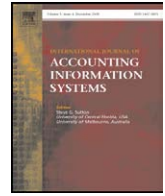




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International Journal of Accounting Information Systems



The rise and fall of WebTrust

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ARTICLE INFO

Article history:

Received 1 August 2008

Accepted 28 September 2009

Keywords:

Accounting information systems

Information systems security

Institutional theory

Innovation theory

Managerial decision-making

Online purchasing

Organizational slack theory

Web assurance seals

WebTrust

ABSTRACT

While prior research mainly focused on the impact of third-party-certified web assurance seals on consumers' perceptions and purchasing behaviors, little research has been conducted on the managerial decision-making process about the selection, implementation, and the abandonment of such seals. Of particular interest here is the WebTrust seal, jointly developed by the AICPA and the CICA. We take a qualitative case study approach to understand the motivations and rationale of a large North American telecommunications firm's management behind the decisions about the selection, implementation, and abandonment of its WebTrust seal. Our case firm was one of the first to obtain the seal on its online shopping website. Semi-structured interview results suggest that the implementation and the subsequent abandonment of WebTrust may be explained by several theoretical frameworks – the managerial accounting perspective, organizational slack theory, innovation theory, and institutional theory. First, the case firm's leader attitude in innovation, its extra resources available, coupled with the endorsement of the accounting profession led to the implementation of WebTrust. Second, when the benefits of WebTrust versus its costs were questioned and other companies increasingly abandoned the seal, our case firm decided to follow this trend.

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1. Introduction

Business-to-consumer (B2C) electronic commerce (hereafter, “e-commerce”) has flourished in the United States, as illustrated by the estimated US\$108 billion in sales for 2007 in comparison to US\$26 billion in 2000 (U.S. Census Bureau, 2008). Conducting business online is now an obligation, not an option (Runyan et al., 2008). Despite this explosive growth of e-commerce usage, it appears that a large proportion of consumers is still reluctant to purchase online because of the risks and security concerns

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associated with the Internet purchasing channel (Culnan, 2000; Kaplan and Nieschwietz, 2003). In order to alleviate this issue, e-commerce vendors may retain independent third-party B2C web assurance services. After an e-commerce vendor's website goes through such procedures regarding information security, customer privacy, or operational reliability, it is granted an assurance seal, which can be displayed on the vendor's website. The presence of such seal aims at sending a signal of trustworthiness and security to the consumers' market (Wakefield and Whitten, 2006), and encourage online shoppers to purchase over the Internet (Kovar et al., 2000). Trust in e-commerce is here defined as "consumer's belief in the capability, integrity, and goodwill of the e-commerce site regarding the privacy and security of online transactions" (Bahmanziari et al., 2009, p.3).²

While prior research primarily focused on determining the impact of web assurance seals on consumers' perceptions and purchasing behaviors (see, e.g., Kovar et al., 2000; Mauldin and Arunachalam, 2002; Odom et al., 2002), little research has been conducted on the managerial decision-making process about the selection, implementation, and the abandonment of such seals. This paper aims at stimulating and contributing to the existing web assurance seal research area by providing insightful information about this phenomenon. We take a qualitative case study approach with the objective of understanding the motivations and rationale of a large North American company's management behind the decisions about the selection, implementation and abandonment of its web assurance seal. Of particular interest is the WebTrust assurance seal. We focus on this specific seal primarily because (1) it was developed by the North American public accounting profession – that is, the joint efforts by both the American Institute of Certified Public Accountants (AICPA) and the Canadian Institute of Chartered Accountants (CICA); (2) notwithstanding important resources devoted by these two major accountancy bodies and large accounting firms, WebTrust ended up receiving low market acceptance and recognition in the B2C assurance seal market (Gendron and Barrett, 2004), particularly in comparison to other competing seals on the market (see Table 1 for more details). As a result, another specific objective of this paper is to provide additional information about the development and the eventual failure of the WebTrust initiative by the North American public accounting profession, illustrated by our literature review below and our case study.

Interestingly, our case company, which we will refer to as "Telecom", was one of the very first to obtain the WebTrust assurance seal on its online shopping website. Because the seal is only granted when the website passes an extensive audit conducted by licensed Certified Public Accountants (CPAs), the AICPA was proud to advertise on its own website that a large firm, such as Telecom, selected "their" seal, making the firm a prospective adopter highly visible to the larger community, a characteristic of pioneering adopters (Swanson and Ramiller, 1997). However, after being displayed for a few years on the front page right-hand top corner of Telecom's website – the most visible place for Internet users – the seal was abandoned and replaced by the VeriSign seal at the end of 2004.

Results suggest that the implementation and the subsequent abandonment of WebTrust may be explained by several theoretical frameworks – the managerial accounting perspective, organizational slack theory, innovation theory, and institutional theory. First, Telecom's leader attitude in innovation, its available extra resources, coupled with the endorsement of a recognized body of professional accountants and the presence of a Big 4 accounting firm appeared to have triggered the implementation of WebTrust. Telecom's managers were willing to take a risk in adopting a very innovative assurance service. Second, when questions about the tangible benefits of WebTrust versus its costs arose, and that other companies increasingly abandoned the seal, Telecom decided to follow this trend.

Research contributions are as follows. First, while prior research on assurance seals mostly focused on the consumer's point of view, our study examines the phenomenon from an e-commerce vendor's perspective. In other words, we consider the "B" (business) side of the B2C relationship rather than the "C" (consumer) side. Second, previous methodologies used in web assurance seal research typically consisted of lab experiments or surveys. In contrast, we conducted semi-structured interviews with key executive officers and managers and obtained different types of insightful evidence. Third, given the nature of our study methodology, we propose alternative theoretical perspectives to analyze and interpret collected qualitative information. This approach helps increase our understanding of management's motivations and

² Web assurance seals can also be used for different purposes such as creating or enhancing corporate reputation and branding for new and less established organizations. In this study, however, because our case firm is a large and established company, we focus primarily on the role of assurance seals as addressing risk and security issues.

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