Perceived Effectiveness of Institutional Mechanism on Online Repurchase Intentions: WeChat

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Abstract - *The modern era had come where businesses are no longer constrained in space and time. With the help of information technology development, communication between sellers and buyers has become more efficient and practical. New tools like social media make it easy. Considering WeChat application social media one among the best example of social commerce. The social commerce phenomenon can be seen as a dramatic increment in internet usage as well as internet penetration. This encountered a significant change that is essential in people's lives. We investigate the perceived effectiveness of institutional mechanism effects on repurchase intentions on WeChat to find out their impact if they are acting as mediating or moderating effects to enhance repurchase intentions. Through the convenience of use, consumers social learning and, online consumer experience. We test and analyse the research model and its related hypotheses using partial least square (PLS) and structural equation modelling. Our empirical findings confirm our hypotheses the perceived effectiveness institutional mechanism have positive effects on repurchase intentions through perceived convenience of use, consumer social learning and, online consumer experience.*

Key Words: (Size 10 & Bold) Social commerce, WeChat, Perceived effectiveness of institutional mechanism, Online repurchase intentions

1. INTRODUCTION

Social commerce is evolving at high speed and enhance the cost of business activities by reducing it, and promotes the flow of capital, on a global scale, which drives global economic development. At the same time, as social commerce is virtual, paperless and unbounded and it brings significant challenges to the institutions which shelter it or regulate it. It exposes the vulnerabilities and blind spots of the existing institutional mechanism. With the rapid spread of social commerce, the link between enterprises, businesses and consumers becomes more and closer, the transactions become more efficient and transparent, the transaction costs are much cheaper.

Nevertheless, appear more hacker attacks, network consumer safety, and other issues. In this context, the perceived effectiveness of the institutional mechanism in social commerce has become one of the concerned international problems. At the same time, we will screen the mediator effect of online consumer experience social learning, perceived convenience of use and perceived institution mechanism while the output will be repurchasing intention.

Background

In China e-commerce industry is undergoing major policy changes. On the one hand, China is promoting the cross-border e-commerce channel and lowering tax rate; on the other hand, China is imposing a lot more regulations on the technical integration and data transparency. According to <Notice of the General Administration of Customs Year 2018 Letter No. 165>, starting from April 1st 2019, an e-commerce platform needs to synchronize with the customs' system for the following information: order number, product name, transaction amount, currency type, customer information, product link, payment number, verifying department, time, and other information. Source: WalktheChat official page of WeChat.

2. HYPOTHESES DEVELOPMENT

To examine the perceived effectiveness of institutional mechanism on social media hosting business features we next develop our research hypotheses and model.

The WeChat QR code feature has provided companies with the opportunity to access the platform's substantial user base as well. After WeChat has been developed into a platform that integrates instant messaging, voice chatting, shopping, gaming, and banking, the effect of each function on users' different types of perceived values need to be identified. The seals of third-party infomediaries familiar to the user still have greater to a consumer purchasing decision. A perception of institutional mechanisms to assure buyer's safe transactions on buyer-seller relationship building. Meanwhile, interactivity is a crucial property of online commerce an environment that fosters users' active engagement in communications and transactions. This leads to the following hypotheses.

H1: The Perceived effectiveness of institutional mechanism experience is positively influencing Consumer social learning

H2: The Perceived effectiveness of institutional mechanism is positively impacting the consumer experience

H3: The Perceived effectiveness of institutional mechanism is positively impacting the Perceived of the convenience of use.

H4: The Perceived effectiveness of institutional mechanism is positively influencing the Online repurchase intentions.

The online shopping experience originates from a series of interactions between a customer and a service provider Gentile et al., (2007) [1]. Researchers agree that a customer's perception of his/her experience is holistic in nature and involves multiple internal and subjective responses to interactions with an organization Meyer and Schwager, 2007; Schmitt et al., (2015) [2][3]. Therefore, we adopt the following hypotheses.

H5: The consumer experience is positively impacting Repurchase intention.

WeChat can be explained by the number of users and the number of transactions orchestrated by the platform itself. WeChat app is most used in cell phone applications and mobility while shopping brings a significant change compared to traditional online shopping.

H6: The Perceived convenience of use is positively impacting Repurchase intention.

Social impact refers to the other person's attitude, or opinion will affect the individual's decision. Summary of a study on the effect of a series of social behaviour, Deutschland Gerard [4] proposes two types of social influence: informational social impact, and normative social control.

H7: Consumer social learning is positively impacting Repurchasing intention.
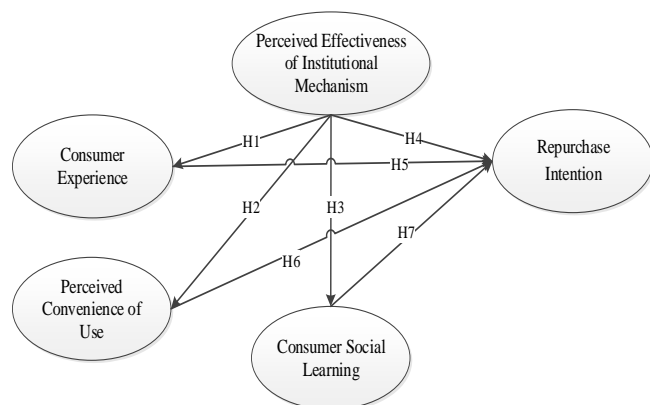

Fig -1: Research Model

3. DATA COLLECTION AND ANALYSIS

WeChat application is very convenient to share a survey as your friends can participate and answer your questionnaire and your friends can share it with their friends. Therefore, we create a questionnaire survey and sent it via our WeChat contacts and we post to it our moments. To ensure that each person participated only once in the survey, we noticed to the participants that the survey should be taken only one time and we tracked and examined each participant his Internet Protocol address in our excel sheet for all answers. In the end, we collected 178 responses. We tested the research model using the partial least squares (PLS). The survey was conducted in Beijing

China in April 2019. The questionnaire was only aimed at the ones who have experience in online purchase and transaction.

Table 1 shows the demographical information and characteristics of the respondents. Among the respondents, 56% were female 44% male and 57% were aged between 25 to 34 years old. More than 60% of the participants confirm to spend more than one-hour surfing on Wechat. Such a demographic profile shows that the respondents are relatively young and generally active. This is consistent with previous investigations (Zhang et al., 2014) [5]. Apart from ethnic and demographical characteristics, all other questionnaire items are measured on five Point Likert-scales from 'strongly agree' to 'strongly disagree' the final items survey instrument used in our research are shown in the appendix.

Table -1: Demographic Profile

Measure	Categories	Frequency	%
Gender	Male	79	44.07
	Female	99	55.93
Age	18 to 24	40	22.60
	25 to 34	101	57.06
	35 to 44	27	14.69
	45 to 54	8	4.52
	55 to 64	2	1.13
Time spend on WeChat per day	Less than one hour	25	14.04
	Between 1 Hour to 2 Hours	46	25.84
	More than 2 Hours	107	60.11

We examined an initial screening for reliability and validity for all parameters. The measurement model was assessed using partial least squares (PLS). Looking on a series of ordinary least squares regression, the approach prediction is more oriented and not sensitive to small sample size, to fit our research. We use Smarts PLS 2.0 and, bootstrapping to compute the path model and parameters estimation. In order to assess the reliability and convergent validity, we performed confirmatory factor analysis to evaluate the measurement model, as shown in Table 2.

Table -2: Results of CR and AVE

Construct	Item	Factor	CR	AVE
CSL	CSL1	0.819	0.887	0.723
	CSL2	0.865		
	CSL3	0.867		
OCE	OCE1	0.850	0.738	0.500
	OCE2	0.764		
	OCE3	0.541		
PCU	PCU1	0.767	0.825	0.542
	PCU2	0.767		
	PCU3	0.693		
	PCU4	0.713		
PEIM	PEIM1	0.830	0.883	0.655
	PEIM2	0.883		
	PEIM3	0.729		
	PEIM4	0.787		
ORI	ORI1	0.855	0.877	0.703
	ORI2	0.869		
	ORI3	0.790		

Notes: CR =composite reliability; AVE =average variance extracted... *** $p < 0.001$.

We needed to check factor loading, the average variance extracted (AVE) and composite reliability (CR). Most indicators loading is higher than 0.7 the desired threshold. Only one item OCE3 has 0.541 value and items with a loading factor over 0.5 can be acceptable when other items measure the same construct (Chin, 1998) [6]. Therefore, the measurement models reach satisfactory indicator reliability levels. The composite reliability of our measurement is all above 0.7 ranging from 0.738 to 0.887 which means providing evidence of the construct measures internal consistency reliability Likewise, all average variance extracted values are higher than the critical threshold value of 0.50, confirming our support for the measure's convergent validity (Fornell & Larcker, 1981)[7]. The average variance extracted of our measurement ranged from 0.500 to 0.723 shown in Table 2. Furthermore, we assess the constructs' discriminant validity by the Fornell and Larcker (1981) criterion. As shown in Table 3, diagonal elements are larger than off-diagonal elements, showing that the square root of AVE of each construct is larger than the correlation coefficients between constructs. This proves that the constructs exhibit reasonable discriminant validity. The measurement model assessment substantiates the reliability and validity of the constructs.

Table -3: Fornell-Larcker Criterion

	CSL	OCE	ORI	PCU	PEIM
CSL	**0.850**				
OCE	0.348	**0.707**			
ORI	0.384	0.511	**0.839**		
PCU	0.443	0.539	0.618	**0.736**	
PEIM	0.474	0.255	0.346	0.349	**0.809**

Notes: Diagonal elements (bold) are the square root of the average variance extracted (AVE) of each construct. Off-diagonal elements are correlation coefficients between constructs.
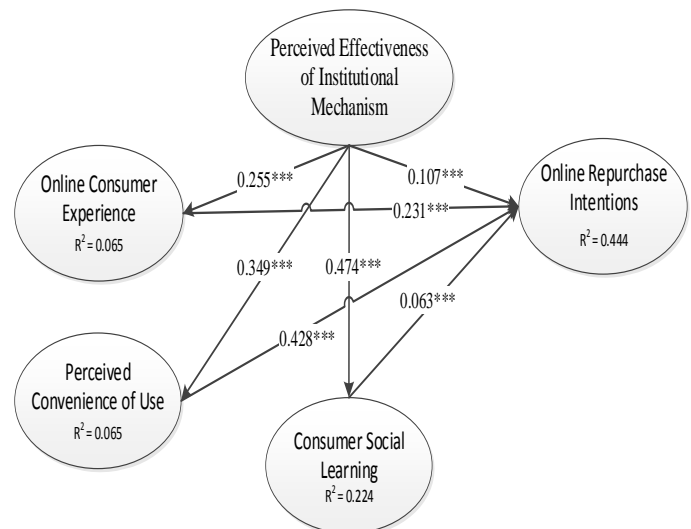

Fig -2: Estimated Model

The structural model relationship casual paths between constructs were examined. All the paths are positively significant. The predictive power of the model was analysed using the coefficient of determination (R^2). The coefficient of determination observed in our structural model shows 22 %,6%,12% and, 44% of the variance in social learning, consumer experience, perceived convenience of use and, repurchase intention, respectively. Hence, they indicate an acceptable level of explanatory power. The relationship between constructs interpretation is given below.

Direct effects of Perceived effectiveness of the institutional mechanism

The effects of PEIM (Perceived effectiveness of institutional mechanism) have significant effects on consumer social learning, consumer experience and, perceived convenience of use. Thus, validating the hypotheses H1, H2, H3. Paths coefficient (0.474, 0.255, 0.349) Furthermore the PEIM have direct effects on

repurchase intention path coefficient (0.107). Hence H7 is supported.

Mediating effects between Perceived effectiveness of institutional mechanism and repurchase intention

The coefficient paths of consumer social learning, consumer experience and, perceived convenience of use to repurchase intention are significant and positive thus confirming the hypotheses H4, H5, and H6 paths (0.063, 0.231, 0.428) with mediating effects between perceived effectiveness of institutional mechanism and online repurchase intentions.

4. CONCLUSIONS

Perceived effectiveness institutional mechanism is a critical factor on the relationship between trust and repurchase intention, Contrary to prior studies that suggest institutional mechanisms may be significant only for evaluating trustworthiness in original online purchasing contexts (McKnight et al. 2002a, 2002b; McKnight et al. 1998) [8] [9]. Our study advances existing social commerce research on the effect of trust by specifying institutional effectiveness mechanism boundary condition under which the behavioral effect of trust varies, and sub consequently influences repurchase intentions. China is a big social network market composition varies considerably from the rest of the world. A lot of companies or organizations have established an official account in WeChat, intending to mould their brand images and gaining more users. Previous research mostly focused on consumers' trust in the context of social commerce. A combination of customer-oriented social computing technologies and new commercial features are having an increasing impact on social commerce.

This research could offer essential insights for buyers (users) and sellers' practices with the WeChat platform. As far users believe and trust the institutional mechanism which plays a basic role in facilitating all kinds of business.

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