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## 7. Trust and negotiation

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### INTRODUCTION

Trust is an inherent part of the negotiation context. Parties engage in a negotiation because they have each decided that they are dependent on the other to provide something—particularly the exchange of accurate information and the willingness to implement their agreement—that will improve their current situation and enable them to negotiate successfully. It is because of this very interdependence that trust—which is about risk in and of itself—or distrust will develop between negotiating parties. Therefore, trust, distrust, interdependence, and information sharing are integral to the negotiation process itself and to its ultimate success or failure. The ubiquitous nature of trust in the negotiation context makes this chapter a necessity in a negotiation handbook such as this.

We have taken a unique approach to the design of this chapter by summarizing research around ten commonly asked questions about trust in the context of negotiation. We believe this is a simple, direct way of presenting a comprehensive overview of how and why trust is important to include in any discussion about negotiation. Some answers allow for a straightforward ‘yes’ or ‘no’ response followed by support of that answer, and others involve a more complex discussion and analysis in order to reach a conclusion. In the pages of this chapter, you will find answers to the basic and advanced questions in the following list:

1. What is trust?
2. Why is trust integral to negotiation?
3. What is the trust/honesty dilemma in negotiation?
4. What affects the development of trust in negotiation transactions?
5. How does culture affect trust and negotiation transactions?
6. What are the ways that trust can be broken in a negotiation?
7. What are the consequences of broken trust for negotiators?
8. Can broken trust be repaired?
9. If parties believe that trust can be repaired, then what are the ways this can happen?
10. What have we learned and what do we still need to learn about trust and negotiation?

The first three questions define the basic conceptual domains of this chapter: trust, negotiation, and the challenges of managing trust in a negotiation. With this foundation established, Question 4 addresses more complex issues surrounding the characteristics of negotiating parties or the negotiation context that affect trust. Question 5 assesses how parties from various national cultures may be differently disposed to trust issues in negotiation. Questions 6 through 9 discuss broken trust in negotiation, including how trust can be broken and how broken trust can be repaired. The last question summarizes the chapter and also recommends future research directions concerning trust and negotiation. After reading this chapter, you should have a comprehensive understanding of trust in the negotiation context.

## QUESTION 1: WHAT IS TRUST?

A number of definitions of trust exist, each differing in the target of the emphasis. Some definitions explain trust in terms of the trustor's motives and intentions. Lewicki et al. (1998) define trust in such terms, saying it is the "confident positive expectations regarding another's conduct" (p. 439). Similarly, Mayer et al. (1995) define trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (p. 712). Other definitions identify trust through behaviors, such as those that can be seen in simple experimental games (e.g., Berg et al., 1995). Gillespie (2003) proposed a behavioral trust inventory that operationalized trusting intentions into behaviors within specific organizational contexts. Yet other authors present trust as a unique internal state of an individual; for example, Rousseau et al. (1998) state that trust is "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (p. 395). This final definition has improved upon previous conceptualizations of trust, and as such is one of the most commonly used definitions in the building research literature.

Several authors have suggested that there are different types of trust. These different types of trust are representative of the stage of development in which the trust resides, indicating that trust has a dynamic and transformational nature and changes as it develops. Shapiro et al. (1992) called the most basic form of trust—the type of trust required by any negotiating parties—*deterrence-based trust*. As explained by the authors, "a minimal condition for many business relationships is that individuals'

actions follow their words” (p. 366). Particularly in a negotiation context, parties must trust that the other will follow through with promises made during the negotiation; for example, if a seller promises to deliver goods to a buyer, that promise must be kept and the goods must indeed be delivered. It includes the word “deterrence” because the authors argue that the primary motivator for complying with the trust is deterrence, that is, strong negative consequences for not complying with the trust. Following up on this work, Lewicki and Bunker (1995; 1996) also discuss the evolutionary nature of trust, but suggest that deterrence is not the only motivator behind keeping one’s word. Trust can also be motivated by positive rewards for complying with the agreement. As such, Lewicki and Bunker argue for this type of trust to be termed *calculus-based trust*; the trustor should rationally decide to trust the other party not because they are afraid of negative consequences, but because they want to achieve positive consequences. Returning to our example, a seller should want to follow through and deliver a good to a buyer not only because they are afraid of losing the buyer as a client, being sued, or losing money, but also because they want the relationship to continue, the agreement to be fulfilled, and the buyer to continue to make purchases from them in the future.

As a negotiating relationship advances due to either positive repeated interactions or the length of a single transaction, calculus-based trust has the opportunity to evolve into a deeper-rooted form of trust called *knowledge-based trust*. Both Shapiro et al. (1992) and Lewicki and Bunker (1995; 1996) agree that this form of trust goes beyond trusting that the other party will keep their word; it resides in the ability of one party to come to know and understand the other so as to accurately predict what the other party wants and how the other party will behave. The predicted behavior can be either positive or negative (e.g. the other party can cooperate or be uncooperative); the key is that the behavior is predictable (Shapiro et al., 1992). This leaves the trustor with a certain degree of control over the situation, which reduces the negative feelings (fear and anxiety) that might be associated with the risk that is being taken by trusting the other party. Graduating to a point of being able to predict each other’s behavior takes effort, which may come in the form of learning more about the other party’s tendencies and behavior prior to engaging in the negotiation and communicating regularly throughout the negotiation (Shapiro et al., 1992), as well as by continually monitoring the other party through verification of information offered (Lewicki and Polin, in press). Thus, if a negotiator knows that the other party will frequently agree to things but then forget to implement them and follow up, the negotiator can periodically monitor the agreement or take other safeguards to protect against the other’s failure to follow through.

As the relationship between the negotiating parties continues to develop even further, knowledge-based trust has the opportunity to advance and morph into *identification-based trust* (Lewicki and Bunker, 1995; 1996; Shapiro et al., 1992). Identification-based trust is the strongest form of trust, the “highest order of trust” (Shapiro et al., 1992, p.371) in which parties “effectively understand and appreciate the other’s wants” (Lewicki and Stevenson, 1998, p.107). This form of trust is characterized by an identification with the other and an effort to help the other realize their goals. This type of trust is often seen in integrative negotiations, and particularly between parties who know each other very well, where the parties not only have individual goals to achieve but also define and work to accomplish joint goals. After all, as explained by Lewicki and Bunker (1996), identification-based trust allows for each party to act as an agent for the other party if need be. While some business relationships actually evolve to this level, most negotiation agreements—and most business relationships in general—rarely reach the level of claiming identification-based trust.

In addition to the different types of trust that might be operative in a negotiated relationship, other researchers have suggested that it is important to distinguish trust from distrust. While trust is “confident positive expectations regarding another’s conduct,” distrust can be defined as “confident negative expectations regarding another’s conduct” (Lewicki et al., 1998, p.439). These authors explore a number of implications of separating trust and distrust, but probably the most important implication for a chapter on negotiation is that trust and distrust can co-exist in a negotiated relationship, and that they need to be managed differently. Negotiators should be focused on building trust with the other but also on ‘managing’ distrust by taking precautions that protect the negotiator from the negative consequences if trust is broken. Actions that build trust—ones that we will discuss later in this chapter—are different from actions that ‘manage distrust’, and the wise negotiator attends to both.

Up to this point, we have explained the general definitions of trust, the different types of trust that exist based the stage of development of the relationship, and the difference between trust and distrust. As we have attempted to answer *What is trust?* we may also define the construct in terms of *what trust is not*. Research has shown that trust is not the same as cooperation, confidence, or a lack of suspicion. Regarding the first, while cooperative behavior may lead to trust and trust may lead to cooperative behavior, cooperation does not necessarily involve risk as trust does (Mayer et al., 1995). Furthermore, one party can cooperate with another party and not trust them, or they can trust them but decide to not cooperate with them. A negotiator may choose to use cooperation as a strategy

(e.g., a negotiator may cooperate in order to appear friendly while really taking advantage of the other party), or a negotiator may not want to cooperate but they must do so because their superiors are instructing them to act cooperatively. Trust is also not necessarily synonymous with confidence. One can have confidence in another party, but that confidence does not necessarily relate to positive behavior; for example, a negotiator may think that they can be confident that the other party will take advantage of them, or that they will ignore their gestures of cooperation. This confidence can be on the basis of previous experience with another party, knowing about the other party through their reputation, or even on the basis of nonverbal signals that they may be sending even before one has established a reputation with them (compare Luhmann, 1988). Finally, distrust is different from suspicion, which is defined as perceiving ambiguity about another's motives (Sinaceur, 2010). Having suspicion can actually provide greater benefits to a negotiator than simply having trust, since suspicion motivates the negotiator to more extensively search for cues about the other's trustworthiness. In a series of research studies, pairs of negotiators in which one party was suspicious actually achieved more successful integrative agreements than when both parties 'automatically' trusted the other (Sinaceur, 2010).

Finally, trust is not the same as trustworthiness. Whereas trust was defined earlier in terms of the judgment that one person (the trustor) makes about another in a trust judgment, trustworthiness can be defined as a characteristic or a quality of the other party (the trustee). Trustworthiness, then, enables one party to make a judgment about how 'trustable' the other party is based on the characteristics of the other party. Let us elaborate on the importance of this understanding of trustworthiness as distinct from trust.

There are three dimensions of trustworthiness to look for in an opposing party: ability, benevolence, and integrity. Perceived ability is defined as "that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain" (Mayer et al., 1995, p. 717). In a negotiation, we can observe that the other negotiator has appropriately prepared for the negotiation by gathering background data on the specific issues, working to understand the context of the negotiation, and educating themselves on proper and effective negotiation proceedings. Perceived benevolence is defined as "the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive" (Mayer et al., 1995, p. 718). Specific to a negotiation, benevolence is seen in the way that the other party treats us. We must trust that the other is, of course, going to try to achieve their goals in the negotiation, but that in doing so, they will not purposely try to harm us.

Signs of benevolence include showing courtesy and respect. For example, a negotiator may kindly explain their position, and then listen attentively as we explain our position. Negotiators may also actively refrain from using ethically ambiguous negotiation tactics (discussed in Questions 6 and 7). A demonstration of benevolence can be most easily seen when the negotiation is integrative and/or when an identification-based level of trust has been reached: each party seeks to help the other achieve their goals. Finally, perceived integrity is defined as “the trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable” (Mayer et al., 1995, p. 719). Whereas benevolence is defined by how nicely the opponent treats us (and vice versa, in their eyes), integrity judgments are made about the other based on their broader patterns of behavior, not just the way they specifically treat us. Integrity gets at the fundamental ethical character of the other party: do they follow through with promises made, do they tell the truth (credibility), are they professional, and do others speak about them as having integrity?

In answering Question 1, we have presented several general definitions of trust and indicated which is the most commonly used definition. We have explained the evolutionary nature of trust and how different levels of trust exist. We have also introduced the idea that trust, distrust, cooperation, confidence, and suspicion are different, and that distrust and suspicion may actually be advantageous in a negotiation. Finally, we have clarified that trust is not the same as trustworthiness, the latter of which is one characteristic of the trustee and understood by the trustor based on the other’s ability, benevolence, and integrity. Trusting the other, and being trustworthy in one’s own actions, jointly exhibited by both sides, are critical for a maximally effective negotiation.

## QUESTION 2: WHY IS TRUST INTEGRAL TO NEGOTIATION?

Since this is a handbook on negotiation, many other chapters in this volume have extensively defined negotiation and elaborated on the core components of the negotiation process. We will outline only the basics here, highlighting why trust (or distrust) will naturally exist, even if effort is not put toward the development (or reduction) of trust. First, negotiation is a process by which “two or more parties attempt to resolve their opposing interests” (Lewicki et al., 2010, p. 6). In attempting to resolve these opposing interests, the need for trust in negotiation arises because of each party’s interdependence with the other in achieving this resolution. Negotiators depend on each other to help them achieve their goals

and objectives—primarily by depending on the amount and accuracy of the information presented by the other party, on the outcomes to which the parties commit throughout the negotiation process, and on the other party delivering on those commitments. As noted elsewhere (Kelley, 1966; Lewicki and Polin, in press), navigating this dependence on the other requires a negotiator to continually evaluate how much he can trust what the other party says, as well as how honest (and hence vulnerable) the negotiator himself can be about what he discloses to the other party. An effective negotiator cannot afford to be too trusting of the other party and run the risk of being fooled, tricked, or taken advantage of; at the same time, if he does not trust enough, it may be impossible to accept anything the other party says at face value or reach a viable agreement. Similarly, if a negotiator is too honest with the other party, she risks becoming too vulnerable by giving away her bargaining position; but if she is not honest enough, she may not be able to give the other party enough information to make an agreement possible. (This challenge is discussed further in Question 3.)

Recent research has confirmed how problematic these dilemmas can be for parties in social and economic interactions, the reason being that each party tends to view the situation from their own unique perspective and hence not understand their impact on others or how others are judging them. Trustors focus primarily on the risk associated with being vulnerable, while trusted parties evaluate the relationship based on the amount of benefit they expect to receive. For example, suppose a job candidate is negotiating a job offer with a potential employer. The candidate has no other job offers, but she is hesitant to reveal this because she knows that the recruiter could abuse the situation by making a very low salary offer. The recruiter asks the candidate, ‘So what other job offers do you have?’ The candidate decides to be honest and tell the recruiter that she has none, hoping that her honesty will be rewarded with a viable market-competitive salary. In this situation, the candidate (the trustor) is fearful about how much she has made herself vulnerable by answering truthfully, while the recruiter is privately enjoying the fact that he now realizes he can probably get the candidate to accept a reasonably skimpy offer.

Malhotra (2004) proposes that in such situations, trustors trust more when risk is low but tend to ignore the benefit that is received by trusted parties, while trustees are more likely to reciprocate when the benefit is high, but tend to ignore the amount of risk the trustor faces when engaging in trusting actions. Moreover, each party is not highly sensitive to the factors that tend to govern the other’s decisions, suggesting that even as the parties attempt to coordinate actions in the design and execution of a negotiated agreement, they may be quite ‘out of sync’ with each other

in how their attention is focused in creating an effective transaction. For example, Weber et al. (2005) argue that the decision to trust another party is often made as a result of a need to minimize the risk associated with one's own dependence on the other party, hence leading the actor to initiate 'irrationally' less cautious behavior (from a risk-minimization point of view) but which may nevertheless initiate reciprocally trusting gestures from the other party.

To summarize our answer to Question 2, we have provided a basic definition of negotiation and explained that trust is an inherent part of negotiation because of negotiation's interdependent nature. Parties negotiate because they believe that they are better off negotiating than not negotiating. In any interdependent relationship, levels of trust or distrust will naturally exist. Of course, trust in a negotiation is more efficacious than a situation with distrust, as will be discussed further later in the chapter.

### QUESTION 3: WHAT IS THE TRUST/HONESTY DILEMMA IN NEGOTIATION?

What are the consequences—both benefits and liabilities—of trusting in a negotiation? There are several ways that trust can simplify negotiation. First, one of the primary purposes of negotiation is the exchange of information between parties in order to persuade the other to 'see it your way'. Trust is integral to this exchange of information. Each party has to be able to believe what the other is saying, since they often cannot verify or confirm all statements, claims, and charges. Thus, ultimately, trust between negotiators can minimize transaction costs in closing a deal. Deals can be completed and verified 'on a handshake' because the established trust between the parties creates the expectation that all parties will follow through and keep their promises and commitments. Secondly, in the exchange of information, the other's trustworthiness becomes as important as trust. To be trustworthy, a negotiator must work to establish and maintain his credibility. One's credibility is grounded in the perception that the information being conveyed is accurate and verifiable. (Credibility is often one of the components of 'integrity' we described in Question 1, and we discuss trustworthiness in more detail again later in this chapter.) Finally, then, once credibility is established, a negotiator develops a reputation. Reputations are how other people speak about their experiences of trustworthiness in another party. For example, merchants develop a reputation for honesty, a reputation that is conveyed to others in the marketplace. A reputation for credibility and honesty is integral for a merchant to maintain positive working relationships in all strategic affiliations; deals can be struck

efficiently and without a great deal of time and effort being invested in verification. Similarly, maintaining a reputation for trustworthiness is critical to negotiators, and negotiators should frequently monitor whether their reputation is as good as they would like it to be. Finally, although we pointed out earlier that they are not identical, research shows that trustworthiness and cooperation can spiral and create dynamic interdependence. Trust feeds cooperation, cooperation feeds trust, and the two can stimulate each other in a dynamic spiral that greatly enhances the give and take of negotiation (Ferrin et al., 2008).

Yet, as we noted earlier, a negotiator can be too trusting, leading to an internal struggle for any negotiator. Take, for example, the two fundamental, conflicting dilemmas of a negotiation: the dilemma of honesty and the dilemma of trust (Kelley, 1966). The dilemma of honesty concerns how honest each party should be with the other. Recall that a condition that makes negotiation possible is that parties do not have complete information about one another and should not share complete information with one another. Moreover, there are certain ethically ambiguous tactics often used in a negotiation. Each party can assume that other parties are not being completely honest with them just as they are not being completely honest with other parties. This ushers in the dilemma of trust, which concerns how much each party should trust what is being said, and whether they will keep their promises. The only way to deal with the dilemma of honesty and the dilemma of trust is to work to maintain a balance in a negotiation. For example, it is true that one party would be a fool to completely trust another party and/or reveal all information to the other party, as this would allow the other party to easily exploit this information and use deception to their advantage. Yet, if that same party does not trust anything the other is telling them and chooses not to reveal any information to the other party, then how will an agreement ever be reached? Finding a balance between these two dilemmas suggests that parties should trust with caution and cautiously be honest with one another.

Just as too little trust can bring the negotiation to a stalemate, too much trust can lead to too much disclosure to the other. In at least one recent study, researchers demonstrated that excessive straightforwardness (candor) and trust can lead a negotiator to be too concerned with the other's interests, which can result in greater concession-making toward the other and perhaps poorer outcomes for oneself (DeRue et al., 2009). Similar research showed that high trust can make members of a work team reluctant to monitor one another's behavior in task performance. If team members are reluctant to monitor each other, and team members can function autonomously in the task, performance can suffer. Monitoring and autonomy are critical variables to pay attention to in

team dynamics, again striking an appropriate balance between trust and distrust (Langfred, 2004). In negotiation, too much trust can lead parties to both disclose too much information to the other, while insufficiently monitoring the commitments being made by the other party so that they can be held accountable to follow through or protecting one's self from having the other party use that information to take advantage. Similarly, too much distrust might lead a negotiator to not disclose critical facts that might make an agreement viable, while also leading a distruster to create complex ways to manage the distrust of the other.

If the logic for the importance of trust in establishing and sustaining effective negotiation is not clear, consider the alternative, or the ways that low or nonexistent trust can make a negotiation more difficult. Information is still the primary currency of exchange. However, the negotiator does not have reason to believe that they can trust the accuracy of what the other party is saying. This doubt in the other's veracity may result from what the negotiator has learned about the other's reputation, or may come about through verbal and nonverbal cues transmitted by the negotiator that suggest exaggeration, bluffing, or outright deception. As a result, much of what the other says must be independently confirmed and verified. Such verification may or may not be possible, and if it is possible, may require significant delays in establishing the accuracy of the information on which the agreement is based. Moreover, even if the information can be verified, low trust between negotiators often necessitates the creation of elaborately written, formalized, complex contracts and other documents. While these documents remind people as to what they have agreed and are often useful in minimizing some of the miscommunication that may occur if a deal is based only on verbalization and a handshake, creating them can also add significant time delay and cost to the deal itself.

Finally, creation of such agreements then, requires elaborate consequences and penalties for violating the terms of the agreement. Complex penalties for violation, mechanisms for enforcing those penalties, the employment of 'monitors' and 'policeman' to conduct the enforcement, and appeal systems and grievance procedures for wrongful accusations or penalization all become part of this system of enforcement. When we recognize that entire professions are built and sustained around managing anticipated or actual distrust—attorneys, inspectors, judges, referees, auditors, monitors, and regulators, for example—one can appreciate the power that effective trust can create in minimizing these costs.

We are not so naïve as to believe that distrust in negotiation can be eliminated, nor that all deals could be consummated (and/or revised) with a simple handshake and without backup documentation and specification of consequences for noncompliance. We recognize, in fact, that a certain

amount of distrust can be very healthy in a negotiation. Checking on the reputation of a new or unfamiliar opponent can clearly be a valuable action. Beyond this, written ‘memoranda of understanding’, formalized agreements, and ways of monitoring the other’s compliance can play an extremely important role in cementing a negotiated agreement. But we draw these extremes in order to reinforce how integral strong trust is to effective negotiation, and to reiterate that negotiators must pay attention to ways they can create and manage solid trust in the negotiations themselves.

Our conclusion, then, to answer Question 3 is that the dilemma of trust and dilemma of honesty are two of the most fundamental, contradicting challenges facing any negotiator. The key to overcoming these challenges is to manage a balance between being too trusting and being too honest with the other party. The characteristics of that specific balance, however, differ in each negotiation context.

#### **QUESTION 4: WHAT AFFECTS THE DEVELOPMENT OF TRUST IN NEGOTIATION TRANSACTIONS?**

In answering the first three questions, we have laid out what we hope is a solid foundation for the basic principles of trust and negotiation. In this question, we seek to investigate the more complex ways that trust is developed and/or affected in a negotiation context. The research findings presented in response to this question center on what is communicated and how it is communicated, and ultimately how trust and negotiation feed each other and interact to yield either successful or unsuccessful outcomes.

To begin, the communication medium can affect both truth telling and trusting behavior in a negotiation. Face-to-face communication is more likely to develop trust than telephone (audio only) communication or written communication because of more personal rapport. As a result, parties in a face-to-face negotiation are more likely than parties in audio-only or written-only communication negotiation contexts to disclose information truthfully, hence increasing their ability to attain mutual gain. In contrast, negotiation through written channels is more likely to end in impasse than negotiation either face-to-face or by telephone (Valley et al., 1998). The importance of both verbal and nonverbal cues is closely connected to the reasoning behind the consequences of communication medium because these cues can be a signal of trust. When a negotiator signals emotionally that they want to be cooperative, the nonverbal cues themselves are sufficient to create a foundation for trust. Thus, a negotiator who wants to signal trustworthiness should not only do it verbally,

but also express it in their emotional tone of voice (positive and upbeat) (Boone and Buck, 2003). Moreover, nonverbal cues through facial dynamics can significantly influence a negotiator's decision as to with whom to engage in a cooperative exchange, and the decision to cooperate oneself (Krumhuber et al., 2007). Opponents who displayed an authentic smile and 'positive emotions' were perceived as more likeable, attractive, trustworthy and a person whom we would like to work with again in the future, compared to those opponents whose smile was perceived as 'fake' or whose face was nonexpressive (for nonverbal cues, see also Adair, Chapter 12 this volume).

Different emotions can trigger different negotiation dynamics. When parties have competitively-oriented goals in a negotiation, anger increases distrust; when the parties have cooperatively oriented goals, compassion increases trust (Liu and Wang, 2010; see also Van Kleef and Sinaceur, Chapter 5 this volume). Prenegotiation affective trust can also lead to important 'turning points' in negotiation, which improves negotiation outcomes (Olekalns and Smith, 2005; see also Druckman and Olekalns, Chapter 13 this volume). Note, however, that one does not necessarily have to be 'nice' (benevolent) to create trustworthiness and better agreements. Trustworthiness and bargaining toughness can work together to create higher levels of cooperation and negotiated agreements, as well as higher levels of concession making. A negotiator can be trustworthy simply by being clear and explicit about what is expected, and being willing to deliver on the commitments she makes (Schurr and Ozanne, 1985). At the same time, a negotiator does not necessarily 'lose' trustworthiness by also being 'tough' about their bargaining position (i.e., making a high initial demand and small concessions toward a preferred agreement).

Different types of communication messages can influence trust dynamics, too. Srivastava and Chakravarti (2009) examined the impact of three different types of messages (informational, relational, coercive) versus no communication, and how these interacted with the reputational trustworthiness (high versus low) of the other party in a sequential bargaining communication study. In one study, the explicit use of informational and relational messages greatly enhanced the ability of the parties to reach negotiated agreements, compared to those pairs who merely traded offers and counteroffers or who did not communicate with the other. When the parties shared mutual reputations of trustworthiness, the effects were even more dramatic. Finally, when mutual reputations of trustworthiness were high, relational messages elicited the most positive outcomes, compared to no communication; informational messages had a small but still positive impact on trust and trustworthiness, and the trading of offers and

counteroffers had an even smaller impact on trust and trustworthiness, again compared to no communication between parties.

Events at the beginning and end of a negotiation sequence play an important role in building and maintaining trust. Management literature emphasizes the importance of a good first impression, and achieving this in negotiation carries no less weight. Lount et al. (2008) present competing hypotheses in a study about the timing of a trust breach during a negotiation. They find that a trust violation earlier in a relationship is more detrimental than one occurring later in a relationship, meaning that initial impressions and early cooperation are important. Looking now to the end of a negotiation, the follow through of an agreement is just as important as the first impression in the negotiation. The successful implementation of a negotiated agreement, which is an indicator of trust, can be enhanced both by verbalization and by emotional expression. In several studies, Mislin et al. (2011) showed that promises and relationship building, strengthened by a strong 'contingent' agreement (in which the consequences for compliance and noncompliance were spelled out), considerably enhanced the quality of contract implementation. Positive emotions also motivated implementation behavior, but the effect of these positive emotions depended on the form of the contract. Binding contracts can be detrimental to a relationship if the negotiators plan to continue their relationship and work together again the future. Contracts, in general, control behavior and reduce risk, but binding contracts have also been shown to reduce cooperation. In their study, Malhotra and Murnighan (2002) found that an individual's trust will increase as the number of positive interactions between parties increases. Furthermore, binding contracts influenced individuals to think that cooperative behaviors were due to the contract and not to personal choices, and thus binding contracts were not as effective at building trusting relationships. Non-binding contracts, or "informal promises that communicate an intent to cooperate" (p. 551), were more effective at building trust and increased the frequency of trusting behaviors. Another study by Pillutla et al. (2003) supports the idea that trusting behaviors are especially important earlier in a relationship, and that although trusting early is a risk, it may be a risk well worth taking.

Finally, an aspect of trust in the negotiation contact that is perhaps more important than the trust level between parties is the trust congruence between parties; trust congruence does not mean that the parties necessarily have mutual or reciprocal trust, but instead it means that there is a "degree of symmetry" between the trust levels of the parties (Tomlinson et al., 2009). As explained by Tomlinson et al. (2009), level of trust in the other party affects the behaviors enacted by a negotiator, and if trust congruence does not exist, then behaviors toward one another will be

different and run the risk of being misinterpreted. If two parties share a high trust congruence at the high trust level, the authors propose that joint-behavioral outcomes will be highest; on the other hand, these outcomes will be the lowest when two parties share a high trust-congruence at the low level of trust. When parties are different in their initial level of trust, the situation is likely to be unstable as trust and mistrust 'duel' for dominance in the ensuing relationship.

Our answer to Question 4, then, is that many variables affect trust and the interaction of trust and the negotiation context including, but not limited to, the communication medium, verbal and nonverbal cues, emotions, bargaining toughness, the type of communication messages, first impressions, outcome implementation, the presence of contracts, and trust congruence. Trust is not developed and maintained in only one manner, but multiple characteristics of a negotiator and his approach to the negotiation must be managed in a consistent manner such that behaviors reinforce trust development and maintenance as opposed to behaviors contradicting each other in regards to trust efforts.

## QUESTION 5: HOW DOES CULTURE AFFECT TRUST AND NEGOTIATION TRANSACTIONS?

While there are a number of important moderators in the relationship between trust and negotiation, one that is currently drawing a great deal of attention is that of culture. How do cultural differences in trust and trust-worthiness affect a negotiation? First, a number of studies have examined the degree to which individuals from different national cultures tend to vary in their willingness to trust each other (see Ferrin and Gillespie, 2010 for one excellent review). Westerners (e.g., those from Western Europe and North America) tend trust others more quickly, and to assume others can be trusted unless they demonstrate that they are untrustworthy (Meyerson et al., 1996); those from Asia tend to initially trust less and depend more heavily on situation cues about whether they can be trusted. These differences may result from different ways that cultures control behavior. Thus, culture can moderate the level of trust with which parties enter a negotiation. Across many cultures, some (e.g., Westerners) tend to trust quickly and presume that the other will be trustworthy; other cultures (e.g., East and South Asians) tend to initially trust less, and specifically condition their trust based on the situation. Underlying these differences is the mechanism by which some countries are 'tight' (in which social norms are clearly defined and systematically imposed), while others are 'loose' (in which social norms are relatively flexible and only occasionally imposed)

(Gelfand et al., 2006). In tight cultures (e.g., Asian), strong social norms govern how negotiation proceeds, and levels of interpersonal trust between negotiators plays a lesser role; in loose cultures (e.g., Western), individual skills in reading and exhibiting interpersonal trust become far more critical (see also Takahashi et al., 2008; Gunia et al., 2011; Aslani et al., Chapter 10 this volume). These cultural differences in initial presumptive trust and trustworthiness may also impact how the dilemmas of honesty and trust are judged, leading to greater willingness to use certain deceptive tactics in some cultures relative to others, and this question requires further research attention.

A number of studies have explored the impact of trust on negotiation behaviors and outcome (compare Ferrin and Gillespie, 2010 for a review), but the most extensive work has pursued the impact of the ‘tightness-looseness’ cultural dimension on trust and culture. Following pioneering work by Adair and Brett (2005) and others, researchers have examined the use of two different negotiating strategies: ones which are dominantly asking questions and giving answers (Q&A) and others which are dominantly making single offers and substantiating them through more competitive tactics (S&O), and found that the use of Q&A strategies were more likely to lead to higher joint payoff. Trust was proposed to be positively related to the use of Q&A strategies, while trust was proposed to be negatively related to the use of S&O strategies. Hence, cultures which were more culturally ‘tight’ and less trusting (Indian) were more likely to use S&O strategies and achieved lower joint gain than cultures which are more culturally ‘loose’ and more trusting (U.S. American) were more likely to use Q&A strategies and achieve higher joint gain (Gunia et al., 2011).

While these studies are provocative, much work remains to be done on the relationship between trust and culture. Trust has been differentially conceptualized in cross-cultural negotiations, and a number of cognitive biases and social barriers can impact the way negotiators perceive each other and enact trust dynamics (compare Kramer, 2010). Given that both negotiation dynamics and trust/trustworthiness can vary significantly across cultural boundaries, this is a ripe area for further research.

## **QUESTION 6: WHAT ARE THE WAYS THAT TRUST CAN BE BROKEN IN A NEGOTIATION?**

Answering this question requires us to consider the uniqueness of the negotiation context, and why some behaviors that would absolutely break trust outside of a negotiation context are considered acceptable within the negotiation context. Think of some commonly used negotiation tactics:

good cop/bad cop, bogey, lowball/highball, chicken, snow job, the nibble, chicken, intimidation, and different forms of aggressive behavior just to name a few (compare Lewicki et al., 2010). Outside of a negotiation context, intimidating or threatening another person may be considered unkind, unethical, and even unlawful (see also, Diekmann et al., Chapter 8 this volume). Yet, the rules of the game change when one steps into a negotiation context. Lewicki and Robinson (1998) state that negotiation tactics must be considered along a continuum of *ethically inappropriate* to *ethically appropriate*, with many tactics falling somewhere between the two extremes, rendering them *ethically ambiguous*. These tactics vary in the degree to which they are viewed as appropriate based on ethical standards (does the tactic meet some standard of appropriate moral conduct), legal standards (what the law permits), or standards of ‘prudence’ (what might be smart to do based on their impact on the negotiation outcome and/or the relationship between the parties) (Missner, 1980). Assuming that the use of ethically appropriate behaviors within a negotiation will not break trust, and that the use of ethically inappropriate behaviors will almost certainly break trust, the remaining question is, *What are the ethically ambiguous tactics that will break trust in a negotiation?* In other words, negotiators know that they can get away with a certain amount of ethically ambiguous behavior and still maintain trust, but where do the negotiators need to draw the line?

Recall that we described negotiation as the process of managing information in order to resolve conflicts of interest. One of the most common ethically ambiguous behaviors is for one or both parties’ to use deception in their management of information. As summarized by Lewicki and Hanke (2012), negotiators use deception in order to enhance their power, that is, to gain some advantage by manipulating information to persuade the other party that something is true when in reality it is not. In other words, negotiators may engage an inappropriate resolution of the dilemma of honesty. Negotiators confront the dilemma of honesty differently; one assumes that it is possible to risk honesty and be trustworthy, while the other believes that one should not risk honesty and/or that it is smarter to exploit the other’s honesty by being dishonest and deceptive themselves. Hence, the less honest negotiator employs tactics which vary in their degree of truth-distortion, but which are perceived as viable within the normative expectations of negotiating give and take.

Another area of ethically ambiguous tactics is that of truth telling. Various versions of truth telling—lying, bluffing, exaggeration, manipulation, or concealment—are common behaviors in negotiation, especially since the possession of information unknown to the other party is crucial to achieving one’s interests. This may be because, again, information is an

important source of power in a negotiation (Lewicki and Robinson, 1998). As such, lying serves a number of social functions to help the negotiator maintain power, as explained by Lewicki (1983, p. 75):

- Lies may misinform the opponent so as to obscure some objective that was originally desired by the deceived;
- Lies may eliminate or obscure relevant choice alternatives for the target person;
- Lies may be used to manipulate the perceived costs and benefits of choice alternatives for the target;
- Lies change the degree of uncertainty in the target's choices.

Lying can be useful and be considered ethical and acceptable in a negotiation as long as the party engaging in such tactics is willing to accept the consequences of such an action. The consequences could lead to a tarnished reputation, a loss of credibility, and a loss of power, even though the initial use of the lie was to gain power. If the consequences are willing to be accepted, however, then lies can be effective and arguably necessary. For example, Carr (1968) suggests that "the ethical standards of the business game . . . are a far cry from those of private life" (p. 144). Business leaders must engage in ethically ambiguous tactics sometimes in order to capitalize on advantageous business dealings. Expanding this to negotiators, he argues that negotiators should abide by the same rules as a poker player: various forms of truth telling are acceptable in the game of negotiation.

Besides deception and truth telling, there are other ethically ambiguous tactics to consider, and Lewicki and Robinson (1998) studied a number of such tactics to try and discover which are seen as ethically appropriate and which are seen as ethically inappropriate. They found that tactics such as gaining information by questioning members of the opponent's network, making an initial demand much greater than what one is hoping to achieve, hiding one's bottom line, and trying to get the opponent to concede quickly are considered ethically appropriate. Tactics such as intentionally misrepresenting factual information to your opponent in order to support your position, gaining information about an opponent by bribing your opponent or attempting to recruit one of your opponent's key subordinates, threatening to harm your opponent if they do not give in to your demands or promising your opponent good things if they give in to your demands, or threatening to make your opponent look weak are all considered ethically inappropriate. Robinson et al. (2000) built upon this earlier work by refining the categories of tactics available to negotiators: traditional competitive bargaining, attacking an opponent's

network, false promises, misrepresentation, and inappropriate information gathering. Negotiators judged the category of traditional competitive bargaining to be the most appropriate type of tactic, followed, in order, by attacking an opponent's network, inappropriate information gathering, false promises, and misrepresentation. And Barry et al. (2000) showed how tactics that included emotional manipulation should be added to these categories.

As noted by Barry, Robinson, and other researchers working in this area, because manipulation of information can be an effective negotiating tactic, many negotiators see some of these tactics as ethically and prudently appropriate—particularly the first two categories (traditional competitive bargaining and emotional manipulation)—even though they are less than fully honest. In contrast, the other four tactics are generally seen as ethically (but perhaps not prudently) inappropriate. Thus, there is informal consensus among many negotiators that it is acceptable to 'draw a line' between appropriate dishonest tactics and inappropriate dishonest tactics. And, not unsurprisingly, the willingness to use those tactics varies considerably based on personality and situational variables. The type of lies told (Carson et al., 1982), the negotiator's need for and use of power (Shapiro and Bies, 1994; Olekalns and Smith, 2008), expectations of the other party's trustworthiness (Graebner, 2009), the type of the negotiation problems (e.g., distributive versus integrative), situational norms governing the negotiation context (i.e., a negotiation with a used car dealer versus negotiation with a long term business partner) (O'Connor and Carnevale, 1997), and the magnitude of incentives at stake (Tenbrunsel, 1998) can all affect the willingness and likelihood of using deceptive tactics in a negotiation (see also Lewicki et al., 2010; Lewicki and Hanke, 2012 for more complete reviews).

To return to our initial question, there are many ways that trust can be broken in a negotiation, including using deception, intentionally misrepresenting factual information, bribing others, or threatening harm. But because the negotiation context allows for behaviors to be judged under a different set of assumptions about right and wrong, there are many behaviors that could potentially break trust, and it is the victim of the trust violation who decides what behaviors do and do not break trust.

## QUESTION 7: WHAT ARE THE CONSEQUENCES OF BROKEN TRUST FOR NEGOTIATORS?

The net effects of using deceptive tactics in negotiation can have short-term and long-term consequences. In the short term, the research

appears to show that if negotiators use deception carefully and work to avoid detection, significant short-term rewards can be gained. A number of studies have shown that negotiators who use deception achieve better outcomes than their opponents: these tactics include lies by omitting information or by making explicitly false statements (Schweitzer and Croson, 1999), and using emotional manipulation tactics (Fulmer et al., 2009). Better outcomes could also be achieved through deception when there were high stakes to be achieved and the negotiator knew that the other party had a weak alternative if a deal was not met (Boles et al., 2000).

Not unsurprisingly, however, if this deception is *not* done carefully or is detected, the long-term consequences are far less positive to the negotiators' future. Research demonstrated that when one party discovers that the other has been deceptive, the deceived negotiator is far more likely to act retributively in an attempt to punish the other than if the other has not been deceptive. Both negotiators tended to use deception in the future, and the consequences were mutually destructive in terms of joint payoff (Boles et al., 2000; Shapiro and Bies, 1994). In addition, discovering that a party is using deceptive tactics also has consequences for a negotiator's reputation. Negotiators who used deception were rated by their opponents as less trustworthy and less trustful, and the opponents were much less willing to work with that other party in the future (Boles et al., 2000; Tinsley et al., 2002).

Thus, the short- and long-term consequences of using deception and engaging in other trust-breaking behaviors are much like those predicted by studies of simple games like the prisoner's dilemma: while short-term defection can lead to enhanced payoffs, the long-term consequences are a significant decline in trust and poor individual and joint gain in the future. Our answer to Question 6 is similar to that of Question 7, in that we must state again that the consequences of a trust violation are decided by the victim of the trust violation. Any ethically questionable tactic, even if it is something as simple as making an initial offer greater than where one is willing to settle, misleads the other party and encourages negative affect (e.g., anger, embarrassment). One can never predict with perfect certainty how the other party may react in such a situation. A negotiator can get away with maintaining trust even in the face of unethical tactics only so far as the victim will allow it. And the wise negotiator should be attuned to what the other negotiator is doing, occasionally monitor the other, and question any words or behavior which may appear to be less than truthful (see Lewicki et al., 2010, for ways that a negotiator can challenge and confront inappropriate behavior in the other).

**QUESTION 8: CAN BROKEN TRUST BE REPAIRED?**

Yes, it is possible to repair broken trust, but it is not always an easy or quick process. A number of variables play a role in determining (a) if trust repair is possible, and (b) how difficult the trust repair may be. Before we discuss such variables, however, we must address the nature of and define repaired trust, that is, whether repaired trust is the same as never-broken trust.

It is debatable as to whether repaired trust is the same as never-broken trust (see Dirks et al., 2009). In our view, trust repair depends upon the stage of development in which the trust is broken. Recall that trust development is a complex process: the type of trust that exists between two parties—calculus-based, knowledge-based or identification-based—can be characterized based on the depth of that trust. Part of the challenge of repairing trust lies in what type of trust was broken. Because calculus-based trust is a more surface-based trust, characteristic of newly formed relationships or arms-length market transactions, a trust violation at this level of trust may not be too detrimental (unless the cost of the trust violation to the trustee was very high). The parties do not have a great deal invested in the relationship yet, and removing themselves from the relationship may not be difficult. Trust repair after a violation of this type of trust is often not desired; it may be easier to find another party with which to deal, and hence keeping one's 'options open' is highly desirable. (In negotiation terms, if the trustee has a viable BATNA, trust may not be repaired.) If trust repair is desired, it may be easier to achieve if the parties are willing to explicitly state their intent to repair, explicitly spell out their intentions for their own behavior as well as their expectations of the other's behavior, and clarify what sanctions may be invoked in case of subsequent violations. A violation of knowledge-based trust is more difficult to address because a breach at this level causes the victim to not only assess the violator but also themselves and their abilities to be a good judge of how well they know, understand and can predict the other. As explained by Lewicki and Bunker (1996), "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" (p. 127). This revisitation of one's perceptions is what controls whether trust repair is possible: if the victim judges their new perception of the violator to be too distant from their original perception and thus too disconcerting, trust repair may not be possible. Finally, a violation of identification-based trust is the most difficult with which to deal because it is not the victim's perception that is called into question but instead their identity and self-image. Fundamentals of the psychological contract

between the parties are called into question. Moreover, this type of trust is so strong and unquestioned that parties often do not build any control mechanisms into the agreement (Lewicki and Stevenson, 1998). As such, this is the most challenging type of trust to repair. Additional research is required to address this question, beginning with the important question of when negotiators might attempt to repair trust as opposed to believing that trust repair is neither possible or worth the effort. Clearly, the availability of a viable BATNA is one factor which would determine this decision, but much additional research is needed on this issue, since little research has attempted to understand *when* negotiators will or will not attempt to repair trust.

Whether or not trust repair is possible and how difficult that trust repair may be also depends on the type of violation that occurred. That is, was the violation intentional? If the intent of the negotiator was to deceive the victim, then they most likely engaged in questionable actions including lying. A violator may also choose to purposely not follow through with promises made. In this case, the character of the violator is called into question. If a victim views these actions to be a natural part of the character of the violator and fears they may occur again in the future despite any discussions about curbing such behaviors, then trust repair may not be possible and thus not desired. If the victim views these actions to be characteristic only of the unique circumstances of the current situation, then trust repair may be possible and would need to focus on a restatement of expectations and/or a change in the victim's perception of the violator. As Kim et al. (2004) show, trust repair may be different based on the perceived intent of the violation and how the trustee attributes that intent to the violator.

Finally, trust repair is not possible unless both the violator and the victim are willing to engage in the bilateral trust repair process. It is true that more work needs to be put in by the violator (which often includes providing a verbal account, offering reparations, or instituting structural arrangements as discussed in the next section), but just as trust repair is offered by the violator, it must be accepted by the victim. The victim must first be able to and willing to recognize when trust repair is being initiated. Once this is recognized, the victim must be willing to outwardly acknowledge the offer of trust repair by forgiving the violator. Finally, victims must be willing to forgive themselves if the trust violation shed light on their own shortcomings such as in their judgment of whom to trust.

In conclusion of our answer to Question 8, debates exist on whether repaired trust is the same as never broken trust, and further research is required. Trust repair itself is contingent upon a number of variables including the stage of development of the trust when it was broken as

well as the willingness of the violator and the victim to engage in the trust repair process. However, it should be pointed out that much of the review in this section is drawn from several broad studies of trust repair across a variety of contexts, and still needs significant empirical verification in negotiation situations.

### **QUESTION 9: IF PARTIES BELIEVE THAT TRUST CAN BE REPAIRED, THEN WHAT ARE THE WAYS THIS CAN HAPPEN?**

If the parties agree that trust repair is possible and both parties are willing to put in the effort needed to make the trust repair efforts a success, then there are three fundamental trust repair strategies that can be utilized: verbal accounts, payment of reparations, and structural solutions.

A verbal account is any outward statement in which the party who violated trust attempts to acknowledge that a violation has occurred, explain why the violation occurred, and/or offer an apology to the victim. The reason a verbal account can be effective is that it allows the victim to try and discern the intent of the violator. There are many different forms of verbal accounts: accounts, recounts, explanations, justifications, or apologies (Kramer and Lewicki, 2010).

The most common type of verbal account is the apology. Based on recent work by Lewicki and Polin (2012) and Polin et al. (2012), effective apologies can contain a combination of other forms of verbal accounts, such as explanations and justifications. Lewicki and Polin (2012) suggest that there are actually six critical components of an effective apology: an expression of regret for the offense; an explanation of why the violation occurred; an acknowledgement of responsibility; a declaration of repentance; an offer of repair; and a request for forgiveness. An apology including all of these components is thought to be more effective than an apology that only includes a few of these components. Although this component-based approach to understanding apologies in trust repair is still in its infancy, there is established research, such as that by Tomlinson et al. (2004), that shows that victims are more willing to participate in trust repair efforts if they are offered an apology by a violator, particularly an apology appearing to be sincere (i.e., an expression of regret). Tomlinson et al. also found that an apology with an internal attribution (the violator explicitly accepted responsibility for causing the violation) was found to be more effective than an apology with an external attribution (indicating that the violation was caused by 'bad luck' or other causes outside the violator's control). To further show the importance of an apology,

other research has shown that no apology can actually lead to anger in the victim (Thomas and Millar, 2008). Finally, mixed reviews exist regarding when apologies should be offered: Frantz and Bennisson (2005) hypothesized and found support for the idea that later apologies are more effective since it shows the victim that the violator has had time to think about their transgression; Tomlinson et al. (2004), however, found that a victim was more willing to accept trust repair efforts when they were made sooner after a trust violation.

In place of or in addition to a verbal account, payment of reparations may also be offered by the violator. Reparations (or penance) are something that has tangible economic benefit and are paid to the victim to minimize or reduce the economic cost of the violation. The reason this form of trust repair can be effective is that it allows the victim to be compensated (all or in part) for the impact of the trust violation. Verbal accounts can assuage the emotional pain from a trust violation, but they can do nothing to diminish any tangible losses the victim may incur due to the violation. This is why some have referred to verbal accounts as “cheap talk” (Farrell and Rabin, 1996), and why offers of penance have been found to be better at restoring trust (at least in the form of more positive affective reactions) than apologies (Bottom et al., 2002). Larger offers of penance (payment of financial compensation after a trust violation has taken away that financial compensation) are not necessarily more effective than smaller substantive offers, however (Bottom et al., 2002), but they are more effective when offered voluntarily versus involuntarily (Desmet et al., 2010).

Finally, structural solutions are a third form of trust repair. In this case, the parties focus less on the consequences of the current violation, and focus more on altering the relationship in some way so as to prevent trust violations from occurring again in the future. Structural solutions are effective at repairing trust because they force the parties to focus on the future, to re-evaluate their relationship for the improvement of interaction, and to establish (or re-establish) boundaries for the parties’ behavior. This may require new rules or policies to be made clear to both parties, formal contracts to be signed, ways for the parties to monitor one another to be established (see Kramer and Lewicki, 2010 for one review). As stated by Lewicki and Polin (in press), such structural solutions “are formalized mechanisms for either regulating the process by which parties negotiate, limiting undesirable behaviors, and/or specifying consequences and punishments for those undesirable behaviors”. Examples are memoranda of understanding, contracts, treaties, judicial rulings, restraining orders, and so on. For example, Chou et al. (2011) have shown that less specific employment contracts enhance organizational commitment and task persistence, both in the short and long term. But legalistic remedies

are not always the answer: as noted by Sitkin and Roth (1993), they are more likely to be effective when posed to address context specific problems. And as we noted earlier in this chapter, creating structural solutions may make it more likely that mistrust is not reduced, but they are unlikely to build or rebuild trust. For example, Malhotra and Murnighan (2002) showed that the existence of a contract promoted cooperation but that the parties attributed the cooperation to the contract, and not to developing trust between them.

### QUESTION 10: WHAT HAVE WE LEARNED AND WHAT DO WE STILL NEED TO LEARN ABOUT TRUST AND NEGOTIATION?

In this chapter, we have attempted to review what is known about the key role of trust in the negotiation process. We have indicated that trust plays a critical role in negotiation. First, negotiation is about the exchange of information and efforts to persuade the other, and each party must be able to trust that the other's information is accurate and verifiable. Second, negotiators must also be able to trust that the other will follow through on the commitments they make during a negotiation; while written agreements and contracts can help, it is highly inefficient (and often impossible) to specify all of the possibilities and contingencies for failing to comply. Finally, there are significant incentives for parties not to be completely honest and truthful, first because dishonesty can create a short-term power advantage, and second, given the way most people characterize a negotiation (as a more competitive, distributive process), the parties often do not expect the other to be completely honest and truthful. Establishing and maintaining trust in a negotiation is a delicately balanced dynamic process of being as honest and truthful as one can without giving away their bargaining position, while periodically 'testing' the other's honesty and truthfulness and protecting oneself against unfortunate and costly exploitation. In our review, we have also summarized much of the extant research on trust in negotiation. This research has focused on the ways that trust is communicated during the negotiation process, the various ways that trust can be breached during a negotiation and the consequences of this breach, and the various options available for trust repair. Much of this research has been conducted in explicit negotiation contexts, while in other cases, we have extrapolated the findings of trust building and rebuilding from other contexts similar to explicit negotiation dynamics.

Despite the strong body of research that is being established on the role of trust in negotiation, much remains to be done. We have answered 10

commonly asked questions about negotiation in this chapter, but many questions remain to be answered. Below we offer a brief agenda of five issues that need further investigation.

- What individual differences affect the development of trust in a negotiation (e.g., age, gender, etc.)? Much work has been done in the field of psychology on individual differences in trust and trustworthiness (e.g., Rotter, 1980). Individuals differ in their dispositional tendency to trust others and their need to be trustworthy themselves. This disposition may shift with age and with gender (compare Kulik and Olekalns, 2012 for one review), and certainly will vary as two parties with different dispositional tendencies, ages and/or genders may interact.
- What are some possible strategies for dealing with an untrustworthy opponent? In other words, what can a negotiator do, if anything, to build trust when the opponent does not want to reciprocate? We know that many negotiation experts suggest to not negotiate when the other party “acts in bad faith” (Lewicki et al., 2010, p. 7), but what if the parties have no choice and must negotiate with one another? We noted in this chapter there were three dominant ways an opponent can demonstrate trustworthiness: first, based on their ability (are they competent?), second, based on their benevolence (are they nice?), and third, based on their integrity (do they tell the truth and do they keep their commitments?), but even if one party makes an attempt to show their trustworthiness and their desire to have a “clean” negotiation, the other party may choose not to reciprocate, or they may even take advantage of the opponent’s show of trustworthiness. The answer to this question would involve a prescriptive answer, and while we can offer our own advice based on our expertise (e.g., verify all information, ask questions), there is little known about how to handle the trust management process when a party suspects that a trust violation will occur in the future, but a breach has not yet occurred. Are there advantages to not trusting the other party or having the other party not trust you? To answer the first part of this question, one advantage to not trusting the other party is that a negotiator is forced to be more vigilant during negotiation exchanges. Sometimes when parties trust their opponent, they fail to take precautionary measures, and this can lead to a failure to obtain what they desire during a negotiation, especially in distributive negotiation situations. On the other hand, the question of having the other party not trust you is an entirely different question. All proficient negotiators have their strategy, and

it might be to one's advantage to not be trustworthy. For example, a lawyer may decide to appear untrustworthy and be unpleasant to force an opponent into settling a case earlier rather than later by making the opponent believe that the longer the negotiation carries on, the more untrustworthy behaviors will be exhibited. To our knowledge, there is no research on this idea of appearing untrustworthy as a strategy, but it would be an interesting avenue to explore.

- What is the minimum level of trust—either individual or reciprocal—required to successfully conduct a negotiation? We know that trust is thought to begin at a low but positive level when first encountering a stranger, and if a positive reputation precedes an individual, then trust in that individual at the start of a negotiation is even higher (Lewicki et al., 2010). But this does not mean that a positive level of trust is required for a negotiation to reach an outcome. There are many cases in which parties do not trust one another yet they manage to come to an agreed upon negotiation. In fact, the answer to the previously posed question above—that of whether being untrustworthy can be an advantage—would affect the answer to this question. Effectively answering this question will require far more precise ways to calibrate trust levels, both at any given point in a negotiation as well as dynamic changes over time. While approaches to measuring trust have improved significantly, additional advancement in measurement is required to understand how changes in trust can be better calibrated over time. Additional research is also needed to pinpoint the particular level of trust that is required for a particular outcome to be achieved.
- Finally, what direction does trust and negotiation research need to go in the near future? One interesting area that could help us to understand these constructs better is the physiological reactions to trust and distrust during a negotiation. Paul Zak, a neuroeconomist, combines knowledge derived from neuroscience, economics, and psychology to understand what exactly is going on inside the brain when it makes certain decisions. Although not yet specifically applied to negotiation, Zak has explored the effects of the hormone oxytocin, finding it to be associated with trusting others. For example, in one study, after participating in a traditional trust game, blood was drawn from participants. Results of their study show that oxytocin levels are higher in individuals when an intention to trust is present; when “a social intention of trust” is extinguished, oxytocin levels decrease, as does trustworthiness (Zak et al., 2005, p. 526). Turning back to negotiation, research needs to begin addressing

what neurochemical dynamics may be related to the many different behaviors exhibited during negotiation. What is going on in the brain when negotiators seek an integrative solution; what is going on when negotiators lie or exhibit untrustworthy behavior? The application of neuroeconomics may be an interesting next step for negotiation research.

While much has been done, there are clearly significant opportunities for additional research on the important role of trust in the negotiation process.

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