CYRUS Institute of Knowledge
Cambridge, MA, USA

And

XI Simpósio Internacional De Gestão De Projetos, Inovação E Sustentabilidade, Sao Paulo, Brazil

<u>Conference Theme:</u>

ENTREPRENEURSHIP, RESPONSIBLE LEADERSHIP, AND SUSTAINABLE DEVELOPMENT

October 25-27, 2023

Hybrid

PROCEEDINGS

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EFFECT OF LOW INTEREST RATES AND CENTRAL GOVERNMENT DEBT ON SECULAR STAGNATION IN OECD COUNTRIES

Merna Hefnawi
German University in Cairo – GUC
New Cairo City - Main Entrance of Al Tagamoa Al Khames, Egypt
merna.esmat@guc.edu.eg

Abstract

Researchers have been debating about the causes of the secular stagnation phenomena that has been facing the developed countries, but still there is no practical solution to the problem. This is due to the traditional growth models' inability to explain the slow or nonexistent growth that is happening in the developed countries. Furthermore, Secular Stagnation is not facing the developed nations only, this slow economic growth pattern is being transmitted to the developed countries' trade partners in the developing world, which makes it a dangerous problem that is facing the world economies. This study aims at studying the effect of the high central governments' debts and the low interest rates in the developed nations on their economic stagnation. These relationships are examined in this paper using panel data that capture the fluctuations in the economic performance as well as the interest rates and the central governments' debts in the OECD countries (38 developed countries) from 1960 to 2022. It is very essential to study the effect of both interest rates and public debts on secular stagnation since this adds missing blocks to the ongoing research that is concerned with the economic growth in the developed countries. This paper has found that the interest rates and the public debt ratios in the OECD countries are having direct relationships with the economic growth of the studied economies. Those quantitative findings help in providing insightful policy implications that can help in escaping the secular stagnation trap and prevent it from happening again. This research is limited by the unavailability of historical data about the interest rates and the public debt ratios in larger number of developed economies, so it is recommended for future research to study the same relationships in other sets of developed countries in order to have more generalizable results.

Keywords

Interest Rates, OECD Countries, Public Debt, Regime Uncertainty, Secular Stagnation

JEL classification: B22, E22, E43, H63, O47

Introduction

Secular Stagnation is one of the most significant problems that has been facing the developed world and it seems to be a long-term one. Developed countries have been suffering from very slow or almost no economic growth, which is automatically transmitted to their trade partners in the developing world as well. This is because the world economies are connected to each other through international trade, so the developing nations always follow the economic growth trends of the developed nations (Dufréno and Rhouzlane, 2018; Dadush, 2016; Summers, 2014).

Furthermore, the issue of stagnation does not appear to be temporary. Since it caused a considerable rise in the tendency to save and a drop in the willingness to spend or invest, these structural changes resulting from the diminished growth patterns in the global economy may cause changes in the behavior of the people and the enterprises. Because of this, the MPS (Marginal Propensity to Save) is significantly rising over the MPC (Marginal Propensity to Consume) and the MPI (Marginal Propensity to Invest), which will only cause the developed economies to keep struggling (Dufréno and Rhouzlane, 2018; Summers, 2014).

Since interest rates are the cost of saving money, they are strongly affected by the secular stagnation phenomena and vice versa. Interest rates are always expected to fall until the supply and demand of money are equal. However, real short-term interest rates cannot fall below zero because if they did, individuals would prefer to keep debt instruments with negative interest rates rather than cash, which would definitely have an unfavorable impact on economies (Summers, 2014).

According to the Neo-Keynesian school, the persistent failure happening in the markets of the developed nations is due to the imbalance between savings and investments over time. So low long-term interest rates are a result, in this school of thought, of an excess of savings and a shortage of investments. Additionally, the Post-Keynesian studies believed that the financial market has a significant role in achieving economic growth and in disturbing the economic performance by for example, causing a bubble or over indebting a country (Dufrénot and Rhouzlane, 2018).

However, the Neo-classical school of economics attributed the developed nations' economic stagnation to their ageing populations and their reduced labor productivity. As for the Schumpeterian school, it believed that secular stagnation is just a natural intermediate phase of industrialization in the developed economies that is mainly explained by the creative destruction concept which is according to Joseph Schumpeter "a process of industrial mutation that continuously revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one" (Schumpeter, 1994). On the other hand, the New-Keynesian school of thought blame the secular stagnation problem on the inflexible pricing systems and the weak financial markets in the developed nations (Dufrénot and Rhouzlane, 2018).

Moreover, the standard economic growth models are not able to define the reasons behind the secular stagnation phenomena that is happening in the advanced economies. This is because the traditional models of economic growth are referring the economic growth of the countries to the existence of labor force, physical capital, human capital and technology. Nevertheless, the developed countries are rich in terms of all of those factors and still struggle to achieve the needed economic growth. Yet, the economic research that aims at explaining the economic stagnation that is happening in the developed economies rarely exists (Hefnawi and Yousri, 2022; Storm, 2017).

In this paper, the aim is to study the effect of both the low interest rates and the increasing public debt ratios in the developed economies on their stagnant economic growth levels. To achieve this research aim, the following research question will be examined: “What is the effect of low interest rates and high central government debt on the economic growth of the developed countries?”. Furthermore, the following hypothesis will be studied:

H1: The low interest rates affect the economic growth of the developed economies.
H2: The high central governments’ debt affect the economic growth of the developed economies.
This research question and hypothesis will be investigated in this research paper using panel data sets that capture the examined variables in 38 different developed countries (the OECD countries) over the time period from year 1960 to year 2022. This will help in quantifying the relationships and forming clear pictures on how exactly the interest rates and the public debts affect the secular stagnation in the developed economies, which will accordingly assist in providing suitable policy implications for the developed countries. Applying successful economic policies in the developed economies can also positively reflect on the economic growth

of the developing economies, since the world economies are now connected to each other using international trade and due to the globalization (Hefnawi and Yousri, 2022; Dadush, 2016).

Literature Review

Secular stagnation is mainly a condition in which there is continuous stagnation in the total output level of a country and/or in its output per capita, which is accompanied by decreasing real interest rates and low inflation rates as well. In order to achieve full employment in economies facing secular stagnation, they need to reach a negative real interest rate, which is impossible since the inflation rate is so low (Ferrero et al., 2019; Hanke et al., 2015).

Solow Growth Model, according to (Hefnawi and Ghoniem, 2020), is one of the most important models in the macroeconomic field and is being considered the standard model in studying the economic growth of the countries. The model enabled economists to analyze and define the growth trends of the economies, especially those who are still developing. According to the model, the key factors to achieve economic growth in the economies are the labor force, the physical capital, the human capital and the technology. However, it is noteworthy that the developed economies are rich in terms of physical capital, education availability and quality, good health sectors, high levels of technology, and availability of national and immigrant labor while they are still facing slow or no growth levels, which is the mystery of the secular stagnation phenomena (Hefnawi and Yousri, 2022; Hefnawi and Ghoniem, 2020).

Secular stagnation has two main views; the supply-side view and the demand-side view. The supply-side view of secular stagnation sees it as a small growth in the real GDP of the economies, which is justified –according to this approach- by the slow production growth rates that is driven by the non-growing prices levels. Which has a direct effect on the people's living standards and indirectly affects the countries investments, which again reduces the output growth (Gordon, 2015).

As for the demand side view, it sees secular stagnation as an outcome of the continuous saving surplus and investment shortage in the economies, which cause the equilibrium real interest rate to be negative; this accordingly leads to deficient decrease in the demand that leads to the problematic economic growth in the developed countries. In addition, it is argued that real interest rates will not be able to decrease any more since America and the Eurozone are facing very low inflation rates while having their nominal interest rates at the zero-lower bound (Summers, 2015).

This secular stagnation problem has been facing the developed economies since the investment opportunities in the developed nations are becoming so scarce. Furthermore, the firms' behavior has been changing as they are moving towards using intangible goods, which decreases firms' borrowings and increases firms' possession of cash. This accordingly decreases the equilibrium interest rates since the borrowings are decreasing (Caggese and Perez-Orive, 2017; Hanke et al., 2015).

Furthermore, the world trade is also striking and has been showing slow growth in the last years and it is even slower than the growth in the world output. Trade volumes have actually shown decrease in most of the developed economies in the recent years, which implies that the trade between the countries cannot be considered a stimulus for economic growth anymore, as it was in the last decades (Chandrasekhar and Ghosh, 2015).

The International Monetary Fund institution (IMF) recommends that the slow economic growth is the main reason for this drop in the international trade volume. In addition, the World Economic Outlook (WEO) states that the estimates and predictions done by them on the countries' economic growth are not being achieved and that they have been continuously providing higher output forecasts than what is actually eventually being accomplished. In the latest years, the economic growth in the developed nations has disappointed the IMF's expectations by around 1% yearly as well (Chandrasekhar and Ghosh, 2015).
Furthermore, Chandrasekhar and Ghosh (2015) and Summers (2014) noted that for a set of countries that include Japan, Korea, United Kingdom, and Germany, the overestimation of the growth in output have been accompanied with underestimation of the growth in employment. Meaning that, the productivity of workers has been below the expectations. This deficiency in the productivity of labor is believed to be partially cause by the decrease in the investment levels which reduces the growth of the total factor productivity.
From this, the IMF (International Monetary Fund) and the UNCTAD (United Nations Conference on Trade and Development) started to consider the probability of facing "secular stagnation" and started to raise the

question for more elaboration and for more insightful examinations (Chandrasekhar and Ghosh, 2015).

There is a 'saving glut' happening in the developed economies which is believed to be happening because of their aging population, the availability of capital with low expenses, and the increasing risk aversion norm of the people. As investors and citizens are having increasing doubts about the government policies in the developed economies. This also lowers investments and demand in the economy, since it is found that as the degree of regime uncertainty increases, the degree of investment diminishes (Hefnawi and Yousri, 2022; Kleczka, 2015; Hanke et al., 2015; Summers, 2015).

This increase in the propensity to save (MPS) and decrease in the propensity to consume and invest (MPC & MPI) have direct impacts on the developed nations' economic growth. As a result of this, the government debt ratio out of the GDP in the developed nations is continuously rising, as the economic growth is struggling and the government revenues are decreasing (Hudecz, 2017; Dadush, 2016; Summers, 2014).

The importance of the monetary and financial forces in explaining the trending drop in real interest rates, however, is totally lacking from the discussion. After all, people are the ones who set the interest rates, they are not determined by some unobservable natural force. While financial market players price long run yields based on how they anticipate monetary policy will react to future inflation expectations and economic growth, taking related risks into account, central banks fix the short end of the yield curve. By deducting anticipated inflation from these nominal interest rates, the market real interest rates are determined (Thwaites, 2015; Borio and Disyatat, 2014).

Besides, the trending decline in real interest rates actively contributes to changes in basic macroeconomic factors rather than merely reflecting them. The seeds of low interest rates can of course cause financial busts and booms. Over time, policies that do not lean against booms but aggressively and consistently soften during busts cause interest rates to trend downward and debt levels to trend upward. Then it becomes problematic to increase the interest rates without hurting the economy, creating something close to a debt trap. The buildup of debt and the disruption in investment and production patterns brought on by consistently low interest rates makes it difficult for those interest rates to recover to levels that are more normal. Thus, low rates start to reinforce themselves. Therefore, it is not by chance that a steady increase in debt has been present while the secular decrease in real interest rates has taken place (Borio and Disyatat, 2014).

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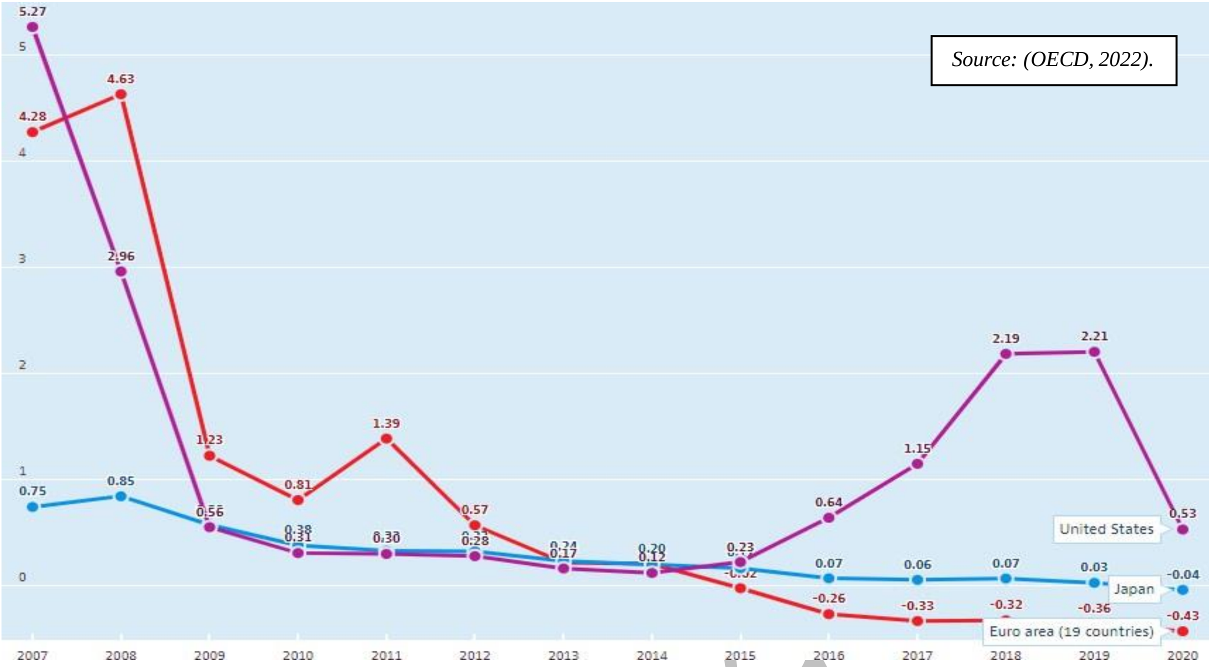
Moreover, previous research by Skott (2016) has recommended that the slow economic growth leads to a noticeable increase in the public debt ratio in the countries, which means that there is a causal effect from the economic growth on the public debt ratio. So the economic growth level is found to be a determinant of the debt ratio as well. Additionally, this was also noted by Storm (2017) when he concluded that the monetary policy in the US is not closing the output gap and is contributing in the unstable growth
-secular stagnation- that the country is facing (Storm, 2017; Skott, 2016).
The following figures (figure 1, 2 and 3) gives an indication on the problematic trends of developed countries' short term interest rates, long term interest rates and public debt ratios;

Figure (1) Short-term Interest Rates in US, Japan and Europe

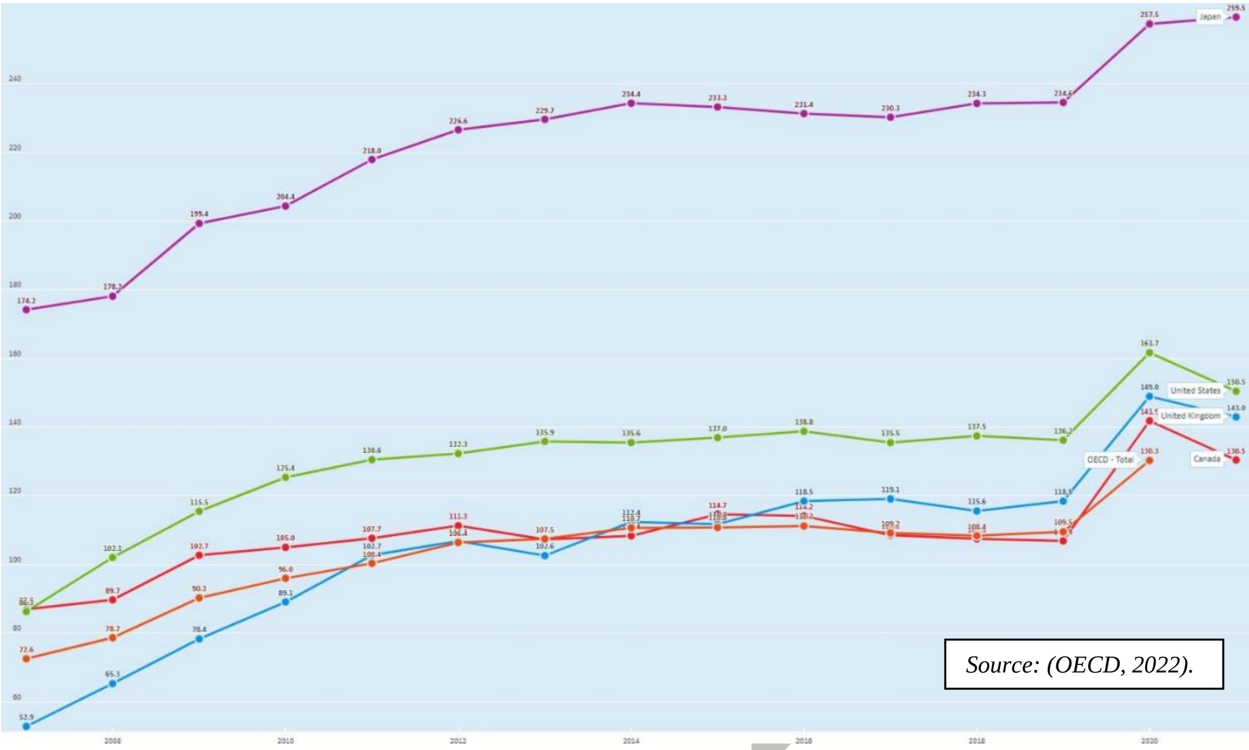


"Short-term interest rates are the rates at which short-term borrowings are effected between financial institutions or the rate at which short-term government paper is issued or traded in the market. Short-term interest rates are generally averages of daily rates, measured as a percentage. Typical standardized names are money market rate and treasury bill rate." (OECD, 2022).

Figure (2) Long-term Interest Rates in US, Japan and Europe

"Long-term interest rates refer to government bonds maturing in ten years. Rates are mainly determined by the price charged by the lender, the risk from the borrower and the fall in the capital value. Long-term interest rates are generally averages of daily rates, measured as a percentage. These interest rates are implied by the prices at which the government bonds are traded on financial markets, not the interest rates at which the loans were issued." (OECD, 2022).

Figure (3) General Government Debt in a Set of Developed Economies



“General government debt-to-GDP ratio measures the gross debt of the general government as a percentage of GDP. It is a key indicator for the sustainability of government finance. Debt is calculated as the sum of the following liability categories (as applicable): currency and deposits; debt securities, loans; insurance, pensions and standardized guarantee schemes, and other accounts payable.” (OECD, 2022).

According to the latest research on secular stagnation, there is a gap in studying the public debt ratios and the interest rates effects on the phenomena in the high-income countries. This is due to the unavailability of comprehensive collective data sets that describe both the public debt ratios of the developed countries and their interest rates (Hefnawi and Yousri, 2022). That is why this paper aims at filling this research gap through examining the relationship between the low levels of interest rates in the developed countries and their economic performance, in addition to exploring the relationship between the central government debts in the advanced economies and their economic performance as well. This research aim will be reached through answering the research question which is: What is the effect of low interest rates and high central government debts on the economic growth of the developed countries?, and through studying the research hypothesis which are:

H1: The low interest rates affect the economic growth of the developed economies.

H2: The high central governments' debt affect the economic growth of the developed economies.

By this, we form a clear image of the magnitude of the effect caused by each of these factors on the secular stagnation phenomena that is facing the developed world. This will help in overseeing the currently applied stagnation policies in the developed nations, which will accordingly help in finding suitable solutions in and provide effective policies implications that can help the developed countries achieve the long waited economic growth. This will not only boost the developed economies, but will also have positive effect on the developing nations as well since the developed nations status is almost automatically transmitted to the developing ones through the international trade between the developed and developing countries.

Data and Methodology

In order to answer the research question and hypothesis, and reach the aim of this research, number of panel data models are analyzed using number of sophisticated econometric techniques in the ordinary least squares (OLS) regression and the generalized method of moments (GMM) methods, since some of the data used are not normally distributed.

Beginning with the database used to represent the research variables; The annual GDP in dollars is the index used to indicate the economic performance variable, the short run nominal interest rates is the index used to demonstrate the short term interest rate variable, the long run nominal interest rates is the index used to reflect the long term interest rate variable, and the gross public debt ratio as percentage of GDP is the index used to represent the is the public debt variable.

All of the previously stated proxies are retrieved from the Organization for Economic Cooperation and Development (OECD) database. The data used are reflecting the OECD countries annual performance separately with regards to the research variables from year 1960 to year 2022, which is the longest period of available data. The OECD countries, which consist of 38 developed economies, are going to be used in this research in order to represent the developed countries performance. Those OECD countries are; Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, South Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

The models used to study the variables in this paper are regressed using fixed effects. This is decided due to rejecting the null hypothesis of the Hausman test (which refers to using random effects) since the P-values of the hausman chi square tests are found to be less than 0.05, which means that the fixed effects is more suitable in my models. Additionally, the analysis of this paper is done based on two regression models; one that includes the public debt ratio and the short run interest rates, and another one that includes the log run interest rates. This is due to the high correlation found between the short run and the long run interest rates, so the regression is split into two models in order to avoid any biased results. Furthermore, each of these models is tested using the robustness tests (heteroscedasticity, autocorrelation and multi-collinearity), and actions are taken in order to fix for any problem that appeared to occur in any of models or between the variables used in any of the regressions.

Empirical Findings

As mentioned previously in the methodology, the regression process is divided into two main models. The first model is representing the effect of the decreasing short run interest rates and the increasing public debt ratio in the OECD countries on their economic performance, while the second model is studying the relationship between the low long run interest rates on bonds and the economic performance of the OECD countries. The results of the models are going to be analyzed in this chapter and are shown collectively in the following table (1)

Table (1) Effect of public debt ratio and interest rates (SR & LR) on the economic performance of OECD countries

GDP in dollars (dependent variable)	Model (1)	Model (2)
Gross Public Debt Ratio	1.07** (0.0100)	-
Short run Interest Rates	1.53*** (0.0000)	-
Long run Interest Rates (on bonds)	-	7.86*** (0.0000)
Constant	5.04*** (0.0000)	4.26*** (0.0007)
Sum Squared Residual	2.67	3.00
The Function	GDP = 5.04 + 1.53 SR Interest Rate + 1.07 Gross Public Debt + 2.67	GDP = 4.26 + 7.86 LR Interest Rate + 3
R-Squared	0.948	0.647
Regression Method	Panel Generalized Method of Moments	Panel Least Squares
Model type	Fixed effects	Fixed effects
Total Panel observations	680	1562
F-statistic	-	27.02 (0.000000)
J-statistic	1.17	-

P-values are given between the parentheses.

***Means statistically significant at 99% confidence level.

** Means statistically significant at 95% confidence level.

* Means statistically significant at 90% confidence level.

In the first model, the R squared is approximately 0.948, which means that the model is successful in capturing about 94.8% of the fluctuations in the annual GDP in the OECD countries in the studied period of time. Additionally, the J statistics which measures the goodness of the model in the GMM regression model is 1.17, this low value of the J test indicated that the model is good.

Now looking at the variables, after analyzing the relationships being studied by the first model in a total of 680 panel observations, the gross public debt ratio have shown a positive significant relationship with the GDP of the OECD countries. Furthermore, the short run interest rates in the OECD countries have also shown a positive significant relationship with the performance of their GDP. Accordingly, the first model of this paper can be represented by the following function:
GDP = 5.04 + 1.07 Gross Public Debt Ratio + 1.53 SR Interest Rates + 2.67

As for the second model, it includes a sum of 1562 panel observations. The R squared of the regression is about 0.647, which is highly representative. The model studies the fluctuations of the annual GDP in the OECD economies based on one variable only (which is the LR interest rate), so this R squared value means that the fluctuations in the long run interest rates is highly relevant to the GDP fluctuations in these countries (explains around 64.7% of the annual GDP changes). In addition, the model F statistic is significant at 99% confidence level, which adds to the accuracy of the model.

Moving to the results, the second model in this paper have shown that there is a positive highly significant relationship between the GDP performance of the OECD countries and their long run interest rates, which are the interest rates (yields) issued on their government bonds. Therefore, the following function summarizes the results of the second model in this paper:
GDP = 4.26 + 7.86 LR interest rates + 3.00

The research findings with regards to the positive relationship between both the short run and the long run interest rates and the economic performance of the developed economies, namely the OECD countries, goes in line with some of the arguments in the previous literature which have argued that the excess in savings “the saving glut” and shortage in investments happening in the developed economies is causing downward pressure on their economic growth and is causing the developed economies to face problematic stagnation, which is the secular stagnation (Summers, 2016; Borio and Disyatat, 2014). However, the results contradict the other preceding assumptions that argue that the interest rates needs to be reduced even more to attract investments, discourage savings and accordingly cause the desired economic growth (Blanchard et al.,2014; Summers, 2014). Since according to this paper’s finding, there is positive relationship between the interest rates and the economic performance in the developed economies, meaning that lowering the interest rates will not be in favor of the advanced economies anymore.

As for the research findings regarding the public debt ratio, the results of this paper challenges the previous literature that assumes that the increasing public debt ratio in the developed economies is problematic and that it causes an increasing burden on the economies, which is one of the reasons that cause their economic performance to struggle (Storm, 2017; Skott, 2016). The results of this research do not support this view, since it is found that in the developed economies (especially the OECD countries), the increasing public debt ratio is still having a positive impact on their economic performance and GDP growth, which is desirable in the secular stagnation era.

Discussion and Conclusion

In conclusion, this research has found that there is a positive and significant relationship between the low interest rate levels (short run as well as long run) and the economic performance of the OECD countries. Accordingly, the first hypothesis of this research is not rejected, as the low and decreasing interest rates in the developed economies are found to negatively affect their economic growth.

This shows that the low interest rates strategy is becoming part of the secular stagnation problem that the developed economies are facing, and that it is becoming an unsuccessful policy to fight the slow or inexistent economic growth. This is because the low short run and long run interest rates are now forming pressure and burden on the developed economies, since it is found that the economic growth is decreasing as the interest rates decrease.

Thus, the governments in the developed economies facing secular stagnation need to stop lowering interest rates and should start using their fiscal and monetary tools to achieve higher interest rates in orders to regain the public (consumers and investors) trust which can pull the economic growth upward again. This can be through using the fiscal policy tools to encourage the investments especially in the research and development field as well as in new technologies field. The fiscal policy can also be used to increase the retirement age or to provide well-paying job opportunities for those in the retirement age, which can help in decreasing the aging population pressure and help in reducing the saving glut happening in the economies.

In addition, the central banks in the developed economies must recognize the current challenges and the downward pressure that is formed from the interest rates and prevent any further decrease in them. Furthermore, they should use their monetary policy tools to work on raising the short run interest rates and the long run interest rates as well as on reducing the regime uncertainty in order to avoid further struggle in their economies' economic growth.

Moreover, this research has found a positive significant relationship between the public debt ratios in the OECD countries and their economic performance, which indicates that as the public debt ratio in the developed economies increase, their economic growth is increasing. Consequently, the second hypothesis of this research is rejected, since the increasing central governments' debts in the developed economies are still not affecting their economic growth negatively.

This means that the increasing public debt ratio in the developed nations is not problematic yet, and still lead to better economic performance. On the other hand, it is important to direct those debts to be used in the right needed path of technological investments since the developed economies are already capital abundant. This stresses on the importance of the investments on technology, innovations and R&D for the developed economies, since this maybe one of their main exits from the secular stagnation trap.
As for the limitations of this research, this research is limited by the unavailability of historical data reflecting the interest rates and public debt ratios in all of the developed economies. Accordingly, the OECD countries are used in this research to represent the developed economies performance as they are the biggest set of developed economies with available data about their interest rates and public debt ratios. Therefore, it is recommended for the future research interested in studying the secular stagnation phenomena to study the

same variables included in this research but in another set of developed economies in order to have more generalizable findings which will accordingly translate to more successful policy implications.

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FACTORS INFLUENCING THE SALES TEAM'S DIGITALIZATION ADOPTION: BEYOND TECHNICAL CONSIDERATIONS

Younes kohail

ESCA ECOLE DE MANAGEMENT, Casablanca Morocco
youness koh@gmail.com

Abstract

The goal of this research is to examine factors that influence Sales team's digitalization adoption. This study is essential to address the existing gap in the literature concerning this topic. Using a quantitative approach, and based on a sample of more than 90 participants, the preliminary results of the study, show that personal factors are key determinants of Sales team's digitalization adoption. This study investigates the role of three behavioral variables: innovative attitude, attitude toward change, self-efficacy. The study brings out a new comprehensive perspective as regards acceptance of digitalization in sales department.

Introduction

The scientific discourse highlights the transformative potential of digital tools and technologies, which play a decisive role in optimizing sales operations and improving operational efficiency. Additionally, the digital medium offers a paradigm of global awareness, expanding the reach of sales efforts and paving the way to cultivate a large and diverse customer base.

In an era where digital interfaces have become the predominant means of interpersonal interaction, the adoption of digitalization represents not only a strategic advantage but also an inexorable imperative for the sustainable vitality and competitiveness of contemporary sales teams.

Academics and practitioners have made concerted efforts to elucidate the multifaceted determinants underlying the propensity of sales teams to adopt digitalization. Although previous research investigated the factors that influence the sales teams' digitalization adoption, they have focused on technical and managerial factors and neglected the importance of human and personal factors of sales team's members. To fill this gap this paper, investigate the personal factors that affect sales teams' digitalization adoption.

The remainder of this paper is organized as follows. First, the paper starts with a literature review. Second, it introduces a section about research hypotheses. Third, it provides an explanation of the research methodology (sampling, data collection, and analysis). Finally, discussion, managerial implications are presented.

Literature review and research hypotheses

Attitude toward change and sales team's digitalization adoption

The influence of "attitude towards change" on sales team's digitalization adoption is an interesting academic and professional subject because change process is significantly influenced by attitude toward change (Eby et al., 2000). This dynamic encompasses the psychological predisposition of people within sales teams to react favorably or unfavorably to changes involving the adoption of digital tools and processes. An individual's attitude toward change can manifest itself as a critical factor in accelerating or hindering the digital transformation process in the sales context. Research has consistently shown that a positive attitude towards change, characterized by a receptivity to innovation and a proactive approach to adaptation, is a driver of enthusiastic adoption of digitalization. For instance, in the context of a digital library, negative attitude towards change has also been shown to be an indirect effect of effort and performance expectations, which will have an effect on use and adoption of a specific technology (Nov and Ye, 2009). Individuals with a positive attitude are more likely to explore and take advantage of the capabilities offered by digital tools, recognizing their potential to amplify the effectiveness of sales teams, streamline operational procedures and improve interactions with customers.

In addition, leadership and the dominant organizational culture have become key determinants in shaping and influencing attitudes towards change within sales teams. Managers with a positive attitude toward innovation have a higher probability to create an innovation environment. Besides, they establish the convenient structures and processes that help the use and adoption of innovative products (Elenkov and Manev, 2005). Empirical evidence highlights that leadership that actively supports digital transformation and provides necessary guidance and resources can generate a more favorable attitude among team members.

In attempting to explain the reasons for the acceptance or rejection of a type of electronic health service, it was found that technology anxiety, which is a result of attitude toward change, has a positive influence on the adoption and use of that particular type of electronic health service. (Tsai et al, 2019). In another trial to account for the critical factors that determine the use and adoption and use of BDA in healthcare organizations, it was shown that the relationship between the real usage of BDA and it's use intention is significantly influenced by attitude toward change (Shahbaz et al., 2020).

It should be noted that when leadership support is lacking and an organizational culture is resistant to change, research findings reveal a propensity for the development of negative attitudes, which subsequently hinders the adoption of digitalization initiatives. Therefore, this empirical knowledge highlights the critical significance of understanding and managing attitudes toward change in the context of digital transformation within sales teams.

Self-efficacy and sales team's digitalization adoption

In the field of organizational behavior and marketing, an important area of research focuses on the influence of self-efficacy on sales team digitalization adoption. Self-efficacy, a cognitive construct rooted in Bandura's social cognitive theory, refers to an individual's belief in their ability to perform specific tasks and achieve desired outcomes.

Existing literature has established self-efficacy as an important determinant of individual behavior in various domains, including technology adoption. For instance, studies proved that self-efficacy is a mediating variable that influences the individual innovation (Gong et al., 2009). As sales teams navigate the dynamic landscape of digital tools and platforms, their self-efficacy beliefs can play a critical role in determining their willingness to engage and effectively use these digital resources. Understanding this relationship is of utmost importance for organizations looking to optimize the adoption of digitalization and the overall performance of their sales force.

Based on the findings of (Hu and Zhao, 2016) the influence of knowledge sharing on employee innovation is explained by creative efficacy through a mediation process. In addition, the results of a study conducted in an international Asian company, showed that self-efficacy has an influence on innovation behavior (Newman et al., 2018). The intention to adopt technology increases when users feel they have the ability to use it successfully (Wang et al., 2003). Self-efficacy plays also an important mediating role in the indirect relationship between technology perception and its adoption (Zhou, 2012). Digitalization adoption covers a range of activities, from the integration of customer relationship management (CRM) systems to the use of data analytics and online sales channels. The level of adoption directly influences a sales team's ability to effectively manage customer relationships, leverage valuable insights from data, and exploit opportunities presented by e-commerce and digital marketing.

Self-efficacy, as a fundamental cognitive determinant, can significantly affect the decision-making and behavior of sales professionals in this context. High levels of self-efficacy can enable business team members to overcome potential obstacles and uncertainties associated with digitalization, thereby encouraging a proactive and confident approach to using technology**.** Conversely, low self-efficacy can manifest as resistance to change or a reluctance to use digital tools.

Innovative attitude and sales team's digitalization adoption

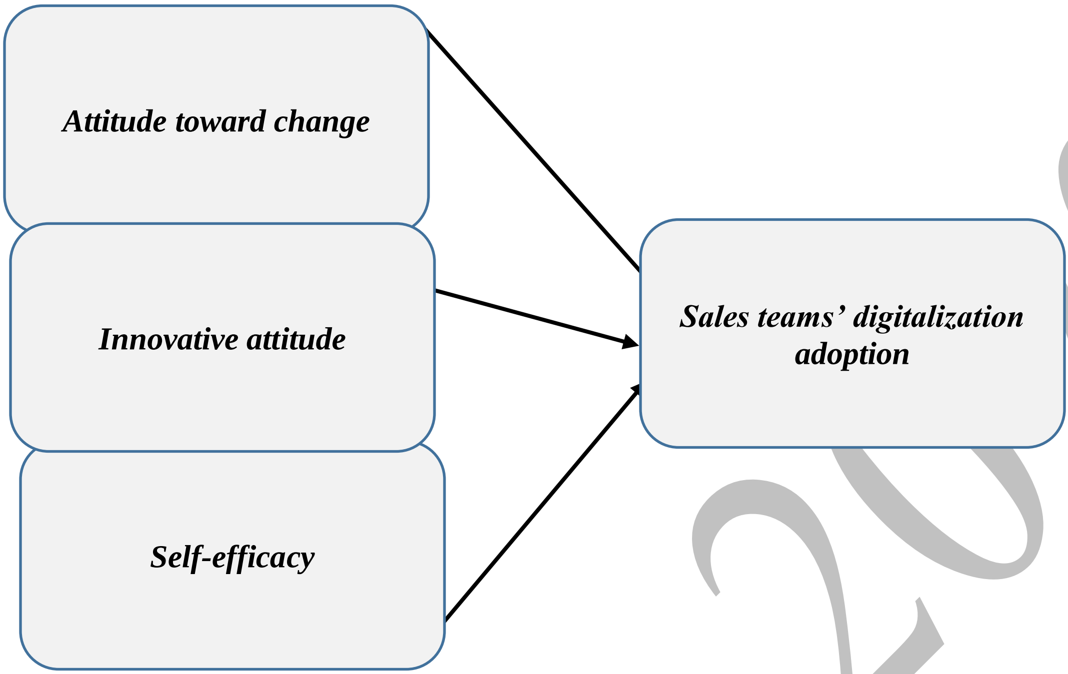
An innovative attitude within a sales team means a willingness to embrace change, explore new technologies, and adapt to changing market dynamics. Sales professionals who display this mindset are more likely to be early adopters of digital tools and platforms, viewing technology as an opportunity rather than a threat. In addition, innovative attitude was found to have an indirect influence of IT adoption and use through several mediating variables: ease of use, usefulness, perceived behavioral control (Jackson et al., 2013).

Innovative attitude can inspire creativity, allowing the sales team to identify new ways to interact with customers, optimize processes and gain a competitive advantage. Additionally, an innovation-oriented business team is often better equipped to overcome the initial challenges and learning curves associated with digitalization, leading to faster and more successful adoption. In short, a sales team's innovative attitude is a catalyst for the seamless integration of digital tools and technologies, thereby improving their overall performance and success in today's digital-first business landscape. Individuals embracing innovation, who possess the ability to navigate uncertain circumstances, tend to cultivate a strong motivation, rendering them prepared to embrace and incorporate new products and services (Bruner and Kumar, 2007). Besides accelerating the adoption of digitalization, an attitude of innovation within a sales team also fosters a culture of continuous improvement. Sales professionals who approach their work with a forward-thinking mindset are more likely to seek out and implement innovative solutions that improve their productivity and efficiency. This culture of innovation can lead to the development of personalized digital strategies tailored to the specific needs of the sales team, thereby increasing sales efficiency and performance. Additionally, an innovation-oriented sales team tends to be more adaptable, as they are more open to feedback, iterations, and the integration of emerging technologies. This adaptability can be a crucial asset in a constantly evolving market where the rapid evolution of digital tools requires adjustments and continuous optimization. In short, a sales team's innovative attitude not only accelerates the adoption of digitalization, but also instills a culture of continuous improvement that positions the team for sustained success in the digital age. Innovation adopters who exhibit resilience in the face of uncertainty tend to foster a heightened level of motivation, enabling them to readily embrace and adopt new products and services (Gutiérrez and Herrero-Crespo, 2012). Innovative attitude within a sales team can positively influence the customer experience, essential in the digital age. Innovation-minded sales professionals are more likely to leverage cutting-edge digital tools to better understand customer needs, personalize interactions, and deliver timely and relevant solutions. The result is a more engaging and personalized customer experience, fostering stronger relationships and loyalty. Furthermore, innovative attitude is utilized as a moderating factor in the association between various elements and the intention to adopt and utilize new technological innovations (Okumus et al., 2018).

The ability to adapt and experiment with new digital strategies allows the sales team to stay ahead of changing customer expectations and market trends, ultimately leading to greater customer satisfaction and a competitive advantage in the sector. In this way, the impact of an innovative attitude in the adoption of digitalization goes beyond internal processes and extends to the improvement of the entire customer journey and, by extension, to the success of the 'commercial team. Nevertheless, numerous studies have also indicated that personal innovativeness exerts no influence on the intention to adopt and use specific types of technologies (Melián-González et al., 2019)

Based on the literature discussed above, the following hypotheses are suggested:
H1: attitude toward change has an effect on sales team’s digitalization adoption
H2: Self-efficacy has an effect on sales team’s digitalization adoption
H3: Innovative attitude has an effect on sales team’s digitalization adoption

Proposed research model



Research methodology

This paper utilized a comprehensive data collection approach, combining the distribution of structured online questionnaires and meticulously designed telephone interviews to engage with a sample of over 90 survey participants within healthcare salespeople. The adoption of a sophisticated snowball sampling technique played a central role in participant selection, allowing the systematic identification of an initial group of respondents who, in a domino effect, expanded their participation network by recommending additional potential participants. The survey instruments, which constitute an essential element of this methodological framework, have been subject to a rigorous development and refinement process, during which great importance has been given to optimizing the clarity and understandability of the questions asked. of health.

In this research, a detailed examination of the demographic makeup of the study participants reveals a diverse and well-represented sample. The gender breakdown presents a mix of perspectives: 27% of participants identify as women and 73% as men. When examining the educational profiles of respondents, a multifaceted spectrum emerges. Of the participants, 30% have a bachelor's degree, 44% have a master's degree, and 9% have a doctoral degree (PhD). Additionally, it is worth noting that 17% of respondents have ratings categorized as "Other," highlighting the comprehensive nature of this research sample. These complex demographic characteristics enhance the depth and breadth of the study, allowing for a thorough examination of the complex dynamics and perspectives within this research.

Conclusion

The preliminary results of our study reveal an intriguing observation about the relationship between "attitude toward change" and "sales teams' adoption of digitalization." Surprisingly, our data suggests a negative effect of "attitude toward change" on the adoption of digitalization within sales teams. However, it is important to note that our research is ongoing and other relationships and factors are currently being further investigated. These initial results, while important, are just the beginning and we anticipate that new information will emerge as we delve deeper into our research.

In exploring the negative influence of "attitude toward change" on "sales teams' adoption of digitalization," we are forced to consider the multifaceted dynamics at play within sales organizations. The counterintuitive nature of this relationship leads us to better understand the underlying factors that contribute to this effect. Is it a question of resistance to change or a clash between traditional business culture and emerging digital strategies? These are some of the intriguing questions we are actively investigating.

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THE PRECURSORS OF LOYALTY IN AN INTERNET-BASED CONTEXT, TAKING INTO ACCOUNT THE MEDIATION OF THE INTENTION TO ENGAGE IN REPEAT PURCHASES

Younes kohail
ESCA ECOLE DE MANAGEMENT, Casablanca Morocco
younesskoh@gmail.com

Abstract

The main goal of this article is to delve deeper into the dynamics of online consumer behavior by examining the mediating role of repurchase intention in two crucial relationships. Furthermore, the paper aims also to explore a similar mediating mechanism in the relationship between online trust and online loyalty. Since online trust plays a critical role in establishing a safe and trustworthy online environment, it is essential to understand how it affects consumers' intentions to interact with a platform and foster their loyalty. To meet these research objectives, a robust and diverse sample of over 300 participants was meticulously selected for this study. This sample size was chosen to ensure the statistical power needed to effectively study the relationships between online satisfaction, online trust, repurchase intention, and online loyalty. Leveraging a large and diverse group of participants, to capture a full spectrum of experiences and behaviors across the online consumption landscape. The rich data collected from this large sample will provide a solid foundation for analyzing and interpreting the complex relationships at the center of this research, allowing for a deeper and more reliable exploration of these vital variables.

Introduction

Researchers are constantly exploring to understand the factors that underpin online loyalty. Much academic research has been devoted to investigating these factors and two prominent elements have emerged as essential determinants of online loyalty: online trust and online satisfaction. These findings highlight the profound impact of user trust in the digital environment, reflecting the importance of users' trust in the reliability and credibility of online platforms, as well as their satisfaction with the overall online experience.

After an in-depth analysis of contemporary literature, one importante issue of the existing body of knowledge was highlighted. Previous studies stressed the influence of online satisfaction on online loyalty and the impact of online trust on online loyalty. They showed also the influence of online satisfaction on intention to repeat buying and also the impact of online trust on intention to repeat buying. Based on this explanation, a new research gap has emerged that postulates that intention to repeat buying might act as a mediator in the relationship between online satisfaction and online loyalty and in relationship between online trust and online loyalty relationship.

it is important to note that this proposed mediation relationship has remained conspicuously unexplored in prior research. Closing this gap in the literature has the potential to inform both scholars and practitioners, facilitating the development of more effective strategies to enhance online customer allegiance and foster sustainable e-commerce growth. To address this notable research gap and contribute to a deeper understanding of online consumer behavior, the primary objective of this paper is to investigate the mediating role of intention to repeat buying within the relationship between online satisfaction, online trust and online loyalty. Therefore, main question of this paper is as follows:

Does intention to repeat buying mediates the relationship between online satisfaction, online trust and online loyalty?

Literature review

Online loyalty and intention to repeat buying

The relationship between online loyalty and intention to repeat buying is a crucial aspect of e-commerce and digital marketing. Online loyalty refers to the degree of trust and attachment that customers have toward a particular brand or online platform. This loyalty is often built through positive experiences, excellent customer service, and the consistent delivery of high-quality products or services. For instance, online loyalty creates consumers' dependence on the websites from which they purchase their products or services and motivates them to return to the website in the long term (Lu et al., 2013). In addition, the outcomes of the study of the effect of loyalty on online purchase intention showed a strong relationship between the two variables (Curtis et al., 2011; Shahrokh et al., 2013). This loyalty is based on the belief that the brand will consistently meet their needs and expectations, leading customers to choose the same online platform or brand for their future purchases. It can also lead to customers becoming brand advocates and recommending the brand to friends and family, which can further contribute to the brand's growth and success. In a study of Turkish stores, results confirmed that online loyalty influences intention to repeat buying (Z. Bulut, 2015).

Loyal customers are not only more likely to return for additional purchases, but they are also more forgiving of occasional hiccups or problems with their online shopping experiences. Their loyalty can help mitigate the impact of negative experiences, as they tend to give the brand a second chance. Additionally, loyal customers often engage in various forms of interaction with the brand, such as leaving positive reviews, participating in loyalty programs, or following the brand on social media. These interactions further reinforce customer intent to purchase again and can lead to an increase in customer lifetime value as they spend more and stay with the brand longer. Essentially, online loyalty is a strategic imperative for businesses looking to drive strong intention to repeat buying as it creates a symbiotic relationship between the brand and its customers, ultimately leading to sustainable growth in the market in line.

Online satisfaction and online loyalty

The interplay between online satisfaction and online loyalty is a fundamental aspect of the e-commerce landscape, with significant implications for businesses and consumers alike. Scholarly research has delved into this dynamic relationship, seeking to understand the factors that drive online satisfaction and its subsequent impact on fostering online loyalty. Online satisfaction can be described as the level of contentment or fulfilment a customer experiences when interacting with an online platform, such as a website or mobile app. This construct is influenced by various factors, including the quality of products or services, website usability, and customer support. Scholars have identified that when customers perceive a high level of online satisfaction, they are more likely to engage in repeat transactions, express positive reviews, and exhibit behaviors indicative of online loyalty.

Numerous studies have examined the link between online satisfaction and online loyalty, revealing that the former is a critical driver of the latter. For example, in business to consumer context, online satisfaction has a strong impact on online loyalty (Anderson and Srinivasan, 2003; Ghane et al., 2005; Giovanis and Athanasopoulou, 2014). Online loyalty is characterized by a customer's commitment to a specific online platform, leading to sustained and repeat engagement. In another study investigating women' clothes, online loyalty was found to be influenced by online satisfaction (Chou et al., 2015; Putri and Sukawati, 2020).

Researchers have found that a satisfied customer is more likely to become a loyal customer, displaying behaviors such as repeat purchases, higher customer lifetime value, and referrals to others. Businesses are increasingly cognizant of this relationship and are investing in strategies to enhance online satisfaction, as it can lead to sustained customer relationships and a competitive advantage in the digital marketplace.

Understanding the intricate interplay between online satisfaction and online loyalty remains crucial for businesses aiming to thrive in the online domain, and scholars continue to explore this intricate relationship to provide insights for strategic decision-making.

Online satisfaction and intention to repeat buying

Examining the influence of online satisfaction on repurchase intention is a vital area of scientific research in the field of e-commerce and consumer behavior. Online satisfaction refers to the degree of satisfaction and satisfaction a consumer feels when interacting with online platforms, including websites and mobile applications. This concept has received considerable attention in academic circles, with a growing body of research highlighting its instrumental role in shaping consumer intentions.

When consumers experience high levels of online satisfaction, their propensity to attempt repeat purchases from the same retailer or online platform increases significantly. The link between online satisfaction and intention to make future purchases contains several factors such as product quality, website usability, customer service, and the overall shopping experience. Pandiangan et al. (2021) found that online satisfaction can account for 64.6% of intention to repeat buying. Furthermore, when consumers are satisfied from the services of the websites they are dealing with, they continue using it (cited in Chou et al., 2015) and decide to stay loyal to it .

Researchers have conducted in-depth research to uncover the complex dynamics between online satisfaction and repurchase intention. This relationship is the foundation of e-commerce success, as repeat purchases are the cornerstone of long-term customer relationships and revenue generation. This loyalty can be explained by several reasons, such as efforts to find another alternative and switching costs (Yang and Peterson, 2004) and also they are uncertain to experience the same service quality level (Chandrashekaran et al., 2006).

A satisfied online consumer is more likely to intend to return to the same online platform for future purchases. Researchers have found that consumers who derive high levels of satisfaction from their online shopping experiences are not only more likely to express their intention to make future purchases, but also exhibit behaviors consistent with that intention, including repeat transactions and customer loyalty. the brand in the long term. This scientific exploration is crucial for both e-commerce companies and consumers, as it highlights the importance of delivering exceptional online experiences to build customer loyalty and encourage repeat purchasing behavior

Online trust and online loyalty

Online trust plays a central role in online consumer loyalty. In today's digital landscape, where consumers are bombarded with a multitude of options, building trust is essential for companies to retain their customers. When consumers trust a brand or online platform, they are more likely to engage, repeat purchases, and recommend it to others.

This trust can come from factors such as secure transactions, transparent policies, and reliable customer service. Positive reviews and testimonials from other satisfied customers can further strengthen this trust, creating a virtuous circle of loyalty. Brands that invest in maintaining a trusted online presence are more likely to benefit from customers returning for their products or services, making online trust the cornerstone of long-term online loyalty.

Online loyalty, on the other hand, is not just about repeat purchases, but also about customers championing a brand in the digital realm. Loyal customers often become brand ambassadors, sharing their positive experiences and influencing others. They help generate positive online reviews and testimonials, which, in turn, help build trust among potential customers. This interplay between online trust and online loyalty highlights the critical need for businesses to prioritize trust-building strategies, ensuring that customers not only stay, but actively promote their brand within the broader digital ecosystem.

Online trust and intention to repeat buying

Online trust plays a vital role in determining consumers' intentions to purchase again in the digital marketplace. When consumers trust a company or online platform, they are more likely to consider future purchases. Positive experiences contribute significantly to building and strengthening this confidence. When customers trust that their online transactions will be secure and that their concerns will be addressed, they are more likely to return for future purchases. This trust can drive repurchase intent, creating a strong foundation for customer loyalty and long-term relationships between businesses and their online customer base. As an example, according to Putri and Sukawati (2020) and Sullivan and Kim (2018), trust is a determinant of intention to repeat buying. According to their findings, electronic trust has a positive effect on intention to repeat buying. This means that when online buyers' perception of trust increases, the level of intention to repeat buying also increases. (W. Prahiawan et al., 2021).

Additionally, online reviews, ratings, and recommendations from other satisfied customers can further strengthen repurchase intention. Positive testimonials and reviews contribute to a brand's overall trustworthiness, providing social proof that influences potential buyers. Customers are more likely to make repeat purchases when they see other people having positive experiences with the same brand. As companies actively cultivate trust and maintain positive relationships online, repurchase intent becomes a natural consequence of a mutually beneficial online ecosystem. Therefore, businesses must continue to prioritize trust-building strategies to ensure customer loyalty and foster a repeat customer base in the digital domain

Based on arguments presented above the following hypotheses are suggested

H1 Online satisfaction has a positive effect on online loyalty

H2 Online satisfaction has a positive effect on intention to repeat buying

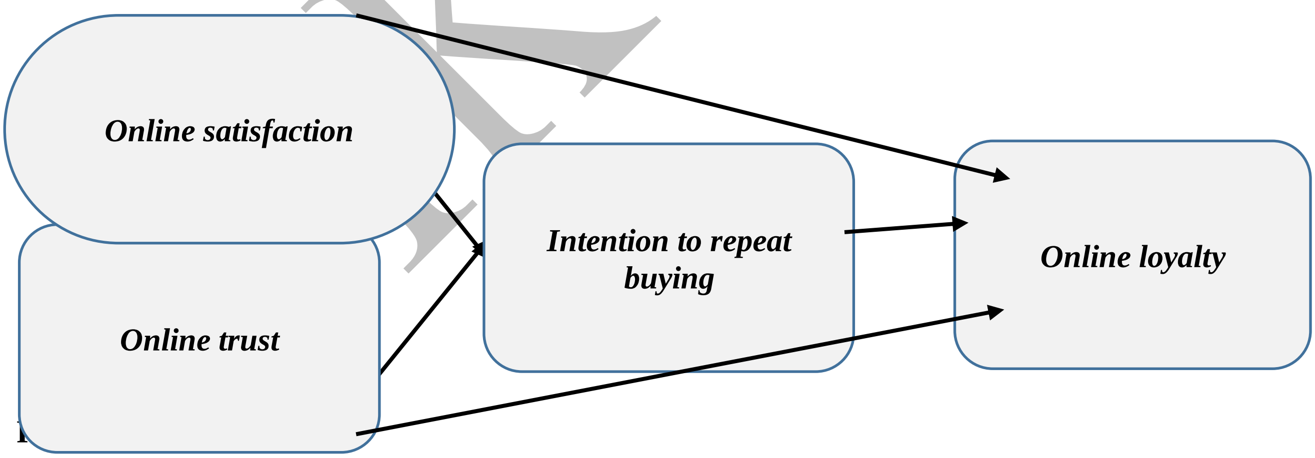
H3 Online trust has a positive effect on online loyalty

H4 Online loyalty has a positive effect on intention to repeat buying

H5 Intention to repeat buying mediates the relationship between online satisfaction and online loyalty

H6 Intention to repeat buying mediates the relationship between online trust and intention to repeat buying

Proposed model



To rigorously examine the hypotheses of this research study, a comprehensive online questionnaire was

strategically distributed to a diverse sample consisting of over 300 participants. This data collection method allowed for an in-depth exploration of the research questions, providing valuable insights and statistically significant results. The large size of the participant group improves the robustness and generalizability of the results, ensuring that the study findings are based on a large, representative sample of the target population.
Furthermore, it should be noted that the response rate for this research was exceptionally high: more than 90 of the recruited participants completed the questionnaire. This achievement reflects the dedication and cooperation of the study participants, further enhancing the reliability and validity of the research findings. Comprehensive data obtained from a complete set of responses underlines the credibility of the study and minimizes the risk of selection bias, as it ensures that the information and patterns observed are based on the entire sample, making the results highly reliable. to draw accurate conclusions.

Conclusion

Preliminary findings of this research show that intention to repeat buying has provided valuable insights into the dynamics of online consumer behavior. A key result that has emerged is the mediating role of intention to repeat buying in the relationship between online satisfaction and online loyalty. These initial results suggest that when online users experience higher levels of satisfaction with their digital interactions, they are more likely to express a strong intention to continue shopping on the same platform. This intention, in turn, plays a critical mediating role in shaping their online loyalty. It is important to note that the rest of the other relationships of the proposed model are still under investigation awaiting further analysis. Rigorous analysis of these aspects will allow us to provide a more complete and nuanced understanding of the underlying mechanisms that shape online loyalty and consumer behavior. The preliminary findings serve as a springboard for the next phases of the study, which are set to shed more light on the intricate interplay between these variables and ultimately contribute to a more holistic understanding of consumer decision-making processes. online.

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Notes