DEVELOPING AND MAINTAINING TRUST IN WORK RELATIONSHIPS

Roy J. Lewicki
Department of Management & Human Resources
The Ohio State University

Barbara Benedict Bunker
State University of New York at Buffalo

January 1996

RS 96-1

Reprinted from Roderick M. Kramer and Tom R. Tyler, *TRUST IN ORGANIZATIONS* FRONTIERS OF THEORY AND RESEARCH, pp. 114-139, 1996. Reprinted by permission of Sage Publications, Inc.

To obtain an Index of complimentary Series papers please write to:

Business Research
Max M. Fisher College of Business
The Ohio State University
1775 College Road
Columbus, Ohio 43210

7

Developing and Maintaining Trust in Work Relationships

ROY J. LEWICKI
BARBARA BENEDICT BUNKER

The past decade has seen dramatic changes in the modern organization. New organizational linkages, strategic alliances, partnerships, and joint ventures are being formed to achieve and maintain competitive advantage in the marketplace. New linkages require organizations to move away from the more traditional hierarchical forms and toward networks and alliances. These new forms are designed to be more responsive to rapid change, enable entrepreneurial activity to flourish within the organization and across its boundaries, and increase the effectiveness of communication and problem solving across departments, locations, functional responsibilities, and organizational boundaries.

In their recent work, *Managing the New Organization,* Limerick and Cunnington (1993) emphasize nine crucial competencies for managing networks, within and across organizational boundaries. Interpersonal dynamics between key actors within a network or alliance are critical elements in this list of competencies, and trust is central to this list:

> The key value in networking, and the one that is most problematic for Western managers, is trust. . . . High levels of trust help reduce transaction costs. . . . Trust

> reduces uncertainty about the future and the necessity for continually making provisions for the possibility of opportunistic behavior among participants. . . . Trust lubricates the smooth, harmonious functioning of the organization by eliminating friction and minimizing the need for bureaucratic structures that specify the behavior of participants who do not trust each other. But trust does not come naturally. It has to be carefully structured and managed. (pp. 95-96)

Limerick and Cunnington's work effectively highlights the changes occurring in the contemporary organization and explains the new emphasis on interpersonal skills, particularly trust, in the workplace. The objective of this chapter is to explore how trust is developed, sustained, and repaired in professional work relationships. We will begin the chapter with a definition of trust and a brief review of the various ways that it has been approached and defined in the social science literature. We will then turn our attention to describe a model of trust development that is more complete and complex than previous writings on this subject. Finally, we identify some of the ways that trust is broken in professional relationships and describe the process necessary to repair this trust.

Current Definitions and Research Approaches to Trust

Trust is a concept that has received attention in several different social science literatures—psychology, sociology, political science, economics, anthropology, history, and sociobiology (see Gambetta, 1988; Lewicki & Bunker, 1995; Worchel, 1979, for reviews). As can be expected, each literature has approached the problem with its own disciplinary lens and filters. Remarkably, little effort has been made to integrate these different perspectives or articulate the key role that trust plays in critical social processes (e.g., cooperation, coordination, performance).

Worchel (1979) proposes that these different perspectives can be aggregated into at least three different groups (see also Lewicki & Bunker, 1995, for a more detailed exploration of theory within each category):

1. *The views of personality theorists, who have focused on individual personality differences in the readiness to trust and on the specific developmental and social contextual factors that shape this readiness.* At this level, trust is conceptualized as a belief, expectancy, or feeling that is deeply rooted in the personality and has its origins in the individual's early psychosocial development (see Worchel, 1979).
2. *The views of sociologists and economists, who have focused on trust as an institutional phenomenon.* At this level, trust can be conceptualized as both a phenomenon within and between institutions, and as the trust individuals put in those institutions.

3. *The views of social psychologists, who have focused on the interpersonal transactions between individuals that create or destroy trust at the interpersonal and group levels.* At this level, trust can be defined as the expectation of the other party in a transaction, the risks associated with assuming and acting on such expectations, and the contextual factors that serve to either enhance or inhibit the development and maintenance of that trust.

It is this third approach to trust—the social-psychological perspective, emphasizing the nature of trust in interpersonal transactions—that we wish to emphasize in this chapter. Deutsch (1958) defined *trust* as an expectation of interpersonal events:

> An individual may be said to have trust in the occurrence of an event if he expects its occurrence and the expectations lead to behavior which he perceives to have greater negative motivational consequence if the expectation is not confirmed than positive motivational consequence if it is confirmed. (p. 266)

However, trust is more than simple expectations; as social psychologists note, it is expectations set within particular contextual parameters and constraints. For example, Lewis and Weigert (1985) argue that trust is not mere predictability but confidence in the face of *risk* (a contextual variable that is central to most social-psychological definitions; see also Kahnemann, Knetsch & Thaler, 1986).

Many definitions move beyond expectations to specify the key situational parameters that describe or define situational risk. Deutsch (1960) suggested that a decision to trust is made in situations in which the following situational parameters exist: (a) There is an ambiguous course of action in the future, (b) outcome occurrence depends on the behavior of others, and (c) the strength of the harmful event is greater than the beneficial event. In a subsequent article, Deutsch (1973) refines this decision-making process into a series of hypotheses about the conditions under which trusting choices will be made, noting the positive and negative consequences of the trusting acts. Similarly, Schlenker, Helm, and Tedeschi (1973) defined trust as the "reliance upon information received from another person about uncertain environmental states and their accompanying outcomes in a risky situation" (p. 419). They argued that the situation must contain the following for trust to be demonstrated: (a) a risky situation with regard to whether certain outcomes will be derived in the future; (b) the presence of cues that provide some information as to the probability of various uncertain environmental states occurring, such as the communication of another's intentions; and (c) the resulting behavior of the person demonstrating reliance on this uncertain information (see also Zand, 1972).

In this chapter, we will adopt the definition of trust proposed by Boon and Holmes (1991); their definition is relatively simple, straightforward, and contains most of the elements of other definitions. Boon and Holmes define trust as "a state involving confident positive expectations about another's motives with respect to oneself in situations entailing risk" (p. 194). Boon and Holmes's definition of trust is based on three elements that contribute to the level of trust one has for another: the individual's *chronic disposition* toward trust (see our earlier discussion of personality), *situational parameters* (some are suggested above), and the *history of their relationship*. We will now address this relationship dimension of trust.

Trust in Professional Relationships

Much of the earlier work we have cited thus far assumed that *interpersonal trust* and *relationship* were synonymous and interchangeable. More recent work has attempted to separate the two, although the separation may be indiscernible because many of these studies (e.g., Boon & Holmes, 1991; Holmes, 1991; Rempel, Holmes, & Zanna, 1985) have focused on trust development only in a close, personal relationship (e.g., romantic) context. Clearly, however, not all relationships are romantic ones. Many relationships are best defined as "friendships" or "acquaintances," yet trust is just as essential to sustain these relationships. As we noted earlier, trust is a critical success element to most business, professional, and employment relationships.

The study of personal relationships has been of continuous interest to the field of social psychology (Valley, Neale, & Mannix, 1995). Several recent works have attempted to analyze and understand the fundamental characteristics of relationships (see Duck, 1988, 1993a, 1993b; Duck & Perlman, 1985). Through a comprehensive review of the literature and empirical examination of different types of relationships, Greenhalgh and Chapman (1994, in press) identified 18 empirically different dimensions of relationships. Central to their typology—as it has been to other characterizations of trust (e.g., Davis & Todd, 1985)—is the notion of trust.

Our purpose here is not to explore all of the different dimensions of relationships. Instead, we wish to focus on how trust develops in working relationships, particularly ones that do not entail a romantic component. However, because we have embraced Boon and Holmes's (1991) definition of trust—a definition they developed to explain trust development in intimate, romantic relationships—we will first explain how they propose that trust develops in the context of romantic relationships and then extrapolate this assessment to nonromantic relationships.

Boon and Holmes (1991) suggest that romantic relationships move through three developmental stages or phases: the romantic love stage, the evaluative stage, and the accommodative stage. In the romantic love stage, the parties experience a surge of positive feelings and an idealization of the partner. Boon and Holmes argue that love and trust are fundamentally undifferentiatable at this stage, because the parties' hope that the relationship will prosper overshadows any fear or caution that it may not. In the evaluative stage, sustained close contact between the parties reveals imperfections in the other, leading them to want to step back and evaluate the relationship more broadly. The "pros and cons" of the relationship are debated, and in the process, Boon and Holmes propose that "real" trust takes root: The parties engage in reciprocal self-disclosure and respond to each other's thoughts and feelings, learning to trust each other and determine whether each other's responsiveness is genuine. Finally, the accommodative stage is marked by a negotiation of conflicting needs, expectations, and perceived incompatibilities. The parties solidify their trust in each other, eventually making a "leap of faith" in which they decide that although they cannot ever know everything about the other, their ability to enjoy compatibilities and resolve differences is likely to sustain the relationship for the foreseeable future.

In professional relationships, trust does not begin with the development of intense emotionality. However, the processes of evaluation and information exchange that Boon and Holmes describe are part of relationship development at work. For our purposes, the most important element in Boon and Holmes's description of the evolution of trust is their suggestion that trust dynamics are *different* at each of the three stages. This is a fundamentally different perspective on trust from the view that the essence of trust cannot be captured by a single, "static" definition of its key elements and attributes. Trust is viewed as a dynamic phenomenon that takes on a different character in the early, developing, and "mature" stages of a relationship.

Trust in Professional Relationships

An effort to describe relationship development in a business context was recently proposed by Shapiro, Sheppard, and Cheraskin (1992). These authors suggest that three types of trust operate in the development of a business relationship: deterrence-based trust, knowledge-based trust, and identification-based trust. *Deterrence-based trust* is based on consistency of behavior—that people will do what they say they are going to do. Behavioral consistency is sustained by the threat of punishment (e.g., loss of relationship) that will occur if consistency is not maintained—that is, people do not do what they say they will do. The second type of trust is *knowledge-based trust.* This type of trust is grounded in behavioral predictability—a judgment of the probability

of the other's likely choice of behaviors. Knowledge-based trust occurs when one has enough information about others to understand them and accurately predict their likely behavior. Finally, the third type of trust is called *identification-based trust.* This form of trust is based on a complete empathy with the other party's desires and intentions. At this third level, trust exists because each party effectively understands, agrees with, empathizes with, and takes on the other's values because of the emotional connection between them and thus can act for the other. Identification-based trust thus permits one to act as an "agent" for the other and substitute for the other in interpersonal transactions.

In an earlier paper (Lewicki & Bunker, 1995), we compared this framework to the Boon and Holmes model and significantly expanded on the Shapiro, Sheppard, and Cheraskin framework. We will now review that model and demonstrate its applicability to trust development in professional relationships.

Three Types of Trust

Our earlier paper suggested three specific extensions of the Shapiro, Sheppard, and Cheraskin framework. First, we suggested that the three types of trust are linked in a sequential iteration in which achievement of trust at one level enables the development of trust at the next level. We also proposed that understanding how trust changes and evolves may also help us understand how relationships change and evolve. Finally, our model of transitional stages in trust development creates the necessary groundwork to specify how trust declines and how it may be repaired.

The following three-stage model assumes that two parties are entering into a new relationship. There is no history between them, and thus, although they have no previous "reputations" to overcome, the parties are uncertain about each other, believe they are vulnerable if they disclose too much too quickly, and are uncertain about the future longevity of the relationship.

Calculus-Based Trust

Shapiro, Sheppard, and Cheraskin identified the first kind of trust as deterrence-based trust. These authors argue that this form of trust is based on assuring consistency of behavior; that is, individuals will do what they say because they fear the consequences of not doing what they say. Like any behavior based on a theory of deterrence, trust is sustained to the degree that the deterrent (punishment) is clear, possible, and likely to occur if the trust is violated. Thus, the threat of punishment is likely to be a more significant motivator than the promise of reward.

We have called this form *calculus-based trust* because we believe that deterrence-based trust is grounded not only in the fear of punishment for violating the trust but also in the rewards to be derived from preserving it. In this view, trust is an ongoing, market-oriented, economic calculation whose value is derived by determining the outcomes resulting from creating and sustaining the relationship relative to the costs of maintaining or severing it. Compliance with calculus-based trust is often ensured both by the rewards of being trusting (and trustworthy) and by the "threat" that if trust is violated, one's reputation can be hurt through the person's network of friends and associates. In a business relationship, the professional "reputation" of the other side can serve as a "hostage." If one party begins to violate the other's trust, the violated party can quickly let it be known, throughout the accused's network, that the other is a disreputable individual. "People invest resources for the purpose of building a reputation for honesty" (Dasgupta, 1988, p. 70). Even if you are not an honest person, having a reputation for honesty (or trustworthiness) is a valuable asset that a businessperson would want to maintain. So even if there are opportunities to be dishonest (or untrustworthy), these short-term gains from untrustworthy acts must be balanced (in a calculus-based way) against the longer-run gains of maintaining a good reputation.

Although calculus-based trust may be driven both by the value of benefits or the costs of cheating, we support Shapiro, Sheppard, and Cheraskin's view that at this stage, the deterrence elements will be a more dominant "motivator" than the benefit-seeking elements. The "trust calculus" is made effective, therefore, by the *adequacy and costs of deterrence.* For the threat of deterrence to be effective, the following conditions must exist:

- The potential loss of future interaction with the other must outweigh the profit potential that comes from defecting from the relationship or violating expectations.
- Deterrence requires monitoring the other's behavior for it to work; the parties must continue to monitor each other and be willing to tell each other when a trust violation has been noted.
- The potentially harmed party must be willing to withdraw benefits from, or introduce harm to, the person acting distrustfully. Thus, behavior *control* is central to this form of trust; these control actions are designed to get the other to do what the actor wants them to do.
- The upside and downside calculations of calculus-based trust may be shaped by the actor's orientation toward risk. Trust actions are rational and outcome maximizing, but perceptions of economic rationality are often influenced by orientation to risk (see Bazerman, 1994, for one review). In assessing the benefits of interdependence, costs of cheating, and the associated probabilities, perceptions will be shaped by risk biases that predispose either party toward being exploited (we are naive and "risk seeking," trusting those who do not deserve to be trusted) or toward being suspicious (we are cautious and "risk averse," not trusting those who deserve to be trusted).

Finally, as a developmental process, we believe that the appropriate metaphor for the growth of calculus-based trust is the children's game *Chutes and Ladders.* Progress is made on the game board by dice throws that permit the player to move ahead in a stepwise fashion; however, if one lands on a "chute," the player is quickly dropped back a number of steps. In calculus-based trust, forward progress is made by ladder climbing in a slow, stepwise fashion; however, hitting a single event of inconsistency may "chute" the individuals back several steps—or, in the worst case, back to square one. At this early stage, trust is partial and quite fragile.

Knowledge-Based Trust

The second form of trust is knowledge-based trust. This form of trust is grounded in the other's predictability—knowing the other sufficiently well so that the other's behavior is anticipatable. Knowledge-based trust relies on information rather than deterrence. It develops over time, largely as a function of the parties having a history of interaction that allows them to develop a generalized expectancy that the other's behavior is predictable and that he or she will act trustworthily (Lindskold, 1978; Rotter, 1971).

According to Shapiro et al. (1992), there are several dimensions to knowledge-based trust. First, and most simply, information contributes to the predictability of the other, which contributes to trust. The better one knows the other, the more accurately he or she can predict what the other will do (Kelley & Stahelski, 1970). Second, predictability enhances trust—even if the other is predictably untrustworthy—because the ways that the other will violate the trust can be predicted. Finally, accurate prediction requires an understanding that develops over repeated interactions in multidimensional relationships (similar to calculus-based trust). In knowledge-based trust, *regular communication* and *courtship* are key processes (Shapiro et al., 1992). Regular communication puts a party in constant contact with the other, exchanging information about wants, preferences, and approaches to problems. Without regular communication, one can "lose touch" with the other—not only emotionally but in the ability to think alike and predict the reactions of the other. Second, "courtship" is behavior that is specifically directed at relationship development, at learning more about a possible partner. Courtship is conducted by "interviewing" the other, watching the other perform in social situations, experiencing the other in a variety of emotional states, and learning how others view this behavior. Courtship permits actors to gain enough information to determine whether the parties can work together well.

In summary, the development of knowledge-based trust is a fundamentally different process of relationship building and testing. The appropriate metaphor for knowledge-based trust may be from agriculture: Its development is more like "gardening"—tilling the soil year after year to understand it and

knowing what will grow in the sandy and moist sections, the shady and sunlit sections. This knowledge comes from experimenting with different plants over the years. In relationships, the parties cultivate their knowledge of each other by gathering data, seeing each other in different contexts, and noticing reactions to different situations. At this level, trust is not necessarily broken by inconsistent behavior. If people believe that they can adequately explain or understand someone else's behavior, they are willing to accept it (even if it has created costs for them), "forgive" that person, and move on in the relationship. Consider the example of two friends who agree to meet at a restaurant at 6 p.m. Person A fails to show up until 6:30 and B is kept waiting. To the degree that their friendship is based simply on calculus-based trust, B will be angry at the high costs she must incur for being "stood up," be upset at A's unreliability, and angry enough to terminate the relationship. If they are operating more on knowledge-based trust, however, B will tolerate A's behavior to the degree that she can muster some adequate explanation for B's behavior—"he must have gotten stuck at work," or "he is caught in heavy downtown traffic," or "he is always running behind and that doesn't bother me because I know he'll get here eventually."

Identification-Based Trust

The third type of trust is based on identification with the other's desires and intentions. At this third level, trust exists because the parties effectively understand and appreciate the other's wants; this mutual understanding is developed to the point that each can effectively act for the other. For example, Kramer (1993; Kramer & Brewer, 1986) argues that a certain form of group-based trust is linked with group membership and develops as individuals identify with the goals espoused by particular groups and organizations. In these situations, salient group identification greatly enhances the frequency of cooperation and provides a far better explanation than self-interest approaches for understanding cooperative behavior.

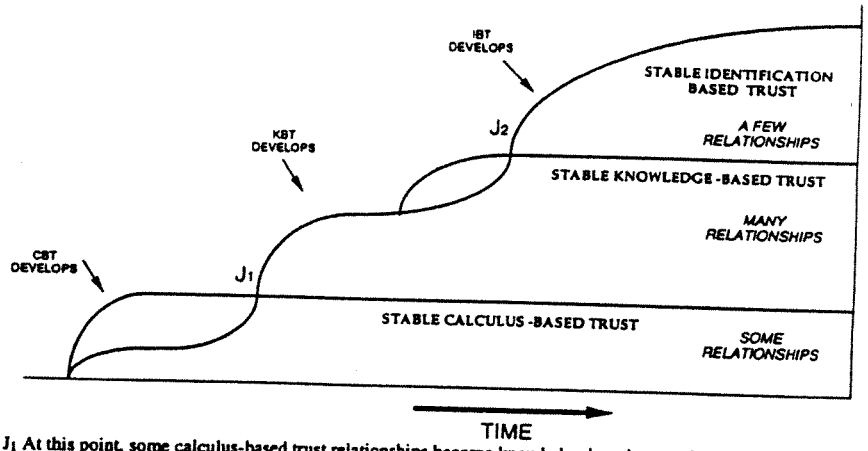
Identification-based trust thus permits a party to serve as the other's agent and substitute for the other in interpersonal transactions (Deutsch, 1949). The other can be confident that his or her interests will be fully protected and that no surveillance or monitoring of the actor is necessary. A true affirmation of the strength of identification-based trust between parties can be found when one party acts for the other in a manner even more zealous than the other might demonstrate. For example, if Party A is hesitant to defend himself against criticism from an outsider, but Party B is willing to take on the outsider and aggressively protect A, A's trust in B may be affirmed and enhanced by B's willingness to do for A what A could not do for himself. Interestingly, however, if B makes claims about A that exceed even what A might say about

himself, A could lose some trust in B because B's exaggeration may show lack of understanding. In identification, B must act *like* A, but not overreact on behalf of A.

A corollary of this "acting for each other" in identification-based trust is that as both knowledge and identification develop, the parties not only know and identify with each other but come to understand what they must do to sustain the other's trust. This process might be described as "second-order" learning. A comes to learn what "really matters" to B and eventually places the same importance on those behaviors as A does. For example, a husband comes to learn how critical the wife believes it is to pick up the children from day care at the appointed hour. The wife has high concern for the children who have been at day care all day and also has high empathy for the teachers in the day care center who want to go home on time. The husband knows that if he is late and fails to pick up the children at the appointed hour, the wife will become very angry and take this lateness as evidence that the husband "can't be trusted" to pick up the children on time (i.e., does not understand how important it is to the wife that the children be picked up on time). Thus, the husband empathizes with the sense of urgency felt by the wife and constantly makes sure that he is not late to pick up the children. If the husband is late, even though the children are never in danger, the wife nevertheless will lose trust in the husband.

Many of the same activities that build and strengthen calculus-based and knowledge-based trust also serve to develop identification-based trust. Four additional types of activities strengthen identification-based trust that supplement those already mentioned (Shapiro et al., 1992): developing a *collective identity* (a joint name, title, logo, etc.); *colocation* in the same building or neighborhood; *creating joint products or goals,* such as a new product line or a new set of objectives; and committing to *commonly shared values,* such that the parties are actually committed to the same objectives and can substitute for each other in external transactions.

In summary, identification-based trust develops as one both knows and predicts the other's needs, choices, and preferences and also shares some of those same needs, choices, and preferences as one's own. Increased identification enables one to "think like" the other, "feel like" the other, and "respond" like the other. People may in fact empathize strongly with the other and incorporate parts of his or her psyche into their own "identity" (needs, preferences, thoughts, and behavior patterns) as a collective identity develops. A suitable metaphor for identification-based trust may be a musical one, such as "harmonizing." The parties learn how to use their voices to sing in a harmony that is integrated and complex. Each knows the others' range and pitch, each knows when to lead and follow, each knows how to play off the others to maximize their strengths, compensate for the others' weaknesses, and create



J_1 At this point, some calculus-based trust relationships become knowledge-based trust relationships

J_2 At this juncture, a few knowledge-based trust relationships where positive affect is present go on to become identification-based trust relationships

Figure 7.1. The Stages of Trust Development

a joint product that is much greater than the sum of its parts. The unverbalized, synchronous chemistry of a cappella choirs, string quartets, highly skilled interactive work groups, or championship basketball teams provide excellent examples of this kind of trust in action.

The Stagewise Evolution of Trust

In professional relationships, trust develops gradually as the parties move from one stage to another. A representation of this development appears in Figure 7.1. The following elements are central to this evolution:

1. Trust evolves and changes. If a relationship goes through its full development into maturation, the movement is from calculus-based, to knowledge-based, to identification-based trust. However, not all relationships develop fully; as a result, trust may not develop past the first or second stage.
2. Relationship building begins with the development of calculus-based trust activities. If these activities develop in a manner that confirms the validity of the trust (the other party is consistent, and deterrence is not frequently required), the parties will also begin developing a knowledge base about the other's needs, preferences, and priorities. This information about the other creates the foundation for a transition to knowledge-based trust and occurs at point J_1 in the figure. However, the parties may *not* move past calculus-based trust, particularly if (a) the relationship does not necessitate more than "business" or "arms-length" transactions, (b) the interdependence between the parties is heavily bounded and

regulated, (c) the parties have already gained enough information about each other to be aware that any further information gathering is unnecessary or likely to be unproductive, or (d) one or more violations of calculus-based trust have occurred.

3. If the parties move into knowledge-based trust, they engage in the activities described above. Some significant percentage of relationships move to this level.[1] The movement from knowledge-based trust to identification-based trust occurs in a similar manner and begins at point J_2 in the figure. As the parties come to learn more about each the other, they may also begin to identify strongly with others' needs, preferences, and priorities and come to see them as their own. Identification leads to a search for more information, which creates a broader foundation for knowledge-based trust and more dimensions on which the parties may identify with each other. However, many productive relationships remain in the knowledge-based trust stage. Relationships at work, for example, are often knowledge-based trust relationships, and identification-based trust may not develop for several reasons: either the parties lack the time or energy to invest beyond the knowledge-based trust level, or the parties may have no desire for a closer relationship.
4. The movement from one stage to another may require a "frame change" in the relationship—that is, a fundamental shift in the dominant perceptual paradigm (Gersick, 1989). In the first case (movement from calculus-based to knowledge-based trust), the frame change is a shift from a perceptual sensitivity to *contrasts* (differences) between self and the other to a perceptual sensitivity to *assimilation* (similarities) between self and the other. A similar frame change (shift) occurs in the evolution from knowledge-based to identification-based trust. In this case, the shift is from simply extending one's *knowledge* about the other to a more personal *identification* with the other.

The Decline of Trust

Trust decline is a general process that reflects the stage of trust development. Sometimes the decline occurs in a single violation that is so severe that it effectively eliminates all trust; other times, the decline is a more gradual erosion of trust. To understand this process, we need a model to describe what happens when trust is violated. This model is proposed in Figure 7.2 and is presented from the perspective of the person who experiences the trust violation. It begins with a relationship in which mutual trust has become established and where the parties have achieved an equilibrium. One of the parties is perceived by the other as acting in such a way that trust is violated. This creates instability and upsets the recipient, who then assesses the situation at both cognitive and emotional levels. Cognitively, the individual thinks about how important the situation is and where the responsibility for it lies. Emotionally, individuals often experience strong feelings of anger, hurt, fear, and frustration; these reactions lead them to reassess how they feel about the other.

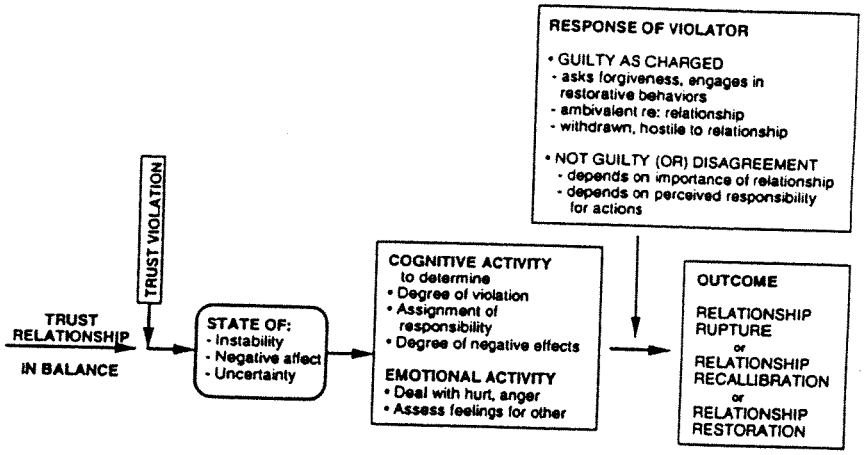


Figure 7.2. The Dynamics of Trust Violation (as seen by the violated person)

Although all of these thoughts and feelings are occurring, the person is probably still interacting with the party who violated the trust and may respond in a number of ways. On the one hand, the violator may accept or deny the other's reactions but also indicate how he or she feels about continuing the relationship. This behavior becomes a factor in the response of the recipient, leading him or her to pursue one of three outcomes: to terminate the relationship, renegotiate the relationship and encourage it to develop on a different basis, or restore the relationship to its former state.

Although one may say, "My trust was violated" to describe many different types of situations, the nature of a violation in each of the stages needs to be examined to help clarify what led to its decline or disruption.

Violations of Calculus-Based Trust

Hirschman (1984) has pointed out that trust is a peculiar resource, one that is increased rather than depleted through use. At the beginning of relationships, trust is very fragile because there is no history to count on. In these relationships, the parties are careful about the degree of risk and build in safeguards to protect themselves. Thus, calculus-based relationships are one way of dealing with the lack of trust characteristic of new relationships. If there is a violation, the relationship can quickly drop down the "chute," back to zero. If one party violates the trust, the other is likely either to renegotiate the contract, to better ensure the desired outcomes, or to seek another relationship. They may be disappointed but not feel deeply aggrieved if trust is broken. The tone might be, "You win some, you lose some."

Violations of Knowledge-Based Trust

Typically, knowledge of the other develops in low-risk situations until some reasonable level of predictability is established (knowledge-based trust). At that point, knowledge of the other and predictability of behavior replaces the contracts, penalties, and legal arrangements more typical of calculus-based trust. Any disconfirmation of expectations is unsettling, not only because the other fails to act as expected, but because this raises questions about one's own perceptual capacity. Trust is perceived as violated only when the person's actions are perceived as freely chosen. When situational factors are perceived to control behavior (and the other can clearly make this attribution), or causal accounts can be made to this end (Bies, 1987, 1989), no violation may be perceived, and trust may be less likely to be disrupted. The considerable literature on causal attribution (Ross, 1977) will help one to predict when to see the behavior as situationally determined, compared to personally determined.

If the violation is freely chosen, the actor must reorganize his or her knowledge base and perceptions of the other in the face of this event. The other may be bewildered—"I don't know you any more"—and experience a diminished willingness to trust. We would expect an active cognitive and emotional reassessment to occur (Figure 7.2) in an effort to both incorporate this information into our understanding of the other person and redefine the relationship in light of this event. If the event can be dismissed as a simple temporary episode, or as situationally caused, then it may be ignored. If not, the individual will revise his or her perception of the other. A certain "tentativeness," characteristic of new relationships, may be experienced for a time. If the new perception solidifies, the relationship will restore itself on this new ground. If, on the other hand, the new information is so disconfirming that the sense of not knowing the other cannot be overcome, the trust in the relationship may be permanently destabilized.

Violations of Identification-Based Trust

Finally, in identification-based trust relationships, violations of trust can be major relationship-transforming events. Violations of trust in identification-based trust are more than unpredictability. They are more than forgetting to bring home the milk, pick up the dry cleaning, or pay the household bills. Because trust at this level is based on identity-sharing and identification, trust violations are actions that go against our common interests or agreements. They tap into values that underlie the relationship and create a sense of moral violation (cf. Kramer, Shah, & Woerner, 1994). They rend the fabric of the relationship and, like "reweaving," they are expensive and time-consuming to repair, such that the fabric may never look quite the same. This kind of trust

violation can be asymmetrical. It only requires one person to experience it as a "moral" violation, as a fundamental challenge to the relationship.

Relationships characterized by strong identification-based trust may be able to sustain rather strong challenges to both calculus-based and knowledge-based aspects of the relationship. Thus, events that would destroy the relationship if trust were developed only to these levels may be able to sustain the relationship because identification-based trust is preserved. The capacity of the relationship to sustain calculus-based trust and knowledge-based trust disruptions will be determined, in part, by factors, such as the magnitude of the disconfirmation at these levels, and the dynamics of the cognitive and emotional evaluation that occur after the disconfirming events. We all know people who appear to sustain trust in someone with whom they closely identify—a spouse, a child, or a hero figure—in the face of massive evidence (to others) that the individual's devious or despicable conduct should no longer warrant that trust. In our eyes, the individual cannot be trusted—but we are basing that judgment on calculus-based or knowledge-based trust grounds. To the person with a strong foundation of identification-based trust, the same evidence may not be as compelling. However, we should also recognize that for the truster to accept the invalidating information, he or she must be willing to acknowledge that his or her own decision to trust the other was ill-founded. These dissonant cognitions are identity challenging and may be rejected out of hand as a gesture of self-preservation; to accept them requires a willingness to see oneself as a fool for trusting, which is a self-image most would prefer to reject if alternative cognitions and interpretations can be found.

In summary, trust violations are experienced and reacted to differently at different relationship stages. The more developed the relationship, the more the parties have the capacity to handle violations, especially at "lower" (earlier) stages.

Repairing Trust That Has Been Broken

We now turn to a discussion of the possibility of repairing a relationship where trust has been violated. We will do this in the context of the model we have proposed. Before spelling out the specific steps, we begin with these assumptions:

Trust has a cognitive and emotional basis. As we noted earlier, trust has a cognitive and emotional component. The cognitive dimensions are most responsible for maintaining the "balance" in calculus-based trust and the

knowledge about the other in knowledge-based trust. In contrast, the emotional dimension is most critical in identification-based trust, because feelings of personal attachment toward the other increase. Because the cognitive and emotional bases may be more or less salient in particular stages or phases, some trust repair will require more cognitive work, but other types will require more emotional repair.

Trust violations affect the interpersonal system and hence have an impact on the parties and the fundamental relationship between them. Trust is central to relationships. It is the glue that holds most cooperative relationships together. Hence, a major violation of trust is not simply an isolated interpersonal event; rather, it is a significant event that is likely to have impact on the parties *and* on the relationship. Trust violations in relationships—particularly violations of strong knowledge-based or identification-based trust—can often be viewed as diagnostic signals that the relationship itself is in trouble and that repair work is in order. In fact, we argue that trust is so intimately connected to the fundamental nature of a relationship that trust-shattering events that cannot be repaired will probably be coincident with destroying the essence of the relationship itself. If the relationship does sustain, it is likely to be a "shell" in which only the most formal, emotionally distant, and calculative exchanges can continue to occur.[2] In personal friendships, where there is freedom to initiate or end a relationship, we would predict that the relationship would dissolve. In the workplace, however, termination may not be an option. In that context, we would expect these "shell" relationships to be more prevalent.

Trust repair is a bilateral process. In spite of the fact that a violation of trust is usually committed by one person, a significant amount of work will be required from both the violator and the violated. One party cannot do the work for the other. We now describe the work required of each party.

Committing to the Trust Repair Process

In order for parties to engage in a trust repair process, each must

be willing to invest time and energy into the repair process,
perceive that the short- and/or long-term benefits to be derived from the relationship are highly valued—that is, the payoff is "worth" the investment of additional energy,
perceive that the benefits to be derived are preferred relative to options for having those needs satisfied in an alternative manner.

People may be strongly invested to work on certain relationships because of their fundamental nature and/or because the rewards to be derived from

them are centrally important and highly valued. For example, parents and teenagers often fight because teenagers push the limits to define their independence and identity. These relationships can often become quite fragile because both parties do things to violate each other's trust. For example, a boss promises an employee that a confidential conversation will not be divulged but then tells other managers about the conversation. Similarly, a mother cleans a son's room after being told by her son to "stay out of my room." Yet each party recognizes the fundamental and critical importance of a strong parent-child relationship and is willing to work hard to rebuild trust when such events damage it. Few parents (or children) would tolerate similar behavior from those with whom they did not have a long-term relationship. In the workplace, if a trust violation has occurred and both persons expect to be in the same work setting for some years, there may be motivation to improve the relationship. "Hollow shell" relationships, in which at least one party feels antagonism but must display some modicum of cooperation and collegiality, may actually consume more energy than reestablishing a more genuine trust and some consistency between beliefs and feelings.

In addition, the parties evaluate both the anticipated rebuilding work to be done and the expected benefits to be derived from the relationship in comparison to alternative relationships one could establish. Various works on interpersonal dynamics (Thibaut & Kelley, 1959) and negotiation (e.g., Fisher & Ury, 1981; Lewicki, Litterer, Minton, & Saunders, 1994) stress the importance of one's Comparison Level for Alternatives (CLalt), "options," or the Best Alternative to a Negotiated Agreement (BATNA) when one is deciding whether to continue transactions in a relationship, as opposed to pursuing an alternative relationship. The better or more easily accessible the alternative, or the more effort one expects to have to invest to restore and rebuild adequate trust in a relationship, the more that one or both parties may pursue their best alternative. On the other hand, there are constraints against opting out of relationships, even if good options exist. If relationships at work sour, one might be able to get the same job in another city but may have to endure the costs of moving the family, relocating one's life, and so on. Disputing marital partners may consider divorce but may be deterred by the consequences of this action on the children.

Steps Required of Each Side in the Trust Repair Process

Actions of the Violator. The person who has violated the trust must engage in a series of steps that identify, acknowledge, and assume some "ownership" for the trust-destroying events that occurred. In a study of the impact of apologies on victims of aggression, Ohbuchi, Kameda, and Agarie (1989)

1. Recognize and acknowledge that a violation has occurred.
2. Determine the nature of the violation—that is, what "caused" it—and admit that one has caused the event.
3. Admit that the act was "destructive."
4. Accept responsibility for the effects of one's actions.

Figure 7.3. First Steps in Reciprocal Trust Repair

have shown that an apology effectively mitigates the amount of retaliatory aggression that the victim displays. In addition, the more severe the harm, the more extensive an apology may be needed to alleviate the victim's anger and aggression. More recent work by Ohbuchi (1994) indicates that "accounts" to victims may have a hierarchical structure in which the violator must admit that he or she caused the event in question, acknowledge that the act itself was bad or destructive, and take responsibility for the consequences of the event. Incorporating this research and our own thinking, we propose the following four-step sequence (see Figure 7.3):

Step 1. Recognize and acknowledge that a violation has occurred. Clearly, the violator must first recognize that something has happened to erode or destroy the trust. Often, the violator will recognize it independently, because the violator directly experiences the reaction of the other party or is aware that the act(s) committed are likely to be considered a violation of trust. However, violators may *not* be aware of the violation if they do not know how their actions have been experienced by the other or are blind to the consequences of their actions. If the violator recognizes that events have occurred that damaged interpersonal trust, we argue that it will be easier to repair the trust than if the victim also has to confront the violator with the events and their consequences. If the victim has to do the confrontation, the victim bears a double burden: the consequences of the trust violation and the social awkwardness and embarrassment that may be entailed with confronting the other about his or her actions. In addition, if the victim has to do the work, it may imply that the violator is insensitive and out of touch with his or her actions and the consequences.

Step 2. Determine the nature of the violation—that is, what "caused" the violation—and that one's actions caused it. The violator must be able to identify what caused the violation—that is, what action or collection of actions was responsible for reducing or destroying trust. Frequently, this is not difficult, because the "victim" may already be communicating loudly about the problem and what has happened. Perhaps the violator has not performed in a way that is consistent with expectations; perhaps he or she has

done something that the other considers to be a serious violation of their "relationship contract" or has caused some harm or hardship.

If the violators do not know what they have done or are unaware that the victim feels that trust has been violated, they will "go on as though nothing has happened" and the repair process cannot begin. On the other hand, if the violators believe that they truly did not cause the event, or that the behavior in question was only remotely related to the occurrence, then causality may be debatable. For example, if an employee feels that a casual disclosure to the boss by a peer about him has caused the boss to think badly of him, the employee may feel betrayed and angry, but a colleague may view the situation as trivial and not serious.

Step 3. Admit that the event was "destructive" of trust. This follows directly from the earlier stages and, in some ways, is self-evident. If the event was not destructive of trust or the relationship, then it would be difficult to account for the victim's reactions. Yet efforts to rebuild the trust probably necessitate a full discussion of the events themselves and their consequences. Unless the violator fully understands how the victim experienced the events and the ways that aspects of their relationship have been affected by those events, it will be difficult for the parties to decide whether trust can be rebuilt and what types of events must occur.

Step 4. Be willing to accept responsibility for the violation. Finally, key to the process is being willing to accept responsibility for the violation. Even if true causality is still in debate (e.g., the act itself was an accident, unintended, or due to carelessness), and even if the violator was unaware that it happened until so informed by the victim, we argue that "taking responsibility" is a key step in trust repair. Denying that the act happened, claiming that there weren't any consequences, denying any responsibility for it, or claiming that the act was unimportant and should have no impact on the trust level will likely intensify the other's anger and contribute to further trust deterioration rather than to trust repair. If trust has been broken in "the eye of the beholder," it *has* been broken.

Actions of the Victim. We can assume that the "victim" of a trust violation has to engage in the same four steps. In most cases, these assumptions are fairly straightforward. If the victim does not recognize the violation, it is unlikely that there will be any direct threat to the operational level of trust between the parties. Similarly, depending on the specific acts, the victim is most likely to attribute the action to the violator and ascribe motive (i.e., intentionality) to that individual. Finally, if the violator appears to be unsympathetic to the consequences that have occurred to the victim or unwilling to

own responsibility for having created the act, then it is unlikely that the victim will want to engage in any actions intended to "rebuild" or "reconstruct" the earlier level of trust.

The Process of Trust Repair: Next Steps

The next critical step in rebuilding trust is for the victim to request, or the violator to offer, some form of forgiveness, atonement, or action designed to undo the violation and rebuild the trust. This is probably the most difficult step in the trust restoration process, although it is difficult to know which side bears the greater burden. The violator must indicate he or she is aware of what has been done and "apologize" or ask for forgiveness. An apology, a symbolic summary of steps 1 through 4, is also an expression of emotional regret that enables the repair process to move forward. The effectiveness of the "account"—that is, (a) how the violator explains what happened and why it happened and (b) how sincere the apology and expressions of regret are—will probably be critical to the victim's willingness to acknowledge and accept the apology (Bies, 1987, 1989; Ohbuchi, 1994; Ohbuchi et al., 1989).

Thus, the violation has caused a temporary shift in the "balance" of the relationship. An exchange theory perspective describes relationships as a negotiated "balance" of rights and obligations, duties and responsibilities. Violations of trust will tend to unbalance the relationship. On both sides, there is the potential for high loss of face and high vulnerability—psychological states that are typically avoided. By apologizing, the violator is offering to engage in actions that will "restore" the balance, and the victim, who has been hurt, is now in the position of dictating whether the relationship can be rebuilt (rebalanced) and the terms and conditions under which that will occur.

After these early first steps, the sequence of actions is so varied that it is impossible to specify one blueprint for trust repair. In general, however, we believe that there are four fundamentally different alternative courses of trust reconstruction:

1. The victim refuses to accept any actions, terms, or conditions for reestablishing the relationship. Several factors may lead to this outcome. The victim may feel so angry or injured that he or she cannot envision any way in which the other could be trusted again. If there have been instances of other trust-destroying actions in recent times, the event in question may be "the straw that broke the camel's back." Thus, either a very severe trust-destroying event or a series of trust-destroying events may be sufficient to render a judgment that the trust is "unrepairable." Alternatively, the victim may believe that the relationship is not "worth" saving—that is, the benefits and gains that were derived from the relationship are not worth recapturing and restoring.

Even though the victim may signal that trust is "unrepairable," the violator may not agree with this assessment. As a result, some violators may, on their own initiative, begin to engage in actions to signal that forgiveness is desired. Verbal apologies may be offered. Symbolic gestures of apology (e.g., letters, cards, flowers) may be proffered. Violators may engage in symbolic acts of "public apology"—that is, letting others know what they have done and how ashamed they are of their actions. Actions may be unilaterally initiated to specifically undo any or all of the negative consequences that accrued to the victim. Acts of outright altruism may be initiated as a way for the violator to "redress" the imbalance created by the trust violation and demonstrate to the victim that a new or restored relationship is desired. For example, Lindskold's (1978) strategy for taking the initiative to build trust, using Osgood's GRIT strategy, could be applied. Under some conditions, these actions may be sufficient to change the victim's perspective and move to one of the other alternatives specified below. Thus, this is a process whose goal is to bring the victim to a readiness to participate in the work of repair.

2. *The victim acknowledges forgiveness and specifies "unreasonable" acts of reparation and/or trust restoration that must be fulfilled by the violator.* In this second alternative, the victim also specifies actions that must be fulfilled for the trust to be repaired, but the violator believes that what is being asked is inappropriate or unreasonable and is unwilling to agree to them. Because the victim is usually in the position of specifying behaviors for the violator, the victim's desire for revenge or retaliation may lead to demands that the violator finds excessive. When this happens, the *violator* is in the position specified in (1) above—that is, refusing to accept the terms for repair. Trust repair is unlikely to be successful, and the relationship will terminate unless the parties can negotiate more viable alternative actions.

3. *The victim acknowledges forgiveness and indicates that no further acts of reparation are necessary.* In this third case, the parties attempt to "pick up where they left off" before the breach occurred. Even though the victim has not required the violator to engage in any specific acts, the relationship will probably continue to experience tension and strain for some time. The violator is likely to continue to feel embarrassed and awkward about what has happened and may expect the victim to attempt revenge or retaliatory action. Thus, even though the violator has been "forgiven," the very act of untrustworthy behavior may create suspiciousness of the other's future motives and intentions (Deutsch, 1958). Similarly, the victim may also be hypervigilant to the violator's future actions to ensure protection from the consequences of future actions that may destroy trust even further. Skipping the process of reparations, a process that allows each party to test the other and restore the balance, may be an additional strain on the trust-rebuilding process.

Interestingly, therefore, acts of true and complete forgiveness without reparations may not be adequate for good trust repair, and we would predict that this alternative would not occur very frequently.

4. The victim acknowledges forgiveness and specifies "reasonable" acts of reparation and/or trust restoration that must be fulfilled by the violator. In the final case, the victim specifies what the violator has to do for trust to be rebuilt. This may be initiated by the violator's request (e.g., "Tell me what I have to do for you to trust me again") or by the victim's edict (e.g., "Here's what you are going to have to do for me to trust you ever again.") These actions may be very specific or quite vague and may extend over a short or long period of time. In general, the actions serve the following functions:

a. the actions are usually designed to demonstrate, to the victim's satisfaction, that the violator is sincere and committed in the desire to rebuild the relationship,
b. the violator demonstrates willingness to incur certain amounts of personal loss or self-sacrifice in the interest of rebuilding the relationship,
c. the actions create an opportunity for the violator to expiate (work out) any guilt or remorse that may be felt as a result of having violated the trust,
d. the victim has an opportunity to judge the sincerity and commitment of the violator in carrying out these actions. In short, both the substance of what is done by the violator and the manner in which it is done are necessary for trust to be reestablished.

Because the specific actions are the result of some "negotiation" between victim and violator, the violator's conduct must be responsive to whatever specific concerns are raised by the victim. These "demands" by the victim may be discussed and negotiated by the violator until both agree to a course of action. Once that course of action is agreed on, both parties must show good faith in enacting it. It is also likely that the parties will undertake occasional monitoring of these actions and will use the opportunities afforded by this monitoring to rebuild calculus-based and knowledge-based trust.

Trust Repair at Different Levels of Relationship Development

It is our belief that most calculus-based trust can be repaired, using the process that has been described. Repair of this trust assumes that both parties prefer to do so relative to best-alternative relationships for having the same needs met. As the relationship is renegotiated, however, the parties may decide to prepare additional safeguards, such as written contracts, agreements, or legal documents, that delineate the consequences and costs of any subsequent violations. In fact, many calculus-based trust relationships have such

agreements negotiated "up front" as a way to ensure that trust violations will not occur, deter the parties from considering such violations, and/or specify exactly how such violations will be handled. Whether they be memoranda of understanding, prenuptial agreements, or extensive legal contracts, the intent is to specify both the exact nature of the parties' expectations and obligations, the consequences for violation of these covenants, and the processes by which such violations will be handled (see Ring & Van de Ven, 1994, for an exploration of the role of such agreements in interorganizational relationships).

In contrast, the repair of knowledge-based trust and identification-based trust is far more problematic. Violations of these two forms of trust present a direct threat to the victim's self-image and self-esteem (the adequacy of his or her knowledge of the other, the predictability of the other's behavior, and/or the identification and emotional commitment made to the other). When someone violates another's trust, it suggests that the victim has been very wrong about the violator—he or she does not know that person as well as previously thought, or the mutual understanding of the expectations and obligations in the relationship is now in question. As a result, a complete restoration of trust to its former state may not be possible. Once trust has been violated this seriously, the victim will always suspect that the violator is capable of doing it again and will never allow him- or herself to be as trusting (and vulnerable) in the relationship as before.

We thus suggest that the capacity to "forgive and forget" is an individual difference variable that is driven by the type and magnitude of trust violation. That is,

- The capacity to "forgive and forget" will vary among individuals, such that the higher the capacity, the more that individual can and will engage in actions that rebuild destroyed trust.
- The bigger the trust violation—that is, the more the violation shakes the very foundation of the relationship or creates very serious negative consequences—the less likely that trust can be effectively rebuilt and restored.
- The more the trust violation creates significant challenges to the "integrity" of the relationship—that is, disturbs the very basis by which one knows and predicts the other's behavior or identifies with the other cognitively and emotionally—the less likely that trust can be effectively rebuilt and restored.

SUMMARY

We began this chapter by noting the many ways that organizations are transforming their mission, function, and structure and the critical role that cooperative and trusting relationships play in these emerging organizational forms. Although the call for developing and sustaining these relationships has

been strong, there has been very little research on the process of developing and maintaining these relationships. We need to know far more about how such relationships are created and maintained if we are to help people sustain strong and effective collaboration.

In this chapter, we addressed a core element in these relationships—trust. We suggested that there are different types of trust in business relationships and proposed a model of the ways that these types of trust are related and build on each other. We also described ways that trust can be damaged in relationships and the consequences of these events for trust maintenance. Finally, we proposed a process by which damaged trust can be repaired and the responsibilities of the parties for effectively managing this process.

Future work on trust must be focused on two issues. First, it is necessary to gather data to determine the validity of this model—that is, to determine whether different forms of trust do exist and whether they are related to each other in the developmental manner that we propose. It is also necessary to study trust development and trust repair in more detail to understand the key steps required of each party in the relationship. Second, blueprints for action are needed and can also serve as the basis for further research. How can processes of negotiation and conflict resolution, as well as the therapeutic processes of treating and healing relationships, be brought to bear on trust development and trust repair processes? We believe that the results of this work will offer rich insights into our understanding of how to build, sustain, and repair trust in professional relationships.

Notes

1. We would like to point out that this is not a normative model. We think the stages are very different but not necessarily better than each other. Most people want and have relationships that are in each of the stages because the relationships have different purposes. For example, many business and legal relationships begin and end in calculus-based trust.

2. One can speculate as to what kinds of relationships could be sustained without some form of trust. To the degree that contracts, covenants, and rules can "substitute" for trust, we argue that some transactional relationships could be sustained. See Ring and Van de Ven (1994) for an elaboration of the ways that such contracts and rules function in interorganizational relationships.

References

Bazerman, M. (1994). *Judgment in managerial decision making.* New York: John Wiley.

Bies, R. J. (1987). The predicament of injustice: The management of moral outrage. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behavior* (Vol. 9, pp. 289-319). Greenwich, CT: JAI.

Bies, R. J. (1989). Managing conflict before it happens: The role of accounts. In M. A. Rahim (Ed.), *Managing conflict: An interdisciplinary approach* (pp. 83-91). New York: Praeger.

Boon, S. D., & Holmes, J. G. (1991). The dynamics of interpersonal trust: Resolving uncertainty in the face of risk. In R. A. Hinde & J. Groebel (Eds.), *Cooperation and prosocial behavior* (pp. 190-211). Cambridge, UK: Cambridge University Press.

Dasgupta, P. (1988). Trust as a commodity. In D. Gambetta (Ed.), *Trust: Making and breaking cooperative relations.* Oxford, UK: Basil Blackwell.

Davis, K. E., & Todd, M. J. (1985). Assessing friendship: Prototypes, paradigm cases and relationship description. In S. Duck & D. Perlman (Eds.), *Understanding personal relationships.* Beverly Hills, CA: Sage.

Deutsch, M. (1949). A theory of cooperation and competition. *Human Relations, 2,* 129-151.

Deutsch, M. (1958). Trust and suspicion. *Journal of Conflict Resolution, 2,* 265-279.

Deutsch, M. (1960). Trust, trustworthiness and the F-scale. *Journal of Abnormal and Social Psychology, 61,* 138-140.

Deutsch, M. (1973). *The resolution of conflict.* New Haven, CT: Yale University Press.

Duck, S. W. (1988). *Relating to others.* Belmont, CA: Dorsey.

Duck, S. W. (Ed.). (1993a). *Individuals in relationships.* Newbury Park, CA: Sage.

Duck, S. W. (Ed.). (1993b). *Social context and relationships.* Newbury Park, CA: Sage.

Duck, S., & Perlman, D. (Eds.). (1985). *Understanding personal relationships.* Beverly Hills, CA: Sage.

Fisher, R., & Ury, W. (1981). *Getting to yes.* Boston: Houghton Mifflin.

Gambetta, D. (Ed.). (1988). *Trust: Making and breaking cooperative relations.* Oxford, UK: Basil Blackwell.

Gersick, C. (1989). Marking time: Predictable transitions in task groups. *Academy of Management Journal, 32*(2), 274-309.

Greenhalgh, L., & Chapman, D. I. (1994, March). *Joint decision making: The inseparability of relationships and negotiation.* Paper presented at the Stanford Conference on the Social Context of Negotiation, Stanford Graduate School of Business, CA.

Greenhalgh, L., & Chapman, D. I. (in press). The influence of negotiator relationships on the process and outcomes of business transactions. *Academy of Management Journal.*

Hirschman, A. O. (1984). Against parsimony: Three easy ways of complicating some categories of economic discourse. *American Economic Review, 74,* 88-96.

Holmes, J. G. (1991). Trust and the appraisal process in close relationships. *Advances in Personal Relationships, 2,* 57-104.

Kahneman, D., Knetsch, J., & Thaler, R. (1986). Fairness as a constant on profit seeking: Entitlements in the market. *The American Economic Review, 76,* 728-741.

Kelley, H. H., & Stahelski, A. J. (1970). Social interaction basis of cooperators' and competitors' beliefs about others. *Journal of Personality and Social Psychology, 16,* 66-91.

Kramer, R. M. (1993). Cooperation and organizational identification. In K. Murnighan (Ed.), *Social psychology in organizations: Advances in theory and research* (pp. 244-268). Englewood Cliffs, NJ: Prentice Hall.

Kramer, R., & Brewer, M. A. (1986). Social identity and the emergence of cooperation in resource conservation dilemmas. In H. Wilke, C. Rutter, & D. M. Messick (Eds.), *Experimental studies of social dilemmas.* Frankfurt, Germany: Peter Lang.

Kramer, R., Shah, P. P., & Woerner, S. L. (1994). *Why ultimatums fail: Social identity and moralistic aggression in coercive bargaining.* Unpublished manuscript, Stanford University.

Lewicki, R. J., & Bunker, B. B. (1995). Trust in relationships: A model of trust development and decline. In B. B. Bunker & J. Z. Rubin (Eds.), *Conflict, cooperation and justice.* San Francisco: Jossey-Bass.

Lewicki, R. J., Litterer, J., Minton, J., & Saunders, D. (1994). *Negotiation.* Burr Ridge, IL: Irwin.

Lewis, J. D., & Weigert, A. (1985). Trust as a social reality. *Social Forces, 63*(4), 967-985.

Limerick, D., & Cunnington, B. (1993). *Managing the new organization.* San Francisco: Jossey-Bass.

Lindskold, S. (1978). Trust development, the GRIT proposal, and the effects of conciliatory acts on conflict and cooperation. *Psychological Bulletin, 85,* 772-793.

Ohbuchi, K. (1994, September). *The role of apology in accounts to victims of destructive action.* Seminar presented at State University of New York, Buffalo.

Ohbuchi, K., Kameda, M., & Agarie, N. (1989). Apology as aggression control: Its role in mediating appraisal of and response to harm. *Journal of Personality and Social Psychology, 56*(2), 219-227.

Rempel, J. K., Holmes, J. G., & Zanna, M. P. (1985). Trust in close relationships. *Journal of Personality and Social Psychology, 45*(1), 95-112.

Ring, P. S., & Van de Ven, A. (1994). Developmental processes of cooperative interorganizational relationships. *Academy of Management Review, 19,* 90-118.

Ross, L. (1977). The intuitive psychologist and his shortcomings: Distortions in the attribution process. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 10, pp. 174-220). New York: Academic Press.

Rotter, J. B. (1971). Generalized expectancies for interpersonal trust. *American Psychologist, 26,* 443-452.

Schlenker, B. R., Helm, B., & Tedeschi, J. T. (1973). The effects of personality and situational variables on behavioral trust. *Journal of Personality and Social Psychology, 25,* 419-427.

Shapiro, D., Sheppard, B. H., & Cheraskin, L. (1992). Business on a handshake. *Negotiation Journal, 8*(4), 365-377.

Thibaut, J., & Kelley, H. H. (1959). *The social psychology of groups.* New York: John Wiley.

Valley, K., Neale, M., & Mannix, B. (1995). Friends, lovers, colleagues, strangers: The effects of relationship on the process and outcome of negotiation. In R. Bies, B. H. Sheppard, & R. J. Lewicki (Eds.), *Research on negotiation in organizations* (Vol. 5, 65-94). Greenwich, CT: JAI.

Worchel, P. (1979). Trust and distrust. In W. G. Austin & S. Worchel (Eds.), *The social psychology of intergroup relations.* Belmont, CA: Wadsworth.

Zand, D. (1972). Trust and managerial problem solving. *Administrative Science Quarterly, 17,* 229-239.