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## What Third parties Do People Trust When They Do not Know Each Other? A Crowdfunding Experimentation

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## INTRODUCTION

Because transaction engages the handover of value between actors, its institution and perpetuation depend on actors' will to honour their commitments. While opportunism, risk and asymmetric information negatively affect actors' willingness cooperate, trust allows them to gainfully join transactions (Jones and George, 1998). Presence or absence of trust has a bearing on what we can and choose to do (Dasgupta 2000:330).

We better appreciate the value of trust if we consider a world devoid of trust. In such a world, actors have to spend a considerable amount of time to make sure that they could not be taken advantage of. They would not be able to resort to arbitration, because they would not trust third-party arbitrators sufficiently (Fukuyama, 1995, pp151-153). A lack of trust is a social tragedy because it prevents society from achieving outcomes in which everyone is better off (Klein, 2001). General distrust emerges when the suspicion arises that the disruption of expectations in one exchange is likely to generalize to other transactions (Zucker, 1986: 59). Widespread distrust in a society imposes a kind of tax on all norms of economic activity, a tax that high-trust societies do not have to pay. (Fukuyama, p 25-28).

Trust seems to be even more important in our era of globalization and digitization where people from different cultures actually or virtually juxtapose. They might encounter advantageous offerings, however, they must first believe that transactions will occur in accordance with their expectations (Dyer, Chu, 2003) or on the Internet (Liu, Marchewka, Ku 2004).

Internet in particular has created an unprecedented opportunity to treat deeply rooted economic and social harms around the world. People across borders can be called upon to contribute to individual projects through money, knowledge or social support. Crowdfunding is a significant example. By referring to a large number of individuals, it calls on individual contributions, however small they may be, to tackle problems of financial exclusion and insecurity with efficiency. However to attract project initiators and contributors, the crowdfunding platforms have to build trust and confidence. How can they do this?

The paper is structured as follows: We first proceed to a broad review of literature on trust and sources of trust. The emphasis is put on different modalities of the third party source of trust that constitute the focus of the research on hands. Secondly, we describe the research design. We adopt the method of online experimentation to investigate on the third party sources' abilities to build trust in a context of crowdfunding. Thirdly, we discuss results, present findings and submit a model of third party trust building for the crowdfunding websites. We finally conclude and suggest further lines of research.

The ultimate objective of this paper is to discover actionable policies to build trust through the specific source of third-party trust builders. Theoretical insights gained from this research will have practical implications for the way marketing and strategic managers can build trust for accelerating transactions.

## THE LITERATURE REVIEW OF TRUST- ORIGIN AND FORMS OF TRUST

We begin the analysis of trust by exploring its etymological roots. Then, we explore the specialized literature to study its sources and forms of manifestation.

The word trust most likely originates in trade and exchange. It is supposed to have been first recorded around 12th century from *traust* probably of Nordic countries, meaning help and confidence. At this time, Scandinavia, Holland and the Northern land (Germany) were highly engaged in sea trade (Online Etymology Dictionary). The etymological concept of trust fits with that of "catallactic", which derives from a classical Greek word meaning not only "to exchange" but also "to receive into the community" and "to turn from enemy into friend" (Catallaxis). Trustee came into the picture by early 18th century to describe a « person who is responsible for the property of another » (Oxford English Dictionary, 2002).

Dictionaries currently define trust as a belief in the honesty, goodness or skill of a person, organization or a thing (Cambridge Advanced Learner's Dictionary), or reliance on the truth of a statement of a person or strength of something, without examination (Oxford English Dictionary, 2002). Confidence, often considered inadvertently as a synonym, is rather self-reflective and corresponds to a feeling or showing of adequacy and reliance on oneself and one's powers (The Merriam-Webster Dictionary).

Academic researchers almost unanimously agree with dictionaries and define trust as one's psychological state to accept vulnerability based on positive expectation of the another party's intentions or behaviour (Rousseau et al., 1998: 395), or an actor subjective (before monitoring or independently of any capacity to do so) assessment of that another actor performance a particular action which positively affects his or her own action (Adler, 2001, p 217). In this perspective (mis)trust is construal, and akin to the terms knowledge and belief. It is formed because one party thinks that the other party is (un)trustworthy, or the third party can comply the trustworthy behaviour.

In accordance with the above we define trust as one's perceptual (subjective) belief that another party respects the integrity of his/her obligations and does not exploit one's vulnerability by betray and opportunism.

While trust is a cross-disciplinary concept, disciplines often tend to privilege one or several specific aspects as origins of trust (Mukherjee and Nath, 2003). Psychological literature mainly highlights one's personality as source of trust. Management sciences and in particular marketing put emphasis on the competence and reputation of the inspiring trustee, such as brands, for generating trust for the prospects (Samuelson, Nordhaus, 2001). Some economic theories and in particular institutionalists consider that trust is built under the governance of the complying third parties which regulate the relations between the agents of exchange and conduct them to respect their promises and engagements.

We take into account the cross-disciplinary characteristic of trust and adopt a tripartite model of sources of trust for the review of literature: the one who spontaneously trusts, the counterpart who inspires trust, and the third-party who confides the possibility of a reliable transaction between partners. This typology is similar to the typologies suggested by different authors.

Zucker (1986) also distinguishes three modes of trust production such as personal characteristics, institutions and the process of relationships. McKnight and Chervany (2000) similarly identify three dimensions that lead to trust: a person's disposition to trust, institution which provides the needed conditions for a trust, and the other party endowed with reliable traits such as competence, benevolence, integrity, and predictability. Adler also suggests a tripartite model of sources of trust: Familiarity through repeated interaction, assessment of vulnerability and trustworthy values and norms (Adler, 2001, p217).

## **1. Trustor as the source of trust**

Trust might reside in trustor's personality and attitude, rooted in his/her early set of experiences. The personality-based trust is then prior to relationship and depends on an individual general inclination or willingness to collaborate and exchange without complete or prior knowledge about others.

Freudian psychologist Erik H Erikson (1902-1994) identified in his 8-stage model, the first stage (between 0-1 year, infancy or the oral-sensory stage), as the stage of psychosocial development of trust. At this early stage of personality development. Through the parents' responses, the newborn learns to trust people as reliable and loving, if the parents' (and especially mother's) responses are adequate; otherwise, the infant develops mistrust and will be apprehensive and suspicious about people. In any case since no one can meet all a baby's needs all the times; the newborn also learns to "mistrust". Mistrust enables to recognize and respond appropriately to people who are untrustworthy and is a barrier against being hurt.

Both trust and mistrust are crucial for encountering other people later. If the proper balance is well achieved at this stage then the child will develop a sense that the world is trustworthy and even when things are not going well they will work well in the end. Otherwise the infant may develop maladaptations and malignancies, endangering his/her future stages of psychosocial development (composed of autonomy vs. shame and doubt, initiative vs. guilt, industry vs. inferiority, ego-identity

vs. role-confusion, intimacy vs. isolation, generativity vs. self-absorption, integrity vs. despair) (Erikson 1954).

Other researchers stress also on the idea of pre-disposed psychological determinants, mainly personality and attitude, to explain people's propensity of trust, (Scheier and Carver, 1992; Gleitman, 1995; Olson and Suls, 1998). Extravert, agreeable, open-minded people trust more, while neurotic people trust less.

Focused on the outside world, sociable or fearless, extravert people like to be in other people's company and trust them more. As a general rule, people with level of agreeableness and positive beliefs towards others' values and convictions, are also more trustful. However, Pre-disposed psychological characteristics do not always favour trust. Neurotics, distinguished by emotional instability, pessimism and low self-esteem, often perceive that their positions in transaction processes, as unfavourable and negative and consequently are reluctant to trust (Scheier and Carver, 1992; Gleitman, 1995).

Thus, the psychological predisposition and state of attitude can lead to both trust and mistrust. A personality which is keen on trust gets easily ready for transactions irrespective of the ability to monitor or control, and the willingness to be vulnerable to the actions of another party, expecting that (s)he will perform the promised action (Mayer, Davis and Schoorman, 1995). Consequently, a disposition to be optimistic about others, enable people to soon learn who is and who is not likely to be trustworthy. Similarly a disposition to be pessimistic, helps to learn much less about who is and who is not trustworthy (Encyclopaedia of Ethics).

The personality of the trusting party is thus, ex-ante perception prior to any relationship.

## **2. TRUSTEE AS THE SOURCE OF TRUST**

Trust can emerge not only from trusting party's personality, but also from the perception of a partner who is believed to be competent, dedicated, benevolent, honest, possessing available means, in accordance with prior commitments and resistant to take advantage of an exchange partner even if the opportunity manifests. Here, one exchange party inspires trust.

Scholars have attributed different sources to partner-based trust. Sitkin and Roth (1993) considered ability as an essential element for inspiring trust. An expert partner with relevant skill, ability, or knowledge is generally perceived as being more trustworthy than a non-expert (Brainov&Sandholm, 1999; Peters, Covello, & McCallum, 1997). Similarly, once convinced that a brand is able to solve his or her problem, a customer may be willing to rely to that brand.

This knowledge may be based on partner's reputation or relational experience, as a consumer may find out about a brand's competence through direct usage or word-of-mouth communication. 'Relational signaling' (Lindenberg, 2000), is a special type of relational experience, where an observer, infers trust and reliability from the way a partner treats his colleagues and employees.

Affect-based reasons (McAllister, 1995), are distinguished more or less from rational reasons. Friendship, love, habitual behaviour, loyalty, care, warmth, empathy for the other party (Organ and Konovsky, 1988; Luhman, 1979; Nooteboom 1996), emotion (Lewis and Weigert, 1985), kinship (Ouchi, 1980) or similarity (Hellreigel, Slocum and Woodman, 1992; Gulati, 1995; Burt, 1992) are some of the major affective reasons.

Although it has been argued that cognition and emotion are separable and partially independent (Zajonc, 1980), they both end to a cognitive attitude that the exchange partner as reliable. In fact, an extended definition of cognition encloses not only knowledge, but also impression and inference. They all end to the belief that the partner has the ability and intention to perform according to expectations, and to refrain from opportunistic behaviour.

Even if a party is trustworthy in a transaction by interest of willing to perpetuating profitable relationship, he or she is not less reliable for his partners.

In accordance with the above, we argue that one exchange party might inspire trust to the other party through reliable relation and positive reputation. Mukherjee and Nath also specify that trust can arise from the strength of a particular brand name and previous interactions between a company and its market (2003).

### *2.1. Relational Experience as a Source of Trust*

Trust is seldom spontaneous. It is often progressive, adaptive and evolves in a slow process, starting with minor transactions in which little trust is required because little risk is involved and in which partners can prove their trustworthiness, and consequently expand their relation and engage in major transactions (Shapiro 1987: 625).

In the absence of previous relations and third party recommendations, one might rely on presumptions and surface inspection to unfold an initial exchange. This experience of a first exchange will contribute more while presumptions and surface inspection will contribute less in further transactions.

The earliest stage in a relationship is that of acquaintance because people consider as, inappropriate or even dangerous to interact with total strangers (Luhman, 1979, Baron and Byrne 1991). Familiarity, serves as the foundation without which no relationship and eventually no trust can develop. In this first stage, a trustor does not accept great risks and prefers to keep possible losses at a lowest level. If there is no familiarity, there is no brand image in the minds of the potential customers. Here, a company which aspires to build trust, must develop acquaintance with its brand and leave a first favourable impression to stimulate the consumer's intention to learn more and ultimately adhere to the brand image. To a greater extent, the brand should be perceived as a partner on whom the customer can rely.

Personal experiences with a company's behaviour are a good predictor for a person's future behaviour and trusting beliefs. A person having repeated successful exchanges with a partner most likely perceives him/her as being more trustworthy than an unfamiliar agent. Satisfied first-time purchasers engaged in three times more online transactions than dissatisfied first-time purchasers (BCG, 2000).

Individuals generally have a strong need to know and understand the people and things with whom they come in contact. The consumer's "need to know," a cognitive need, is important to marketers concerned with product positioning. Indeed, many product and brand positioning are attempts to satisfy the need to know and to improve the consumer's attitudes toward the brand by emphasizing its advantages over competitive brands (Schiffman, Kanuk, 1999).

As the relationship develops, knowledge about the other party fosters the predictability. Predictability is about forecasting another party's behaviours based on specific behaviours the actor or firm has performed in the past (Doney and Cannon, 1997). These dispositional inferences mark what Rempel and colleagues call the "dependability phase" which "reflects an emotional security encouraging individuals to go beyond the available evidence to find assurance that their partner will be responsive and caring despite the vicissitudes of an uncertain future (Rempel et al., 1985: 97). This stage might end to another stage of trust they call faith. Faith, that an exchange partner will fulfil his/her obligations despite an uncertain future.

The degree to which a company is judged to have trustworthy depends on the consistency of its past actions, credible communications about it from others and the extent to which its actions are congruent with its words (Butler, 1991; Sitkin and Roth, 1993).

In relationships between firms, trust is based both on the people with which one is dealing with and on the organization as a whole. Consequently should a company be perceived as trustworthy, both the organizational and its people should inspire confidence, but there is no outwardly trust-based relationship if there is no trust within the company.

Depicting trust on a continuum does not imply that all relationships need to pass through all three stages of trust, or even that they have the potential to reach all stages. Trust can be reciprocal when both parties have reason to be trustworthy for the other because they can, then, expect trustworthiness in return. The mutual trust is a strong trust (Encyclopaedia of Ethics).

## *2.2. Reputation as a Source of Trust*

In absence of personal experience, one might mainly rely on a firm's reputation, which can originate from peers, friends and judgements issued by third parties. Reputation represents the collective perception and second hand information of an actor, for example a firm.

Reputation signals the experiences of third parties spreading to others via an information network (Granovetter, 1985). It is this social or collective nature that gives reputations the power to reduce uncertainty and serve as a means to engender trust. The special role of reputation to engender trust is particularly emphasized in marketing (Doney and Cannon, 1997) and in economics (Williamson, 1991).

If a customer perceives that other people think a brand is fair and just, she/he may feel secure in acquiring and using the brand (Anderson and Weitz 1992). In the marketing literature, the reputation of a firm has been considered to be the aggregated evaluation of all image aspects about a company (Dowling, 1994) or the net perception of a company's ability to meet the expectations of all its stakeholders (Fombrun, 1996).

Electronic markets with their particular network characteristic are important diffusers of reputation (Einwiller and Will, 2001). Jarvenpaa and Tractinsky (1999) claim that reputation is a vital source for trust in electronic commerce. Users of price intermediaries do not necessarily choose the cheapest offer, but regularly buy from branded and widely known retailers even when these do not offer the lowest price (Smith et al., 2000).

Buzz marketing, which can be defined as the dissemination of positive "gossip" can strongly support and strengthen the reputation of the firm within the customer's social network. The satisfied customer can now serve as a disseminator. Particularly in the high risk and impersonal environment of electronic commerce eliciting "human-like" associations are particularly helpful to foster trust (Einwiller, 2001).

In this perspective, existing and satisfied customers need to be given the opportunity to spread the word, so positive experiences can reach potential new customers. By the same token, the press – especially classical media – play an important part in their role as credible multipliers of information (Einwiller, 2001).

Generally speaking, the greater the network that shares the reputation of a firm, the higher the chance of a potential customer to take notice of it. Most effective is spreading the word of the company through credible third parties such as social networks. The network characteristic of the Internet greatly facilitates the exchange and spread of information word-of-mouth (Helm, 2000). The instant messaging service and the chat service can manage to allow users to recruit friends via e-mail, thereby hardly having any expenses for marketing.

Specific services like online chats, bulletin boards, and virtual communities can be administered to support the dissemination of information. Herewith, consumers have the chance to find out about the experiences others have already made with the company and its services.

Consequently, a virtuous circle comes out of reliability and reputation of the brand: a trustworthy brand gains reputation by having a large base of satisfied trustors who increase their own patronage and spread the good word. Brands can then attract new trustors and try to keep them by the fact. They use the reputational incentives to show more public trustworthiness which creates standing for them.

While people built-up and share reputation, they can also destroy it by spreading negative words. Thus, opportunistic behaviour bears the risk of causing harm to an actor's reputation and this risk can serve as an important inhibitor to act unfavourably for the trusting party.

### **3. INSTITUTIONAL ENVIRONMENT OF TRUST**

People cannot always trust by internalized positive motives or inspiring partners. When they do not trust each other enough, they might look for third trust sponsors with reliable safeguarding mechanisms, explicit coercing rules and possibility of sanctions.

The opportunistic behaviour is a major source of uncertainty about the partner's trustworthiness and consequently the raise of transaction costs (Williamson, 1975). Opportunism means self-interest seeking with guile and refers to the incomplete or distorted disclosure of information along with calculated efforts to mislead, disfigure, disguise or obfuscate (Williamson, 1985: 47). This is one of the most important transaction costs in virtual and global markets. Perceptions of opportunistic behaviour affect the propensity to transaction. In the case of trust deficiency, actors may have to spend heavily on monitoring others parties' behaviour to ensure that they do what they say they will do. That is why firms sometimes find it more economical to integrate outside contractors into their own organization, where they could be supervised directly. No one might have reliable ex ante knowledge of whether and when, opportunism will occur.

This is why individuals sometimes recourse to third parties for ensuring and complying trustworthy behaviour between partners. Third parties with possibility of punishment can support cooperation even with low levels of trust (La Porta, Lopez-de-Silanes, Shleifer, Vishny, 1999). The

third parties as sponsors or enforcing agents of trust can emerge from cultural, politico-legal or non-governmental (professional) organizations.

### *3.1. Socio-Cultural Institution of Trust*

Trust is of considerable economic value when it is based on cultural, rather than legal mechanisms, because it eliminates the need for formal contracts which are costly to negotiate, write, monitor, and provide enforcing mutually accepted clauses. The transactions based on shared values which give members of the groups a basis for mutual trust, do not require extensive contract and legal regulation. Cultural shared values come out from common beliefs about appropriate or inappropriate and right or wrong behaviours, in such a way as to create expectations of regular and honest behaviour (Fukuyama, p151-153). They are internalized by people as part of tacit knowledge in socialization. Compliance with norms of honesty and non-maleficence in this case is secured by the threat of exclusion or non-inclusion, and hence the loss of future benefits (Kandori, 1992), and is secured by arranging incentives to ensure, that individuals have a self-interested reason for complying, despite the short-term gains that they can realize by non-compliance.

Trust is a crucial ingredient of a country's social capital, defined as the sum of features such as trust, norms and networks that improve the efficiency of coordinated actions (Putnam 1993: 167) and the ability of people to work together for common purposes (Fukuyama, 1995, p10). Knack and Keefer (1997), using data from the World Values Survey, found out that trust is strongly correlated with GDP growth per capita (1980-92) and with the ratio of investment to GDP. In other words, a 10% increase in the measure of trust translates into an increase of 0.1% in economic growth. The more social capital or trust there is, the more productive the economy will be (The Economist, 2004). Fukuyama (1995, p7) believes that a nation's well-being and competitiveness are conditioned by the level of trust inherent in its society.

Cultural based trust can contribute significantly to economic growth, particularly in poorer countries without developed legal enforcement systems (H. Huang, C. Keser, J. Leland, J. Shachat, 2003). In fact the presence of a high degree trust, can increase economic efficiency by reducing what economists call transaction costs, incurred by activities like finding the appropriate buyer or seller, negotiating a contract, complying with government regulations, and enforcing that contract in the event of dispute or fraud.

Holding the size of the group of interacting persons constant, the enforcement costs associated with an informal network of mutual forbearance are less than those associated with a law-based, third-party enforced, system of trust (Calvert, 1995a, 1995b). The intuitive idea here is that merely shunning non-compliers is cheaper than having to select, train, and maintain a cadre of persons specifically charged with enforcement responsibilities. Indeed, in some high-trust relationships, parties do not even have to worry about maximizing profits in the short run, because they know that the other party will make a deficit in one period good later (Fukuyama, p151-153).

A high-trust society can organize its workplace on a more flexible and group-oriented basis, with more responsibility delegated to lower levels of the organization. Low-trust societies, by contrast, must fence in and isolate their workers with a series of bureaucratic rules (Fukuyama, p31, last par).

### *3.2. Politico-Legal Institution of Trust*

In some circumstances, institutions like contract and law are the necessary conditions for entrusting trade and transaction. Historically, the economic growth has occurred within the institutional framework of well-developed coercive laws.

Here, trust is created between parties thanks to contracts as tightly written in legal forms to have the necessary support and reliable enforcement mechanism to act as a safeguard (Lyons and Mehta, 1997). While some people trust each other according to a common set of cultural norms, some others, in particular when they do not know or trust each other, cooperate only under a system of formal rules and regulations, which have to be negotiated, agreed to, litigated and enforced, by coercive means.

Law constrains the issuer of promise to do what is committed. Reliable courts serve to reduce contractual risks that would otherwise deter exchange. Economies with better rules will thus be able to support more complex and potentially hazardous inter-firm transactions than will economies with less developed rules and/or less reliable enforcement.

Contract is a formulated tightly written legal form of agreement (Lyons and Mehta, 1997), and often is enforced by politico-legal systems between two or more parties that is perceived or intended, to be legally binding (Lyons and Mehta, 1997:241).

### *3.3. Governmental and Non-Governmental certifiers*

Sometimes, vendors have to recourse to the endorsement of third parties to signal conformance to the standards and principles and build customer trust. They report whether an exchange partner deserves the “Good Seal of Approval” (e.g., Better Business Bureau, TRUSTe).

Consumers transfer the perceptions of trust and expertness generated by the endorser onto the recommended product, service, or organization (Hawkins, Best, & Coney, 2000, Dean & Biswas, 2001). Endorser’s credibility is considered to influence both consumer attitude and intention (Sterthal et al 1978, Harmon et al. 1982, Moore et al. 1986, Ohanian, 1991) and even possibly change opinions (McGinnies & Ward, 1980).

For third party-based trust to occur, three conditions are to be satisfied: certifier’s sponsorship information conveyance (Klein, 2001) and customer’s acceptance (Cook, Luo 2003).

Governmental or professional organizations are usually more credible for endorsing. The generation of certification can take the form of testing, inspecting, researching, evaluating or interpreting. For example, Consumers Union does all of these when generating product ratings in Consumer Reports (Klein, 2001). Information on the trustworthiness of a firm originating from sources that are not controlled by the company like government agencies, financial-rating agencies, corporate-conscience agencies, and consumer agencies (Fombrun, 1996) reduces uncertainty and engender trust, because those groups are not supposed to have direct stake in the company’s reputation (Sterthal et al., 1978).

Information conveyance means a transfer of trust signal from the third party certifier to the exchange partners. Electronics manufacturers hire Underwriters’ Laboratories to test and grant an approval mark, public or private organizations hire Moody’s ratings to attest their securities (Klein, 2001). Research shows that Web seals promote feelings of trust (Houston & Taylor, 1999; Palmer, Bailey & Faraj, 2000) and influence users’ intents to purchase online (Kovar et al., 2000; Mauldin & Arunachalam, 2001; Wakefield, 2001). The degree of endorsement by the third-party seal can play a major role in the trust transference process. Many third-party seals give different levels of approval or provide ratings for online vendors. Obviously, consumer trust is more likely to be transferred from the third-party seals to vendors when the degree of endorsement is high while a low degree of endorsement may suggest mistrust of the online vendor by the third-party seal program (Cook, Luo 2003).

Finally, if one might transfer trustworthiness from an endorsing third party seal to a partner with whom s/he has little or no direct experience (Cook, Luo 2003). Clients often trust government agencies and professionals institutions without being in a position to check their expertise or trustworthiness. The standards and procedures for granting, reviewing, and cancelling seals, along with the sponsor’s seal program longevity are important factors in determining whether consumers trust the sponsorship and its transfer (Lala et al., 2002, Cook, Luo 2003).

Information disparity in e-commerce encourages the use of sponsor-based assurances, because they are a signal to the user of legitimacy and trustworthiness. Internet users likely assign higher levels of value to seals from endorsing firm that they consider highly credible, trustworthy, or expert (Hoxmeier, 2000), while the value of a seal from a third-party organization with low perceived credibility is not likely to be highly valued in an online purchase decision.

## **RESEARCH DESIGN OF EXPERIMENTATION ON THE INTERNET**



The method of experimentation consists of controlling conditions for observing the impact of the independent (experimental) variables' manipulation on the dependent variable's response. If a change in independent variable(s) causes changes in dependent variable, then a "cause-effect" relation is identified between them. All variables are controlled, so that the effect can be attributed to some of them as causes. In this method independent variables are usually designated by X, and dependent variable by y.

Online experiments return similar results -but not identical- to conventional experiments (Krantz and Dalal, 2000) at faster speed and lower cost (Reips 2002). Slater et al. (2006) reproduce the Milgram obedience experiments in the online virtual space and report similar behaviors in virtual and onsite environments. It is worth reminding that the Milgram experiment (1963) aimed to investigate how far people could go in obeying an instruction if it involved harming another person. Kozlov and Johansen (2010) also observe similar behaviors in virtual, lab and field environments.

Researchers progressively exploit the technical possibilities of the Internet for deploying online experiment. Fogg et al. (2001) conduct two online experiments on Web site credibility. They firstly find that Web banner ads reduce the perceived credibility of a Web page's content. They also find that attribution elements such as author photographs affect the credibility of Web content. This is similar to the experiment of Johnson (2007) on credibility of participatory journalism in which ordinary citizens produce content on web sites, such as ohmynews.com. Johnson's experiment (2007) aimed to test whether or not the presence of information about a writer on a participatory journalism web site affects the perceived credibility of the story.

Kamali and Loker (2002) implemented three levels of interactive design involvement on a mock Web site, T-shirt.com, in an online experimentation. Treatment one, the control, simulated a customer's involvement at traditional retail stores or Web sites. It offered five ready-to-wear garments with three pre-designed variables: style, color, and graphic images. Treatment two, limited customization, simulated custom T-shirt shops where customers had a limited choice of components. Participants were able to mix and match from components of style (2), color (5), and graphic images (5) making a total of 50 possible combinations (i.e.,  $2 \times 5 \times 5$ ). Treatment three, advanced customization, offered five neckline options, five sleeve options, 20 color options, three bodice lengths, five graphic images, and five placements/sizes or from 37,500 possible combinations (i.e.  $5 \times 5 \times 20 \times 3 \times 5 \times 5 = 37,500$ ). Participants in the limited and advanced customization treatment groups were able to combine a variety of design components and view them using the interactivity of the Web site.

Bainbridge (2007) asserts that the online virtual worlds have great potential for research in the social, behavioral, and economic sciences, as well as in human-centered computer science. Bainbridge (2007) examines a number of research methodologies that scientists explore in the virtual reality of Second Life and World of Warcraft, including formal experimentation, observational ethnography, and quantitative analysis of economic markets or social networks. Kozlov and Johansen (2010) present virtual reality as an ideal space for experiments because it provides a significant level of control and a less contrived context.

Hooley et al. (2012) plot a matrix with synchronous and asynchronous on one axis and text-based and multi-media on the other. Wiersma creates a similar matrix with "lab" particular online environment (equivalent to a conventional lab) and "field" (actual online behavior of individuals) on one axe and "web-based" and "virtual reality" (Second Life and World of Warcraft) on the other.

Mosteller et al (2014) also consider the field of websites to build on fluency theory according to which if people easily comprehend ideas or information, they are more likely to believe them. They examined how perceived fluency of the verbal online information impact on consumers' choice satisfaction with an online shopping task. Their experiment shows that cognitive effort and positive affect influence judgments about the perceived quality of the choice made.

For engaging participants in an experiment, Hooley et al. (2012) suggest to use some kind of payment or incentive. Accordingly, they provide the example of a case-study (Suri and Watts 2011), which uses micro-payments to recruit participants.

An experimental design consists of: Identifying independent and dependent variables, Defining levels of experimental treatment, designating test units and their affection into different groups, and finally minimizing (eliminating, if possible) the influence of bias, extraneous and confounding factors, on the results of the experimentation. We adapt all these components to our research.

In our study, the independent variable is the third-party source of trust, and the dependent variable is the behaviors of granting of qualified people who visit a specialized website to decide to whom the funds should be granted. The dependent variables are to the website stickiness that refers to two factors: time spent in general and number of visited pages on a website. For our experimentation, we consider a period of 15 days.

We conducted the experiment in a "natural setting", i.e. out of computer lab. The websites were evidently fictitious, but highly plausible. Our design considered three different levels for independent variables, knowingly network of acquaintance (group pressure), label of certification designated by the non-governmental professional organization, and the politico-legal authority. Consequently, four different websites were constructed according to the three source of the third party-based trust:

Website India Donates 1- Plain story

Website India Donates 2- Friends

Website India Donates 3- Government

Website India Donates 4- Regulator certifications.

The objective was to observe the effect of each level of manipulation on the dependent variable (jury visitors' granting behavior). The "test unit" in our experiment is the visitors of a Website specialized in grant distribution. These visitors, as elected and qualified jury members, decide to affect the Website's collected funds to candidates whose cases and/or photos are posted.

Consequently, the experiment was based on observing the behavior of jury members visiting four versions of a touristic website. One version, the control group, is the Website without any signal of third-party source of trust. The other three versions are each based on a specific signal of third-party source of trust. Except these signals, different versions are all similar.

We stated three hypotheses.

H1. People grant more to candidates who are observed in the time of experimentation by acquaintances and relatives than to those who postulate for grants, independently.

H2. People grant more to candidates who are met in the time of experimentation on the websites, which are labeled by the non-governmental professional certifiers.

H3. People grant more to candidates who are met in the time of experimentation on the websites, which are observed by the politico-legal authorities.

Participants were recruited from students of different institutions in three different cities in the state of Maharashtra, India.

- a) Tata Institute of Social Sciences, Mumbai (TISS) : These students are pursuing their Masters degree in Social Sciences and come from various states of India.
- b) College of Engineering, Pune (COEP) : These students are pursuing their Bachelor's degree and come from various districts of Maharashtra State, India.
- c) Sinhgad Institutes, Pandharpur (SKNSBS) : These students are pursuing their Masters degree in either Business Administration or Computer Application and come from Western part of Maharashtra, India.

Participants received emails and were invited to visit the websites at their convenience within a period of 20 days, from October 14, 2014 to November 3, 2014. Participants are divided into four test units depending which website version they visit. Participants will randomly be assigned to the three experimental groups. We finally conducted the experiment with about XXX students.

Participants are initially introduced to the purpose of the study as follows:

*India Donates is a specialized crowdfunding website for supporting and assisting young adult students in their basic initial projects of education, entrepreneurship and family building. India Donates helps talented students to get rid of financial needs in perspective of successfully integrating society and achieving their dreams. India Donates plans to be operational on the Internet in the spring of 2015. Prior to launch, the company wants to test its website with potential customers.*

Then, participants are asked to visit the assigned website. The online behavior of each participant, in terms of spent time and page views, is automatically recorded. A pilot test was conducted with students to check the manipulations of all variables and questionnaire.

After the visit, participants are invited to fill a short questionnaire where they mainly indicate their gender, origin, age and general feeling about the websites. This questionnaire contains a few more

“distracting” questions to avoid the *Hawthorn Effect*. It describes an experimental effect that is caused by the participants knowing that they are being watched and not as a result of the experimental intervention directly.

*Table 1 – Questionnaire at the end of website visiting*

1.	For me the general visual appearance of the site is... (1 = very unappealing, 5 = very appealing)
2.	For affecting a grant, I find the content displayed on the website (1 = not informative, 5 = highly informative)
3.	Which of the following best describes your reaction to the trustworthiness of the website? (1 = not trustful, 5 = highly trustful)
4.	How do you evaluate the general level of trustworthiness of the student candidates on the Website? (1 = not trustful, 5 = highly trustful)
5.	Has visiting the website have you like crowdfunuding more? (Yes/No/Can't say)
6.	Does the website content help to affect grants? (Yes/No/Can't say)
7.	In your opinion, do the students who receive the funds use them in a proper way as it is announced in their case profile presentation? (1 = very unlikely, 5 = most likely)
8.	Which of the following age groups do you belong to? (<19, 20-25, 26-34, 34-49, 50+)
9.	What do study in higher education?
10.	What is your grade?

The collected data, analyzed by the software program Google Analytics, offered insights on time spent on each story, the donations received for each story, and page views.

## RESULTS, FINDINGS AND DISCUSSION

For data analysis, we first proceed to the tabulation of frequency distribution of all the assigned variables. We then performed ANOVA (Analysis of Variance) test to explore if there are any differences in the impact of different types of websites on visitors/jury’s behaviors. ANOVA, developed by Ronald Fisher, is a pertinent statistical tool for our experimentation because it allows to find out whether observations on different groupings of independent variables of types of websites bearing different third-party trust builders explain variance in the dependence variable (time spent, pages visits, donation amounts). Accordingly, the two following tables illustrate simple statistical tabulations of data collected on stickiness (time spent and number of pages visited by visitors), and on amount of donation made per website. We remind that our experimentation lasted over a period of 20 days.

As the table 2 shows the bare-bone website of experimentation control, without any third party witness, is less visited in time and number of pages called on. The websites bestowed by third-party trust builders display different performance.

The rank number one is attributed to the website supported by public authority (government) for the independent variable “time spent”; and to the website supported by friends for the variable “pages visited”.

For the rank number two, the website certifier stands for the variable “time spent”; and the website government for the variable “pages visited”. The website with the friends’ presence, and that of certifier hit the third place, respectively, for “time spent” and “pages visited” variables.

*Table 2 - Time Spent (in seconds) and number of pages visited by visitors on the websites by type of independent variable*

	# Visitors	Time Spent		Pages visited by visitors	
		Total	Average/visitor	Total	Average/visitor
<b>Website India Donates 1- Control website</b>	<b>44</b>	12833	291.65	284	6.45
<b>Website India Donates 2- Friends</b>	<b>40</b>	12509	312.72	529	13
<b>Website India Donates 3- Government</b>	<b>38</b>	14584	383.78	388	10.21

<b>Website India Donates 4-Certifier</b>	<b>54</b>	19001	351.87	417	7.72
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We continue our data analysis to determine whether time that visitors spend and number of pages they call on are statistically significant different among different declinations of the website India Donates.

For the time spent among the four website versions, the hypotheses are:

- $H_0$ : There is no difference in the length of time visitors spent on the four websites.
- $H_1$ : There is a significant difference in the time that visitors spent on the four websites.

The below table 3 shows that the significance value is 0.0 -so less than 0.05. Hence, the null hypothesis is rejected, and the alternate hypothesis is accepted: “There is a significant difference in the time visitors spent on the four websites”.

*Table 3- ANOVA Test for Time spent across the four website versions of India Donates*

	Sum of Squares	Difference	Mean Square	F	Significance
<b>Between Groups</b>	142803.876	3	47601.292	8.304	.000
<b>Within Groups</b>	9257589.751	1615	5732.254		
<b>Total</b>	9400393.627	1618			

After the variable “time spent”, we apply ANOVA Test to the variable of number of pages visited. The hypotheses are:

- $H_0$ : There is no difference in the number of pages visitors call on among the four websites.
- $H_1$ : There is a significant difference in the number of pages visitors call on among the four websites.

Once more, as the table 4 displays with the significance 0.00, the null hypothesis is rejected, and the alternate hypothesis is accepted. Thus: There is a significant difference in the number of pages visitors call on among the four websites.

*Table 4 - ANOVA Test for Page Views across the four website versions of India Donates*

	Sum of Squares	Difference	Mean Square	F	Significance
<b>Between Groups</b>	1506.857	3	502.286	10.124	.000
<b>Within Groups</b>	80128.528	1615	49.615		
<b>Total</b>	81635.385	1618			

According to the above analysis, we conclude that there is significant difference among these two variables. In other words, the third-party trust builders have significant impacts on the juries’ behavior in terms of time spend and pages visited on the platforms.

Now, the question is whether the impact is the same on donation behaviors. For the simple tabulation, the table 5 plainly displays that the website India Donates-Friends receives the highest amount of donation for all categories (total, average per website, and average per number of visitors donated), whereas the website India Donates-Control receives the lowest- with a considerable difference of less than the half. Visitors’ behavior for donation is clearly like their behaviors regarding number of pages visited per website.

*Table 5 - Analysis of the donations (in Rupees) made by the jury (visitors) per type of website (independent variable)*

	# Visitors		Average donation per	Average donation per
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		Total	website	Jury
Website India Donates 1- Control website	44	61350	632	1394
Website India Donates 2- Friends	40	154000	1033	3850
Website India Donates 3- Government	38	131800	1021	3468
Website India Donates 4- Certifier	54	116650	948.37	2160

Our ANOVA Test now considers whether there are statistically significant differences on amounts of donation among the four website versions.

The hypotheses are, thus:

- H0: There is no difference in the visitors' donation behaviors among all four websites
- H1: There is a significant difference in the visitors' donation behaviors among all four websites.

From table 6, it is clear that the significance value 0.181 is greater than 0.05. Hence we reject the alternate hypothesis and accept the null hypothesis that "There is no difference in the visitors' donation behaviors among all four websites", even though the previous simple tabulations seemed suggestion that the donation behaviors are different among the experimentation websites.

*Table 6- ANOVA Test for Donations across the four website versions of India Donates*

	Sum of Squares	Difference	Mean Square	F	Significance
Between Groups	11310004.748	3	3770001.583	1.632	.181
Within Groups	1140831320.554	494	2309375.143		
Total	1152141325.301	497			

The ANOVA analyses reveal unexpected results. While there are significant differences on behaviors of time spent and pages visited across the experimentation websites (the alternate hypothesis H1 validated), the behavior of donation does not present any significant difference at the time of experimentation among the control website and the three other declinations, which are supported by different third-party builder of trust (the null hypothesis H0 validated).

The differences in donation behaviors appeared in the simple tabulation (table 6) are not statistically significant. Thus, it can be stated that the different types of third-party trust builders do not alter the magnitude of donation behaviors. They, however, do alter the stickiness behaviors.

One plausible explanation is that different thirds-party institutions of trust, friends and relatives (culture), politico-legal organs (state and governments), and professional certifiers quickly ensure the visitors to decide whom to donate. So, they indifferently provide trust to donors. The other explanation is that visitors do not need to be supported by third-party sources of trust for donating.

From Table 4, the significance value of 0.000 indicates that results are statistically significant for different trust factors and the hypothesis H3 stands validated. In other words, when different trust factors are involved people with donor mindset explore more profiles and donate to more candidates.

*Table No. 7: Visiting Behavior*

Visiting Behavior				
Website India Donates	Time spent (second) on platform (% , rounded)		Number of visited pages	
	Male	Female	Male	Female

<b>1- Control website</b>	<b>3723</b> (29%)	<b>9110</b> (71%)	<b>119</b>	<b>165</b>
<b>2- Friends</b>	<b>7965</b> (64%)	<b>4544</b> (36%)	<b>323</b>	<b>206</b>
<b>3- Government</b>	<b>8508</b> (58%)	<b>6076</b> (42%)	<b>243</b>	<b>145</b>
<b>4- Certifier</b>	<b>12869</b> (68%)	<b>6132</b> (32%)	<b>327</b>	<b>90</b>

From Tables 8 and 9, it was found out that the contribution of males in the total amount of donations was higher than that of females except in the case of Website IndiaDonates 1- Plain story. Women donated more when the network of friends was involved as in the case of Website IndiaDonates 2-Friends while men donated more when the Regulatory certifications were involved in the websites. Similar pattern was observed in terms of time spent by men and women on these websites. Men contributed more to the total time spent on all the websites except in case of Website IndiaDonates 1- Plain story.

*Table No.8: Donation Behavior*

<b>Donation Behavior</b>				
<b>Website India Donates</b>	<b>In value, Indian rupees (% , rounded)</b>		<b>Number of time of donating</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<b>1- Control website</b>	<b>29500</b> (48%)	<b>31850</b> (52%)	40	57
<b>2- Friends</b>	<b>99150</b> (64%)	<b>54850</b> (36%)	81	68
<b>3- Government</b>	<b>76750</b> (58%)	<b>55050</b> (42%)	82	47
<b>4- Certifier</b>	<b>99500</b> (85%)	<b>17150</b> (15%)	95	28

## **CONCLUSION**

In this article, we have identified three major sources of trust through a vast review of literature, personality of the trusting party, reliability of the partner, and certification of the third party.

The personality of extravert, sociable, and open-minded individuals, often leads to trust because these individuals generally expect the same positive gesture from others. Negative, and low self-esteem people take hardly the risk of trust. Relation with/and reputation of a partner who is believed to behave in accordance with prior commitments and refrain from opportunistic behavior also lead to trust. Successful little transactions that involve slight risk, can lead to bigger and trustier relationships. The satisfied customer can serve as a spreader, by passing around a positive word that can back up and reinforce the reputation of the firm within the customer's social network. Finally, trust might be created through assurance provided by the third parties: cultural institution, politico-legal backed contracts and independent certifiers.

Exploring the third-party sources of trust, we think that we have dealt with our objective. Three different sources of trust have been analyzed and developed. Our results might yield to actionable policies to build trust beyond the sector of crowdfunding, which was our field of research. Consequently, marketers and business responsible managers can proactively contribute to build trust, in order to ease and speed up transactions and exchanges.

Though quantitative analysis is used, the article leaves unclear some other quantitative aspects of trust. Different questions relative to measurement and cost of trust building can be raised: what is the relation between the cost of a marketing strategy for building trust and the impact of the created trust on sales? While the causal relation between trust and transaction is self-evident, one should get some interest in exploring regression analysis, between amount of trust and that of marketing outcomes. Other quantitative inquiries can also be considered.

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