Role of trusting beliefs in predicting purchase intentions

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ABSTRACT

Purpose: Using India as our research venue, our work empirically models trusting beliefs with purchase intention, uncertainty avoidance, a firm’s reputation and price fairness.

Design/Methodology: Our work is based on a sample of more than 200 Internet customers in India. In understanding our data and the relationships that emerged, we use a range of tools including CFA and SEM. To validate our work we also examine alternative models.

Findings: Our study reveals that trusting beliefs are negatively influenced by an uncertainty avoidance culture and positively influenced by a firm’s reputation and a customer’s price fairness. Moreover, purchase intentions are significantly enhanced by trusting beliefs in an online environment.

Implications/Limitations: Trust is an important component in online situations, but today a lack of trust is cited as the main reason for not making an online purchase. This research extends our appreciation of trusting beliefs and its conceptual relationship with a number of important constructs.

Practical Implications: Our works shows how the Internet, as a channel, is influenced and thus how it can be managed. In making our contribution we provide guidance in terms of operational activity to engage with potential customers. By using a developing market for our empirical foundation, the findings are also applicable to markets displaying similar characteristics.

Originality: This article examines trusting beliefs when using the Internet as a channel to market and in doing so it makes a new contribution because it establishes links with culture and other factors.

Keywords: Internet, India, Retailing, Emerging Markets
INTRODUCTION

The Internet’s emergence provides a compelling platform for undertaking business-to-customer transactions. As a distribution channel, it began to take off in a serious way during the 1990s as a result of innovative approaches to new market opportunities (Doherty and Ellis-Chadwick, 2010) and new business horizons (Al sajjan and Dennis, 2010). Now, as a channel to market it provides a high degree of data (Day, 2011). While in Western markets the challenges faced by the retailers are those often faced in mature markets, the challenge in developing markets, such as the BRICs and others with similar characteristics, is to develop market share through established and supporting channels (Reinartz et al., 2011).

Within developing markets Internet purchasing presents new challenge to many customers because the channel is less established, and most customers have little embedded experience of using it (Dolatabadi and Ebrahimi, 2010). For customers there are challenges associated with online shopping (Dolatabadi and Ebrahimi, 2010), particularly in settings where the channel presents new opportunities such as those in developing markets and thus we estimate trust is an important component.

When using an online channel, trust is the confidence displayed by the trustor (i.e. the party making the trust decision) during the interaction. The higher the customer’s trust towards an online vendor, the greater the intentions to purchase online (Pi et al., 2012; McKnight et al., 2002). McKnight et al. (1998, p. 474) defined trust as multi-dimensional construct consisting of trusting beliefs and trusting intentions and, in addition, trusting beliefs, i.e., integrity, benevolence, and competency and are also associated with intentions of a consumer to shop online. Considering this, if a customer has a belief in an online vendor’s credibility, reliability, and trustworthiness then they are more likely to make a purchase using the Internet. Hence, trusting beliefs positively influence customers’ online
purchase intentions (Schlosser et al., 2006). Moreover, trust does not influence intentions directly, but through various factors such as an online vendor’s reputation, their honesty, competency, dispositional capacity of a consumer, risk perception of customers, etc. (Folake, 2014).

Comparison of buyers’ intentions towards an online mode of purchases between developing and emerging economies is significantly distinct because of cultural differences and perceptual mismatch (Gefen and Tsipi, 2006). Owing to infrastructural developments, stringent legal norms, ethical practices and greater awareness among customers, the factors influencing online purchase decisions are different in the Western economies (Gracia et al., 2015). Online purchasing is a decision underpinned by uncertainty and whenever customers switch, uncertainty avoidance is likely to be an important influencing factor. Uncertainty avoidance is an important construct owing to its relationship with trusting beliefs because it embraces prediction, purchase intentionality, capability and transference (Hwang and Lee, 2012). In this regard, uncertainty avoidance has been considered to be the primary factor in generating a gap between the perceptions of customers toward online buying belonging to different cultural backgrounds. In developing economies online buying is not preferred by many customers namely because of distrust factor, which results from the risk-averse behaviour of customers (Kailani and Kumar, 2011). Other than uncertainty avoidance in those markets, customers are not confident about the prices charged by the online vendors. Price is considered to be an important predictor of customer choice particularly in an e-environment where the barriers to price comparisons are fairly low (Kim et al., 2012). Past practices regarding deceptive pricing have generated doubts in the minds of prospective buyers of online shopping (Romain, 2010). Taking the aforementioned discussion together, customers' perceived price fairness judgements are important, and their reaction to prices is determined by fairness judgements because price fairness is part of a broader judgment of the
overall merits of an offering (Varki and Colgate, 2001; Haws and Bearden, 2006). A Firm’s reputation helps to build trust towards online buying of the products (Van Der Merwe and Puth, 2014) and earlier Turilli et al., (2010) identified reputation as one of the main criteria used to assess an e-vendor’s trustworthiness. The role of reputation is important because earlier studies, such as Eberl and Schwaiger (2005), also provide an evidential base for the compelling role played by reputation in accruing financial and non-financial benefits. Against this backdrop, research evaluating the factors for lower purchase intentions in an emerging economies context has been found to be rudimentary. The basic reason for lower purchase intentions through an Internet channel has been attributed to lack of trust in the online vendor (Lee et al., 2011). Therefore, the present study proposes that uncertainty avoidant culture that prevails in developing nations, lack of price fairness and a firm’s reputation jointly contribute towards gaining trusting belief for online vendor. Thus, the study proffers that a lack of complete faith in technology, distrust towards the prices charged and lack of information regarding the reputation of a firm, ultimately result into lack of trust in the online shopping, further weakening the purchase intentions to buy products through online.

The aim of our research contribution is to empirically examine trusting beliefs in tandem with the Internet as a distribution channel. There is little dispute that the Internet is used for searching product options but as McKnight et al. (2002) contend there is a degree of distrust, thus we estimate that the question remains regarding converting those potential customers into purchasers. Thus, the primary objective of the study here is to examine the role of trusting beliefs as a tool for predicting purchase intentions congruent with a firm’s reputation, uncertainty avoidance and price fairness within a developing market. In making a new contribution to retailing, the specific objectives of this study are to: (a) measure trusting beliefs in the context of online retailing in an emerging market; (b) investigate the influence of price fairness, a firm’s reputation and uncertainty avoidance in predicting trusting beliefs;
(c) analyse the role of trusting beliefs in predicting purchase intentions; and, (d) present appropriate trust-building strategies to encourage increased online shopping among Indian customers. By developing and testing our theoretical framework among Indian customers, we are able to make a further contribution because of the developing nature of the Internet as a distribution channel (less than 0.5% of transactions in India) in comparison to the Internet as an established channel to market in the Western economies. In doing so, we complement other retailing studies that have examined the role of Internet shopping in India (e.g. Gehrt et al., 2012) by presenting a single integrated study.

The remainder of our study develops as follows. We start by providing an elaboration of our conceptual framework, and background and theoretical development. Second, we present, in detail, our research design and methodology, which is followed by our data analyses and a discussion of the study’s findings. The final parts of this article highlight the study’s implications for online vendors in the context of a developing market such as India and we present directions for future research.

CONCEPTUAL FRAMEWORK

The present work envelops some meaningful concepts that have direct significant influence on e-vending, i.e., integrity, benevolence and competency, firm’s reputation, price fairness, uncertainty avoidance, and purchase intentions. Where integrity refers to honesty, reliability and promise keeping capacity of a vendor; benevolence includes belief of trustor that the trustee will act in the best interest and competency signifies ability, skill and expertise of the trustee to do what the trustor needs. Firm's reputation is a perceptual representation of a company's past actions and future prospects that describe a firm's appearance to all of its key constitutes (Fombrun, 1996, p. 165); Purchase intentions is defined as the decision to act or physiological action that shows an individual's behaviour according to the product (Samin...
et al., 2012, p. 206); Uncertainty avoidance is a personal value orientation of the extent to which a person avoids risk, danger, threat and creates security or safety for them (Doney et al., 1998) and Price fairness has been defined as comparison of a price or procedure with a pertinent standard, reference or norms. It is a subjective judgment usually studied from buyer's perception (Xia et al., 2004).

BACKGROUND and THEORETICAL DEVELOPMENT

In today’s world the most critical factor an online vendor faces is trust (Rose et al., 2012; Shobeiri et al., 2014) with McKnight et al. (1998, p. 487) positing trusting beliefs, i.e., ability, benevolence, competency, and predictability, as the key components for creating trust. Trusting beliefs are considered to be an essence of trust that facilitates perception about the ethical character or moral behaviour of any vendor (Ring and Van de Ven, 1994). Thus, trusting beliefs are an assurance that the trustee displays favourable traits to induce trusting intentions.

One of the key premises materialising from prior work is that uncertainty avoidance is important in relation to future intentions (Doney and Cannon, 1997) and if an online vendor has a positive reputation then trust in the eyes of the customer increases (Koufaris and Hampton-Sosa, 2004), consequently reducing uncertainty. Further, a willingness to pay for a product is dependent on a customer’s trust in relation to a firm’s benevolent behaviour and credible character (Pavlou and Dimoka, 2006). Chen and Barnes (2007) highlighted the relationship between initial online trust and purchase intentions and suggested the insertion of price change as a possible determinant. In addition, Becerra and Korgaoukar (2009) examined the simultaneous effects of product, brand, and vendor trusting beliefs on customer intentions and suggested future research on uncertainty avoidance. Furthermore, Hsiao et al. (2010) and White and Yuan (2011) posited that perceived ability and perceived benevolence
are important antecedents of trust and examined the impact of low pricing policies on only two components of trusting beliefs, i.e., ability and benevolence. Kim et al. (2012) investigated the impact of price and trust on a consumer purchase decision, but the scope was limited to the online ‘Book store’.

The pertinent literature revealed that studies have been conducted analysing the relationship between trust and purchase intentions (e.g. Chen and Chang, 2012; Chen and Barnes, 2007); uncertainty avoidance and Internet buying (e.g. Kailani and Kumar, 2011); corporate image and behavioural intentions (e.g. Hsu et al., 2010); and price perception and customers’ purchase intentions (Kalapurakal et al., 1991). Along with the aforementioned, there are studies enlightening the relationship between trusting beliefs and intentions (Becerra and Korgaonkar, 2009). In addition, Salo and Karjaluoto (2007) explored internal and external factors affecting trusting beliefs; however, they did not analyse the impact of price on trusting beliefs. Given the shortcoming, a need emanates to examine other significant factors that might have a considerable impact on trusting beliefs, particularly in an emergent market. Therefore, the present study fills this research gap by taking into consideration uncertainty avoidance, a firm’s reputation and price fairness as predictors of trusting beliefs. Moreover, the study presented here analyses the role of trusting beliefs in relation to purchase intentions.

Take in Figure-1 about here
Trusting Beliefs and Uncertainty Avoidance

Culture has an overarching influence on individuals and customer behaviour (Steenkamp et al., 1999), and is a collective programming of the mind with the corollary of distinguishing members of one group or category of people from those of another (Hofstede, 2004). When evaluating various cultures, high uncertainty avoidance (UA) cultures embody stability, predictability, risk avoidance, resistance to change, strict control systems, and discomfort with unknown features, while, as the antithesis, a low uncertainty avoidance culture demonstrates risk taking, tolerance to innovation and new ideas, willingness to change and adjust, ease with unknown situations, and optimism about the future (Hofstede, 1985). Hofstede (2004) proposed that customers from high uncertainty avoidance cultures tend to be hesitant towards new products and information.

Further, Hwang (2009) contends that uncertainty avoidance influences benevolent behaviours and the ability dimensions of online trust while neglecting integrity, thus trust in online vendors reduces risk, which, in turn, reduces social complexity and uncertainty in an online transaction. In a similar context, Kailani and Kumar (2010) propose that there is congruence between uncertainty avoidance and perceived risk and Internet buying, and found that individuals from a culture with high uncertainty avoidance levels are more likely to experience elevated levels of perceived risk when making purchases via an Internet platform. The findings from the cultures that score high on uncertainty avoidance reveal that individuals within those cultures are less likely to make a purchase via the Internet. Likewise, Vance et al. (2008) highlighted a significant influence of an UA culture on trusting beliefs. Thus, on the basis of this preceding argument we propose that:

**H1:** Uncertainty avoidance is negatively related to trusting beliefs.

Trusting Beliefs and Price Fairness
For the purpose of this article we propose that price fairness is assessment of whether the difference between a seller’s price and other party’s price is reasonable and justified (Vaidyanathan and Aggarwal, 2003). Thus, price fairness is essentially a comparative judgment (Xia et al., 2004) as a key component for predicting customer choice, and online marketers provide great opportunities to compare prices across vendors (Kim et al., 2012), which creates fair perceptions regarding price fluctuations. To this extent, most companies, especially in the service sector, use price as a promotional tool to motivate the sale of a specific product (Campo and Yague, 2007).

Behavioural researchers posit that customers’ perceived unfairness of dynamic pricing has a negative effect on consumer trust and re-purchase intentions (Garbarino and Lee, 2003; Grewal et al., 2004). Likewise, previous research has shown that unfair price perceptions influence customer satisfaction and purchase intentions (Campbell, 1999). Thus, customers who prefer the dollar off and cash coupon approach to pricing generally have lower perceived price unfairness and higher perceived value, trust, and re-purchase intentions than their counterparts (Estelami, 2003; Xia and Monroe, 2004), as customers’ perception of fairness influences their reaction to price change (Vaidyanathan and Aggarwal, 2003). Furthermore, Dodds et al. (1991) argued that there is a direct effect of perceived price on purchase intentions and highlighted that higher prices deter customer from purchasing the product, thus showing the negative relationship between pricing and intentions. In this regard, Grewal et al. (2004) supported the relationship among perception of trust, price fairness and repurchase intentions and revealed that consumers view larger price difference as more unfair. Similarly, White and Yuan (2011) and Kim et al. (2012) put forward the relationship between price, trust, trusting beliefs, and purchase intentions and posited that by reducing prices, perceived trust may enhance the acquisition utility and transaction utility, which then leads to customer purchase intentions. Thus, on the basis of the aforementioned literature we propose that:
H2: Price fairness is significantly related to trusting beliefs.

Trusting Beliefs and Firm’s Reputation

A firm’s reputation is a perceptual representation of their past actions and future prospects that describe a firm’s appearance to its key constituents (Fombrun, 1996, p. 165). In this regard, Fombrun (1996) regarded this intangible asset as reputational capital, which can also be viewed as a valuable resource that should be managed by the firm (Dowling, 2001). If a customer holds favourable perception of a vendor’s reputation, the credibility of an online vendor increases and ultimately, the trust in the online vendor also increases (Ganesan, 1994). Furthermore, Mcknight et al. (2002) studied a positive relationship between reputation and trust and found that perceived reputation has a significant positive effect on both trusting beliefs, as well as on trusting intentions. There is also a relationship between strong reputation and trust and it is this reputation that informs trust in an online vendor (Koufaris and Hampton-Sosa, 2004; Fuller et al., 2007). Given the various relationships, a strong reputation has a positive impact when developing trust (Van Der Merwe and Puth, 2014; Jarvenpaa et al., 2000) and can help to develop loyalty and other associated benefits (Lange et al., 2011; Walsh and Bartikowski, 2013). Underpinned by the theoretical evidence, we posit that a firm’s reputation can be a cue to evaluate the trusting beliefs:

H3: A firm’s reputation is significantly related to trusting beliefs.

Trusting Beliefs and Purchase Intentions

When making an online purchase, trusting beliefs have a significant role for the online vendor (Pan and Chiou, 2011). Mayer et al. (1995) suggest that the attributes of the trustworthiness of a trustee are ability, benevolence, and integrity. Ability refers to the skills, competencies, and characteristics of the trustee; benevolence is the extent to which a trustee
is believed to do good to the trustor; and, integrity refers to the consistency of the trustee’s past actions and credible communication (Sekhon et al., 2014). Further, Mayer et al. (1995) and McKnight et al. (1998) validated ability, benevolence, and integrity as the underlying dimensions of trustworthiness in the context of organisational behaviour while Gefen and Straub (2004) validated a four dimensional scale of trust, i.e., integrity, benevolence, competency, and predictability in relation to trusting intentions in the context of e-products and revalidated it in the context of e-services. Their study revealed the influence of social presence on these dimensions, especially on benevolence and its ultimate contribution to online purchase intentions. Thus, trusting beliefs are perceptions of the trustworthiness, and a trustee who possesses these traits is more desirable as an exchange partner because they will behave fairly, kindly, proficiently, and consistently in the exchange transaction. For example, an online vendor who is honest would fulfil agreements with the customer; a benevolent web vendor would not intentionally harm the customer; and a competent vendor would do a good job filling customer orders with the correct products (Akhlaq and Ahmed, 2013). Indeed, McKnight and Chervany (2001) highlighted trusting beliefs as the cognitive and affective reactions that are generated after trustor and trustee interactions, and these reactions determine trusting attitudes and behaviour. Thus, high trusting beliefs lead the consumer to willingly depend on the vendor. Hence, we propose that:

**H4:** Trusting beliefs in the online vendor are positively related to purchase intentions.

**RESEARCH DESIGN and METHODOLOGY**

The focal point of this study was to understand trusting beliefs in tandem with a number of subsidiary objectives and, thus, in this section, we provide an elaboration of research design and methodology to meet our study’s objectives. At this stage we would like to clarify for the reader that we used English as the base language for our scale generation
work and the subsequent fieldwork. This is because English is widely spoken in India among
potential online customers and it also negates the need to take into consideration locally
recognized dialects thus no need for forward and backward translation.

Scale Development

*Step One – Item Generation*

For the purpose of our study we treated the constructs as being latent. As such, in
order to measure our constructs we largely utilized existing items that we modified; the use of
existing items is an approach that Netemeyer *et al.* (2003) suggest is acceptable given the
investment required to develop new items. Even though we utilized existing items, we
undertook a systematic, structured approach to item selection. The items under each construct
were adapted from the previous literature to suit the context and the setting of the present
study. Not losing sight of the context of this study and the environment to which Indian
customers are exposed, the items were taken from existing literature were modified. Thus, in
order to ensure that each item in the instrument captures the real essence of the online buying
and respondents completely understand the meaning of each item, slight modifications were
introduced.

To begin we completed a thorough review of the conceptual and empirical literature
on trusting beliefs, a firm’s reputation, price fairness, and purchase intentions. This activity
was completed by the researchers in India because of the need to develop an instrument that
was suitable for our research venue. The initial item evaluation identified 79 potential items
that could be used to measure the constructs within our framework. After review by the India-
based researchers, duplicate items or those with similar item stems were identified and only
one item was retained for the next stage. As a further check, the identified items were
discussed with Faculty staff in India to ensure that there were no ‘obvious errors’ in item
selection or in our model; these Faculty staff were unconnected with our research. Given the
nature of the context specific development of the existing measures, we modified the item
stems to fit with our research. To fully capture the price fairness construct during this phase
of the research, we also developed new items. To complete this, qualitative discussions took
place to identify potential item stems and these were then filtered/refined by the Indian
research team before inclusion in the next stage.

The next stage of pre-testing was interviews with 10 mature postgraduate Master of
Computer Applications and Master of Business Administration students. The interviews
served two purposes. First, the interviews helped us to validate our framework in terms of
whether the relationships we proposed were relevant, and second, they allowed us to test the
developed items to assess their interpretation of item stems. At this stage, as part of a small
qualitative exercise, the items, along with the basis of our theoretical model, were discussed
with sample members. This aspect of our scale development also allowed us to evaluate the
validity of our item scale: 1-5 ranging from strongly disagree to strongly agree. The
interviews revealed that there were no issues associated with our item development. From
this initial phase the survey instrument was developed for the next stage of testing.

*Step Two – Pilot Study*

As a further stage we pre-tested our survey instrument with 30 randomly selected
students from the courses named previously. During the first stage of analyses we used
correlation analysis and found that some items were perfectly correlated therefore we used
this criterion to delete some items. After deletion of the items, for the second stage we used
Exploratory Factor Analysis (EFA) to evaluate our data to judge the appropriateness of each
item under its construct. The results of the EFA (not reported here in full for the sake of
brevity) revealed that items pertaining to the seven constructs within our study fall onto their
construct. However, one item each for benevolence, competency, and integrity was found to be an insignificant predictor of its construct (having factor loading less than 0.5), hence it was deleted from the final instrument. A complete list of our items with their individual sources is shown in Table 1.

Step Three – Final Data Collection

The data presented in this study were collected from students at a leading University in India and there are good reasons for doing so; there are precedents for the use of student samples (e.g. Compeau et al., 2012). The selection of the student sample did not result in any adverse results because the purpose of our study was to examine trusting beliefs and there is no reason to assume that their behaviour would be too dissimilar from others in the general population likely to make purchase decisions. Furthermore, as younger customers are more likely to be in a position to use the Internet (for reasons of access, knowledge, and engagement) they provide the ideal basis from which to assess our framework. In addition, the profile of the Indian population is such that 55% is below 35 years old and they are more likely to engage with online vending in the long term than the older members of the population (www.economictimes.com), as the market matures. Therefore, it leads us to conclude that our sample is a homogenous sub-set of the general online buying public in India.

In total, 226 survey instruments were distributed wherein 216 complete responses were obtained. Methodologically, the surveys were completed on a face-to-face basis by the researchers; hence the completion rate was 97.5%.

Before applying any statistical tests, outliers were identified and deleted simultaneously, and after the deletion of outliers, data normality was established and biasness was also examined. Frequency distribution tests were extracted to gain information pertaining
to fairness about online purchases and future purchase intentions of respondents. Our study proposed relationships between five major constructs, namely uncertainty avoidance, price fairness, firm’s reputation, trusting beliefs and purchase intentions. We estimated the measurement model for the concurrent assessments of reliability and validity of the data (Landis et al., 2000). Structural Equation Modelling (SEM) was used to test the hypotheses of the study. In addition, a multi-modelling approach was used to validate the robustness of our model.

FINDINGS

To begin, Table-1 reports the descriptive statistics from our study.

Take in Table-1 about here

At the outset, outliers were identified through box plot analysis and simultaneously deleted from the datasheet and following deletion, normality of the data were established through Q-Q plot, skewness, and kurtosis tests.

To check variance, Harman’s single factor technique was used, whereby all the variables are loaded onto a single factor and the un-rotated factor solution examined (Podsakoff et al., 2003). The results revealed that the data were not biased, as total variance explained by a single factor was 29%. Alternatively, we employed a common latent factor test and found the fit indices of the single factor model to be inferior ($\chi^2$/df = 11.02, RMR= .28, GFI= .553, AGFI=.525, NFI= .397, TLI= .521, CFI= .535 and RMSEA= .17). Based on these two approaches, we concluded that common method bias is not a major concern in the present study.
To refine our scale we ran a measurement model comprising each of the latent constructs. The model was found to qualify goodness-of-fit, given that the various fit indices are within the prescribed limits (see Hu and Bentler, 1999), i.e. CMIN/df below 5; GFI, AGFI, CFI, NFI and TLI close to the prescribed .90; while the RMR and RMSEA are below .08. Composite reliability, convergent validity and discriminant validity were also assessed using the CFA (Table 2).

The rule of thumb for construct reliability estimate is .70 or higher (Fornell and Larcker, 1981) and in the present study, it is above .90 for all scales, thus indicating the data’s internal consistency. The AVE examined the constructs, which were closer to .50, thus providing support for the existence of convergent validity (Table 3). Further, discriminant validity was assessed by comparing the AVE with the squared correlation between constructs. The squared correlation between a pair of constructs was less than AVE in almost all the cases, thereby suggesting discriminant validity (Table 4).

Finally, SEM was conducted using AMOS (20.0) to assess fitness and to test the hypothesized relationships in the model. The overall fit measures suggested that the data provide a good fit for the hypothesized causal model (Bagozzi and Yi, 1998; Baumgartner and Homburg, 1996). After running SEM, we examined significant relationships between the
constructs. The literature supports the supposition that purchase intentions are affected by integrity, benevolence, and competency (i.e., trusting beliefs) (Gefen and Straub, 2004; Gill et al., 2005; Mayer et al., 1995); trusting beliefs are significantly influenced by a firm’s reputation (McKnight et al., 2002) and uncertainty avoidance (Vance et al., 2008). Thus, online vendors who are honest, reliable, skilful and competent, focus more on customers’ wellbeing, and maintain a good reputation are always trusted by their customers. The goodness-of-fit index (GFI=0.96), adjusted goodness-of-fit index (AGFI=0.90), root mean square error of approximation (RMSEA=0.06), and standardized root mean square residual (RMR=0.017) are within the acceptable range. The other indices like normed-fit index (NFI), comparative-fit index (CFI) and Tucker-Lewis index (TLI) are above 0.90. As these values are above 0.90, it can be concluded that the model exhibits a good fit to the data (Table 5).

To check the robustness of our proposed model, three alternative models were tested. For instance, to judge the overall fitness without price fairness (PF), the link between PF and trusting beliefs was dropped (Table 5). On analysing all the four models, goodness-of-fit results revealed that our proposed model is the best fit in comparison to the three alternative models.

Results from Hypotheses Testing

On the basis of SEM results, the framed hypotheses have been tested. It was found that H1, H3, and H4 are supported, because all these paths are above .50 and ‘p’ value is also significant. However, H2 was rejected as ‘p’ is insignificant, i.e., above .05 (Figure 2).
Emergent from the SEM results is that trusting beliefs are negatively influenced by uncertainty avoidance culture ($\beta = -0.22; p < 0.05$), hence H1 is accepted. However, our result revealed that the direct influence of price fairness on trusting beliefs proved insignificant ($\beta = 0.38, p = 0.56$), thus H2 is rejected. Given this, irrespective of whether online vendors offer greater discounts, customer’s trust does not increase. This may be because customers’ visiting online stores frequently evaluate prices and are very much aware of price changes and competitive prices charged by different vendors, and if somewhere, customers find price inequality; their perception of price fairness automatically changes into unfairness, which leads to negative perceptions about trusting beliefs in the e-vendor. It is evident from the SEM results that a firm’s reputation affects trusting beliefs significantly ($\beta = 0.75; p < 0.05$), therefore H3 stands accepted. McKnight et al. (2002) also showed that a firm’s reputation has a significant positive effect on trusting beliefs in the company as well as trusting intentions towards the company for new customers.

Finally, the results confirm that purchase intentions are significantly influenced by trusting beliefs, i.e., integrity ($\beta = 0.73$), benevolence ($\beta = 0.78$), and competency ($\beta = 0.78$). Thus, H4 stands accepted ($\beta = 0.78; p < 0.05$). In this perspective, Gill et al. (2005), Gefen and Straub (2004), and Mayer et al. (1995) examined the same relationship between integrity, benevolence, competency, and purchase intentions and confirmed that as these trusting beliefs of online vendors’ increase, the intention of customers to buy also increases.

CONCLUSION and MANAGERIAL IMPLICATIONS

-18-
More than a decade ago, Basu and Muylle (2003) recognized the Internet as a powerful distribution channel, one that provides a platform for maximizing new business opportunities (Alsajjan and Dennis, 2010). Our research aimed to assess the interaction between different facets of trusting beliefs when using the Internet as a retail support channel in an emergent market, and thus making an incremental contribution.

Trust is an important component in online situations, but today a lack of trust is cited as the main reason for not making a purchase via an online platform (Lee and Jyh-Shen, 2011). Given our study, it is important for online vendors to provide safety indicators for those who are not engaged in online purchases or are early in their buying behaviour’s lifecycle. The study presented here examined the impact of various constructs, i.e., uncertainty avoidance, a firm’s reputation, and price fairness on trusting beliefs through which customers’ intentions to buy products online increase. Although previous research analysed the dimensionality of trust in a context such as financial services (e.g. Sekhon et al., 2014), the present study envisaged online purchase intentions of products through various trusting beliefs and, further, the impact of some factors on trusting beliefs.

The results of our study validated the relationship between purchase intentions (PI) and trusting beliefs. Specifically, our study found that uncertainty avoidance (UA) negatively affects a firm’s reputation (FR) and positively affects trusting beliefs. Further, our study demonstrated that price fairness (PF) does not affect trusting beliefs. However, our model revealed a direct relationship between trusting beliefs and purchase intentions. In this regard, similar to other studies (e.g. Yu et al., 2015) our study supports the notion that honesty, reliability, shared values, expertise, ability, and an online vendor’s consistency enhances customers’ intentions to trust the online vendor and buy products from them. The findings demonstrate that trusting beliefs are negatively influenced by uncertainty avoidance culture.
Kailani and Kumar (2011) concluded that individuals residing in a high uncertainty avoidance culture have a lesser intention to favour Internet buying. Our study also confirms a direct and positive impact of a firm’s reputation on trusting beliefs, similar to McKnight et al. (2002). Therefore, on the basis of these relationships, it is conceptualized that if an online vendor follows trusting beliefs, customers’ intentions to buy online increase, leading to a net outcome of purchase decision (Oh et al., 2009).

The study presented here demonstrates that lower cost product, high quality product with more security, and free and fast delivery of products affect consumers’ future intentions to buy. Thus, it can also be concluded that positive intentions can be enhanced if online vendors follow various trust beliefs, i.e., integrity, benevolence, and competency, with positive attitudes and for the interest of customers. It is also evident that appropriate pricing policies, pricing strategies, and goodwill of the company affect consumers’ intentions to trust and purchase online products.

Managerial Implications

When it was at an embryonic stage as a channel to market, it was predicted that the Internet would significantly alter consumer behaviour (Doherty and Ellis-Chadwick, 2010). However, one of the reasons cited for a slower than expected adoption of online purchasing is a lack of trust among potential customers (Lee et al., 2011). While many customers have engaged with online purchasing others remain hesitant about buying online. In this respect, the results of our study present some important implications for online vendors to increase customers’ intentions to buy online, particularly in markets where the use of the Internet to make a purchase is at an earlier development stage. Some specific implications from our study are discussed next.
At its early stage of development, online shopping customers were sceptical about the distribution channel (Grabner-Kraeuter, 2002). Given the findings of our study this remains the case for our context, thus similar to Grabner-Kraeuter (2002) we would recommend the use of a money-back guarantee when unsuitable purchases have been made. Evidentially, the use of a money-back guarantee has a role to play when building trust in developing markets (Gaurav et al., 2011).

Given the early stages of market development, we would encourage online vendors to avoid receiving orders via email only as it seems to be viewed as being less trustworthy, and online buyers seem to be less willing to engage with this approach. Therefore, it is easier to provide an option that says ‘click here’ to order and it takes the buyer to their shopping cart where their entire purchase can be shown (Pan and Chiou, 2011). Further, there is a need for billing information to be accurate and transparent without hidden charges. The online vendor should be ready and willing to help customers in evaluating prices and, thus, act in the customers’ best interests (Li et al., 2013).

Elevated levels of confidence and trust among customers can be built by prominently displaying clear policies, trust certificates, security badges, and contact information. This is because customers might be cautious when asked for personal information, particularly given the numerous cases of data security breaches via website information (Rane and Meshram, 2012). Confidence among customers can be infused by clarity and the timely communicating of price changes, allowing considerable discounts, keeping their promises, valuing customer needs, and so forth (Chandra and Sinha, 2013). Therefore, an online vendor can create fairness among customers regarding price which may help reduce uncertainty and maintain the good reputation of a firm.
We suggest that online vendors must contact online buyers within 30 days through email communication in order to gain feedback regarding the customer’s experience related to order and delivery process. This system is a service tool providing online buyers with the possibility of solving disputes with online vendors through the Internet in a shorter span of time (Chandra and Sinha, 2013). In our view, online vendors should place emphasis on three aspects of fulfilment: (a) the timeliness of the order, (b) the order’s accuracy, and (c) the order’s condition. Also, standardized operating procedures and purchase instructions in an easy and understandable language reduce uncertainty avoidance culture to a great extent (Sinha and Kim, 2012).

For our study’s venue it is a legal requirement that websites have a visible privacy policy so that users have knowledge regarding how their personal information will be used and handled (Kim et al., 2008). Therefore, to increase customer engagement, it is advisable for online vendors to post a clearly stated privacy policy, which can reduce customers’ perceptions of privacy-related risk, and reduce uncertainty from their mind that the online vendor can cheat them (Niranjanamurthy and Dharmendra, 2013). In our estimation, to engender trust, online vendors must display their contact details clearly on their checkout page(s). At the very least, the checkout page should include a telephone contact number to enable customers to make contact if they are experiencing any problems (Kim et al., 2008). The preceding approach helps to reduce risk and, thus, improves credibility and proves how competent online vendors are.

Online vendors may utilize both online and offline marketing tactics in order to create fairness among consumers and make their websites easily accessible. Thus, online vendors should design their websites carefully to meet customers’ needs by increasing effectiveness and productivity in searching and purchasing goods, and also for having fun when interacting
with the website (Niranjanamurthy and Dharmendra, 2013). As part of their promotional approach, we suggest that online vendors help customers to quickly find and discover products by offering robust search functionality and navigation. In addition, appearance of the product is also very important to attract more customers (Chen and Dibb, 2010).

Online purchasers often become anxious about choosing passwords, entering payment details, and revealing their personal information, especially if the brand or the website is unknown to the buyer (Pan and Chiou, 2011). Thus, it is very important for online vendors to have secured areas on their website which remind customers about safety of the information provided by them. These practices of online vendors will enhance the propensity of the buyer to trust an online vendor (Chen and Oh, 2009).

On occasion when there may be a delay in shipment or some other problem exists, blame for service deficiency should not be attached by the online vendor to the delivery carrier (Ratnasingam, 2005). If an online vendor inadvertently leaves out an item while shipping the package, they must do more than provide an apology, i.e., an online vendor must offer a replacement because loyal customers result from a highly satisfying resolution to a problem, which would show benevolent behaviour on the part of the online vendor (Zhu and Chen, 2012).

**Limitations and Future Research**

While we make an incremental contribution, there are limitations that we must recognize. To begin, while the findings from our study are impactful for the Indian market, and others with similar development characteristics, the findings are unlikely to be
transportable to developed markets. Given this, we would urge other researchers to evaluate
our findings in markets outside of India.

Our study examined intentions to purchase and not the actual buying behaviour of
respondents to understand post-purchase behaviour. Moreover, culture has an impact on
technology adoption but the present work covers only one dimension of culture, i.e.,
uncertainty avoidance. Also personality traits of customers affect intentions, which we did
not examine.
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### Table 1: Measurement items, Descriptive statistics of mean, factor loadings, alpha value, and standard deviation

<table>
<thead>
<tr>
<th>Competence α = 0.84</th>
<th>Mean</th>
<th>SD</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Com1) __________ seems to be efficient (Modified from Sirdeshmukh et al., 2002).</td>
<td>2.39</td>
<td>.944</td>
<td>.807</td>
</tr>
<tr>
<td>(Com 2) __________ seems to know what they are doing (Modified from Doney and Cannon, 1997).</td>
<td>2.32</td>
<td>.991</td>
<td>.736</td>
</tr>
<tr>
<td>(Com 3) __________ possesses the appropriate expertise to do its job properly (Modified from Sekhon et al., 2014).</td>
<td>2.27</td>
<td>1.00</td>
<td>.827</td>
</tr>
<tr>
<td>(Com 4) __________ is generally competent in what it does (Modified from Sekhon et al., 2014).</td>
<td>2.39</td>
<td>1.02</td>
<td>.722</td>
</tr>
<tr>
<td>(Com 5) __________ knows how to provide excellent services (Modified from Gefen, 2000).</td>
<td>2.54</td>
<td>1.05</td>
<td>.723</td>
</tr>
<tr>
<td>(Com 6) __________ provides 24 hour access (Modified from Yousafzai et al., 2007).</td>
<td>2.63</td>
<td>1.01</td>
<td>.799</td>
</tr>
<tr>
<td>(Com 7) __________ process transactions accurately and timely (Modified from Yousafzai et al., 2007).</td>
<td>2.46</td>
<td>1.00</td>
<td>.790</td>
</tr>
<tr>
<td>Integrity α = 0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Int 8) __________ shows high integrity (Modified from Morgan and Hunt, 1994).</td>
<td>2.91</td>
<td>.996</td>
<td>.747</td>
</tr>
<tr>
<td>(Int 9) __________ seems to be honest in what it does (Modified from Sekhon et al., 2014).</td>
<td>2.69</td>
<td>1.02</td>
<td>.720</td>
</tr>
<tr>
<td>(Int 10) __________ seems to be consistent in what it does (Modified from Sekhon et al., 2014).</td>
<td>2.71</td>
<td>.955</td>
<td>.738</td>
</tr>
<tr>
<td>(Int 11) __________ seems to be ethical in dealing (Modified from Nor and Pearson, 2008).</td>
<td>2.73</td>
<td>.926</td>
<td>.692</td>
</tr>
<tr>
<td>(Int 12) __________ seems to be fair with customer (Modified from Yousafzai et al., 2007).</td>
<td>2.60</td>
<td>.919</td>
<td>.716</td>
</tr>
<tr>
<td>(Int 13) __________ keeps their commitment (Modified from Nor and Pearson, 2008).</td>
<td>2.63</td>
<td>.984</td>
<td>.699</td>
</tr>
<tr>
<td>(Int 14) It seems __________ follows online policies and practices very keenly (Modified from Yousafzai et al., 2007).</td>
<td>2.79</td>
<td>1.03</td>
<td>.875</td>
</tr>
<tr>
<td>Benevolence α = 0.76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Ben 15) __________ puts customers’ interest before its own (Modified from Sekhon et al., 2014).</td>
<td>2.47</td>
<td>.935</td>
<td>.718</td>
</tr>
<tr>
<td>(Ben 16) It seems that __________ demonstrates its belief that “the customer is always right” and __________ are always willing to assist customers (Modified from Zhao et al., 2010).</td>
<td>2.67</td>
<td>1.00</td>
<td>.710</td>
</tr>
<tr>
<td>(Ben 17) __________ appears to be the best guide for customer (Modified from Schlosser et al., 2006).</td>
<td>2.51</td>
<td>1.00</td>
<td>.713</td>
</tr>
<tr>
<td>(Ben 18) The intentions of __________ appears to be benevolent (Modified from Gefen, 2000).</td>
<td>2.62</td>
<td>1.02</td>
<td>.864</td>
</tr>
<tr>
<td>(Ben 19) It seems that __________ repay the money if it is taken away from customers account through unauthorized manner (Modified from Yousafzai et al., 2007).</td>
<td>2.80</td>
<td>1.03</td>
<td>.725</td>
</tr>
<tr>
<td>Firm’s Reputation α = 0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(FR 20) As far as I am concerned __________ is very particular in keeping its promise (Modified from Koufaris and Hampton-Sosa, 2004).</td>
<td>2.73</td>
<td>.986</td>
<td>.720</td>
</tr>
<tr>
<td>(FR 21) For me __________ always provide trustworthy service (Modified from Doney and Cannon, 1997).</td>
<td>2.72</td>
<td>.938</td>
<td>.774</td>
</tr>
<tr>
<td>(FR 22) It seems __________ provides after sale service for more customer retention (Modified from Hsiao et al., 2010).</td>
<td>3.03</td>
<td>1.05</td>
<td>.677</td>
</tr>
<tr>
<td>(FR 23) It seems __________ is honest and trustworthy (Modified from Koufaris and Hampton-Sosa, 2004).</td>
<td>2.87</td>
<td>.996</td>
<td>.632</td>
</tr>
<tr>
<td>(FR 24) The management of __________ is robust (Modified from Lim et al., 2009).</td>
<td>2.69</td>
<td>1.03</td>
<td>.729</td>
</tr>
<tr>
<td>(FR 25) As per my perspective this __________ is considered as one of the best (Modified from Doney and Cannon, 1997).</td>
<td>2.70</td>
<td>.978</td>
<td>.810</td>
</tr>
<tr>
<td>Item</td>
<td>Statement</td>
<td>Mean</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>------</td>
<td>--------------------</td>
</tr>
<tr>
<td>FR 26</td>
<td>______ is reliable</td>
<td>2.74</td>
<td>.944</td>
</tr>
<tr>
<td>FR 27</td>
<td>People in the community think highly of ______</td>
<td>2.58</td>
<td>.947</td>
</tr>
<tr>
<td>FR 28</td>
<td>______ does not have good reputation</td>
<td>2.80</td>
<td>1.02</td>
</tr>
<tr>
<td>UA 29</td>
<td>It seems ____ uses standard operating procedure</td>
<td>4.04</td>
<td>.691</td>
</tr>
<tr>
<td>UA 30</td>
<td>It seems that customer behavior is modified by the standard operating procedure of ____</td>
<td>4.13</td>
<td>.776</td>
</tr>
<tr>
<td>UA 31</td>
<td>____ always spelled purchase instructions in user friendly language</td>
<td>4.06</td>
<td>.827</td>
</tr>
<tr>
<td>UA 32</td>
<td>_____ informs customer about selling practices</td>
<td>3.62</td>
<td>.844</td>
</tr>
<tr>
<td>PF 33</td>
<td>It appears that ____ properly communicates price fluctuations</td>
<td>2.89</td>
<td>1.00</td>
</tr>
<tr>
<td>PF 34</td>
<td>It appears that ____ timely communicates price fluctuations</td>
<td>3.52</td>
<td>.959</td>
</tr>
<tr>
<td>PF 35</td>
<td>As far as my____ is concerned, it does not change price and conditions unexpectedly</td>
<td>3.07</td>
<td>1.00</td>
</tr>
<tr>
<td>PF 36</td>
<td>______ allows considerable discounts</td>
<td>3.02</td>
<td>1.00</td>
</tr>
<tr>
<td>PF 37</td>
<td>_____ guarantee lowest price</td>
<td>2.88</td>
<td>.984</td>
</tr>
<tr>
<td>PF 38</td>
<td>______ does not take advantage of price ignorance</td>
<td>2.97</td>
<td>1.02</td>
</tr>
<tr>
<td>PF 39</td>
<td>Proper knowledge of what paid and what get</td>
<td>2.90</td>
<td>1.04</td>
</tr>
<tr>
<td>PF 40</td>
<td>_____ keeps all its promises regarding price change</td>
<td>2.91</td>
<td>1.02</td>
</tr>
<tr>
<td>PI 41</td>
<td>I have positive intentions for____</td>
<td>2.37</td>
<td>1.03</td>
</tr>
<tr>
<td>PI 42</td>
<td>I would often shop at this store in the next few months</td>
<td>2.37</td>
<td>.984</td>
</tr>
<tr>
<td>PI 43</td>
<td>I likely to visit e-store in the near future</td>
<td>2.31</td>
<td>1.02</td>
</tr>
<tr>
<td>PI 44</td>
<td>I would strongly recommend others to use e-store</td>
<td>2.31</td>
<td>.940</td>
</tr>
<tr>
<td>PI 45</td>
<td>I shall not transact with e-store in the near future</td>
<td>2.25</td>
<td>.957</td>
</tr>
<tr>
<td>PI 46</td>
<td>It is likely that I would use credit card to purchase from e-store</td>
<td>2.26</td>
<td>.974</td>
</tr>
<tr>
<td>PI 47</td>
<td>I am likely to provide _____ with the information ____ need to better serve my needs</td>
<td>2.40</td>
<td>1.00</td>
</tr>
<tr>
<td>PI 48</td>
<td>I expect to use e-store</td>
<td>2.77</td>
<td>1.01</td>
</tr>
<tr>
<td>PI 49</td>
<td>Given a chance, I predict, I will use e-store</td>
<td>2.25</td>
<td>.988</td>
</tr>
</tbody>
</table>
Table 2: Measure fit statistics of measurement model

<table>
<thead>
<tr>
<th>Fit Indices</th>
<th>Inter-construct Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/df</td>
<td>TB ↔ PI</td>
</tr>
<tr>
<td>P</td>
<td>TB ↔ UA</td>
</tr>
<tr>
<td>GFI</td>
<td>TB ↔ FR</td>
</tr>
<tr>
<td>AGFI</td>
<td>TB ↔ PF</td>
</tr>
<tr>
<td>NFI</td>
<td>PI ↔ UA</td>
</tr>
<tr>
<td>CFI</td>
<td>PI ↔ FR</td>
</tr>
<tr>
<td>TLI</td>
<td>PI ↔ PF</td>
</tr>
<tr>
<td>RMSEA</td>
<td>UA ↔ FR</td>
</tr>
<tr>
<td>SRMR</td>
<td>PI ↔ UA</td>
</tr>
<tr>
<td></td>
<td>FR ↔ PF</td>
</tr>
</tbody>
</table>

Table 3: Reliability and validity of latent constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
<th>Composite Reliability</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR</td>
<td>0.56</td>
<td>0.89</td>
<td>0.83</td>
</tr>
<tr>
<td>UA</td>
<td>0.62</td>
<td>0.88</td>
<td>0.82</td>
</tr>
<tr>
<td>PF</td>
<td>0.55</td>
<td>0.90</td>
<td>0.81</td>
</tr>
<tr>
<td>PI</td>
<td>0.62</td>
<td>0.91</td>
<td>0.88</td>
</tr>
<tr>
<td>TB</td>
<td>0.57</td>
<td>0.92</td>
<td>0.87</td>
</tr>
</tbody>
</table>
Table 4: Discriminant validity of latent constructs

<table>
<thead>
<tr>
<th>AVE/Alpha</th>
<th>TB</th>
<th>UA</th>
<th>FI</th>
<th>PA</th>
<th>PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>TB</td>
<td>(0.57)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UA</td>
<td>0.01</td>
<td>(0.62)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FR</td>
<td>0.37</td>
<td>0.00</td>
<td>(0.56)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PF</td>
<td>0.38</td>
<td>0.00</td>
<td>0.28</td>
<td>(0.55)</td>
<td></td>
</tr>
<tr>
<td>PI</td>
<td>0.47</td>
<td>0.02</td>
<td>0.28</td>
<td>0.27</td>
<td>(0.62)</td>
</tr>
</tbody>
</table>

Note: AVE is above the diagonal: Squared Correlation below the diagonal

Table 5: Results of structural model and alternative models

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CMIN/df</th>
<th>p</th>
<th>GFI</th>
<th>AGFI</th>
<th>NFI</th>
<th>TLI</th>
<th>CFI</th>
<th>RMR</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final model</td>
<td>2.613</td>
<td>.000</td>
<td>.964</td>
<td>.909</td>
<td>.958</td>
<td>.949</td>
<td>.973</td>
<td>.017</td>
<td>.061</td>
</tr>
<tr>
<td>Alternate Model I</td>
<td>UA and FR → TB → PI</td>
<td>2.726</td>
<td>.000</td>
<td>.962</td>
<td>.881</td>
<td>.8607</td>
<td>.915</td>
<td>.901</td>
<td>.069</td>
</tr>
<tr>
<td>Alternate Model II</td>
<td>UA and PF → TB → PI</td>
<td>3.933</td>
<td>.000</td>
<td>.951</td>
<td>.887</td>
<td>.870</td>
<td>.856</td>
<td>.900</td>
<td>.064</td>
</tr>
<tr>
<td>Alternate Model III</td>
<td>UA, FR and PF → TB</td>
<td>3.940</td>
<td>.000</td>
<td>.833</td>
<td>.855</td>
<td>.758</td>
<td>.880</td>
<td>.901</td>
<td>.081</td>
</tr>
</tbody>
</table>

Figure 1: Theoretical Model

Uncertainty Avoidance

Price Fairness

Firm’s Reputation

Trusting Beliefs

Purchase Intention
Figure 2: Final Structural Model

Uncertainty Avoidance
H1: \( \beta = 0.22 \)

Integrity
\( \beta = 0.73 \)

Benevolence
\( \beta = 0.78 \)

Competence
\( \beta = 0.78 \)

Price Fairness
H2: \( \beta = 0.38 \)

Firm’s Reputation
H3: \( \beta = 0.75 \)

Trusting Beliefs

Purchase Intention
H4: \( \beta = 0.78 \)