Trust

Trust is a means to reduce complexity of the social world ([Luhmann, 2000](#_ENREF_7)) that facilitates and enhances cooperation in general and in the economy in particular. It is related to future behaviour of persons and institutions which bases on the experience of certainty where no real certainty exists. It is defined as “willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespectively of the ability to monitor or control the other party” ([Mayer, Davis, & Schnorrman, 1995, p. 712](#_ENREF_8)). Trust as readiness to undertake a risky action is based on the expectation that the other party is trustworthy. This expectation can either be reason-based (explicit) or implicit.

Reason-based trust origins from (a) the perception to depend on another party to achieve a specific goal, (b) the trustor’s evaluation of the trustee’s willingness and ability to achieve the specific goal, that is, the trustee’s motivation and competence as well as benevolence in taking actions which are not to the disadvantage of the trustor. Additionally, situative conditions such as specific opportunities or hindrances to achive the goal are evaluated. Based on reflective processes the trustor decides whether or not to trust the other party. In contrast, implicit trust results from automatic and unintentional processes and is based on the perception of similarity between the trustor and trustee, shared social identity, and shared values ([Castelfranchi & Falcone, 2010](#_ENREF_1)).

Perception of trustworthiness and trust also depend on biological factors, dispositional and personality traits. For instance, high levels of the hormone oxytocin appear to facilitate trust ([Koslowsky, Heinrichs, Zak, Fischbacher, & Fehr, 2005](#_ENREF_4)). Regarding the disposition to trust, cultural characteristics (e.g., power distance between authorities and subordinates, masculinity versus femininity), early developmental experiences and socialization (e.g., affectional bonds and attachment between children and parents), and personality traits (e.g., dominance, Macchiavellianism) are related to trust. Trait based disposition to trust is stable across situations, and mediates the influence of explicit and implicit determinants of trust. On the extreme, the disposition to trust and mistrust lead to blind trust or the incapacity to trust at all.

Trust can be directed towards people, towards an authority or institution or (depending on the use of terms trust and reliance) towards a machine or technology. Trust in others is positively associated to general well-being, the prerequisite of social capital in organizations and the society, to well-functioning democratic processes in the society, and also to economic success and growth ([e.g., Putnam, 1995](#_ENREF_10)). Trust in an authority fosters acceptance and commitment to rules and laws. It is positively related to perceived fairness of procedures and distribution of resources, and fosters successful leadership in organizations and policy of governmental authorities ([Tyler & Kramer, 1996](#_ENREF_11)). Trust in technology is essential for the acceptance of a technology and determines, for instance, well-functioning human-computer interaction in work settings, multi-agent systems and networked-computer systems, and also virtual collaboration of work teams, e-commerce, e-learning, or tele-medicine.

Research methods to study trust are surveys and panel studies as well as observation of behaviour in laboratory experiments. Panels, such as the Eurobarometer, periodically survey people’s trust in the economy, government and public institutions or fellow citizens. Questionnaires to assess reason-based and implicit trust as well as perceived trustworthiness of others, authorities, or technologies are presented by Dietz and Den Hartog (2006). Laboratory experiments on antecedents and consequences of trust are frequently conducted in behavioural economics and economic psychology. They are often conceptualized within game theory and addressed as “social dilemma games”, “ultimatum game”, “prisoner dilemma game”, “public good game”, “investment game”, and “trust game” ([Güth, Ockenfels, & Wendel, 1997](#_ENREF_3); [Kreps, 1990](#_ENREF_6)).

While trust is easily destroyed, establishing or re-establishing trust is difficult and protracted. Gärling, Kirchler, Lewis and van Raaij (2010) reflect about how trust in financial institutions originates, and if it is gone, how it can be regained. They identify seven factors: competence, stability, integrity, benevolence, transparency, value congruence, and reputation. While the first four are necessary preconditions or “dissatisfiers” that bring trust from negative to neutral, the last three are “satisfiers” that bring trust from neutral to positive.

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