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The role of the third party in trust repair process[☆]Ying Yu^a, Yan Yang^{b,*}, Fengjie Jing^{c,*}^a College of Economics and Management, Huazhong Agricultural University, 1 Shizishan Street, Hongshan District, Wuhan 430074, PR China^b Physical Economics and Theory Research Institution, East China University of Science and Technology, 130 Meilong Road, Xuhui District, Shanghai 200237, PR China^c School of Business, East China University of Science and Technology, 130 Meilong Road, Xuhui District, Shanghai 200237, PR China

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ABSTRACT

To examine the role of third parties in trust repair processes, this study uses a policy-capturing design. The third party's tactics (persuasion, guarantee) and characteristics (relational closeness between third party and victim, power of third party) relate strongly and positively to trust repair and specifically to a victim's willingness to reconcile with a trust violator, which ultimately leads to continuance of collaboration intentions. In addition, persuasion is more effective than guarantees in this process. The effects of tactics and characteristics also interact to influence the outcomes. This article concludes with some practical implications of these findings and recommendations for future research.

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1. Introduction

Trust can result in various benefits to an organization, including more positive attitudes, increased cooperation, and superior performance (Dirks, Kim, Cooper, & Ferrin, 2005). Yet trust breaches are everyday occurrences, creating the need for trust violators to take some compensatory action and reconcile relationships. Substantial research investigates how trust might be restored or repaired (e.g., Kim, Dirks, & Cooper, 2009; Tomlinson, Dineen, & Lewicki, 2004; Tomlinson & Mayer, 2009; Wang, Craighead, & Li, 2014); it focuses mostly on the dyadic interaction between an offender and a victim.

However, there are two reasons why investigations of trust violations and repair in dyadic contexts may be incomplete (Kramer & Tyler, 1996). First, trust breaches and rebuilding rarely unfold in an isolated dyad but rather take place in broader social contexts (Brodt & Neville, 2013). Both transgressors and victims engage in networks of existing relationships, or cliques, with others (Brodt & Neville, 2013). Members of the same clique also have established relationships with each other and with witnesses of the trust violation, so any related response affects various members of the clique. Because transgressors and victims must consider others' reactions when determining how to

repair or respond, trust violation and repair processes are not independent, dyadic events. Second, damaged trust may be irreparable in dyads (Kim et al., 2004; Tomlinson & Mayer, 2009), because the transgressor and victim are too much a "part of the problem" to solve the conflict independently. When direct dyadic negotiators are unable to reach a bilateral settlement, an external third party is often involved in resolving the conflict and rebuilding the relationship (Lewicki & Bunker, 1996).

Although several studies have pointed to the importance of third-party interventions for trust building (Brodt & Neville, 2013) and trust repair (Tomlinson & Mayer, 2009), third-party perspectives are still an under-theorized and poorly understood phenomenon (Woolthuis, Nooteboom, de Jong & Faems, 2014). This research therefore develops a comprehensive framework of third-party roles in the trust repair process. In this work, "third party" refers to someone who is not previously connected with the trust violation, but is a mutual friend of the offender and victim and is invited to mediate the process of trust repair by the offender. This study aims to identify key factors related to trust repair when a third party intervenes in a close transactional relationship on the grounds that trust repair involves more than two parties. Compared with the more common dyadic approach, a triadic perspective provides new insights into how both a transgressor and a third party affect trust repair in realistic settings.

The following section reviews relevant literature and establishes a framework for examining trust repair from the perspective of the third party. Drawing from Tomlinson et al.'s (2004) theoretical work on repairing broken trust in a dyadic context, the next section develops hypotheses that specify factors that may be vital to trust repair in a triadic context. The article then describes the data collection and analysis,

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in line with policy-capturing methodology. Finally, the article concludes with findings and theoretical and practical implications.

2. Conceptual development

2.1. Trust and trust repair

Over the last several decades, researchers have paid much attention to the concept of trust. For example, Rousseau, Sitkin, Burt, and Camerer (1998, p. 395) define trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another,” and Anderson and Weitz (1989, p. 311) define it as “one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party.” Trust, therefore, involves one's degree of willingness to show vulnerability to others and to expect others' good actions in the future. A trust breach occurs when “the expectations about context-specific task reliability are not met” and “there is a perception that similar violations may recur within the same context.” (Sitkin & Roth, 1993, p. 300). Such a violation might take place at an individual or organizational level. However, the majority of the related studies have been carried out on an individual level even though they addressed the trust repair issue in an inter-organizational context (e.g. Tomlinson & Mayer, 2009; Tomlinson et al., 2004). The reason for this is that the related actions are implemented by some specific persons in the organizations; indeed, even if trust breach occurs at an organizational level. This paper focuses on trust repair of transactional business-to-business relationships; it builds also upon research on interpersonal relationships because an organization's policy decisions are typically made by a specific person in an important managing position (Janowicz-Panjaitan & Krishnan, 2009).

Trust repair is a process to make trust more positive after a violation. It is composed of two essential stages: willingness to reconcile and intention to continue cooperating (Tomlinson et al., 2004). Reconciliation is defined as “a deliberate decision by the victim to relinquish anger, resentment, and the desire to punish a party held responsible for inflicting harm” (Aquino, Tripp, & Bies, 2001, p. 53). Intention to continue cooperating is a critical portent of anticipated actions and volitions (Wang, Kayande, & Jap, 2010). Parties in a relationship develop confidence in long-term benefits through trust (Anderson & Weitz, 1989). Reconciliation is regarded as a behavioral manifestation of forgiveness and is thus the first step, but is not sufficient to repair trust (Lewicki & Bunker, 1996). Once a trust violation occurs, the relationship may terminate if the victim is not willing to reconcile. If the victim is willing to reconcile, the possibility of future cooperation is enhanced. However, it is possible to forgive the offender without continuing to cooperate or maintain a long-term relationship (Tomlinson et al., 2004). Therefore, intention to continue is the second stage of trust repair.

2.2. Role of third parties in trust repair

Third parties can influence inter-organizational relationships in various circumstances, such as strategic alliances (Woolthuis et al., 2014) and negotiation (Conlon, Carnevale, & Ross, 1994) by using their expertise or objectivity, especially following emotionally intense mishaps in complicated inter-organizational relationships (Woolthuis et al., 2014). The third party's behavior and influence depend on the role assigned by the disputants (mediator, intravenor, or arbitrator), as well as the third party's interests, beliefs, and concerns about the outcome (Conlon et al., 1994). This study focuses on the role of the third party as a mediator who is defined as controlling the process but not the outcome (Wall & Dunne, 2012).

Disputants seek mediation by a third party because they expect their net outcomes from mediation to be greater than those from other approaches (Wall, Stark, & Standifer, 2001). Mediation has proven to be effective in making victims perceive justice (Bush, 1996), increasing agreements (Brett, Barsness, & Goldberg, 1996), improving problem

solving (Smith, 1996) and relationships (Johnson & Johnson, 1996), and rebuilding overall trust (Wall et al., 2001).

Mediators use various tactics to resolve conflicts, wielding them against the disputants themselves, the disputants' relationship, and the disputants' relationships with others (Wall et al., 2001). When targeting a disputant-disputant relationship, a third party can smooth the relationship by convincing the disputants to accept mediation (Abu-Nimer, 1996) and calling for consideration and apologies (Umbreit, 1993). The factors that determine which approaches are used are (1) tactic feasibility, (2) mediator's “cost-benefit analysis” of the tactics, (3) mediator's decision strategy, and (4) mediator's goals (Wall et al., 2001). In summary, academic research on mediation presents a diverse and mostly descriptive understanding of what constitutes “effective mediation” and how to achieve it after conflict occurs (Wall & Dunne, 2012). It provides an important foundation for understanding the role of the third party as a mediator in the trust repair process.

Both Lewicki and Bunker's (1996) theoretical work and Tomlinson et al.'s (2004) empirical research on trust repair divide the antecedents of a victim's willingness to reconcile a professional relationship into two groups: reconciliation tactics and relationship characteristics. In a dyadic context, reconciliation tactics refer to reparative efforts over which the offender has more control than the victim. Relationship characteristics reflect the broader context in which the trust violation occurs, describing a situation that is less controllable by the offender (Tomlinson et al., 2004). This framework offers an integrated theory for examining the role of the third party in trust repair.

Fig. 1 presents a conceptual model from the perspective of the third party, that illustrates how trust may be repaired following a violation. The model emphasizes that the reconciliation tactics of the third party and the relationship characteristics between the third party and the victim are the key antecedents of trust repair. Two components of the trust repair process—the victim's willingness to reconcile and the victim's intention to continue—are dependent variables in the model. Moreover, the victim's willingness to reconcile also might mediate the relationship between the reconciliation and continuity intentions.

The findings of this research not only contribute to extant knowledge in mediation theory through the perspective of trust repair but also enrich trust repair theory through a more comprehensive illustration of the trust repair process in the triadic context by focusing on the role of the third party in relationship repair.

2.3. Reconciliation tactics of the third party

In its study of effective tactics for reconciling dyadic relationships, prior research suggests that violators often engage in two types of responses: apology and denial (Kim et al., 2004). They also may use other tactics following trust violations, such as promises (Gillespie & Dietz, 2009), excuses (Tomlinson et al., 2004), legalistic remedies (Jøsang, Ismail, & Boyd, 2007), or hostage posting (Nakayachi & Watabe, 2005). Such tactics can be categorized as substantive or non-substantive responses (Dirks et al., 2005). Non-substantive responses are verbal accounts that aim to repair trust through actions such as apologies, denials, excuses, or justifications (Kim et al., 2004). Substantive responses are more behavioral in nature and may include actions such as the introduction of rules, contracts, procedures, and monitoring that help constrain behavior to prevent a trustee from taking untrustworthy action (Sitkin & Roth, 1993). This research proposes that to repair trust, third parties can use persuasion as a verbal response and guarantee as a substantive action.

2.3.1. Persuasion

According to *Collins Dictionary*, to “persuade” is to say something that eventually makes others believe that it is true. It is an action related to communication that also refers to “the principles and processes by which people's attitudes, beliefs, and behaviors are formed, are

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