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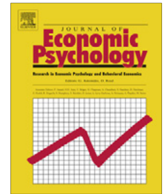

Review

Trust as a social and emotional act: Noneconomic considerations in trust behavior ☆

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ABSTRACT

We review research suggesting that decisions to trust strangers may not depend on economic dynamics as much as emotional and social ones. Classic treatments of trust emphasize its instrumental or consequential nature, proposing that people trust based on expectations that their trust will be honored and the size of reward if it is. Data from our labs, however, focusing on the *trust* or *investment* game, suggest that people trust even when their expectations of reward fall below their general tolerance for risk. Further data from our lab suggests that people trust not out of a concern for the consequences of their actions as much as for the actions themselves. The emotions people report feeling about trusting versus withholding trust predicts their decisions much more strongly than the emotions they attach to the potential outcomes. Social dynamics, such as whether participants have been assigned to a specific counterpart in the game, influence whether they trust, even though their economic expectations and payoffs remain unchanged. The dynamics surrounding decisions to trust are complex, and involve social and emotional considerations beyond economic ones.

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1. Introduction

One must be fond of people and trust them if one is not to make a mess of life.
Foster (English novelist and essayist, 1879–1970).

Foster's assertion makes good sense. Trust is an essential underpinning of any type of social relationship, whether it is between two people in marriage (Deutsch, 1958; Fehr, 1988), between boss and employee in a business firm (Kramer, 1998; Kreps, 1990), or between a government and its citizens in a democracy (Fukuyama, 1995). Trust among strangers is also essential within any given collective of individuals. With trust, institutions can be built that benefit all. Ebay, for example, would not be possible if buyers and sellers had frequent fears about whether they could trust one another. Without trust, a restaurant patron would have to follow the server to the back after handing over the credit card just to make sure that the server is not "ripping" the credit card number for his or her own use.

As another example, in the town where one of us (Dunning) lives, Ithaca, New York, a new non-profit automobile sharing program, called Ithaca CarShare, has emerged that runs on trust as much as it does on gasoline. Participants in this program can forego owning their own car. Instead, they can pay an annual fee allowing them to borrow fuel-efficient cars that have been strategically parked around the city. Participants can specify a time that they want to use a car, pay an additional fee for every hour and mile they use that car, and then make sure to return the car to its proper place when they are done. If any car runs low on gas, participants are asked to fill the car's gas tank using one of the program's credit cards.

Programs like this allow people to gain access to a car when they need it, without the chronic costs of automobile loan payments, insurance, gasoline, parking, washing, or maintenance. It allows them to choose the specific car for the task they need to complete: a pickup truck to move heavy loads, a small compact for a trip to the supermarket, or a convertible for a scenic weekend trip (Boutin, 2006). It is also arguably environmentally friendly, in that it keeps surplus cars off the road—with claims that up to ten car are kept off the road for each automobile in the shared fleet (Dribben, 2007). However, in order for this program to survive, people do have to rely on the benevolence and cooperation of strangers. They have to trust that others will return the cars when they claim they will—and will do so without damage. They have to trust that others use the gasoline credit cards to fill only the cars in the program instead of some other car owned by a family member. To the extent that people abuse the program, and the trust of its participants, it runs the risk of decay and failure.

Carshare programs like this one reveal that trust lies on the heart of social capital. To the extent that people can trust others, they can work together to create benefits that each individually cannot generate alone. Thus, it should come as no surprise that a World Value Survey discovered that levels of trust within a country are correlated with that country's rate of economic growth (Fetchenhauer & Vegt, 2001; Knack & Keefer, 1997).

Not all treatments of trust, however, are so positive. There is a strain of thought in Western philosophy (see Hobbes, 1660/1997 and Machievelli, 1515/2003) and neoclassical economics that trust in others, particularly strangers, is an action that should be avoided at all costs. Consider a traditional neoclassical analysis of trust for the following economic game, which can be presented to participants in the laboratory. Suppose the experimenter gave each participant US$5 and a choice: the participant can keep the money or hand it over to a stranger, also taking part in the experiment, who will remain mutually anonymous to the participant. If the participant decides to hand over the money, the experimenter will inflate the amount to US$20 and give the other participant his or her own choice to make: to keep the entire amount or give US$10 back to the participant. This situation, called the *trust* or the *investment game* (Berg, Dickhaut, & McCabe, 1995; Camerer, 2003; Snijders & Keren, 2001), presents a choice containing the central feature of what it means to trust a stranger, which in behavioral economics is defined as making one's self vulnerable to exploitation by that stranger with the expectation of some benefit in return (Rousseau, Sitkin, Burt, & Camerer, 1998).

According to a strict neoclassical analysis, no participant should ever trust (i.e., give up the US$5) in this situation. This is because the interaction between participant and the other individual is anonymous and one-off. As such, the other person is under no pressure to act against his or her material self-interest, and thus will with certainty keep the entire US$20. Because of this, the participant should never make himself or herself vulnerable to this certain exploitation (see Berg et al., 1995). However, people do trust in this economic game. Moreover, people in the position of the other person frequently honor that trust by returning money back—providing a dual-vexation for the traditional neoclassical analysis (Berg et al., 1995; Camerer, 2003; Dunning & Fetchenhauer, 2010a, 2010b; Snijders & Keren, 2001).

It is the focus of this manuscript to discuss the possible dynamics of this situation that may produce decisions to trust another person. Although our research has not pointed yet to a specific answer about what motivates trust, it has given us many clues about what types of dynamics to focus on. To our surprise, and the astonishment, we presume, of many theorists, variables that can be considered to be *economic* in nature play a much more minor role in decisions to trust than one would expect. Instead, trust seems to be responsive to social or emotional factors much more than one would forecast. In the material that follows, we discuss the case against trust as an "economic" decision and the case for it being a more social and emotional one. We hasten to add that we do not wish to dismiss economic concerns entirely. They matter. They just do not matter as much as most theorists typically think.

2. Trust as an economic act

Traditional treatments of trust in both behavioral economics and psychology are implicitly economic in nature, in that they suggest that people trust when they harbor sufficient expectations that their trust will be reciprocated. A hard-line neo-

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