

# **FACTORS INFLUENCING INTENTION TO PERFORM ONLINE TRANSACTION AMONG THE PROFESSIONALS IN SRI LANKA**

**An empirical investigation of familiarity, trust and perceived risk  
integrated with the theory of planned behavior.**

By

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**A research submitted to the University of Sri Jayewardenepura  
in partial fulfillment of the requirements for the Degree of Master of  
Business Administration on 2014.**

“The work described in this research was carried out by me under the supervision of Dr. Dushyantha Kulatunga and a report on this has not been submitted in whole or part to any University or any other institution for another Degree/Diploma”.

A handwritten signature in black ink, appearing to read 'Rameez', is written above a horizontal dotted line. The signature is stylized with a large initial 'R' and a long horizontal stroke extending to the right.

Nagoor Pitchai Mohamed Rameez

“I certify that the above statement made by the candidate is true and that this research is suitable for submission to the University for the purpose of evaluation”.



.....  
Dr. Dushyantha Kulatunga.

24.07.2014

.....  
Date

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## Abbreviations

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3G	Third Generation
AS	Attitude Structure
ATD	Attitude
ATI	Attitude Indirect Measure
AVE	Average Variance Extracted
B2C	Business to Customer
BB	Behavior Belief
BBS	Behavior Belief Strength
BOI	Board of Investment
CB	Central Bank
CEO	Chief Executive Officer
CF	Control Factor
CPA	Confirmatory Factor Analysis
€	Euro
e-Commerce	Electronic Commerce
EFA	Exploratory Factor Analysis
ERP	Enterprise Resource Planning
et al.	And others
FAM	Familiarity
FT	Financial Time
H	Hypotheses
ICT	Information Communication Technology
ICTA	Information and Communication Technology Agency
ID	Identification
INT	Intention
IT	Information Technology
K	Kilo (1000)
LGII	Lanka Government Information Infrastructure
MBA	Masters of Business Administration
MIS	Management Information System
MTC	Motivation to Comply
n.s	Not significant
NB	Normative Belief
NBS	Normative Belief Strength
NS	Normative Structure
OE	Outcome Evaluation

OECD	Organization for Economic Co-operation and Development
p	p-value
PBC	Perceived Behavior Control
PEPS	Professionals Enrolled with Postgraduate Studies
PEU	Perceived Ease of Use
PLS	Partial Least Square
PR	Perceived Risk
PU	Perceived Usefulness
\$	US Dollars
SD	Standard Deviation
SEB	Self-Efficacy Belief
SEBS	Self-Efficacy Belief Strength
SEBP	Self-Efficacy Belief Power
SN	Subjective Norm
SPSS	The Statistical Package for Social Sciences
TAM	Technology Acceptance Model
TM	Trade Mark
TPB	Theory of Planned Behavior
TRA	Theory of Reasoned Action
TRC	Telecommunications Regulatory Commission
TV	Tele Vision
UAE	United Arab Emirates
UK	United Kingdom
USA	United States of America

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# **Factors Influencing Intention to Perform Online Transaction among the Professionals in Sri Lanka.**

An empirical investigation of Familiarity, Trust and Perceived Risk integrated  
with the Theory of Planned Behavior.

**Nagoor Pitchai Mohamed Rameez**

## **ABSTRACT**

Amazing growth in e-commerce worldwide is facilitating and rapidly transforming conventional retailing into a progressively growing e-commerce trading platform in Sri Lanka. Online transaction combines new technology and new consumer behaviorism in to new way of product and service delivery through electronic channel. The emerging market trend is subsequently changing the consumer consumption pattern and their business transaction process. However explicit social manifestation in the internet has substantially not transformed into a trading activity in the Island. Hence, consumer acceptance of online transaction remains comparatively minute to the conventional retailing. This socioeconomic reality, demands a new conceptualization of online consumer behaviorism to better understand what drives the intention to perform online transaction (across professionals). Drawing from psychological behavioral theory, the study applies an integrated model of TPB to capture online transactional behavioral intention and critically evaluate interrelationship of latent variables.

Consumer's acceptance of internet transaction primarily depends on their behavioral intention to transact product or services over the internet. The model first draws upon the TPB to interrelate online transaction intentions with attitude, subjective norm, and perceived behavioral control. Second, given the uncertainty present in online transaction, trust in web retailer is hypothesized as a salient belief that influences transaction intentions directly and indirectly through perceived risk, attitude and perceived behavior control. Third, given the distant, unregulated and impersonal nature of online transaction, perceived risk associated with online transaction is hypothesized as salient beliefs that directly influence transaction intentions. Fourth, given the e-commerce as a retailing platform in its

early relationship building stage, familiarity on web retailers and its transaction process is also hypothesized as a salient belief that influence transaction intention directly and indirectly through trust and perceived risk. Drawing from theory of planned behavior, familiarity, trust and perceived risk are synthesized to form an integrated TPB model to explain customer's intention to perform online transaction.

Data collected from a sample of 287 Professionals who were Enrolled with Postgraduate Studies (PEPS) in leading Universities and higher educational institutes in the western province of Sri Lanka with Likert scale questionnaire. Data analysis was carried out using the Structural Equation Modelling techniques of Partial Least Square method (Smart PLS). The assessment of measurement model was carried out with content validity, reliability and construct validity; while assessment of structural model was carried out with path coefficient and coefficient of determination (R square). Analysis of proposed model with Smart PLS technique suggests that the intention to perform online transaction is positively affected mainly by trust, attitude and familiarity. Additionally transaction intention is indirectly influenced by the route of familiarity-trust as well as familiarity-trust-attitude link. The results of this study supported past literature through nine of the hypotheses with the exception of direct influence of perceived risk, subjective norm and perceived behavior control to the transaction intention. The integrated TPB model has reasonably explained 46% of variance in the intention. Finally, the paper discusses the several insights from this exploratory study and discusses theoretical and the managerial implications concluding with several suggestions for future research on predicting intention to perform online transaction in Sri Lanka.

## CHAPTER ONE

### Introduction to the Research

#### 1.1 Global Internet Business Outlook

Remarkably online transaction worldwide touched the pinnacle of US\$ 1 trillion for the first time in 2012 (eMarketer, 2013). To reach this spectacular milestone B2C e-commerce sales grew at 21.1% throughout the world (eMarketer, 2013). According to Internet Retailer (2013), B2C e-commerce sales will grow to US\$ 1.25 trillion for 2013. In contrast, eMarketer's new global estimates indicate that the online transaction will grow at 18.3% to US\$ 1.298 trillion worldwide for the same year (eMarketer, 2013). Globalization and universal nature of the Internet has enabled people to engage in online transactions (Pavlou and Chai, 2002) in both developed as well as in developing countries. According to eMarketer (2013) estimates, first time in the history, Asia Pacific region surpasses North America in terms of sales to become the world's number one market for B2C e-commerce in 2013.

The Internet is rapidly becoming fast growing retailing platform in the world (Cheng, Lam and Yeung, 2006) by connecting large number of customers, institution and suppliers for virtual transaction (Pavlou and Chai, 2002). Online transaction combines new technology and new behavioral pattern into new way of product and service offering by communicating necessary information with wide across customer segments via electronic channel of virtual stores (Dennis et al., 2008).

Online retail sale in the US is astonishing and continues to grow at a rapid rate by outperforming sales growth at traditional stores. Forrester Research (2013) predicted