

PERCEIVED ETHICALITY AND ITS IMPACT ON
CONSUMER LOYALTY: AN EMPIRICAL STUDY ON
SHARING ECONOMY PLATFORMS

BY

SCULLY TANG ZY ING
TAN YIE XUAN

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- (2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the FYP.
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Name of Student:

Student ID:

Signature:

1. Scully Tang Zy Ing

2100391



2. Tan Yie Xuan

2100439



Date: 12/9/2023

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“Those who sow with tears will reap with joy.” — —
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TABLE OF CONTENTS

	Pages
Copyright	ii
Declaration.....	iii
Acknowledgement	iv
Dedication.....	v
Table of Contents.....	vi
List of Tables	ix
List of Figures	x
List of Abbreviations	xi
List of Appendices	xii
Preface	xiii
Abstract.....	xv
CHAPTER 1: RESEARCH OVERVIEW	1
1.1 Introduction	1
1.2 Research Background.....	1
1.3 Research Problem.....	3
1.3.1 Identify the deficiencies in all these past studies.....	4
1.4 Research Objectives and Research Questions.....	6
1.4.1 Research Objectives	6
1.4.2 Research Questions.....	6
1.5 Research Significance	6
1.5.1 Theoretical Significance	6
1.5.2 Practical contribution.....	7
1.6 Conclusion.....	8
CHAPTER 2: LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Stimulus-Organism-Response (SOR)	9

2.3	Review of Variables	11
2.3.1	Privacy (PC)	11
2.3.2	Security (SC)	11
2.3.3	Fulfilment (FUL)	12
2.3.4	Service Recovery (SR)	13
2.3.5	Trust (TR).....	14
2.3.6	Loyalty (LY).....	14
2.4	Proposed Theoretical / Conceptual Framework	16
2.5	Hypothesis Development	16
2.5.1	Privacy (PC) as stimulus (S) and trust (TR) as organism (O)	17
2.5.2	Security (SC) as stimulus (S) and trust (TR) as organism (O).....	18
2.5.3	Fulfilment (FUL) as stimulus (S) and trust (TR) as organism (O).....	19
2.5.4	Service Recovery (SR) as Stimuli (S) and Trust (TR) as Organism(O).....	20
2.5.5	Trust (TR) as Organism (O) and Loyalty (LY) as Response (R)	20
2.6	Conclusion.....	21
CHAPTER 3: METHODOLOGY		22
3.1	Introduction	22
3.2	Research Design.....	22
3.3	Population Sample and Sampling Design	23
3.4	Data Collection Methods.....	24
3.4.1	Primary Data.....	24
3.4.2	Questionnaire Design	24
3.4.3	Pre-Test.....	25
3.4.4	Pilot Study	25
3.5	Proposed Data Analysis Tool.....	26
3.5.1	Descriptive Analysis.....	27
3.5.2	SmartPLS.....	27
3.5.3	Measurement Model.....	28
3.5.4	Structural Model.....	29
3.6	Conclusion.....	30
CHAPTER 4: DATA ANALYSIS		31

4.1	Introduction	31
4.2	Demographic of Targeted Respondents	31
4.3	Measurement Model Assessment.....	32
4.3.1	Reliability Analysis	32
4.3.2	Validity analysis	33
4.4	Structural Model Assessment.....	35
4.5	Conclusion.....	37
CHAPTER 5: DISCUSSION, CONCLUSION, AND IMPLICATIONS.....		38
5.1	Introduction	38
5.2	Discussions of Major Findings.....	38
5.2.1	The relationship between PC and TR.....	39
5.2.2	The relationship between SC and TR.....	39
5.2.3	The relationship between FUL and TR	40
5.2.4	The relationship between SR and TR.....	40
5.2.5	The relationship between TR and LY.....	41
5.3	Implications of Study	41
5.3.1	Theoretical Implications	41
5.3.2	Managerial Contributions	42
5.4	Limitations and Recommendations.....	43
5.5	Conclusion.....	44
References.....		45
Appendices		57

LIST OF TABLES

	Page
Table 3.1 Reliability Test for Pilot Study	26
Table 4.1 Reliability Analysis Data	32
Table 4.2 Convergent validity - Average variance extracted (AVE)	33
Table 4.3 Fornell-Lacker	35
Table 4.4 Path Coefficient	36
Table 5.1 Acceptance of hypothesis statement	38

LIST OF FIGURES

	Page
Figure 1.1 : Types of Sharing Economy Platforms	3
Figure 2.1 : Proposed SOR Framework	16
Figure 4.1 : SMART-PLS 4 Model	37

LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
CA	Cronbach's Alpha
CAGR	Compound Annual Growth Rate
CR	Composite Reliability
DSEP	Digital Sharing Economy Platform
DV	Dependent Variable
FUL	Fulfillment
HTMT	Heterotrait- Monotrait Ratio
IV	Independent Variable
LY	Loyalty
MDEC	Malaysia Digital Economy Corporation
ND	Non-deception
PC	Privacy
PLS	Partial Least Square
PLS-SEM	Partial Least Square- Structure Equation Modelling
RM	Ringgit Malaysia
SC	Security
SEP	Sharing Economy Platform

SOR	Stimulus-Organism-Response
SR	Service Recovery
SV	Shared Value
TR	Trust
USD	United States Dollar
UTAR	Universiti Tunku Abdul Rahman
VIF	Variance Inflation Factor

LIST OF APPENDICES

	Page
Appendix 3.1 : Questionnaire (PC, SC, FUL, SR, TR, LY)	57
Appendix 3.2 : Questionnaire	62
Appendix 4.1 : Respondents Demographic Profile	74
Appendix 4.2 : Cross Loading	78

PREFACE

This final year project is completed and submitted to be the fulfillment to the pursuit of Bachelor of Marketing (Hons) in Univeristi Tunku Abdul Rahman (UTAR). Due to the continuous improvement of technology in the world, the sharing economy has been introduced and has shown huge growth for businesses in this new economic model compared to the previous traditional way. This new model of business helps generate profits through different sectors such as tourism, logistics, hospitality, etc. The main purpose is to help the government save expenses by utilizing unused resources effectively and efficiently. According to Malaysia Digital Economy Corporation Sdn Bhd (2023), the sharing economy contributes USD 2.7 trillion to the overall economy of the world. The sharing economy is estimated to grow from \$14 billion in 2014 to \$335 billion by 2025. According to Malaysia Digital Economy Corporation Sdn Bhd (2023), Malaysia has generated RM4 billion in 2016. The sharing economy's growth, however, is not without its ethical complexities. With the emerging sharing economy, its platforms raise ethical concerns among consumers in terms of privacy, security, fulfillment and service recovery issues which will be a greater concern in establishing consumer loyalty. This research paper explores these ethical concerns in greater depth, examining their impact on various stakeholders and offering insights into potential solutions. It is our hope that this study contributes to a deeper understanding of the ethical dimensions of the sharing economy, fostering responsible and sustainable growth within this evolving economic landscape. In the meanwhile, past studies exist but involve limitations regarding geographical diversity, different utilization of established theories, limited research on separate ethical perceptions. Therefore, this research is conducted with the intention to investigate the relationship between the consumers perceived ethicality and trust as well as the relationship between trust and consumer loyalty in using sharing economy platforms.

ABSTRACT

Sharing economy in Malaysia is growing rapidly, so it is necessary to examine the consumers' perceived ethicality of sharing economy platforms (SEPs) and how these concerns impact on consumer trust and loyalty towards sharing economy platforms. This study applies stimulus-organism-response (SOR) theory as a theoretical framework to further study the relationship between consumers' perceived ethicality and its impact on consumer loyalty. 365 respondents who are SEP users were surveyed. Partial least squares structural equation modelling (PLS-SEM) was utilized to analyse the data. The results of the study revealed that stimulus variable - privacy (PC), security (SC), fulfilment (FUL), service recovery (SR) does influence the organism variable – trust (TR) positively, as well as response variable – loyalty (LY) with the organism variable (TR), showed positive relationship. Through this finding, it enables the researcher, SEP developers, future competitors, and the government to acquire more insight, thereby enhanced the adoption of SEP and better met the satisfaction of users.

CHAPTER 1: RESEARCH OVERVIEW

1.1 Introduction

This chapter presents a broad picture of the sharing economy and determine what factors influence trust and loyalty towards sharing economy platforms in Malaysia. The purpose of conduct this research and research significant will be covered.

1.2 Research Background

Due to the continuous improvement of technology in the world, the sharing economy has been introduced and has shown huge growth for businesses in this advance economic model compared to the previous traditional way. The sharing economy is “the peer-to-peer based activity of obtaining, giving, or sharing access to goods and services” (Hall & Krueger, 2017). MDEC defines the sharing economy as a network where members can temporarily access each other's assets through an online platform. (Malaysia Digital Economy Corporation Sdn Bhd, 2023). In contrast to traditional businesses, goods and services are possessed by a single owner and then leased to others (Statista, 2023). This new model of business helps generate profits through different sectors such as tourism, logistics, hospitality, etc.

The main purpose is to help the government save expenses by utilizing unused resources effectively and efficiently (Miller, 2022). Eventually, this model of business will benefit society and change global living patterns (Watts, 2022). Furthermore, research can also enhance developing countries' overall economies and living standards such as employment opportunities, extra income, reciprocity, effective resource

utilization, digital literacy, transparency, accountability, convenience, skills development, etc (Dillahunt & Malone, 2015). The ecosystem has grown significantly over the past few years, with more than 15 categories, such as tourism-related services (Travelog.com), food delivery services (Food Panda), ride and transportation areas (Grab, Trevo), logistics and delivery services (Lalamove) and so on. (see Figure 1.1)

According to Malaysia Digital Economy Corporation Sdn Bhd (2023), the sharing economy contributes USD 2.7 trillion to the overall economy of the world. The sharing economy is expected to increase from \$14 billion in 2014 to \$335 billion by 2025. This forecast is based on indicators such as the rapid expansion Uber and Airbnb (Hall & Krueger, 2017). Uber Technologies revenue for Q4 2022 was \$8.607 billion, up 48.96% over the previous year (Macrotrends, 2022). In the context of the Asia Pacific region, China's sharing economy generated revenues of USD 763.5 billion in 2017 up 47.2% in a year. In urban China, app culture is pervasive, and almost half of China's total population participate in the sharing economy. Sharing services account for 10% of all jobs in China's cities, providing employment to 7.2 million people (ProgressAsia, 2019). The market size of the sharing economy, which was estimated at \$113000.0 million in 2021 and is projected to reach \$600000.0 million by 2027, growing at a CAGR of 32.08% during the forecast period (Proficient Market Insights, 2022). For example, based on the statistics, Grab has offered massive earning opportunities in Indonesia by raising the number of drivers by 574% over the past year (Grab, 2017). According to Malaysia Digital Economy Corporation Sdn Bhd (2023), Malaysia has generated RM4 billion in 2016.



Figure 1.1. Types of Sharing Economy Platforms

Note. Adapted from Malaysia Digital Economy Corporation Sdn Bhd (2023).

1.3 Research Problem

The rise of the sharing economy has also raised ethical concerns such as safety and privacy because SEPs are centered on the idea of transformational sharing, which necessitates that users provide certain personal information. This information has sometimes been utilized for unintended commercial reasons, such as suggesting suitable products for SEP users based on suitable price ranges. Other companies buy customer data because they need the data to make better business decisions by gaining insights into one's search history and browsing history to better understand customers' tastes and preferences nowadays.

In June 2022, TMZ reported an invasion of privacy in which Airbnb guests sued hosts over hidden cameras in a booked room (TMZ, 2022). In the same year, a tourist in France claimed her Airbnb had installed cameras near the bathroom (Thompson, 2022). Besides, in September 2022, Uber reportedly suffered a massive security breach across

its network, potentially leading to the deletion or modification of access log (Yu, 2022). After 3 months, Uber again suffered a new data breach after a threat actor revealed the secret information of the organization (Abrams, 2022). In addition, a fake listing was reported, and the actual owner has never listed her house on Airbnb (Humphries, 2023). Another scam listing was on TikTok, which says Airbnb hosts use their addresses for scam listings (Seitz, 2022). Also, Uber Eats has reported that its customer service is not actually fixing customer complaints (Kline, 2022). There was a case happened to a woman in San Francisco that her account with MoviePass abruptly shut down, without any refunds or means of rectifying the situation. Despite multiple complaints from customers, MoviePass denied any wrongdoing and instructed them to contact their customer service department to dispute any issues (Kugel, 2022). In the past three years, even the most well-known and historically reputable organizations have experienced ethical lapses, such as Facebook, Wells Fargo, and BestBuy have faced issues with data privacy, data protection, consumer fraud, and data breaches (Laczniak & Murphy, 2019). As a result, people might link these problems with SEPs and become hesitant to use them or share their personal information on them (Lutz et al., 2018).

According to Amoako et al. (2021), customers that see a company as ethical will stay committed to the particular brand, which entails a promise to repurchase favourite brands. Aboul-Dahab (2021) also proves that organizations acting in a moral way are probably going to keep purchasers loyal. Furthermore, a study proves that customer loyalty is positively related to increasing profitability (Hallowell, 1996). Therefore, consumers' perceived ethicality on affecting trust and loyalty in using SEPs is worth studying, as the findings would be beneficial to all the SEPs worldwide in increasing their market coverage.

1.3.1 Identify the deficiencies in all these past studies

Studies on SEPs are still in the early stages of development, and individual-level research has not received much academic attention (Lee et al., 2018). Many studies have proposed ethical perceptions towards value co-creation intentions (YANG Al-Imamy, 2020; Nadeem et al., 2020; Nadeem et al., 2021), loyalty (Aboul-Dahab et al., 2021), fraudulent return behaviors (Chang & Guo, 2021), positive word-of-mouth and customer forgiveness (Roy et al., 2022).

While previous studies have examined the roles of ethics in e-tailing, the SEP has received little attention in this area (Aboul-Dahab et al., 2021; Chang & Guo, 2021; Roy et al., 2022). Besides, ethical perception has rarely been tested as four separate dimensions (Privacy, Security, Fulfilment, and Service Recovery), Aboul-Dahab et al. (2021); Nadeem & Al-Imamy (2020); Nadeem et al. (2020); Nadeem et al. (2021) tested consumers' ethical perceptions as one dimension.

Additionally, past studies regarding the sharing economy adopted the social exchange theory (Liu & Mattila, 2019), social capital theory (Wang & Liang, 2019), and extended planned behavior (Zhang et al., 2019), instead of SOR theory. Moreover, Aboul-Dahab et al. (2021); Nadeem et al. (2021) only examined the direct influences of ethical perceptions towards loyalty. The current study, however, examined the influences of ethical perceptions towards trust, which subsequently affect loyalty.

Furthermore, few past studies (Kim & Choi, 2021; Kim & Sung, 2020; Lwin & Phau, 2020) adopted the SOR theory, but most rarely adopted SOR theory to investigate four variables influencing trust, thus creating loyalty. Therefore, this study aims to improve the limitations that have been identified and fill in the uncovered gap by investigating whether the four dimensions have a significant relationship towards trust and loyalty.

1.4 Research Objectives and Research Questions

1.4.1 Research Objectives

1. To examine the relationship between stimulus variables (Privacy, Security, Fulfilment, Service Recovery) and organism variable (Trust).
2. To examine the relationship between organism variable (Trust) and response variable (Loyalty).

1.4.2 Research Questions

1. How do stimulus variables (Privacy, Security, Fulfilment, Service Recovery) relate to the organism variable (Trust)?
2. How does the organism variable (Trust) relate to the response variable (Loyalty)?

1.5 Research Significance

1.5.1 Theoretical Significance

This study will contribute to future researchers who are concerned with the development of SEPs. It is believed that this study would be one of the first few to study the SOR framework with the relationship between four factors, including privacy, security, fulfilment service recovery and trust as well as how trust affects loyalty in the SEP context based on Malaysian consumers'

perspectives. Tiarniyu et al. (2022) have proposed research on Muslim tourists' intentions to book on Airbnb by using the SOR framework. Studies of these four variables are limited. Therefore, this study will provide academics with a better insight into how people will be influenced to use SEPs if a company fails to meet the expectations of consumers based on the four variables from Malaysia's perspective rather than other foreign regions.

Furthermore, the SOR theory is useful in research because it can provide a framework for studying complex phenomena such as human behavior and perception (Greenwald, 1976). One of the strengths of the SOR theory is that it recognizes that individuals are not passive recipients of environmental stimuli, but instead actively process information and make decisions based on their internal states and past experiences (Lerner, 2002). This means that the theory allows for a more nuanced understanding of behavior and can account for individual differences in responses to stimuli. Additionally, the SOR theory can be applied across a wide range of contexts and disciplines, including psychology, sociology, marketing, and consumer behaviour (Chung et al., 2017). It can be used to investigate phenomena such as how advertising affects consumer behaviour, how social influences impact decision-making, and how stress affects physiological responses.

1.5.2 Practical contribution

The findings of this study are significant and useful for practitioners, especially smaller and future SEPs, who can gain from the findings to understand consumer loyalty towards SEPs. Firstly, as per the results of the current study, it is important to recognize the crucial role that consumers' ethical perceptions play when they use SEPs. Managers are required to give users the impression that the platforms respect their privacy and security and perform well. Additionally, consumers also need to trust that SEPs will compensate and

resolve the problems appropriately. These factors are crucial and necessary to make improvements because they collectively affect consumers to generate trust through the SEP, as well as their commitment to the platform. Secondly, managers are recommended to promote an ethical environment, such as a SEP that will safeguard consumer personal data to build strong relationships in the form of enhanced trust and loyalty among consumers, continuous repurchase, and positive word-of-mouth to attract more users to use the service.

1.6 Conclusion

In Chapter 1, a summary of this study was covered. This introduction will aid in determining the comprehensive investigation's scope in connection to the study's objectives.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In Chapter 2, the SOR theory and associated literature will be studied. The independent variables and dependent variable will also be covered, the research model, as well as hypothesis will be developed.

2.2 Stimulus-Organism-Response (SOR)

This theory indicates that certain environmental elements have an impact on a one's emotional and cognitive state, leading to different behaviour results (Donovan & Rositer, 1982). It was proposed by Mehrabian and Russell in 1974. According to Mehrabian and Russell (1974), environmental factors play a significant role in shaping human behaviour and psychological variances. The individual will process stimuli in an inductive manner and generate the psychological interaction to produce the right responses (Zhai et al., 2020; Pandita et al., 2021). The SOR theory explains the connection between stimulus (e.g., external stimuli) that will influence organisms (human cognitions) and the human response (e.g., behaviour) to the stimulus.

The SOR model consists of three constructs, which include stimulus, organism, and response. The first "stimulus" component refers to the influence that evokes the individuals' attraction towards anything (Eroglu et al., 2001). The second "organism" component is known as the customers' affective and cognitive condition and it illustrates the cognitive process between stimuli and response of customers in making certain purchasing decisions (Zhai et al., 2020). It can be described as feelings emerging in the consumers' mind when the awareness toward a certain product or

service has arisen. The “response” as a third component of the SOR model is known as the effects, reactions, responses, and answers caused by the ‘stimuli’ and ‘organism’ which reflect the consequences of consumer participation in the sharing economy platforms. It also reflects the consumers’ behaviour towards the renting and borrowing of goods and services through various SEPs without actually buying and owning them (Dabija et al., 2023). Human beings are organisms that capable of develop emotional and psychological components as well as moods, emotions, attitudes or feelings to external stimuli (Zhai et al., 2020).

Kim, Lee & Jung (2020) had utilized the SOR model to examine consumer behaviour in Virtual Reality tourism. Kamboj et al. (2020) also conducted research on consumer behaviour as well, but in brand co-creation using the SOR framework. In addition, Zhu et al., (2020) also employed SOR model on the impact of online reviews on purchase intention. It has also found this model to be effective in their own research during the COVID-19 pandemic (Laato et al., 2020).

In our research, we use the SOR framework to further study the consumer perceived ethicality and its impact on consumer loyalty towards the SEPs such as airbnb, Grab, etc. Ethical perception of consumers is a multidimensional construct that includes several dimensions, such as PC, SC, FUL, SR, SV, and ND (Agag et al., 2016; Cheng et al., 2014; Román, 2007). However, according to Nadeem and Al-Imamy (2020); Nadeem et al. (2021), ND showed an insignificant impact on the consumers’ ethical perception, and according to Sandra and Ebba (2019), shared value can cause problem in some ways, especially when prioritizing profit over social issues, and as a result, social global concerns may be disregarded for activities taking place inside their own commercial context. Therefore, our study only emphasizes on the dimensions of PC, SC, FUL, and SR. According to the SOR framework, our research studies “consumers’ ethical perception” as the “stimulus”, “trust” as the “organism”, and “loyalty” as the “response”.

2.3 Review of Variables

2.3.1 Privacy (PC)

According to Nadeem et al. (2021), privacy is the one of the greatest influencers of consumers' ethical judgements and significantly predicts customers' value co-creation intents. Privacy is managed by deciding the kinds and amounts of information that a person must disclose, as well as how this information is protected (Cheng, Yang, Chen, and Chen, 2014). The previous studies showed that privacy is one of the important factors of e-commerce ethical (Cheng et al., 2014).

Privacy is concerned with the ambiguity associated with personal information submitted on online platforms, as well as the risk of personal information being revealed to undesired persons or parties (Nadeem et al., 2021). In terms of SEP, privacy is meant to safeguarding of personal data and its avoidance of unauthorized access by other consumers (Lutz, Hoffmann, Bucher and Fieseler, 2018). Personal information leakage may cause to unsolicited communication from unknown individuals or groups, unlawful sharing of such information, or the surveillance of transactions without disclosure (Nadeem et al., 2021).

2.3.2 Security (SC)

Privacy and security often grouped together in the past literatures (Christobal et al., 2019; Mostafa, 2019). However, there are few studies tested separately in mobile application (Balapour, Nikkhah, and Sabherwal, 2020), e-commerce (Cheng et al., 2014) The degree to which personal data submitted online is kept confidential, as well as the safety of the online transaction, is referred to as

security (Mostafa, 2019). Security refers to how much the consumers believe their transactions made via the DSEP would be secure, and not result in any monetary losses (Nadeem and Al-Imamy, 2020). The perceptions of consumers towards security have become more important given the surge in significant security breaches of the SEPs (Nadeem and Al-Imamy, 2020). Hence, Balapour et al. (2020) argue that privacy and security are two separate concepts, privacy is focused with governance and usage, while security is focused with protection.

2.3.3 Fulfilment (FUL)

According to Cheng et al. (2014), fulfilment is the key element to determine the consumers satisfaction. As consumers cannot control order fulfilment, consumers must rely on merchants to fulfil their commitment and provide the goods or services they have requested. In the context of mobile commerce, order fulfilment means fast delivery, correct representation of product, and a clear return policy (Chung, 2019). Prior study showed that consumers would be worried about the goods quality and delivery delay without informing them. The sustainability of the online channel for sales of products and services might be adversely impacted by poor delivery (Chung, 2019) Another study stated when consumers think that a new service delivery option could not perform properly, they are inclined to worry about its reliability (Gu, Zhang, Lu, and Song, 2021).

Fulfilment refers to the level to which consumer requests received on DSEPs are performed efficiently and quickly, offering a hassle-free service (Al-Imamy and Nadeem, 2020). Besides, Juntunen et al. (2020) mentioned that fulfilment involves a realistic description and explanation of the goods or services provided, as well as tracing and asking a confirmation request. Also, the goods

or services must look exactly as they were advertised or shown in order to prevent misleading information in the pictures provided.

2.3.4 Service Recovery (SR)

Service recovery is an act of rectification and compensation to those consumers or customers who experienced negative product and service experiences offered by a company (Agency for HealthCare and Quality, 2022). Service recovery involves addressing service failures to manage customer relationships (Agency for HealthCare and Quality, 2022). According to Demeter et al. (2021), to achieve customer satisfaction in service recovery, it is necessary to develop compensation measures for dissatisfied customers.

Service recovery describes the online service provider takes measures in the event of a service disruption (Gronroos, 1988). When the consumer perceives a loss as a result of the service provider's error, service provider then tries to secure through some recovery effort to make up for the consumer's loss (Agag,2019). Online service provider will adopt service recovery strategies to restore consumer satisfaction (Sparks and McColl-Kennedy, 2001). These strategies may involve admitting there is a problem, make correction, provide explanation for the service loss, apologising, granting staff the authority to resolve problems immediately, provide compensation like refunds and upgraded services (Agag,2019).

In sharing economy context, service recovery refers to how fairly consumers perceive DSEPs' attempts to resolve issues or compensate for losses (Nadeem and Al-Imamy, 2020). For example, if service delivery problem arise, this refers to how DSEP's willingness to deal with it promptly and avoid any kind of damage to the consumers (Nadeem and Al-Imamy, 2020).

2.3.5 Trust (TR)

Trust refers to the inner belief in the reliability, ability, and truth of someone or something (Catlett, 2019). When trust is established, it creates valuable exchange relationships and encourages strong loyalty (Morgan & Hunt, 1994). Based on Cook and Wall (1980) and McAllister (1995), trust is the belief that someone will behave positively and with good intentions. It involves being willing to follow their words and actions. Trust is described as positive expectations for the behaviour and intentions of trustees and show the willingness to behave in accordance with their words and actions. Trust is also described as the willingness of trustors to be exposed to trustee activities based on the belief that trustees will carry out significant actions without the need for monitoring (Mayer, Davis & Schoorman, 1995).

Trust is very important in online settings as it increases the willingness to engage on the internet and it is likely to lead to a long-lasting connection with the service provider (Nadeem and Al-Imamy, 2020). According to Tussyadiah and Park (2018), the decision of a guest to reserve a certain accommodation through the SEP is significantly influenced by both trust in the owner and the platform.

2.3.6 Loyalty (LY)

A strong commitment to continue doing business with the same service providers or to make frequent purchases from them can be described as loyalty (Cheng et al., 2018). This leads to continuous brand purchases (Cheng et al.,

2018). In the online game context, loyalty is an important element between the addiction and purchase intention to online game. Previous study stated that loyalty generally has been based on logical reasoning and consciously following the games. Furthermore, it mentioned that loyalty can spread positive word of mouth by writing reviews and rate games (Balakrishnan and Griffiths, 2018). In the sharing economy context, loyalty has been examined in many prior studies. (Akhmedova et al., 2020; Cheng et al., 2018; Shuqair et al., 2019). These studies proved that the major influence has arisen between loyalty and sharing economy usage.

2.4 Proposed Theoretical / Conceptual Framework

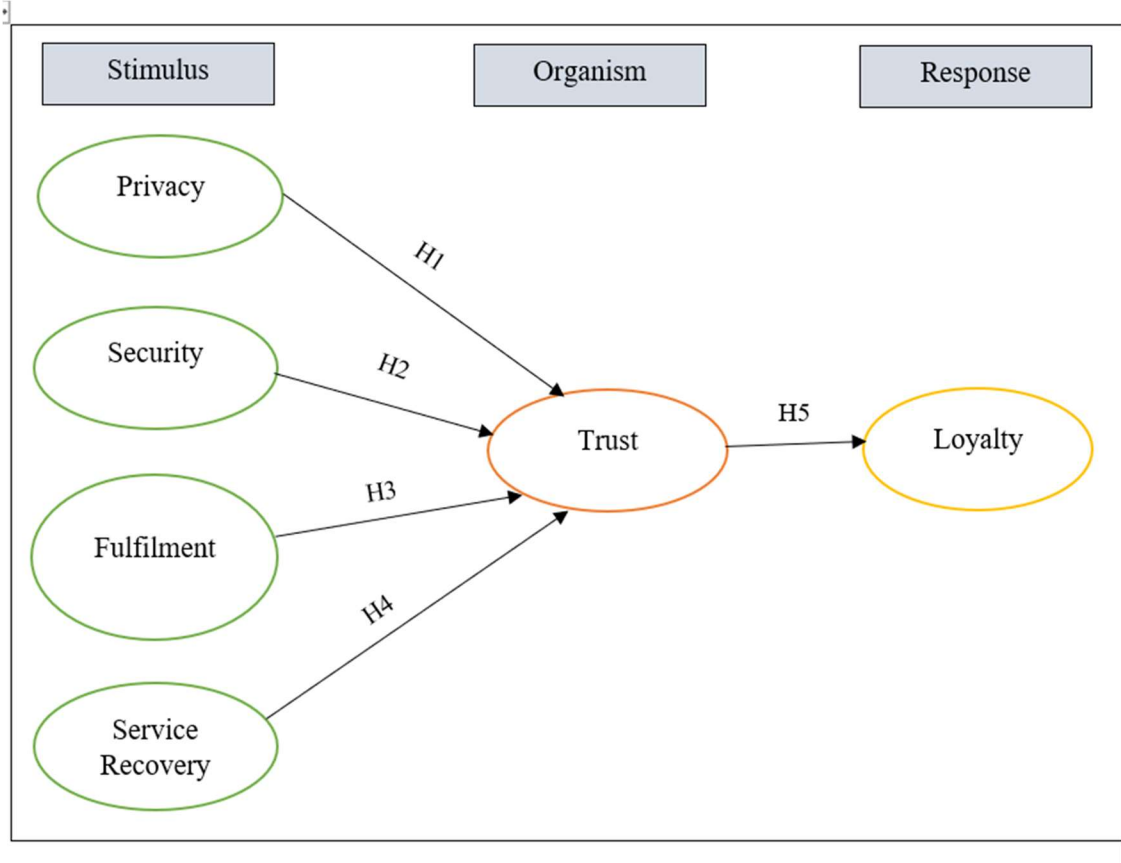


Figure 2.1. Proposed SOR Framework

Note. Developed from the research.

The major framework, SOR, was chosen in this research to analyse the SEP since it is a highly valid method. Hence, in this study, stimulus consists of PC, SC, FUL, and SR. Organisms consist of TR and response consist of LY.

2.5 Hypothesis Development

2.5.1 Privacy (PC) as stimulus (S) and trust (TR) as organism (O)

According to Chandra and Cassandra (2019), privacy brings an important effect to the value of customers to make them feel better and comfortable while using the service. Researchers have supported violation of consumer privacy will lead to a negative influence towards the company trust directly (Martin, 2018). A breach of privacy expectations reduces the significance of trust factors on user confidence in a website (Martin, 2018). In the field of healthcare, consumers are worried about the information technology privacy, which caused reduction in trust of electronic health records and may refuse to use the service (Keshta and Odeh, 2021).

In social media context, researchers discovered that privacy concern did not undermined the users' trust to the platform after an apology was announced (Ayaburi and Treku, 2020). Social media has integrated into most people's daily lives, despite the possible privacy breaches, which lessens the likelihood of complete trust loss (Ayaburi and Treku, 2020). Another research also showed that the deficiencies of privacy notices can cause consumer worries about privacy and have a negative impact on trust (Bandara, Fernando, and Akter, 2021). Therefore, it is important for consumers to know what and how data is being used. Privacy transparency is perceived as a critical factor in establishing trust in the digital environment (Bandara et al., 2021).

Consumers will become more aware of their data used by the company and privacy practices. Hence, this can make sure consumers feel empower and will likely become more assuring to use the service, thereby generate trust towards the SEP. Therefore, the study's hypothesis proposes:

H1: PC is positively related to TR toward the SEPs.

2.5.2 Security (SC) as stimulus (S) and trust (TR) as organism (O)

The dimension of security refers to the consumer perceived security action done by the company is good, and this will transfer a feeling of trust to the company. In the online shopping context, consumers will increase the shopping values when the company is caring to secure the personal information (Mostafa, 2019). Besides, past research has supported that users are prefer to perceive value if the social media website is safe while making transactions and students' personal information is secure (Mostafa, 2019). Kong, Wang, Hajli, and Featherman (2019) found that transaction safety can enhance the consumers' trust towards the SEP. Another research stated that more security protection boosts consumer trust, validating users' concerns about disclosing personal and financial information (Cristobal-Fransi et al., 2019). Similar results also proposed that the website's security and privacy had the most positive influence on users' trust in Airbnb (Mao et al., 2020; Yang et al., 2019).

Furthermore, Cui et al (2022) revealed the security mechanisms have a direct impact on providers' and consumers' desire to continue participating in the sharing economy. Besides, the SEP should also keep an eye on payment security, user information disclosure and the possibility of interacting with consumers on the internet platform, thereby improving the trust level of consumers (Cui et al., 2022). Therefore, the study's hypothesis proposes:

H2: SC is positively related to TR toward the SEPs.

2.5.3 Fulfilment (FUL) as stimulus (S) and trust (TR) as organism (O)

In the study of Agag (2019), the researcher verified that the fulfilment is the main indicator of the consumers' intentions to repurchase online. Moreover, Butt, Yingchen, Mohd-Any, Mutum, Ting and Wei (2018) explored that fulfilment element of electronic retail quality able to influence consumer trust. Regarding the sharing economy context, the researchers found out the consumer's ethical perceptions which include fulfilment had significant relationship with trust through the relationship quality (Nadeem and Al-Imamy, 2020; Nadeem et al., 2020). According Gu et al. (2021), the result showed an insignificant relationship between the reliability of the transaction platforms and trust of the consumers in the service providers. The researchers stated it can included many aspects, such as how people engage with their communities, online transaction portals, and others (Gu et al., 2021).

Based on the prior studies, fulfilment stand as an important factor to influence trust and it is essential to manage more effectively by consumers, host and sharing economy service provider to enhance the trust level. For example, the facilities of Airbnb accommodation should match those described on the app and consumers should take care of the facilities, meanwhile Airbnb company should double check the facilities to ensure accuracy and protect the owner and consumers too. As a result, the study's hypothesis proposes:

H3: FUL is positively related to TR toward the SEPs.

2.5.4 Service Recovery (SR) as Stimuli (S) and Trust (TR) as Organism(O)

In general, service recovery influences the consumers' positive or negative feelings toward a brand, product, and service offered by a company as well as the company images. It influences consumers' trust thus the repurchase intention. Matikiti (2020) has proved that recovery satisfaction influences trust in the airline business based on African market perspective. According to Amoako (2023), compensating unhappy customers can regain their trust and result in repeat purchases at KFC. Good service recovery quality can lead to build trust and reliability thus retention of customers. Furthermore, researchers explained that the trust can be determined as the responses to guest reviews (Tussyadiah and Park, 2018). A service provider with fast response can lead to increase the trust and satisfaction. Chang and Hung (2018) also pointed out that service recovery can contribute to trust and trust plays significant mediator roles between the service recovery and loyalty in banking industry. Specifically, service recovery can affect the consumers' trust in using SEPs. Nadeem (2020) has proved that consumers' ethical perceptions including service recovery directly influenced the loyalty, trust, and satisfaction on DSEPs.

H4: SR is positively related to TR toward the SEPs.

2.5.5 Trust (TR) as Organism (O) and Loyalty (LY) as Response (R)

In general, trust can affect consumers' purchase intention, brand loyalty, brand associations, favourability towards a product or services, electronic word-of-mouth, etc (Bishop, 2023). Previous research has illustrated that trust is an

important requirement for many important behaviours (Tajvidi et al., 2018; Wang and Herrando, 2019; Wang and Yu, 2017), Boonletvanich (2019) had proved that trust is one of the prerequisite of consumers' loyalty in the study of retail banking service. Customer loyalty has also been proved to be positively influencing customer trust in tourism social media (Li et al., 2020). Specifically, trust is crucial for the sharing economy to expand and decreasing barriers among competitors (Ert et al., 2016). Trust can affect the consumers' intention to continuously use the SEPs such as Airbnb, Grab, Home Exchange, etc. According to Kong et al. (2020) and Yang (2020), trust and attachment to Airbnb have a positive impact on consumers' intention to use Airbnb continuously.

H5: TR is positively related to LY towards SEPs.

2.6 Conclusion

This chapter studied the Stimulus-Organism-Response model, as well as concluded a total of five hypothesis to study the relationship between the variables.

CHAPTER 3: METHODOLOGY

3.1 Introduction

This chapter provides a comprehensive analysis of the research methodology, including its execution, analysis, and purpose.

3.2 Research Design

The present study employed an online survey to specifically gather information from SEP users (Kong et al., 2020). The objective of conducting this study is to examine the consumer perceived ethically in privacy, security, fulfilment, and service recovery as well as its impact on trust thus creating loyalty towards the SEPs in Malaysia. This research utilizes self-administered survey questionnaires to collect quantitative data on participants' perceived ethics toward SEP, using a 7-point Likert scale. Self-administered survey questionnaires is gather data from geographically dispersed populations and allow them to answer the questionnaire based on their own conception (Smith et al., 2018). It is an ideal data collection method to study SEPs research as it collects data from SEP users in multiple locations. This type of survey can also be easily distributed online, which further increases their reach and coverage in Malaysia (Lee et al., 2021).

Cross-sectional study is used because it is useful in identifying associations between variables and generating hypotheses for future research (Viera & Garrett, 2005). A cross-sectional study involves obtaining data from a particular population at a single point in time (Thomas, 2020). In the context of studying SEPs, a cross-sectional study design can be used to gather information about users' overall attitudes, behaviours, and

experiences in using these digitized platforms. The survey is a preferred data collection way for research for a variety of reasons (Dillman et al., 2014). Firstly, surveys are a quick and efficient way to obtain data from targeted participants in a large amount (Couper, 2011). Secondly, surveys are known as a versatile data collection method in a variety of ways that may be used in-person, or online. According to Wang et al. (2019), cross-sectional studies can help to point out the factors that influence SEP adoption and usage by consumers. Furthermore, cross-sectional studies can gather insights into the reasons for adoption as well as causes that may prevent users from using SEPs.

3.3 Population Sample and Sampling Design

Non-probability sampling is the process of randomly selecting participants to participate in a research study, typically based on ease of access, accessibility, or the decision-making process of the research (Stratton, 2021). Non-probability sampling is often utilized in social science research when a probability sampling method is not feasible due to the unavailability of a sampling frame (Rahman et al., 2022). According to Creswell (2014), non-probability sampling can also be useful when the research goal is not to generalize to a larger population, but rather to a comprehensive awareness of a specific phenomenon or population.

Judgmental sampling technique can be a suitable choice for studying consumers perceived ethicality toward SEPs because it allows the researcher to select participants based on their knowledge, experience, and expertise related to the research topic (Alchemer, 2018). Moreover, judgmental sampling techniques can be particularly useful when the population of interest is difficult to define or access, or when there are limitations on the sample size (Bhardwaj, 2019). In the case of studying consumer perceived ethicality toward SEPs, the population can be filtered based on our particular criteria. In this study, we use a judgmental sampling technique because we as the

researchers can purposely choose the target respondents who have to be experienced SEP users before answering the survey form (Marshall, 1996).

3.4 Data Collection Methods

3.4.1 Primary Data

Primary data is information that has been gathered by researchers directly, the data is current and from a first-hand source, which resulted in higher accuracy and reliability. The process of collecting data is long and very complex because it is designed to resolve the research problem. In this research, we adopted a questionnaire as our collection source, and we utilized Google Forms as our data collection tool to customize a questionnaire based on our research needs and distribute it to our target respondents to collect large amounts of data. Wachyuni and Kusumaningrum (2020) and Niati et al. (2021) also employ Google Forms to do the research. The online questionnaire is suitable for our research by shareable links to reach the respondents in the shortest time and we also utilize social media (e.g., Instagram, WhatsApp, etc.) and email sharing to distribute the online questionnaire.

3.4.2 Questionnaire Design

The questionnaire used in this study is fully self-administered and it is written entirely in English. It comprises of three parts, which include Section A, B, and

C. Before continuing to answer the questionnaire, the screening question is required to answer as follows:

- Do you have prior experience in using SEPs? (such as Grab, Airbnb, SoCar or Trevo, etc.)

The questionnaire was designed after reviewing the past literature (see Appendix 3.1). Section A is concerned with the target participants' demographic information, include age, gender, frequency, and experience of using sharing economy platforms. Next, section B measures the consumers' ethical perceptions (IV: privacy, security, fulfilment, service recovery) as "stimulus". In section C, the questions consisted of trust and loyalty towards SEPs. There was a total of 29 questions in these three sections. Furthermore, 7-Likert scale measurement was used in our questionnaire which starts from 1 "strongly disagree" to 7 "strongly agree". (see Appendix 3.2)

3.4.3 Pre-Test

Pre-test refer to the major opportunity for researchers to enhance the construct validity of the questionnaire before the mistake is made (Annabel et al., 2002). It is necessary to verify whether the respondents understand the questions as intended to ensure that the data is interpreted correctly. Therefore, three academic and research experts as guidance to help to evaluate the questionnaire. We amended some of the questionnaires based on the experts' comments.

3.4.4 Pilot Study

A pilot test will be given to the selected respondents to answer to ensure the main respondents able to understand the questions and evaluate the feasibility. According to Hertzog (2008), sample size from 10 to 40 is evaluated in this

study. Johanson and Brooks (2010) recommended that 30 target representatives are the acceptable minimum guideline for a pilot study. Therefore, we found a total of 35 representatives from the population of interest to participate in this pilot study of this research.

After collecting 35 sample sizes, a reliability test called Cronbach's Alpha is carried out. Cronbach's Alpha values vary from 0.864 and 0.927, which is considered good (see Table 3.1). Therefore, it meant the high reliability of the data gathered and the result generated.

Table 3.1

Reliability Test for Pilot Study

Construct	Cronbach's alpha	Composite reliability (rho_a)	Number of Items
PC	0.864	0.892	5
SC	0.891	0.903	4
FUL	0.927	0.930	5
SR	0.890	0.895	3
TR	0.880	0.880	3
LY	0.869	0.870	4

Note. Developed from the research.

3.5 Proposed Data Analysis Tool

3.5.1 Descriptive Analysis

Descriptive analysis is a sort of data analysis that helps in accurately describing the characteristics or features of a database. It is also used to summarize data points and the overall process of gaining insight from these data. One of the important measures of descriptive analysis is distribution which reveals the frequency of various outcomes, such as gender, age, and period of SEPs usage. All the data gathered will be transformed into statistics. The result of the questionnaire in this research will be demonstrated in figures and tables via SmartPLS.

3.5.2 SmartPLS

SmartPLS is the best software available for PLS-SEM analysis (Henseler, 2017). Researchers are increasingly embracing SmartPLS for data analysis in their research. It gained popularity since 2005 because of its simplicity of use, even inexperienced researchers may easily identify and estimate PLS-SEM (Sarstedt & Cheah, 2019). Compared to other software, it regularly provides updates and constantly increases the software's functionality (Sarstedt & Cheah, 2019). PLS-SEM is a preferred method when the sample size is small (Wong, 2013), therefore, SmartPLS seemed to be the most appropriate method for this study.

3.5.3 Measurement Model

The measurement model refers to the relationship between each variable and its corresponding indicators. This model comprises an evaluation of the constructs' quality, including reliability and validity.

Reliability is evaluating the internal consistency of variables. If a measurement consistently yields the same findings under the same circumstances, it is considered to have high reliability. Cronbach's Alpha (CA) and Composite Reliability (CR) will be used in SMART-PLS to evaluate the reliability. Cronbach's Alpha is normally between 0 and 1. As the value increases, the instrument becomes more reliable. Sharma (2016) suggested that 0.7 and above is acceptable.

Furthermore, CR may be assessed using the same method as CA and take into account the fact that measurements have different loadings (Henseler et al., 2009). Internal consistency reliability exceeding 0.7 is considered adequate, while 0.6 and below suggests lack of reliability, irrespective of the reliability coefficient used (Henseler et al., 2009).

In terms of validity, there are two types to construct validity, which is Convergent Validity refers to the investigated variables accurately representing the latent constructs that are intended to be measured, and discriminant validity defines how uniquely distinct the construct is from all other constructs (Kamis et al., 2020).

Convergent validity can be assessed through AVE). The frameworks are thought to possess adequate convergent validity given that AVE is at or greater than 0.5. This implies that an underlying component can explain at least 50% of the variance in the measurement's average value. It may be used to measure the difference between observable factors accurately. (Memon & Rahman, 2014).

Besides, discriminant validity is to determine the uniqueness of the constructs in the research and can be measured through Cross Loading examines the numerous items to identify the values associated with the variable are higher than other values associated with other variables (Chien, 2022), Fornell & Larcker Criterion states that the AVE should be greater than the squared correlation between the variable and any other variables (Lowry & Gaskin, 2014)

3.5.4 Structural Model

The structural model refers to the association between the constructs (Chien, 2022). The structural path has an IV link to DV. This model emphasizes the relevance and significance of the path coefficients as well as the model's explanatory power and predictive power (Sarstedt & Cheah, 2019). Variance Inflation Factor (VIF) value served as the first step in the evaluation process to examine the multicollinearity level between the IV. It indicates certain problem in the model if the VIF is higher than 5 and advised to remove the variable from the model. Bootstrapping can be used to investigate the statistics of an unknown sampling distribution. It was used to measure the statistical significance of the path coefficient and estimate the t-values (Rouf & Akhtaruddin, 2018).

Next, the path coefficients will be used to estimate the hypothesis relationship between the constructs. The path coefficient develops the hypothesis by using beta value, t-value, and R square (Ko & Stewart, 2002). These values are acceptable for one-tail tests when the P-value is lower than 0.01, and T-value is higher than 2.33, as well as the R square value is higher than 0.7 (Ryspk et al., 2020).

3.6 Conclusion

This chapter outlines all research approach used in this study and executed to ensure that the results are reliable and valid. We improved the questionnaire's consistency through a pilot test and reviewed it with an academic professional. The study framework is explained throughout chapter 3, and next chapter will be perform data analysis.

CHAPTER 4: DATA ANALYSIS

4.1 Introduction

356 questionnaires will be analysed and discussed in this chapter. SMART PLS 4 was employed to evaluate and analyse the data gathered in the research.

4.2 Demographic of Targeted Respondents

The demographics of the targeted participants included whether they had prior experience using SEPs, their gender, age, frequency, and period of use of SEPs, and the type of SEPs they had ever used. An overall number of 356 sets of responses were collected for the survey, and all responses agreed to process their personal data, and were sharing economy platform users.

Most of the participants in the survey account for females and aged between 21 and 25 years old. The frequency of use of SEPs is very close, as most of them tend to use SEPs weekly and monthly. According to SurveyMonkey (n.d.), young adults are tech savvy and are growing up with the expansion of the sharing economy, so it is common for them to enjoy shared services. Besides, most respondents have been using SEPs for four years or more. According to The Vibes Dotcom (2022), a total of 137 SEPs are operating in Malaysia, proving the speedy growth of SEPs, up from five in 2015. Overall, of the 356 respondents, 331 have used Grab, which accounts for most of the respondents (see Appendix 4.1).

4.3 Measurement Model Assessment

4.3.1 Reliability Analysis

Table 4.1 displays the reliability analysis test, which was collected from 356 sets of usable data. From the results below, every variable is considered reliable as the values are more than 0.7 that meets the minimum requirement. According to the CR results, all latent variables were greater than 0.7, representing that they fulfilled the required level, and the reliability index of the instruments could be acquired using CA.

Table 4.1

Reliability Analysis Data

Construct	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Number of Items
PC	0.838	0.843	0.885	5
SC	0.802	0.807	0.870	4
FUL	0.857	0.860	0.898	5
SR	0.787	0.789	0.876	3
TR	0.829	0.838	0.898	3
LY	0.839	0.841	0.892	4

Note. Developed from the research.

4.3.2 Validity analysis

4.3.2.1 Convergent Validity

Table 4.2 shows the convergent validity of this research, all constructs with a range between 0.608 and 0.747. which exceeded the AVE value of 0.50 for each variable. According to the below results, AVE could be used in this study to assess convergent validity. These parameters contribute to convergent validity being satisfactory.

Table 4.2

Convergent validity - Average variance extracted (AVE)

Construct	Average variance extracted (AVE)
PC	0.608
SC	0.627
FUL	0.637
SR	0.702
TR	0.747
LY	0.675

Note. Developed from the research.

4.3.2.2 Discriminant Validity

Cross Loading aims to examine discriminant validity. Franke & Sarstedt (2019) stated that one of the essential aspects of evaluating validity is establishing discriminant validity, which ensures that each concept is distinct from others and captures a phenomenon that is not already represented by other concepts in a statistical model. Discriminant validity is achieved when a variable's loading value is higher than its cross-loading values on other variables. In simpler terms, when a measure of a particular concept shows a stronger relationship with its intended construct than with other constructs, discriminant validity is established (Sukendro et al., 2020). Appendix 4.2 showed that the outer loading values of the indicators for each variable (bold) were higher than their cross-loading values on other variables. As a result, the cross-loading value analysis revealed and validated discriminant validity (see Appendix 4.2).

Fornell-Larcker reported in Table 4.3 is the second tool to examine discriminant validity. According to Sukendro et al. (2020), the shared variance for all model variables must be less than the AVE values of a variable. According to the study's findings, each variable's AVE value had to be not higher than its shared variance in order to implement the Fornell-Larcker criteria. Therefore, discriminant validity was established.

Table 4.3

Fornell-Lacker

	FUL	LY	PC	SC	SR	TR
FUL	0.798					
LY	0.655	0.822				
PC	0.601	0.674	0.780			
SC	0.600	0.682	0.742	0.792		
SR	0.666	0.618	0.527	0.579	0.838	
TR	0.674	0.764	0.691	0.704	0.679	0.864

Note. Developed from the research.

4.4 Structural Model Assessment

To examine the path coefficient of the association between each variable, the path coefficient is calculated through bootstrapping (Sukendro et al., 2020). In accordance with Table 4.4 and Figure 4.1, all the hypotheses estimated in Chapter 2 were proven to be supported. All variables, which are fulfilment ($\beta=0.195$, $P = 0.002$), privacy ($\beta=0.247$, $P = 0.000$), security ($\beta=0.243$, $P = 0.000$), and service recovery ($\beta=0.278$, $P = 0.000$), proved to be significant positive predictors to trust. Moreover, it had been shown that loyalty is significantly influenced by trust ($\beta=0.764$, $P = 0.000$).

Table 4.4

Path Coefficient

		Original sample (O) / Path Coefficient	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Significance
FUL	->	0.195	0.195	0.062	3.153	0.002	Yes
TR							
PC	->	0.247	0.246	0.055	4.510	0.000	Yes
TR							
SC	->	0.243	0.245	0.053	4.551	0.000	Yes
TR							
SR	->	0.278	0.277	0.065	4.269	0.000	Yes
TR							
TR	->	0.764	0.765	0.029	25.997	0.000	Yes
LY							

Note. Developed for the research.

NOTE: Original sample = positive, P-value < 0.005

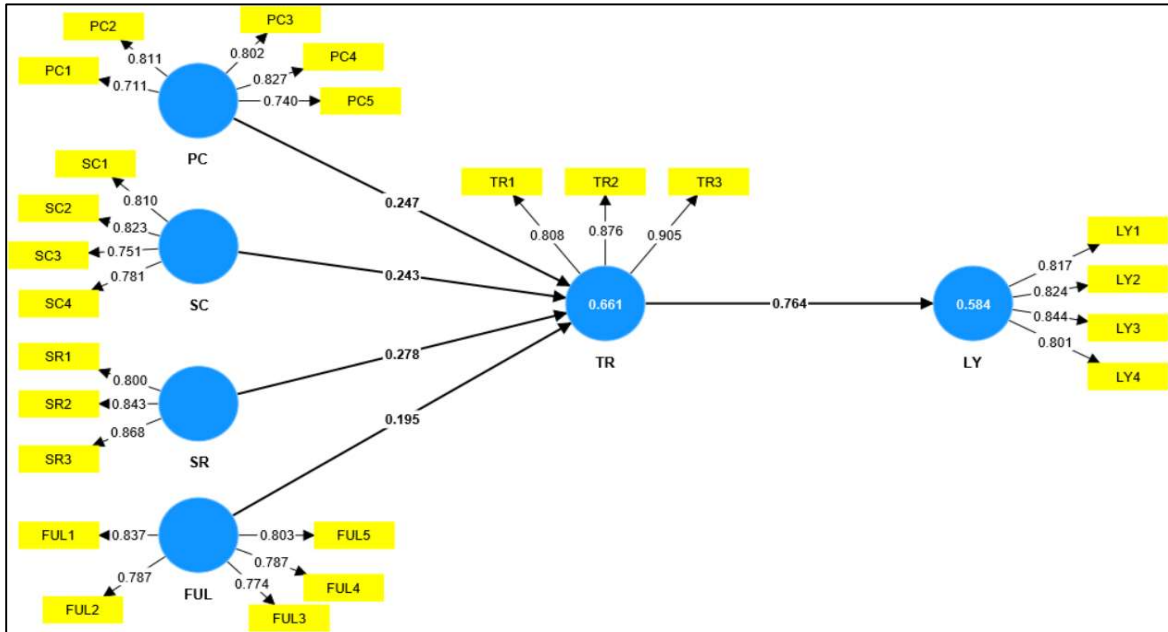


Figure 4.1. SMART-PLS 4 Model

Note. Developed for the research.

4.5 Conclusion

The major indication for analysis were reliability analysis, convergent validity, discriminant validity, and path coefficient. All the hypothesis are accepted in this study and summarized in tables.

CHAPTER 5: DISCUSSION, CONCLUSION, AND IMPLICATIONS

5.1 Introduction

In Chapter 5, discussion of main results and implication is summarized. The limitations and recommendations will be covered to improve the research quality in the future.

5.2 Discussions of Major Findings

Table 5.1

Acceptance of hypothesis statement

Hypothesis	Result
H1: PC is positively related to TR toward the SEPs.	H1 is accepted.
H2: SC is positively related to TR toward the SEPs	H2 is accepted.
H3: FUL is positively related to TR toward the SEPs.	H3 is accepted.
H4: SR is positively related to TR toward the SEPs.	H4 is accepted.
H5: TR is positively related to LY towards SEPs.	H5 is accepted.

Note. Developed from the research.

5.2.1 The relationship between PC and TR

The finding reveals that H1 is approved. There is a significant positive relationship between privacy and trust toward SEPs. This result was supported by Keshta and Odeh (2021); Martin (2018). Even though Ayaburi and Treku (2020) stated that privacy concerns will not affect much on consumers' trust in social media since it has become an essential part of human life, this study focuses on SEPs, and consumers nowadays are becoming aware of how their data is used, thereby giving consumers peace of mind. Therefore, Bandara et al. (2021) mentioned that privacy transparency is important element to generate trust.

5.2.2 The relationship between SC and TR

H2 is accepted, as indicated by the outcome. There is a significant positive relationship between security and trust toward SEPs. This outcome was supported by Cristobal-Fransi et al. (2019); Cui et al. (2022); Kong et al. (2019); Mao et al. (2020); Mostafa (2019); Yang et al. (2019). Respondents strongly agree that they trust SEPs because of the security implemented by the company. It is obvious that respondents care significantly about security mechanisms. (Cui et al., 2022). It clearly shows that consumers will increase their trust once the SEPs can prove transaction safety, keep updated for more security protection, and regularly interact with consumers to ensure they feel protected while using the SEPs.

5.2.3 The relationship between FUL and TR

Based on the findings, H3 is approved since the p-value is less than 0.05. There is a significant positive relationship between fulfilment and trust toward the SEPs. The result means that fulfilment is one of the main factors that will affect trust toward SEP in Malaysia. It was supported by Agag (2019); Butt et al. (2018); Nadeem and Al-Imamy (2020); Nadeem et al. (2020), indicating that trust toward SEPs is influenced by fulfilment. However, this result did not agree with Gu et al. (2021). This is because sharing economy services typically use third-party transaction platforms that are not directly affiliated with the service providers. As a result, customers may not associate the transaction platforms with the providers themselves. Nowadays, people use convenient services to make their lives easier and more comfortable, followed by the market for SEPs is growing fast. If SEPs have slow delivery and do not allow goods to be returned, obviously consumers will be less likely to use the respective services, thereby reducing trust. In order to operate stably, the platforms need to ensure quality and deliver the correct products or services to consumers to gain their trust.

5.2.4 The relationship between SR and TR

The results showed that H4 was accepted. There is a significant positive relationship between service recovery and trust toward SEPs. This finding was supported by the past studies of Amoako (2023); Chang and Hung (2018); Matikiti (2020); Nadeem (2020); Tussyadiah and Park (2018). When the users can get a prompt response from the live chat provided by the SEPs, the effect of variables, especially service recovery, enhances consumer trust. Besides, Amoako (2023) stated that compensating discounted customers can increase their trust. As a result, consumers are able to feel the sincerity of the SEP through their attitude and actions.

5.2.5 The relationship between TR and LY

H5 is accepted, as mentioned in the outcome. This indicates that trust has a direct impact on loyalty. This result is in accordance with the extant research (Bishop, 2023; Boonletvanich, 2019; Ert et al., 2016; Kong et al., 2020; Li et al., 2020; Tajvidi et al., 2018; Wang and Herrando, 2019; Wang and Yu, 2017; Yang, 2020). When consumers generate trust, there will be less uncertainty and risk involved in that relationship, and consumers will be more devoted to that SEP. Hence, SEPs need to ensure every one of their users is trusted with the products and services provided to maintain consumer loyalty. For instance, they should often interact and communicate with users and collect feedback from them, as well as improve to a better version on the platform, so that users feel valued and willing to trust this company. Once consumers generate trust towards the company, they will be more likely to continually use and support the service providers, as well as spread positive word-of-mouth.

5.3 Implications of Study

5.3.1 Theoretical Implications

The current study makes three contributions to the literature about SEPs. Firstly, the current study may be used as a source of reference for other researchers who are interested in studying the impact of consumers' perceived ethicality towards trust, thus influencing loyalty by using SOR theory in SEPs. Past studies have

used relationship quality theory, social support theory, etc. to study SEPs (Nadeem & Al-Imamy, 2020; Nadeem et al., 2020).

Secondly, the current study is the first few to investigate the SOR model with separating four variables, including privacy, security, service recovery, and fulfilment as stimulus. We tested trust as our organism and loyalty as our response. To specify this further, although one of the past studies tested the factors as antecedents to relationship quality, the factors were all grouped in consumers' ethical perceptions (Nadeem & Al-Imamy, 2020). The study assumed that all four factors were significant to consumers' relationship quality, including trust without in-depth testing.

Thirdly, the current study is also the first few to examine how consumers' perceived ethicality relates to other constructs such as trust and loyalty. The current study is one of a limited number of studies that provides the interesting finding that consumers' perceived ethicality does not directly influence consumer loyalty when using SEPs. Our final results portray that an ethical environment can only enable consumers to draw trust to SEPs. Once these virtues are developed, only then will consumers create loyalty to SEPs.

5.3.2 Managerial Contributions

Managerially, the current study highlights how marketers can capitalize on consumers' perceived ethicality in a holistic manner, not simply based on overall consumer ethical perceptions checks as in the past but in separate four dimensions. Firstly, according to the current study's findings, managers must comprehend that consumers do not believe SEPs to be deceptive. Additionally, consumers need to have confidence that the platforms for the sharing economy will adequately compensate customers for poor service and resolve any issues

that arise. Fast and responsive service recovery must always take place to solve customers' problems and compensate for any bad experiences with SEPs. Training in customer service should take place, and service recovery protocols should be widely spread to each of them to respond and solve customers' problems immediately.

Additionally, consumers must have confidence that SEPs will protect their personal information. All the customers' accounts using SEPs must be protected and secured throughout their lifetime. Together, SEPs must foster an ethical culture, which has a positive impact on their interactions with one another by fostering greater platform trust. Last but not least, managers are counselled to foster an ethical environment, which is essential for growing consumer loyalty.

Furthermore, providing reliable services and products is among the other important factors to be addressed. SEPs are subjected to an assessment of the fulfilment by their customers. To remain competitive, the SEPs managers should always carry out internal assessments and audits to maintain fulfilment. Some external measures should be carried out such as both online and offline survey forms, face-to-face short interviews, telephone surveys, e-mail feedback, etc. Another way is to frequently check and read online reviews left by consumers, thus making improvements, and taking necessary actions to remedy so that the degree of fulfilment is above expectation.

5.4 Limitations and Recommendations

Although the study makes valuable contributions, it still has some limitations. Firstly, we only conduct our research in Malaysia, and the results cannot be generalized to other foreign countries. It is suggested that other interested researchers conduct the same

study in other countries to gain deeper insights on SEPs. Secondly, the current study only used survey forms as the primary data to be collected. It is suggested that other qualitative and quantitative data collection methods could be used such as secondary data gathered from the internet and in-depth short interviews. Thirdly, more ethical dimensions that were not included in this current study can be explored in future studies as well as other antecedents such as green products and price fairness could be investigated whether there are direct influences towards consumer loyalty. Lastly, there are alternate theoretical frameworks available to be applied in understanding consumers' perceived ethicality in using SEPs such as Hunt-Vitell theory.

5.5 Conclusion

To summarize, the research's objective is achieved, and all results have been analysed. Sharing economy platforms are now the dominant trend in the market. As a result, sharing economy platform organizations and future researchers may gain a better understanding of consumers to become trust and loyal to their platforms.

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Appendices

Appendix 3.1: Questionnaire (PC, SC, FUL, SR, TR, LY)

Variable	Items (<i>question</i>)	Descriptions of items	Measurement	Sources
Privacy	5	<p>PC1: This sharing economy platform clearly explains how information provided by consumers is used.</p> <p>PC2: This sharing economy platform will not use personal information for purposes other than for the original transactions without the consent of consumers.</p> <p>PC3: Without the consent of consumers, the sharing economy platform will not use personal information for purposes other than for the original transactions.</p> <p>PC4: The sharing economy platform guarantees that personal information of consumers will be handled in accordance with a third party's privacy- protection regulations and has acquired authentication knowledge.</p>	<p>7-point likert scale</p> <p>1- Strongly disagree</p> <p>2- Disagree</p> <p>3- Somewhat disagree</p> <p>4- Neither agree nor disagree</p> <p>5- Somewhat agree</p> <p>6- Agree</p> <p>7- Strongly agree</p>	(Nadeem et al., 2020)

		PC5: The sharing economy platform will not apply special technology to collect and analyse the internet behaviour and shopping habits of consumers without their consent.		
Security	4	<p>SC1: The sharing economy platform guarantees that they observe a third-party's transactional security-protection regulations and has acquired authentication.</p> <p>SC2: The sharing economy platform guarantees that the transmission of transactional data will be protected without any unauthorized modification or sabotage.</p> <p>SC3: The sharing economy platform has a transactional security policy that consumers can understand easily.</p> <p>SC4: The sharing economy platform guides consumers to correct and safe payment steps.</p>	<p>7-point likert scale</p> <p>1- Strongly disagree</p> <p>2- Disagree</p> <p>3- Somewhat disagree</p> <p>4- Neither agree nor disagree</p> <p>5- Somewhat agree</p> <p>6- Agree</p> <p>7- Strongly agree</p>	(Nadeem et al., 2020)

Fulfillment	5	<p>FUL1: Consumers receive the correct products/service items and their quantities ordered online.</p> <p>FUL2: Consumers receive products/services that are ordered online, matching the description on the sharing economy platform.</p> <p>FUL3: The sharing economy platform guarantees that products/services ordered online are authentic and not imitations.</p> <p>FUL4: The products/services pricing on the sharing economy platform are consistent with the bill.</p> <p>FUL5: Consumers may check the order-fulfilment processes online at any time.</p>	<p>7-point Likert scale</p> <p>1- Strongly disagree</p> <p>2- Disagree</p> <p>3- Somewhat disagree</p> <p>4- Neither agree nor disagree</p> <p>5- Somewhat agree</p> <p>6- Agree</p> <p>7- Strongly agree</p>	(Nadeem & Al-Imamy, 2020)
Service Recovery	3	<p>SR1: The sharing economy platform responds to consumer complaints promptly.</p> <p>SR2: The sharing economy platform tells consumers what to do when online transactions cannot be completed.</p>	<p>7-point Likert scale</p> <p>1- Strongly disagree</p> <p>2- Disagree</p> <p>3- Somewhat disagree</p>	(Nadeem & Al-Imamy, 2020)

		SR3: Service failure is not neglected by the sharing economy platform and it is promptly dealt with via a reasonable service-recovery measure.	4- Neither agree nor disagree 5- Somewhat agree 6- Agree 7- Strongly agree	
Trust	3	TR1: The sharing economy platform is competent and effective in providing its services. TR2: I would characterize the sharing economy platform as honest. TR3: The sharing economy platform is trustworthy.	7-point Likert scale 1- Strongly disagree 2- Disagree 3- Somewhat disagree 4- Neither agree nor disagree 5- Somewhat agree 6- Agree 7- Strongly agree	(Nadeem & Al-Imamy, 2020)
Loyalty	4	LY1: I will recommend the sharing economy platform to someone who seeks my advice.	7-point likert scale 1- Strongly disagree 2- Disagree	(Yang et al., 2017)

		<p>LY2: I will do more business with the sharing economy platform in the future.</p> <p>LY3: I will consider the sharing economy platform my first choice to buy similar services next time.</p> <p>LY4: I will say positive things about the sharing economy platform to other people.</p>	<p>3- Somewhat disagree</p> <p>4- Neither agree nor disagree</p> <p>5- Somewhat agree</p> <p>6- Agree</p> <p>7- Strongly agree</p>	
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Appendix 3.2: Questionnaire

Supervisor Endorsement

Name: LEE VOON HSIEN

Signature:



Date: 27/4/2023



**UNIVERSITI TUNKU ABDUL RAHMAN
FACULTY OF BUSINESS AND FINANCE
BACHELOR OF MARKETING (HONS)
UNDERGRADUATE FINAL YEAR PROJECT [FYP]**

**Title of Topic: Perceived ethicality and its impact on consumer loyalty: An
empirical study on sharing economy platforms**

Questionnaire

Dear Participants,

We are the undergraduate final year students of Bachelor of Marketing (Hons) in Universiti Tunku Abdul Rahman (UTAR). We are doing a study that is related to the subject mentioned above. The purpose of this survey is to conduct a research to investigate the determinants of the consumers' trust and loyalty in the sharing economy platforms. Please answer the following questions to the best of your knowledge. All responses are collected for academic purpose and your information will be kept strictly confidential.

If you have any questions regarding to this research, please send an email to us.

Thank you for your participation.

Yours Sincerely,

Scully Tan scully61@lutar.my

Tan Yie Xuan yieuxuan1216@lutar.my

Instruction:

- 1) There are THREE (3) sections in this questionnaire. Please answer ALL questions in ALL sections.
- 2) Completion of this form will take you less than 10 minutes.

PERSONAL DATA PROTECTION STATEMENT

Please be informed that in accordance with Personal Data Protection Act 2010 (“PDPA”) which came into force on 15 November 2013, Universiti Tunku Abdul Rahman (“UTAR”) is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

Notice:

1. The purposes for which your personal data may be used are inclusive but not limited to:-
 - For assessment of any application to UTAR
 - For processing any benefits and services
 - For communication purposes
 - For advertorial and news
 - For general administration and record purposes
 - For enhancing the value of education
 - For educational and related purposes consequential to UTAR
 - For the purpose of our corporate governance
 - For consideration as a guarantor for UTAR staff/ student applying for his/her scholarship/ study loan

2. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.

3. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.
4. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

Consent:

1. By submitting this form you hereby authorise and consent to us processing (including disclosing) your personal data and any updates of your information, for the purposes and/or for any other purposes related to the purpose.
2. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfill our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.
3. You may access and update your personal data by writing to us at
 - Scully Tang Zy Ing (scully61@lutar.my)
 - Tan Yie Xuan (yiexuan1216@lutar.my)

Acknowledgment of Notice

[] I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.

[] I disagree, my personal data will not be processed.

Screening Question

Do you have prior experience in using sharing economy platforms? (such as Grab, Food Panda, Airbnb, SoCar or Trevo, etc.)

- Yes
- No

Section A: Demographic profile

1. Gender

- Male
- Female

2. Age

- 16 – 20
- 21 – 25
- 26 – 30
- 31 – 35
- 36 – 40
- 41 – 45
- 46 – 50
- 51 – 55
- 56 – 60
- Above 60

3. How often do you use sharing economy platforms?

- Daily
 - Weekly
 - Monthly
 - Quarterly
 - Once in six months (Half yearly)
-

- Once in a year (Yearly)
4. How long have you been using sharing economy platforms?
- 1 year or less
 - 2 years
 - 3 years
 - 4 years or more
4. Which sharing economy platforms have you used?
- **can select more than one
- Grab
 - Foodpanda
 - Airbnb
 - Trevo
 - SoCar
 - Others (please specify): _____

Section B: Stimulus

Please indicate your degree of agreement on the following statements by circling the numbers given ranging from:

Strongly Disagree = 1, Disagree = 2, Somewhat Disagree = 3, Neither Agree Nor Disagree = 4, Somewhat Agree = 5, Agree = 6, Strongly Agree = 7

Variables

(i) Privacy

No.	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Agree	Strongly Agree
PC1	The sharing economy platform clearly explains how information provided by consumers is used.	1	2	3	4	5	6	7
PC2	The sharing economy platform will not use personal information for purposes other than for the original transactions without the consent of consumers.	1	2	3	4	5	6	7
PC3	Without the consent of consumers, the sharing economy platform will not use personal information for purposes other than for the original transactions.	1	2	3	4	5	6	7
PC4	The sharing economy platform guarantees that personal information of consumers will	1	2	3	4	5	6	7

	be handled in accordance with a third party's privacy-protection regulations and has acquired authentication knowledge.							
PC5	The sharing economy platform will not apply special technology to collect and analyze the internet behavior and shopping habits of consumers without their consent.	1	2	3	4	5	6	7

(ii) Security

No.	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Agree	Strongly Agree
SC1	The sharing economy platform guarantees that they observe a third-party's transactional security-protection regulations and has acquired authentication.	1	2	3	4	5	6	7
SC2	The sharing economy platform guarantees that the transmission of transactional data will be protected without any unauthorized modification or sabotage.	1	2	3	4	5	6	7

SC3	The sharing economy platform has a transactional security policy that consumers can understand easily.	1	2	3	4	5	6	7
SC4	The sharing economy platform guides consumers to correct and safe payment steps.	1	2	3	4	5	6	7

(iii) Fulfilment

No.	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Agree	Strongly Agree
FUL 1	Consumers receive the correct products/service items and their quantities ordered online.	1	2	3	4	5	6	7
FUL 2	Consumers receive products/services that are ordered online, matching the description on the sharing economy platform.	1	2	3	4	5	6	7
FUL 3	The sharing economy platform guarantees that products/services ordered online are authentic and not imitations.	1	2	3	4	5	6	7
FUL 4	The products/services pricing on the sharing economy platform are consistent with the bill.	1	2	3	4	5	6	7

FUL 5	Consumers may check the order-fulfilment processes online at any time.	1	2	3	4	5	6	7
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(iv) Service Recovery

No.	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Agree	Strongly Agree
SR1	The sharing economy platform responds to consumer complaints promptly.	1	2	3	4	5	6	7
SR2	The sharing economy platform tells consumers what to do when online transactions cannot be completed.	1	2	3	4	5	6	7
SR3	Service failure is not neglected by the sharing economy platform and it is promptly dealt with via a reasonable service-recovery measure.	1	2	3	4	5	6	7

Section C: Organism and Response

Please indicate your degree of agreement on the following statements by circling the numbers given ranging from:

Strongly Disagree = 1, Disagree = 2, Somewhat Disagree = 3, Neither Agree Nor Disagree = 4, Somewhat Agree = 5, Agree = 6, Strongly Agree = 7

(i) Trust

No.	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor	Somewhat Agree	Agree	Strongly Agree
TR1	The sharing economy platform is competent and effective in providing its services.	1	2	3	4	5	6	7
TR2	I would characterize the sharing economy platform as honest.	1	2	3	4	5	6	7
TR3	The sharing economy platform is trustworthy.	1	2	3	4	5	6	7

(ii) Loyalty

No.	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor	Somewhat Agree	Agree	Strongly Agree
LY1	I will recommend the sharing economy platform to someone who seeks my advice.	1	2	3	4	5	6	7

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An Empirical Study on Sharing Economy Platforms

LY2	I will do more business with the sharing economy platform in the future.	1	2	3	4	5	6	7
LY3	I will consider the sharing economy platform my first choice to buy similar services next time.	1	2	3	4	5	6	7
LY4	I will say positive things about the sharing economy platform to other people.	1	2	3	4	5	6	7

Appendix 4.1 Respondents Demographic Profile

Demographic Profile	Categories	Frequency	Percentage (%)
Do you have prior experience in using sharing economy platforms?	Yes	356	100
	No	0	0
Gender	Male	136	38.2
	Female	220	61.8
Age	16-20	44	12.4
	21-25	237	66.6
	26-30	35	9.8

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	31-35	12	3.4
	36-40	8	2.2
	41-45	6	1.7
	46-50	9	2.5
	51-55	2	0.6
	56-60	3	0.8
	Above 60	0	0
How often do you use sharing economy platforms?	Daily	16	4.5
	Weekly	152	42.7

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An Empirical Study on Sharing Economy Platforms

	Monthly	146	41
	Quarterly	29	8.1
	Once in six months (Half yearly)	8	2.2
	Once in a year (Yearly)	5	1.4
How long have you been using sharing economy platforms?	1 year or less	36	10.1
	2 years	78	21.9
	3 years	77	21.6
	4 years or more	165	46.3

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An Empirical Study on Sharing Economy Platforms

Which sharing economy platforms have you used? (can select more than one)	Grab	331	93
	Foodpanda	284	79.8
	Airbnb	145	40.7
	Trevo	26	7.3
	Socar	32	9

Note. Developed from the research

Appendix 4.2 Cross Loading

	FUL	LY	PC	SC	SR	TR
FUL1	0.837	0.568	0.513	0.497	0.549	0.600
FUL2	0.787	0.523	0.490	0.447	0.584	0.530
FUL3	0.774	0.507	0.471	0.515	0.556	0.520
FUL4	0.787	0.511	0.468	0.473	0.465	0.531
FUL5	0.803	0.500	0.452	0.459	0.503	0.499
LY1	0.607	0.817	0.567	0.583	0.548	0.654
LY2	0.563	0.824	0.529	0.562	0.448	0.598
LY3	0.528	0.844	0.538	0.540	0.542	0.648
LY4	0.450	0.801	0.581	0.558	0.486	0.608
PC1	0.443	0.472	0.711	0.495	0.325	0.487
PC2	0.496	0.524	0.811	0.572	0.427	0.546
PC3	0.510	0.526	0.802	0.563	0.432	0.548
PC4	0.476	0.595	0.827	0.675	0.470	0.602
PC5	0.415	0.500	0.740	0.574	0.389	0.499
SC1	0.520	0.566	0.608	0.810	0.488	0.599
SC2	0.459	0.574	0.600	0.823	0.520	0.592
SC3	0.388	0.484	0.532	0.751	0.390	0.486

Perceived Ethicality and Its Impact on Consumer Loyalty:
An Empirical Study on Sharing Economy Platforms

SC4	0.524	0.531	0.607	0.781	0.425	0.542
SR1	0.541	0.467	0.414	0.412	0.800	0.543
SR2	0.554	0.540	0.469	0.538	0.843	0.575
SR3	0.578	0.543	0.440	0.501	0.868	0.586
TR1	0.521	0.636	0.517	0.490	0.491	0.808
TR2	0.611	0.638	0.621	0.641	0.624	0.876
TR3	0.610	0.705	0.644	0.680	0.634	0.905

Note. Developed for the research