



Honors Research Assistant Program

Title: Effects of Imperfect Information on the Formation of Trust

Description of the Research: Based on past research, we know that decisions to create new interorganizational relationships are fraught with high levels of risk and therefore require correspondingly high degrees of trust since no contract can fully specify all the contingencies that may arise. A well-accepted distinction between dimensions of trust is that between judgments of another's ability/ competence ('competence' trust) and judgments of another's character, goodwill, or honesty ('goodwill' trust). In this project, we try to determine how people use information, conflicting information, or lack of information about the trustworthiness of someone they do not know well to determine whether they will trust in the competence and character of this third party.

Our thesis here is essentially in two parts: first, we lay out the different external conditions that give rise to assessments of competence and goodwill trust. Second, we seek to explain how the two forms of trust are related and influence each other. Specifically, we believe that information (or lack of it) operates differently for the two types of trusting, we seek to test our ideas empirically through an experiment. We may also collect field data to clarify, validate, and provide greater depth to the experimental study.

Responsibilities of the Student: The research assistant will help design experimental scenarios to test the ideas and to gather data from multiple sources and organize it into spreadsheets (Excel). The data-gathering process will focus on three areas: signals of competence, signals of character, and propensity to take a risk based on these signals.

Approximate Number of Hours/Schedule:

The work will take 10-15 hours per week. The schedule is extremely flexible in terms of when and where the student works.

Qualifications:

Proficiency in Excel

Attention to detail

Ability to meet deadlines

Basic understanding of business concepts