Chapter 7

The Role of Trust in Interactive High Tech Work: The Case of Freelance Web-Designers in NYC

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ABSTRACT

With regard to the spread of self-presentations of individuals and small firms on the internet, this chapter inquires into the role of trust and trust-building techniques of freelance web-designers in spreading the application of high-technology to end-consumers. Engendering relationships of trust is a predominant necessity for the freelancers in a market lacking structural assurances, making that group an ideal object of study for trust-enhancing strategies in client interaction. Methodologically, it proposes a way to study the adaptation of entrepreneurs to the requirements of trust, enlarging the focus on dramaturgic action of the trust-taker in exchange situation to markets for cooperation, in which cooperative experiences are a major trust-building factor. The analysis suggests that in those markets dramaturgical action is not only directed at clients but also at the referral networks in which they are embedded in, having important repercussions for the negotiating power of freelancers.

INTRODUCTION

In the 1990s, in theoretical and empirical work on developments of modernity, the topic of trust occupied center stage. During that period, several authors detected a decline in trust and claimed a potential malfunctioning of government (Putnam, 1995) or a threat to beneficial cooperation that needs trust (Misztal, 1996; Sztompka, 1999). As Cook, Hardin and Levi (2005, pp.190-196) show, much of this debate has overstated the importance of trust in and for modern societies, given the increase of complexity that necessitates the substitution of trust with other measures less dependent on interpersonal relations (Luhmann 1967,1979). The legal and governmental institutions as well as professional codes and self-binding documents free us from much personal scrutiny by those with whom we are cooperating. However, in this enlarging modernity of abstracted relationships with the other based on standardized
procedures and institutions that lessen the danger inherent in interaction, we can discern new countervailing trends. One of those is the emergence of an increasingly unregulated sector of service-workers, who as independent contractors offer their services and make their livings on their own. Here, the necessity for the monitoring of quality is transferred from the organization that offers its services to the customer who needs to assess the qualities of the independent contractor. This now poses at least as much a problem to these independent contractors as to their customers. In order to maintain a steady stream of work and income, contractors do need to bridge the gap of a lack of institutionalized trust (Zucker, 1986) as regards their qualifications, quality of work and price that come with a largely unregulated market for their services. Cooperation and exchange in these markets both entail risk and necessitate trust on the part of the principal (client) regarding the agent (freelancer). Principals are uncertain about the capabilities and the intentions of the freelancer as well as vulnerable, because money and time are at stake. These markets for interactive service work therefore seem quite appropriate as a means of studying the way the necessities of trust and trustworthiness structure the behavior and interaction of economic agents that are directly dependent on succeeding in generating trust.

Trust is a reflexive process in which trust needs to be actively built up. With that in mind, the questions pursued in this chapter are: how do freelancers overcome the gap of trust that resides in an unregulated exchange structure in which institutionalized signs of trustworthiness as well as commonly established price markers are missing? How do they reduce the perception of vulnerability of the trust-giver while, at the same time, decreasing the uncertainty regarding their ability for successful cooperation and their benevolence regarding their clients? The problematic circularity of this particular market makes entry into new information circuits an important concern for the freelancers. The importance of trust in this market is heightened when one takes into account that freelancers, as well, face the risk of being taken advantage of by their clients through theft of ideas (Fenwick, 2006) and refusal to pay. Not only do clients need to assess trustworthiness, also freelancers do in order to avoid unpleasant surprises.

When we frame the problem of trust in terms of principal agent theory (see Dasgupta, 1988), we see the importance of reputation to overcome a lack of trust, the importance of signals to separate trustworthy from untrustworthy agents (Spencer, 1974) and the power of the shadow of the future in transforming non-cooperative equilibria into cooperative ones as concepts at hand for the researcher. In the research on trust in the game theoretical literature, however, one finds relatively little on the role of networks and information flow or on the role of cooperation. This chapter focuses on the constraints and adaptations of rational actors to the conditions of freelance work that are given by huge information asymmetries and risks on both sides. In the theory of repeated games and reputation, a certain degree of continuous interaction of different actors or their observability by an exterior third is assumed, guiding the rational decision-making of actors (e.g. Gibbons, 2001). Rather than taking these constellations as a given, the actors under observation struggle in order to perpetuate relationships and to turn at least some of their relationships into reoccurring ones and to embed themselves in a stable network of information flow, in which their respective reputations become valuable assets.¹

THE RESEARCH ON TRUST- SHIFTING FROM THE TRUST-GIVER TO THE TRUST-TAKER

Trust is an “elusive concept” (Gambetta, 1988, p. ix), which stems from its manifold usage in common language. In Luhmann’s fundamental essay (1967, 1979) on trust he grounds trust in the necessity to cope with the freedom of will of
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