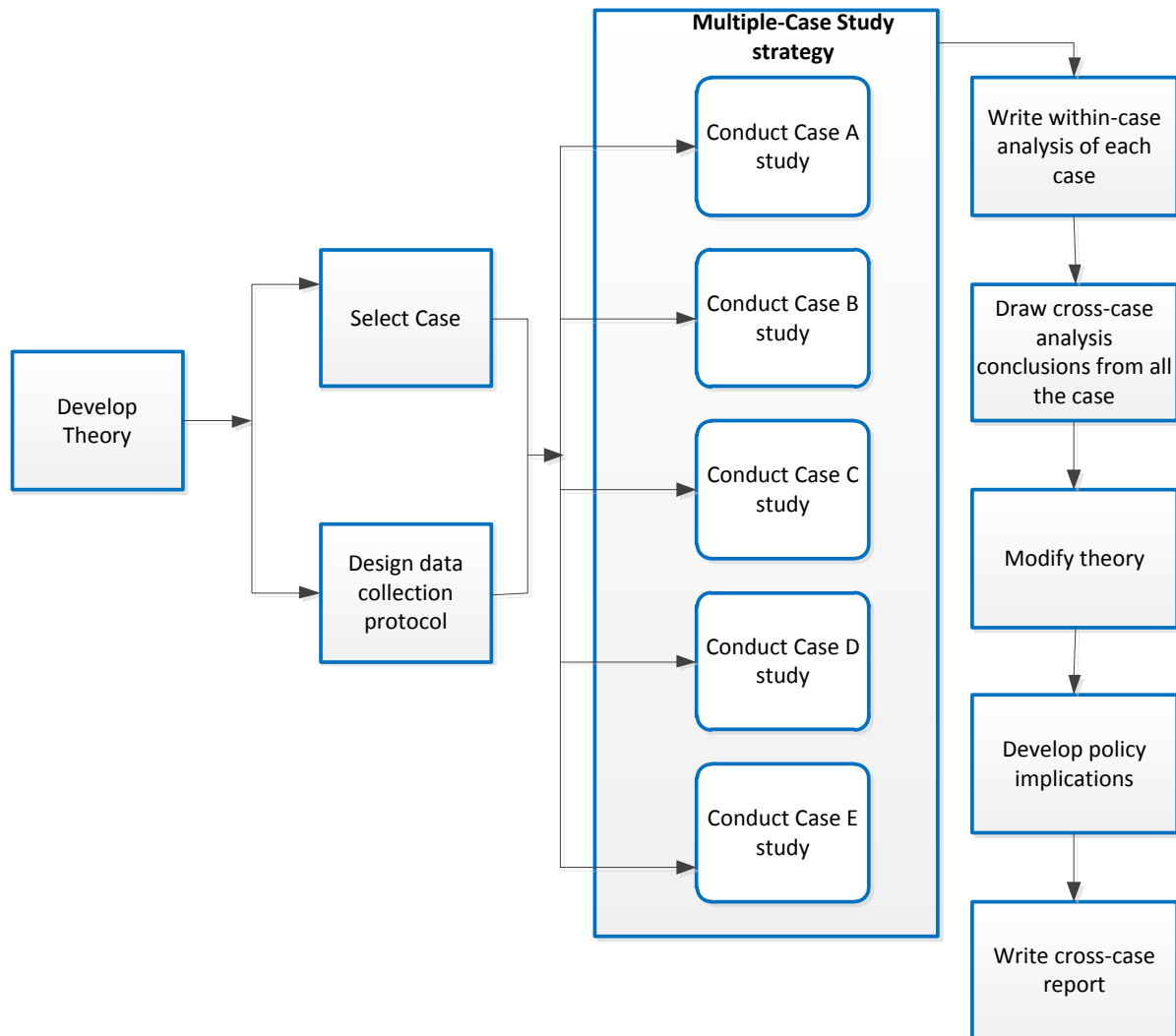


Figure 9: Multiple-Case Study Design of this Research (Yin, 2009, p. 57)

As illustrated in Figure 9 above, five South African enterprises were selected in order to understand their differences and similarities regarding trust in e-marketplaces. This has been supported by Yin (2003, p. 49) and Saunders et al., (2007, p. 140) who state that when using multiple-case study strategy, each case must be wisely selected that either predicts similar results (literal replication) or predicts contrasting results, but for predictable reasons (a

theoretical replication). The attributes of the selected five cases are presented in the unit of analysis in the following section.

5.2.4.2. Unit of Analysis

According to Yin (2003) in Maoneke (2014), the unit of analysis is simply the case(s) to be studied in a research and its specification is necessary for the researcher to understand how the case(s) relate to a broader base of knowledge. As this research aims to develop a model to assist essential oil producers from the Eastern Cape to create a perception of trustworthiness to buyers in e-marketplaces, five SMMEs trading in essential oils are explored. The SMMEs trading in essential oils from other provinces such as Kwazulu-Natal, Gauteng and Western Cape are also explored as they are identified as the provinces that have fully adopted e-commerce trading platforms such as e-marketplaces in the agricultural sector. These are used as control cases in order to establish what is lacking and what needs to be improved in the Eastern Cape Province. These cases are presented as follows:

- **Case A and B:** These are the essential oil producers from the Eastern Cape and are the main focus of the research problem of this study. Case A produces and sells natural essential oils and is based in the Eastern Cape. Case A made an attempt to use e-marketplaces before and stopped. Case B also produces and sells natural essential oils and is based in the Eastern Cape. Case B is interested in trading in e-marketplaces something they have never done before due to the lack of trust. The aim of exploring these two cases was to find out what trust related reasons influenced their lack of participation in e-marketplaces. These findings would assist in providing an explanation of what need to be enhanced, changed and implemented in order to create perceived trustworthiness of essential oil producers by buyers in e-marketplaces.
- **Cases C, D and E:** Case C is an agricultural intermediary from Durban North, Kwazulu-Natal province that buys essential oils from farmers and sells to retailers and manufacturers. Case D is an online retail enterprise located in Cape Town in the Western Cape which buys natural and essential oils from producers, and sells essential oils to consumers. Case E is an online cosmetic retailer located in Johannesburg, Gauteng province that buys essential oils from intermediaries and sells to consumers. These cases from other provinces are regarded as successful adopters of e-marketplaces in the agricultural sector. Cases C, D and E were explored as control case studies to assist in understanding what needs to be improved in the

Eastern Cape. Findings from these cases provided a source of guidance on how essential oil producers based in the Eastern Cape Province could enhance their perceived trustworthiness when selling through e-marketplaces.

5.2.5. Research Methods

Churchhill and Lacobucci (2002, p. 103) and Williams (2011, p. 78) acknowledge that when identifying research methods, there are five steps that need to be followed. These steps include identifying the target population, selecting a sampling strategy, determining the sampling size, collecting data from the sample and deciding on data analysis techniques. Figure 10 summarises the research method steps.

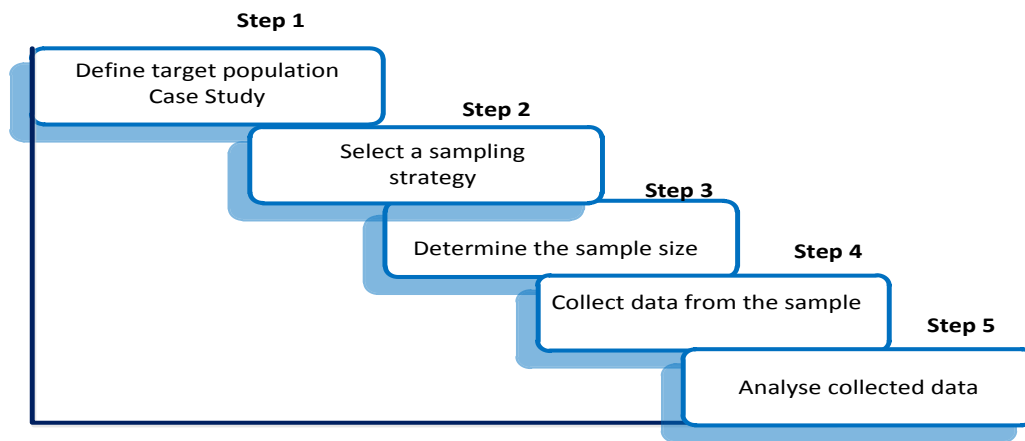


Figure 10: A practice for the Illustration for Research Methods (Williams, 2011, p. 78)

5.2.5.1. Research Target Population Case Study

Yount (2006, p. 71) states that a population is the totality of all the members, objects and subjects that share one or more characteristics from which data can be gathered and analysed. In this research study, the population includes SMMEs based in the South African essential oils business that do not engage and engage e-marketplaces as a business tool. These enterprises are located in nine provinces of SA comprising of developing and developed provinces. According to Mthente (2012, p. 3), there are four developed provinces in SA: Kwazulu-Natal, Gauteng, Western Cape, and Mpumalanga. In addition, there are five developing provinces: Eastern Cape, Limpopo, North West, Northern Cape, and Free State. Mbokane (2009) further adds that the identified group of objects in the population must

possess specific characteristics in order to be included in a research study. Therefore, in this study, the eligibility criteria are that all participants must:

- Be a registered SMME in South Africa.
- Be a buyer or seller of essential oils produced in South Africa.

5.2.5.2. Sampling Strategy of this Research study

It is vital for each research study to use an appropriate sampling strategy and that depends on the aim and objectives of the research study (Marshall, 1996). A purposive or judgemental sampling technique was used for selecting the sample for this research's data collection. Purposive sampling involves the selection of information from rich cases that provide insights into the research questions and cases that are likely to convince the audience of the research (Emmel, 2013). The eligibility criterion for selecting participants was guided by the willingness by participants to participate in this research study. In addition, the researcher considered SMMEs' potential contribution in accordance to the research's objectives during the selection of the sample. Accordingly, the researcher engaged paradigmatic case sampling technique of purposive strategy. Paradigmatic case sampling technique involves dividing samples into patterns of certain class (Mills, Durepos, & Wiebe, 2010). Cases of this research were divided into two categories. The first category of cases includes those cases that are struggling with e-marketplaces and the second category includes cases that have been successful in their use of e-marketplaces.

5.2.5.3. Research Sampling Frame of the Cases

According to Yount (2006, p. 72), a sample is the representative portion of the population. Belanger and Crossler (2011) add that sampling is a process of selecting a portion of sub-population to represent the entire identified population. Marshall (1996) noted that choosing a research sample is an important step in any research study because it is rarely practical or ethical to study the whole population. Ormston, Spencer, Barnard, and Snape (2013, p. 18) agree to these sentiments and states that qualitative sampling assists the researcher in drawing a representative sample from the population so that the results of the study sample can be generalised back to the population. Therefore, the sample frame of this research study is presented below:

- **Number of selected provinces:** The first category of enterprises was selected from the Eastern Cape Province, and the other category of enterprises was selected from

Kwazulu-Natal, Western Cape and Gauteng Provinces. Therefore the total number of selected provinces is four.

- **Number of selected enterprises in chosen provinces:** The total number of selected enterprises from Eastern Cape Province is two. In Kwazulu-Natal, Gauteng and Western Cape, the number of selected enterprises is one in each province. This is because there were no successful cases in the essential oil industry in the Eastern Cape concerning the use of e-marketplaces, thus the cases that have been using e-marketplaces successfully were drawn in these three provinces. Therefore, the total number of the selected SMMEs is five.

5.2.5.4. Data Collection Methods

Research shows that multiple data collection techniques are usually used where the researcher uses a case study strategy (Saunders, Lewis, & Thornhill, 2007, p. 139; Berg, 2009). For instance, Benbasat, Goldstein, and Mead (1987) noted that multiple data collection methods are typically employed when using case study strategy. Yin (2014, p. 119) states that a major strength of a case study data collection is the opportunity to use many different sources of evidence. This could be attributed to the fact that the use of multiple data collection techniques enhances the validity of the evaluation and research findings (Mathison, 1988). As such, open-ended interviews, observations and document analysis were used for data collection of this research.

5.2.5.4.1. Open-ended interviews

An interview expression is a purposeful conversation between two or more people. Interviews can assist a researcher in gathering valid and reliable data that are relevant to his or her research question(s) and objectives (Saunders, Lewis, & Thornhill, 2009, p. 310). Interviews have become the main data collection method that is closely associated with qualitative research methods and human scientific research (Enlander, 2012). This research study uses semi-structured interviews as its primary method of data collection. Saunders et al. (2009, p. 312) state that if a research study uses semi-structured interviews, then open-ended questions are asked. They go on to indicate that semi-structured interviews can be used in exploratory research to understand the relationships between variables. Semi-structured interviews are employed in this research study because they allow the participants to answer questions in as much detail as needed, thus providing the researcher with an advantage to gather more information (Ritchie, Lewis, Nicholls, & Ormston, 2014). Semi-

structured interviews have been used in many disciplines including the IS discipline (Schultze & Avital, 2011). It is therefore believed that semi-structured interviews can also assist researchers to accomplish beyond superficial layers of buying and selling agricultural micro-enterprises' experiences in e-marketplaces in order to generate informative, original accounts about institutional trust (Schultze & Avital, 2011). A schedule of interview questions and answers is presented in the next chapters.

Semi-structured interviews are concerned with exploring and explaining the subjective world of the chosen participants (Wengraf, 2001, p. 28). Participants interviewed in this research study consist of SMMEs that are trading in essential oils. Individuals responsible for sales and procurement management were interviewed in each case. Each interview lasted for 30-45 minutes, depending on the participants/case's exact circumstances.

5.2.5.4.2. Observation and Document Analysis

According to Collis and Hussey (2009, p. 154), observation is a qualitative data collection method that can be used in a natural setting to observe and record people's actions and behaviour. In the context of this research study, observation was used to identify and evaluate the level of adoption of e-marketplaces by South African SMMEs. In addition, observation was used in this research study to observe e-marketplaces such as Alibaba, Bidorbuy and Amazon. User profiles, the way they interact with participants and their trading history are some of the elements that were observed. Findings from observation were used to enhance the understanding of the research context, especially the understanding of cases that were considered during data collection.

According to Maoneke (2014), document analysis mainly involves an attentive review of existing and research generated documentation. Document analysis mainly contains the SMME's report that shows sales and profit obtained annually and also the essential oils that the SMME is offering. This was used in this research as a means to confirm and strengthen evidence obtained from interviews conducted.

5.2.5.5. Qualitative Data Analysis

The collected data through interviews, observations and document analysis was analysed in an inductive manner in order to establish whether the logical results agree or disagree with the proposed and supported theories (Saunders et al., 2009, p. 126). According to Patton (2015, p. 432), qualitative data analysis transforms a research data into research findings.

However, a case study research strategy in qualitative analysis establishes detailed ways of analysing data. This research follows the detailed ways of case study research of analysing qualitative data. Yin (2014, p. 133) acknowledges that the analysis of case study data is one of the developed phases of undertaking case studies. The multiple case study analysis is conducted in two different stages namely the within-case analysis and cross case analysis.

5.2.6. Within-case Analysis

A within-case analysis of the findings from qualitative data gathered through interviews, document analysis and observations was conducted in this research study. Within-case analysis enables one to draw useful and usable meaning of data from each case of the research (Olaitan, 2014). In addition, within-case analysis allowed the researcher to be thoroughly immersed in the collected data from each case of this research study (Choi, Barratt, & Li, 2012). As such, the researcher reported findings on the factors that could assist essential oil producers from the Eastern Cape to create a perception of trustworthiness to their buyers in e-marketplaces.

Furthermore, within-case analysis is used in this research study to provide an in-depth exploration of each case. It demonstrates how case A, B, C, D and E support, refute, or expand the research theory (URT) and factors (factors that can assist essential oil producers to create a perception of trustworthiness to buyers in e-marketplaces) derived from the literature review. This is because it is well suitable in understanding interactions between information-related innovations and organisational contexts and it has been widely used in IS research (Darke, Shanks, & Broadbent, 2013). The analysis starts with transcribing tape recorded interviews conducted at each case. The researcher used data coding technique for data analysis. Key terms identified in the interview transcripts as describing a new factor or solution to identified factors were also analysed within the context and given labels or categories to identify them as separate factors (Maoneke, 2014).

5.2.7. Cross-case Analysis

According to Yin (2014, p. 137) cross-case data analysis technique is appropriate and easier for multiple case studies analysis. Cross-case analysis is used to determine where similarities and differences exist and to identify a number of best “practice” (Korners & Goffin, 2007). Cross-case analysis was engaged in this research to build upon a within-case analysis by comparing findings from five different cases that were considered during data collection.

The aim of cross-case analysis was to establish similarities and differences in findings on factors that could assist essential oil producers from the Eastern Cape to create a perception of trustworthiness to buyers in e-marketplaces. The researcher accumulated knowledge through comparing and contrasting these cases to produce consolidated findings on the factors to assist essential oil producers to enhance perceived trustworthiness on e-marketplaces. Findings from data analysis were used to modify and validate or evaluate the model that was proposed in this research.

5.3. Case Study Quality Criteria

According to Olaitan, (2014, p. 85), it is vital to evaluate data interpretation quality in a research study. This could be done through examination of the reliability and validity of research findings. In addition, Yin (2014, p. 220) acknowledges that the complete criterion for judging the quality of a case study includes quality elements such as construct validity, external validity, internal validity, and reliability. This was supported by Oates (2006) who specified that it is necessary to first consider some concerns that positivists have regarding the shortcoming of the interpretivist research. Yin's (2014, p. 220) testing criteria for quality with respect to construct validity, external validity, reliability and internal validity have been the quality criteria used for this research study. The case study quality evaluation criterion for this research is presented in Table 6 below.

Table 6: Case Study Tactics for Four Design Tests (Yin, 2014)

Tests	Case Study Tactics	Phase in Research in which Tactic Occurs
Construct Validity	<ul style="list-style-type: none"> • Use multiple sources of evidence • Establish chain of evidence • Have key informants review draft case study 	<ul style="list-style-type: none"> • Data collection • Data collection • Composition
Internal Validity	<ul style="list-style-type: none"> • Do pattern matching • Do explanation-building • Address rival explanations • Use logic models 	<ul style="list-style-type: none"> • Data analysis • Data analysis • Data analysis • Data analysis
External Validity	<ul style="list-style-type: none"> • Use theory in single-case studies • Use replication logic in multiple-case studies 	<ul style="list-style-type: none"> • Research design • Research design

Reliability	<ul style="list-style-type: none"> • Use case study protocol • Develop case study database 	<ul style="list-style-type: none"> • Data collection • Data collection
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According to Yin (2009, p. 40), construct validity is about identifying correct operational measure for the concepts being studied. In order to enhance the construct validity for this research study, data was collected through multiple data sources such as interviews, observations and document analysis, where open-ended interviews were complemented by the use of internal documents and observations. To establish a chain of evidence, efforts were made to follow the same logical order throughout the enquiry of the dissertation which started from the definition of the problem to the presentation of data and subsequent analytical considerations. In addition, Yin (2009, p. 40) defines internal validation the extent of pursuing the establishment of casual relationships, whereby certain situations are believed to lead to other situations. This research study conducts pattern matching, explanatory building, through within-case and cross-case analysis of the findings from different cases of this research. Furthermore, Yin (2009, p. 40) explains external validation as defining the field to which a study’s findings can be generalised. As discussed in Chapter 4, the intention of this research is to assist essential oil producers from the Eastern Cape Province to create a perception of trustworthiness to buyers on e-marketplaces. Therefore, to establish different views about the phenomena of interest, multiple-cases and multiple sources of data were used to establish views of South African SMMEs who are trading essential oil.

Yin (2009, p. 40) argued that the criterion reliability as a quality check criteria deals with demonstrating the actions of a research study, such as the possibilities of repeating the data collection techniques and getting the same results. In the context of this research study, it attempts to reduce bias have been made through a description of data collection methods and thorough description of each case. In addition, in order to increase the validity and reliability of the research instruments used for data collection, an experienced research supervisor was engaged to evaluate questions in the interview guide. Any suggestions from the supervisors where discussed and applied to the research instrument.

5.4. Ethical Clearance

To ensure that the subjects of this research study comply with ethical requirements; the research proposal of this study- which is limited to Chapter 1- was first submitted to the SBE

meeting for evaluation which resulted in the approval of the research. In addition to the SBE approval, the research proposal went through the Faculty of Education Higher Degrees Committee (FRHDC) of the University of Fort Hare's Management and Commerce Faculty for ethical clearance. A team of experts in the management and commerce discipline reviewed the research proposal to ensure that this research confines to the recommended ethical requirements. According to Maoneke (2014), it is essential that a research study comply with the policies and procedures stipulated by the University of Fort Hare Research Ethics Committee before, during and after the commencement of data collection. Accordingly, the data collection instruments of this research went through the UREC for ethical clearance. The research was granted an Ethical Clearance Certificate (Reference number: ISA021SGC001) (see Appendix A) and thereby allowing for the commencement of data collection.

Furthermore, this research is guided through basic ethical principles that include autonomy and respect for the dignity of persons, beneficence, non-maleficence and justice (Wassenaar, 2006 in Maoneke, 2014, p. 77). As such, fictitious names were used in the presentation of findings of the cases explored in this research. The interviewees in the context of each case of the research were presented anonymously. The purpose of the research and interviews was clearly articulated to each participant. All interviewees knew they were being interviewed and audio recording equipment was in use. In addition, an informed consent form was issued which informed the participants that they have the right to stop participating in this study and assured that no negative consequences will occur due to their decision to participate or not to participate in this study. The research conforms to the requirement of non-maleficence to avoid harm or wrongdoing to the researcher and participants. The researcher provided identification documents such as the student identification card and contact details of responsible authorities (University Ethics Committee) to all participants in advance of the interviews for verification purposes.

5.5. Conclusion

This chapter explained the research methodology that was employed in this study. Figure 11 summarises the measures, techniques and methods used in guiding this research's research methodology.

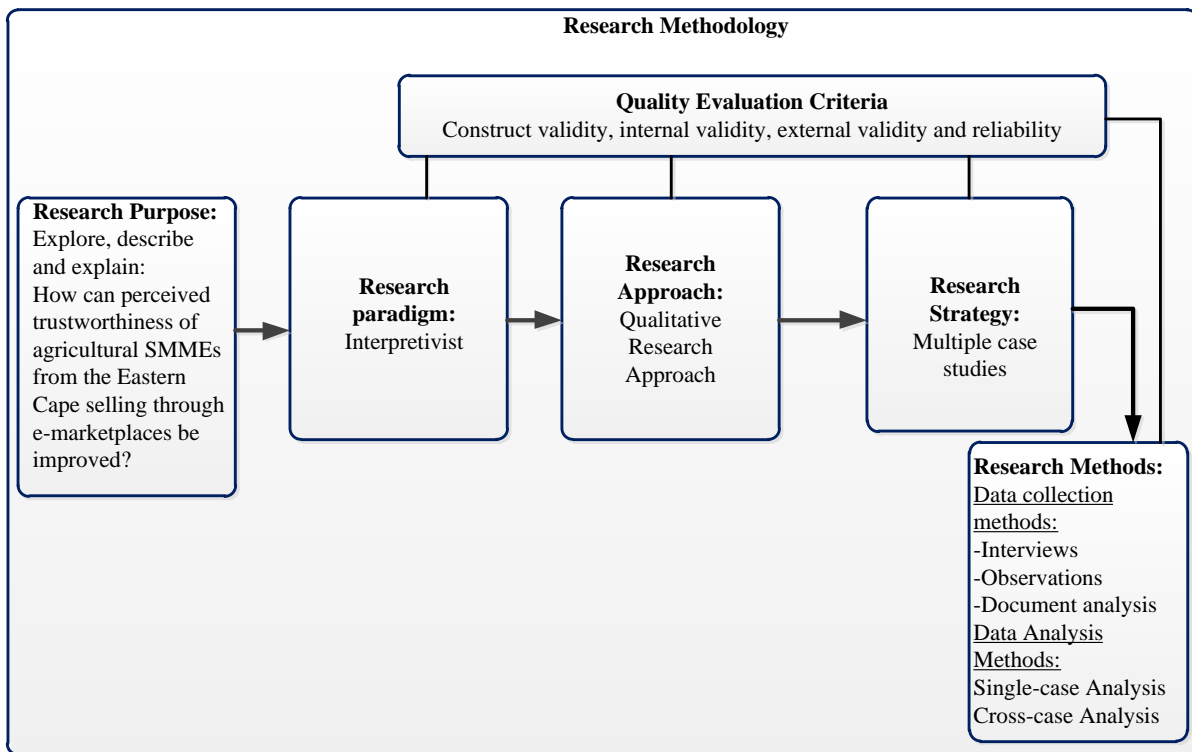
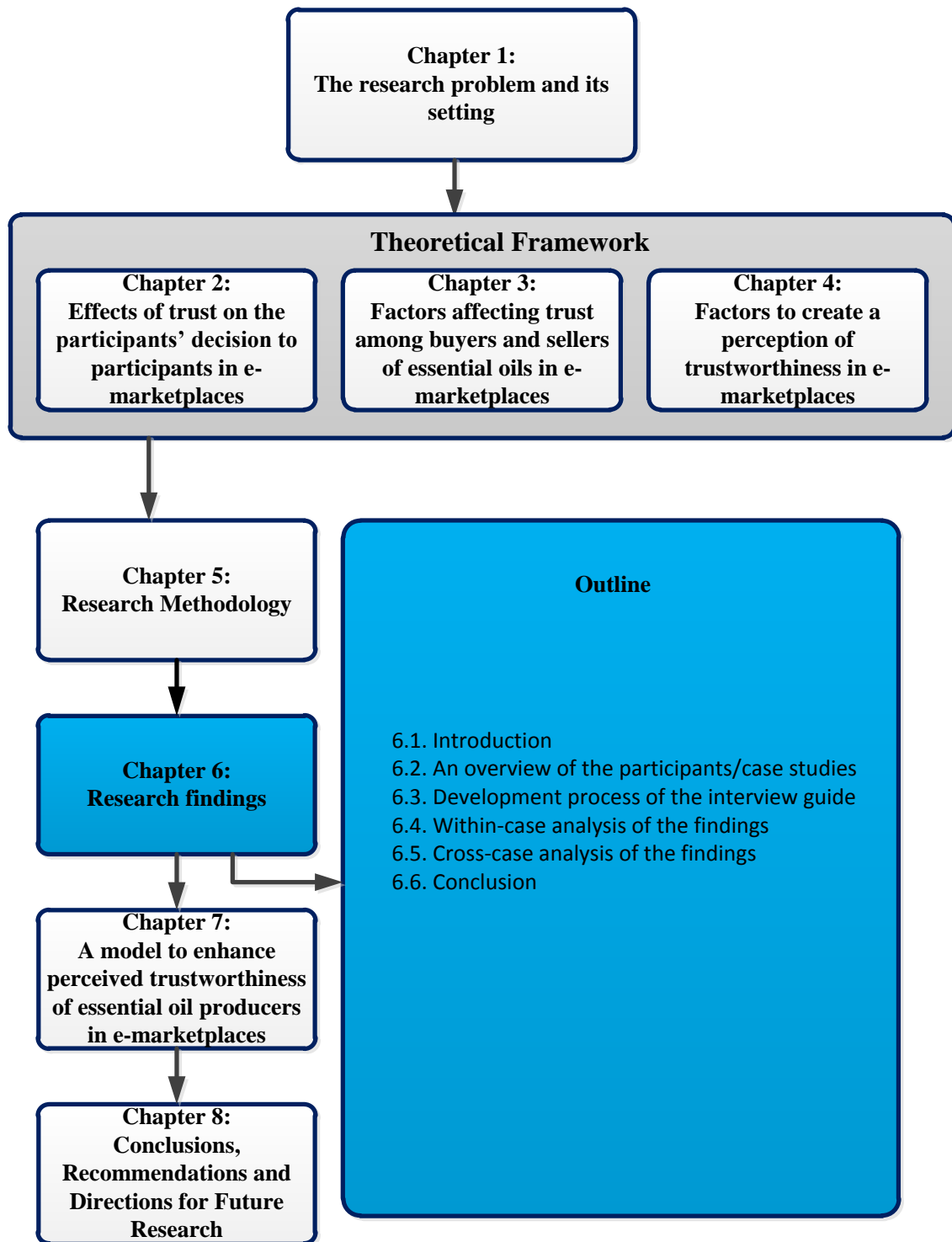


Figure 11: A Schematic Summary of the Research Methodology adopted in this Study

Findings from data gathered using the research methodology explained in this chapter were used for evaluating the proposed model of enhancing perceived trustworthiness of essential oil producers from the Eastern Cape selling through e-marketplaces. The next chapter discusses the empirical findings of the research project.

Chapter 6: Analysis and Findings



6.1. Introduction

This research proposes a model that can be used to enhance the perceived trustworthiness of essential oil producers selling through e-marketplaces. Chapter 1 identified the lack of trust in e-marketplaces as one of the reasons behind the low adoption and use of e-marketplaces by producers of essential oils based in the Eastern Cape Province. The lack of trust is believed to emanate from the lack of awareness, poor product quality, untrusted payment gateways and possibilities of unsuccessful delivery. Based on the research problem and its research question, three research sub-questions were formulated. Chapter 2 addressed the first research question by discussing the effects of lack of trust on participants' decision to participate in an e-marketplace. Chapter 3 addressed the second research question by reviewing the literature that established factors affecting trust between buyers and sellers on e-marketplaces. Chapter 4 reviewed the literature establishing factors that can assist essential oil producers to create a perception of trustworthiness to buyers in e-marketplaces. A detailed research methodology of this research study was described in Chapter 5. This research used case study based qualitative research.

This chapter details and presents empirical data collected from five South African SMMEs trading in essential oils. This chapter presents findings of factors that can assist essential oil producers to create a perception of trustworthiness to buyers in e-marketplaces. Data was collected based on the constructs of the proposed model of this research. Open-ended interviews, document analysis and observations were used during data collection.

The chapter's presentation of findings starts with an overview of the natural essential oils industry in the agricultural sector and justifies this study's focus on natural essential oils. The chapter goes on to give an overview of profiles of all cases that were engaged during data collection. The chapter goes on to outlay a report with findings from each case study separately (within-case analysis). Cross-case analysis which leads to the establishment of factors that could be used as a source of guidance towards the creation of a perception of trustworthiness to buyers in e-marketplaces concludes this chapter.

6.2. An Overview of Participants/Case Studies

A case study strategy was adopted to answer the following research question: *How can the perceived trustworthiness of essential oil producers selling through e-marketplaces be*

enhanced? The study identified five enterprises trading essential oils. These enterprises are denoted as A, B, C, D and E, and their brief overview are presented in Table 7 below.

Table 7: An Overview of SMMEs Engaged During Data Collection

Description	Cases: South African SMME				
	Case A	Case B	Case C	Case D	Case E
Year of establishment	2007	2006	2006	2007	2014
Size of the Enterprise	Small Enterprise < 100 employees	Small Enterprise < 100 employees	Micro Enterprise < 5 employees	Medium Enterprise <200 employees	Small Enterprise <100 employees
Number of employees	80 full-time employees working in natural essential oil divisions	30 full-time employees working in natural essential oils divisions	3 full-time employees working in purchases and selling natural essential oils	113 employees working in departments of the SMME	5 full-time employees working in purchasing and selling natural essential oils
Level of business	Moderate	Still growing	Moderate	Highly Profitable	Moderate
Type of enterprise	Agricultural farmer that produces and sells natural essential oils	Agricultural farmer that produces and sells essential oils	Agricultural intermediary that buys essential oils from farmers and sells to retailers and manufacturers	Online retail enterprise that sells natural and organic oils and all organic products made up natural essential oils	Online cosmetic retailer that buys essential oils from intermediaries and sells to consumers
Location	Eastern Cape Province	Eastern Cape Province	Kwazulu-Natal Province	Western Cape Province	Gauteng Province
Online	Used and	Not using e-	Using e-	Using e-	Using e-

presence in e-marketplaces	stopped using e-marketplaces	marketplaces	marketplaces	marketplaces	marketplaces
Interviewee engaged	1 individual responsible for sales management	2 individuals responsible for sales management	1 individual responsible for procurement and sales management	1 individual responsible for procurement and sales management	2 individuals responsible for procurement and sales management

6.3. Development Process of the Interview Guide

According to Yin (2009) in Maoneke (2014), a case study should have a mental framework that a researcher wants to describe using the collected data. This comprises the interview questions that the researcher had to answer during the data collection. For this research study, the design of the mental framework was guided by the underlying theory and constructs of the proposed model. The researcher had to answer the following questions during data collection:

- Which factors discussed in Chapter 4 are valid to create a perception of trustworthiness of essential oil producers selling through e-marketplaces?
- Are there any other factors that could assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces besides those discussed in Chapter 4?

The interview questions were designed based on the factors that can create perceived trustworthiness of selling enterprises to buyers in e-marketplaces. Specifically, interview questions were based on URT's uncertainty reduction stages (Entry and Personal) and uncertainty reduction strategies (passive, active and interactive). The exit phase of URT was excluded in the interviews because the goal of this study was to establish ways in which to ensure that the relationship effectively transitions from the entry phase to the personal phase, and then remains in the personal phase.

Uncertainty reduction strategies were examined because they have been previously used by parties that want to obtain information from the other party in order to reduce uncertainty (Berger, 2005). Passive strategies were examined in the entry phase of interaction. This is

because the entry phase is characterised by parties experiencing the unfamiliarity of other parties during initial interaction of the transaction (Berger & Calabrese, 1975). Passive strategies include cognitive trusting bases, institutional strategies and calculative trusting bases. These are appropriate to apply in the entry phase of interaction because they can assist a seller to influence buyers to trust them. Even though personality-trusting base affect trust during initial interaction, however it was excluded for the constructs of the proposed model of this research. This is because, sellers cannot determine buyer's personality-trusting base construct such as nature of faith in humanity. This means that some people are more trusting than others, therefore, a seller has no influence over this trusting base (Mullins & Cummings, 1999). In addition, active and interactive strategies were examined in the personal phase of interaction. This is because the personal phase of interaction is characterised by the conversational strategies for information seeking in order to reduce uncertainty (Westerman, 2007).

Table 8: Open-ended Interview Questions and Answers

Concept	Question	Case A Interviewee	Case B Interviewee	Case C Interviewee	Case D Interviewee	Case E Interviewee
Profit generation	Which of the following would best describe your business comparison with other businesses in your industry?	Still growing	Still growing	Moderate	High profitable	Moderate
The use of e-marketplaces	What proportion (approximately) of your sales are made to customers that find you using the Internet and then order and pay for a product without having visited your premises, meeting	Other customers just order and never buy without visiting here	None	90%	95% of our customers buy from us online	95%

	you or your sales staff in person or physically seeing or touching the product?					
Experience in e-marketplaces	How has your experience using e-marketplace platform influenced whether to continue or not to continue using the platform?	We decided to stop trading online	We have never trade our products online but we will consider it	I am still selling online	We are more focused on selling online. Most of our buyers buy from us online	We are still selling online
Experience in e-marketplaces	Have you ever experience any fraudulent activities when transacting over e-marketplaces, if so, please explain what you experienced?	Not really, I do not buy online because I don't trust anything to do with technology. Buyers are always suspicious when we tried selling there so we have decided stop focusing on selling online	N/A	No	No	No
Suggestions for improvement in e-marketplaces	What aspects related to trust do you think are lacking in e-marketplaces?	I am not sure, you can tell me so that I can be aware	I am not sure	I am not sure, I have never experienced problems with selling online and my buyers trust our services	To me, everything is fine, I have no problems	As a seller I have no suggestions but as a buyer I think other sellers there need to present their story very well there

Passive strategies to build trustworthiness during entry phase of interaction	When a new customer is seeking your products and has never engaged with your business before, what information sources (besides communicating directly) are accessible to them that can give them confidence in your products and services?	I have looked at that yet	None	We are very open, have documentation for all products etc.	We have everything available on the Web site to assist buyers that do not know us	We have presented everything on the Web site that we think customers will need
Passive strategies to build trustworthiness during entry phase of interaction	What things do you do to help build good reputation and influence prospective buyers to trust your products and services?	We have not looked at attracting customers online but our business is well known and well marketed, most people visit us here	We are still growing, we have not focused on that yet	We are very friendly, and approachable when a buyer requires more information about us	We sell the best quality	Contactable references and safe payment gateways presented on the website are what we believe could give confidence
Passive strategies to build trustworthiness during entry phase of interaction	What positive outcomes do you promise your buyers to benefit after interacting with you in order to gain their trust and influence them to stay loyal?	I tell them that if they don't like what they bought from us they can return it. I also give them samples	None	My products are better than most local companies. I don't need to promise my customers anything. They buy from us because they are happy with our services	None of our customers have experience problems with us and we have presented everything on the Web site so that new buyers can see	We don't promise anything
Passive strategies to build trustworthiness during entry phase of interaction	What governing practices does your business have for ensuring goodwill, proficiency in trading processes?	We sell tested and approved organic products and we have certification	We have not looked at that yet	BSC Organic certification	We have few organic certifications for our products and all our	N/A

					products have been tested and we have proof	
Passive strategies to build trustworthiness during entry phase of interaction	What technological policies, regulations and guarantees do you have as safeguards for your buyers that are unfamiliar with you?	Il have not looked at that yet	None	The Web site that we're selling in has security and trust seals	We do have few policies in places for our customers	We have clear payment gateways
Active and interactive strategies to build trustworthiness during personal phase of interaction	When a new buyer finds your business online, and make a product query, what aspects of their interaction with you do you think influences them to trust and consequently make an initial purchase?	At the moment we are not focusing on selling online as we have failed there, they can call us and visit us	None	They can email us or contact us if they don't believe what we have presented on the Web site	They can check our customers feedback so that they can see other people's experience with us	N/A
Active and interactive strategies to build trustworthiness during personal phase of interaction	What strategies do you have in place to further prove your trustworthiness if buyers still do not trust what you have presented in an e-marketplaces?	I did not have such strategies	None	They can check my Facebook page and see what other customers think of my services	Skype Facebook page	We do have a Facebook page and also available on Twitter

6.4. Within-Case Analysis: Findings on the factors that can Assist Selling Enterprises Create a Perception of Trustworthiness to Buyers in E-marketplaces

A within-case analysis of findings from qualitative data gathered through interviews, document analysis and observations is carried out in this section. Specifically, the researcher reports findings on the factors that could assist selling enterprises create a perception of trustworthiness to their buyers in e-marketplaces. It demonstrates how Cases A, B, C, D and E support, refute, or expand the research theory (URT) and factors (factors that can assist selling enterprises to create a perception of trustworthiness to their buyers on e-marketplaces) derived from the literature review.

6.4.1. Case A: Agricultural farmer Located in the Eastern Cape that produces and sell natural essential oils

6.4.1.1. Case A's Background overview

Case A is a farming establishment operating in the natural essential oils industry based in the Eastern Cape Province. It was established in 2007 with a mission to produce a range of organic essential oils for the local, national and global market. Case A is owned through a partnership between members of the local community and the original owners. This Case benefits the local community through the creation of sustainable employment: those who cultivate and work in the production of essential oils and value added products such as soaps, lotions, jellies, lip-balms, hand creams, bath salts and room spray. Case A has divisions for the cultivation of the plants, distillation of oil from the plants, and manufacturing of cosmetics from the derived oils.

Case A's strategic objectives include bringing resources together through partnership and creating employment in the agricultural sector. During their exploration, they saw that there are a vast number of industries in its location area, but there is lack of employment in that region. They saw a possibility that an agricultural farm in that area could provide employment. They found the area in which they operate to be geographically and climatologically diverse, with fertile land, adequate irrigation, good climate and ready access to labourers. Before the establishment of their organisation they conducted experiments to discover in-depth information about the natural essential oil business and the value that natural essential oils can bring.

6.4.1.2. Critical success/failure factors and challenges

As a producer and seller of natural essential oils, Case A is struggling to reach international markets. Wang and Hou (2012) recommend that every agricultural business needs to be able to sell their products and services to the market that will bring value to the business as natural and organic products are in demand worldwide. This can be achieved through exporting and selling of products and services to international markets in order to gain more profit through the use of e-commerce (Loukis et al., 2011).

In addition, Case A has faced challenges before in their attempt to use e-marketplaces to sell their products to customers. The interviewee cited, a lack of trust, lack of awareness of e-marketplace benefits and being located in the Eastern Cape Province as some of the

challenges they face in their attempt to use e-marketplaces. An interviewee engaged from Case A explains: *“Selling online has been very disappointing to us; we are not getting much customers and successful business activities. I believe that this has to do with us because for me I do not trust selling using Internet as it can be very tricky at times. As a result I do not put effort at all in selling online. Also, our buyers are comfortable from seeing the oils face-to-face before making any purchases”*. This concurs with Perogianni’s (2014) research that argues that when entities lack awareness of the benefits and usefulness of the certain technologies, they tend to lack trust in everything that has to do with technology.

6.4.1.3. Findings on factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces for case A

Findings from Case A regarding factors that could assist selling enterprises in creating a perception of trustworthiness to their buyers in e-marketplaces are reported under this section. The interviews revealed how this enterprise interacted with buyers in e-marketplaces before disengaged from using e-marketplaces. This is done in order to establish how trading on e-marketplaces has generated a perception of trustworthiness to an extent of reducing buyers’ uncertainties during initial interaction. Findings are outlaid below within the categories of entry phase factors namely passive strategies, and personality phase factors which include active and interactive strategies.

6.4.1.3.1. The entry phase factors

The interviewee from Case A indicated that, their business understood the fact that buyers of natural essential oils from farmers are concerned with the quality of oil that it meets their expectations in terms of the desired standard of quality (Mbatha, 2013; Heinrich, 2015). As such, Case A had to device mechanism to compensate this for their e-marketplaces customers. The interviewee explains: *“The approach that we have for trading our essential oils online for our unfamiliar customers to trust us is that we presented our story on the website and information of who is involved and what we are doing”*. Despite their efforts, Case A did not get many buyers from online trading compared to the traditional trading approach something that forced them to withdraw from e-marketplace trading. The interviewee explains: *“The challenge we are now facing concerning this (trading on e-marketplaces) is that it is difficult to sell essential oils to customers online that are unfamiliar with our business. As a result, we have decided to put our main focus on selling our products through our traditional usual ways”*.

In addition, as proven in the literature, when unfamiliarity and dissimilarity cause uncertainty, ICTs such as the website, provide a valuable passive strategy during initial interaction (Ramirez, Walther, & Burgoon, 2002). Data showing how Case A has implemented its passive strategy is outlined below.

1) Passive Strategies

Case A uses “slide shows” on the website to present how they distill oil from the plants and processes it for human use. In addition, they provide relevant information to show that their products have been tested to ensure quality and standards. The interviewee engaged regarding this case explains that: *“The evaluation information of the tested oil is presented in the form of what is in the oil (referring to the ingredients expressed as a percentage) and the oil percentages. Customers that buy oil have a list of the oils with the properties and the percentages they should expect when buying oil, and they can use that to evaluate the information on the type of oil that we are selling. They can use that evaluation in order to see whether we have the right oil, in terms of the products that we are selling and also check if we used the right ingredients.”*

i. Cognitive trusting-base factors

Cognitive trusting base factors show that the buyer (trustor) classifies an unfamiliar seller (trustee) in an interpersonal interaction as trustworthy or untrustworthy based on the reputation they possess and perceived control in a situation presented on the website (McKnight et al., 2002). Empirical evidence obtained from Case A shows that they do not have strategies in place to maintain their reputation in e-marketplaces. Case A’s interviewee explains: *“The other thing that we do when talking of our products is that we invite our buyers here in Hogsback to give feedback about our products. We ask our customers to use samples of new products to fill them out and give us feedback so that we can improve if there are problems such as bad reaction of customers with sensitive skins. We are trying to ensure that our quality of products that we offer improves, and that the biodegradable nature of the product is maintained in integrity with itself and it can be used by a person who has got sensitive skin.”*

In addition, observations on Case A’s e-marketplaces Web content indicate that they did not take passive strategies into consideration to cater for first time or potential first time buyers. Furthermore, document analysis shows that Case A has not been focusing much on

interacting with sellers without face-to-face interaction. The interviewee engaged explains that: *“ Our business has not been focusing that much on trading online, we have been focusing more on traditional way of trading as most people are always visiting Hogsback as it attract tourists around the world. The e-commerce part to us has fallen behind so now it need to come forward because we are waiting for funding, we first want to be properly funded, so we have slowed down on e-commerce. We do have good quality of oil and products derived from those oils, we just need to have good reputation strategies for people that are unfamiliar with us around the world.”*

ii. Institutional trusting-bases

Case A did not put any technological safeguards on their e-marketplaces to enhance their trustworthiness to unfamiliar buyers. The interviewee engaged in Case A explains: *“As we do not have much information about the functionality of an e-marketplace, we do not have much information about security procedures in place on the website. If the new customer wants to buy from us for the first time and is unfamiliar with our business, I am not sure of how we can convince him or her that he or she is protected from the website. We have not looked at that yet, we did not consider, thanks for bringing it up”*. In addition to this, Case A declared that they have some basic rules in place for legal safeguards for protection to develop trustworthiness of buyers of natural essential oils in e-marketplaces. Regarding the basic rules, the interviewee explains: *“It is difficult to predict what is going to happen in future, we have never been hacked yet and our customers have never complained about being hacked in e-marketplaces and this is why we have not considered security controls yet.”*

However, it was observed that the e-marketplace that Case A uses has rules, terms and conditions that specify that whenever a buyer sees something strange and unpleasant popping up on the e-marketplace website, the user should leave the page immediately. In this regard, the interviewee explains: *“I do not think the e-marketplace that we used has presented something significantly immoral that can make our unfamiliar customers to have uncertainties about the reliability of the e-marketplace.”*

iii. Calculative trusting-bases

Through an interview, Case A verified that they always make their new buyers or regular buyers believe that interacting with them and buying their products is never a mistake but a

lifetime benefit. This is because they have implemented a “*promise fulfilment*” to “*exceed customer expectations*” as their customer relationship management strategy that they have aligned with their business mission, purpose and other business strategies. Document analysis regarding this case shows that new buyers are included in such customer relationship management strategies. However, the interviewee further explained: “*As we are still growing, we have not focused much on our e-commerce target market as in terms of our customer relationship management strategy. We lack awareness of e-marketplace’s strategies to build customer relationship management, as a result we did not get much customers from such online trading platform.*”

6.4.1.3.2. Personal phase factors

Koh et al. (2010) and Tams (2012) noted that even though a trustor (buyer) in an interpersonal interaction with the trustee (seller) can make use of the available passive strategies during the entry phase to develop certainty about the trustee, other buyers might find those passive strategies inadequate. In this regard, personal phase factors in the form of interactive and active strategies are considered useful as they can be considered when trying to reduce uncertainty to a desirable that a trustee is willing to take risk in an interpersonal relationship. Empirical evidence shows that Case A as a producer and seller of natural essential oils has considered interactive strategies to make their customers trust the quality of oil that they sell without having to visit their business face-to-face to ensure quality before trading. The interviewee explains: “*Once our customers are not satisfied with the information made available in an e-marketplace website, we also send them a little sample so that they can do evaluation and test the oil by themselves in case they do not believe the tests results we provided on the website. However, there are terms and conditions; a buyer is required to first place an order in order to be able to receive our sample.*”

6.4.1.4. Summary of Case A

In summary, Case A could be described as an essential oil producer based in Hogsback in the Eastern Cape Province that produces and sells natural essential oils. This SMME has defined itself as moderately profitable. Based on the empirical evidence obtained, Case A has been performing poorly in using e-marketplace facilities, and as a result it has stopped using e-marketplaces. Lack of awareness of e-marketplace benefits, lack of trust and being an SMME operating in the Eastern Cape Province are found as the e-marketplace challenges faced. On assessing factors that Case A used to create a perception of trustworthiness to buyers on e-

marketplaces, it was found that there are very few passive strategies that support their business on the e-marketplace. In addition, Case A has only one interactive strategy and no active strategies to assist buyers in gaining perceived trustworthiness during the initial phase of interaction in online trading.

6.4.2. Case B: Enterprise Located in the Eastern Cape

6.4.2.1. Background Overview of Case B

Case B is a public benefit organisation whose mission is to alleviate poverty through the creation and management of sustainable projects that promote job creation for poor rural villages in the Eastern Cape Province. In 2006, Case B got funding from the Eastern Cape Development Corporation (ECDC), South African Social Investment Exchange (SASIX) and the Department of Trade and Industry (DTI) to expand their business into natural essential oil business. By establishing a natural essential oil industry, Case B expected to produce rose geranium essential oils and use it as an ingredient to produce oil products for human use. For its oil products, Case B had identified the United States, Japan and Europe as potential international markets.

6.4.2.2. Critical Success/Failure Factors and Challenges

According to Meihami and Meihami (2014), broader knowledge is an important factor for the basis of effective competition. An interviewee engaged on behalf of Case B reported that obtaining descriptive knowledge about the natural essential oils industry has been very challenging for them over the years. As a result they have spent many years on the exploratory phase of natural essential oils because it is a “closed shop” as personnel with knowledge do not want to share. Case B interviewee explains: *“Because of lack of knowledge, we had many experiments and failed many times; as a result we wasted most of our time on the learning curve.”*

Mbatha (2013) went on to indicate that SMMEs trading in natural essential oil can engage e-marketplaces and gain a competitive advantage and at the same time overcome some of the inherent trading challenges. This is because most competitors of each and every industry are listed on e-marketplaces. Businesses that want to be competitive and successful can use such platforms as their shared tool for advancing and gaining knowledge from other listed businesses of the same industry. Interviewee for Case B indicated that *“we do have*

customers from Europe.... they have lost interest because we are not as advanced as other retailers that buy from us and sell worldwide.”

6.4.2.3. Findings on factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces for case B

Interviewee from Case B made an attempt to bring to light why Eastern Cape based SMMEs trading in essential oils are not using e-marketplaces to sell their produce and also stand a chance to access international markets. It should be noted Case B is not using any e-marketplace for its business. The interviewee from Case B stated that: *“We do not use e-marketplaces at the moment, specifically; there are no e-commerce tools that we use. We only have a website and we do not even sell on that website”*. The lack of awareness is herein cited as one of the reasons for not engaging e-marketplaces. Interviewee from Case B further explains that: *“We are a farming business that is still on a learning curve in terms of our natural essential oils industry, so we do not have knowledge about e-commerce trading platform tools”*.

In addition, data gathered through the interviews highlighted that, Case B have trust concerns that hinder them from engaging e-marketplaces. A second interviewee from Case B explains: *“As we do not use much technology here in the farm, it is going to be challenging for us to start to use e-commerce even though we see that from your explanation it can benefit our business. The model that you are bringing up is very dynamic and motivating, but it will not be easy to trust using something that we are not familiar with as we have never sold our oils without face-to-face interaction, calling, emailing or seeing our buyers. I don’t think we will be comfortable and it is going to be very challenging to convince our buyers that do not know us if we are trustworthy. The only good strategies that we have are the ones that we use when trading traditionally. Even if they will be able to see our business’s information on the e-marketplace as you said, but I don’t trust that will be effective because most of our buyers don’t trust e-mail interaction; they want personal interaction.”*

6.4.2.4. Summary of Case B

Case B is a farmer that is still growing or developing. Case B specialises in producing and selling natural essential oil. However, Case B is yet to engage e-marketplaces for business purposes. Empirical evidence obtained shows that Case B lacks the awareness of e-marketplaces and has trust concerns over the use of technology for business purposes. Their

lack of trust in e-marketplaces could be attributed to Case B's fear that it may not be effective as most of their buyers prefer to purchase their products over the counter.

6.4.3. Case C: Enterprise Located in KwaZulu-Natal

6.4.3.1. Background Overview of Case C

Case C is a registered SA agricultural intermediary that buys essential oils from farmers and sells it to retailers and manufacturers. This enterprise imports, retails and export natural essential oils through the use of an e-marketplace called Alibaba. The aim of the establishment of this enterprise was to supply high quality natural essential oils to the cosmetic, personal care, health, aromatherapy and beauty spa industries. Their suppliers are primarily from SA, Europe, India and Madagascar who complete their range of natural essential oils that they sell. For the past eight years, Case C has built a good supplier and customer base locally and abroad. Their growth could be aligned to their main strengths of personal customer care, effective communication and efficient service/product delivery.

6.4.3.2. Critical success/failure factor and challenges

Case C is strategically focusing on building their customer relationship management through personal customer care, effective communication and effective service delivery. Case C believes in working and growing mutually with their buyers and suppliers. As a buying and selling enterprise of natural essential oils, there have been no issues concerning trading over the Internet. Case C is using e-marketplaces to sell their products. The use of an e-marketplace platform assists Case C to reach an international market and as a result, Case C is content with the revenues they generate. An interviewee from Case C explains: *“Our customers are satisfied with our services; most of our customers buy our products without face-to-face interaction.”*

Factors that have assisted Case C into creating a perception of trustworthiness to its buyers in e-marketplaces are discussed in the next section. The aim is to establish measures or factors that could be considered in order for SMMEs to successfully use e-marketplaces for business purposes.

6.4.3.3. Findings on factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces for case C

Case C has benefited from their use of e-marketplaces. Factors that have contributed to Case C's portrayal of a perception of trustworthiness to its buyers in e-marketplaces are outlined

below. This is to demonstrate how essential oil producers from the Eastern Cape Province can learn from Case C's engagement of e-marketplaces.

6.4.3.3.1. Entry-phase Factors

Passive strategies that Case C employed to create a perception of trustworthiness to new buyers on their e-marketplaces are discussed. These passive strategies are presented below based on factors identified on Case C namely cognitive trusting-bases and institutional trusting-bases. Empirical evidence shows that Case C does not pay attention to the calculative trusting-base. Case C interviewee explains: *"I do not need to promise my buyers anything about positive outcomes. We want them to buy from us just because they trust the relevant information about our products. I can assure you, our products and services are better than most local companies"*.

In addition, document analysis shows that Case C has succeeded in creating a perception of trustworthiness for its buyers in e-marketplaces. According to the interviewee, Case C knows exactly what buyers expect in interpersonal trading platforms as they also buy their supplies through the e-marketplaces. In addition, interviews show that Case C executes most of its trading transactions using e-marketplaces. The interviewee for Case C explains: *"Most of our sales are from an e-marketplace such as Alibaba. Most of our buyers place orders and buy our essential oils for the first time they interact with us in Alibaba; they trust everything we made available in the e-marketplace. The proportion of our sales from Alibaba is approximately 90% of the total sales."*

1) Passive Strategies

i. Passive Factors

Empirical evidence shows that Case C knows how to make buyers feel protected when interacting with them, even when unfamiliarity and dissimilarity exist. The interviewee suggested that Case C's vision incorporates building trust during initial interaction with potential new buyers: *"We are a very customer-oriented business that bases its values on honesty at all times. When the buyer is unfamiliar with us but is interested in our products, we provide him or her with the relevant information; we do not make empty promises to attract our customers. Key elements such as accessibility, immediate responsiveness and follow-up have helped us to advance trust with our buyers that were first unfamiliar with us."*

Most of our loyal customers didn't have knowledge about our business, but now they are happy with our services."

ii. Cognitive trusting-base

In ensuring that Case C has a good reputation to influence unfamiliar buyers to trust their products and services, the interviewee from Case C showed that they value vendor reputation (seller's reputation) and system reputation (e-marketplace reputation) as the most significant elements for developing trusting intentions of their buyers that are unfamiliar with their business on e-marketplaces. The interviewee from Case C indicated that: *"To build our reputation in an e-marketplace such as Alibaba, we sell quality approved products as we buy our natural essential oils from highly tested suppliers around the world"*.

In particular to the readiness of perceived control in a situation, empirical evidence shows that Case C provides comprehensive information for prospective buyers to increase their awareness of the products. Case C's interviewee explains: *"We are a very open-online-based business that provides the exact information that a buyer can find even in traditional trading platform. The way we transact with our buyers that are unfamiliar with us is not that different from our traditional ways that we use because we do not want our customers to sense a gap between traditional and interpersonal trading."*

iii. Institutional trusting-base

During the interviews it was found that lack of awareness of the Information and Communication Technologies (ICTs) such as e-commerce trading can influence buyers in online trading to have no trust towards the seller. Case C further explained that sometimes during initial interaction in e-marketplaces, it is not that buyers do not trust the sellers of products and services; they do not trust the actual e-marketplace that you are using. Case C interviews shows that Case C uses organic certifications as a governing policy for enterprise to provide their buyers that are unfamiliar with them with assurance of goodwill and proficiency in trading processes. According to Wilkinson (2008), organic certification confirms that the agricultural enterprise is selling reliable and tested agricultural products. This is used to assure buyers of agricultural products that the business listed on the e-marketplace is selling products that adhere to a specific quality standard and can be trusted.

In addition, empirical evidence obtained through observations of the website shows that Case C uses the following organic certifications:

- **BCS organic certification** – provides certification of organic products worldwide in accordance with the international regulations and private standards.
- **ECOCERT** – an organic certification that provides an enterprise with accreditation and with the guaranteed practice of environmental respect throughout the production line, respect for the buyer and the promotion of natural substances of a superior ecological quality.
- **ECOCERT-AFRISCO** –an organic certification for cosmetics.
- **BIO-ORG** – an organic certification that operated under the Agricultural Product Standards Act 119 of 1990 which regulates and controls sales of organic products in SA.
- **BDIH-Natural Beauty Standard** – provides the enterprise with certification that specifies that the enterprise is selling good quality organic and natural skin care products and services.

The interviewee for Case C further explains: *“It’s a confusing world out there; it is very difficult to be certain about the quality of organic products when buying them from unfamiliar suppliers you have never met before. I know this because I buy online from suppliers and not all of my suppliers are consistent, I sometimes buy from suppliers from Europe that I never met with. Therefore, we ensure that in our trading platforms, whether it’s traditional or online, we provide organic certifications to assure our buyers that we are selling tested and approved agricultural products that meet expectations.”*

6.4.3.3.2. Personal-phase factors

Empirical evidence obtained from Case C regarding personal phase factors that can assist enterprises to create a perception of trustworthiness to their buyers in e-marketplaces shows that Case C does not focus on active strategies in the e-marketplace website that they are using for trading. However, Case C uses Skype as its main interactive strategy that they use to increase the buyer’s trusting intentions, beliefs and trusting attitudes. An interviewee engaged regarding this explains: *“We also provide our contact details in an e-marketplace that we are using for those buyers that do not want to place orders without talking to us. Buyers that do not believe information provided on the e-marketplaces, they can send us an email or even call us. They can view our details on the contact details on the website. At*

least with Skype they can talk to us and ask question that that they are not sure with on the website.”

6.4.3.4. Summary of Case C

Case C is an intermediary that buys essential oils from farmers and sells to retailers and manufacturers. Case C was established in 2006 and is located in the KwaZulu-Natal Province which is regarded to be amongst the advanced provinces in SA that are using technology innovations in the agricultural sector. Based on gathered evidence, this Case has been successful in using e-marketplaces. Its buyers are comfortable with buying from them without face-to-face interaction because of the trust they have for each other. Factors that assist Case C to have perceived trustworthiness to buyers include passive strategies during the entry phase of interaction such as personality, cognitive, and institutional trusting-bases. In addition, Case C employs interactive strategies to enhance the perceived trustworthiness of buyers who do not seem trustworthy during initial interactions in online trading.

6.4.4. Case D: An Online Retailer Located in Sunnyside, Cape Town, Western Cape Province

6.4.4.1. Background Overview of Case D

Case D is an online retail enterprise that sells natural essential oils and all cosmetic products made up of natural essential oils. Case D is currently the largest well known online retailer that sells natural and organic products worldwide. This enterprise only sells its products online through their online store and e-marketplaces. Their aim is to reach and serve their buyers around the world, not just the community around them. The natural and organic products that Case D buys from its suppliers have a massive impact on human life.

6.4.4.2. Critical success/failure factors and challenges

Case D is a customer-oriented business driven by the need to recognise, anticipate and satisfy buyers in order to become a profitable enterprise. All products that Case D offers are carefully scrutinised to ensure reliability, efficiency and that these products conforms to a proclaimed natural state. In addition, Case D has a strategic way of obtaining the best quality of natural and organic products from its suppliers. They source the widest range of reasonably priced, high quality natural and organic products for its prospective buyers. Furthermore, Case D claims to be one of the companies in the world that have created a strict ingredient policy for their natural and organic products. The strict ingredient policy requires that Case D check each and every ingredient list of every product sold to ensure that there are

no harmful synthetic ingredients. In addition, Case D provides a full ingredients list for each product sold through e-marketplaces so that buyers that are unfamiliar with their products can be assured of what they are buying. As a result, Case D has won an award for being the most successful and convenient organic online enterprise in SA.

6.4.4.3. Findings on factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces for Case D

Since Case D is one of the SMMEs that are successfully selling natural and organic products through e-marketplaces. This section presents findings on how Case D has managed to create a perception of trustworthiness to their buyers in e-marketplaces. Data of this case was gathered through open-ended interviews and observations of the e-marketplace website that Case D uses; there were no documents analysis gathered regarding this Case. Findings on Case D are focused on the entry phase of interaction where passive strategies are discussed. In addition, findings on Case D's personal phase of interaction are also included.

6.4.4.3.1. Entry phase factors

Observation of buyers' feedback in an e-marketplace shows that Case D has an interoperable, sustainable and significant online model implemented to gain buyers' trust. In addition, observations shows that all buyers, including the ones that did not have knowledge about Case D, are satisfied with the products' quality, services and delivery. These buyers left comments on the customer terminals on the e-marketplace website used by Case D. A buyer that was unfamiliar with Case D but took a risk to buy natural and organic products from them commented on the Web site: *"Hi there, I'm so happy that I found your online store. Since my baby was born last January I have insisted on using only natural and organic products on her. Everything is wonderful, I must tell you how impressed I am with your business even if I did not know you, you respond immediately with your friendly services, Thank you."*

1) Passive Strategies

i. Passive Factors

Empirical evidence shows that Case D enhances its trustworthiness during the initial interaction phase by providing most of the relevant information about the company, a customer might request in order to familiarise with the business. In addition, Case D provides detailed information of all natural and organic products that they offer.

Furthermore, they have detailed information about the nature and where their products come from, and transactions instructions are provided on the e-marketplace website.

ii. Cognitive Trusting-Bases

Empirical evidence shows that Case D uses a reputation management system which is made available to all visitors on the e-marketplace used by Case D. As such, reputation mechanisms or approaches used by Case D to enhance their trustworthiness to prospective customers include organic blog, approachable online support desk, customer terminals, and terms and conditions showing agreement of sale, delivery policy and refund policy. An interviewee from Case D explains: *“It is in our best interest to maintain our reputation as it helps us as a major player to show our buyers how we are trustworthy. This has helped us many times to gain more loyal customers, even the ones that were not referred to us by our loyal buyers and other people that know us”*. These reputation mechanisms are discussed below:

- **Organic Blog:** according to the data collected, Case D has a natural and organic blog in which interested buyers can review product uses and benefits, specials, trending news in the industry they are operating in, and articles regarding selling online. Information communicated through the organic blog could be used by buyers that are unfamiliar with Case D to enhance their trust in Case D during the initial interaction phase. .
- **Approachable online support desk:** this is Case D’s well-defined customer service strategy or mechanism that offers prospective buyers with a multichannel support system that address questions raised by new buyers during initial interaction.
- **Customer terminals:** observations on the e-marketplace used by Case D shows that, the e-marketplace has a simple customer feedback terminal were customers can voluntarily report their experiences from previous interactions. Such information can be used by buyers that are unfamiliar with Case D during the initial interaction phase to build trust.
- **Terms and conditions:** observations also reveal that, new buyers of Case D on e-marketplace are provided with information relating to a product query, terms and conditions that include agreement of the sale, available payment options, delivery policy and refund policy.

iii. Institutional Trusting-Bases

Empirical evidence shows that the e-marketplace used by Case D have structural assurance strategies in place such as security and trust seals, customers' privacy policy, strict ingredient policy and organic certification are implemented.

- **Security and trust seals:** Case D's e-marketplace has security and trust seals such as secured online payment, credit card acquiring and security, No-Scam (certified and monitored) and Verified-Seller (verified and monitored). Case D implemented these technology safeguards to assure customers that the e-marketplace website they use is safe and trustworthy. In addition, an interviewee from Case D indicated that: *"We require buyers during their initial interaction with us to create a secured password in order to prevent unauthorised access and disclosure of their information. As a result, we have been receiving positive feedback from our customers regarding the safety mechanisms in our website."*
- **Customers' privacy policy:** data collected through observations of the e-marketplace used by Case D shows there is a privacy policy in place that enforces Case D to provide truthful information and respect customers' private information they have. The interviewee explains: *"Our privacy is very focused on the perception of the company's respect for customer privacy. Our investment in privacy protection of our customers has been shown to increase customers' spend, trustworthiness and loyalty."*
- **Strict ingredient policy for quality assurance:** based on the collected data, Case D is among the few SMMEs in the world that have created a strict ingredient policy to create a perception of trustworthiness in the quality of ingredients that they have used in the natural and organic products they supply. Regarding this, an interviewee explains: *"We never compromise on our strict ingredient policy. Our buyers have nothing to worry about as we have done the worrying for them and have checked every single product to be sure that it really is as green and safe as its producer claim it is."*
- **Organic certification for quality assurance:** empirical evidence shows that Case D's natural and organic products have organic certifications for quality assurance

purposes (such as ECOCERT, ECOCERT-AFRISCO, Bio-Org, Natural Beauty Standards, BCS certification). These organic certifications give buyers the confidence that Case D is selling high quality, reliable and successfully tested organic and natural products. The interviewee for Case D further explains that: *“We are in constant communication with our suppliers and all of them maintain good quality of the products that they supply us with.”*

iv. Calculative Trusting-Bases

As stated in the literature, a trustor (buyer) in an interpersonal initial interaction tends to trust and have confidence when the trustee (seller) has nothing to benefit, or the cost overwhelms the benefits from being untrustworthy (Li, 2004; Li et al., 2008). Consequently, Case D agrees with these suggestions. To affirm this suggestion, observations on Case D’s e-marketplace found that customers are entitled to a “return and refund option” in the event they are not happy with their order. This can be seen as a calculative strategy to gain trust and influence buyers to stay loyal after their initial purchase. Case D interviewee further explains: *“We’re a friendly online business to our buyers. For example, for delivery, if a product is damaged or broken when a buyer receives it, we quickly make arrangements for a product replacement once a buyer notifies us and it will be sent within four days depending on the buyer’s location”*. However, another interviewee states: *“There are terms and conditions for return and refund which new buyers are always encouraged to read”*.

6.4.4.3.2. Personal phase factors

It is believed that, buyers have to be satisfied with information on the website first for them to make purchasing decisions when trading online. Therefore, when information provided by the seller on e-marketplace does not give the buyer an assurance that the seller is trustworthy, a personal phase is therefore executed in which active and interactive strategies are implemented to enhance the trustworthiness of the seller (Minacha, Roberts, Petre, Dawson, & Millard, 2004). Empirical evidence shows that Case D has implemented the following active and interactive strategies.

1) Active and interactive Strategies

Case D implemented the use of social networks as an active strategy to create a perception of trustworthiness to buyers on e-marketplaces. These social networks include Twitter, Pinterest and Hello Peter. It was stated that the reason behind choosing social media as

active strategies was to increase their brand recognition and improve their brand loyalty. One interviewee explains: *“We believe that most buyers can become better acquainted with our brand after seeing our presence on multiple social networks”*. These social networks have been chosen based on their relevance to Case D’s customer-base. The interviewee further explains: *“For instance we have chosen Pinterest as our strategy because our customer-base is mostly comprised of women between the ages of 25-50”*.

In addition, empirical evidence shows that Case D believes that new buyers use social networks to advance the awareness of their business something that is seen as reducing uncertainties. One interviewee from Case D stressed that: *“By getting our name of our enterprise out there and building relationships with relevant people, new buyers can become more likely to trust even if they are unfamiliar with us. We believe that staying in touch with our customers through social networks gives us an opportunity to engage with them on a one-to-one level”*. However, as most people generally use social media for networking and idea generation, Case D believes that integrating social media with e-marketplaces that they operate in could, on the other hand, damage their brand.

In addition to social networking, data collected through observations of the e-marketplace used by Case D shows that there are provisions of making samples available to those who place orders. The following statement was found on Case D’s e-marketplace: *“place an order for free and receive sample”*. This is another active strategy that Case D uses to increase their trustworthiness during initial interaction. Furthermore, Case D also use Skype and email for further communication as their interactive strategies to reduce trust uncertainties of buyers during initial interaction.

6.4.4.4. Summary of case D

Case D is an online retail enterprise that sells natural essential oils and organic products made up of natural essential oils. This SMME has been successful in selling through e-marketplaces, and as a result, it holds an award for being the most successful and convenient organic online enterprise in SA. Based on the empirical evidence, this case implemented passive, active and interactive strategies to gain perceived trustworthiness from buyers during initial interaction in e-marketplaces. These findings shall be used to establish the missing factors in SMME that are failing to use e-marketplaces.

6.4.5. Case E: Cosmetic Online Retail Store Located in Gauteng Province, Johannesburg

6.4.5.1. Background Overview of Case E

Case E is a registered South African retailer that sells natural and organic oils for hair care. They purchase these natural and organic products from wholesalers using e-commerce trading platforms. In particular, Case E buys their natural and organic essential oils from Case D and imports some of it from America. In comparison to other SMMEs, Case E can be considered as a business that is still growing in the South African cosmetics industry. Case E is showing consistent growth as a business entity and is slowly distinguishing itself as a major online retailer. Due to the fact that Case E is an online business, 98% of their sales are online and most of their buyers find the products online; very few buyers visit Case E for over the counter purchases. It uses e-marketplaces such as OLX and Bidorbuy to sell their products and has been able to reach international customers.

The important aspect that has lead Case E have a greater competitive advantage is through believing in honesty and transparency in their relationship with suppliers and customers.

6.4.5.2. Critical success/failure factors and challenges

Case E as a seller acknowledges that selling in e-marketplaces has been a great experience since there are no risks involved on their part; as a result it has been an effective way of building their online business. An interviewee from Case E explains: *“Some buyers have found us in an e-marketplace and then visited our website. Some told us that they were searching for something else in an e-marketplace but then discovered our products. Even though they were uncomfortable with us since they do not know us, we have relevant information provided in the website to assure buyers that we are trustworthy.”*

However, despite their excessive experience of buying and selling on e-marketplaces, Case E acknowledges that facilitating purchasing transactions with suppliers in e-marketplaces has been very challenging. One of the major concerns is the issue of trust or belief that the products will be delivered with the right quality as advertised on the website considering the fact that Case E buys its natural and organic products on e-marketplaces from suppliers that are based in the Eastern Cape, Kwazulu-Natal and America. This is further exacerbated by that fact that they are not so familiar with some of the suppliers. As a result, quite often Case E avoids buying from unfamiliar producers especially those from the Eastern Cape Province

due to the doubtful factors towards e-marketplace shopping such as reliability, payment methods and contact or physical addresses. Case E interviewee explains: *“I have searched for suppliers on Alibaba.com and requested quotations from suppliers, but I couldn’t buy there even though I have asked for quotations from them. I saw the risks and then decided not to buy. A big part is just the calculation when I think about the risks, the amount of money I need to consider, like look at how much I could lose.”*

6.4.5.3. Findings on Factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces for Case E

It has been mentioned in the previous section that Case E lacks trust when facilitating initial purchasing transactions with unfamiliar suppliers in e-marketplaces. Therefore, findings from Case E on the factors that can assist selling enterprises to create a perception of trustworthiness in e-marketplaces are discussed from a buyer’s point of view. When asked about the missing aspects that could positively contribute to a selling enterprise’s trustworthiness in e-marketplaces, Case E interviewee indicated that, quite often sellers do not provide relevant information to prove their trustworthiness. The interviewee from Case E suggests the following sources of information in order to enhance the trustworthiness of the supplier selling on e-marketplaces.

6.4.5.3.1. Entry phase of interaction factors

1) Passive Strategies

Empirical evidence from Case E shows cognitive and institutional trusting-bases as the only valuable sources of information that could enhance the perceived trustworthiness of sellers in e-marketplaces. Findings on these trust bases are presented below:

i. Cognitive Trusting-Bases

Case E feels that, seeing references of companies that have dealt with the identified seller in e-marketplaces can give a buyer confidence that the seller is trustworthy. In addition, Case E believes that an enterprise that has contactable references can attain a good reputation and that can influence buyers to trust the seller’s products and services in e-marketplaces. Case E interviewee explains: *“Suppliers should have contactable references or maybe when they are communicating with us they should give us contactable references. For example if the supplier is a distributor of organic products representing a known company, they should at least allow us to get a reference from the company they mentioned to provide assurance. Or*

else they should be listed in the mentioned company under its distributors”. However, the Case E interviewee further mentioned that this strategy cannot be easily adopted because *“Other enterprises do not want us to have direct relationship with their clients and other suppliers because that is an issue of trust as well”.*

ii. Institutional Trusting-Bases

Findings on Case E points to the fact that, payment gateways, safe and clear payment process and efficient delivery process are the safeguards that selling enterprises should implement to create a perception of trustworthiness for buyers that are unfamiliar with them in e-marketplaces. The interviewee explains that: *“It is easy for me to make a decision if I know which payment gateways that they are using because I know exactly which ones I can trust and which ones I cannot trust. I need to know how they are processing the payment so that I can know that they will never use my credit card information and/or transfer me to a payment gateway that deals with my bank directly.”*

6.4.5.4. Summary of Case E

Case E is an online cosmetic retailer that buys essential oils from intermediaries and sells to customers. Empirical evidence suggests that Case E often struggles to trust that some suppliers will deliver products within the limits of the advertised quality on the e-marketplaces especially those suppliers they are not so familiar with. This is down to the lack of sufficient information to assure customers and enhance their trust that the supplier would deliver as promised. As a result, Case E often avoids buying from unfamiliar producers especially from the Eastern Cape due to the doubtful factors towards e-marketplace shopping such as reliability, payment methods and reachable addresses. To address such trust concerns, Case E suggests the need to create a perception of trustworthiness to buyers through passive strategies like cognitive and institutional trusting-bases. In particular, an interviewee from Case E suggest that it would be easy to trust a seller on e-marketplaces if they can show their contactable references, payment methods, safe payment gateways, clear payment process and their delivery process with timeframes.

Table 9 below summarises findings from all the cases engaged during data collection.

Table 9: Strategies that Cases Possess to create a perception of trustworthiness to Buyers in E-marketplace

Entry-Phase Factors	Personal-Phase Factors	
Passive Strategies	Active Strategies	Interactive Strategies
<p>(1). Passive Factors:</p> <ul style="list-style-type: none"> -Contactable references -Company information -Detailed information of natural and organic products -Detailed information of where the products come from -Transactions instructions <p>(2). Cognitive Trusting-Bases:</p> <ul style="list-style-type: none"> -Organic blog -Approachable online support desk -Customer terminals -Terms and conditions showing agreement of sale, delivery policy, refund policy <p>(3). Institutional Trusting-Bases:</p> <ul style="list-style-type: none"> -Security and trust seals (such as secured online payment, credit card acquiring and security) -Customers' privacy policy -Strict ingredient policy for quality assurance -Organic certification for quality 	<p>(1). Social networks such Facebook, Twitter, Pinterest, Hello Peter</p> <p>(2) Place order for free and receive a sample</p>	<p>(1).Email option for further communication</p> <p>(2).Skype</p>

assurance (such as ECOCERT, ECOCERT-AFRISCO, Bio-org, natural beauty standards, BCS certification)		
(4). Calculative Trusting-Bases: -Return and refund options		

6.5. Cross-case analysis of the Findings on the Factors that can Assist Selling Enterprises to Create a Perception of Trustworthiness to Buyers in E-marketplaces

Cross-case analysis of this research builds upon findings from each case that were established through within-case analysis. This section consolidates findings from all the cases considered through an evaluation process to establish similarities and differences among factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces.

6.5.1. Cross-Case Analysis Description of the Five Cases of this Research

Cross-case analysis is discussed in reference to Figure 12 below where the cases are grouped based on their consequences.

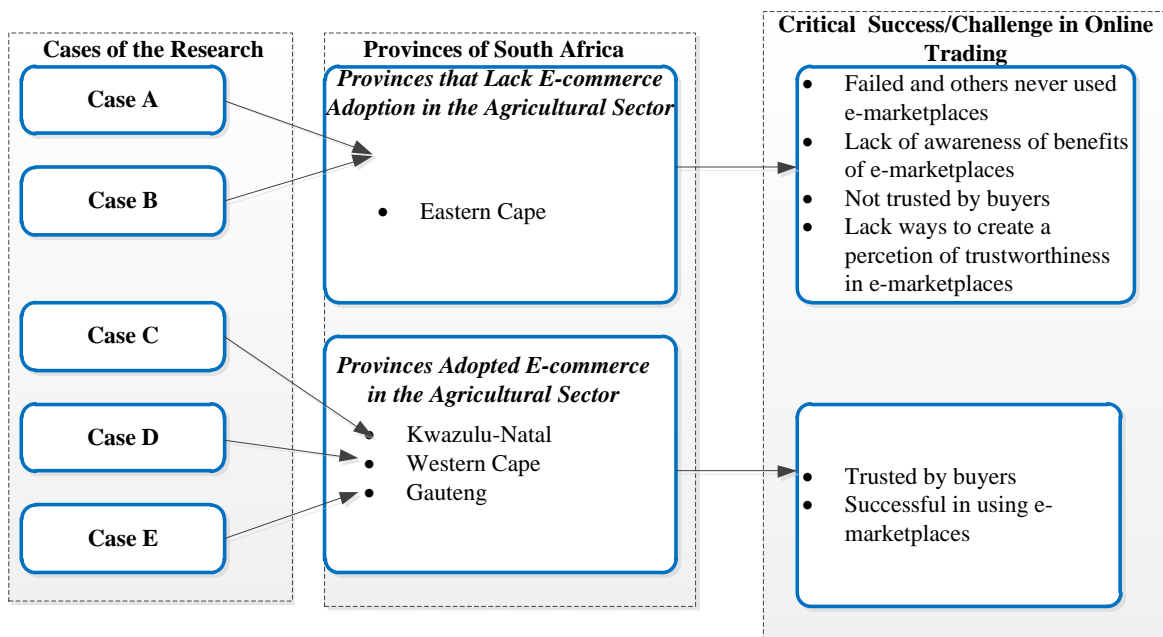


Figure 12: Cross-Case Analysis Description of the Five Cases of this research

Findings from within-case analysis shows that Cases A and B (farmers) have been failing to successfully use e-marketplaces as compared to Cases C, D and E (retailers). As a result they have been unable to penetrate global markets. Empirical evidence shows that Cases A and B do not have strategies or mechanisms of proving to buyers that they are trustworthy in e-marketplaces. Hence, quite often Case A and B make use of intermediaries in the supply chain to sell their products to the last customer. It is believed that these intermediaries or retailers have enhanced strategies in place to show that they are trustworthy on the e-marketplace something Case A and B are failing to do.

These findings agree with research findings by Kapurubandara and Lawson (2013) that agricultural businesses in the Eastern Cape lack awareness of e-commerce benefits. As a result they are not getting enough profit as other agricultural businesses from other provinces such as the Western Cape. Similarly, Kabanda (2013) specifically notes that in the agricultural sector, retailers are making good use of e-commerce tools such as e-marketplaces to expand their business to global markets and increase sales and profits, whereas farmers have been slow in their adoption of e-commerce as they are more focused on the production of products. Furthermore, these findings are in line with previous research findings by Mthente (2012) which shows that farmers lack skills with respect to selling and marketing themselves on e-commerce. As a result they are unable to convince their buyers that they are trustworthy.

In addition, it was noted through data analysis that both Case A and B can learn from Cases C, D and E's implementation of uncertainty reduction strategies on buyers that are unfamiliar with their operations on e-marketplaces. This is because Cases C, D and E's strategies have had a positive impact on their perceived trustworthiness by buyers trading on e-marketplaces. These strategies are presented in the next section according to the phases of the uncertainty reduction process namely entry, personal and exit phase.

6.5.2. Results from Cases on Factors that can Assist Essential Oil Producers to Create a Perception of Trustworthiness to Buyers in E-marketplaces

Responses from the five cases explored in this research study are summarised and presented in the Table 9 below. Findings from within-case analysis show that all cases have adopted different and similar strategies except Case B. Even though the majority of cases proved their trustworthiness to buyers, Case A and B found trading on e-marketplaces challenging,

as result they have since stopped using such trading platforms. In relation to this study’s research context, Case A and B need to device and implement measures that could enhance their perceived trustworthiness in the view of their buyers on e-market places. On the contrary, findings from Cases C, D and E shows that these cases’ strategies are effective as they have succeeded and yielded positive results from trading in e-marketplaces.

Table 10: Results on Uncertainty Reduction Stages from Cases of the Research

Uncertainty Reduction Process and Strategies	Case A	Case B	Case C	Case D	Case E
Entry-Phase of Interaction:	x	-	X	x	x
Passive strategies:					
• Cognitive trusting-bases	-	-	X	x	x
• Institutional trusting-bases	-	-	X	x	x
• Calculative trusting-bases	-	-	-	x	-
Personal-Phase of Interaction:	x	-	X	x	-
• Active Strategies	-	-	-	x	-
• Interactive Strategies	x	-	X	x	-

6.5.2.1. Entry phase interaction factors

Findings show that SMMEs stand a chance to enhance their perceived trustworthiness by buyers trading on e-marketplaces through the implementation of interactive strategies during the entry phase of the uncertainty reduction process. Case C and D’s success in trading over e-marketplaces could be attributed, in part, to their implementation of an effective interactive strategy during the entry phase. This finding confirms Mthente’s (2012, p. 4) research finding that enterprises within provinces such as Kwazulu-Natal, Gauteng, Western Cape and Mpumalanga, just like Case D and B, are showing growth in their use of e-commerce compared to other provinces.

However, findings that Cases A and B, which are the enterprises from the Eastern Cape Province, that produce and sell natural and organic products have been struggling in e-marketplaces. As a result, Case A decided to stop using e-marketplaces as they did not get many buyers there. In addition, Case B never used e-marketplaces due to a myriad of trust factors concerning technology. These results provide support to the previous research which stated that enterprises in SA from Eastern Cape, Limpopo, Free State, North West and Northern Cape are constrained with high uncertainties when it comes to trading agricultural products online (Ramaila, Mahlangu, & Du Toit, 2011). In addition, this empirical evidence supports evidence in reference to the ICT steering committee meeting that a researcher attended at ECRDA in which it was stated that Eastern Cape agricultural businesses produce a vast number of agricultural products but still lack behind in technology innovation that include the use of e-commerce.

6.5.2.1.1. Passive Strategies

Within-case analysis conducted in section 6.4 of this research shows that passive strategies can enhance perceived trustworthiness effectively during initial interaction on e-marketplaces. These strategies are discussed below:

1) Passive Factors

Findings show that except Case B, all the other Cases agree that passive factors greatly contribute to an effective trusting relationship during initial interaction in online trading. As selling enterprises on e-marketplaces, Case A, C and D trust that having relevant information about the enterprise, products and services on a website influences buyers to believe that they are trustworthy. These findings are in line with research findings by Li, Pienkowski, Van Moorsel, and Smith (2012) that buyers who exhibit a great disposition to trust will more readily trust a seller even with limited information provided, whereas other buyers will require more information in order to establish trusting beliefs in the vendor.

However, Case E as a buyer in e-marketplaces recognises that *“it is not easy to trust business in e-marketplaces. Suppliers should have contactable references or maybe when they are communicating with us they should give us contactable references”*. These findings support Li et al.’s (2012) conclusion that trustors in e-commerce differ in their trusting personality traits and therefore acquire specific evidence from the website in order to trust and commence an online transaction.

2) Cognitive trusting-base factors

Findings show that the majority of Cases consider the cognitive trusting-base to have a positive influence on a seller's perceived trustworthiness in e-marketplaces. For instance, Case C and D's cognitive trusting-base factors are focused on maintaining a good reputation through selling natural and organic products that adhere to recognisable quality standards. These findings are consistent with previous research studies. Kamari and Kamari (2012) note that when a seller's reputation of product quality is perceived positively, a buyer exhibits greater trust in that seller. Similarly, Hong and Cho (2011) found that having good system reputation attracts potential buyers and strengthens their trust.

In addition, Case E as an online buyer of essential oils believes that having traceable references presented on a seller's website could enhance their trustworthiness as unfamiliar buyers can trust them basing on the knowledge that they can contact the seller's references for verification and other relevant information. Findings from Case E are aligned to Li et al.'s (2008) research findings that when a trustor lacks direct information of trustee, they turn to establish their cognitive familiarity based on second-hand knowledge and impressions.

However, only Case A and B did not have cognitive trusting-base factors in place, and as a result they are the enterprises struggling to attract buyers in e-marketplaces. Accordingly, previous research on online purchase in Libya by Moftah, Abdullah, and Hawedi (2012) found that online purchasing without cognitive trusting-base factors in place presented by the seller have a negative impact in enhancing trust in e-commerce.

3) Institutional Trusting-Base Factors

Findings show that Case A and B have no institutional trusting-base factors to provide buyers with the assurance that the e-marketplace environment that they are using is trustworthy. It should be noted that these Cases are still growing agricultural enterprises from the Eastern Cape, a province that is continuously faced with lack a of ICT skills, which add to the demotivation of sellers from attempting to use ICT facilities such trading on e-commerce (Mtega & Malekani, 2009). In particular, a Case A interviewee shared: *"We know nothing about convincing out buyers that the website that we use for online trading is protected, thanks for bringing it up, we will hire someone to enlighten us on that because we know nothing about these technologies"*.

In addition, results show that Cases C and D as SMMEs from developed provinces have advanced knowledge of how to assure buyers that the e-marketplaces they use for business purposes is trustworthy. Both Cases use organic certifications as their effective institutional trusting-base factor to assure their buyers that they are reliable. As a result, they have obtained organic certifications which are displayed as guarantee seals on e-marketplaces they use. In addition, empirical evidence shows that Case D has strategies that include a customer privacy policy and strict ingredient policy for quality assurance as institutional trusting-base factors for enhancing perceived trustworthiness on e-marketplaces. In line with these findings Joseph, Balaji, and Kumar (2012) found organic certification as one of the strongest strategies to create a perception of trustworthiness to buyers of natural and organic products, as 94% of these buyers are concerned with the quality of natural and organic products that they buy without face-to-face interaction.

However, Case E as a buyer of natural and organic products in e-marketplaces argues that even if a website does not have security seals and guarantees in place, a buyer can still make a trust decision. Case E is of the view that payment gateways, clear payment process and a clear delivery process influence a buyer to trust a seller in e-marketplaces.

4) Calculative Trusting-Base Factors

Empirical evidence shows that the majority of Cases do not find calculative trusting-base factors influential to the perceived trustworthiness of enterprises trading on e-marketplaces. Case C's interviewee states that that: *"We do not need to promise anything to our buyers about positive or negative outcomes. We just want them to buy from us just because they trust the presented information in e-marketplaces that we use"*.

However, only Case D has calculative trusting-base factors that include making provisions to refund returned products a passive strategy to influence buyers to trust sellers of natural and organic products in e-marketplaces. These findings agree with previous research by Li (2004) and Li et al. (2008) which found calculative trusting-base factors applicable to initial interaction. This is because a trustor tends to be influenced to trust when the trustee is thought to have nothing to gain, or the cost overwhelms the benefits from being untrustworthy (Li et al., 2008).

6.5.2.2. Personal phase of interaction factors

Findings show that most Cases agree that the personal phase of interaction strategies could be used to enhance perceived trustworthiness of enterprises trading on e-marketplaces. For instance, Case A employed active strategies of supplying buyers with samples for evaluating products prior to making trusting and purchasing decisions. On the other hand, Case C find interactive strategies such as face-to-face communication through Skype as effective measures for enhancing a seller’s perceived trustworthiness in the event entry phase strategies are not enough to influence the buyer. In addition, findings from Case D suggest that implementing both active and interactive strategies during personal phase of interaction can positively influence a buyer’s perception of trust towards a seller trading through e-marketplaces. These active and interactive strategies include social networks, provisions for samples, email and face-to-face communication via Skype. However, Case E, a buyer in e-marketplaces suggests that the personal phase of interaction in not very important when compared to the entry phase of interaction. As a result, trust influencing techniques have to be implemented during the entry phase as an interviewee from Case E explained that: *“A buyer is able to make a decision whether the seller is trustworthy or not without having to waste time checking social networks and try to interact with the seller”*.

6.5.3. Summary of Cross-case Analysis of the Research

Findings from cross-case analysis affirm that Case A and B are farmers from the Eastern Cape – a province that is continuously challenged by the lack of awareness of e-commerce benefits in the agricultural sector. In addition, empirical evidence shows that Case A and B need to adopt Case C, D and E’s strategies to create a perception of trustworthiness to buyers trading on e-marketplaces. Case C, D and E were found having successful strategies of enhancing trust on e-marketplaces as reflected by the online sales volume and their ability to access international markets. A clear summary of these cases showing the different levels of trust achieved by these cases in e-marketplaces is presented in table 10 below.

Table 11: The Level of Trust in E-marketplaces through Uncertainty Reduction Strategies

Case	Passive Strategies	Active Strategies	Interactive Strategies	Level of Trust Achieved	Success in E-marketplaces
Case A from the Eastern	Employed very few	None	Employed very few	Low	Not successful

Cape					
Case B from the Eastern Cape	None	None	None	Low	Not successful
Case C from Kwazulu-Natal	Employed several	None	Employed several	High	Successful
Case D from Western Cape	Employed several	Employed few	Employed Very few	High	Successful
Case E from Gauteng	Employed Few	None	None	Moderate	Successful

6.6. Conclusion

This chapter presented findings from the five cases that were engaged during data collection for this research study. The presented evidence of each case was collected using different data collection methods such as open-ended interviews, document analysis and observations. Evidence from the Cases was collected with regard to components of the research objective which is to develop a model to enhance perceived trustworthiness of enterprises selling through e-marketplaces. Findings from Cases on the factors that can assist selling enterprises to create a perceived trustworthiness to sellers in e-marketplaces were presented using within-case and cross-case analysis techniques of qualitative case studies analysis.

Within-case analysis showed that Case A is an agricultural farming SMME that produces and sells natural essential oils operating in the Eastern Cape Province. This Case made an attempt to use e-marketplaces for trading purposes but stopped after realising no benefits as their buyers shunned trading online due to a lack of trust. The lack of trust could be attributed to Case A's lack of convincing passive strategies on their e-marketplace as they had only one interactive strategy and no active strategies in place to create a perception of trustworthiness to buyers that are unfamiliar with their operations on e-marketplaces.

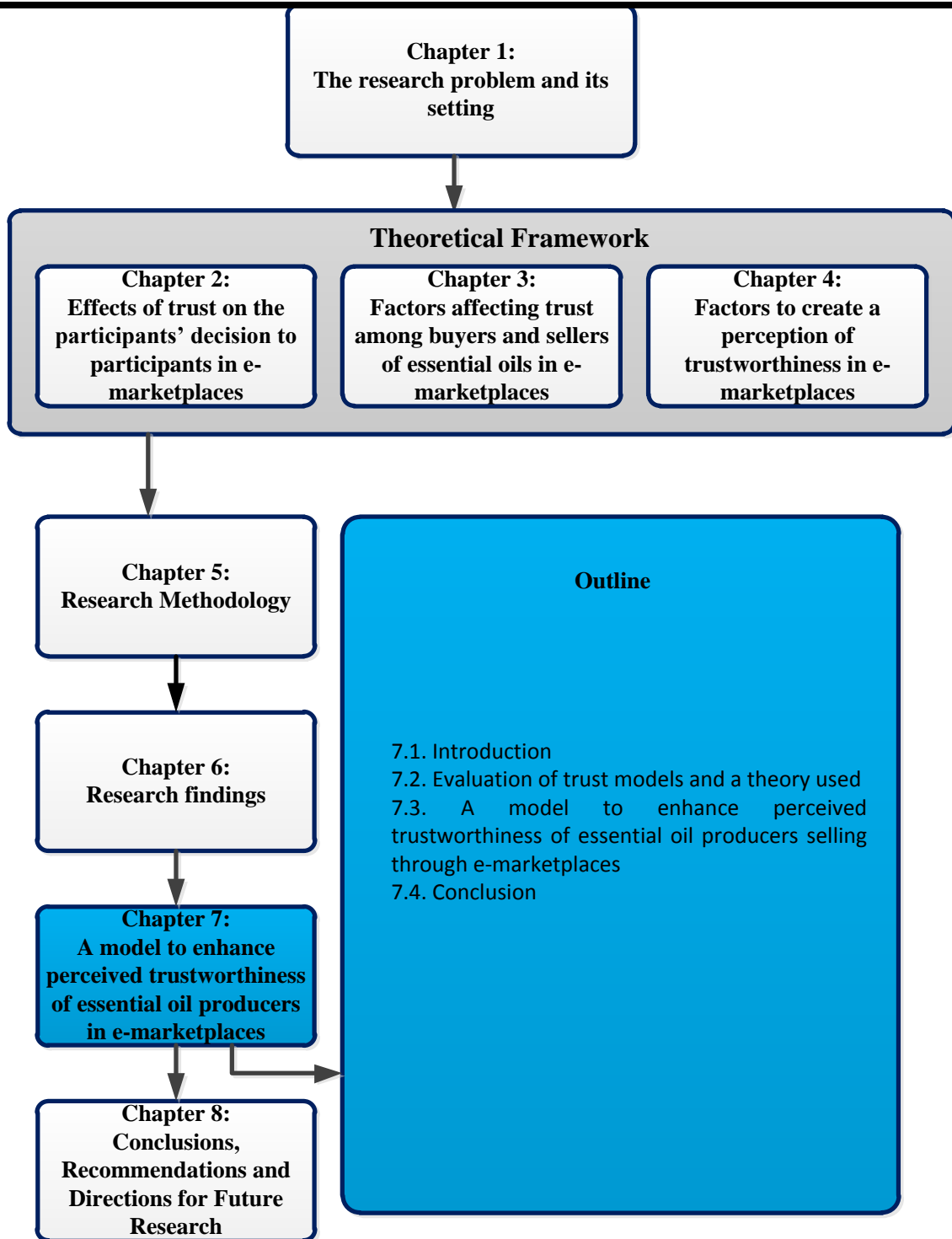
Within-case analysis also showed that Case B is an agricultural farming SMME that produces and sells natural essential oils in the Eastern Cape Province. This case has never used e-marketplaces due to a myriad of trust factors concerning technology. Furthermore, findings showed that this Case is interested in using e-marketplaces, but they fear that it may not

succeed as they believe that most buyers would like to see products face-to-face before making any purchases. Lastly, within-case analysis showed that Cases C, D and E are retailers operating in the provinces of Kwazulu-Natal, Western Cape and Gauteng. Empirical evidence showed that these Cases have succeeded in using e-marketplaces for trading purposes, and as portrayed by online sales. Findings showed that these Cases have adopted different and similar passive, active and interactive strategies to create a perception of trustworthiness to buyers in e-marketplaces, and they have been successful in using those strategies.

Cross-case analysis of factors to enhance perceived trustworthiness in e-marketplaces was used to consolidate findings from all the Cases considered. Findings from cross-case analysis shows that Case A and B are farmers from the Eastern Cape, a province that is continuously challenged with lack of awareness of e-commerce benefits in the agricultural sector. In addition, empirical evidence shows that Case A and B need to adopt Case C, D and E's strategies to create a perception of trustworthiness to buyers because they are the retailers that have yielded positive results from trading in e-marketplaces.

The next chapter uses findings from this chapter to explain their implications on the proposed model of this research. This model is for enhanced perceived trustworthiness of enterprises selling through e-marketplaces.

Chapter 7: A Model to Enhance Perceived Trustworthiness of Essential Oil Producers Selling through E-marketplaces



7.1. Introduction

The previous chapter presented empirical data related to factors that can assist selling enterprises to create a perception of trustworthiness in e-marketplaces. The data was collected from five cases and analysed using within-case and cross-case analysis. This data shall be used to validate and evaluate the proposed model of this study. Accordingly, this chapter starts with an evaluation of models and a theory that were used as a source of guidance in the literature review. Findings from data collection are compared to propositions in the models and theories considered taking note of similarities and differences. The chapter goes on to modify the theory that was used in this study to apply findings from data collection.

7.2. Evaluation of the Used Trust Models and Theory

The aim for evaluating trust models and the theory employed in this research is to assess similarities and differences between findings from the cases, theories and trust models used in the literature review of this research. In addition, trust models such as Evolution of Trust and Initial Trust Formation models are evaluated to establish which factors affect institutional trust in a relationship such as the buyer-seller relationship in an e-marketplace. The main focus is on evaluating the URT theory as a qualitative measure for describing factors for enhanced perceived trustworthiness of enterprises from the Eastern Cape selling through e-marketplaces.

7.2.1. Initial Trust Formation and Evolution of Trust Models

The Initial Trust Formation model proposed by Li et al. (2008) was used in Chapter 3 to identify factors affecting institutional trust among buying and selling enterprises in e-marketplaces. According to this model, trusting-bases such as personality, cognitive, institutional and calculative are factors that can affect institutional trust among enterprises in e-marketplaces (Li, 2004; McKnight et al., 1998; Li et al., 2008). Previous research by Mead (2009) acknowledges that parties make their decisions of trusting or distrust based on what is made available to them, therefore components that might lead to distrust must be fully addressed. Therefore in addressing the main objective of this research, which is to develop a model for perceived trustworthiness of enterprises selling through e-marketplaces, factors that affect institutional trust among enterprises were fully addressed during the initial interaction process as passive strategies.

The Evolution of Trust model proposed by Jones and George (1998) argues in this research that trust among parties can be affected and changed depending on experience and outcomes of interaction and actions. This trust model was used in Chapter 3 of this research to achieve the sub-objective of this research which is to identify factors that affect institutional trust among buying and selling enterprises in e-marketplaces. It was noted that parties in an interpersonal relationship act based on the meanings that they have learned from what has been made available to them and the experience is developed of whether or not to trust, hence evolution of trust. Therefore, buyers' trust decisions of the selling enterprises on e-marketplaces depends on their perceptions of the level of trust based on the information made available.

It should be noted that findings from within-case and cross-case analysis confirmed that trusting-bases such as personality, cognitive, institutional and calculative have a positive influence when grounded as passive strategies. Such findings validate the proposition that, the trustworthiness of buyers in sellers on e-marketplaces can be influenced and enhanced when trusting-bases are identified and addressed appropriately during initial interaction. Such findings are in line with previous research by Pavlou, Liang, and Xue (2007) which states that to reduce the nature of uncertainty in e-commerce, there is a need to first identify factors affecting the participants' decision to trust or distrust, then fully address those influences. These findings also agree with previous research by Naoui and Zaiem (2014) which motivates the fact that in order for an entity to take advantage of the opportunities to create a perceived trustworthy first impression and encourage adoption, the relevant determinants of trusting behaviour in the context of initial interaction need to be studied first.

7.2.2. Evaluation of the Research Theory URT

This section is aimed at evaluating differences and similarities between findings from data collected from the five cases and proposition in the URT theory used in this research's literature review. The focus of evaluating the URT theory is to establish which of its stages to reduce uncertainty were found instrumental to enhancing perceived trustworthiness of enterprises selling through e-marketplaces. As discussed in Chapter 4, URT was proposed by Berger and Calabrese (1975) to reduce uncertainty through influencing communication in the form of Entry, Personal and Exit phases of interaction among parties in an interpersonal relationship. In addition to uncertainty reduction stages, Berger (1986) proposed the

uncertainty reduction strategies namely passive, active and interactive to further reduce uncertainty through increasing the predictability that leads to increased knowledge of future trusting behaviour among organisations.

To arrive at factors that can assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces, this research analysed the uncertainty reduction process and uncertainty reduction strategies. The uncertainty reduction process and strategies were found influential to the creation of a perception of trustworthiness by buyers on e-marketplaces. This is because they increase the predictability of future trust behaviour (Megaw & Flowerday, 2010) on which this research objective is focused on.

7.3. A model to Enhance Perceived Trustworthiness of Essential Oil Producers Selling through E-marketplaces

The research model is drawn and grounded on components of trust models and theory as discussed in the previous section and findings from the Cases discussed in Chapter 6. The model for this research presented in Figure 13 is illustrated following the Entry, Personal and Exit URT developmental phases and their arguments based on passive, active and interactive strategies. This is because it was found that in order to have sufficient level of trust, a significant level of effective communication is required (Piderit, 2012). Data collected shows that URT developmental stages and strategies can be applied to promote and create a perception of trustworthiness of selling enterprises in e-marketplaces.

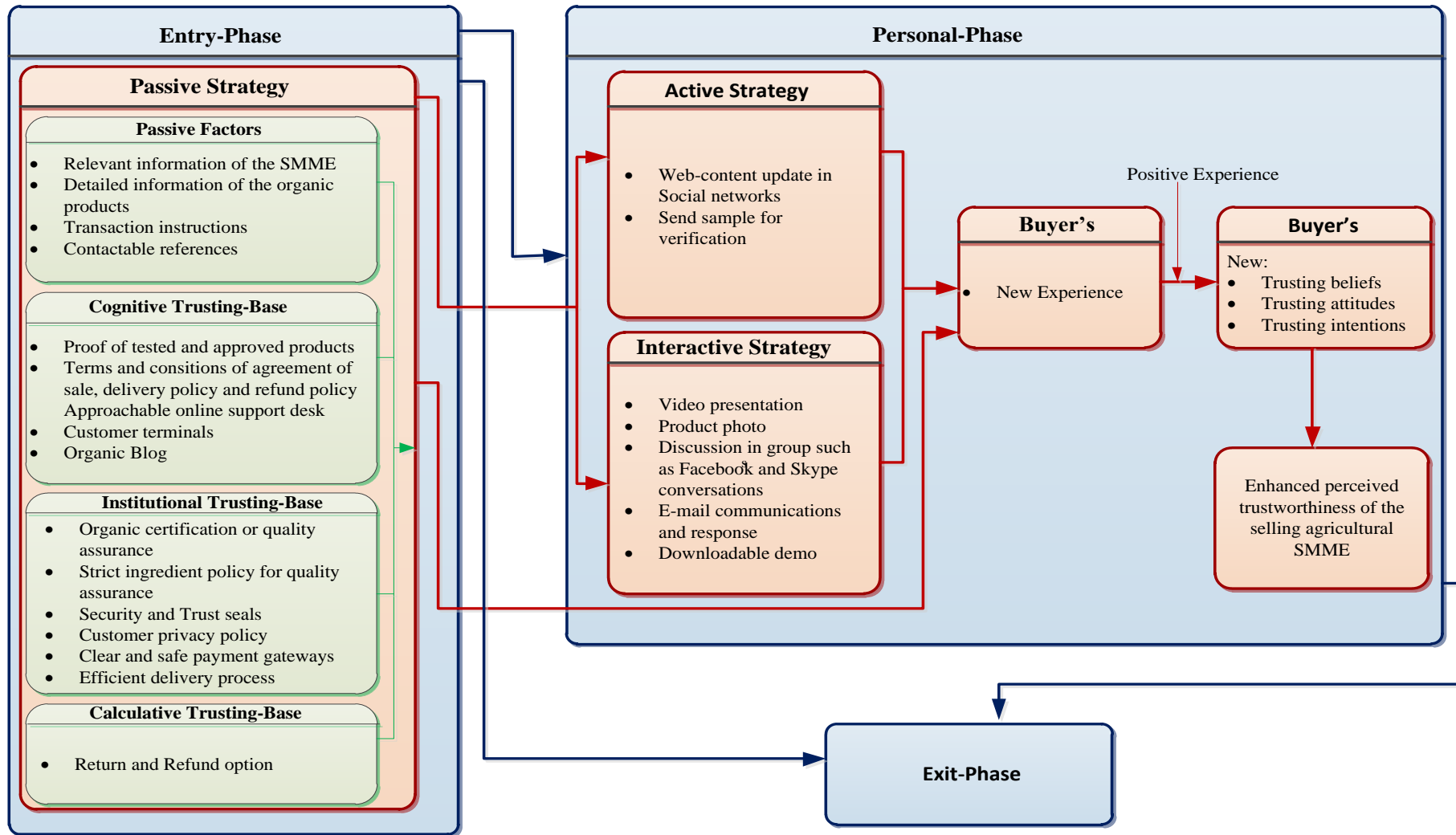


Figure 13: A model to Enhance Perceived Trustworthiness of Essential Oil Producers Selling Through E-marketplaces

7.3.1. Entry Phase of Interaction

The entry phase of interaction of the proposed model consists of the passive strategies to enhance perceived trustworthiness of enterprises selling through e-marketplaces. This is in line with previous research by May and Tenzek (2013) which indicates that during initial interaction an organisation is in a situation where the other organisation is likely to be character-monitoring. As presented in the previous chapter, findings show that passive strategies are the main influences of perceived trustworthiness when buyers experience unfamiliarity of sellers in e-marketplaces. The main aim of executing passive strategies is for the seller to provide the buyer with relevant information on its e-marketplace website that would facilitate trusting-bases such as cognitive, institutional and calculative. The intention of this phase is for the seller to ensure that their unfamiliar buyers' uncertainties are reduced. If buyers after obtaining information about seller still do trust them and still want to know the seller, then the process moves to the personal phase stage. However, if the buyer's uncertainty increases after obtaining information about the seller, then the buyer would proceed to the exit phase of the process.

7.3.2. Personal-Phase of Interaction

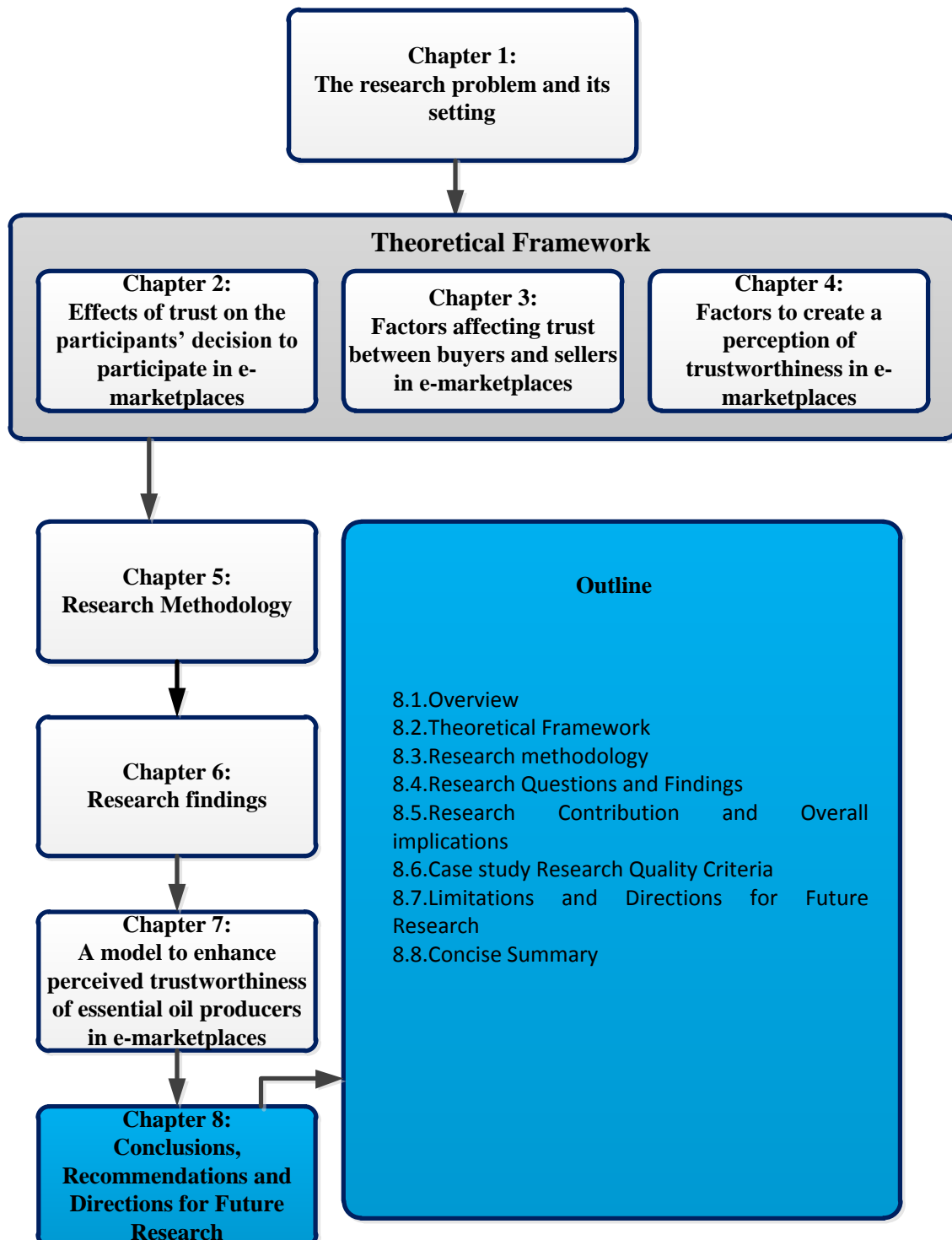
In this phase, active and interactive strategies are implemented to increase a buyer's institutional trust, and develop new experience of e-marketplaces that can lead to progressive trusting beliefs, trusting attitudes and trusting intentions (May & Tenzek, 2013). Kramer (2008) agrees that through active and interactive communication, organisations can reduce uncertainties that arise when experiences do not match anticipations or when relationships change. In applying active strategies, buying organisations can ask the seller whether they are interested in or try to set up a situation where they can observe. For example in online trading, partners in e-marketplaces can use video conferencing for observing. Once the situation is set up, they can sometimes, engage in face-to-face communication (an interactive strategy) (Berger, 1986; May & Tenzek, 2013). In applying interactive strategies, individuals communicate directly with each other and obtain information through direct exchange in order to reduce uncertainty in interpersonal relationship (Allen et al., 2009). The level of trust during the personal phase is expected to be fairly stable and not move to the exit phase. However, if trust is not fairly stable and buyers still cannot regard the seller as trustworthy,

then they can move to the exit phase. Findings discussed and interpreted through cross-case analysis confirmed that selling enterprises' personal phases of uncertainty reduction are vital to enhance perceived trustworthiness in interpersonal exchange of agricultural products in e-marketplaces.

7.4. Conclusion

This chapter presented the main objective of this research which is the proposed model of enhanced perceived trustworthiness of enterprises selling through e-marketplaces was presented in this chapter. Firstly, this chapter discussed an evaluation of the trust models and theory used was presented to assess similarities and/or differences between findings from cases, theory and the literature. The next chapter which is the last chapter of the whole research provides summative conclusions of key aspects of the research.

Chapter 8: Conclusions, Recommendations and Directions for Future Research



8.1. Overview

A preliminary investigation conducted at the beginning of this study found that there is a low adoption of e-marketplaces by SMMEs in the agricultural sector of the Eastern Cape Province. It was also found that the low adoption of e-marketplaces by SMMEs is attributed to inter alia a lack of trust between both buyers and sellers trading on e-marketplaces. To address this problem, this research proposed a model with factors that could be used by sellers as a source of guidance for motivating a perception of trustworthiness to buyers in e-marketplaces. This proposed model was developed through the integration of factors of trust in existing trust models namely the Initial Trust Model and Evolution of Trust Model with the phases of trust in the Uncertainty Reduction Theory (URT). The URT argues that uncertainty is unpleasant and can be addressed through communication between concerned parties (Cushman & Kovacic, 1995, p. 67; Berger, 2011).

This study subscribes to the URT's propositions and finds with the proposition that uncertainty reduction process follows three phases namely the entry, personal and exit phase. Entry phase is characterised by seeking of information about the profile of the potential associate. Much of the interaction in this phase is controlled by communication rules and norms during the personal phase. Exit phase is the final phase of the URT process whereby decisions are made concerning the desirability of future interaction. Normally, these decisions are discussed and plans for future interaction are made (Berger & Calabrese, 1975; Berger, 1986; Berger, 2011). Previous research showed that the URT fits across relationships and can be applied to interactions as this research study is based on the relationships among enterprises in e-marketplaces (Westerman, Van De Heide, Klein, & Walther, 2008). In addition to the URT's phases, this research study also finds with Berger's (1986) uncertainty reduction strategies that include passive, active and interactive. This was aimed at increasing the predictability of trust behaviour which leads to an increased knowledge of future trusting behaviour of buyers on e-marketplaces.

8.2. Theoretical Framework

This research exclusively identified low e-marketplaces adoption in the agricultural sector in the Eastern Cape. It was found that the low e-marketplaces adoption is attributed inter alia to lack of trust. To address the recognised problem fully, this research proposed a model to assist selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces.

This proposed model was developed through the integration of the existing trust model called Uncertainty Reduction Theory model (URT) which was explained in more detail in Chapter 4. This was because URT centred its argument on the perception which articulates that uncertainty is unpleasant and then motivates communication between parties in an attempt to reduce it (Cushman & Kovacic, 1995, p. 67; Berger, 2011).

Based on the theoretical background of this research, URT follows an uncertainty reduction process of developmental stages: entry, personal and exit. Entry phase is characterised by seeking of information about the profile of the potential associate. Much of the interaction in this phase is controlled by communication rules and norms. Exit phase is the final phase of the URT process whereby decisions are made concerning a desirability of future interaction. Normally, these decisions are discussed and plans for future interaction are completed (Berger & Calabrese, 1975; Berger, 1986; Berger, 2011). The proposed model of this research can assist organisations such as enterprises to enter the entry stage successfully in a trustworthy manner and facilitate a trustworthy transaction from the entry to the personal phase. Subsequent previous research shows that URT fits across relationships and can be applied to interaction, as this research study is based on relationships among enterprises in e-marketplaces (Westerman, Van De Heide, Klein, & Walther, 2008). In addition to the stages, the research study centred its arguments of uncertainty reduction developmental stages on reduction strategies that include passive, active and interactive (Berger, 1986). This was aimed at increasing predictability about behaviour which will lead to an increased knowledge of future trusting behaviour of enterprises in e-marketplaces.

8.3. Research Methodology

The research methodology was discussed in Chapter 5 of this research. This research is classified under descriptive and explanatory research. In addition, the research employed a qualitative research approach and an interpretivism paradigm where reality is viewed as a social construction. Furthermore, this research uses the case study strategy to address its research question: *how can the perceived trustworthiness of enterprises in the Eastern Cape selling through e-marketplaces be enhanced?* A case study strategy was found suitable for this research as it is focused on the interaction between individuals and the technology, and the trust effects and factors from using e-marketplaces in a real-life context (Maoneke & Isabirye, 2014). Figure 14 below shows this study's research design. Five cases were

considered during data collection. These cases were selected using purposive sampling from different provinces of South Africa. Case A and B were selected from the Eastern Cape; Case C from Kwazulu-Natal; Case D from Western Cape, and Case E from Gauteng Province. Data from these cases was collected using open-ended interviews, document analysis and observation. Coding was used for data analysis that was done in two stages namely within-case and cross-case analysis.

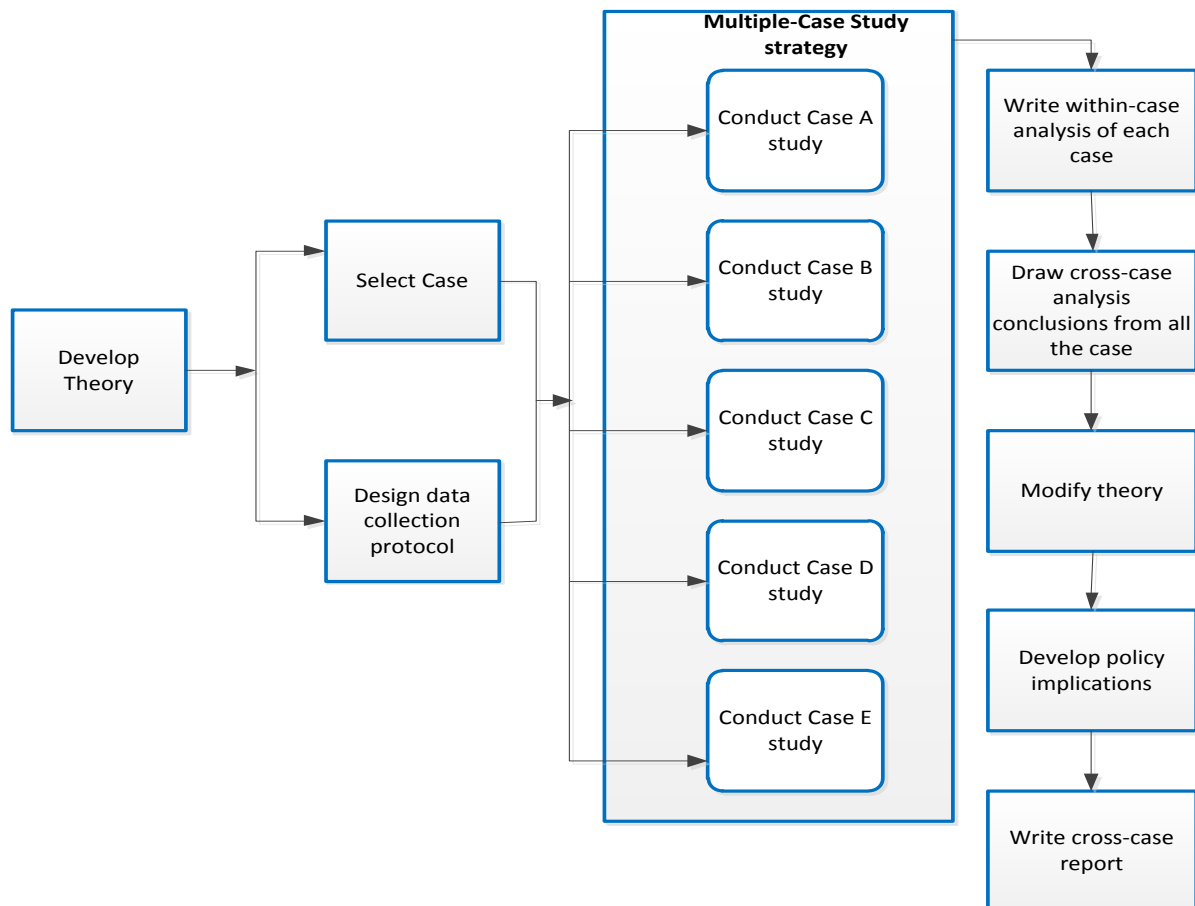


Figure 14: multiple-Case Study Design of this Research (Yin, 2009, p. 57)

8.4. Research Questions and Findings

The research question of this study is set out in chapter one as follows: *How can perceived trustworthiness of enterprises selling through e-commerce tools such as e-marketplaces be enhanced?* To address this research question and meet the objectives of the study, the following sub-questions were identified and investigated.

a) What are the effects of trust on the participants' decision to participate in e-marketplaces?

It was found that most of agricultural projects in SA are based in rural areas where there is a poor infrastructure to support the successful implementation of e-commerce (Moxham et al., 2012). The Eastern Cape Province was identified as one of the provinces where SMMEs have not adopted e-commerce trading platforms such as e-marketplaces. Accordingly, this research sub-research question provided a better understanding of the current status of e-commerce adoption in the agricultural sector of the Eastern Cape Province. Lack of trust in e-marketplaces was found as one of the reasons behind its low adoption. The core aspects that have been found to contribute to the lack of trust included fear of quality assurance, lack of e-marketplaces awareness, and a lack of ICT capacity in rural areas. Accordingly, Chapter 2 investigated and identified that the effects of low e-marketplaces adoption include perceived risks and privacy concerns, resistance to change from traditional trading methods, lack of confidence in e-marketplaces which result in suspicions, awareness, watchfulness and fear. Findings from data collection and analysis that SMMEs in the Eastern Cape Province hesitate to participate in e-marketplaces due to lack of trust and lack of awareness of e-marketplaces benefits affirmed findings from the literature review of chapter 2.

b) What trust factors affect trust between selling enterprises and buyers in e-marketplaces?

This research question was addressed in Chapter 3. To arrive at the trust factors that affect institutional trust, the Initial Trust Model and Evolution of Trust Model were used. The Evolution of Trust argues that trust evolves and changes over time. The model clarifies that trust can change depending on experience, outcomes of interaction, and actions. It is understood that experience influences the participants' decision on e-marketplaces as determined by their values, attitudes, moods and emotions. This implies that enterprises can use factors like values in gauging one's experience and guiding behaviour towards trusting e-marketplaces. In addition, the Evolution of Trust model suggests that attitude affects the participants' trust decisions. This was supported by Li et al.'s (2008) previous research which hypothesise that when individuals lack direct and relevant information and repeated experience with the trustee, they will establish their cognitive familiarity based on second-hand knowledge, impressions, cognitive cues, and cognitive processes. Furthermore, moods and emotions were found to be the factors that affect the participants' decisions to participate

in e-marketplaces. The experience of trust can be expressed strong or intense feelings (emotions) or more indirect feelings (moods). Therefore, individuals often decide if they can initially trust someone by examining the feelings they have toward that person (Jones & George, 1998).

The Initial Trust Formation model by Li (2004) was modified to further explain how trust is formed and affected during the initial stage of interaction among organisations in interpersonal interaction (Li et al., 2008). Based on the previous literature, trusting-bases from this model were found to be the trust factors that affect the participants' decisions of whether to trust or distrust. These trusting bases included institutional, calculative, personal, and cognitive trusting-bases. Knowledge trusting-base was not considered as the factor that can affect participants' decisions within the context of this research. This is because this research study focused on creating a perception of trustworthiness to participants that are unfamiliar with each other during the initial stage of interaction.

c) What factors can assist selling enterprises to create a perception of trustworthiness to their buyers in e-marketplaces?

This research question provided and explored factors to assist selling enterprises in creating a perception of trustworthiness to buyers in e-marketplaces. This was achieved in Chapter 4 where this study's grounding theory, the URT, was adopted and used to achieve the aims of this research. It is believed that the subject of trust could be addressed by managing of the phases of uncertainty reduction namely the entry, personal and exit phases. The uncertainty reduction phases could be managed through the use of uncertainty reduction strategies namely the passive, active and interactive strategy. In addition, the literature review of Chapter 3 showed that factors (personality, cognitive, institutional, and calculative trusting-bases) that affect trust are valuable in addressing this research sub-question. Figure 15 below summarises the identified factors to assist enterprises to create a perception of trustworthiness to their buyers in e-marketplaces.

Findings from data collection and analysis show that factors for assisting selling enterprises to be successful in e-marketplaces agree with those in the literature. Results from data analysis show the usefulness of the uncertainty reduction phases: entry and personal phases. Passive and interactive strategies were found to be more influential in creating perceived trustworthiness in e-marketplaces. However, few cases found active strategies useful in

assisting selling enterprises to create a perception of trustworthiness to buyers in e-marketplaces.

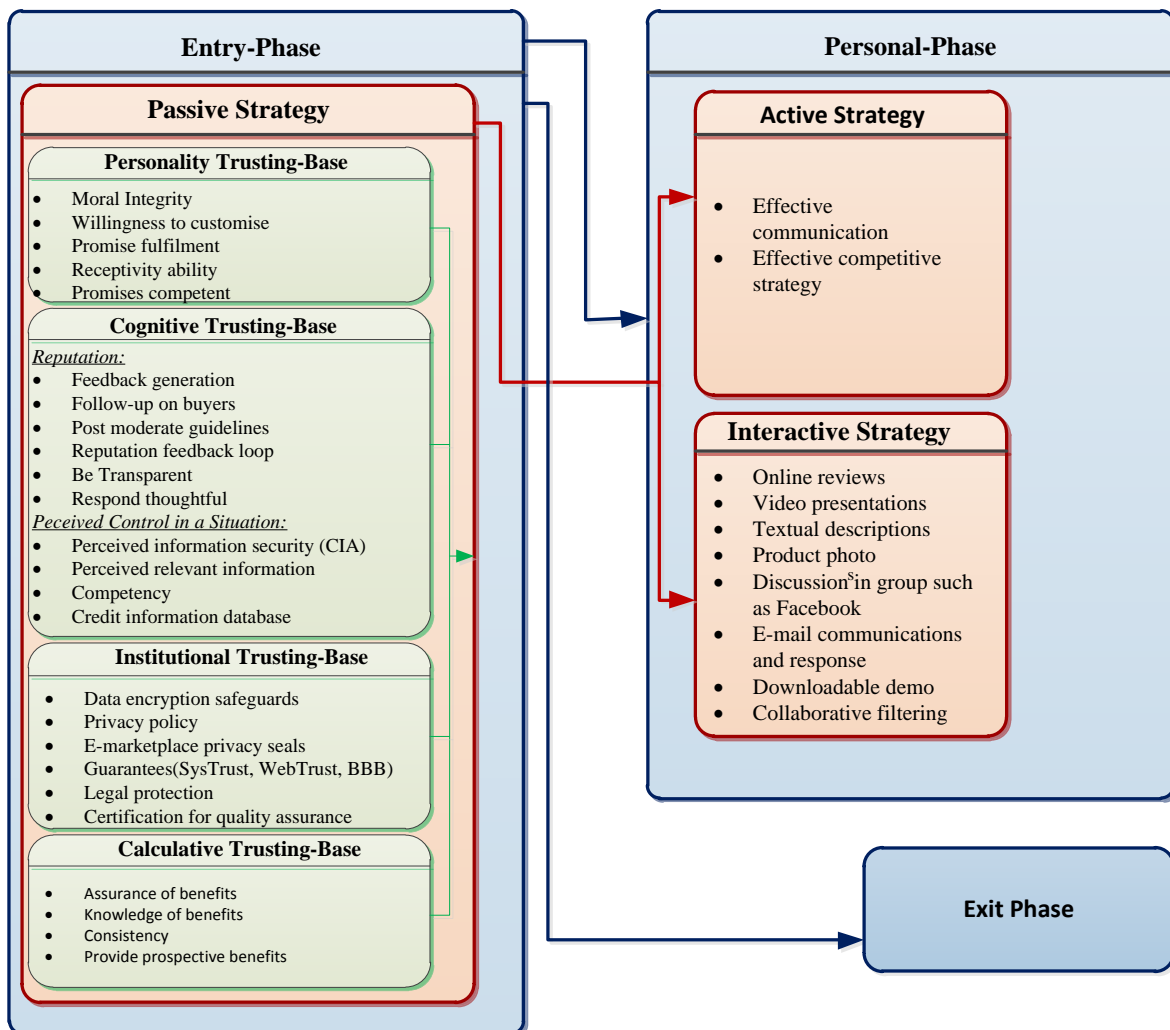


Figure 15: Factors to Assist Selling Enterprises to create a perception of trustworthiness to buyers in e-marketplaces

8.5. Research Contribution and Overall Implications

This research study contributed to the body of knowledge on trust in e-commerce through the integration of trust models and previous literature concerning trust. Secondly, the research contributed to the body of knowledge in the agricultural sector within the rural areas such as the Eastern Cape Province. The research contributed through the development of a trust model to enhance perceived trustworthiness of enterprises from the Eastern Cape selling through e-marketplaces. The developed model was presented in Chapter 7. The model proposed in this research concedes that a proper management of uncertainty reduction phases

namely Entry, Personal and Exit through passive, active and interactive strategies could enhance one's trustworthiness on e-marketplaces. This was motivated by the fact that, a significant level of effective communication is required in order to have a sufficient level of trust (Piderit, 2012). Data collected shows that URT developmental stages and strategies can be applied to promote and create a perception of trustworthiness of selling enterprises in e-marketplaces.

8.6. Case Study Research Quality Criteria

As discussed in Chapter 5, this research project adopted case study research; therefore the evaluation of its quality included construct validity, internal validity, external validity and reliability (Yin, 2009, p. 40). The case study evaluation criteria was applied as follows:

- **Construct validity:** to ensure construct validity, this research collected data using multiple data sources that included interviews, observations and document analysis. The study ensured chain of evidence through following the same logical stream throughout the writing of the dissertation, which started with the definition of the problem to the presentation of data and subsequent analytical considerations.
- **Internal validity:** Yin (2009, p. 40) explains internal validation of a case study research as an extent pursuance to establish a causal relationship, whereby certain situations are believed to lead to other situations. This research study conducted pattern matching and explanatory building through within-case and cross-case analysis of the findings from different Cases that were considered during data collection.
- **External validity:** The research defined the fields where the findings of this research could be generalised. As discussed in Chapter 4, this research intended to assist selling agricultural SMMEs from the Eastern Cape Province to create a perception of trustworthiness to buyers in e-marketplaces. Therefore, multiple-cases and multiple sources were used to discover different views from different enterprises from different provinces of South Africa.
- **Reliability:** this research study attempted to reduce bias through adhering to codes of ethics when conducting research, descriptions of the data collection methods, and through an extensive and thorough documentation of each case. To increase the validity and reliability of the research instruments used for data collection, the

interview guide was evaluated by the research supervisor. Suggestions from the supervisor were accommodated.

8.7. Limitations and Directions for Future Research

Future research can further this research study by addressing limitations of this research. Firstly, this research exclusively focused on enhancing trustworthiness in enterprises from the Eastern Cape to increase their participation in e-marketplaces. Future research can take the proposed model of this research study and apply it to other poor provinces such as Limpopo, Free State, North West and Northern Cape, identified to have low e-commerce adoption attributed to lack of trust.

8.8. Concise Summary

The research problem has been addressed as the proposed model embodies the fulfilment of the objective of this research study. The main objective of the research was to develop a model to enhance perceived trustworthiness of enterprises selling through e-marketplaces. The model was developed through the use of existing trust models and was validated through the use of primary data. The research contributed to the body of knowledge in the agricultural sector within the rural areas such as the Eastern Cape Province.

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Appendix A: Ethical Clearance Certificate



University of Fort Hare
Together in Excellence

ETHICAL CLEARANCE CERTIFICATE
REC-270710-028-RA Level 01

Certificate Reference Number: ISA021SGCO01

Project title: **A Model for trust between agricultural micro-enterprises on B2B e-marketplaces**

Nature of Project: Masters

Principal Researcher: Nozibele Gcora

Supervisor: Mrs N Isabirye
Co-supervisor:

On behalf of the University of Fort Hare's Research Ethics Committee (UREC) I hereby give ethical approval in respect of the undertakings contained in the above-mentioned project and research instrument(s). Should any other instruments be used, these require separate authorization. The Researcher may therefore commence with the research as from the date of this certificate, using the reference number indicated above.

Please note that the UREC must be informed immediately of

- Any material change in the conditions or undertakings mentioned in the document
- Any material breaches of ethical undertakings or events that impact upon the ethical conduct of the research

The Principal Researcher must report to the UREC in the prescribed format, where applicable, annually, and at the end of the project, in respect of ethical compliance.

Appendix B: Interview Protocol

Semi-structured interview questions for factors to enhance perceived trustworthiness of enterprises in e-marketplaces

[Please indicate your selection by indicating with **X** in the corresponding box]

1. How many employees do you have?

Micro Enterprise < = 5		Small Enterprise < =100		Medium Enterprise < = 200	
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2. Which of the following would best describe your business comparison with other businesses in your industry?

Still Growing		Moderate		Highly profitable	
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3. What proportion (approximately) of your sales are made to customers that find you using the Internet and then order and pay for a product without having visited your premises, meeting you or your sales staff in person or physically seeing or touching the product?

4. Have you ever used e-commerce platforms such as Alibaba, Bidorbuy, EBay or OLX to sell your products or seek suppliers? If so, which platform have you used?

5. How has your experience using the platform mentioned in influenced whether to continue or not to continue using the platform?

-
6. Have you ever experience any fraudulent activities when transacting over e-marketplaces, if so, please explain what you experienced?

7. What aspects related to trust do you think are lacking in e-marketplaces?

8. As a buyer and seeking for products form a supplier that you have never engaged with before, what information sources, (besides communicating directly with the organisation) do you look for in a supplier's Web site that can give you confidence to trust his or her products or services?

9. As a buyer, what things do you think can help build a good reputation and influence you as a prospective customer to trust supplier's products and services in e-commerce?

10. What does your business have in place to ensure awareness and provide sufficient information about your product and services?

11. What governing practices does your business have for ensuring, goodwill, and proficiency in trading processes?

12. What organisational and technological policies, regulations, and guarantees do you have as safeguards for your buyers that are unfamiliar with you in an online trading environment?

13. What positive outcomes do you promise your prospective customers to benefit after interacting in your website in order to gain their trust and influence them to stay loyal?

Appendix C: Type of Natural Essential Oils that Enterprises from the Eastern Cape Produce and Supply

Type of Essential Oil	Healing Properties
Lemon Balm	Nerve tonic, antibacterial, relieves depression and strengthens the heart, antiviral, antifungal, antiseptic and antispasmodic
Rose Geranium	Hormone balancing, relaxing; heals diarrhoea, acne, stress; antiseptic and antidepressant, regenerative and lymph gland stimulant
Mpepho	Bruising, wound healing, carminative, muscle pains, period pains, stress and astringent
Tea-Tree	Antiviral, immune stimulant, analgesic, antifungal, antiseptic, antibacterial, decongestant, cystitis, thrush, herpes, candida
Yarrow	Fever, hair care, scars, stretch marks, wounds, haemorrhoids, varicose veins.
Sage	Gum disease, hot flushes, muscle relaxant, oily skin and hair, general decongestant, expectorant, antiviral, antibacterial and antiseptic
Peppermint	Nausea, coughs, colds, headaches, calming, cooling, muscle pain, antiviral, digestive tonic, analgesic, antiseptic, anti-inflammatory
Artemisia	Decongestant, antiviral, antibacteria
Chamomile	Healing for cuts and wounds, relaxing, good for skin, anti-allergic, analgesic, antispasmodic, tonic, and relaxant
Cedarwood	Antifungal, calming, strengthening, good for mucous congestion and antiseptic
Cypress	Nerve tonic, circulation, deodorant, antibacterial, cellulite, antiseptic
Khakibos	Anti-fungal, antiparasitic, antiseptic, insect repellent,

	antimicrobial, sedative anti-spasmodic
Marjoram	Insomnia, muscle pain, period pains, stress, sedative, carminative and astringent
Leonotis	Antiviral, good for skin conditions, coughs, bites and stings, muscular cramps, antiviral and antibacterial
Lippia javanica	Insect repellent, decongestant, antiseptic
Ouhout	Antifungal, anti-bacterial, calming