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Chapter IV

Impersonal Trust in B2B Electronic Commerce: A Process View

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Although the notion of impersonal trust is not new, its significance has dramatically increased with the emergence of interorganizational eCommerce. Two types of trust are usually distinguished in interfirm exchange relations–an impersonal type created by structural arrangements, and a familiarity type arising from repeated interaction. This chapter contributes to the emerging body of knowledge regarding the role of trust in B2B eCommerce, which is primarily impersonal. The nature of trust is examined, and credibility and benevolence are defined as its distinct dimensions. Impersonal trust-primarily arising from credibility-focuses on institutional structures that B2B exchanges enable through signals and incentives to facilitate interfirm relations. Following the economic, sociological and marketing literature on the sources and processes under which trust engenders, a set of three cognitive processes that generate impersonal trust is determined. Applied to B2B exchanges, four antecedents of impersonal trust are proposed to trigger these processes: accreditation, feedback, monitoring and legal bonds. In addition, impersonal trust is proposed to increase satisfaction, reduce risk, encourage anticipated continuity and promote favorable pricing. A theoretical framework is then proposed that specifies the interrelationships between the antecedents, underlying processes and consequences of impersonal trust in B2B eCommerce. The theoretical and managerial implications of

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this study on B2B eCommerce are discussed, and directions for future research are proposed.

INTRODUCTION

The recent outbreak of electronic exchange activities, enabled primarily by the Internet, led to the emergence of B2B eCommerce. Interorganizational exchange relationships can provide a strategic source of efficiency, a competitive advantage and increased performance (Zaheer et al., 1998). A *B2B exchange* is a new form of structural platform that acts as a virtual intermediary enabling firms to conduct any-to-any online relations. As in traditional interfirm relations (Bromiley and Cummings, 1995), trust has also been considered crucial in online exchange relationships (Brynjolfsson and Smith, 2000), perhaps more given the impersonal nature of eCommerce (Keen, 2000). Trust in B2B eCommerce is mostly impersonal and it is created by structural arrangements through signals and incentives, whereas trust in traditional exchanges has been mostly based on familiarity, arising from repeated interaction. Impersonal trust is likely to be important where no social relations exist, relationships are episodic, there is information asymmetry and uncertainty, and there is some important delegation of authority between firms (Shapiro, 1987). Therefore, the context of B2B eCommerce resembles the characteristics where impersonal trust should be necessary. Hence, interfirm relations have been undergoing some dramatic changes, making the role of impersonal trust in B2B eCommerce of fundamental theoretical and managerial importance. Empirical evidence also suggests that B2B eCommerce moves away from basic transactions towards interfirm collaboration (Dai and Kauffman, 2000), making impersonal trust increasingly important. Therefore, this chapter attempts to shed light on the nature, antecedents and consequences of interorganizational trust[1] that is embedded in the impersonal context of B2B eCommerce.

Practically all transactions require an element of trust, especially those conducted in an uncertain environment. However, trust in B2B eCommerce does not comply with the traditional dyadic context of familiarity-based trust. The traditional setting for establishing trust based on familiarity not only may not be realistic in B2B eCommerce, but it could also limit its extent. Even if there is a rich tradition of scholarly research focused on familiarity-based trust in interfirm exchange relations (Geyskens et al., 1998), there is no agreed-upon understanding of interorganizational impersonal trust. In today's B2B exchanges, the traditional setting of establishing trust based on reputation, familiarity and length of the relationship (Doney and Cannon, 1997) may not

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