

Chapter 3

Trust as a Leap of Hope for Transaction Value: A Two-Way Street Above and Beyond Trust Propensity and Expected Trustworthiness

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In a recent debate among trust scholars (e.g., Ferrin, 2013; Perrone, 2013), we have challenged ourselves with two provocative questions:

1. Do we deserve the academic status we seek to achieve as compared to other related domains of research, such as leadership, ethics, and entrepreneurship?
2. What should we accomplish to deserve the respected academic status we seek to achieve?

There are two divergent views as different answers to the above questions. One view is largely optimistic. According to this optimistic view, trust research has accomplished a lot since the mid-1990s. It is clear that trust research has enjoyed an explosive growth in the past two decades, so we should be proud of what we have achieved as a new area of research. In contrast, the other view is more pessimistic. According to the pessimistic view, trust research faces a series of challenging problems. A recent review of the literature regarding the role of trust in the field of supply chain management (Whipple, Griffins, & Daugherty, 2013) reveals three deep-rooted problems in trust research: (1) a lack of widely accepted definitions, (2) inconsistencies in measurement scales, and (3) a lack of contextualization of the definitions and scales borrowed from other disciplines rooted in different contexts.

I agree with both the optimists and the pessimists, but I am more interested in the pessimistic view because it challenges us to reflect deeply, rather than falling into the trap of self-congratulatory complacency, so that we can make a more sustainable progress in the future. In particular, we need to learn from the key lessons in the field of leadership research, that is, too much convergence toward the quantitative method but too little convergence toward any integrative theories (for a review, see Glynn & Raffaelli, 2010; see also Dinh et al., 2014). With the pessimistic view

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of the trust field as the background, the purpose of this chapter is twofold. First, I seek to explore the underlying reasons for the above-mentioned three problems in trust research, as identified by Whipple and her colleagues, primarily addressing the first provocative question I raised. Second, I seek to explore the potential solutions to the three questions, primarily addressing the second provocative question. To push further along the two provocative questions, I will offer a future research agenda to advance trust research.

The Underlying Roots of the Core Problems in Trust Research

In the most recent FINT (First International Trust Network) workshop held in Coventry, UK, in November, 2014, Roger Mayer delivered a well-received keynote speech with the title of “Trust: Is there a market for that?”. In his speech, he provided the convincing evidence that there was a large market for trust research. While I agree that there is little doubt about the potential value of trust to the practice of management, I am far from convinced that we as trust scholars have done enough to offer a compelling argument about why and how trust will matter the most in the practice of management given the above three, deep-rooted problems as well as other derived problems within the domain of trust research (cf. Colquitt, Scott, & LePine, 2007; Dietz & Den Hartog, 2006; Dirks & Ferrin, 2002; Kong, Dirks, & Ferrin, 2014; Li, 2007, 2008; McEvily, 2011; McKnight, Choudhury, & Kacmar, 2002; Rousseau, Sitkin, Burt, & Camerer, 1998; Schoorman, Mayer, & Davis, 2007; Whipple et al., 2013). I posit the critical problems derived from the contradictory perspectives concerning the defining nature and unique role of trust in both economic and social exchanges. Further, the contradictory perspectives explain why there is a lack of accepted measures of trust and related variables (for reviews, see Dietz & Den Hartog, 2006; McEvily & Tortoriello, 2011). Finally, those contradictory perspectives reveal the absence of a central question as the *core puzzle* concerning the defining nature and unique role of a central construct as the underlying theme in a specific research domain (Suddaby, Bruton, & Si, 2015), which may reconcile the contradictory perspectives toward an integrative framework in the domain of trust research. In contrast, dominant theoretical frameworks exist in the domains of leadership, ethics, and entrepreneurship. For example, the emerging core puzzle in the domain of entrepreneurship is the central question about the origins of entrepreneurial opportunity, with entrepreneurial opportunity serving as the central construct to anchor the underlying theme for all diverse perspectives across the domain of entrepreneurship (for reviews, see Alvarez & Barney, 2010; Chiles, Tuggle, McMullen, Bierman, & Greening, 2010; Suddaby et al., 2015).

The lack of consensus on the definition of trust is deeply rooted in two contradictory perspectives about the defining nature and unique role of trust. The majority of trust scholars adopt the definition of trust as a psychological attitude in terms of willingness to be vulnerable primarily based upon the confident expectation of trustee’s trustworthiness (e.g., Mayer, Davis, & Schoorman, 1995; Rousseau et al.,

1998; see also the meta-analysis by Colquitt et al., 2007). For example, Mayer and colleagues (1995) provide the most widely accepted definition of trust as “the willingness of a party 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” (p. 714). Rousseau and colleagues (1998) offer a similar definition with trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (p. 395). Further, McAllister (1995) agrees with this view with his definition of “interpersonal trust as the extent to which a person is confident in, and willing to act on the basis of, the words, actions, and decisions of another” (p. 25).

The shared theme among the above definitions is the assumed causal linkage between trustor’s willingness to be vulnerable and confident expectation of trustee’s trustworthiness, both of which jointly constitute what is labeled as “trust.” In this sense, trust on the part of trustor is primarily the mirror image of trustworthiness on the part of trustee: if trustee is trustworthy, trustor will trust trustee; in contrast, if trustee is not trustworthy, trustor will not trust trustee. In other words, trustworthiness on the part of trustee is framed as the sole determinant of trust on the part of trustor. Most trust scholars adopt the prevailing model “ABI” dimensions (i.e., ability, benevolence, and integrity as three dimensions of trustee’s trait-like characters) to conceptualize and operationalize trustworthiness (Mayer et al., 1995; Schoorman et al., 2007; see also Colquitt et al., 2007).

Further, some other trust scholars emphasize the role of institutions. They evoke the roles of both formal institutions (e.g., law and state) and informal institutions (e.g., ethics and culture) to assure the externally imposed trustworthiness on the part of trustee other than trustee’s own trait-like characters of ability, benevolence, and integrity (Bachmann, 2011; cf. Dietz, 2011). Finally, there is also a notion of propensity to trust as a personality trait of trustor in terms of generalized willingness to trust all others (Frazier, Johnson, & Fainshmidt, 2013). I frame all the above three views as *trust-as-attitude* (Li, 2007, 2008; McEvily, 2011), and I take issue with this construct as the sole conceptualization of trust by specifying its five primary problems (cf. Glaeser, Laibson, Scheinkman, & Soutter, 2000; Li, 2007, 2013; McEvily, 2011; Möllering, 2013).

The first problem is that trust-as-attitude does not require any particularistic relationship. Even though Mayer and colleagues (Mayer et al., 1995; Schoorman et al., 2007) argue explicitly that they seek to distinguish the propensity to trust as a personality trait from trustee’s trustworthiness as a unique feature of social relationship, it is unfortunate that they largely fail to accomplish that because their three dimensions of trustworthiness (i.e., ability, integrity, and benevolence) are similar to relationship-free personality traits. This is because the dimensions of ability, integrity, and benevolence are simply a trustee’s generic trait-like characters toward all trustors in general rather than a particular trustor in a specific, trustor-trustee relationship (Li, 2007, 2008).

The second problem is that trust-as-attitude confines trust to a one-way street, so it is largely a passive process. According to trust-as-attitude, the sole role of trustor

is to assess if a trustee is trustworthy in a mutually passive context, so no serious interaction between trustor and trustee is required. When a trustor assesses a trustee's trustworthiness, no risk is involved in this passive process because neither of the parties is required to take any risk-bearing action; one only takes the risk-free action of assessing the other when the other is passively being assessed, similar to the passive role of an object being painted or photographed. In this sense, the notion of trust-as-attitude implicitly assumes that the roles of trustor and trustee are largely static and fixed, while a two-way street will require an intense interaction where both trustor and trustee switch their roles constantly in a dynamic process of developing a long-term relationship. In particular, in the dynamic context of trust as a two-way street, the roles of *voluntary intention* and *reciprocity* given the effect of felt trust on the felt obligation to reciprocate are central to the process of trust-building as the core part of relationship-building (McCabe, Rigdon, & Smith, 2003; Pillutla, Malhotra, & Murnighan, 2003).

The third problem is that trust-as-attitude mixes the different perspectives between trustor and trustee as if they share the same perspective, so the link between trust and trustworthiness from the perspective trustor is assumed to be the same from the perspective of trustee when they interact in a two-way street. There is evidence that this is not the case (Malhotra, 2004). Trustors tend to focus primarily on the level of *risk* (related to the expectation of trustee's trustworthiness) for their decision to trust, while trustees tend to base their decisions to reciprocate trust on the level of *benefit* (as the level of felt trust) they have received. Specifically, trust is more likely when risk is low, but the level of trust does not depend on the level of benefit provided by trustor for trustee; trustee's reciprocity is more likely when the benefit provided by trustor is high, but this does not depend on the level of risk trustor takes. In other words, neither party is sensitive to the factors that largely shape the counterpart's decision. Hence, given the different perspectives between trustor and trustee, trust and trustworthiness should be framed as two separate constructs because they play different roles in the interactive trust-building process (cf. Glaeser et al., 2000; Li, 2007, 2013; McEvily, 2011; Möllering, 2013).

The fourth problem is that trust-as-attitude does not require any future-oriented considerations. The expected trustworthiness is primarily concerned with *the shadow of the past* because only the past information and knowledge will be assessed to delineate trustee's trustworthiness, while *the shadow of the future* will not be considered. It is obvious that this problem is directly related to the other problems in the sense that trust-as-attitude is a passive and relationship-free process without taking the shadow of the future into consideration as it should be in the case of two-way process of developing a long-term relationship (Li, 1998, 2008; Poppo, Zhou, & Ryu, 2008).

The fifth and the most acute problem is that, while it superficially accepts vulnerability as an imperative element of trust, trust-as-attitude fundamentally denies the value of vulnerability as the most critical nature of trust. This is because there will be little vulnerability left for trustor to bear if trustor is willing to rely on trustee

only after trustee's trustworthiness can be reasonably established. In other words, the construct of trust-as-attitude implicitly assumes that trustor will only trust trustee if there is little vulnerability for trustor to rely on trustee. It is admitted that there is never perfect knowledge about trustee's trustworthiness, but the positive expectation of trustee's trustworthiness has reduced trustor's "*felt vulnerability*" to a minimum or acceptable level so that there is limited risk-taking on the part of trustor. In this sense, trust is at best only a residual factor submerged under the predominant role of trustworthiness. Framing vulnerability as a negative problem to avoid and solve, trust-as-attitude ignores the prospect that vulnerability could be a unique *opportunity* to initiate a trust-building process. In other words, trust-as-attitude eliminates the most unique role of trust as a special governance mode to actually *benefit* from the vulnerability for high transaction value while all other modes focus on reducing the vulnerability for low transaction cost (Li, 1998, 2008, 2010). The notion of chosen vulnerability is closely tied to the notion of *self-sacrifice*, which is found directly related to the perceived trustworthiness of the person who engages in self-sacrifice behavior (De Cremer & van Knippenberg, 2005). This is similar to the seemingly irrational high-trusting behavior, which tends to be reciprocated by high-trusting behavior (Weber, Malhotra, & Murnighan, 2005).

In sum, the construct of trust-as-attitude is problematic because it suffers from (1) a lack of focus on the context of relationship for trust, (2) a lack of differentiation between the perspective of trustor and trustee, (3) a lack of understanding about trust as a two-way street with the proactive interaction between trustor and trustee, (4) a lack of attention about the shadow of the future for trust, and (5) a lack of appreciation of vulnerability as opportunity (the defining nature of trust) for cooperative creation of transaction value (the unique role of trust). From this perspective, the notion of trust-as-attitude is largely self-contradictory and tautological because trust will become unnecessary and redundant if trust is only a mirror image of trustworthiness. Put it differently, if trust is trust-as-attitude, there is little potential to build trust more than the propensity to trust and the expected trustworthiness, and thus no opportunity to build trust above and beyond the propensity to trust and the expected trustworthiness. Hence, trust-as-attitude is largely a narrow, static, and close-ended construct in a passive one-way process with no potential for trust to grow through social construction (cf. Glaeser et al., 2000; Li, 2007, 2013; McEvily, 2011; Möllering, 2013).

In contrast to the above construct of trust-as-attitude, a growing number of trust scholars argue for a fundamentally different construct of trust as a behavioral decision to accept, and even appreciate the vulnerability of relying on others so much so that trustor will choose to voluntarily increase his/her vulnerability (e.g., Zand, 1972; for a review, see Li, 2007), which I refer to as *trust-as-choice* (Li, 2007, 2008; cf. Glaeser et al., 2000; McEvily, 2011). I posit that the notion of trust-as-choice can solve the five key problems associated with the notion of trust-as-attitude. The critical theoretical and practical implications of trust-as-choice are discussed in detail in the next section.

The Emerging Solutions to the Core Problems in Trust Research

In general terms, one possible way out of the shared trap among social studies (i.e., the persisting pre-paradigm status of social research) is to focus squarely on the specific context when trust, leadership, ethics, entrepreneurship, and other domains of social studies *matter* the most. In other words, we should focus on what makes each domain of social studies uniquely distinctive from other domains, often in the form of core puzzle concerning the defining nature and unique role of the core construct in each domain (Suddaby et al., 2015), especially when the core puzzle presents a salient challenge to the prevailing or orthodox research domains (e.g., the neoclassic economics). If we apply this approach to trust research, it is possible that we can make strides toward the most unique and salient contributions. Only when we accomplish such contributions can we claim that we deserve the recognition and respect from our academic peers from other domains.

Based upon the literature (for reviews, see Li, 2007, 2008), we can specify that trust tends to matter the most when the following contexts occur:

1. When the uncertainty (e.g., complexity and ambiguity) of unmet expectation is high
2. When the vulnerability of control (e.g., failure of formal contract) is high
3. When the stake (e.g., financial loss) of unmet expectation or control failure is high
4. When long-term interdependence (e.g., reciprocal relationship) is high

Given the above contextual elements, trust-as-attitude is far from being sufficient and we need to adopt trust-as-choice as a decision for trust behavior due to six reasons.

First, trust-as-attitude may or may not result in any decision or choice to result in specific and concrete behavior. In other words, trust can only matter if it will result in specific trusting behaviors in terms of taking risky actions that make trustor highly vulnerable to trustee (e.g., engaging in exchange or cooperation via informal handshake rather than formal contract, or voluntarily disclosing confidential information). In this sense, trust-as-choice is more salient and imperative for trust to matter because it directly involves trusting behavior in repeated exchange between trustor and trustee. Second, trust-as-choice extends above and beyond the typical notions of propensity to trust and confident expectation of trustee's trustworthiness, both of which are psychological attitudes, with the propensity to trust as trustor's personality trait, while the confident expectation of trustee's trustworthiness as trustor's rational, calculative assessment. However, trust will only matter if it extends above and beyond personality trait and confident expectation of trustworthiness. In this sense, trust-as-choice extends above and beyond both propensity to trust (related to emotional impulse) and confident expectation (related to rational analysis), both of which can be explained by the *dual-processing model* about two cognitive functions, with the automatic or implicit system as System 1 for emotional

impulse and the controlled or explicit system as System 2 for rational analysis (Evans, 2008; Li, 2013; McEvily, 2011).

Third, trust-as-choice extends not only above and beyond the form of trustworthiness with the trait-like characters of ability, benevolence, and integrity, but also above and beyond the form of “trustworthiness” with institutional assurance (Bachmann, 2011). Trust-as-choice is necessary either because all institutions fail to offer perfect protection or because trustor chooses to forsake such institutional protection. In this sense, when trust solely relies on trustor’s confident expectation of trustee’s trustworthiness, trust and trustworthiness will only be the mirror image of each other, which will render trust redundant and unnecessary. In other words, trust and trustworthiness will be largely tautological if they imply the similar thing. Fourth, to capture the dynamic nature of trust, it is imperative to adopt trust-as-choice because only trust as a decision can initiate a trust-building process, a trust-maintaining process, and also a trust-repairing process. Trust-as-attitude simply cannot have such a dynamic effect because it is static without any trust-building effort. Trustor’s effort to demonstrate his/her trustworthiness to trustee is required to actively earn trustee’s trust via two trust-building mechanisms: (1) from trustor’s proactive trust-building effort to trustee’s reactive *felt trust* or feeling trusted as one way of trust-building (Deutsch-Salamon & Robinson, 2008; Lau, Liu, & Fu, 2007), and (2) from trustee’s reactive felt trust and also felt obligation to reciprocate trust (as the result of trustee’s proactive trust-building effort) to trustee’s reciprocal trust-building effort and trustor’s reactive felt trust as the other way of trust-building. These two mechanisms constitute a two-way street in a dynamic trust-building process as a virtuous and reciprocal cycle (Li, 2008; see also McCabe et al., 2003; Weber et al., 2005). In other words, while trust-as-attitude is for the function of sense-making via assessing other’s trustworthiness, trust-as-choice is for the role of sense-giving via demonstrating one’s own trustworthiness.

Fifth, largely due to the third and fourth points above, trust-as-attitude cannot function as a mode of governance (similar to those modes of market price and hierarchical authority to govern exchanges) because trust-as-attitude is only indirectly concerned with the choice of trusting behaviors. In contrast, trust-as-choice is designed to serve the function of a governance mode for exchange because it is concerned with a long-term commitment to a lasting exchange relationship. In particular, trust-as-choice can serve as the unique governance mode to enhance transaction value, while at the same time reducing transaction cost (Li, 1998, 2008, 2010). In this sense, trust-as-choice embodies a novel notion of opportunity-taking (related to the perspectives of hope, voice, and value) rather than the old notion of risk-taking (related to the perspectives of fear, exit, and cost). Sixth and finally, the distinction between trust-as-attitude and trust-as-choice can explain the *trust paradox* (cf. Murnighan, Malhotra, & Weber, 2004): when trust (trust-as-choice) is least needed, trust (trust-as-attitude) is everywhere; when trust (trust-as-choice) is most needed, trust (trust-as-attitude) cannot be found.

Hence, to make trust the most salient and imperative, we need to understand the defining nature and unique role of trust to adequately explain when trust matters the most, and why so. From this perspective, it is more imperative to define trust as

trustor's choice or decision to take necessary trusting behaviors above and beyond trustor's propensity to trust, and also above and beyond trustor's confident expectation of trustee's trustworthiness (due to trait-like characters or due to institutional assurance). That is where we, as trust scholars, have the best opportunity to make our most unique contributions by challenging and overcoming the biased assumptions of self-interest and opportunism in the neoclassic economics, especially in the agency theory and transaction cost theory, by evoking the opposite perspective of shared-interest and transaction value (for reviews, see Li, 1998, 2008). In particular, transaction value perspective has the best potential to serve as the underlying theory for open-ended yet committed cooperation (for a review, see Li, 2010). In this sense, the notion of "leap of faith" (Luhmann, 1979; Möllering, 2006) is imperative to the defining nature and unique role of trust above and beyond both emotional impulse and rational analysis, both of which can be well explained by the *dual-processing model* with two cognitive functions, with the automatic (implicit) system (System 1) for emotional impulse and the controlled (explicit) system (System 2) for rational analysis (Evans, 2008).

Based upon intuitive imagination as System 3 above and beyond the automatic and controlled systems (Li, 2013, 2014), the notion of "leap of faith" is associated with trust-as-choice because the latter is concerned with an *assumed hope* to explore the socially constructed opportunities via intuitive imagination as System 3. System 3 balances and integrates both emotional and rational systems into a holistic and dynamic framework to fully explain the decision-making in the contexts of high uncertainty and high ambiguity (thus high vulnerability) as the defining features of the shadow of the future, in contrast to the traditional decision-making under the condition of low uncertainty and ambiguity (thus low vulnerability) as the defining features of the shadow of the past. In this sense, assumed hope differs fundamentally from *assumed confidence*, which is about how to exploit the fixed and externally given opportunities, in the forms of either a risk-blind confidence as emotional impulse (e.g., the propensity to trust) deriving from the automatic system or a risk-averse confidence as rational analysis (e.g., the expectation of trustworthiness due to the trait-like characters and/or institutional assurance) deriving from the controlled system. For the above reason, I suggest replacing "faith" with "hope" and reframe a leap of faith into a *leap of hope* above and beyond assumed confidence. From this perspective, the distinction between trust and confidence is salient and imperative (Luhmann, 1979).

From the perspective of trust as a leap of hope above and beyond confidence, the property to trust is simply a context-free and target-free "blind trust" with little or no concern for potential vulnerability of trustor's trusting behavior (as personality trait similar to one's general emotional state), while the confident expectation of trustee's trustworthiness (due to trustee's trait-like characters and/or institutional assurance) is a context-free, but target-specific, trust (similar to one's specific calculative assessment as rational knowledge). Both cases fall into the "comfort zone" of trustor without much "discomfort." Hence, both should be reframed as "confidence" rather than trust because "confidence" assumes no risk while trust assumes opportunity-based risk (Luhmann, 1979). Even though trust cannot occur in the

context of total ignorance or total knowledge (Simmel, 1964), I argue that trust is more valuable when it occurs in the context closer to total ignorance, which is *uncertainty* as unknowability in contrast to risk as probability (for this critical distinction, see Knight, 1921; see also Deutsch, 1958). It is worth noting that uncertainty is always associated with ambiguity, which refers to a set of diverse perspectives that are all valid but inconsistent, often contradictory (Li, 2012; March, 1982). As the best for the contexts of high uncertainty and high ambiguity (thus high vulnerability), trust-as-choice will require a leap of hope that falls outside the comfort zone into the discomfort zone. In this sense, trust-as-choice embodies the defining nature of trust as a leap of hope, rather than confidence that does not require any leap of hope. In other words, a leap of hope requires a tough decision to choose vulnerability above and beyond both the propensity to trust and the expected trustworthiness. A leap of hope is concerned with the *quality* of trust in contrast to the quality of confidence as a *difference in kind*, rather than the *quantity* of trust in contrast to the quantity of confidence as a *difference in degree*. In this sense, the notion of a leap of hope above and beyond confidence best represents the defining nature of trust.

To illustrate the above points, we can evoke the analogy of marriage to better understand the nature of trust as reflected in the inherent high uncertainty, high vulnerability, high stake, and high long-term interdependence in a marriage. In particular, marriage requires trust-as-choice to begin with and also during the whole process of marriage, including all types of mechanisms in the stages of initiating, building, maintaining, and repairing trust. The key to successful marriage is trust-as-choice in terms of a strong commitment to a long-term relationship (often involving self-sacrifice in terms of forsaking better options) above and beyond the propensity to trust as well as above and beyond the expected trustworthiness (either due to the trait-like characters of ability, benevolence, and integrity or due to institutional assurance such as legal protection). In this sense, trust will matter the most in an open-ended yet committed relationship in the contexts of high uncertainty and high ambiguity (thus high vulnerability) when the depersonalized and relationship-free dimensions of *static trustworthiness* (e.g., trait-like characters and institutional assurance) are less critical than those personalized and relationship-specific dimensions of *dynamic trustworthiness* (e.g., relationship-based shared-interest, shared value, and shared-affect that can grow through positive interaction; for reviews, see Li, 1998, 2007, 2008), including the dynamic growth of personalized trust from a dyadic level to a network level. It is worth noting that trust-as-choice at a network level extends beyond the narrow scope of marriage at the dyadic level.

In sum, the construct of trust-as-choice is of special value because it can solve all the problems with trust-as-attitude by focusing on (1) a relationship-specific context, (2) a difference in the perspectives between trustor and trustee, (3) a two-way street with reciprocal interaction between trustor and trustee, (4) the shadow of the future, and (5) vulnerability as opportunity due to a leap of hope above and beyond confidence (as the defining nature of trust) for an open-ended yet committed cooperative for sustainable transaction value (as the unique role of trust). From this perspective, the notion of trust-as-choice is a holistic, dynamic, and open-ended

construct to play a special role in a proactive two-way process of building the long-term and mutually beneficial relationships above and beyond the propensity to trust and the expected trustworthiness.

Future Agenda for Trust Research

Based upon the points discussed in the above two sections, I posit that our future research agenda in the domain of trust research should focus on *three* challenging issues. First, we must explicitly define trust-as-choice as fundamentally distinctive from trust-as-attitude regarding the propensity to trust and the expected trustworthiness. This addresses the challenging issue of specifying the defining nature of trust. Second, we must open the black box of the process of trust-building, which is embedded in the relationship-building process, for transaction value rooted in an open-ended long-term cooperation in the challenging contexts of high uncertainty and ambiguity. This addresses the challenging issue of specifying the unique role of trust. Third, we must explain the inherent link between the defining nature of trust and the unique role of trust with economic and social exchanges as the dual dimensions of the core puzzle to anchor or underlie the domain of trust research. This addresses the challenging issue of integrating the defining nature of trust and the unique role of trust into a single core puzzle as the underlying anchor for trust research.

For the first challenging issue of defining trust, I provide a new conceptualization of trust as a choice or decision to embrace vulnerability, which best reflects the defining nature of trust on the part of trustor as trustfulness or trusting based upon the fundamental distinctions between trust-as-attitude and trust-as-choice:

Trust (trust-as-choice) is trustor's deliberate decision to voluntarily increase trustor's specific vulnerability toward trustee above and beyond trustor's propensity to trust as well as above and beyond trustor confident expectation of trustee's trustworthiness (either due to trustee's trait-like characters or due to institutional assurance).

According to the typology of trust ideal-type (Li, 2007), the core dimensions of personalized–depersonalized and trustworthiness–trustfulness are imperative for the duality of trust-as-attitude and trust-as-choice, which serves as the holistic and dynamic conceptualization of trust. While trust-as-attitude reflects the psychological confidence with the propensity to trust as well as an expectation of trustworthiness due to the trait-like characters and/or institutional assurance, trust-as-choice reflects a behavioral decision as a leap of hope above and beyond confidence as a self-initiated and self-regulated commitment to relationship-building. Hence, while trust-as-attitude is a reactive and protective psychological assurance of certainty and control in the contexts of low uncertainty and low ambiguity (thus low vulnerability, all as risk), trust-as-choice is a proactive and promotional behavioral commitment in the contexts of high uncertainty and high ambiguity, thus framing vulnerability as a unique opportunity to initiate a process of relationship-building. In other words, trust-as-choice is intended to generate various relationship commitment behaviors so as to build open-ended yet committed relationships.

Future research is required to refine this definition and also demonstrate the unique value of this definition by applying the definition in theory-building and theory-testing. For instance, we need to specify how trust-as-choice, as a voluntary choice of relationship commitment behavior, is related to such relationship-specific relationship commitment behavior as self-sacrifice for the shared-interest beyond self-interest, as compared to the relationship-generic organizational citizenship behavior; we also need to specify how trust-as-choice is related to the reciprocal effect of felt trust. This is consistent with my central notion of trust as a leap of hope under the condition of high uncertainty (such as the context of social dilemma). Further, we need to specify how trust-as-attitude and trust-as-choice should be differentiated as well as integrated to provide a full picture of trust. Future research also needs to pay more attention to the issues of diverse antecedents and contexts of trust-as-attitude and trust-as-choice across multiple levels. For example, it is critical to further examine the complex link between contract and trust or distrust (for a recent review, see Lumineau, [in press](#)). It is worth noting that the defining nature of trust is inherently related to the unique role of trust to the effect that trustor's trust-as-choice will result in trusting behavior to generate trustee's trust-as-attitude as felt trust to serve as the basis for a reciprocal trust-as-choice in a two-way street. In other words, trust-as-choice as a leap of hope will facilitate trust-as-attitude as a confidence in an iterative process.

For the second challenging issue of opening the black box of trust as a process, I offer a *multilevel process framework* to operationalize the role of trust in a dynamic process. At the broadest level, there are three *macro-level* stages: input, decision, and output in each of the two ways. The first one-way street is for trustor's trust-as-choice to be the mediating link between trustor's trust-building goal (as the input of trust-as-choice) and trustor's trust-building behavior (as the output of trust-as-choice), and the second one-way street is for trustee's trust-as-choice to be the mediating link between trustee's felt trust (as the input of trust-as-choice) and trustee's trust-building behavior (as the output of trust-as-choice). At the next level, there are four *meso-level* steps across the whole process: initiating, growing, maintaining, and repairing trust. Again, trust-as-choice is the underlying driver behind the four meso-level steps because trust-as-choice offers the strongest motive as the core *raison d'être* and the best apparatus for all four meso-level steps. At the most specific level, there are two *micro-level* mechanisms. First, trust-as-choice is used to demonstrate trustor's own trustworthiness toward trustee so as to initiate the felt trust on the part of trustee. Second, trust-as-choice is used to demonstrate trustor's leap of hope for a reciprocal reaction from trustee so as to initiate a virtuous cycle. Hence, the three macro-level stages, the four meso-level steps, and the two micro-level mechanisms jointly constitute a multilevel process framework of trust. This is highly consistent with the most recent call for more attention to the theme of holistic, dynamic, and nonlinear emergence of leadership (Dinh et al., 2014). For this research agenda, a paradigm shift in research method is required toward more qualitative methods (Glynn & Raffaelli, 2010; Li, 2012, 2014).

For the third challenging issue of linking the defining nature of trust with the unique role of trust, I venture to specify a core puzzle as the central question for the

entire domain of trust research. To draw inspirations from the emerging core puzzle in the domain of entrepreneurship in terms of the central question about the origins of entrepreneurial opportunity (for a review, see Suddaby et al., 2015), I frame the core puzzle of trust research in terms of the central question about the *origins* of leap of hope (above and beyond confidence) as the defining nature of trust and open-ended yet committed cooperation (for sustainable transaction value) as the unique role of trust, both in the contexts of high uncertainty and high ambiguity (thus high vulnerability). The key to the inherent link between leap of hope and committed cooperation lies in the reframing of high vulnerability from a *risk* to be avoided to an *opportunity* to be created and captured. This kind of reframing can be explained by a balance between economic and social exchanges as the norm of, rather than an exception to, the behavioral pattern of human being as social animals (Aron et al., 2004).

It is the defining nature and unique role of trust that can integrate social and economic exchanges (Li, 1998, 2008; Shore, Tetrick, Lynch, & Barksdale, 2006). This is because that trust-as-choice is embedded in an organic blend of cognitive trust and affective trust. It is the *sentimental* effect that defines the unique nature of trust-as-choice as relationship specific or personalized, which is imperative to the initiation and reinforcement of reciprocal trust due to the commitment to and satisfaction with repeated social exchange (Li, 1998, 2008; Shore et al., 2006; cf. Schoorman et al., 2007). While weak trust for economic exchange (e.g., arms-length transaction) is largely cognitive and instrumental and strong trust for social exchange (e.g., friendship) is primarily affective or sentimental, trust-as-choice is for a blend of both economic and social exchanges, and thus both cognitive and affective, especially in an organizational context (Gibbons, 2004; Li, 1998, 2008; McAllister, 1995; Uzzi, 1997). In other words, trust-as-choice serves as a bridge between social exchange and economic exchange, both of which are rooted in an open-ended yet committed cooperation for sustainable transaction value. *Transaction value* refers to a joint creation of value via both economic exchange (built upon the co-specialization among exchange partners) and social exchange (built upon the strong trust among exchange partners) between exchange partners in the challenging contexts of high uncertainty and high ambiguity (thus high vulnerability), in contrast to the view of transaction cost that focuses on internalization and distrust in the above contexts (Li, 1998, 2008, 2010). It is evident that strong trust at the dyadic level is inherently associated with social exchange for transaction value as joint benefit through integrative potential (Kong et al., 2014).

The most laudable potential contribution from trust research to other domains of social research may lie in the above-mentioned reframing of high vulnerability from a risk to be avoided to an opportunity to be created and captured. I concur with Perrone (2013) that if there is one topic where management research could have an influence on economics, it should be trust. This is because that the core puzzle of trust research poses a direct challenge to the core assumptions shared by most economic models (e.g., agency theory and transaction cost theory) concerning the gloomy nature of human being as selfish and opportunistic (Perrone, 2013).

The core puzzle of trust research has the great potential to shed light on the biased assumptions of the mainstream economics, especially the central assumptions of self-interest and risk-averse (see Möllering, 2014, for a special issue of *Journal of Trust Research* on the topic of trust in economics). It is fundamental to realize that without effectively addressing the core puzzle of trust research above and beyond calculated confidence, we will fail to make sufficient contributions that deserve the respect from other domains of social research. For example, Williamson (1993) is correct to say that “calculative trust is a contradiction in terms” (p. 463), and trust should be distinguished from risk-taking, but he is wrong to assume that non-calculative trust cannot occur in economic exchange and calculative and non-calculative cognitive modes are mutually exclusive. If we are trapped to the paradigm of trust-as-attitude as the sole element of trust to embody the confidence deriving from the non-calculative propensity to trust and the calculative expectation of trustworthiness due to the trait-like characters and/or institutional assurance, we will never get to the bottom of the defining nature and unique role of trust. Hence, we need to advance above and beyond the extant paradigm of trustworthiness (Li, 2008, 2013; McEvily, 2011; Möllering, 2013). That is why trust-as-choice is required to address the core puzzle of trust research.

Regarding the assumption of self-interest, the core puzzle of trust research can help reframe the notion of self-interest into a different construct of enlightened self-interest (cf. Keim, 1978; Li, 1998, 2008; Sedikides & Brewer, 2001), especially concerning the needed paradigm shift from a short-term perspective into a *long-term* perspective (Aron et al., 2004; Hanauer & Beinhoeker, 2014). Regarding the assumption of risk-averse, the core puzzle of trust research can also help reframe the notion of vulnerability from pure risk into risk-becoming-opportunity (Li, 1998, 2008). Specifically, we can take a two-pronged approach to promoting trust research to organizations: (1) to show the “risk” of not having trust, and (2) to show the “benefit” of having trust. Both are necessary, but I think the latter is much more critical and much more compelling. Directly related to trust-as-attitude, the first prong is passive because it is primarily concerned with the risk of losing public trust due to unethical conducts and the risk of high transaction cost. Directly related to trust-as-choice, the second prong is proactive as it is primarily concerned with the benefit of gaining public trust due to ethical conducts as well as the benefit of transaction value. In other words, the first prong is like a short-term “exit” strategy to prevent the negative, while the second prong is like a long-term “voice” strategy to promote the positive (Li, 1998, 2007).

It is interesting that the preference for the “exit” or “voice” strategy is often culture specific. For example, trust-as-choice tends to be more salient in the East than in the West because trust-as-choice is consistent with the Eastern cultural norm of strong ties (e.g., *guanxi*) in a multilayered centrifugal web of differentiated associations (Fei, 1992; Li, 1998, 2008). To apply the notion of trust-as-choice beyond the cultural boundary of the East, I frame the open-ended yet committed cooperation for transaction value as the *raison d'être* of trust-as-choice in the sense that trust-as-choice balances social exchange with economic exchange so as to incorporate the

sentimental, personalized, dyadic, reciprocal, long-term, and indeterminate elements into economic exchange (Li, 1998, 2008; cf. Granovetter, 1985; Shore et al., 2006). In particular, while trust-as-attitude occurs in the shadow of the past, trust-as-choice lies in the shadow of the future (Poppo et al., 2008). Hence, the core puzzle of trust is why and how trust can facilitate the paradigm shift from economic exchange via weak trust to a blend of both economic and social exchanges via strong trust. With the blend of both economic and social exchanges as the underlying logic shared by all cultures, the proposed framework of trust-building process is applicable across different cultural contexts.

For future research, several specific topics require our immediate attention. First, the dimensions of felt vulnerability must be examined carefully, especially those that can be framed as a leap of hope above and beyond confidence derived from the trait-like characters and/or institutional assurance. Second, the dimensions of felt trust must be examined carefully, especially those that are associated with felt vulnerability to be acted upon for a leap of hope. Third, trust-as-choice can be examined from the perspective of being a sense-giving tool, while trust-as-attitude can be examined as a sense-making tool. Fourth, trust-as-choice can be examined as an imperative tool to foster entrepreneurship (Li, 2013), including the effect of trust-as-choice on entrepreneurial *improvising* (defined as the time-convergence for fast-paced action and out-of-box thinking for novelty-driven action, cf. Moorman & Miner, 1998) as well as entrepreneurial *bricolage* (defined as “make-do” with limited resources or even assumed non-resources, cf. Baker & Nelson, 2005) by reframing risk into opportunity. It is interesting to note that the notions of opportunity and vulnerability are shared by both domains of entrepreneurship and trust research (Alvarez & Barney, 2010), so is the need to extend above and beyond the dual-processing model given the inherent uncertainty and ambiguity of tacit information at the present and unpredictable events in the future (Chiles et al., 2010; Li, 2012, 2014; Polanyi & Prosch, 1975), and thus a great potential for cross-fertilization between the two domains (Li, 2013).

For the long-term future research, the most essential issues of interdisciplinary, cross-cultural, context-rich, cross-level, process-oriented, and multi-method design for a good balance between rigor and relevance in the domain of trust research (all of which are the core elements of the mission of *Journal of Trust Research*) must be adopted in the future rather than just a lip-service in the past. Further, even though both qualitative and quantitative methods are required for trust research, qualitative methods are particularly needed at the early stage of theory building, especially for exploring the holistic and dynamic dimensions of trust and trust-building process as a two-way street. Finally, we need to shift our cognitive frame from the traditional “either/or” logic to the emerging “either/and” frame rooted in the Chinese approach to yin-yang balancing (Li, 1998, 2008, 2012), and this bears critical implications for revising and enriching the dual-processing model as well as for effectively explaining trust paradox (Li, 2012, 2013, 2014; cf. McEvily, 2011; Murnighan et al., 2004).

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