Trust Building via Risk Taking: A Cross-Societal Experiment

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INTRODUCTION

The role of risk taking in building trust relations has been largely overlooked in the burgeoning literature on trust in the social sciences (add cites – Cook 2001 etc.), yet it is central to understanding how trust develops. In the absence of monitoring and the sanctioning of opportunistic behavior trusting always involves some risk. We define trust building as the process through which social interaction opportunities involving risk are transformed into trust relations in which the people involved come to trust each other and honor that trust. How does this happen?

We argue that a series of risk taking behaviors is indispensable to building a trust relation (Blau 1964, Holmes and Rempel 19xx). In a typical trust building scenario, two people realize they can potentially gain from engaging in social exchange. The exchange may take the form of going out on a date, inviting someone home for a pleasant conversation, or even engaging in a business transaction. Each person knows that she will gain from engaging in an exchange with a potential partner if that partner turns out to be trustworthy. Yet, there is always the risk of potential loss if the partner turns out not to be trustworthy.

Typically there is no *a priori* basis on which to expect trustworthy behavior from a new potential exchange partner. In addition, there is often no regulatory agency to control behavior and initially no information about the reputations of potential exchange partners. Moreover, monitoring and sanctioning is usually too costly. Under these conditions few rational people would engage in exchange thus the benefits that could potentially be obtained from mutual exchange are never realized.

In situations in which there is the clear risk of opportunism, a trust relation in which one can expect trustworthy behavior from another becomes a highly valuable commodity. And, such a trust relation is too valuable to jeopardize by engaging in the kind of myopic opportunistic behavior that generates short-term gain but blocks the possibility of building a long-term relationship. If you have a trustworthy friend or business partner who reliably acts in a trustworthy manner, you would not want to lose her as an exchange partner. This implies that a trust relation is self-sustaining in the sense that each person has an incentive to maintain the relationship once it develops (Blau 1964, Hardin 2002). Unilaterally untrustworthy behavior in an exchange situation destroys the opportunity to obtain the benefit of being able to trust others.