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Shahbaz Hussain
*Dalian University of Technology*, rai_shahbaz_hussain@yahoo.com

Ying Li
*Dalian University of Technology*, yingli@dlut.edu.cn

Wenli Li
*Dalian University of Technology*, wlli@dlut.edu.cn

Mohsin Ali
*Dalian University of Technology*, mohsinali144@outlook.com

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Psychological Contracts. Antecedents and Consequences: A New Roadmap to Enhance Purchase Intentions in Social Commerce

Hussain Shahbaz
Faculty of Management and Economics
Dalian University of Technology
Dalian, China
Email: raihussain@mail.dlut.edu.cn

Ying Li
Faculty of Management and Economics
Dalian University of Technology
Dalian, China
Email: yingli@dlut.edu.cn

Wenli Li
Faculty of Management and Economics
Dalian University of Technology
Dalian, China
Email: Wlli@dlut.edu.cn

Mohsin Ali
Dalian University of Technology
Dalian, China
Email: mohsinali144@outlook.com

Abstract
Social commerce greatly changes buyers’ purchasing behaviour now-a-days. Understanding the psychological mechanism of consumers’ purchasing behaviour is important for both buyers and sellers in social commerce platform. This study will examine the nature and role of psychological contract (PC), which is an utmost important variable, in social commerce context. Psychological contract comprises a consumer’s beliefs about the reciprocal obligations that exist between him/her and sellers or other social members. Specifically, we propose that consumers may make purchase decisions by two processes, in which two types of PC--transactional contract and relational contract are the key mediators. In addition, we further discuss the antecedents (platform website ethics, and reliability of social elements) and consequences (trust and satisfaction in platform) of PC, and their collective impact on purchase intentions. We plan to empirically test our model by collecting survey data from the users of the largest social commerce website in China—Taobao.

Keywords Psychological contracts, social commerce, purchase intentions, PLS-SEM
1 Introduction

There have been innumerable challenges in social commerce, the most important of which is to intensify the purchasing behaviours of consumers just like the conversion of pins into sales. However, “Purchase intentions are the reflection of the respondents’ estimations of the probability that a particular item will be purchased within the specified time period” (Juster 1966). Amplifying online purchasing behaviour is a substantiated contest for the managers so to convince consumers about their company’s specific products. Organizations are employing their collective capabilities on how to surge the online purchase intentions. Recent research, such as Erkan & Evans, (2016), has investigated the quality of information and resulting attitudes that lead eventually towards purchase intentions. Furthermore, volume of online ratings and their valences in the emerging markets were discussed from cultural perspective to resolve the issue of purchase intentions (Keh et al. 2015). The problem of purchasing behaviours still exists realizing its summit. Moreover, referring to (Lu et al. 2016) and (Wang and Chang 2013), this issue entails variables of social presence, trust and product related risks and online ratings cannot provide roadmap to direct design and practice. Therefore, it is necessary to further sketch on hypothetical perspectives to recognize and observe explicit uniqueness that have stronger correlation to the design of social commerce.

Previous studies have investigated online purchasing intentions e.g. effectiveness of advertising on social networking sites has been used to examine factors that affect purchase intentions such as product type, tie strength and endorser expertise (Wen et al. 2009). Although these models have provided a theoretical basis to examine purchase intentions, some research has noted that findings concern the general factors in these models e.g. social presence, trust, product related risks and online ratings cannot provide roadmap to direct design and practice. Therefore, it is necessary to further sketch on hypothetical perspectives to recognize and observe explicit uniqueness that have stronger correlation to the design of social commerce.

Psychological contracts constitute a buyer’s expectations about the mutual commitment between him/her and platform. A psychological contract is distinctive from a legitimate contract because it is characterized by the conviction of both parties getting into a set of reciprocal obligations (Hannah et al. 2016). While the concept of the psychological contract is deeply rooted into the management literature e.g. (Bird 2006) (Conway and Briner 2009), marketing literature (Hannah et al. 2016) and in e-commerce (Pavlou and Gefen 2005), yet it has not been discussed in social commerce context. The current research is obligatory to reveal more knowledge about the antecedents and consequences of psychological contracts. In case of social commerce, PCs are considered as an innovative idea for the social commerce platforms to apply. The use of PCs requires social commerce platforms to understand the customers’ values and their purchasing behaviours by keeping in view the antecedents and consequences. This increases the spatial and temporal separation between the platforms and customers thus creating more understanding about the customers’ psychologies and their segmentation.

2 Literature Review and Theoretical Framework

The six elements addressed in this study are psychological contracts, reliability of social elements, platform ethics, trust, satisfaction in platform and purchase intentions within the context of a social commerce.

2.1 What is a psychological Contract?

Psychological contract is the set of an individual’s beliefs with respect to shared obligations. Beliefs become contractual the moment individual starts believing that he or she owes well-defined offerings to the employer (e.g. hard work, loyalty, and sacrifices) in return for certain incentives (e.g. high pay, and job security) (Rousseau 1990). A psychological contract supposedly is a set of reciprocating obligations between parties engaged in any sort of connection (Robinson and Morrison 1995; Rousseau 1989; Rousseau and Tijoriwala 1998). The employees’ realization of joint duties that subsist between employees’ and their respective employers is also termed as psychological contract. Not in the legal sense,” psychological contracts arise when employees think of their contributions as the actual obligations towards their employers as reciprocating actions.”

There are various grounds to classify PCs (Sels, L., M. Janssens 2004). A widely regarded typology further segregates PCs as either relational or transactional (Rousseau 1989; Rousseau and Tijoriwala...
Relational contracts are implicit in nature as compared to the transactional contracts which embody explicit characteristics unlike the former. A transactional contract usually is short term with accurate measure of money and goods, insignificant or no future collaboration, no altruism, and no possible coalition (Timothy L. Fort 1996). A stop over at a gas station while travelling during vacations, exhibiting one-time exchange of easily-accessed commodity and cash, is a fine illustration of a transactional contract with no trace of any sort of prior relationship and unlikelihood of the one to occur in the future providing no personal interaction.

2.2 Relational Contracts:
Relational contracts are frequently based on non-economic/socio-emotional interactions and are more flexible with no restriction of valid time period, broad scope, and definition (Rousseau 1990).

2.3 Buyer-Platform Relational Contract:
It is conventional practice for the employers and employees collaborating with each other and, thereby, escalating employees' contractual duties over time through promotions and job rotations (Bird 2006). Bridging the very theory, online platforms and buyers ought to team up and fuel contractual duties over time by providing precise and authentic information to buyers about the products available on platform so that buyers will feel obliged to show commitment to the platform in return. Such contractual development promotes trust in platform, increases customer satisfaction, and stimulates a platform to enhance purchase intentions. Furthermore, purchase intentions between the parties in a contractual arrangement are an integral part of the relationship.

Following shows three universal bases of RCs correlating buyer and the platform, as cited in thorough academic reviews (Bird 2006; Hannah et al. 2016; MacNeil 2001; Mouzas and Blois 2007; Rousseau 1989) and practitioner (Hajli, Hajli, & Khani, 2013; HAJLI, 2014; Y. Wang & Yu, 2015) literatures, as well as practical guidelines from Taobao, JD, and the renowned third-party providers, Alipay. These three projected bases, though not extensive, are postulated as the representatives that trigger RCs in online podiums.

1- Informational Support: Informational support deals the extent to which people on social commerce platform are providing information to solving a problem by suggesting specific product searching and buying. As cited in Liang et al. (2011) and Hajli (2014a)
2- Emotional Support: Emotional support deals the extent to which people on social commerce platform are encouraging, listening and expressing their interests in the emotional well-being of other users. As cited in Liang et al. (2011) and Hajli (2014a)
3- Commitment to the Platform: It measures the level of attachment of a buyer to a certain platform. Adapted from Hess & Jeffrey Scott (1998)

2.4 Transactional Contracts:
Transactional contracts are described by a short term association entailing clear stipulation of executable actions or joint interests, both legit and economical (Janssens et al. 2003). Transactional contracts entail precise monetary trade between the buyer and platform (SCS). Such contracts are tied with a specified short duration and, frequently, are narrow in scope and definition (Rousseau 1990).

Unlike the RCs, transactional contract is pivoted to monetary exchange of goods and services. All matters related to transactions are examined under this umbrella. Nothing is about the relationship, so relationship is considered short-term. Money and goods are involved in this and no or little future cooperation is seen in these types of contracts.

1- I will receive the product in quality and design as described on website page
2- I will receive the same product as I order
3- Product will reach on time without delay
4- The platform will facilitate in return/ exchange the product if there is any problem with the product
5- Platform can handle payment issues very well. Adapted From (Pavlou and Gefen 2005)

2.5 Platform Ethics:
Platform ethics is a first order formative construct for representing the combined effect of privacy, perceived reputation, and functionality of website usage, social interactions and reliability.

1- Privacy: It is the degree to which an online store/ website is susceptible to keep customers’
personal information/data classified. Adapted from Roman (2007) and Chiu et al. (2009)

2- Functionality of social interactions: The degree to which a website is assistive to new social interactions and is open for its customers to share their experiences of the products and services. Adapted from Chung and Law (2003) and Law and Bai (2008)

3- Reliability: It is the degree to which a website constantly responds to every query and takes responsive measures as promised (without dead-end links, broken pages, and broken links). Adapted from Swaminathan et al. (1999) and Goode and Harris (2007)

4- Perceived reputation: It is the customer’s perception of other websites’ users commenting about the functionality of specific platform, the way it works for the welfare of customers and how well it offers quality products and services. Adapted From Chung and Law (2003) and Law and Bai (2008).

5- Functionality of website usage: Offering quickest possible, effective and authentic mechanism of delivering online information about the products and services. Adapted from Chung and Law (2003) and Law and Bai (2008)

2.6 Reliability of Social Elements:

Reliability of social elements is a first order formative construct representing the combined effects of reliability of ratings and reviews, and recommendations and referrals.

1- Reliability of ratings and reviews: Ratings and reviews that are provided on the platform by customers after buying are reliable and accurate. Adapted from HAN, BO and WINDSOR, JOHN

2- Reliability of recommendations and referrals: Recommendations and referrals that are provided on the platform by customers after experience are reliable. Adapted from HAN, BO and WINDSOR, JOHN

The ensuing model, as shown in Figure 1, portrays reliability of social elements and platform ethics and serves as an authentic reference to enhance trust, satisfaction in platform and purchase intentions, as interposed by the psychological contracts.

Figure 1: Theoretical framework

3 Antecedents and Consequences of Psychological Contracts:

Trust is essential ingredient as risks are supposedly high especially in the field of e-commerce (Mutz 2005). People are concerned about buying products on the internet if they have to leave their personal data like phone numbers, and credit card details. Disclosure of users’ delicate record is a potential concern while opting for e-commerce and, currently, the similar concerns are being addressed in e-commerce.

It is absolutely evident that trust in online platforms is a considerable factor in ensuring customer’s purchase intentions (Han and Windsor, 2011; Lu et al., 2010; Shin, 2010). With utmost trust in the supplier and minute risk of disclosure of personal data, the customer will search for new products or services and, therefore, will be more likely to make a purchase (Shin 2010).

Trust is definitely a crucial factor in shaping up consumer’s behavioural intentions eventually leading up to actual buying decision (Bapna et al., 2017; Fang et al., 2014; Zhao & Xu, 2013). Applications on Web 2.0, such as consumers’ ratings and comments section, would be a promising approach to cater this problem. Social technologies facilitates customers to take part in well-designed communal group activities in SNSs (Han and Windsor, 2011), where communications among the associated users can...
enhance trust factor among partakers (Han and Windsor, 2011). Trust is an essential determinant in building consumers’ buying decisional behaviour (Han and Windsor, 2011). Consequently:

**H1. Trust in social commerce platform has a positive effect on purchase intentions.**

Satisfaction is an important construct for building relation with customers and platform (Lee et al. 2008). Satisfaction in platform is directly related to intentions to buy from that platform. Trust and satisfaction in platform has a direct effect on purchase intentions discussed in different studies. Thus satisfaction is a key variable to enhance buying intentions.

**H2: Satisfaction in s-commerce platform has a positive effect on the purchase intentions.**

If both parties are accomplishing their relational obligations then trust will be there between them (Dwyer, R. F., Schurr, P. H., & Oh 1987). It is hypothesized that trust and psychological contracts are co-dependent. In employment perspective, psychological (relational and transactional) contracts facilitate employees that think about the perceived promises, recognition and dependence (Rousseau and Parks 1993) and such phenomenon is hypothesized in buyer–platform relationships.

**H3. Relational contracts and trust are positively associated.**

In general, online buyers focus on both trust and satisfaction in the platform when forming their transaction intentions (Pavlou and Gefen 2005). Trust paves the way towards satisfaction. According to theory of Planned Behaviour (Ajzen, 1991), people have a small set of prominent, and easily accessible thinking that they represent to figure out their behavioural intentions. The hypothesis is if the online buyers believe that all transactional contracts are fulfilled, then they are more likely to be satisfied by the platform and its services.

**H4. Transactional contracts are positively associated with satisfaction in the platform.**

Shaw and Shui (2002) analysed the attitude of ethical customers. The study found out that ethical customers make their purchasing choices on the basis of product ethics. They found that ethical consumers are more concerned about the ethics of the platform than the products themselves. Romanand Cuestas (2008) investigated that how the ethics of online platforms influence consumer behaviour. The main study was focused on measuring the effect of ethical issues with the transactional rather than the social aspects.

From a transactional aspect, Romanand Cuestas (2008) analysed that online platform should provide confidentiality of information, security and honest disclosure of products information. Support given by the literature, we can hypothesize that platform ethics positively affects the transactional behaviour.

**H5. Consumers’ evaluations about platform ethics are positively associated with the transactional contracts.**

Reliability of social elements is a crucial construct in shaping the behavioural intentions of buyers. As buyers rely mostly on the social part because they assume that the people on the online platforms are not the marketers, rather they are the buyers themselves. So they will provide accurate information about the platforms. This perception allows them to enter in the buyer-platform relationship. If the platform wants to increase sales, they must have to make the social element better and user-friendly for the new users so that the platforms and new buyers will try to make relations with each other by providing reciprocal obligations. Therefore, we can hypothesize that.

**H6. Reliability of social elements has significant relationship with the relational contracts**

### 4 Research Methodology

To analyse the conceptual framework in figure 1 and the linked hypotheses projected above, a survey based empirical study will be conducted among students in the universities. Since no existing secondary data is available, and case study is not appropriate for this genre of study, survey method is thus the best-match research method. Platform ethics is a first order formative construct that is the combination of privacy, reliability, and perceived reputation, and functionalities of website usage and social interactions. Likewise, reliability of social elements is also first order formative construct summing up ratings & reviews, and recommendations & referrals. Relational contract is a second order formative construct having informational and emotional support, and commitment to platforms in it. The rest of the variables are reflective. Control variables are age, gender, marital status, frequency of visiting social commerce sites, education, and net monthly income.
Perceived reputation is a uni-dimensional variable measured on three seven point likert statements adapted from Chung and Law (2003) and Law and Bai (2008). Reliability is adapted from Swaminathan et al. (1999) and Goode and Harris (2007). This variable is also uni-dimensional and measured on three seven point likert statements. Functionalities of social interactions and website usage are uni-dimensional constructs and adapted from Chung and Law (2003) and Law and Bai (2008). Privacy is adapted from Roman (2007) and Chiu et al. (2009). This variable is uni-dimensional that is measured on six seven point likert statements. Reliability of ratings and reviews, and recommendations and referrals are adapted from Han, Bo and Windsor, John (2011). Informational and emotional support are adapted from Liang et al. (2011) and Hajli (2014a). Transactional contracts are adapted from Pavlou & Gefen, 2005. This variable is uni-dimensional and measured on five seven point likert statement. Trust in platform is adapted from Gefen & Straub 2004; McKnight et al., 2002. Satisfaction in platform is uni-dimensional adapted from Oliver and Swan (1989) and measured on four seven point likert statement. Commitment to platform is adapted from Hess and Jeffrey Scott (1998). A seven point likert scale format will be employed (1=strongly disagree, 4=neutral to 7=strongly agree).

5 Data Collection

Survey data will be gathered from sample population of people having experiences of purchasing on Taobao—the largest social commerce website in China. About 500 respondents (250 female and 250 male) will be selected that will help us out in filling the survey published using sojump.com (A famous online data collection website) and Wechat (A very famous online social media in china). An online questionnaire will be designed carefully to collect data, measuring the first order formative constructs as independent variables and five latent variables. The survey will be delivered to different online groups through wechat links.

6 Expected Contributions and Implications

Current study is anticipated to contribute to social commerce research by proposing a comprehensive model to empirically explore the antecedents and consequences of psychological contracts and their impacts on consumers’ purchasing decision. Our study is also expected to provide meaningful implications for managers and marketers to enhance the purchase intentions of online customers by increasing their trust and satisfaction in the platforms. It promises to reveal that how the online website ethics are so much important that when the customers visit platforms and first think about the transactional contracts that ultimately lead them towards purchase intentions.

Marketers must look into the fact that psychological contracts are also very clear in the minds of buyers when they have intentions to buy. Psychological contracts give marketers further prospects through which they can manage the relationship marketing. Customer expectations can be known through psychological contracts and marketer’s job is to fulfil those expectations. Through psychological contracts, marketers can emphasize two main areas: the platform itself and other online portals.

Another perspective is customers focus. Marketers can check what the customers really want. Psychological contract is not a legal contract but it belongs to the psychology of customers (Pavlou and Gefen 2005). Knowing the psychology of customers is just like winning the whole battle in the beginning. For marketer, it is the best way to understand what the customer thinks, how they interpret the information and, last but not least, how they respond to it.

References:


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