Chapter 18
Exploring the Role of Technology Readiness in Developing Trust and Loyalty for E-Services

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ABSTRACT
Technology readiness relates to an individual’s propensity to embrace new technology. Consumers high in technology readiness are very optimistic about the impact of technology, have high levels of innovativeness, are very comfortable in using technology, and feel less insecure about technology. Previous studies have shown how technology readiness influences a consumer’s evaluation of service quality. The effect of technology readiness can also be on such constructs like trust with the service provider as well as loyalty to the service provider. The present study looks at the impact of technology readiness on the evaluation of e-service quality and its subsequent impact on e-trust and e-loyalty. Users of job-service portals in India were contacted for data collection. A total of 350 respondents replied to the questionnaire. The data was analysed through a path analysis procedure. The study found ample evidence for the impact of technology readiness on e-service quality, e-trust and e-loyalty. However the path from e-trust to e-loyalty as well as from e-service equality to e-trust was not found to be significant. The paper discusses the development of the conceptual model, empirical study as well as the implications. Finally, the practical implications that emerge from the results are also discussed.

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INTRODUCTION

With greater penetration of the Internet and the invention of new processes to service consumers through the electronic media, consumers rely increasingly on online service providers for even the most rudimentary tasks and services. As Rust and Kannan (2003, p.37) explain, “Traditional e-commerce is giving way to a new paradigm known as e-service.” Services which were hitherto the preserve of traditional brick and mortar service providers like real-estate brokers, marriage bureaus, letting agents, gambling houses, mortgage advisors, etc. are all now being encroached upon by online service providers. An interesting aspect to the rapid adoption of e-services is the adopter’s level of technology readiness. Technology readiness defines an individual’s predisposition to use new technologies. Individuals who are not yet ready to migrate to a technology dependent service environment may not perceive much value in the conveniences provided by e-services. It is therefore important to measure the level of technology readiness in understating constructs like e-trust, e-satisfaction and e-loyalty in the context of e-services. While extant literature in this area have considered the linkages between most of the important aspects related to e-services, the impact of technology readiness in shaping the adoption of e-services has been very rare. However with high proliferation of online service providers like grocery retailers, fashion retailers, book retailers etc., it is very important to understand this aspect. The present study considers this aspect and looks at how individual differences in the readiness to adapt technologies could impact customer evaluation and experiences with e-services. In the next sections we introduce the concepts and then develop the conceptual model. Subsequently the contexts of the empirical study as well as the results are discussed.

VARIABLES CONSIDERED IN THE CONCEPTUAL MODEL

Technology Readiness

Several studies in the past have looked at attitudes and beliefs about technology among individuals (e.g. Davis et al., 1989; Igbaria & Parasuraman, 1989; Dabholkar, 1994, etc.). Most of these studies acknowledge the differences among individuals in their predisposition towards accepting technology. This variation is endeavoured to be captured through the Technology Readiness Index (TRI). Parasuraman (2000, p.308) defines TRI as “People’s propensity to embrace and use new technologies for accomplishing goals in home life and at work.” Basically, the technology readiness of an individual is an indicator of that individual’s predisposition to technology. Technology readiness index measure an individual’s predisposition towards technology across four dimensions: (i) optimism, (ii) innovativeness, (iii) discomfort, and (iv) insecurity. TRI is basically “a state of mind resulting from mental enablers and inhibitors that collectively determine a person’s predisposition to use new technologies” (Liljander et al., 2006, p.178). TRI has been used an independent variable in several empirical studies. For instance, Liljander et al.(2006) and Lin and Hsieh (2007) found association between TRI to the adoption of, satisfaction with, and attitude towards self-service technologies, and Walczuch et al. (2007) established linkage between TRI and perceived usefulness and perceived ease of use among employees of a financial service provider.

Several empirical studies that have pointed to the relationship between individual related factors like personal capacity and capability to use the technology, perceived risk (Walker & Johnson, 2006), technology anxiety (Meuter et al, 2003), and use of technology-based services. In general, it is concluded that consumers who are typically less anxious about the technology and perceives