

6-6-2009

TRUST IN VIRTUAL ENTREPRENEURS (INTERACTIVE PAPER)

Jakob J. Assmann

LMU Munich, Germany, assmann@lmu.de

Julia V. Gallenkamp

LMU Munich, Germany

M. Audrey Korsgaard

University of South Carolina, USA

Arnold Picot

LMU Munich, Germany

Isabell M. Welpé

TU Munich, Germany

Recommended Citation

Assmann, Jakob J.; Gallenkamp, Julia V.; Korsgaard, M. Audrey; Picot, Arnold; and Welpé, Isabell M. (2009) "TRUST IN VIRTUAL ENTREPRENEURS (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 29: Iss. 4, Article 15.

Available at: <http://digitalknowledge.babson.edu/fer/vol29/iss4/15>

This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

INTERACTIVE PAPER

TRUST IN VIRTUAL ENTREPRENEURS

Jakob J. Assmann, LMU Munich, Germany
Julia V. Gallenkamp, LMU Munich, Germany
M. Audrey Korsgaard, University of South Carolina, USA
Arnold Picot, LMU Munich, Germany
Isabell M. Welpe, TU Munich, Germany

Principal Topic

More than ever, entrepreneurs face shortages of financial and human capital, and increasingly, entrepreneurs are turning to virtual communities to build networks and help acquire these resources (Nowak & Grantham, 2000). Utilizing virtual ties within and between organizations is instrumental to the growth and survival of new ventures (Matlay & Westhead, 2007; Morse, Fowler, & Lawrence, 2007). Trust is an essential requirement to building networks (Smith & Lohrke, 2008) and, arguably, trustworthiness is even more important in a virtual environment (Paul & McDaniel, 2004). In this investigation, we examine the influence of trustworthiness on the entrepreneur's ability to gain resources necessary to grow the organization through virtual channels. Further, given that much of earlier research on trust in virtual settings has highlighted the importance of communication and exchange processes to promote trust (e.g., Jarvenpaa & Leidner, 1999) we examine the role of communication and exchanges on building trust in a virtual setting.

Method

We investigate these questions in a unique context that offers a natural laboratory for the study of virtual entrepreneurship: online games. We used a real-time strategy game in which players have to join alliances or organizations to compete with other organizations and eventually win the game. Certain players emerge as leaders ("founders"), recruit members and garner resources to form organizations of up to 60 members. Our sample comprised 71 virtual organizations. We obtained the data from a survey sent to the founder, a survey sent to members, and from log files of the online game server. The surveys provided measures of the quality of communication with the founder, the quality of exchanges between members, and the trustworthiness of the founder. Log-data was used to determine growth and acquisition of resources.

Results and Implications

The findings indicated that the quality of communication and the quality of exchanges were positively related to the perceived trustworthiness of the leader. Founder trustworthiness, in turn, was positively related to growth. Our results inform on the development of trustworthiness and its importance for the founding and growing of organizations, particularly in virtual contexts.

CONTACT: Jakob J. Assmann; assmann@lmu.de; (T): 0049-89-2180-6241; (F): 0049-89-2180-99-6241; LMU Munich, Munich School of Management, 80539 Munich, Germany.