

NORMAL ACTS OF IRRATIONAL TRUST: MOTIVATED ATTRIBUTIONS AND THE TRUST DEVELOPMENT PROCESS

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ABSTRACT

This paper presents a new, motivated attributions model of trust development. The model builds on two simple insights: that the parties in a potentially trusting relationship are likely to view their interaction differently and that their attributions of each other's behavior will be self-servingly motivated. The model specifically focuses on the role of dependence in motivating attributions of trustworthiness, suggesting, for instance, that people ameliorate the anxiety associated with dependence by perceiving others as trustworthy. The model explains why trustors, contrary to the prescriptions of the dominant, rational choice approach, often engage in large, seemingly irrational acts of trust and when and why these acts, despite being tremendously risky, can be crucial to trust development. The paper explores the consequences of these insights for interpersonal interactions as well as touching on the potential for extensions to inter-organizational and international interactions.

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... Although trust is an obvious fact of life, it is an exasperating one. Like the flight of the bumblebee or a cure for hiccoughs, it works in practice but not in theory.

Martin Hollis (1998)

Trust is a precious and valued commodity in interpersonal and organizational relationships. Few compliments surpass being told that you are trusted. One party professing (and experiencing) trust in another says much about their relationship. Organizational action is also predicated on trust (Arrow, 1974). "Without trust the corporation becomes not a community but a brutish state of nature, a war of all against all in which employment tends to be nasty, brutish, and short" (Solomon & Flores, 2001, p. 5). Fisher and Brown (1988, p. 107) argued that trust might be "the single most important element of a good working relationship." Trust can facilitate cooperation and help people and organizations process information more efficiently. Trust also helps to reduce uncertainty (Luhmann, 1979) and its related anxieties (Holmes, 1991).

Trust is clearly a fundamental, complex aspect of human interaction. It has recently attracted considerable attention from social scientists and organization scholars (cf. Cook, 2001; Dirks & Ferrin, 2001; Kramer & Tyler, 1996). A variety of models have approached trust and its development (cf. Kramer, 1999; Rousseau, Sitkin, Burt & Camerer, 1998), leading to a variety of complementary conceptualizations (e.g. Kelley, 1979; Rempel, Holmes & Zanna, 1985). Definitions of trust typically incorporate elements of interdependence, vulnerability (risk), and intentionality. Two common expectations are that mutual trust will increase incrementally via carefully considered, repeated positive interactions and that an unexpected breach will result in an abrupt loss of trust. Theoretical conceptualizations of trust that emphasize these characteristics conform, at least in part, to what Kramer (1999, p. 572) calls the "trust as rational choice" perspective (e.g. Hardin, 2002). Rational choice models can be both elegant and descriptive of many instances of trust development.

Trusting actions, however, can at times be sudden and dramatic rather than incremental, to the point where they appear unwise and potentially dangerous (cf. McKnight, Cummings & Chervany, 1998; Murnighan, Malhotra & Weber, 2004). Common examples of precipitous and/or sizable trusting in the absence of due consideration include: (1) companies that fund expansion before they have worked out the details of a new contract; (2) managers who have delegated important, sensitive duties to new employees; or (3) individuals who have made tremendous emotional investments in a nascent romantic relationship. In all of these cases, trust may be reciprocated and both parties may consequently benefit. The trustor's risks are considerable, however, and exceed the recommendations of a cautious, rational choice approach to trusting.

This paper starts with the observation that, counter to the predictions of a “trust as rational choice” perspective, instances of individuals and organizations trusting more than incrementally are not uncommon, especially early in a relationship (Murnighan et al., 2004). We then develop a model that helps to explain why people engage in significant and seemingly irrational acts of trust and under what conditions trusted parties are likely to reciprocate. Consideration of the trusted party’s perspective also provides insight into how large, precipitously trusting acts can be simultaneously risky and yet critically important to the process of trust development.

Our model uses two simple insights for its foundation: (1) that the parties in a potentially trusting relationship are likely to view the interaction differently; and (2) that their attributions of each other’s behavior will be self-servingly biased and will be motivated to a great extent by their feelings of dependence. These assumptions allow us to develop a new model of the trust development process that can accommodate both the data that is explained well by a rational choice perspective as well as what may appear to be irrational trusting behaviors. Our approach extends prior research that has recognized the critical role that attribution processes play in the trust development process (e.g. Ferrin & Dirks, 2002; Lewis & Weigert, 1985; Zand, 1972); it also responds directly to McAllister’s (1995) call for more theoretical work on the development of cognition-based trust. The resulting motivated attributions model of trust development does not negate the rational choice perspective, but instead demonstrates that behavior that conforms to rational choice predictions is but one case of a more general model.

TRUST AND TRUST DEVELOPMENT

Scholars in many disciplines (e.g. psychology, sociology, economics) have taken a variety of approaches to defining trust. In their seminal paper, Mayer, Davis and Schoorman (1995, p. 712) defined trust as “the willingness to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.” By focusing on vulnerability, Mayer et al. built on Gambetta’s (1988) classic definition as well as earlier observations that the “willingness to take risks may be one of the few characteristics common to all trust situations” (Johnson-George & Swap, 1982, p. 1306). Rousseau and her colleagues’ interdisciplinary review of the trust literature (Rousseau et al., 1998, p. 395) offered a similar definition: “Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations

of the intentions or behavior of another.” Trusting behavior, by extension, entails accepting vulnerability in the hope or expectation of gain at the discretion of another person (cf. Snijders, 1996). Although some researchers have argued that trust entails a set of shared expectations, necessarily situated in (and a characteristic of) the relationship between individuals (e.g. Garfinkel, 1967; Macauley, 1963; Zucker, 1986), Rousseau et al.’s conceptualization focuses on individual-level experiences and the decision(s) by individuals to trust. Their conceptualization is appropriate for our model, as one of the factors we highlight is the potential for the parties to have differing perspectives within a relationship.

Trust, as Rousseau et al. (1998) suggest, is a psychological state. Trust development, in contrast, is the process by which that state is achieved, shaped, and influenced. Our primary focus in this paper is on the process of developing trust rather than the nature of trust itself although, throughout the paper, we will note some of the ways that the experience of trust (as a psychological state) shapes the further development of a trusting relationship.

RATIONAL CHOICE MODELS OF TRUST DEVELOPMENT

Before presenting our motivated attributions model of trust development, we first elaborate on the dominant, rational choice approach to trust, which provides both a clear and clean foundation for theorizing about trust development, as well as a standard of comparison for our new model. Rational choice models, “arguably the most influential image[s] of trust within organization science” (Kramer, 1999, p. 572), suggest that trust grows gradually as positive interactions accumulate (e.g. Blau, 1964; Holmes, 1991; Kelley, 1979; Luhmann, 1979; Rempel et al., 1985). Developing trust gradually allows each party to take successively larger risks as their confidence in the other’s trustworthiness grows. Like Bayesian updating, each positive act increases the perceived probability of the other’s continued trustworthiness and, over repeated interactions, additional positive information has less impact. If all goes well, the pattern should resemble a classic S-curve (see Fig. 1), with trust building slowly through small but increasingly larger risks by each party in the trust relationship. As positive attributions regarding each other’s trustworthiness accumulate, trust can develop more rapidly via mutual reciprocity. Eventually, when the parties have achieved a high level of trust and there is little room for growth, trust development slows. This pattern is reminiscent of Osgood’s (1962) GRIT model of positive relationship building: “graduated reciprocation in tension reduction” suggests that interacting parties should initially engage in small, unilateral acts of cooperation and, contingent on reciprocity, gradually increase

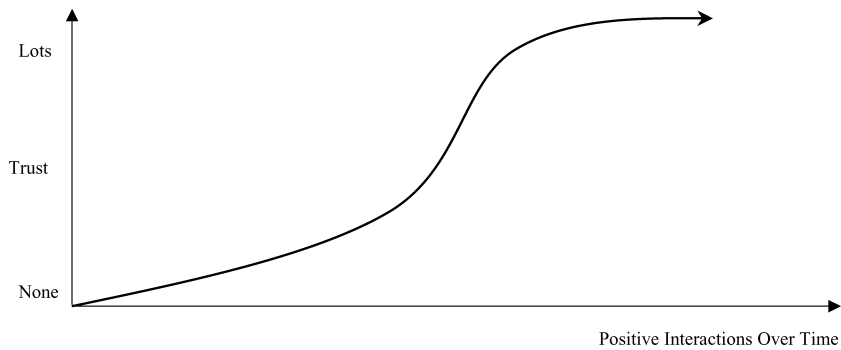


Fig. 1. Trust Development as Rational Choice.

their cooperativeness (see Lindsfold, 1978, for an application of GRIT to trust development).

As noted, rational choice models of trust tend to share a set of implicit assumptions. One central assumption (which is also present in the motivated attributions model) is that trust generally develops from the iterative reciprocation of the parties' trusting acts. The process begins with one party trusting another enough to act on that trust, i.e. taking an intentional risk, making themselves vulnerable, and hoping for the (eventual) benefits made possible by mutual trust. Although a variety of contextual factors may provide the antecedent conditions for such an act (cf. McKnight et al., 1998), for our purposes, trust development begins with a single party's decision to act. Trust development continues (or, in some cases, ends) with the trusted party's response, which can also vary widely, from rejection to non-action to simple reciprocity or more (cf. Pillutla, Malhotra & Murnighan, 2003). After the trusted party responds, the focus then returns to initial trustors and their next move. Early trust development, then, is almost necessarily sequential, moving back and forth between the two parties via turn taking and reciprocity (expected and hoped for, if not always complete).

Beyond assumptions of iterative reciprocity, rational choice approaches include assumptions that our motivated attributions model challenges. For example, rational choice approaches assume that both parties will understand the process of trust development and its inherent risks and will choose to trust and/or to engage in a trusting act carefully and deliberately. They also assume, implicitly, that both parties' expectations of the process will be similar, i.e. trusted parties who might gain from building trust will view a small initial move by a trustor as appropriate, laudable, and worthy of reciprocity, just as trustors themselves perceive it. In contrast, our model builds on the ideas that parties view their choices and their interaction from differing perspectives (Malhotra,

2004) and that idiosyncratic and self-serving motivations shape their perceptions and attributions of each other. As a result, trusting parties may engage in behaviors that contradict the predictions of rational choice approaches to trust development.

IRRATIONAL TRUST

The rational choice approach does not easily accommodate large, highly risky trusting acts that occur early in a relationship. Recent research, however, indicates that such seemingly rash acts are not infrequent (Murnighan et al., 2004). In a restricted experimental context, for instance, Berg, Dickhaut and McCabe (1995) studied “the investment game,” in which “trustors” decided how much of \$10 they would send to “recipients.” In the experiment, both parties knew that the recipient would receive three times the amount that the trustor sent, and that the recipient could then decide how much of this larger amount (if any) he or she would return to the trustor. In this interaction, sending more money represents more trusting: it increases the potential for greater mutual gain but does so at the risk of the trustor being exploited (e.g. ending with less than the original \$10). Because the parties in this experiment were anonymous and would not see each other, a rational choice approach might suggest that participants would be quite guarded in their actions.

Economic and game theoretic models that focus on narrow self-interest predict no trust in this context because there is no incentive to reciprocate; recipients should take whatever cash they receive and return nothing. Thus, to protect themselves, potential trustors should also send nothing. Berg et al. (1995) found that even though the players had no history with each other, no possibility of future interaction, and everyone was anonymous, participants still sent an average of slightly more than half of their \$10 endowment and five of the 32 participants (15%) sent all of their \$10.

These findings document that individuals are willing to trust people whom they do not know and whom they will never meet or see. Furthermore, contrary to the rational choice approach to trust development, which, broadly construed, predicts that if people take any risks at all, they should take very small initial risks in interactions like this, a study by Pillutla et al. (2003) found that hedging may be worse than trusting fully. Pillutla et al. (2003) found that the more money trustors sent, the more recipients reciprocated, exponentially. Although some recipients returned nothing, reciprocity was less likely and proportionally smaller when initial senders had risked less rather than more money. Pillutla et al. (2003) also found that recipients interpreted trustors sending their entire endowment as a clear signal

of trust, boosting feelings of obligation to reciprocate; failing to send their entire endowment was interpreted as a lack of trust (which was not viewed positively). A consequence of these attributions was that trustors maximized their final outcomes when they sent their entire endowment (risking everything). The second-best strategy was to send nothing at all. Sending small or moderate amounts was worse (for trustors) than any other strategy. Thus, hedging one's bets and trusting only partially were truly ineffective in that they failed to engender reciprocity and reduced a trustor's final outcomes.

These results are significant departures from the predictions (and prescriptions) of a rational choice approach to trust development. Although some of the trustors who chose large initial acts of trust had their trust exploited, the data in these studies document the overall positive effects that follow such obviously risky actions: more extreme trusting acts were more profitable, on average, than small or moderate trusting acts. This suggests that the rational choice approach to trust development must be refined to accommodate both the descriptive (i.e. observed behavior) and prescriptive (i.e. benefits of) aspects of large initial trusting acts. The extant literature does not offer satisfying explanations for why such large risks are sometimes taken or why they might yield considerable benefits to trustors in terms of either tangible outcomes or the acceleration of the trust development process.

Another central, underlying difficulty with rational choice approaches to trust development has been a tendency to treat trustors and trusted parties symmetrically, assuming that each party interprets each other's actions similarly. From a modeling perspective, the rational choice approach is parsimonious and, in many instances, its assumptions are appropriate. Indeed, although many trusting relationships may emerge between parties with similar perspectives on important issues, it is also likely that many potentially trusting pairs will be asymmetrically dependent on their relationship (Emerson, 1962) and will have systematically different capacities or motivations for perspective taking (e.g. Galinsky, 2002; Malhotra, 2004). Further, an extensive body of research has demonstrated that the attributions people make about each other are affected by their goals, preferences, context, and perspectives, and become causal factors in their subsequent decisions (Kruglanski, 1996; Kunda, 1990). The motivated nature of attribution processes makes it likely that the parties will perceive and want to perceive others' behaviors in self-serving ways. We therefore present a model that attends to the implications of the differences between the parties and to the (self-servingly motivated) attributions that mediate their decisions. A better understanding of the types of attributions each party is likely to make and the factors that influence these attributions allows us to explain when and why some parties will engage in seemingly irrational acts of trust and when and why these acts will be effective, as trusted parties are influenced to reciprocate and accelerate the trust development process.

A MOTIVATED ATTRIBUTIONS MODEL OF TRUST DEVELOPMENT

The motivated attributions model begins with a single party's initial willingness to accept risk. Like most models of trust, it expects that the reputation of the other party, as well as personal experiences with the other party, will contribute to perceptions of the other's trustworthiness. Unique to the motivated attributions model is a careful consideration of each party's motivated perspective. In particular, the motivated attributions model suggests that the extent to which a party feels dependent on the other affects their attributions of the other's trustworthiness and their evaluation of information regarding the other's reputation and observed behavior (cf. Luhman, 1979). Figure 2 presents a diagram depicting the essential elements of this new model.

Our conceptualization of dependence follows directly from Emerson's (1962) seminal paper. According to Emerson, a party's relationship dependence is contingent upon their desire (or need) for the outcomes that they feel that they can obtain through their relationship with the other party. For a trustor or a trusted party, then, the level of relationship dependence that they experience should increase with: (a) the desirability of the anticipated benefits of a trusting relationship; and (b)

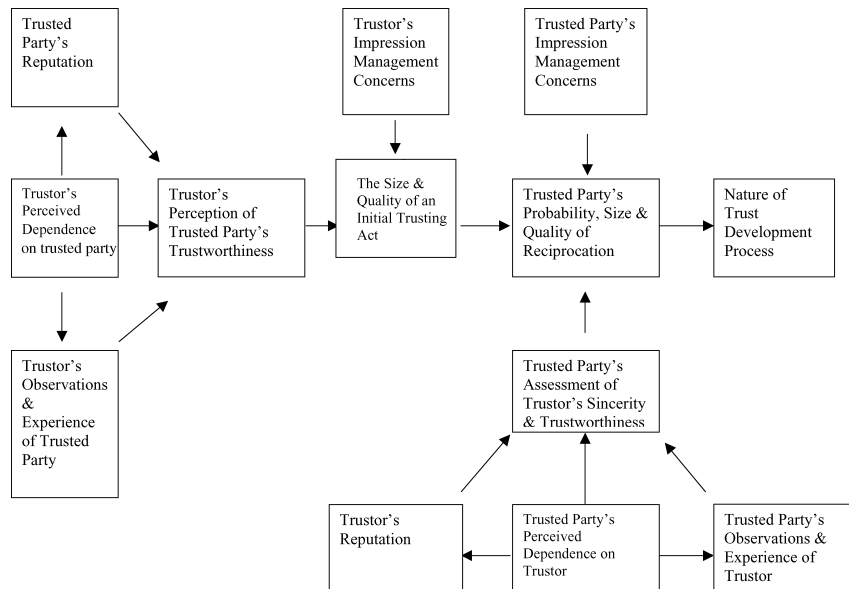


Fig. 2. A Motivated Attributions Model of Trust Development.

the criticality of the other party to achieving those benefits (e.g. whether alternative partners can provide similar benefits etc.).

As noted in Fig. 2, the initial process of trust development clearly begins with the cognitions of a potentially trusting actor, whom we designate as the “trustor.” Whether a trustor is deliberate, thoughtful, and cognizant of their observations of a potentially trusted party, they must engage in some thought about the target that they have chosen for a possible trusting act. Considering past observations and experiences with a party, combined with reputation information, leads to an assessment of the trusted party’s trustworthiness. This reputation can be augmented or deflated by others’ reports or their own observations of the target party.

The motivated attributions model suggests that the parties will evaluate, in a potentially biased fashion, the trustworthiness of their counterparts. In particular, attributions of trustworthiness will be affected by individuals’ feelings of dependence and their desire (or lack of desire) to believe that the trusted party is trustworthy. As dependence increases, individuals will be motivated to see their potential target as more trustworthy. As a result, positive (or negative) judgments of a target’s trustworthiness are possible even when outside observers might come to decidedly different conclusions.

The motivated attributions model also suggests that, when feelings of dependence are relatively low, the entire process may not begin at all because potential trustors will be less motivated to take the risks that are involved in trusting actions. This may, in some cases, result in considerable Pareto inefficiency, as many relationships that might produce mutual benefit will not even begin to develop. Thus, overcoming the barriers to starting a trusting relationship may, ironically, require miscalculations on the part of a dependent party, in terms of either overestimations of the likelihood of potential benefits or underestimations of the risks involved.

Following a conclusion of sufficient trustworthiness to act, trustors can choose from a variety of trusting actions, some more risky than others. Much depends on the trustor’s specific, context-dependent perceptions of the trustworthiness of the other party and their predictions about the likely results of their action. Thus, to consider a simple example, a lawyer might be willing to trust one of her most articulate partners to present a joint proposal to a potential client, but she might have considerably more faith in another partner to responsibly accompany her younger sister to an important social event.

The model assumes that, prior to action, trustors will be at least somewhat self-aware and might therefore consider how their upcoming actions will reflect upon them. Intense fears of embarrassment, for instance, may interfere with trusting acts, as few people are comfortable playing the fool. More generally, previous research (Murnighan, Oesch & Pillutla, 2001) suggests that individuals, even when

they are acting anonymously, are still concerned about how their actions affect their own self-impressions. In the decidedly more social context of interpersonal trust, in which the trusted party and many other observers may observe a trustor's initial act, social impression management concerns – wanting to create a good impression in others – can also loom large. People want to be seen positively, by others (Schlenker, 1980) and by themselves (Baumeister, 1998). The model predicts that these impression management concerns will influence the form and the probability of an initial trusting act, and that trustors will choose acts that they feel will reflect well on them. Their perceptions of the impact of their actions on others' evaluations of them, however, will be as biased as their other perceptions and may be particularly idiosyncratic.

Once a trusting act has been chosen and implemented, the interaction moves into the trusted parties' court, at which point the trusted party's own levels of dependence come into play to influence their perceptions, judgments, and, ultimately, their decision to reciprocate.

MIXED MOTIVES AND THE TRUST DILEMMA

Underlying each party's decision to trust and/or to engage in a trusting act is what we call "the trust dilemma." Trust development, with all its potential for creating value, requires investments from each party, but each party has an incentive (at least in the short run) not to invest. This is particularly true when neither party is sure that the other will reciprocate. More specifically, parties are motivated to trust and be seen as trustworthy, but they are also motivated to minimize their risks and to escape the costs that may be associated with obligation and reciprocity. While dependent trusting parties seek ways to justify their acts of trust, trusted parties may seek ways to justify inaction and/or non-reciprocity. Thus, parties hope to gain from the establishment of trust but, in the short-term (particularly in the initial phases of trust development), they are also motivated by self-interest, which can undermine the trust development process. As Messick and Kramer (2001, p. 97) note, "both parties have very clear preferences for what they want the other party to do, even though they themselves have decision conflicts . . . if they could choose for each other, there would be no problem."

These self-oriented motivations can have important consequences. A trusted party who is motivated to devalue or ignore a trustor's actions may escape feelings of obligation but will, as a result, appear exploitative and unethical to the trustor. To avoid this outcome, a trustor who wishes to convey an unambiguous signal of trust – one that makes non-reciprocity difficult to justify – may be motivated to engage in large, and seemingly irrational, acts of trust. In contrast, potential

trustors who are unable to adequately consider the perspective of obligated or highly dependent trusted parties may underestimate the likelihood of reciprocity and forego opportunities to build trust. We now consider each of these possibilities as we look at the motivations underlying decisions to trust and to reciprocate.

The Motivation to Trust

As social beings, individuals learn early in their development that the fulfillment of their needs and desires requires interaction and cooperation with others (Simon, 1990). The willingness to interact with others to create mutual gain, however, also creates the possibility of being exploited (e.g. Trivers, 1971). Since it is impossible to manage all of our vulnerabilities through raw power or enforceable contracts, people rely on trust to facilitate cooperation. This is especially true when parties – individuals or organizations – seek long-term cooperation, as it is particularly difficult to delineate all future contingencies in a single contract.

Despite the pervasive need to engage with others, people vary in their willingness to trust (e.g. Rotter, 1967; Yamagishi, 2001). For some individuals, trusting intentions are central to their conceptions of their social selves (Soloman & Flores, 2001); for others, the social world takes second place to their individually motivated concerns. Despite individual differences in propensities and proclivities, extrinsic motivations – the tangible benefits that result from trusting in a particular context – provide strong motivations to establish mutual trust and/or mutually trusting reciprocal actions.

When the potential for these benefits exists and at least one party recognizes this, trusting acts and the start of a trusting relationship are possible. When both parties see the possibilities, an important question surrounds the identity of the initial trustor. An extension of Emerson's (1962) model of dependence suggests that, *ceteris paribus*, the party that feels more dependence on the potential relationship will be more likely to see possibilities that would be facilitated by mutual trust and will therefore be more likely to initiate the trust development process.

As we have noted, however, the motivation to trust that is inspired by perceived dependence may cloud a trustor's judgment. Thus, potential trustors who feel dependent may be less judicious and cautious than is warranted, given the incumbent risks. Murray and Holmes (1994, p. 651) have shown that people often construct personal narratives that create an overarching, positive gestalt "to preserve feelings of confidence and security in the face of the inevitable risks posed by interdependence." Further, people's relationship satisfaction is positively correlated with idealized images of their partners (Murray, Holmes & Griffin, 1996) and the (often false) belief that their partners are highly similar to them

on key dimensions (i.e. “kindred spirits”; Murray, Holmes, Bellavia, Griffin & Dolderman, 2002). Though such images and impressions are inaccurate, they stem from cognitions that are motivated to sustain relationship satisfaction. Thus, in the context of trust, concluding (even inaccurately) that those on whom we are dependent are trustworthy may be a natural, easy way to deal with fears of exploitation and to facilitate social risk taking that can yield beneficial outcomes.

The “Stockholm Syndrome” provides an extreme example of this phenomenon. This syndrome takes its name from a hostage crisis that occurred years ago in the city of Stockholm. When the authorities stormed the hostage-taker’s enclave, they were surprised by the responses of many of the captives, who actively helped the hostage-takers rather than the people who were trying to secure their release. Experts have explained this behavior by pointing to the extreme conditions that the hostages faced during their captivity. Because hostage takers control the hostages’ well-being (indeed, their lives), hostages can become so psychologically dependent on their captors that they come to trust them more than they trust the police. As a result, hostages often warn their captors of possible danger, resist the commands of authorities, and even risk bodily harm to protect their captors. With respect to our model, the Stockholm syndrome represents an extreme example of dependent parties using the questionable, though undoubtedly motivated conclusion that their hostage-takers are trustworthy to reduce the anxiety that is inherently attached to their feelings of dependence.

On its face, using trust as a corrective for the discomfort of dependence is neither an obvious nor an attractive conception, though it may be adaptive. Like Emerson (1962), we suggest that the more dependent of two parties will experience their asymmetric dependence as psychologically aversive and anxiety producing. Emerson argued that these individuals (or groups) are motivated to engage in one or more of four “balancing operations” to achieve greater symmetry. They can withdraw from the relationship, build coalitions, find alternatives, and/or bestow status. These alternatives emphasize structural rather than cognitive solutions to the problems of dependence. The motivated attributions model suggests that dependent parties also have an additional, cognitive solution: to conclude that the less dependent party is trustworthy and will not exploit the counterpart’s dependence (cf. Kruglanski, 1996; Kunda, 1990).

This discussion suggests that “rational” (i.e. carefully and deliberately reasoned) assessments of another party’s trustworthiness will become increasingly unlikely as dependence increases. In particular, as dependence increases, so will selective attention to information that confirms what a party wants to believe (e.g. Berscheid, Graziano, Monson & Dermer, 1976; Erber & Fiske, 1984; Ruscher & Fiske, 1990), increasing the likelihood of a conclusion that the other party is trustworthy (e.g.

Fine & Holyfield, 1996). For initial trustors, this increases the likelihood that they will engage in trusting behavior and that the risks that they will assume will be larger than careful analysis might recommend.

Thus, dependence should have several consequences for trust initiators.

Proposition 1. As their dependence increases, potential trustors will: (a) engage in less information search to assess a potential counterpart's trustworthiness; (b) be more likely to evaluate ambiguous information about the counterpart positively; (c) exaggerate the likelihood that the trusted party will reciprocate; (d) be more likely to engage in initial acts of trust; and (e) be more likely to trust precipitously.

Consider an example. Proposition 1 suggests that an entrepreneur who does not have sufficient resources to bring a product to market will be more likely to: (a) accept capital guarantees from the first venture capitalist (VC) who offers it; (b) minimally seek or assess information regarding the VC's reputation or credentials; (c) conclude that the VC is trustworthy; and (d) incur costs or invest considerably in the process (or both), especially as the desire to launch the product increases. Drawing overly strong conclusions on the basis of minimal information is more likely than the rational choice approach would anticipate, especially early in a relationship when one party perceives itself to be dependent upon the other.

Paradoxically, while dependence should lead individuals to be more likely to engage in risky trusting acts, the more dependent they appear to a trusted party, the less likely might the trusted party be to reciprocate. In particular, trustors who are perceived as desperate or calculating – eminently possible interpretations of dependence-driven actions – may be less likely to induce reciprocity and subsequent trust development. Obvious dependence offers a trusted party an alternative to attributing a trusting party's behavior to genuine trust (cf. Kelley, 1971). The needy suitor, either in romance or in business, often generates skeptical reactions that can interfere with trust development. Thus, the impetus of dependence can have dual-edged implications. Nonetheless, Cialdini (1993) notes that the norm of reciprocity can be strong enough to overcome a decision-maker's hesitations and reticence, even in contexts in which manipulation is expected (e.g. when dealing with a used car salesman). We discuss these kinds of dynamics further in the next section on obligation and reciprocity.

The Motivation to Escape Obligation

Like trustors, trusted parties necessarily interpret information in the context of their own motivations and interests. At one extreme, trusted parties may see a unique

and valuable opportunity in the overtures of a trusting party, making reciprocity and the quick propulsion of the trust development process particularly likely. At the other, trusted parties who have numerous alternatives may have little desire or need to build a new relationship (Emerson, 1962).

Gouldner (1960) notes, however, that we often feel obligated to reciprocate and tend to believe that we “should repay (in kind) what another has provided.” Extensive research on reciprocity has shown that people often reciprocate even when it goes against their self-interest (e.g. Cialdini, 1993; Gouldner, 1960). As a result, even those who are uninterested in reciprocating and developing a mutually trusting relationship may feel compelled to reciprocate unless they have (or can find) ways to justify non-reciprocity and escape what might otherwise be powerful and natural feelings of obligation.

Berg et al. (1995) have demonstrated that both the likelihood and the magnitude of reciprocity vary across individuals. Thus, some trusted parties do overcome what others feel is an obligation to reciprocate. Pillutla et al. (2003) suggest that reciprocity depends on the trusted party’s attributions of the trustor’s actions. While trustors might hope that trusted parties will acknowledge the initiatives that they have taken to establish a trusting relationship, some trusted parties may not even know that they have been trusted (e.g. Berg et al., 1995). For others, the high cost of reciprocity may induce them to seek ways to justify not reciprocating. This may be easiest when the trustor’s desperation is obvious: reciprocity is particularly unlikely when the trustor is perceived as parasitic, overly calculative, or self-interested (cf. Brehm, 1966; Williamson, 1993).

To a large degree, the trusted party’s attributions about the trustor and the trusting act will be driven by the trusted party’s own dependence, motivations, and interests. As trusted parties’ own dependence increases, the likelihood that they will interpret trusting acts as sincere will increase, as will the likelihood that they will reciprocate. Thus, their own motivated attributions will help to determine whether trust will develop. This suggests the following proposition:

Proposition 2. Trusted parties will interpret trustors’ initial acts of trust more favorably, and they will be more likely to reciprocate, as their own perceived dependence on initial trustors increases.

The motivated attributions model notes that the characteristics of the trusting act itself will also have independent effects on the trusted party’s attributions regarding the trustor’s intentions and interests. As Pillutla et al. (2003) discovered, those who hedged and took small or moderate risks were seen as non-trusting or cheap, attributions that also justified non-reciprocity. Large acts of trust that entailed greater risk and provided greater mutual benefit were more often interpreted as unequivocal and sincere acts of trust and this trusting attribution led to more

frequent (and more sizable) acts of reciprocity. Large acts of trust are inherently less ambiguous: they provide clearer signals of trust, making it difficult to downplay the significance of the trustor's act or to justify non-reciprocity. Thus, although rational choice approaches laud the efficacy and reasonableness of small, initial acts of trust, the Pillutla et al. (2003) findings suggest that potential trustors may be better served by choosing between large, seemingly irrational acts of trust (i.e. risking everything) and not trusting at all.

An initial trustor's precipitous trusting act not only makes it difficult to justify not reciprocating, but it also makes it easier for a trusted party to reciprocate by reducing the trusted party's risks. Even cooperatively inclined individuals are naturally wary of being exploited (Kelley & Stahelski, 1970), so any risk reduction can facilitate the process (Weber, 2003). Gulati, Khanna and Nohria (1994), for example, documented how the potential parties in a merger eliminated alternative suppliers to signal their trustworthiness and make it easier for the other party to commit. The underlying logic is that, in a relationship involving sequential decision making, each act can change the perceived payoffs and the risks associated with different choices for the other decision maker. In interpersonal interactions, people who share sensitive personal information provide their counterparts with the opportunity to later exploit this information if the relationship deteriorates, reducing the trusted party's own risks. Both of these examples suggest that precipitous trusting acts give trusted parties "fate control" over initial trustors (Thibaut & Kelley, 1959), thereby reducing trusted parties' risks in reciprocating and, consequently, increasing the likelihood that they will reciprocate. Thus,

Proposition 3. Precipitous trusting acts that benefit the trusted party will: (a) be more difficult to judge as insincere; (b) reduce the costs and risks associated with reciprocity; (c) increase the likelihood of reciprocity; and (d) accelerate the development of mutual trust.

A trusted party's self-attributions may also be critical to their response. Both trustors and their trusted parties, in both private and social contexts, are motivated to create and maintain positive self-impressions (Murnighan et al., 2001). Decisions to reciprocate the trusting acts of others can be particularly meaningful to people's self-perceptions. For example, people who choose *not* to reciprocate others' trust may see themselves as attractive (for having stimulated an initial trusting act), independent (for not needing to reciprocate), or untrustworthy (for not reciprocating a sincere, trusting act).

Thus, trustors who increase the size and salience of their trusting act (and consequently, their risks and vulnerability, as in Proposition 3) can prompt negative self-attributions for trusted parties who might otherwise be inclined not to reciprocate. Individual differences also come into play, as some people will

consider a trusting act to be laudable while others will view objectively identical actions as gullible or naïve (Murnighan et al., 2001). In general, however, acts that reflect positively on an actor will be more likely and will help fuel the trust development process; acts that reflect negatively, in any way, will help inhibit trust development. Thus,

Proposition 4. Initial acts of trust and/or acts that reciprocate trusting actions will be more likely when they reinforce actors' positive self-impressions or reduce the likelihood of negative self-impressions.

DISCREPANT ATTRIBUTIONS AND THE ROLE OF COMMUNICATION

Each successive step in the trust development process is laden with potential attributional errors, not only due to cognitive and perceptual limitations, but also due to the motivated and at times strategic nature of trusting choices. When parties are motivated not to trust or not to reciprocate, for example, they may more easily project non-trusting motivations onto others (Sagarin, Rhoads & Cialdini, 1998). In doing so, they are better able to justify their own behavior. Tenbrunsel (1998, p. 337), for instance, notes "... seeing the competition as unethical may only escalate one's own unethical behavior." The converse, as we have noted, is also likely: strong desires for the mutual benefits of trust may lead to unwarranted feelings of trust and perceptions of trustworthiness.

These misguided attributions also apply to breaches of trust. Luhmann (1979) and Jones and George (1998) suggested that people do not view every deviation from their expectations to be a breach of trust. Instead, they establish thresholds that determine whether unfulfilled expectations denote a breach. These perceptions, and the establishment of such thresholds (consciously or unconsciously), are likely to be influenced by the same factors that influence trusting choices and reciprocity. An extremely dependent party, for instance, may fail to acknowledge (much less sanction) even the most flagrant breaches of trust.

Attributional processes, however, are not always (or even usually) dysfunctional. Accurate attributions regarding trust and trustworthiness hinge on each party's ability to understand the other party's choices and constraints. The trust development process can be rapid when each act of trust or reciprocity provides a clear basis for dispositional attributions of trustworthiness. As Kelley (1971, p. 8) noted, however, "the role of a given cause in producing a given effect is discounted if other plausible causes are also present." When beneficial acts of trust can be attributed to self-interest, contracts, or social sanctions, for instance, attributional

discounting may be considerable (Malhotra & Murnighan, 2002). The problem intensifies when attributions are self-servingly motivated.

Objective observers whose attributions are relatively unmotivated are likely to evaluate the actions of highly dependent parties more positively than their less dependent counterparts would, but less positively than the parties themselves. Our model suggests, then, that there is an ever-present risk that trustors and trusted parties will have less similar and (often) less positive conceptions of each other's actions than might be necessary for trust to develop. This is similar to the notion of reactive devaluation in negotiations, in which each party sees the other's concessions as smaller than they actually are, because the other party made them (Stillinger et al., 1990). These biases create the potential for a negative spiral of discrepant interpretations of each party's trusting acts (Zand, 1972).

Clear communication seems the most promising solution to this problem. Empirical evidence and our current theorizing suggest two communication modes: either trust precipitously to reveal the extent of one's risks and commitment (as in Proposition 3) and/or talk clearly about the act of trust, preferably face-to-face. Communicating one's reasoning and expectations via explicit statements that describe intentions and expectations can be effective in clarifying the dynamics of a trusting act (Messick & Kramer, 2001). For example, a manager delegating important responsibility to an inexperienced employee might help to create mutual benefit and increased trust by stating, "This is an important project and I am assigning it to you because I trust you: I expect that you will meet all of the deadlines and keep costs to a minimum." The motivated attributions model suggests that a manager who assumes that employees will accurately judge the importance of a project or will naturally feel obligated to perform exceptionally because they have "obviously" been trusted may be disappointed.

Because face-to-face communication can make explicit the implicit messages that trustors hope to send, it can provide a simple (although still limited) defense against mutual misattributions. It can also make failing to reciprocate more difficult, since the physical presence of a vulnerable trustor can create social pressure and elicit empathy. Research on behavior in social dilemmas, for instance, has consistently found that communication and the reduction of social distance facilitates cooperation (Weber et al., 2004). Communication elicits commitments (Kerr & Kaufman-Gilliland, 1994) that create mutually desired outcomes because most individuals adhere to an internal norm that requires follow-through (Kerr et al., 1997). Valley, Moag and Bazerman (1998), for instance, demonstrated that face-to-face negotiations allowed each of two parties to profit in a context that, without face-to-face communication, repeatedly favored one over the other or sometimes hurt both. As business interactions become increasingly mediated by technology, then, the benefits of face-to-face interaction may become more and more salient.

INTER-ORGANIZATIONAL AND INTERNATIONAL TRUST

The archetypes of trust development that have motivated most of our theorizing are primarily interpersonal rather than inter-organizational. Because organizations are replete with interpersonal interactions of endless variety, individual archetypes are both relevant and helpful in thinking about trust within organizations. Indeed, we have offered examples of this sort throughout this paper. However, inter-organizational, inter-institutional, and international exchanges can have broader consequences than those of individuals and are more likely to include multi-party and inter-group dynamics. Consequently, additional factors undoubtedly influence trust development between organizations. At the same time, a variety of intra- and inter-organizational interactions depend on the perceptions, cognitions, and behaviors of individual organizational actors. In these cases, the motivated attributions model may apply beyond the domain of individual interactions to include interactions that are often ascribed to organizations or even larger entities.

The recent accounting scandals provide a particularly striking (and unfortunate) inter-organizational illustration of the motivated attributions model. In a compelling analysis of the potential for bias in auditing, Bazerman, Loewenstein, and Moore (2002, p. 98) noted that one of the central lessons of behavioral decision-making research is that “when we are motivated to reach a particular conclusion, we usually do.” Despite their professionalism, accountants are prone to the same biases in decision making as the rest of the populace. Situational and/or interpretational ambiguity and familiarity with and/or attachment to clients (and therefore tacit loyalty to those who pay them) are just some of the sources of bias to which accountants and the audit firms that they work for are unconsciously prone. The motivated attributions model would also suggest that overly favorable audits may reflect irrational trust (in a client’s claims) that has been facilitated by high levels of dependence on clients who provide access to information and opportunities for future business in accounting and managerial consulting.

Several scholars have documented other effects pertaining to inter-organizational trust that are also consistent with the model. In his ethnographic study of embeddedness in New York’s better-dress firms, for instance, Uzzi (1997, pp. 43, 44) noted that “trust developed when extra effort was voluntarily given and reciprocated.” In-depth interviews with CEOs and selected staff yielded a consistent characterization of trust that was at odds with rational choice predictions of calculative risk assessments. Uzzi noted that, when referring to trusted firms, respondents denounced the notion of monitoring their transaction partners because it was inappropriate in a trusting relationship. Furthermore, decision-making in these embedded, trusting relationships was the antithesis of the hard-headed

calculations of a rational approach to trust: “. . . the calculative stance of risk-based judgments, denoted by the skeptical interpretation of another’s motives when credible data are absent, was replaced by favorable interpretations of another’s unmonitored activities.” Uzzi (1997) noted that inter-organizational trust yields economies of effort, which facilitate other significant benefits like fine-grained information transfer, efficient joint problem-solving “on the fly,” and complex adaptation.

Gulati, Khanna and Nohria (1994) found that in a context in which up to 80% of inter-organizational alliances failed, among the best predictors of success were large, unilateral commitments by one of the parties. Examples of such unilateral acts of trust included: (a) a company signing a long-term contract with a third-party supplier for material needed for an impending alliance; (b) a computer hardware manufacturer dissolving its internal software department to signal its commitment to an alliance with a software firm; (c) an automobile manufacturer making its design specifications fully available to an alliance partner before the partner had invested in the alliance; and (d) a company making a promise of exclusivity even when it could pursue a number of viable partnerships to diversify its risks. Consistent with the logic of the motivated attributions model, Gulati et al. noted that these actions, by virtue of their size and the risks involved, signaled that the organizations’ intentions were sincere. This created a social context in which reciprocity was expected (and typically delivered) and, given the sequential nature of relationship development, fundamentally changed their counterparts’ social and risk contexts. In fact, Gulati et al. (1994, p. 68) “. . . found no examples in which the partner took advantage of [a] unilateral gesture; in all cases the partner responded by cooperating.” Our model suggests that these kinds of large trusting acts may be encouraged by the initiating organization’s own feelings of dependence and their motivated perceptions of the other party’s trustworthiness. They might also be intentional influence strategies designed to shape the other parties’ motivated attributions.

The value of large, unambiguous trusting acts (risks) between polarized counterparts in international relations has also been repeatedly noted. For example, Kahn and Kramer (1990) described the importance of Anwar Sadat’s (1977) trip to Jerusalem as a major unilateral initiative that created the potential for future value – at considerable risk to Sadat. (Also, consistent with our model, it is not clear whether Sadat fully appreciated the risks to which he was exposing himself). His groundbreaking visit opened the doors to the Camp David Accords and ultimately a peace treaty between Israel and Egypt. It probably also energized the internal Egyptian opposition that culminated in his assassination. Kahn and Kramer (1990) also highlight Gorbachev’s repeated unilateral concessions to Reagan and the United States as catalysts for the development of trust and the consequent creation

of considerable joint value. Consistent with our model, some observers have noted that, after such repeated concessions, norms of reciprocity and social pressures demanded a conciliatory response from Reagan.

Despite these provocative examples of interorganizational and international trust processes that mirror our model's predictions, it is important to note that the actions of organizations may engender weaker feelings of obligation than do the actions of individuals because people tend to view organizations less personally than they do individuals. The financial services industry, for example, appears fully aware of the strength of interpersonal connections because they assign personal bankers to clients to establish a stronger sense of loyalty than any that could be engendered by repeated interactions with different organizational representatives. The same phenomenon is true in sales in general: organizations try to build personal relationships with their clients through regular, repeated contact between the same individuals. Thus, the predictions of the motivated attributions model may be applicable in inter-organizational contexts, particularly when individuals' decisions figure prominently. More generally, we expect that feelings of dependence are relevant for parties that may be much larger than individuals or small groups. We predict that it will also influence the proclivity to engage in large, seemingly irrational acts of trust between departments, divisions, organizations, and even nations, but these influences may be less direct and less potent.

DISCUSSION

Rational choice approaches to trust development cannot easily explain large, "irrational" trusting acts, even though they occur with considerable frequency. This observation led us to formulate a motivated attributions model of trust development that focuses on: (1) the role of attributions as mediators in trust and reciprocity decisions; (2) asymmetries in the perceptions, cognitions, and judgments of the trusting parties; (3) the motivated nature of attributions; and (4) the dynamics of dependence and asymmetric dependence.

Table 1 summarizes some of the fundamental differences and similarities between traditional rational choice models and our motivated attributions model of trust development.

Our core argument suggests that potential trustors may make exaggerated evaluations of a potential trusted party's trustworthiness. Such evaluations are the consequence of motivated perceptions and cognitions that accentuate goal-consistent evidence (i.e. of the other party's trustworthiness) while failing to observe or actively discredit disconfirming evidence. These exaggerated

Table 1. A Motivated Attributions Model of Trust Development Versus Traditional Rational Choice Models of Trust Development.

	Expected Pattern of Trust Development	Risk Orientation	Cognitive Processing	Potential for Making Attributional Errors	Search for Information About Counterpart	Views Parties to Trust Development . . .
Traditional "rational choice" models	Gradual S-curve	Cautious and defensive	Deliberate, careful, and comprehensive	Low	Comprehensive and complete	. . . as generally <i>symmetric</i> in terms of interests and motivations.
Motivated attributions model	Low motivation: Gradual S-curve High motivation: Steep, accelerated S-curve	Low motivation: Cautious and defensive High motivation: Risky and provocative	Low motivation: Unlikely and haphazard Moderate motivation: Somewhat careful and deliberate High motivation: Shallow and goal-driven	Likely, driven by low motivation (i.e. "undertrust"; high motivation → "overtrust")	Low motivation: Unlikely High motivation: Relatively little; avoiding reasons not to trust	. . . as often <i>asymmetric</i> in terms of interests and motivations.

evaluations of trustworthiness are likely to be shaped by feelings of dependence and can lead to precipitous acts of trust. Relative to the small initial risks prescribed by rational choice approaches, precipitous acts of trust have the advantage of overcoming a trusted party's natural inclinations to be defensive: such serious acts demand attention and are difficult to attribute to motives other than trust. These characteristics increase the probability of reciprocity and, as a result, they also contribute to the potential for accelerated trust development.

We conceptualize our motivated attributions model of trust development as a general model that encompasses the rational choice approach. The gradual S-curve of rational trust development (Fig. 1) fits the assumptions of our motivated attributions model, particularly when the parties' feelings of dependence are similar, mild to moderate in degree, and when trust actually develops.

This last point is important. Small trusting acts signal small investments in a potential relationship: they are less likely to generate reciprocity, which, if not forthcoming, can terminate the process and lead initial trustors to seek other means to achieve the benefits that they desire. This implies that rational choice models may have developed by sampling on the dependent variable – mapping out the trust development process *only when it happens* – rather than predicting all of the possible responses to small, incrementally trusting acts. Therefore, in addition to explaining normal acts of precipitous, irrational trust and their efficacy, the motivated attributions model also identifies when and why trust may fail to develop, even in the absence of negative information about a trusting party or a breach of trust.

A natural question that arises from our approach concerns the potential for strategic manipulation of another's trust by engaging in precipitous acts of trust. Our primary focus has been on the natural emergence of trusting acts, which implies that trusting acts are neither particularly deliberate nor strategic. Indeed, we suggest that a lack of deliberate calculation, which arises from biased perceptions and motivated aspirations, leads to what Luhman (1979) has called "supererogatory" acts of trust, i.e. doing more than is required. Cialdini (1993), however, has noted that professional salespeople and fundraisers can (and do) exploit our natural tendency to reciprocate. Clearly, there is potential for manipulation in the trust development process. Such strategic behavior is difficult to the extent that being perceived as calculative or strategic rather than genuine elicits non-reciprocity. In contrast, the unique combination of sincerity plus a precipitous act of seemingly irrational trust can increase the likelihood of reciprocity and truly accelerate the trust development process. The challenge for trusted parties, then, is to be able to detect insincerity. The challenges for strategic "trustors" are to both appear sincere and be able to take risks that are truly precipitous. Ironically, these kinds of acts for sincere trustors may be most likely when they do not clearly identify and consider the effect of their dependence, i.e. when their choices are less "rational."

IMPLICATIONS

Cultivating trust is important for establishing, advancing, or cementing a relationship (Sheppard & Sherman, 1998). Our model extends existing theory by explaining the conditions under which precipitous acts of trust are most likely and why they may be surprisingly effective at achieving initial trustors' goals for a relationship.

One immediate implication of the motivated attributions model is for individuals in potentially trusting relationships to seriously consider the effects of their motivations, their dependencies, their need to see themselves positively, and their inability to fully understand their counterparts' perceptions. The model makes these considerations explicit by focusing on the attributions that surround initial trusting acts.

The model also suggests that people who are contemplating significantly risky trusting acts might make the motives for their acts explicit – or at least unambiguous. Clear statements of intent may be effective in ameliorating a trustor's exposure to risk by invoking the powerful norm of reciprocity (Cialdini, 1993; Gouldner, 1960). Depending on the circumstances, however, this kind of communication can backfire. Saying "I'm doing this because I trust you" may signal to trusted parties that the action is not based on trust but is chosen to manipulate. A party that "doth protest too much" may lead counterparts not to reciprocate. Thus, "the communication dilemma" in the trust development process requires that trustors reveal enough to be understood, but not so much that they lead their counterparts to question their sincerity. As is true of any communication process, this can be perilously difficult, requiring tremendously astute interpersonal sensitivity. Thus, rather than depend on communications that almost always contain some element of ambiguity, the strongest influence in developing trust may stem from acts that seem too risky, because they elicit more unambiguous attributions.

We have suggested that precipitous trusting acts that contradict the predictions and prescriptions of the rational choice approach to trust may be strategically (if unintentionally) advantageous. There is no doubt that those who take large, trusting risks are more vulnerable to exploitation than those who do not. Yet "what people often fail to see is the other side of the coin – the benefits foregone by distrusters" (Yamagishi, 2001, p. 142). In particular, the cautious initial trusting of rational actors may reduce the risk of exploitation but may simultaneously, and more seriously, reduce the likelihood of potentially profitable and advantageous opportunities and relationships. The logic of our new model, then, suggests that people's motivational proclivities and (consequently) imperfect and irrational reasoning may actually serve important, adaptive purposes (Simon, 1990).

In sum, the motivated attributions model expands the range of possible trusting actions and reactions that we might reasonably expect in interpersonal and inter-organizational interactions. It further provides a basis for predicting when to expect different patterns of trust development and clarifies why significant trusting acts can be perceived as normal and reasonable rather than irrational, especially to the actors themselves. It also portrays the trust development process as one that depends on each party's interpretations of each other's actions and which, as a result, may be far from smooth. By focusing on dependence and motivated attributional processes, it explains how trust tends to develop, at times against apparent odds, and why, too often, it may not.

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