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Rebuilding Consumer Trust in e-Commerce Relationships

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ABSTRACT

Several researchers have studied trust in the electronic commerce context. Much of this work is aimed at establishing initial trust, with some recent research on maintaining on-going trust between consumer and vendor. This paper examines a related aspect of trust in the e-Commerce environment, namely trust violations and their subsequent repair. It draws upon research in professional trust relationships and adapts it to the e-Commerce context. It proposes a conceptual model that relates trust violation characteristics, vendor reconciliation tactics, and individual consumer characteristics as relevant determinants of the consumer's willingness to reconcile. Given the large range of possible trust violations in on-line purchases, and increasing competition among vendors, it becomes imperative for earnest vendors to provide sincere opportunities to repair the trusting relationship with devoted consumers.

Keywords

Trust, trust relationships, e-Commerce.

INTRODUCTION

With the spread of e-Commerce, trust has been increasingly researched in the IS domain. Researchers have sought to establish a reliable construct and definition of trust, devise instruments for its measurement, and empirically test competing models for trust formation in the context of e-commerce (Gefen et. al., 2003). Much of this research focuses on initial trust formation, with emphasis on the antecedents of initial trust. The notion of ongoing trust in an e-Commerce setting is acknowledged but not explicitly explored. Also, mechanisms of trust degradation are not explored. The notion of trust violation and subsequent repair has been explored in the context of professional relationships (Lewicki and Bunker, 1995). This paper adopts the view that trust between a consumer and vendor in an e-Commerce setting is akin to that of professional relationships, and some vendor behaviors may be construed as a violation of trust. The subsequent behavior of the consumer with respect to this violation, and the responses by the vendor, will shape whether the trust relationship is restored, irrevocably broken, or merely degraded. It presents a procedural model of trust degradation and a structural research model for evaluating the effectiveness of repair of the trust relationship.

TRUST IN THE E-COMMERCE CONTEXT

Trust in the e-Commerce context takes many forms. During the establishment of the relationship, it is manifested as initial trust. With the continued existence of the relationship, it evolves into ongoing trust. In the event that something untoward transpires during the relationship, it may lead to the formation of distrust.

Initial trust

Several characterizations have been advanced for the formation of initial trust. Initial trust has been characterized as the trust that appears at the beginning of the relationship and is a consequence of the level of credibility, integrity, and benevolence of the partners. McKnight et. al. (2002) adapt this to an e-Commerce context arguing that the period during which a consumer visits and explores a vendor's Web site for the first time is part of initial trust formation. Institution based trust, which addresses one's sense of security from guarantees, safety nets, or other impersonal structures, is acknowledged as a key factor in the formation of initial trust (Kim and Prabhakar, 2004).

Ongoing trust

Researchers suggest that ongoing trust is formed by calculus based trust, representing an ongoing, market oriented, economic calculation whose value is determined by the outcomes resulting from sustaining the relationship relative to the costs of severing it (Lewicki and Bunker, 1995). Another basis for ongoing trust is knowledge based trust, representing trust develops over time with the accumulation of trust-relevant knowledge resulting from experience with the other party

(Lewicki and Bunker, 1995). When adapted to the e-Commerce context, ongoing trust is consumer's trust that is built upon knowledge and calculation from outcomes resulting from recurring on-line transactions with a specific vendor.

Trust violation and the decline of trust

A trust violation occurs when evidence from a relationship disconfirms the positive expectations about behavior, thereby changing the nature of the relationship (Tomlinson et al., 2004). Lewicki and Bunker (1996) suggest that professional trust violations will result in a cognitive appraisal and an emotional reaction, leading to lower knowledge and calculus based trust. The violator's actions and the nature of reconciliation tactics will eventually shape the extent to which the trust is rebuilt.

In the e-Commerce context, the trust violation could involve an on-line transaction, or other behavior by the vendor. It is expected that the trust accumulated through prior transactions will be eroded, thereby decreasing knowledge based trust. Likewise, trust violations can be interpreted as inconsistent behavior by the vendor, leading to decreased calculus based trust. A process view of trust violation and reconciliation is presented in Figure 1, as adapted from (Lewicki and Bunker, 1996).

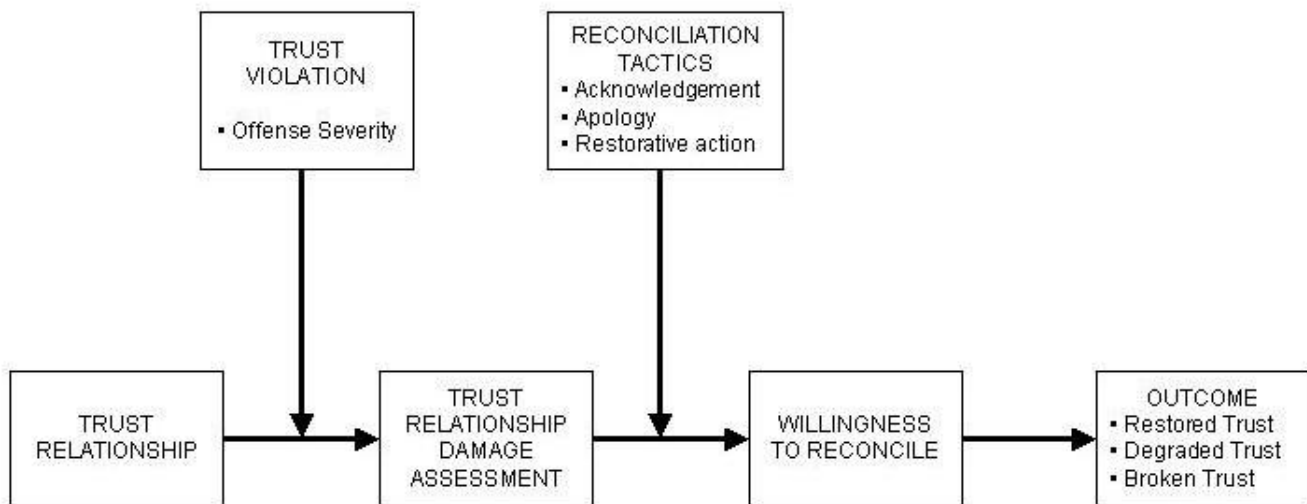


Figure 1. Trust Violation and Reconciliation Process

Rebuilding Trust

In order to rebuild trust, reconciliation must first be accomplished (Tomlinson et al., 2004). Reconciliation is sometimes viewed as a behavioral manifestation of forgiveness (Aquino et al., 2001), though forgiveness does not necessarily imply a continued trusting relationship (Freedman, 1998). Tomlinson and Lewicki (2003) explicitly addressed the procedure of rebuilding calculus based trust, arguing that the offender should take the initiative in stimulating reconciliation.

In the e-Commerce context, the process is expected to be different. Unless the violation is deliberate, the vendor may not be aware that a violation has occurred. Thus, the initiation will likely originate from the consumer – the victim in this case. The extent to which the vendor acknowledges the violation, apologizes, and offers appropriate restorative action, will shape the extent that the consumer is willing to reconcile. Other considerations at this stage include the need for an ongoing relationship with this vendor, and the availability of other vendors providing the same or similar products and services. Possible outcomes from willingness to reconcile include irrevocably broken trust (with no further relationship with this vendor), degraded trust, or restored trust.

RESEARCH MODEL FOR REBUILDING TRUST

This section elaborates on the trust violation and rebuilding process, by outlining a research model (Figure 2) with specific hypotheses. Since the trust violation and reconciliation process is complex, involving many steps and multiple constructs, this research examines only a portion of the process, viz. the antecedents to willingness to reconcile. Additionally, other factors like the availability of alternative vendors, third-party dispute resolution services, may influence the outcome. Future research will extend this to include reconciliation outcomes. The discussion begins with the dependent variable and presents the antecedent factors that shape the consumer's willingness to reconcile.

Willingness to reconcile

Any rebuilding of trust presumes reconciliation. Willingness to reconcile represents the victim's readiness to continue, repair, and rebuild the relationship. It represents a critical link between the trust violation and the eventual restoration of trust. Unlike forgiveness, which is under the victim's control, willingness to reconcile is also shaped by the offender's actions. It is the appropriate starting point for analyzing relationships where trust has been violated, and the vendor desires to reconcile and rebuild trust. This paper examines the factors that affect the consumer's willingness to reconcile. The construct will be measured using a 3-item scale adapted from Tomlinson et. al. (2004).

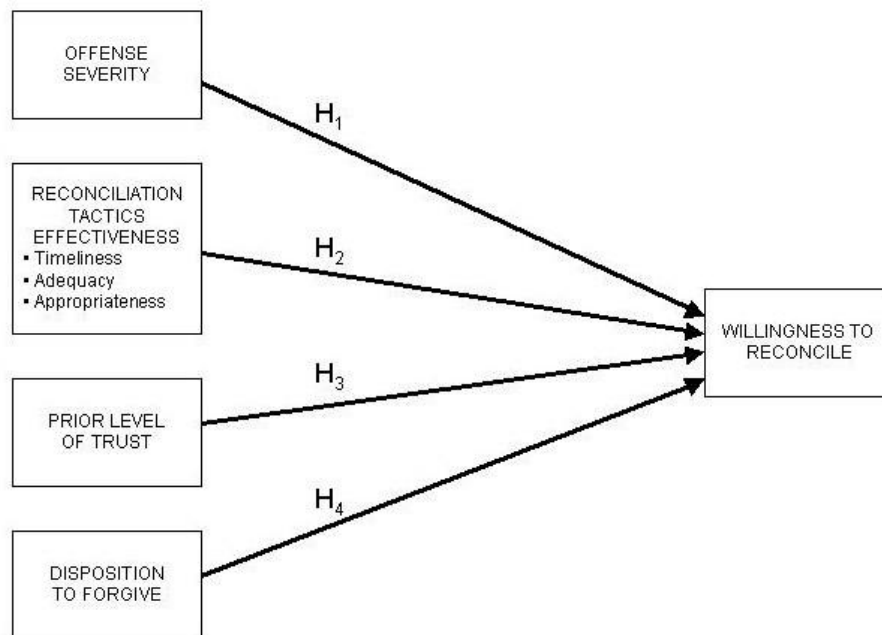


Figure 2. Trust Violation and Repair Research Model

Offense Severity

Lewicki and Bunker (1996) suggest that the offense severity directly affects the victim's willingness to reconcile. This is also true in the e-Commerce context. Offense severity possesses two underlying dimensions. The first represents the magnitude of offense, defined as the degree to which "the violation shakes the very foundation of the relationship or creates very serious consequences" (Lewicki and Bunker, 1996). A second dimension is the degree of integrity, indicating the extent to which the violation is perceived as intentional. In sum, if the consumer has experienced more fundamental damage to the trust relationship, he or she would be less likely to engage in further transactions with the vendor. Thus, we hypothesize that:

H1: Offense severity will negatively affect the consumer's willingness to reconcile.

Empirically validated measures of offense severity in the e-Commerce context were not available, and new measures will be devised and tested through several rounds of pilot testing.

The Effectiveness of Offender Reconciliation Tactics

Another key antecedent of willingness to reconcile is the offender reconciliation tactics. This includes three steps - acknowledgement, apology and restorative action.

Acknowledgement

Acknowledgement represents a statement conceding that the trust violation has occurred and damage to victim's interests may entail. It may include an explanation why the violation occurred. A key aspect is timeliness. Until the acknowledgement is made, the victim bears a double burden stemming from the violation and the lack of acknowledgement. In the e-Commerce context, timeliness might be an issue due to asynchronous communication, coupled with the need to investigate and confirm

the violation. Another determinant of the effectiveness of acknowledgement is its adequacy. This addresses the degree of taking responsibility. If the offender takes full responsibility, the victim is more likely to continue the relationship. Finally, the appropriateness of acknowledgement is also relevant. Acknowledgement could narrow the cognitive discrepancy gap and increase the victim's willingness to reconcile.

Apology

Apology is characterized as a statement of regret. A formal apology is generally considered to be a prerequisite for reconciling a relationship (Tomlinson et al. 2004). As with acknowledgement, the timeliness of the apology is important. If an immediate apology is not forthcoming, the consumer may suspect that the vendor does not regret the violation and is therefore capable of committing similar violations in the future. Another aspect is the adequacy of apology. This addresses the perceived sincerity of the apology. Sincere apologies convey honest regret for the damage inflicted (Tomlinson et al. 2004). The e-Commerce context may involve bundling of acknowledgement and apology.

Restorative Action

Restorative action is an initiative the offender takes to correct the damages of the trust violation. As with acknowledgement and apology, its timeliness is crucial. A second aspect that affects the effectiveness of restorative action is adequacy. It addresses the extent to which the restorative action is perceived as compensating for the damages accruing from the trust violation. It is likely that there may be differences between what the offender and victim perceive as adequate. The victim's perception of restorative action adequacy would shape the willingness to reconcile. A third aspect to be considered is the appropriateness of the restorative action, addressing whether the restorative action is commensurate with the damages incurred, and whether it satisfies the victim. In the e-Commerce context, restorative actions are particularly important. The consumer may have suffered real damages as a result of the trust violation. Timely and fair compensation will go a long way towards rebuilding trust.

While it appears that acknowledgement, apology, and restorative action, are sequential, there is no requirement that all must be present or in a specified order. Depending on vendor policy, or legal strategy, there may never be an acknowledgement, or an apology, even though restorative actions are offered. As a result, it is important for the victim to view the offense reconciliation tactics in totality, rather than assess each step. Thus, if the offender does not make an acknowledgement, the overall effectiveness of reconciliation tactics may still be considered adequate. This is a key antecedent to reconciliation. We hypothesize that:

H2: The effectiveness of offender reconciliation tactics will positively affect the consumer's willingness to reconcile.

As with offense severity, empirically validated measures of offender reconciliation tactics in the e-Commerce context are not available, and new measures will be devised.

Prior level of trust

Lewicki and Bunker (1996) suggest that relationship characteristics are another key antecedent of reconciliation. Prior level of trust addresses this aspect of the relationship. However, it is not synonymous with initial trust, in that it also encompasses the notion of ongoing trust up to the trust violation. Initial trust can be established through structural assurance and situational normality. Ongoing trust is achieved by consistent and predictive acts made by e-vendors, and is an important component of the prior level of trust. If the offender has maintained a successful relationship and a high level of trust with the victim, a high level of ongoing trust is established. The consumer may deem the trust violation to be an exceptional situation, and may be more likely to reconcile. Thus, we hypothesize that:

H3: Prior level of trust will positively affect the consumer's willingness to reconcile.

Interpersonal trust scales developed by Rotter (1971) will be used to measure the prior level of trust.

Disposition to forgive

Just as individual characteristics affect the propensity to trust, they may also affect the reconciliation process. Lewicki and Bunker (1996) suggest that the capacity to "forgive and forget" will affect the rebuilding of trust. In the e-Commerce context, the same offender reconciliation tactics may have different effects on the consumer. Some may accept a particular restorative action from the vendor, while others may not. The disposition to forgive will shape the extent to which the consumer is willing to reconcile. Thus, we hypothesize that:

H4: Disposition to forgive will positively affect the consumer's willingness to reconcile.

Disposition to forgive is measured on a 10-item scale developed by McCullough and Emmons (2002).

METHODOLOGY

The proposed model will be empirically tested with student subjects. While this raises external validity concerns, the primary objective is to explore the determinants of willingness to reconcile, and this process is likely to be similar for e-Commerce consumers. Additionally, recruiting customers with a trust violation experience is potentially difficult and subject to control concerns. A scenario-based approach will be adopted to vary the levels of the antecedent constructs. Prior level of trust can be varied independently, and disposition to forgive is individual dependent. The scenarios will manipulate offense severity and offense reconciliation tactics, each at two levels, leading to a 2x2 between subject factorial design. Confirmatory factor analysis will be employed to ensure convergent and discriminant validity before analyzing the research model through structural equation modeling.

LIMITATIONS

The model focuses on the relationship between consumer and vendor only. It is acknowledged that an e-Commerce context involves other parties, e.g. a shipper, credit processor, etc., any of which may contribute to the trust violation. Restorative action may come from a third party. Likewise, the consumer may have dealings with several vendors. It is possible that trust violations with one vendor may color the relationship with other vendors. Further, the model concentrates on single trust violation episodes only. A history of inconsistent behavior in the relationship will lead to different results.

CONCLUSIONS

This paper examines the process of trust violation and rebuilding in the e-Commerce context. With the expected growth and increased competition in the e-Commerce environment, it is likely that decreased service levels will lead to more instances of trust violations. A process model of trust violation and rebuilding is presented. A research model derived from professional trust relationships is assembled. Empirical validation of the model including the development of instruments represents the next step in this research. Investigating the outcome represents a subsequent extension. The potential contributions of this research include a better understanding of the trust rebuilding process, as well as possible identification of strategies that work effectively in rebuilding trust.

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