Figure 1.1 The Buyer-Seller Encounter

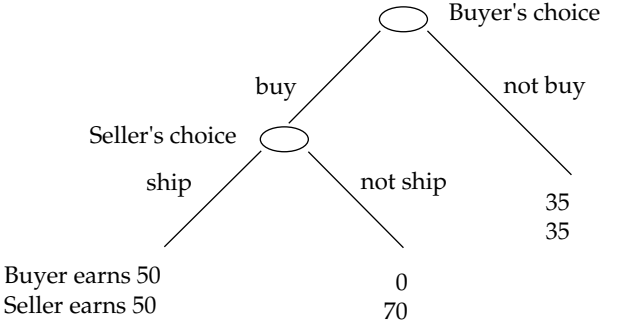

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Figure 1.2 Strangers Treatment

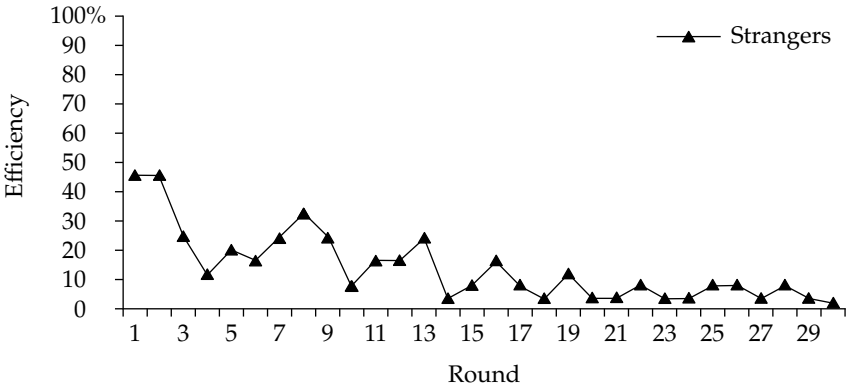

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Figure 1.3 Reputation Market

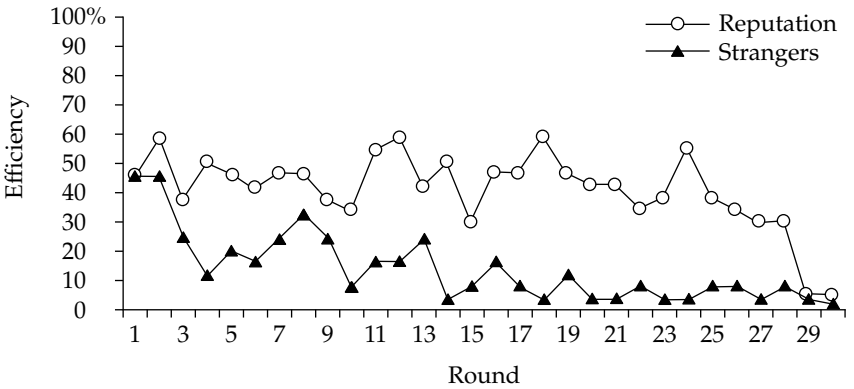

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Figure 1.4 Partners Market

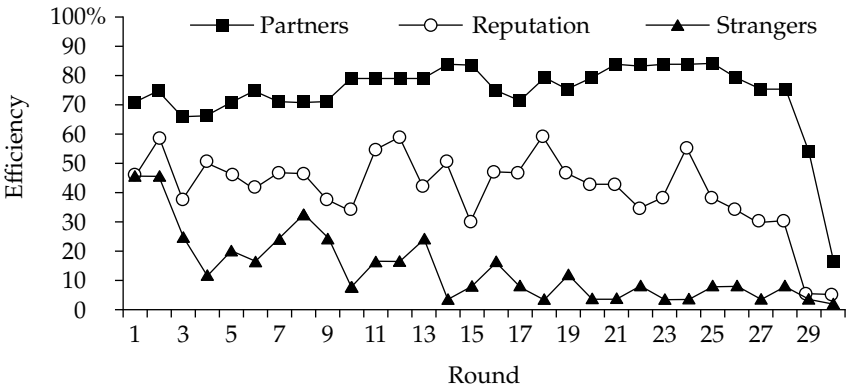

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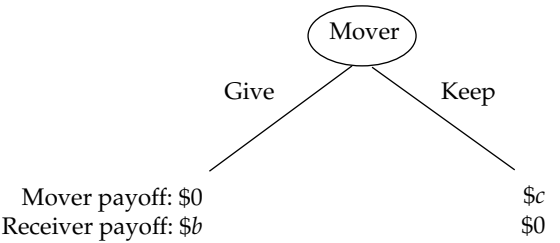
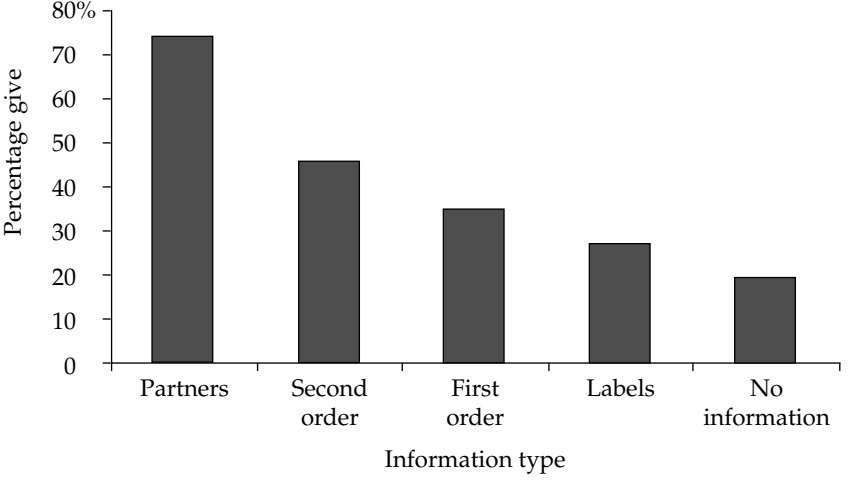
Figure 1.5 Mover Meets Receiver in Image Scoring Game



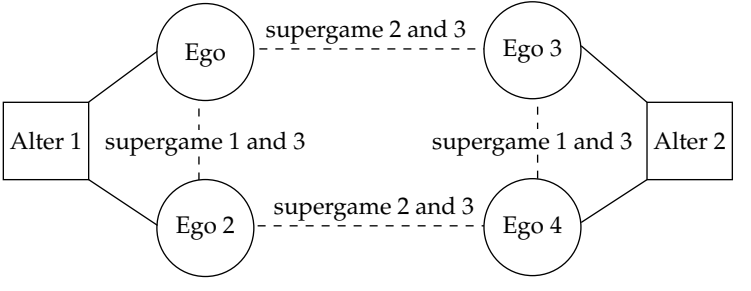
Source: Authors' compilation.

Figure 1.6 Giving Levels (Averaged over All Rounds)



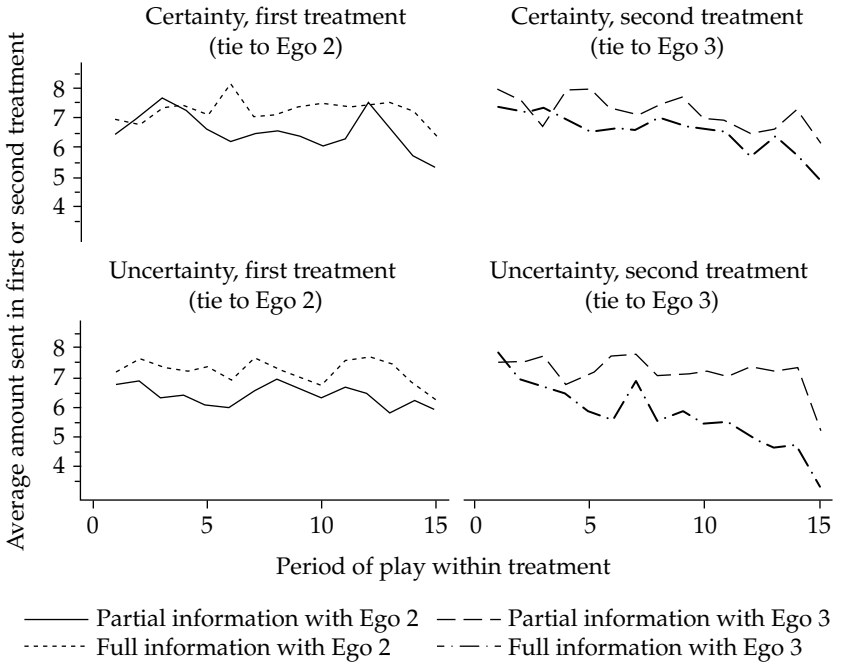
Source: Authors' compilation.

Figure 2.1 Experimental Networks



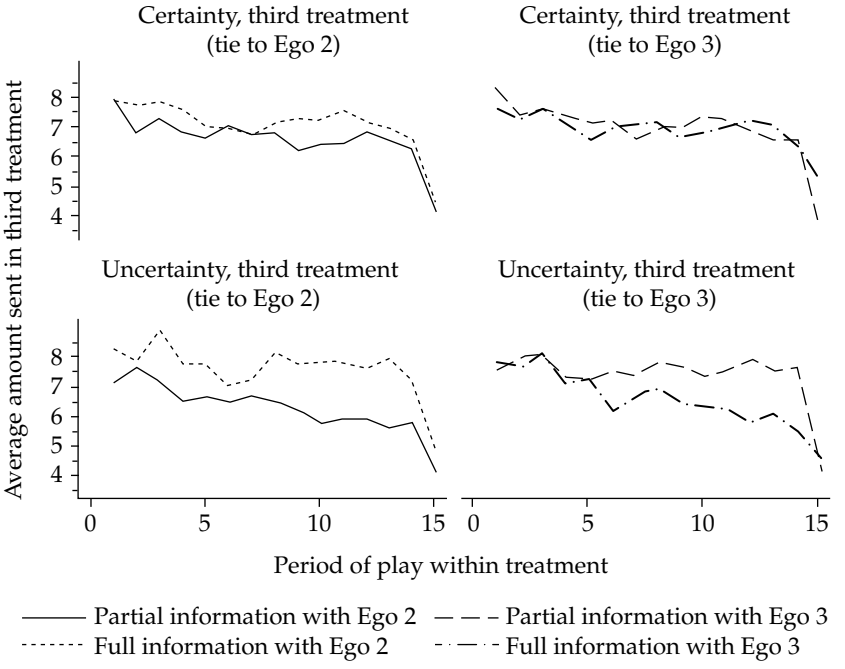
Source: Authors' compilation.

Figure 2.2 Average Sent per Period in First and Second Supergame



Source: Authors' compilation.

Figure 2.3 Average Sent per Period in Third Supergame



Source: Authors' compilation.

Table 2.1 Experimental Conditions

	FFC ($N = 36$)	FFU ($N = 36$)	PPC ($N = 36$)	PPU ($N = 36$)	FPC ($N = 36$)	FPU ($N = 30$)	PFC ($N = 36$)	PFU ($N = 36$)
Tie to Ego with *her* Alter	Full	Full	Partial	Partial	Full	Full	Partial	Partial
Tie to Ego with *another* Alter	Full	Full	Partial	Partial	Partial	Partial	Full	Full
Multiplier *m*	3	2 or 4	3	2 or 4	3	2 or 4	3	2 or 4

Source: Authors' compilation.
Note: Number of subjects per condition in parentheses.

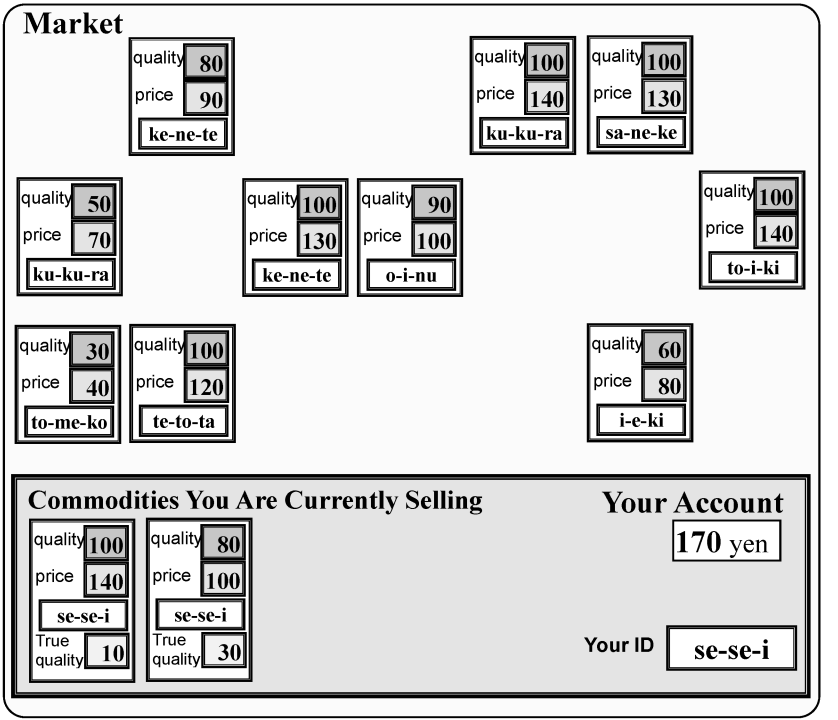
Table 2.2 Random-Effects Interval Regression

Hyp.	Variables	Expected Sign	First Supergame (Ego 2) Model 1	First Supergame (Ego 2) Model 2	Second Supergame (Ego 3) Model 1	Second Supergame (Ego 3) Model 2	Third Supergame (Ego 2 and Ego 3) Model 1	Third Supergame (Ego 2 and Ego 3) Model 2
	Full information with Ego 2		0.40	0.40			0.41	0.41
	Full information with Ego 3				–0.63	–0.65	–0.68	–0.68
	Uncertainty		0.30	0.03	–0.19	0.09	0.23	0.51
	First round		3.70**	3.69**	5.68**	5.69**	5.97**	5.89**
	Ego's past trustfulness		3.16**	3.15**	3.72**	3.73**	3.93**	3.85**
1	Dyadic learning 1 (amount earned)	+	0.24**	0.24**	0.33**	0.33**	0.43**	0.43**
1	Dyadic learning 2 (proportion returned)	+	0.71**	0.64**	2.38**	2.53**	1.62**	1.63**
2a	Dyadic control	+	0.22**	0.22**	0.51**	0.51**	0.41**	0.42**
2b	Last round	–	–0.53	–0.53	–1.48**	–1.48**	–3.83**	–3.80**
3a	Network learning (Ego 2)	+	1.30*	1.10			–0.61	-0.04
3b	Network learning (Ego 3)	+			0.26	0.09	1.24	2.12*
4a	Imitation (Ego 2) × full information	+	1.11**	1.11**			2.40**	2.32**
4a	Imitation (Ego 2) × partial information	+	1.33**	1.33**			1.29**	1.30**

4b	Imitation (Ego 3) × full information	+			0.01	–0.01	–1.12*	–1.06*
4b	Imitation (Ego 3) × partial information	+			0.74*	0.76*	–0.43	–0.43
5a	Envy (Ego 2)	–	–3.31**	–3.32**			–0.75	–0.74
5b	Envy (Ego 3)	–			–0.03	0.01	–2.06	–3.96*
6	Network control	+	–0.02	–0.02			0.05	0.04
7a	Dyadic learning 2 × uncertainty	–		0.15		–0.29		0.07
7b	Network learning (Ego 2) × uncertainty	–		0.48				–1.26
7b	Network learning (Ego 3) × uncertainty	–				0.27		–2.11
7c	Envy (Ego 3) × uncertainty	+				–0.04		3.97*
	Constant		0.31	0.46	–3.56**	–3.71**	–2.58**	–2.72**
	Standard deviation of subject level random effect		1.65	1.66	1.78	1.76	2.15	2.18
	Standard deviation of residual		3.60	3.60	4.58	4.58	4.56	4.55
	Log likelihood		–4943.4	–4942.9	–4369.7	–4369.1	–4080.1	–4077.9
	Number of observations		2700	2700	2700	2700	2700	2700
	Number of subjects		180	180	180	180	180	180

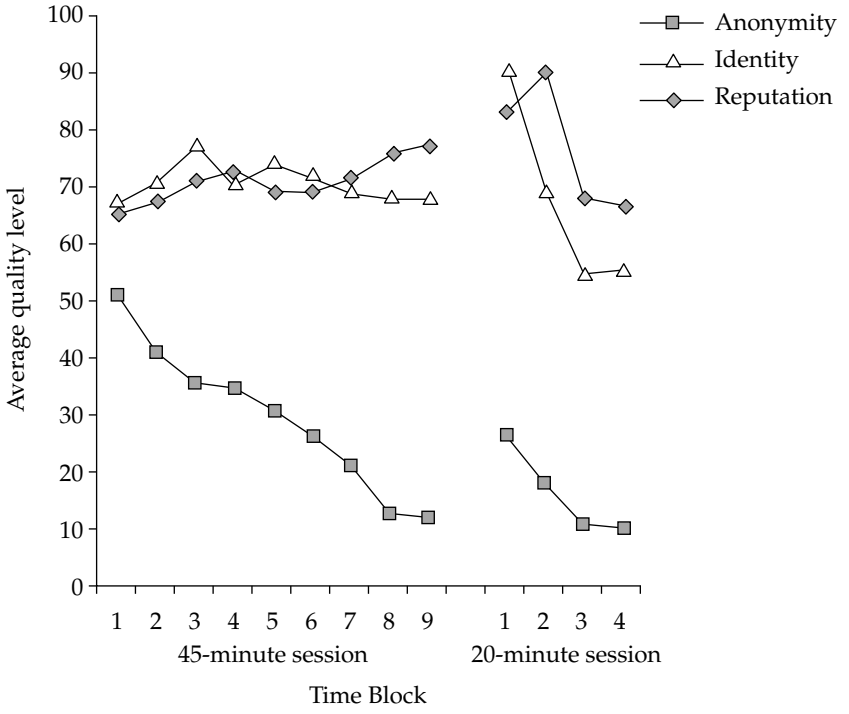
Source: Authors' compilation.
Note: One-sided significance for effects for which hypotheses are indicated in the table and two-sided significance for the other variables.
** $p < .01$, * $p < .05$

Figure 3.1 **Image of Computer Screen of Identity Condition of Experiment 1**



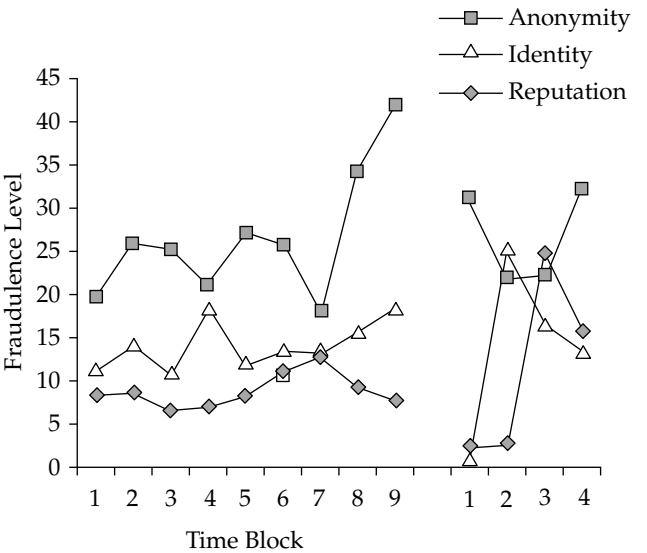
Source: Authors' compilation.
Note: All characters are translated from Japanese.

Figure 3.2 **Average Quality Level of Produced Commodities in Experiment 1**



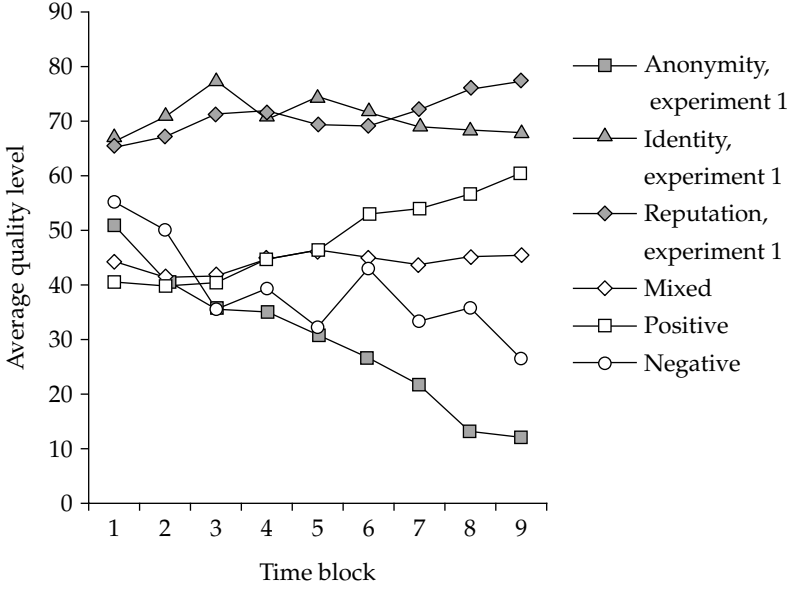
Source: Authors' compilation.

Figure 3.3 Level of Dishonesty in Experiment 1



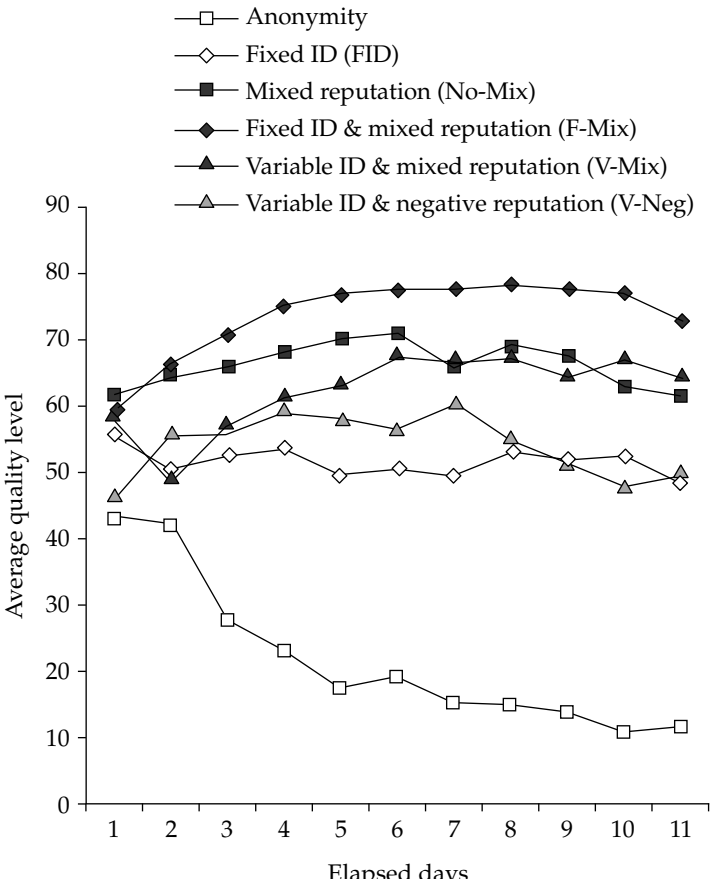
Source: Authors' compilation.

Figure 3.4 Average Quality in Experiment 2 Versus Experiment 1



Source: Authors' compilation.

Figure 3.5 Average Quality over Eleven Days



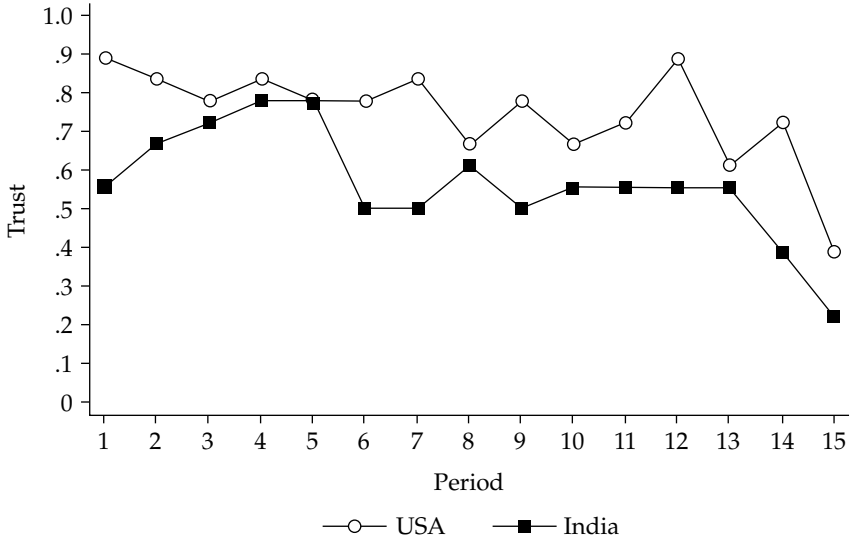
Source: Authors' compilation.

Table 3.1 Average Quality in Experiments 1 and 2

Experiment	Condition	Overall Average	Last Five Minutes
1	Anonymity	29.65 (21.95) iiii, rrrr	11.96 (4.33) iiii, rrrr
1	Identity	70.76 (25.28) aaaa	67.89 (30.53) aaaa
1	Reputation	71.07 (17.44) aaaa	77.31 (18.82) aaaa
2	Mixed reputation	44.10 (19.94) a, ii, rrrr	45.31 (27.12) aaaa, i , rrr
2	Positive reputation	48.46 (22.02) a, ii, rr	60.28 (36.22) aaaa
2	Negative reputation	38.94 (20.60) iiii, rrrr	26.39 (17.62) aa, iii, rrr

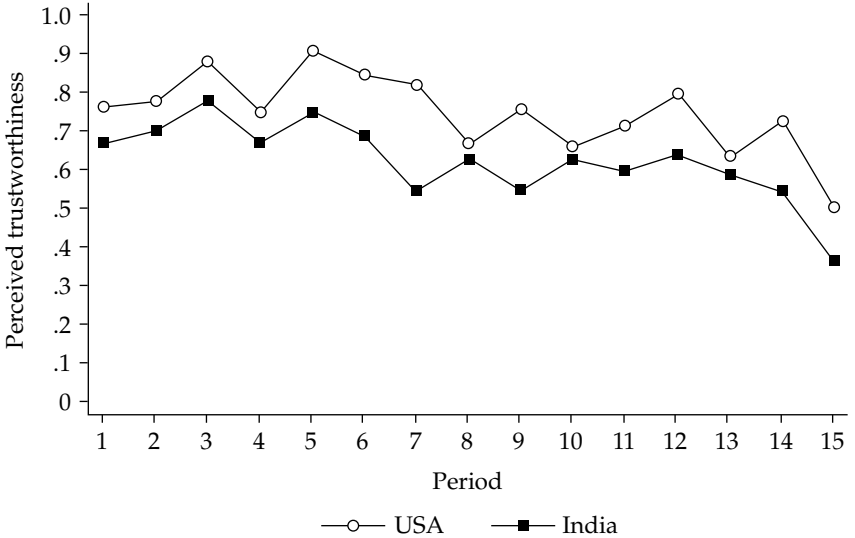
Source: Authors' compilation.
Notes: Difference from anonymity, a < .05, aa < .01, aaa < .001, aaaa < .0001
Difference from identity, i < .05, ii < .01, iii < .001, iiii < .0001
Difference from reputation, r < .05, rr < .01, rrr < .001, rrrr < .0001

Figure 4.1 Trust: Proportion of Buyers Choosing to Buy



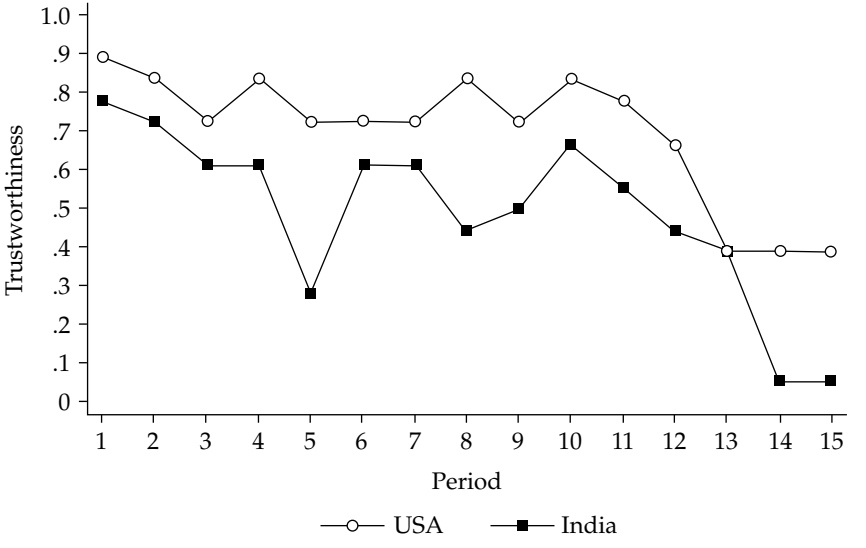
Source: Authors' compilation.

Figure 4.2 Buyer Predictions of Seller Trustworthiness



Source: Authors' compilation.

Figure 4.3 Trustworthiness: Proportion of Sellers Choosing to Ship



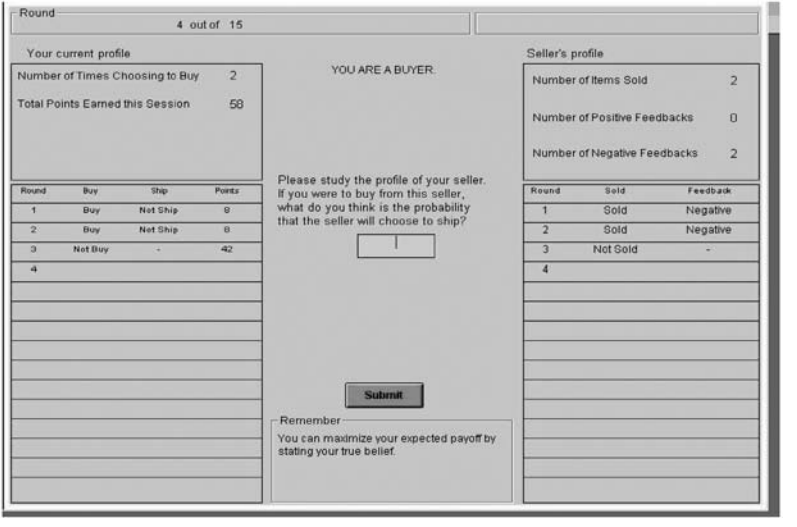
Source: Authors' compilation.

Figure 4A.1 Payoffs

Seller / Buyer	Ship	Not Ship
Buy	50, 50	0, 70
Not Buy	35, 35	

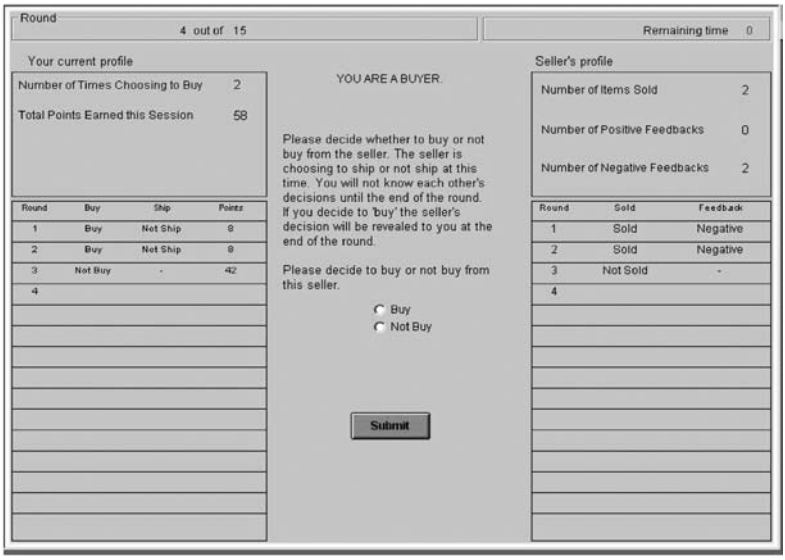
Source: Authors' compilation.

Figure 4A.2 Buyer Screen: Prediction Task



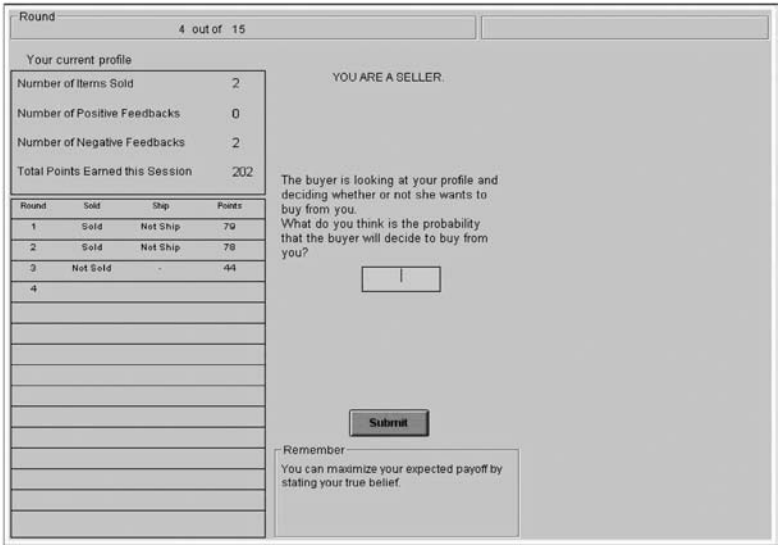
Source: Authors' compilation.

Figure 4A.3 Buyer Screen: Trading Task



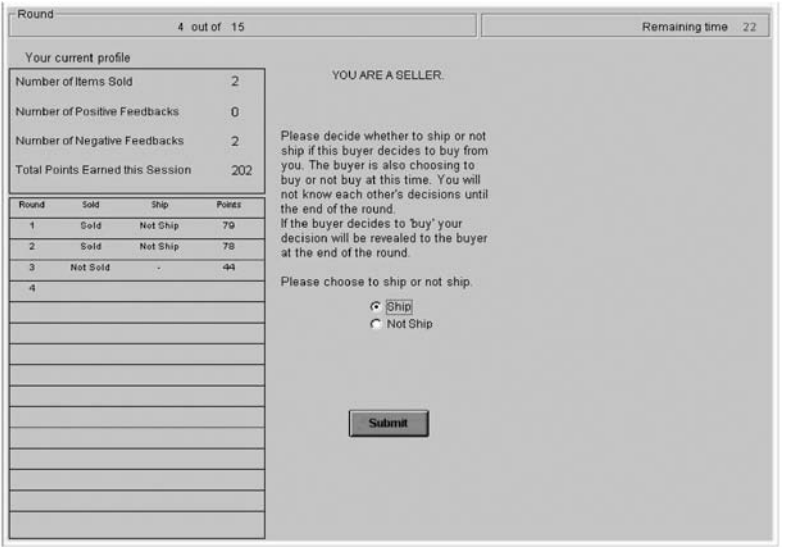
Source: Authors' compilation.

Figure 4A.4 Seller Screen: Prediction Task



Source: Authors' compilation.

Figure 4A.5 Seller Screen: Trading Task



Source: Authors' compilation.

Table 4.1 Simultaneous Move Trust Game

		Seller	
		Ship	Not Ship
Buyer	Buy	50, 50	0, 70
	Not buy	35, 35	

Source: Authors' compilation.

Table 4.2 Aggregate Trust and Trustworthiness

	United States	India
Percentage of choosing buy (aggregate trust)	77%	56%
Percentage of choosing ship (aggregate trustworthiness)	74%	49%
Total decisions	360	270

Source: Authors' compilation.

Table 4.3 Logistic Regression for Seller's Ship Decision

Outcome: Seller Ships	Model 1
Culture	–2.306
0 for United States, 1 for India	(3.08)*
Periodforreg	–0.096
Period for the first twelve periods	(2.59)*
Last3	–3.224
Dummy variable indicating the last three rounds	(7.93)*
Gender	0.195
0 = male, 1 = female	–0.36
Grad	0.514
0 = undergrad, 1 = gradaute	–1.25
Constant	2.656
	(4.15)*
Observations	630
Number of uniqID	42

Source: Authors' compilation.
Note: Absolute value of z-statistics in parentheses.
$^{+}$ $p < 0.10$, ** $p < 0.05$, * $p < 0.01$

Table 4.4 Buyer's Buy Decision

Buyer Decision: Buy or Not Buy	Model 2	Model 3	Model 4
Culture	–1.162	–1.111	–1.186
0 = United States, 1 = India	(3.79)*	(2.47)**	(2.09)**
Period	0.03		
Period for first twelve periods	–1.33		
Grad	0.734	0.305	0.058
0 = undergrad, 1 = graduate	(2.67)*	–1	–0.14
Gender	0.336	0.327	0.333
0 = male, 1 = female	–1.13	–0.98	–0.75
PartnerPlus		0.147	0.305
Seller's past positive feedback		(2.87)*	(3.20)*
PartnerMinus		–0.731	–0.469
Seller's past negative feedback		(6.47)*	(2.76)*
Culture × PartnerPlus		0.079	–0.021
Interaction of culture and PartnerPlus		–1.2	–0.2
Culture × PartnerMinus		0.215	0.109
Interaction of culture and PartnerMinus		–1.38	–0.46
Last3		–0.96	–0.653
Dummy variable indicating last three periods		(2.77)*	(1.72)$^{+}$
ExperiencePlus			–0.136
Previous good experience			–1.2
ExperienceMinus			–0.725
Previous bad experience			(2.75)*
Culture × ExperiencePlus			0.153
Interaction of culture and ExperiencePlus			–0.97
Culture × ExperienceMinus			0.255
Interaction of culture and ExperienceMinus			–0.83
Constant	0.71	1.447	1.877
	(2.42)**	(3.74)*	(3.66)*
Observations	630	630	630
Number of uniqID	42	42	42

Source: Authors' compilation.
Note: Absolute value of z-statistics in parentheses.
$^{+}$ $p < 0.10$, ** $p < 0.05$, * $p < 0.01$

Table 4.5 Buyer's Assessment of Seller's Probability of Shipping

Buyer's Belief of Seller Trustworthiness	Model 5	Model 6	Model 7
Culture 0 = United States, 1 = India	–0.151 (3.20)*	–0.135 (2.58)*	–0.136 (2.75)*
Period Period for first twelve periods	0.005 (1.73)+		
Grad 0 = undergrad, 1 = graduate	0.1 (2.41)**	0.024 –0.68	–0.004 –0.13
Gender 0 = male, 1 = female	0.064 –1.41	0.05 –1.28	0.039 –1.17
PartnerPlus Seller's past positive feedback		0.018 (4.01)*	0.02 (2.36)**
PartnerMinus Seller's past negative feedback		–0.102 (9.28)*	–0.099 (6.14)*
Culture × PartnerPlus Interaction of culture and PartnerPlus		0.01 –1.55	0.012 –1.08
Culture × PartnerMinus Interaction of culture and PartnerMinus		0.045 (2.87)*	0.059 (2.51)**
Last3 Dummy variable indicating last three periods		–0.122 (3.51)*	–0.109 (2.99)*
ExperiencePlus Previous good experience			0 –0.02
ExperienceMinus Previous bad experience			–0.019 –0.9
Culture × ExperiencePlus Interaction of culture and ExperiencePlus			0.021 –1.36
Culture × ExperienceMinus Interaction of culture and ExperienceMinus			–0.047 –1.64
Constant	0.667 (14.80)*	0.761 (17.54)*	0.78 (19.88)*
Observations	630	630	630
Number of uniqID	42	42	42

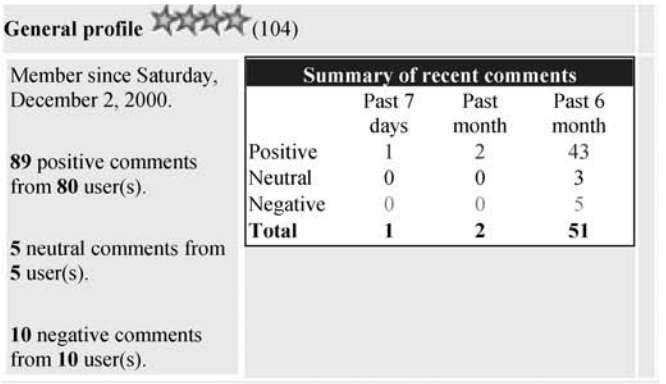
Source: Authors' compilation.
Note: Absolute value of z-statistics in parentheses.
+ $p < 0.10$, ** $p < 0.05$, * $p < 0.01$

Table 4.6 Probability Assessment

Stated Probability of Shipping	Model 8	Model 9
Perc	0.005	0.005
Percentage of Positive Feedback	(29.14)*	(18.80)*
Culture	–0.041	–0.071
0 = United States, 1 = India	(2.42)**	(2.01)**
Gender	–0.003	–0.023
0 = male, 1 = female	–0.22	–0.94
Grad	0.007	0.033
0 = undergrad, 1 = graduate	–0.44	–1.25
ExperiencePlus		–0.003
Previous good experience		–0.59
ExperienceMinus		0.007
Previous bad experience		–0.73
Constant	0.45	0.468
	(21.95)*	(8.27)*
Observations	1008	504
Number of uniqID	84	42

Source: Authors' compilation.
Note: Absolute value of z-statistics in parentheses.
$^{+}$ $p < 0.10$, ** $p < 0.05$, * $p < 0.01$

Figure 5.1 Rating of Internet Auctions



General profile (104)

Member since Saturday, December 2, 2000.

89 positive comments from **80** user(s).

5 neutral comments from **5** user(s).

10 negative comments from **10** user(s).

Summary of recent comments

	Past 7 days	Past month	Past 6 month
Positive	1	2	43
Neutral	0	0	3
Negative	0	0	5
Total	**1**	**2**	**51**

Positive comment samples

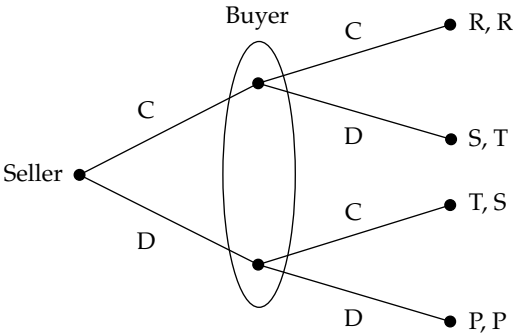
From	Rating	Comment
Inscher		Everything went normal and the item is okay
Manu01		honest business partner with fair prices would buy again at any time
Webshuttle		Since falsified tickets were circulating and the action was stopped, soundgard refunded the money without discussion. Very friendly and good consulting.
Haemmi		Fast and trouble-free :)

Negative comment samples

Pdf		Slow delivery, wrong accessories kit sent, correct accessories kit not sent until 2 reclamations, hang up on me.
Xanimalex		did not receive the tickets
Drago7		Did not receive any reply to my mails, unfortunately, nor have I ever found the product in the letter box.
Rspm		It has not been delivered completely until reclamation at Ricardo. Did not respond to my e-mails.

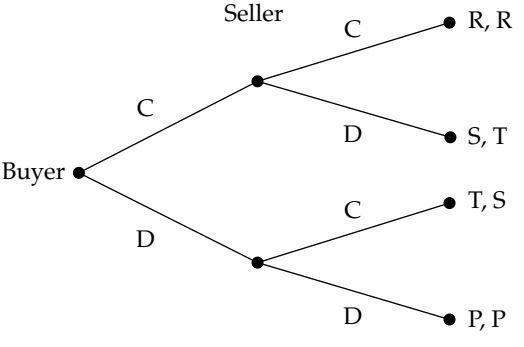
Source: Authors' compilation and translation based on screenshots from Ricardo.ch.

Figure 5.2 Symmetric Payment Mode (Goods Against Money)



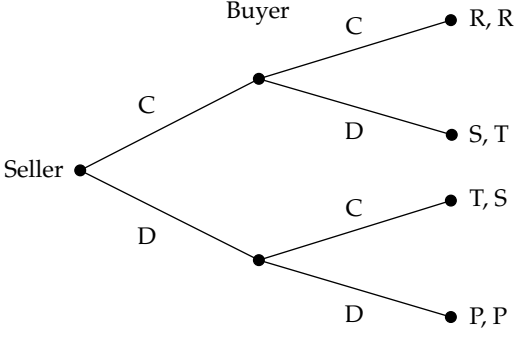
Source: Authors' compilation.
Notes: C = Cooperation. The seller delivers good quality; the buyer makes the payment promptly.
D = Defection. The seller delivers poor quality; the buyer does not make the payment, diminishes or delays it.
Payoffs: T > R > P > S (for example, T = 5, R = 3, P = 1, S = 0; only the order of the utility values matters). The oval marks the information set. The buyer has to make his own choice without knowing the decision of the seller. This game corresponds to the symmetric prisoner's dilemma.

Figure 5.3 Asymmetric Payment Mode in Favor of Seller (Pay in Advance or COD)



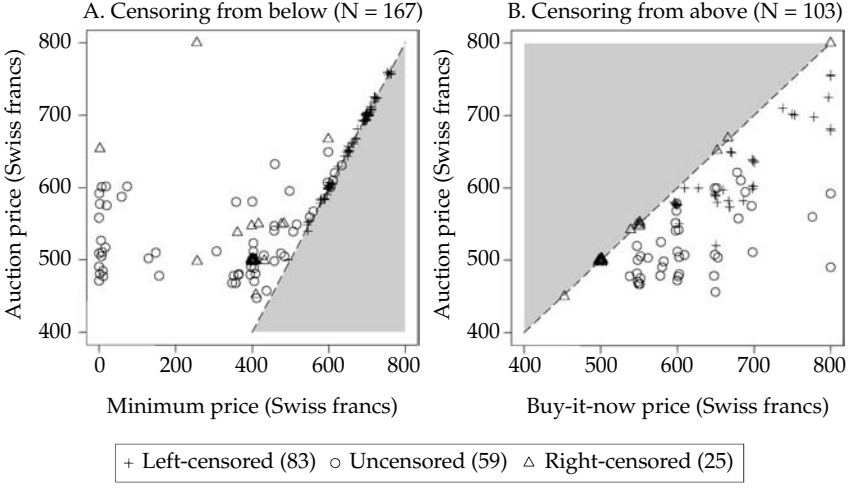
Source: Authors' compilation.
Notes: C = The buyer makes the prepayment; the seller delivers good quality.
D = The buyer does not make the agreed payment; the seller delivers poor quality or does not deliver.
This game is a sequential prisoner's dilemma. If the game ends with payoff (P, P) after the buyer played D, it corresponds to the trust game (Dasgupta 1988; Kreps 1990).

Figure 5.4 Asymmetric Payment Mode in Favor of Buyer (Delivery on Account)



Source: Authors' compilation.
Notes: C = The seller delivers good quality; the buyer endeavors to pay the bill promptly.
D = The seller does not deliver or delivers poor quality; the buyer does not make the payment, or either diminishes or delays it.

Figure 5.5 Left- and Right-Censoring of Selling Price



Source: Authors' compilation.

Table 5.1 Descriptive Statistics

Variable	Minimum	Maximum	Mean	SD	Number of Cases
Reputation (number of ratings)	0	102	10.84	19.80	167
Starting bid	0	756	487.53	221.22	167
Starting bid > 0	0.5	756	515.30	193.24	158
Buy-it-now price	450	800	621.46	89.07	103
Shipping costs	0	28	16.78	5.77	167
Minimum bid increment	0.5	50	6.30	7.48	167
Number of supplementary accessories [a]	0	3	0.13	0.47	167
Calendar time at the start of the auction (in days; centered)	–61.32	56.33	0.00	31.65	167
Duration of the auction in days	0	15	5.76	4.49	167
Number of bids	0	65	5.99	11.53	167
Successful selling (0/1)	0	1	0.50		167
Net auction price	450	800	531.08	59.55	84
Gross auction price (incl. shipping costs)	460	800	545.53	58.14	84

Source: Authors' compilation.
Note: Currency is Swiss francs (CHF). SD is standard deviation.
[a] Reinspection of the raw data material (analyses of the product descriptions, in particular) revealed that the traded goods were not always purely homogeneous. In some cases the offer included accessories which were not part of the original Nokia 8310 distribution (namely, one or more additional covers, an additional battery, a leather sheath, an additional standard charger, a desktop stand, or a vehicle charger).

Table 5.2 Reputation and Successful Selling

	Models with Absolute Number of Ratings		Models with Log Number of Ratings	
	Model 1	Model 2	Model 3	Model 4
Reputation (number of ratings)	0.022	0.033**	0.546+	0.668*
	(1.55)	(2.68)	(1.69)	(2.00)
Starting bid	–0.069**		–0.074**	
	(–4.15)		(–4.03)	
Minimum bid increment	0.064		0.061	
	(0.82)		(0.74)	
Shipping costs	–0.234+		–0.278*	
	(–1.80)		(–2.07)	
Gross minimum price (starting bid + minimum bid increment + shipping costs)		–0.056**		–0.054**
		–(3.77)		(–4.53)
Duration of auction in days	–0.068	–0.085	–0.058	–0.078
	(–0.63)	(–0.66)	(–0.54)	(–0.58)
Number of supplementary accessories	0.006	0.862	0.081	0.508
	(0.00)	(0.94)	(0.05)	(0.55)
Calendar time	–0.074**	–0.055*	–0.070*	–0.042*
	(–2.59)	(–2.32)	(–2.34)	(–1.96)
Constant	40.12**	31.24**	42.62**	29.87**
	(3.94)	(3.56)	(3.76)	(4.22)
McFadden R^2	0.853	0.836	0.855	0.834
Number of cases	167	167	167	167

Source: Authors' compilation.
Notes: Logistic regression of whether the good has been successfully sold (= 1) or not (maximum likelihood estimation of the effects on the log-odds). z-statistics in parentheses (adjusted for clustering on sellers; see note 9). Models with log number of ratings: Reputation = ln(number of ratings + 1).
+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$ (two-sided)

Table 5.3 Reputation Effect on Auction Price

	Models with Absolute Number of Ratings		Models with Log Number of Ratings	
	Model 1	Model 2	Model 3	Model 4
Reputation (number of ratings)	0.455**	0.667**	9.132**	11.961**
	(3.26)	(4.81)	(3.35)	(3.69)
Starting bid	0.035	–0.022	0.038	–0.017
	(1.09)	(–0.62)	(1.26)	(–0.46)
Minimum bid increment	2.441**	1.732+	2.672**	1.967*
	(3.01)	(1.96)	(3.39)	(2.33)
Shipping costs	–1.883**	–1.839*	–2.604**	–2.723**
	(–2.90)	(–2.29)	(–3.68)	(–3.43)
Duration of auction in days	–2.409*	–4.159**	–2.594**	–4.355**
	(–2.51)	(–4.58)	(–2.84)	(–4.75)
Number of bids	0.729	0.127	0.873	0.274
	(1.11)	(0.22)	(1.38)	(0.47)
Number of supplementary accessories	27.486**	22.409**	27.046**	21.914**
	(3.32)	(2.65)	(3.39)	(2.63)
Calendar time	–0.858**	–0.736**	–0.827**	–0.700**
	(–6.25)	(–5.64)	(–6.25)	(–5.21)
Calendar time squared	0.011**	0.011*	0.011**	0.011*
	(3.21)	(2.29)	(3.42)	(2.35)
Constant	513.77**	564.15**	511.99**	562.80**
	(32.53)	(26.97)	(31.15)	(25.53)
R^2 / McFadden R^2	0.679	0.099	0.689	0.102
Number of cases	84	167	84	167

Source: Authors' compilation.
Notes: OLS regression (models 1 and 3) and censored-normal regression (models 2 and 4) of net auction price (excluding shipping costs). t/z-statistics in parentheses (adjusted for clustering on sellers; see note 9). Models with log number of ratings: Reputation = ln(number of ratings + 1).
+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$ (two-sided)

Table 5.4 Modes of Payment

Mode of Payment	Count	Percent	Symmetry-Asymmetry	Ranking of Asymmetry in Favor of Seller	Mean (Median) Reputation
Payment in advance	42	25.1	Asymmetric in favor of seller	4	22.12 (6.0)
Cash on mail delivery	116	69.4	Asymmetric in favor of seller	3	7.25 (5.0)
Cash on pickup	6	3.6	Symmetric	2	1.67 (0.0)
Cash on delivery in person	2	1.2	Symmetric	1	—
Mail delivery on account	1	0.6	Asymmetric in favor of buyer	0	—
Credit card	0	0.0	—	—	—
Total	167	100.0			

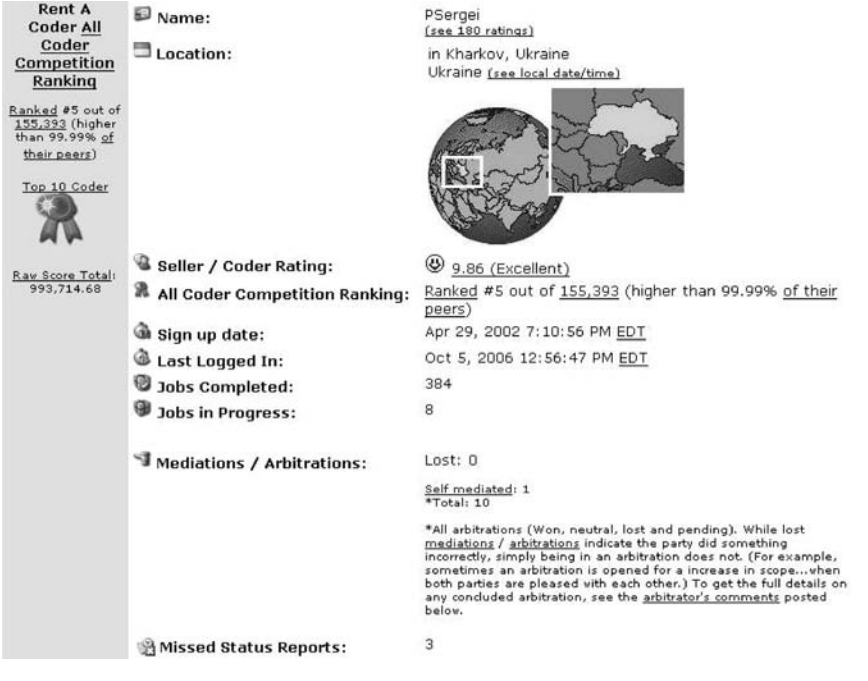
Source: Authors' compilation.

Table 5.5 Reputation Effect on Payment in Advance

	Model with Absolute Number of Ratings	Model with Log Number of Ratings
Reputation (number of ratings)	0.038	0.556*
	(1.54)	(2.38)
Starting bid	–0.001	–0.002
	(–0.81)	(–1.12)
Minimum bid increment	0.031	0.038
	(0.81)	(0.91)
Shipping costs	–0.253**	–0.290**
	(–3.84)	(–4.24)
Duration of auction in days	–0.074	–0.084
	(–1.26)	(–1.43)
Number of supplementary accessories	–1.269	–1.336
	(–1.64)	(–1.59)
Calendar time	–0.003	–0.002
	(–0.30)	(–0.26)
Constant	3.333**	3.558**
	(3.00)	(3.04)
McFadden R^2	0.325	0.325
Number of cases	167	167

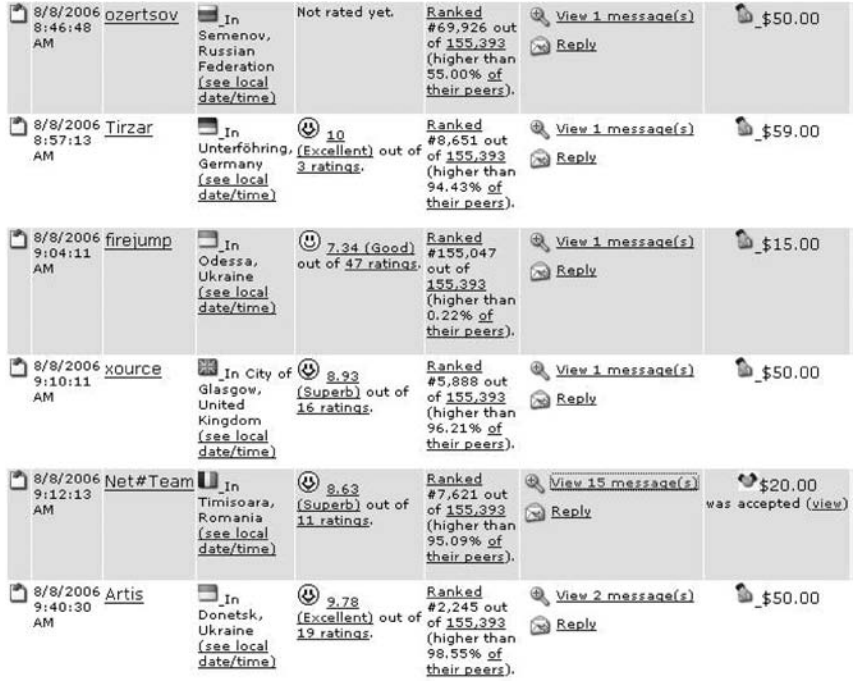
Source: Authors' compilation.
Notes: Logistic regression of payment in advance (= 1) (maximum likelihood estimation of the effects on the log-odds). z-statistics in parentheses (adjusted for clustering on sellers; see note 9). Model with log number of ratings: Reputation = ln(number of ratings + 1).
* $p < 0.05$, ** $p < 0.01$ (two-sided)

Figure 6.1 Information about Coder as Displayed on RentACoder



Source: Authors' compilation.

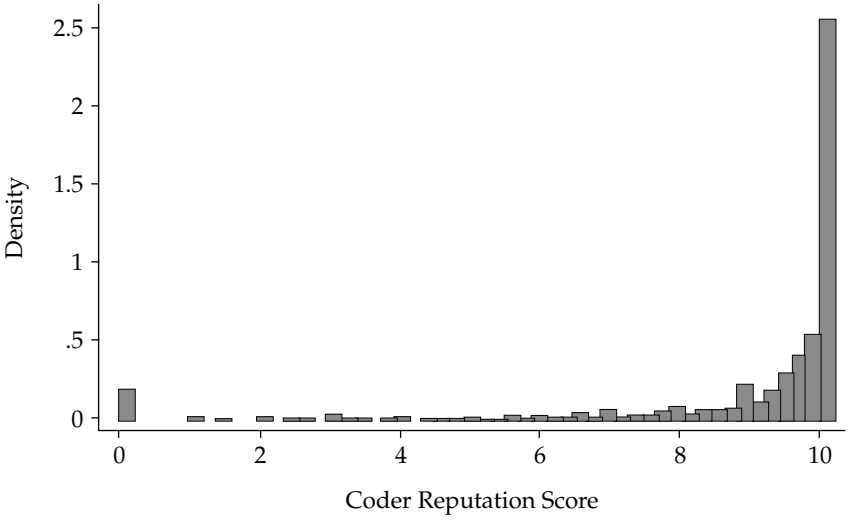
Figure 6.2 Example of Coders Bidding on Job



8/8/2006 8:46:48 AM	ozertsov	In Semenov, Russian Federation (see local date/time)	Not rated yet.	Ranked #69,926 out of 155,393 (higher than 55.00% of their peers).	View 1 message(s) Reply	$50.00
8/8/2006 8:57:13 AM	Tirzar	In Unterföhring, Germany (see local date/time)	10 (Excellent) out of 3 ratings.	Ranked #8,651 out of 155,393 (higher than 94.43% of their peers).	View 1 message(s) Reply	$59.00
8/8/2006 9:04:11 AM	firejump	In Odessa, Ukraine (see local date/time)	7.34 (Good) out of 47 ratings.	Ranked #155,047 out of 155,393 (higher than 0.22% of their peers).	View 1 message(s) Reply	$15.00
8/8/2006 9:10:11 AM	xource	In City of Glasgow, United Kingdom (see local date/time)	8.93 (Superb) out of 16 ratings.	Ranked #5,888 out of 155,393 (higher than 96.21% of their peers).	View 1 message(s) Reply	$50.00
8/8/2006 9:12:13 AM	Net#Team	In Timisoara, Romania (see local date/time)	8.63 (Superb) out of 11 ratings.	Ranked #7,621 out of 155,393 (higher than 95.09% of their peers).	View 15 message(s) Reply	$20.00 was accepted (view)
8/8/2006 9:40:30 AM	Artis	In Donetsk, Ukraine (see local date/time)	9.78 (Excellent) out of 19 ratings.	Ranked #2,245 out of 155,393 (higher than 98.55% of their peers).	View 2 message(s) Reply	$50.00

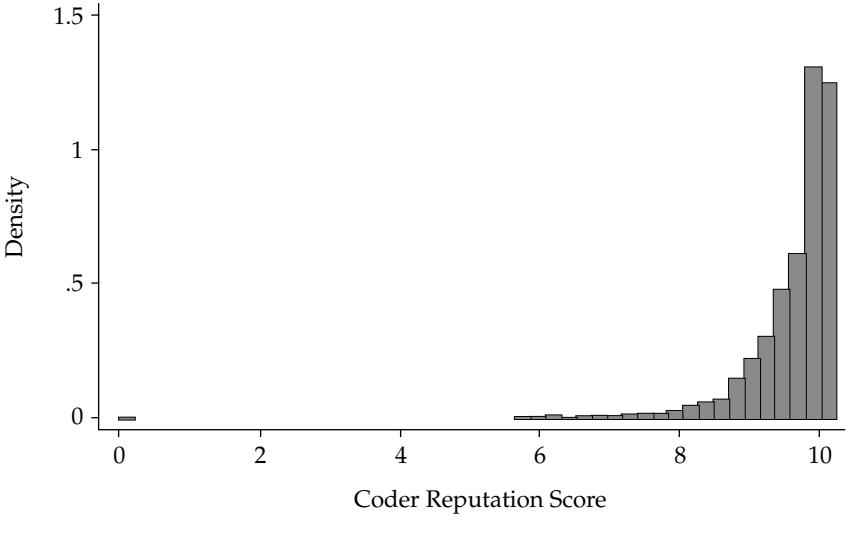
Source: Authors' compilation.

Figure 6.3 Distribution of Reputation Scores, All Bids



Source: Authors' compilation.

Figure 6.4 Distribution of Reputation Scores, Bids Higher than $20



Source: Authors' compilation.

Table 6.1 Transactions per Year

	Transactions		Transactions More Than $20	
	Number	Percentage	Number	Percentage
2001	1,426	4.6%	1,064	4.7%
2002	5,102	16.6	3,555	15.8
2003	10,071	32.8	7,337	32.6
2004	13,877	45.2	10,361	46.0
2005	266	0.8	189	0.8
Total	30,742	100.0	22,506	100.0

Source: Authors' compilation.

Table 6.2 Percentages of Winning Bids

Winning bid < 20	27% (excluded from further analysis)
Winning bid ≥ 20 but < 100	44
Winning bid ≥ 100 but < 500	25
Winning bid ≥ 500 but < 5000	4
Winning bid ≥ 5000	0 (26 cases)

Source: Authors' compilation.

Table 6.3 Overview of Variables

Dependent variable	
<Bid was chosen>	Whether bid was chosen (= 1) or not (= 0)
Coder characteristics	
<nr. of past transactions>	Number of past transactions by coder
<has a reputation>	Coder has a reputation (1 = yes)
<reputation score>	Public reputation score on RentACoder (0 to 10, equal to 0 if no score)
<ln(amount)>	The natural log of the amount that was bid (in U.S. dollars)
<length of bio>	Length of biographical information (measured in number of characters)
<coder jpg>	Coder has uploaded a photo or logo (1 = yes)
<country of residence>	Country dummies for the U.S., Romania, Canada, U.K., Pakistan, Russia, Ukraine, Australia (the countries of coders that occur most often)
<corruption index>	Corruption index 2004 of coder home country as indicated on Transparency International (www.transparency.org). Minimum value in the data is 1.5, maximum is 9.7, with a mean of 4.7. Higher is less corrupt
Characteristics of the (buyer, coder) pair	
<past business>	Whether or not buyer and coder have done business before (1 = yes)
<past business (n)>	How often buyer and coder have done business before (number)
<same country>	Buyer and coder are from the same country (1 = yes)

Source: Authors' compilation.

Table 6.4 Probability of Being Chosen

	Model A	Model B	Model C	Model D	Model E
Ln(amount)	–0.7535***	–0.7626***	–0.3566***	–0.8612***	–1.3467***
Past business (dummy)	1.7203***	1.7378***	1.8814***	1.4004***	6.8926**
Past business (n)	0.1692**	0.1496*	0.0857	0.4819*	–2.3176
Number of past transactions	0.0153***	0.0147***	0.0125***	0.0159***	0.0257***
Coder has reputation score	–3.5882***	–3.1337***	–2.7130***	–2.9998***	–6.6255**
Mean rating of reputation (0 if no reputation)	0.4825***	0.4340***	0.3882***	0.4261***	0.7996***
Buyer and coder are from same country		0.4687***	0.4038***	0.5029***	0.7002*
Corruption index (higher=less corrupt) for coder country		0.0485***	0.0515***	0.0453**	0.0500
Length of bio coder		0.0232***	0.0121	0.0317**	0.0449
Coder uploaded jpg		0.2181***	0.2230***	0.2219***	0.2529
Coder from United States		–0.1536***	–0.1375	–0.1941*	–0.1750
Coder from India		–0.0864**	–0.1425**	–0.1356*	0.0384
Coder from Romania		0.2394***	0.1924***	0.2697***	0.3274
Coder from Canada		0.1637***	0.1222	0.0891	0.3105
Coder from United Kingdom		0.0413	0.0895	0.0895	0.3172
Coder from Pakistan		–0.4074***	–0.4015***	–0.4923***	–0.0331
Coder from Russia		0.0638	0.0502	–0.0151	0.5704
Coder from Ukraine		0.2262***	0.1924	0.2351*	0.2679
Coder from Australia		0.1753*	0.2964*	0.0839	–0.0758
Number of buyers	8,865	8,850	3,857	3,555	285
N	250,178	249,118	70,116	76,947	7,117
Pseudo-R^2	0.13	0.14	0.12	0.13	0.22

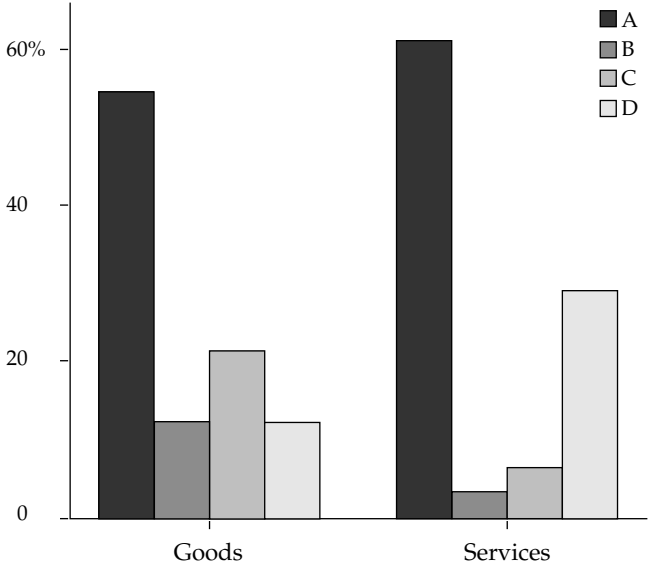
Source: Authors' compilation.
Notes: Conditional logistic regression of whether the coder has been chosen. Standard errors adjusted for clustering on buyer, ignoring clustering on coders.
Model A = all cases (and basic predictors)
Model B = all cases (and extended list of predictors)
Model C = cases with 20 < maximum bid ≤ 100
Model D = cases with 100 < maximum bid ≤ 1000
Model E = cases with maximum bid > 1000
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 6.5 Amount Paid for Job

	Model A	Model B	Model C
Past business (dummy)	–0.1603***	–0.1607***	–0.1635***
Past business (n)	–0.0410	–0.0411	–0.0399
Number of past transactions	–0.0022***	–0.0027***	–0.0027***
Coder has reputation score	–0.2985*	–0.3018*	n.a.
Mean rating of reputation (0 if no reputation)	0.0342**	0.0342**	0.0367**
Buyer and coder are from same country		–0.0036	–0.0407
Corruption index (higher= less corrupt) for coder country		–0.0087	–0.0092
Length of bio coder		0.0001***	0.0001***
Coder uploaded jpg		0.0875***	0.0889***
Coder from United States		–0.0103	–0.0327
Coder from India		0.0440	0.0491
Coder from Romania		–0.0774**	–0.0826**
Coder from Canada		0.0007	–0.0061
Coder from United Kingdom		0.0035	–0.0055
Coder from Pakistan		–0.1007*	–0.0712
Coder from Russia		–0.0195	–0.0538
Coder from Ukraine		0.1929***	0.2121***
Coder from Australia		–0.1030	–0.0901
Constant	4.2621***	4.2173***	3.9060***
N	22,507	2,2451	16,456
R^2	0.01	0.02	0.02

Source: Authors' compilation.
Notes: OLS regression of the amount paid for the coding job. Standard errors adjusted for clustering on buyer, ignoring clustering on coders.
Model A = all cases (and basic predictors)
Model B = all cases (and extended list of predictors)
Model C = all cases where winning coder has a rating
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Figure 7.1 Percentage Choice of Most Trustworthy Seller



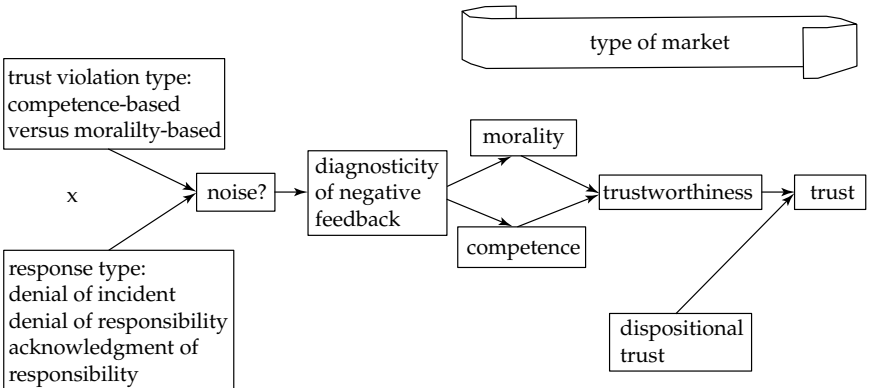
Source: Authors' compilation.
Notes: Seller A=high competence, high motivation; Seller B=low competence, low motivation; Seller C=high competence, low motivation; Seller D=low competence, high motivation.

Table 7.1 Buyer Descriptions for Online Sales by Competence and Motivation

Manipulations	Goods Survey	Services Survey
High competence High motivation	I am selling a brand new Nikon D70 Camera. I am a professional photographer and I use this same camera in my own work. Please contact me directly if you are interested, I can work with you to make it a worthwhile purchase.	I am selling custom website photography and graphic design for your website. I am a professional graphic artist with my own firm. Please contact me directly if you are interested - I am open to discussing client needs before the service is purchased.
Low competence Low motivation	Hi, I have a Nikon D70 Camera for sale— brand new condition. I got it as a gift, and I really don't know much about photography. Best offer gets it.	Hi, I am offering custom web photography and graphic design. I recently switched careers and am beginning my own website design practice. Best offer gets it.
High competence Low motivation	I have a Nikon D70 Camera for sale. It is in brand-new condition. I am a professional photographer and I can say it is a great camera. I will sell to the highest bidder.	I am offering my services for custom website photography and design for your website. I run a professional website design firm. Please contact me after you successfully win the bid.
Low competence High motivation	Nikon D70 Camera for sale, brand new. I don't really take pictures that often so I don't need it. I would like to sell, so reply to me directly and we can work something out. Thanks.	Custom website photography and graphic design for sale. I am a new designer in the business. I would really like to develop my portfolio, so reply to me directly and we can discuss your requirements. I am sure we can work something out. Thanks.

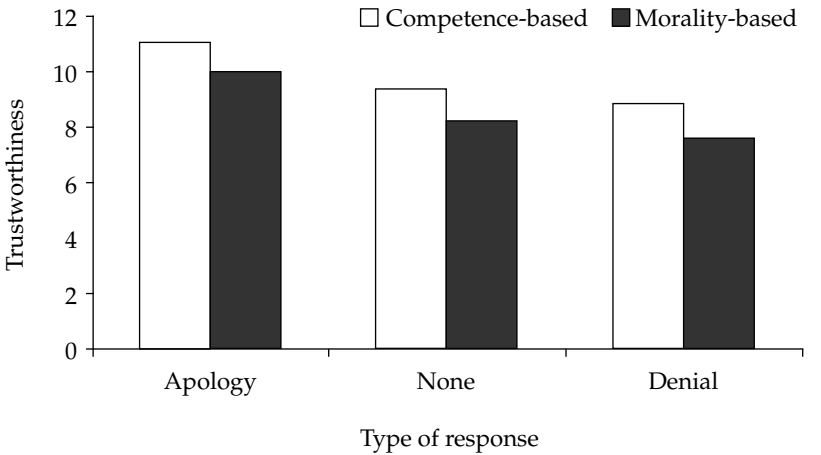
Source: Authors' compilation.

Figure 8.1 The Trust Reparation Model



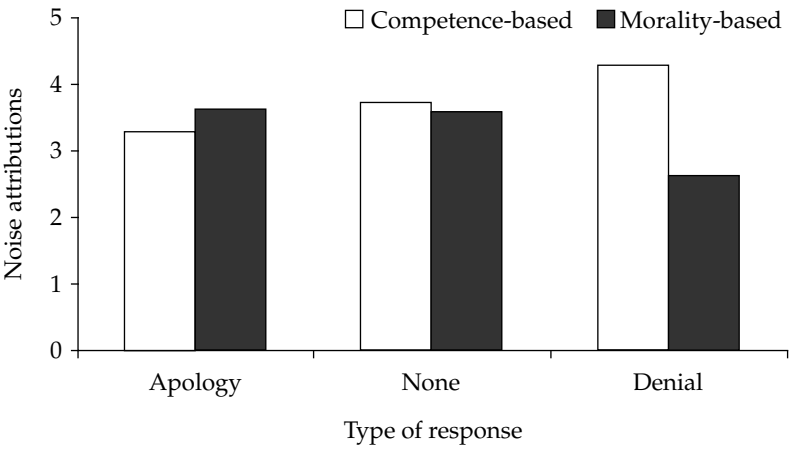
Source: Author's compilation.

Figure 8.2 Trustworthiness Judgments



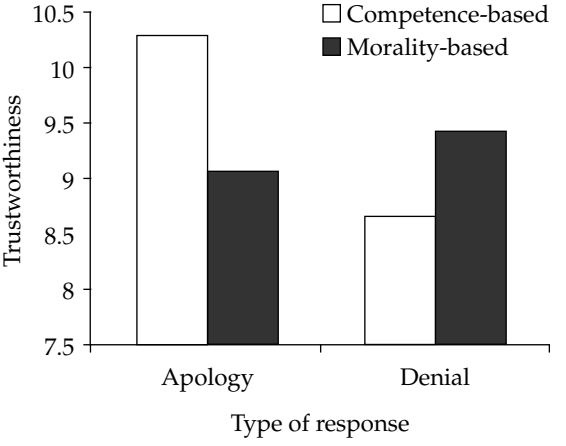
Source: Author's compilation.

Figure 8.3 Responsibility Attributions (Somebody Else's Fault)



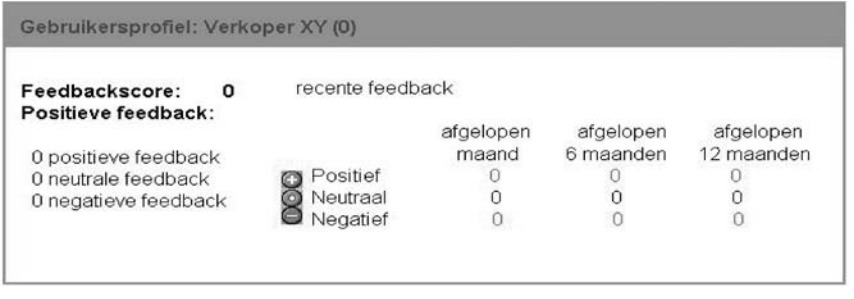
Source: Author's compilation.

Figure 8.4 **Trustworthiness Judgments as a Function of Type of Trust Violation and Type of Response, with Believability of Response as Covariate**



Source: Author's compilation.

Figure 9.1 Profile of the Seller



Source: Author's compilation.

Table 9.1 Multiple Regression of the Acceptance of Direct Control for Rule Compliance

	1: Exclusion of eBay Members and Exclusion of Teachers	2: Ranking of eBay Members and Exclusion of Teachers
Group membership (teachers' communities = 1)	0.031 (.313)	0.052 (.091)
Prosocial attitudes	0.068 (.029)*	0.048 (.125)
Social desirability	0.092 (.003)**	0.091 (.003)**
Trusting disposition	0.150 (.000)**	0.173 (.000)**
Years of Internet use	0.015 (.641)	0.011 (.740)
Gender (female = 1)	0.096 (.002)**	0.077 (.013)*
Age	0.043 (.182)	0.004 (.890)
Digital literacy	0.047 (.161)	0.110 (.001)**
	n = 1088	n = 1088

Source: Author's compilation.
Note: Standardized regression coefficients, two-sided *p*-values in parentheses.
* $p < .05$, ** $p < .01$

Table 9.2 Multiple Regression of the Acceptance of Direct Control for Membership Stimulation

	1: Exclusion of eBay Members and Voucher for Teachers	2: Exclusion of eBay Members and Ranking of Teachers
Group membership (teachers' communities = 1)	–0.182 (.000)**	–0.363 (.000)**
Prosocial attitudes	0.075 (.017)*	0.071 (.018)*
Social desirability	0.130 (.000)**	0.125 (.000)**
Trusting disposition	0.049 (.099)	0.047 (.101)
Years of Internet use	–0.024 (.460)	–0.031 (.324)
Gender (female = 1)	0.034 (.275)	0.008 (.789)
Age	–0.014 (.660)	–0.029 (.344)
Digital literacy	–0.013 (.699)	–0.004 (.891)
	n = 1088	n = 1088

Source: Author's compilation.
Note: Standardized regression coefficients, two-sided *p*-values in parentheses.
* $p < .05$, ** $p < .01$

Table 9.3 Multiple Regression of the Effectiveness of Weak Control for Membership

Group membership (teachers' communities = 1)	–0.109 (.001)**
Prosocial attitudes	0.046 (.153)
Social desirability	0.103 (.001)**
Trusting disposition	0.102 (.001)**
Years of Internet use	–0.022 (.526)
Gender (female = 1)	0.037 (.238)
Age	0.019 (.565)
Digital literacy	0.047 (.177)
	n = 1066

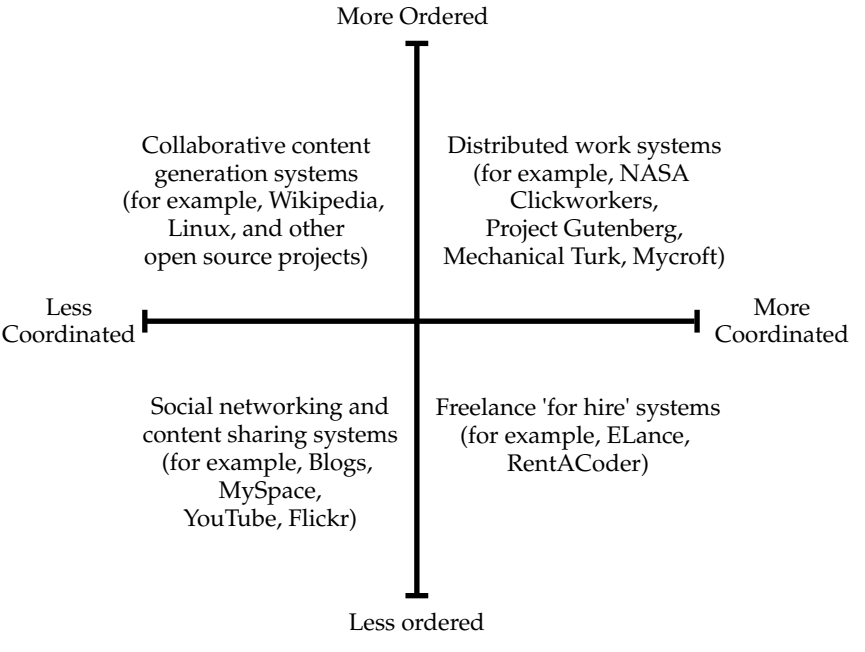
Source: Author's compilation.
Note: Standardized regression coefficients, two-sided p values in parentheses.
* $p < .05$, ** $p < .01$

Table 9.4 Relational Interests

Group membership (teachers' communities = 1)	0.074 (.008)**
Prosocial attitudes	0.013 (.650)
Social desirability	0.044 (.084)**
Trusting disposition	0.080 (.002)**
Years of Internet use	–0.083 (.002)**
Gender (female = 1)	–0.100 (.000)**
Age	0.059 (.030)*
Digital literacy	0.082 (.004)**
	n = 1555

Source: Author's compilation.
Note: Standardized regression coefficients, two-sided *p*-values in parentheses.
* $p < .05$, ** $p < .01$

Figure 10.1 Categorization of Information Pools

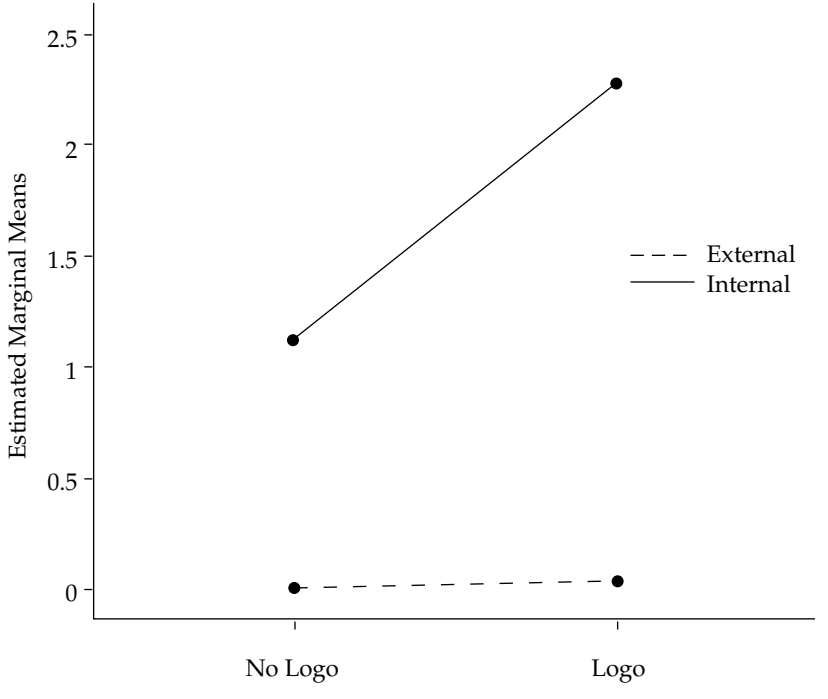


Source: Authors' compilation.
Note: *Order* refers to the organization of individual contributions and the clarity of the intended collective outcomes. *Coordination* refers to the organization of contributors into roles with well-defined duties and responsibilities.

Figure 10.2 Mycroft Banner Interface

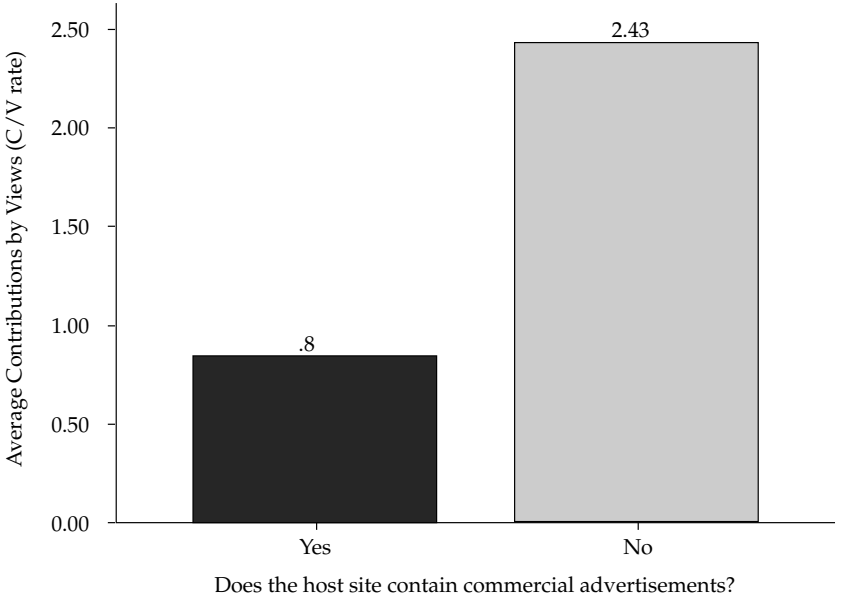
Source: Authors' compilation.

Figure 10.3 Number of Contributions



Source: Authors' compilation.

Figure 10.4 Average Contribution-to-View Rate



Source: Authors' compilation.

Table 10.1 Tasks in Mycroft Banners

Task	Task Description	Answer Format
Tagging descriptions	Assign keywords to an item of user-generated content which includes a text description and an optional image	Keywords/"tags"
Interpreting scanned text	Enter the text displayed in a small image which represents a section of a scanned page of text (see figure 10.2)	Sentence fragments/ text strings
Tagging images	Assign keywords to an image	Keywords/"tags"

Source: Authors' compilation.