

Preface

The Internet has revolutionized the capacity to share information across organizations resulting in radical transformations of organizational practices. Most previous research focused on information systems and technology, e-commerce applications such as Inter-Organizational Systems (IOS's), competitive advantages, and security issues, without examining the interactions and behaviors of the trading parties. The emphasis on IOS's gave rise to concerns about Inter-Organizational Relationships (IOR's), as trading partners became aware of the social-political factors that affected their relationships. IOS's involve the sharing of e-commerce applications in different locations. When this study was initiated in 1997, universal standards for business-to-business were not fully developed. This posed a security concern for businesses, in particular Small-Medium-Enterprises (SME's) in Australia and New Zealand. Given the importance of collaborative relations in today's e-business, the role of inter-organizational trust has become of fundamental importance for business-to-business e-commerce. This study aims to examine the importance of inter-organizational trust (or trading partner trust) in e-commerce participation.

Despite the acknowledged importance of trust, only limited research has examined the role of trust among trading partners in business-to-business e-commerce adoption, in which an increased need for trust among trading partners became a salient factor. An exploratory survey together with an in-depth analysis of the literature review provided the theoretical foundations for the development of the conceptual model. Theories from multiple disciplines including marketing, management, sociology, information systems, and e-commerce were applied in the conceptual model. The research question developed for this study was:

How does inter-organizational trust (trading partner trust) influence the perception of e-commerce benefits and risks of e-commerce, thus influencing the extent of e-commerce adoption?

The conceptual model was then tested using a multiple case study research strategy that aimed to solicit qualitative and in-depth understanding of inter-organizational trust in the context of business-to-business e-commerce. Eight organizations from a cross-industry selection that formed four bi-directional dyads participated in the study. They included a public sector organization involved in customs clearance; their Internet service provider; a customs agent (broker); an importer; two organizations in the computer and data communications industry; and two organizations in the telecommunications industry.

The primary unit of analysis in this study is the uni-directional dyad. The case study participants included e-commerce coordinators, IT managers, security analysts, and senior executives involved in e-commerce operations. In addition, e-commerce applications, existing documents, and standards contributed to secondary data sources. For example, trading partner agreements, organizational charts, websites and internal security policies gave evidence of the organizations' best business practices and background information on the organizations and their products.

The findings of the four bi-directional dyads (eight organizations) indicated that trust was important for e-commerce adoption. The findings differed by the type of e-commerce application used and the industry. For example, organizations that developed extranet applications had only one trading party (the supplier) undertaking the implementation process. Suppliers were involved in the installation of their web sites that provided product information. In addition, suppliers had to train their buyers to use extranet applications. The products consisted of many different parts, (such as data communications, computers, and telecommunications), which made the task of placing an order complex. These inter-organizational dyads (Cisco-Compaq NZ and Siemens-Telecom NZ) experienced relational risks arising from the need to establish trust among their trading partners. Smaller organizations such as the customs broker and the importer experienced a smooth e-commerce adoption due to their application "Trade Manager" which was not connected to the Internet.

The study contributes to theory, practice, and research in the following ways:

First, rather than inferring characteristics of e-commerce adoption from a technical and economic background, this study examined behavioural characteristics of trading partners in business-to-business e-commerce from theories in multiple disciplines. The primary emphasis of prior research was on transaction economics, its competitive advantages, and/or external pressure (socio-political). This study focused on the importance of inter-organizational trust in e-commerce adoption. The findings of the study led to the develop-

ment of a model of inter-organizational trust within bi-directional dyads in e-commerce adoption.

Second, the study contributed to practice as it increased the awareness of e-commerce practitioners, who will check the trust behaviours of themselves and those of their trading partners. Trading partners will be better able to select and evaluate technology trust mechanisms in e-commerce, thereby protecting themselves against opportunistic behaviours of their trading partners. Third, the study contributed to research as it paved the way for longitudinal studies. This study only took a micro-perspective of inter-organizational trust within dyadic relationships. Further research should extensively test the model using a field survey with business-to-business e-commerce organizations.