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# Should Institutional Trust Matter in Information Systems Research?

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# SHOULD INSTITUTIONAL TRUST MATTER IN INFORMATION SYSTEMS RESEARCH?

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**David Gefen**, Drexel University, USA ([gefend@drexel.edu](mailto:gefend@drexel.edu))

**Panelists:** **Izak Benbasat**, University of British Columbia, Canada ([izak.benbasat@ubc.ca](mailto:izak.benbasat@ubc.ca))  
**Harrison McKnight**, Michigan State University, USA ([mcknight@bus.msu.edu](mailto:mcknight@bus.msu.edu))  
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**Detmar W. Straub**, Georgia State University, USA ([dstraub@gsu.edu](mailto:dstraub@gsu.edu))

## Overview

Given the importance of trust in online environments, information systems research has recently embraced trust research (e.g., Ba and Pavlou 2002; Gefen et al. 2003; Jarvenpaa et al. 1999; McKnight et al. 2002; Stewart 2003). However, despite the enormous interest in the topic of trust by IS researchers (with 129 published papers listed in ABI/INFORM), most of this research seems more appropriate for marketing or management journals, as interpersonal and interfirm trust have little to do with the information technology artifact. In contrast, with few exceptions (McKnight et al. 1998; Pavlou 2002; Pavlou and Gefen 2004), IS research on *institutional trust* is still sparse. Institutional trust is defined as the trustor's belief that effective third-party guarantees are in place to assure the trustee's behavior will be consistent with the trustor's confident expectations. Institutional trust is perhaps more appropriate for IT-enabled environments where there is often minimal prior interaction and people mainly interact with new and unknown entities under the aegis of third parties who provide an institutional context. Also, there is evidence that IT can build effective institutional structures that engender trust in impersonal contexts (Pavlou 2002; Pavlou and Gefen 2004).

Given these facts, why do IS researchers keep focusing on interpersonal and interfirm trust while disregarding institutional trust? Are we doing ourselves a disfavor by examining trust that is perhaps more relevant for management and marketing scholars, while not focusing on institutional trust that is more relevant for IS scholars? Should institutional trust matter more in IS research? To address these issues, this panel aims to examine *whether*, *how*, and *why* institutional trust matters in IS research by sparking a debate on the following three related questions:

1. Is institutional trust really important when compared to other trust-building means in IT-enabled environments?
2. How can the design of the IT artifact be used to build institutional trust?
3. How should IS researchers pursue the study of institutional trust?

## Panel Format

Following a quick introduction by the panel chair in which the overall theme of the panel will be presented, the panelists will engage in the following debates (5 minutes per panelist), followed by 10-minute discussion and Q&A with the audience, as described below.

### ***Debate 1: Is Institutional Trust Really Important Compared to Other Trust-Building Means in IT-Enabled Environments?***

The first debate will discuss the issue of when institutional trust becomes more or less important compared to other trust-building means. **Paul A. Pavlou** will present evidence from online marketplaces of the exclusive trust-building potential of institutional mechanisms, even compared with familiarity-based trust, contracting, and dyadic interpersonal trust (Pavlou 2002; Pavlou and Gefen 2004, 2005). On the contrary, **Izak Benbasat** will argue that institutional trust is not particularly important when compared to other trust building mechanisms, even in impersonal IT-enabled environments. To support his point, Izak will cite his recent work on argumentation-based trust, which has been shown to be a more effective means of building trust compared to institutional means. The two discussants will draw implications about the characteristics of various IT-enabled environments where institutional trust becomes more or less important.

### ***Debate 2: How Can the Design of the IT Artifact Be Used to Build Institutional Trust?***

To debate whether and how the IT artifact can be used to build institutional trust, the panelists will offer two distinct perspectives. Based on his institutional trust model (McKnight et al. 1998), **Harrison McKnight** will theoretically argue that it does. To reinforce Harrison's point, **Izak Benbasat** will discuss how properties of the IT artifact (the way an argument is presented on a webpage) affect trust in the artifact owner using the elaboration likelihood model (ELM) as a theoretical foundation. ELM enables the prediction of the relative importance of *argument content* and *source of arguments* under different involvement conditions. He will also debate the use of the IT artifact to build argumentation-based trust, and when institutional trust is more or less important. In contrast, **David Gefen** and **Katherine Stewart** will argue that the IT artifact may not by itself build institutional trust. Based on social exchange theory and the trust-TAM model (Gefen et al. 2003), David will discuss different levels of institutional trust and how they evolve as the IT artifact matures from a means of reducing perceived risk (Pavlou and Gefen 2004) to a conduct regulator and a broadcaster of social presence (Gefen and Straub 2004). To support David's point, Katherine will discuss the role of institutional trust in the decision to use an IT artifact or not in the context of free/open source software (F/OSS). In F/OSS, institutional trust may be obstructed because ownership of software may be unclear, and thus the means of recourse for dealing with problems may also be unclear regardless of trust engendered by the design of the artifact itself. Following their points, the four panelists will solicit comments on the debate by the audience.

### ***Debate 3: How Should IS Researchers Pursue the Study of Institutional Trust?***

The final discussion will help guide IS researchers on how to pursue future research on institutional trust. **Detmar Straub** will conclude the panel with ideas concerning how the IT artifact can build institutional structures and engender trust. Detmar will discuss alternative methods of study. Much of the work on trust and institutional trust has used survey techniques or lab and free simulation experiments with student subjects to examine how individuals respond to third party guarantees or endorsements. While this work has been useful in establishing baselines and testing theory, the extensibility of the research has not really been exercised via these techniques. There are several alternative approaches that could yield a wealth of data and help IS researchers tease out how institutional trust plays out in the real world. The irony is that one of these suggested techniques is simulation, which many researchers believe is hamstrung by a limitation to purely hypothetical situations. This is not necessarily the case; other approaches include field experiments and protocol analysis. The pros and cons of each of these approaches will be discussed.

Detmar will encourage audience participation by stressing that the current methodologies used to study trust in the IS literature may have been so hamstrung that it is difficult to conclude that we really know anything of importance about online trust. Detmar will challenge the panelists and the audience whether this criticism may apply for the future study of institutional trust. This controversial point will conclude the panel with discussion among the audience and the other panelists.

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### About the Panelists

**Paul A. Pavlou** is an assistant professor of Information Systems at the University of California at Riverside. He received his Ph.D. from the University of Southern California in 2004. His research focuses on institutional trust building and information systems strategy in turbulent environments. His research has appeared in *MIS Quarterly*, *Information Systems Research*, *Journal of the Academy of Marketing Science*, *International Journal of Electronic Commerce*, and *Journal of Strategic Information Systems*, among others. Paul won the 2003 *MIS Quarterly* Reviewer of the Year award and the Best Reviewer award of the 2005 Academy of Management Conference (OCIS Division). Moreover, Paul received the Best Doctoral Dissertation Award of the 2004 International Conference on Information Systems.

**David Gefen** is an associate professor of MIS at Drexel University, where he teaches strategic management of IT, database analysis and design, and VB.NET. He received his Ph.D. from Georgia State University and a Master's from Tel-Aviv University. His research focuses on psychological and rational processes in ERP, CMC, and e-commerce implementation. David's interests stem from 12 years developing and managing large IT projects. His research findings have been published in *MIS Quarterly*, *Information Systems Research*, *Journal of Management Information Systems*, *IEEE Transactions on Engineering Management*, *DATA BASE*, *Omega*, *Journal of the AIS*, and *Communications of the AIS*, among others. David is a senior editor for *DATA BASE* and the author of a textbook on VB.NET. Currently, David is a visiting professor at Tel Aviv University.

**Izak Benbasat** is Canada Research Chair in Information Technology Management at the Sauder School of Business, University of British Columbia. He is a senior editor of the *Journal of the Association for Information Systems* and a past editor-in-chief of *Information Systems Research*. His current research interests include the investigation of human-computer interaction design for electronic commerce.

**Harrison McKnight** is an assistant professor in the department of Accounting and Information Systems in the College of Business at Michigan State University. He received his Ph.D. in Management Information Systems from the University of Minnesota. His research interests include trust building within e-commerce and organizational settings and the retention and motivation of information systems professionals. His work has appeared in such journals as *Information Systems Research*, *Journal of Strategic Information Systems*, *International Journal of Electronic Commerce*, *Electronic Markets*, and *Academy of Management Review*.

**Katherine J. Stewart** is an assistant professor of information systems at the R. H. Smith School of Business, University of Maryland at College Park. She received her Ph.D. from the University of Texas at Austin in 2000. Her current research focuses primarily on trust in virtual settings and organizational issues related to the development of free/open source software. More information can be found on her website at <http://www.smith.umd.edu/faculty/kstewart/default.htm>.

**Detmar Straub**, the J. Mack Robinson Distinguished Professor of Information Systems at Georgia State University, has conducted research in the areas of Net-enhanced organizations (e-commerce), computer security, technological innovation, and international IT studies. He holds a DBA in MIS from Indiana and a Ph.D. in English from Penn State. He has published over 120 papers in journals such as *Management Science*, *Information Systems Research*, *MIS Quarterly*, *Organization Science*,

*Communications of the ACM, Journal of MIS, Journal of AIS, Information & Management, Communications of the AIS, IEEE Transactions on Engineering Management, OMEGA, Academy of Management Executive, and Sloan Management Review. A former senior editor for Information Systems Research and a coeditor of DATA BASE for Advances in Information Systems, he is currently a senior editor for Journal of the AIS and DATA BASE and an associate editor for Management Science. He has served in the past as an associate editor and associate publisher for MIS Quarterly and as an associate editor for Information Systems Research, as well as serving on the editorial boards of a host of other journals. Detmar has consulted in industry in the computer security area as well as in the areas of e-Commerce and technological innovation.*