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Trust in eBusiness in a Rapidly Changed Economy

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RESEARCH PANEL

TRUST IN E-BUSINESS IN A RAPIDLY CHANGED ECONOMY

Panelists:

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Lorenzo Valeri, RAND Europe – Cambridge, Grafton House, 64 Maids Causeway, Cambridge CB5 8DD, United Kingdom, lvaleri@rand.org

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Issues:

The chair of the panel will open the panel with a brief introduction to the importance of the topic of Trust in E-Business in a Rapidly Changed Economy and an explanation of the impetus behind this session. He will then introduce the panelists and explain the procedure and objectives for the session.

The debate will be focusing on fundamental questions, such as: in e-business, characterized by a virtual, global and rapidly changing environment, trust is even more important than in "bricks and mortars" world. What types of people and institutions will be more concerned about cybertrust? What mechanisms are more effective in building diverse types of cybertrust (institution, process, characteristic, cultural, etc) in companies, governments, consumers and third parties? Are privacy regulations, cybercrime legislation or the emerging web trust (or assurance) seals market contributing to solve part of the trust problems in e-business?

In these panel, we invited panelists from diverse disciplinary backgrounds and diverse countries in the world who researched cybertrust (or trust in e-business, more specifically) taking different positions on the topic. After each panelist has done a short presentation on his/her position in order to inform and stimulate the thinking among the audience, the chair will promote participation from those in the audience, by moderating a discussion between them and panelists around the diverse ideas

exposed, with the objective of grasping some conclusions and identifying a future research agenda for the topic Trust in E-business in a Rapidly Changed Economy.

Presentations:

William Dutton will base his presentation on the last OxIS survey results. The OxIS findings about the ways in which social distance and know how relates to social inequities, suggest that cybertrust might reinforce the digital divide in the use of ICTs. People with the appropriate skills and resources to get online and to collate and interpret online information could enhance their ability to authenticate the value of products, services and information, thereby protecting themselves against cyber fraud and crime. However, others with less expertise remain offline, fail to experience the Internet and are more likely to distrust the technology. The value to e-business and e-government of finding effective means of establishing identity and trustworthiness to overcome these fears has stimulated the development and application of many privacy-enhancing tools and services (Guerra et al. 2003), as well as interest in privacy regulations (e.g. OECD 2002) and cybercrime legislation. To the degree that these initiatives are effective in diminishing bad experiences online, they might help shore levels of cybertrust. However, these methods confront a tension between privacy concerns and the need to gather data to help confirm e-identities (Guerra et al. 2003). Finding an appropriate framework to address this 'trust tension', by balancing consumer protection with the free flow of traffic on e-networks involves many interrelated uncertainties: economic, psychological, institutional, technical and legal. Unraveling and gaining a better understanding of these requires social and economic research with a broad perception of the co-evolutionary nature of human, organizational and technological systems.

Rita Ferreira will position web trust seals (WTS) as an important mechanism to create trust in e-business, as they significantly increase purchasing likelihood and reduce consumers' concerns about privacy and transaction integrity. However, not every WTS is well perceived by customers. An exploratory multiple case study research of the most common WTS used in Spain was conducted and some insights regarding relationships between WTS process attribution, provider type, branding, validity, price, scale, scope, language, customer type will be presented. Research findings, through this benchmarking work, offer some theoretical insight into the decision making of online vendors and consumers. Finally, it may have implications for practice when helping web vendors in their choice of WTS, by giving them objective and comparative information about this market and also about consumer's perceptions. It also helps consumers, government departments concerned about trust and security issues and the civil society, to better understand the meaning and purpose of those different seals available in the market.

Jens Riegelsberger will support the idea that well-placed trust and creating incentives for trustworthy behavior is crucial for ensuring trust in online environments in the long term. He proposes a framework for analyzing current approaches to building trust that distinguishes between contextual properties (temporal, social, and institutional embeddedness) and the actors' intrinsic properties (ability, internalized norms and benevolence). Moving transactions from a face-to-face context to the digital domain shifts the balance between these properties and affects the signals for their presence. Most current technological efforts into building

trust online focus on contextual properties. However, he argues that trust based only on contextual properties is mere reliance. Human trust also needs to be based on trust in intrinsic properties. These do most easily apply to human actors and are easily assessed through interpersonal cues in face-to-face situations. In the case of organizational actors that are represented by technology, however, finding new ways for signaling these intrinsic properties becomes a chief concern.

Yao-Hua Tan will comment on trust as being a well-known barrier for the uptake of business-to-business electronic commerce. In particular, it is still a major barrier for SME companies in Europe to participate in online business. To mitigate this trust problem, an important issue is how to build initial trust between business partners, i.e. trust between business partners that have not had previous exchanges before. Typically, initial trust in off-line trade situations is build by institutional mechanisms like contracts, trade regulations etc. He will analyze how these institutional mechanisms can be adapted to build initial trust in business-to-business electronic commerce.

Lorenzo Valeri will discuss that the study of trust in the e-business environments requires a multidisciplinary approach. It needs to combine socio-economic analysis, cultural studies, psychology as well as IT and IS. More importantly, e-trust is very dynamic. As new technologies and service arise, new vulnerabilities and threats originate too. These can have an impact on trust. This is particularly relevant to the case of wireless and mobile environments where individuals are often less in control of their technological platform. In the future, it is important that more research is directed to the analysis of this multi-level approach to trust within changing technological environments.

About the panelists:

William H. Dutton is Director of the Oxford Internet Institute , Professor of Internet Studies, University of Oxford, and Fellow of Balliol College, Oxford. He was previously a Professor in the The Annenberg School for Communication at the University of Southern California, which he joined in 1980, where he was elected President of the Faculty. In the UK , he was a Fulbright Scholar 1986-87, and was national director of the UK's Programme on Information and Communication Technologies (PICT) from 1993 to 1996. Among his recent publications on the social aspects of information and communication technologies are *Society on the Line* (Oxford University Press, 1999), *Digital Academe,* edited with Brian D. Loader (Taylor & Francis Routledge, 2003), *Transforming Enterprise* , edited by Dutton, Brian Kahin, Ramon O'Callaghan and Andrew W. Wyckoff, and a forthcoming monograph for the WSIS Publications, entitled *Social Transformation in the Information Society* (Paris: UNESCO, forthcoming).

Rita Ferreira is currently a Visiting Professor of IS/IT for Managers at ESSEC Business School (Paris) and a Lecturer at AESE Business School (Lisbon). She is a Licenciate from Universidade Católica Portuguesa and a PhD candidate in Management and IS, researching Trust and Privacy, at IESE Business School (Barcelona), where she has been collaborating with the IESE-PwC E-Business Centre. She is experienced in teaching undergraduates, MBAs and executives in Portugal (Universidade Católica Portuguesa), Spain (Universidad Pompeu Fabra) and

France, also in consulting (PwC and RFF Associados) and banking (Unicre and BCP). She has published some articles and case studies, and presented her research in conferences. She received scholarships from the Portuguese Ministry of Science and Technology, lESE, PwC, Erasmus, RADMA, McKinsey, Fullbright (not used), AIESEC, CRAC and EMDS.

Jens Riegelsberger is a University Teacher for Interaction Design at University College London (UCL). At present he is engaged in an evaluation of the commercial implications of his research on 'Trust in Mediated Interactions', supported by a CSEL Scholarship at London Business School. He is a PhD candidate at the Computer Science Department of UCL, supervised by Professor Angela Sasse. His research on online trust is published in articles in the International Journal of Human Computer Studies (IJHCS), at the ACM Conference on Computer Human Interaction (CHI), and in the Oxford Handbook of Internet Psychology. He is a member of the iTrust conference committee and acts as reviewer for the Journal on Electronic Commerce, Transactions on Human Computer Interactions, Designing Interactive Systems (DIS), designing User Experience (DUX), IJHCS, and CHI. His research was awarded the Doctoral Consortium Prize at the British HCI Conference in 2002. In addition to his academic work, he conducted research projects on online trust and cooperation for the Internet retailer Amazon.de and the online gaming platform Xbox Live. Prior to his PhD research, he studied Communication Sciences at the University of the Arts in Berlin.

Yao-Hua Tan is professor of electronic business at the Department of Economics and Business Administration of the Free University in Amsterdam. He was also the Reynolds visiting professor at the Wharton Business School of the University of Pennsylvania. His research interests are virtual relationship building in business-to-business electronic commerce; the strategic role of trust as facilitator for company participation in electronic commerce; ICT-enabled electronic negotiation and contracting; use of artificial intelligence techniques to enable automation of business procedures in international trade. He acted as a member as well as chairman of a series of program committees of national and international conferences, and was scientific program chair of the Bled 2004 Electronic Commerce Conference. He published more than 80 papers in refereed conference proceedings and scientific journals.

Lorenzo Valeri is a senior policy analyst at RAND Europe where he is involved in several research projects dealings with the soft-side of information security and privacy. Prior to RAND, he was at King's College London where he completed a PhD on how states and businesses cooperate in developing information security policies. He also holds a M.A. in War Studies at King's College London, supported by a British Chevening Scholarship, a B.Sc. in Foreign Service from the Edmund A. Walsh School of Foreign Service, Georgetown University and a Laurea in Political Science from the Free International University for Social Studies "Guido Carli" (LUISS-Libera Universita' Internazionale degli Studi Sociali) in Rome. He is a widely published author and has been invited as a keynote speaker to several leading international conferences.