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## Chapter VI

# Trust in the Digital Era

Joe Nandhakumar  
University of Bath, United Kingdom

Niki Panteli  
University of Bath, United Kingdom

Philip Powell  
University of Bath, United Kingdom

Richard Vidgen  
University of Bath, United Kingdom

## ABSTRACT

*In the digital era, trust is a key concern. This chapter introduces a digital era interaction (DEI) matrix to explore trust relationships at multiple levels: between individuals, individuals and organizations, and between organizations. It considers each of these interaction aspects in turn; it draws on recent research projects as examples, and develops a common set of themes. The chapter concludes by identifying areas for further research that will help to advance our understanding of the role of trust in inter-organizational and interpersonal virtual interactions. It argues that such research is necessary if organizations and individuals are to benefit fully from the potential and the promise of virtually enabled interactions.*

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## INTRODUCTION

Trust is a key concern in the digital era. This chapter considers the role of trust in inter-organizational and interpersonal virtual interactions. A variety of definitions of trust, including those related to benevolence, integrity, competence, and predictability (Manchala, 2000; McKnight & Chervany, 2001) are evident in the literature. However, regardless of how the concept of trust is defined, there is agreement about the importance of trust's central role in virtual interactions. Growth in virtual inter- and intra-organizational interactions results from the convergence of two trends: first, technological advancements that revolutionize communication between firms and individuals by establishing linkages for value-laden shared knowledge; and second, the growing recognition of the importance of knowledge and innovation for networked organizations (Scott, 2000). Thus, organizations can add value by managing knowledge and developing core competencies outside the organization, and between the organization and its strategic partners (Zigurs & Qureshi, 2000).

In order to investigate trust more fully, this chapter introduces a digital era interaction (DEI) matrix to support exploration of trust relationships at multiple levels: between individuals, individuals and organizations, and between organizations. It considers each of these interaction aspects in turn, focusing on recent research projects as examples, and then draws together the common themes and identifies implications for further research.

## THE TRUST CONTEXT: DIGITAL ERA INTERACTIONS

There are multiple potential players in any digital interaction. These include businesses, governments, and individuals as consumers or citizens. Concentrating initially on businesses and consumers, and taking each combination of business (B) and consumer (C), leads to four e-business configurations. Business-to-consumer (B2C) is perhaps the most visible and well-known, exemplified by Web-based businesses (such as Amazon.com) that sell goods and possibly services to the final customer, or 'consumer'. The business-to-business (B2B) market is much larger in transaction value terms than B2C. Although B2B transactions can be conducted via e-marketplaces by human operators, there is a step change when B2B automation is introduced. Here, it is not human-computer interaction but machine-to-machine interaction where information systems communicate and negotiate with each other, typically using XML-based industry standards for data and Web service standards for invocation (see, for example, Hagel's (2002) description of Dell's Web service-based management of its supply chain). Consumers can interact with consumers (C2C) and conduct transactions, as they do on auction sites such as eBay. Customers can also create opinion online through sites such as ePinions.com and dooyoo.com, as well as interacting in virtual communities (e.g., FriendsReunited) and sharing resources in peer-to-peer networks (e.g., Napster derivatives such as Kazaa). Finally, in the consumer to business (C2B) model, customers can get together to buy and use the Web to aggregate demand in order to get more leverage with businesses (e.g., letsbuyit.com) or to make individual offers to firms (e.g., priceline.com).

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