Do the online reviews influence to direct the business toward legal directions

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Abstract

Information and communication technology plays one of the most important roles in the business world changing the way of buying, selling and experiencing a good or service. Along with these changes, many incidents are recorded against illegal business practices although a legal framework exists in the country. It is considered that any incident that breaches the Food Act No.26 of 1980 in Sri Lanka as an illegal action. With the technology enhancement customers give feedbacks online on their consumption experience and such online reviews become very important information that empower customers against illegal business practices. This research investigates the impact of online reviews on legal comply on restaurants located in Colombo, Ella and Galle where most attracted tourist cities in Sri Lanka. This study creates new opportunities to explore the impact of online reviews on legal comply where both local and international researches are limited. For the study purpose, 194 restaurants were selected so that 20 percent of registered restaurants covered from each city. Data collected from restaurant owners using a structured questionnaire in order to measure the legal comply of restaurants, for the purpose of measuring customer feedbacks online reviews for each restaurant in google and trip adviser sites were used. For the study purpose a conceptual framework was set up and online reviews were classified into 5 categories according the online reviews received for the restaurants. According to the regression results of the study, online reviews have impact of 14.4 percent on legal comply with 0.000 significant value. Therefore, the hypothesis; online reviews impact on organizational legal comply is accepted. The results show that due to the new technology customers have a platform to complain or praise business practices that they have experienced and the organizations have to listening to customers and avoid illegal practices if they

still conducted, if they really want to survive in competitive business industry. This study shows the ways of organizations directs by the technology through legal ways though the creators of the technology originally did not intend the application by naturally it is happening. Business organizations should be keenly conscious of their known or unknown malpractice as online reviews emerge as a latest instrument for rating organizations.

Keywords: *Legal comply, online reviews.*

1. Introduction

Information and Communication Technology (ICT) plays a dominant role among the other technologies in the business world. It overcomes most of the limitations existed in traditional ways of communication and doing information related activities. New technology beefs up efficiency, effectiveness, accuracy and convenience in every activity. As it plays, a dominant role in the sector of commerce and trade, internet and social media fundamentally changed the way of doing businesses. In brief, it changes the way of selling, buying and experiencing a good or a service. In the past radio, television and newspapers were used to advertise or promote businesses. As the time passed search, engines (Google, Yahoo, Bing) and Social networks (Facebook, Twitter, and YouTube) became a way of advertising or promoting. Because of this, many consumers tend to use internet and social media sites to fulfill their needs and wants and as a way of searching information. Social networking websites represent various forms of Consumer Generated Content (CGC) such as blogs, wikis, virtual communities, social networks shared tags and media files hosted on sites such as YouTube and Flicker (Xiang & Gretzel, 2010; Pan, Tanya, & Crotts, 2007). Many of these social networking websites help consumers post and share their comments, opinions and personal experiences, which then serve as information for others.

After consumption, customers give feedbacks online and such online reviews have become increasingly important source of decision making for others. They are fast up to date and available everywhere, and have become the word-of-mouth (WOM) of the digital age, (Kaplan & Haenlein, 2010). According to findings from a joint research conducted by Power-Reviews and E-tailing groups, about 22% of participants recorded they always read customer reviews before making a purchase, 43% of participants recorded they check customer ranking and review most of the time and about 68% read at least four reviews before the purchase is made (Dellarocas, 2003) . When considering the reviews there is no standard way of posting reviews. Therefore, customer can post positive review if he/she satisfied by the product or service. Some reviews such as "oh! this is nice. I am going to buy another one", "I can't believe that I got this" are some positive emotional reviews while some consumers posting negative reviews as "I can buy this very cheaper than from here", "disgusting". Previous studies have identified six types of reviewers as the first time reviewer; who had never left a review before, the serial complainer; who had long and storied history of posting negative reviews and who like to post a review

every product or service they use, the direct communicator; who tell straight to the point, the storyteller; who is likes to posts reviews in more detailed way, the sharpshooter; who post the review in brief and to the point and finally, the faker who post false information regarding his/her customer experience (Law & Murphy, 2011). According to the Food Act No 26 of 1980: selling outdated food products, adding artificial coloring, maintaining unclean food processing areas, using unclean food products, using a source of pollution for caring for animals in places of eating without maintaining personal cleanliness by people working with food are considered as illegal.

These reviews influence for business both positively and negatively, according to the human psychology, negative influences strictly influence to purchasing decision of customers. The focus of this study is to find whether reviews work as feedback mechanism to direct the business along more legal direction.

2. Related work

Customers tend to give feedback online after consuming goods or services, and these online reviews have currently become very crucial feedback mechanism. They are quick, up to date and everywhere accessible, and have become digital age's WOM. These reviews are considered authentic, trustworthy, useful and also important from the view of potential customers (Li & Hitt, 2008). Another research states that for consumers, online reviews are the most common way to express complaints, express emotions, and comments about satisfaction, access places, services and hotels (Schuckert, Liu, & Law, 2015). According to Kim, Mattila and Baloglu (2011), there are four major factors; convenience, quality, risk reduction and social reassurance motivates customers to seek reviews. It further states that females tend to read reviews for comfort, quality assurance and risk reduction purposes. On the other hand, the use of online user reviews by men depends on their level of expertise when booking online. This research paper indicates that review quantity pressures consumers with low involvement rather than quality of online user reviews while high involvement consumers are pressured by both quantity and quality of online user reviews (Park, Lee, & Han, 2007).

Multimedia sharing (e.g., videos, photographs, podcasting, etc.) provided through websites such as YouTube and Flicker attracts tourism researchers, creating interest in understanding the role of this form of content in social networks in transforming travel experience (Tussyadiah & Fesenmaier, 2009). Users who buy the app can rate it with the number of "stars" and post a review message. Ratings and reviews are publicly available and visible to other users and developers (Pagano & Maalej, 2013).

Online product reviews are a potentially valuable tool for firms that can use them to monitor customer attitudes toward their products in real time and adapt their production ,distribution and marketing stratergies accordingly (Dellarocas, Zhang, & Awad, 2007). Thus, management of online response becomes more essential. Managers who effectively react to posts on electronic platforms can transform an unsatisfied client into a loyal client while adequate reactions to reviews, especially bad reviews, can create and boost future

evaluations (Schuckert et al., 2015). Sparks and Browning (2010) discovered that customers who fail in service tend to spread negative words and can affect the reputation of a brand or firm. Reserches in this direction usually assumed that the main reason for which reviews affect sales is that they provide information about a product or supplier to potenial customer (Ghose & Ipeirotis, 2009). A numerous empirical studies have already examined the impact of the number of reviews on firm success (e.g., Dellarocas et al., 2007; Ghose & Ipeirotis, 2009). Significant progress has been made in understanding how guest reviews influence different results, including hotel revenue (Kim, Lim, & Brymer, 2015) hotel sales and booking volume (Ye, Law, & Gu, 2009), sales of online games (Zhu & Zhang, 2010), box office revanue, (Duan, Gu, & Whinston, 2008) movie sales (Liu, 2006),book sales (Chevalier & Mayzlin, 2006) and price premium (Zhang, Ye, Law, & Li, 2010). This is probably due to the fact that the online review platform plays an importatnt role in attracting more travelers to publish and share good or bad impression (Zhong, Leung, Law, & Wu, 2013). This voluntary customer behaviour not only provide free information to assist other travelers in making decisions, but also encourages hospitality managers to improve the quality of their products and services.

Some empirical studies were conducted in restaurants to show that the quality of food in a restaurant has a positive effect on consumers in order to distribute positive WOM . Furthermore, restaurant staff who generate a good experience can induce a positive e-WOM, motivated by the willingness to help staff and the restaurant, or simply express favorable personal emotions (Schuckert et al., 2015).

People pursue not only shared social norms but also complicated normative systems while shared social norms are depicted in the minds of the agents concerned, big normative systems direct the ideas and actions of individuals without becoming mental tools for persons as a whole. In daily lives, people often face such processes. All the norms of a system cannot be stored in one's memory as they exceed human capacity (at least for the largest normative systems, such as municipal law, containing many thousands, even millions of rules). Moreover, these norms persistently change because of facts (such as the adoption of new regulations, new interpretation decisions, etc.). For example, while each of us has some understanding of some of the laws of our legal system (the ones that correspond to shared moral rules, such as banning murder, or most frequently found, such as certain traffic rules, or governing one's specific activity, such as regulations on computer programmers ' software copyright). The common citizen has a very vague concept of the content of his country's law, particularly in the technical fields of tax law, property planning law, environmental law, etc., (Sartor, 2012).

It is possible to use four aspects to clarify why a individual is involved in antisocial behavior and to define the causes of antisocial behavior. First, an approach to organisational, frustration based on the model of frustration-aggression psychology indicates that some environmental frustrators prevent or interfere with the capacity of a person to attain personal objectives. Studies indicate that any amount of variables, such as job data, instruments and facilities, materials and materials, budget support, facilities and aid needed from others, time, conflict of interest and labor overload, can behave as a

fustrator and initiate antisocial work behaviour. A second viewpoint that can assist understand antisocial actions is a social learning model. From this point of view, by direct experience or by observation, people can study aggressive work behavior. The third point of perspective is a model of cognitive evaluation, which assumes that environmental variables (particular job requirements, for instance) strengthen feelings and lead to a hunt for emotion triggers. Since individuals tend not to think that adverse outcomes are self-assessments, they are likely to blame others for the wrong thing and can strike back. The fourth perspective is the point of view of justice, which means that distributive injustice (unfair results), procedural injustice (unfair procedures), failure to communicate (injustice in interpersonal interaction) and auxiliary expertise lead to adverse emotional responses (e.g. anger, frustration) and may trigger a willingness to "even enjoy" by engaging in antisocial behaviour. In addition to the costs associated with the fact that they are subject to antisocial behavior, Organizations and society also have very high expenses. The price of one act of violence in the workplace, according to one estimate, is around $250,000 for violent occurrences in terms of lost work time and legal costs. The cost estimates of severe but non-physical antisocial behavior types range from $17,000 to $24,000 (Giacalone & Greenberg, 1996).

Legitimacy is the right to rule and the right to recognize it (Sternberger, 1968; Beethem, 1991; Coicaud, 2002). In order to create, function and replicate efficiently, social institutions need legitimacy (Easton, 1979). The motivations of people to comply with the law are at the core of the policy of crime-control. People comply with the law because they think it is correct to do so, a normative crime-control model suggests that organizations can ensure adherence and collaboration through the development of legitimacy-generating strategies (Tyler, 2006; Tyler & Huo, 2002). Tyler's policing procedural justice model says that when organizations act on procedural fairness principles, this helps sustain and enhance the capacity of legal authorities to encourage people to regulate themselves (Tyler , 2006). Institutions can thus prevent the costs, dangers and alienation connected with strategies based on internal threat-based laws (Schulhofer, Tyler, & Huq, 2011). Psychologically, legitimacy implies people recognize the right of police to exist, the right to determine authority, and the right to express power, (Tyler, 2006). Legitimacy is not only an obligation to obey (government recognition of power based on the concept that a lawful authority has the right to demand deference) but also a moral alignment. (justification of power based on the view that police share their moral values and are a source of moral authority in the society).

3. Methodology
Conceptual framework (Figure 1) of the study is formulated based on well established literature to illustrate the impact of online user reviews on legal comply.
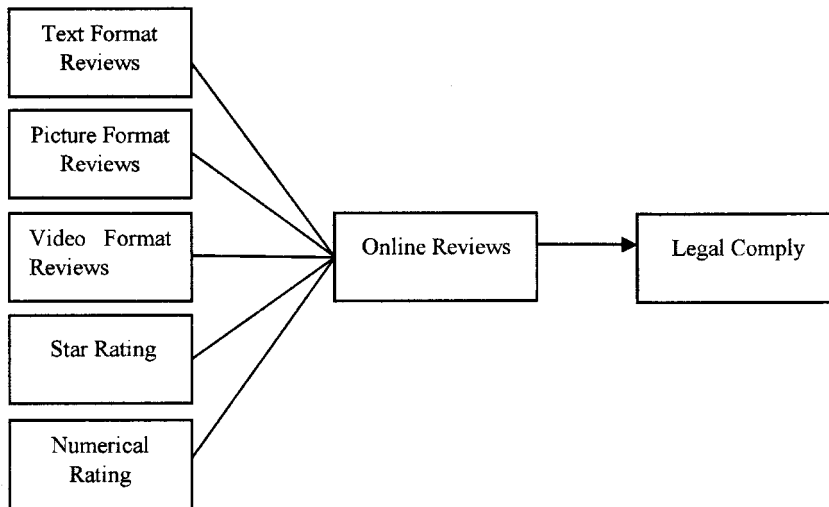
Figure 1 Conceptual framework

According to the above conceptual model (Figure 1), the Online Reviews is the independent variable, which is represented by Text format reviews, Picture format reviews, Video format reviews, Star ratings and Numerical ratings. Legal comply is the dependent variable. Accordingly, the main hypothesis derived to be tested in this study is as: H1- online user reviews impact on organizational legal Comply.

This is an exploratory reseach which used survey stratergy. Secondary sources were heavy used primarily to access past researches on customer reviews on restaurant industry. To collect primary data, researcher selected 20% of respondents by utilizing a table of random numbers by applying to a list of 975 restaurants located in Colombo, Ella and Galle. Among the sample selected 81 respondents of restaurants owners / managers responded for the survey questionnaires sent. Two structured questionnaires were used to collect the data from restaurant managers. The questionnaires were related to comply of legal behaviors among restaurants and awareness level of managers about online reviews in Sri Lanka. Preliminary questions are based on demographic factors; others are based on Likert scale questions with five indicating. Furthermore, researcher classified online user reviews related to each restaurant by using basket analysis. Results of basket analysis were mapped through a questionnaire filled by researcher with five indicating levels from very good to very bad. Statistical program, SPSS, was used to analyze the data collected. Cronbach's Alpha test was used to check the internal validity of the questionnaire. Descriptive analysis of the study was done to understand the basic nature of the variables and results are presented in this paper. Hypothesis of the study was tested by using regression analysis, in addition to that to identify the relationship between research variables correlation analysis was conducted.

4. Results and discussion

A representative sample of 194 restaurants from the cities of Colombo, Ella and Galle were selected so as to cover 20 percent of restaurant population from each city. Researcher could able to collect 81 responses from the above mentioned cities. According to Table 1, Legal comply shows relatively average mean value (M=3.33, SD=0.88). When considering to the skewness, it is .015, it is positively skewed. Online reviews toward Legal comply shows relatively high mean value (M=4.78, SD=0.26) and it negatively skewed.

Table 1
Descriptive statistics for research variables

	Mean	Std. Deviation	Skewness	
				Std. Error
Legal comply	3.3395	.87379	.015	.267
Reviews	4.7797	.25800	-2.230	.267

Table 2
Results of correlation analysis

		Legal comply
Reviews	Pearson correlation	.394**
	Sig .(2-Tailed)	.000

Table 2 shows the results of correlation analysis, which use to identify the relationship between Legal Comply and Online Reviews. According to Table 2, the Pearson correlation value for the relationship between online review and legal comply is 0.394 and it is a moderate positive relationship with significant value for the relationship is 0.000 (P<0.01) hence the relationship among variables is significant at 0.01 level. Therefore, it can be said that significant and moderate positive relationship exists between Legal Comply and the Online Reviews.

Table 3
Results of regression analysis

	B	Std. Error	Beta	t	Sig
(Constant)	-3.033	1.677		-1.809	.074
Review	1.333	.350	.394	3.8.6	.000
Adjusted R square = 0.144			F = 14.489		Sig.= F-0.000

As per the results of Table 3 the adjusted R square value of the model recorded 0.144 with 0.000 significant value, indicating that 14.4% of legal comply of selected restaurants are influenced by the online reviews and remaining 85.6% of legal comply are described by other factors, which are beyond the study. Results indicate that when number of online reviews for restaurants is increased, it brings positive impact toward organizational Legal Comply.

5. Conclusion

As concluding the study, researchers could discover that online user reviews give business organization a motive to take their organization into to a legal path if they are not complying with existing organization related laws. Though researchers could find five types of online reviews techniques used by users in previous literature, in Sri Lanka context, only three types of reviews are in practice those are text, picture, and star ratings. The majority of customers are more likely to place "star ratings". Moreover, Text format reviews can also be described as a sort of popular response type that is commonly used among local restaurants. Managers' awareness level of online user reviews depends mostly on their age and level of education. Because of the outstanding success of organizations that are highly aware of reviews; startups can also be motivated to follow the same approach. In addition, needed steps should be taken to popularize online customer feedback as a company growth instrument and motivation for company owners. This study focused on restaurants in three (3) most visited Sri Lankan cities. Consequently, further study should validate study results by conducting studies centered on a bigger sample beyond restaurants.

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