

MAX-PLANCK-INSTITUT FÜR GESELLSCHAFTSFORSCHUNG  
MAX PLANCK INSTITUTE FOR THE STUDY OF SOCIETIES



MPIfG Discussion Paper 05/13

**Understanding Trust from the Perspective  
of Sociological Neoinstitutionalism**  
The Interplay of Institutions and Agency

Guido Möllering



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The Interplay of Institutions and Agency**

MPIfG Discussion Paper 05/13  
Max-Planck-Institut für Gesellschaftsforschung Köln  
Max Planck Institute for the Study of Societies Cologne  
December 2005

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MPIfG Discussion Paper | ISSN 0944-2073

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## **Abstract**

This paper builds on the idea that trust is a matter of embedded agency where trustors and trustees, as actors, interpret the social context in which they are embedded. Insofar as this context is institutionalized, trust may be quite 'normal' and achieved fairly easily by reference to institutionalized rules, roles and routines. However, trust always remains ambivalent and ultimately dependent on the actor's leap of faith based on interpretation. Moreover, actors organize and enact the contexts they refer to. In this respect, trust is to be seen as an idiosyncratic accomplishment, actively constituted in more or less institutionalized contexts. It is therefore a first aim of this paper to provide strong conceptual support for the idea that trust can be based on institutions. However, it needs to be recognized as well that institutions become an object of trust once trustors are assumed to rely on them. A closer examination of this issue is the second aim of this paper. Moreover, institutional theory nowadays discusses questions of institutional change, institutionalization processes and the role of agency. Rather than being passive trustors who draw on institutions if and when they are established and reliable, actors are directly involved in the constitution of trust within and beyond the institutional context in which they find themselves. A third aim of this paper is therefore to explore the new concept of 'active trust'.

## **Zusammenfassung**

Der Beitrag beruht auf der Vorstellung, dass Vertrauen im Rahmen einer „embedded agency“ zu verstehen ist, wobei Vertrauensgeber und -empfänger als Akteure den sozialen Kontext, in den sie eingebettet sind, interpretieren. Sofern dieser Kontext institutionalisiert ist, kann Vertrauen durchaus „normal“ sein und sehr leicht mit Bezug auf institutionalisierte Regeln, Rollen und Routinen hergestellt werden. Vertrauen bleibt allerdings immer ambivalent und hängt letztlich von einem auf Interpretation basierenden Vertrauenssprung („leap of faith“) des Vertrauensgebers ab. Zudem werden die Kontexte, auf die sich Akteure beziehen, von diesen selbst organisiert und im Handeln konkretisiert. In dieser Hinsicht stellt Vertrauen somit immer auch eine individuelle Leistung dar und wird in mehr oder weniger institutionalisierten Kontexten aktiv konstituiert. Ein erstes Ziel dieses Beitrags ist es daher, eine starke konzeptionelle Untermauerung für die Idee zu liefern, dass Vertrauen auf Institutionen basieren kann. Damit werden jedoch die Institutionen selbst zu einem Objekt des Vertrauens. Diesem Sachverhalt genauer auf den Grund zu gehen, ist dann ein zweites Ziel dieses Beitrags. Ferner diskutiert die institutionalistische Forschung heute Fragen hinsichtlich des institutionellen Wandels, der Institutionalisierungsprozesse und der Rolle des Akteurhandelns. Statt von einem passiven Vertrauensgeber, der Institutionen nutzt, so sie denn etabliert und verlässlich sind, ist von Akteuren auszugehen, die direkt in die Konstitution von Vertrauen innerhalb der Kontexte, in denen sie sich befinden, und darüber hinaus involviert sind. Als drittes Ziel verfolgt der Beitrag daher eine Untersuchung des neueren Konstruktes des „aktiven Vertrauens“.

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## Introduction

The notion that trust can be based on institutions has been widely accepted in the literature for many decades, if not centuries, in so far as sociologists and political scientists have sought to understand how social interaction requires – and produces – a reliable social order. It has also been adopted in certain parts of organization theory and management studies. For example, Reinhard Bachmann (1998) notes: ‘The foremost problems relating to the analysis of trust seem to be connected to the understanding of the role of the institutional environment in which business relations are embedded’ (p. 298). In this paper, I aim to contribute to this literature by presenting fundamental concepts from sociological neoinstitutionalism that are particularly powerful for an institutional explanation of trust. By introducing concepts such as ‘natural attitude’ and ‘institutional isomorphism’ to the problem of trust, the difficult and, in my view, still underexplored question of how actors relate to institutions can be addressed. Admittedly, what I refer to as ‘sociological neoinstitutionalism’ here is just one specific and not even terribly coherent stream of literature in the broad range of institutional theories, unified only by some more or less direct connection with Powell and DiMaggio’s (1991) *New Institutionalism* volume. However, this work is able to fill many of the gaps left by other institutional approaches and, of course, by trust theories that do not take institutions into account at all. In management and organization studies, in particular, the focus has been on individual cognition or interpersonal social-psychological processes, merely acknowledging some influence of the ‘environment’ or ‘context’ without further theorization (see, for example, the contributions in Kramer/Tyler 1996).

Sociological studies of trust, on the other hand, have tended to focus on the level of systems and institutions, attributing an almost marginal role to the trusting and trusted actors (Misztal 1996). However, actors interpret and question institutions and do not merely reproduce them passively. Therefore, if a theoretically sound case can be made for why institutions can be a source of trust between actors, it also needs to be recognized again that institutions become an object of trust for the trustors who exercise agency in relying on them (or not). A closer examination of this issue is another aim of this paper. Clearly, without trust in institutions those institutions cannot be the source of institution-based trust in other actors. Again, this problem has long been recognized,

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A previous version of the paper was presented at the Academy of Management Annual Meeting in Honolulu, August 5–10, 2005 following a double-blind review, which provided useful suggestions for improvement, as did the feedback received at the conference. The German Research Foundation (DFG) kindly funded this conference trip. The paper will be published in the *Handbook of Trust Research* edited by Reinhard Bachmann and Aks Zaheer for Edward Elgar. I thank Aks Zaheer and an anonymous reviewer for their helpful comments. I am also grateful to many colleagues for invaluable advice and encouragement, specifically, Patrik Aspers, Reinhard Bachmann, Jens Beckert, John Child, Chris Grey, Christel Lane and Jörg Sydow. This latest version has benefited from constructive criticism by Geny Piotti and Philip Manow in the internal review process of the Max Planck Institute for the Study of Societies. The points raised in the paper are discussed more fully in my book *Trust: Reason, Routine, Reflexivity* (Elsevier, forthcoming in 2006).

for example by Georg Simmel ([1907] 1990) or more recently by Susan Shapiro (1987), but a systematic treatment of what makes institutions trustworthy and how actors interpret and (thereby) come to trust institutions is still difficult to achieve, not least because it needs to evolve along with our advances and newly discovered challenges in institutional theory. This paper seeks to contribute towards this end.

The previous point connects research on trust with recent discussions in institutional theory about questions of institutional change, institutionalization processes and the role of agency. The institutions to which trust relates are not immutable themselves. More importantly, rather than assume a passive trustor who draws on institutions if and when they are established and reliable, we should see actors as being directly involved in the constitution of trust within and beyond the institutional context that they find themselves in. A third aim of this paper is therefore to explore the new concept of 'active trust', which Giddens (1994b) has introduced more or less in passing and which the trust literature has not really taken on board yet, although most writers on trust would probably agree that trustors are not merely passive carriers of trust (or mistrust). Once again, stronger conceptual foundations need to be created for trust to stand upon.

This paper builds on the idea that trust is a matter of embedded agency where trustors and trustees, as actors, interpret the social context in which they are embedded (see also Bachmann 1998; Möllering 2005). Insofar as this context is institutionalized, trust may be quite 'normal' and achieved fairly easily by reference to institutionalized rules, roles and routines. However, trust remains ambivalent and ultimately dependent on the actor's leap of faith based on interpretation. Moreover, actors organize and enact the contexts they refer to. In this respect, trust is always more than just a social process or condition. It is also an idiosyncratic accomplishment, actively constituted in more or less institutionalized contexts.

A comprehensive definition of trust needs to take into account the rational, institutional and processual references that enable the leap of faith towards trust to occur. Hence, I define trust as a reflexive process of building on reason, routine and reflexivity, suspending irreducible social vulnerability and uncertainty *as if* they were favourably resolved, and maintaining a state of favourable expectation towards the actions and intentions of more or less specific others (Möllering 2006). The first part of this definition highlights the rational element in trust: in other words, the idea that trust is a prudent choice based on an assessment of the trustee's trustworthiness (defined, for example, in terms of utility, benevolence, competence and/or integrity) occurring at a particular moment in time and in a certain way. This rationalistic view of trust is paradigmatic for much of the trust literature to date, but will not be discussed here, because I believe it is time (again) to look in more detail at other elements that are fundamental for a realistic understanding of trust. In particular, as outlined above, the roles of institutions and interpretation beyond passive behaviour and mechanistic calculation have not been fully understood in trust research to date.

The need to find alternative explanations is evident, because rationalistic explanations regularly face the paradox that they either explain trust away or explain everything but trust (James 2002). Oliver Williamson (1993) has a point, for example, when he insists that rational choice theorists like James Coleman (1990) should not use the term ‘trust’ when what they really describe is ‘calculativeness’. On the other hand, the non-rational aspects of trust, by definition, simply cannot be dealt with by rationalist theories (Nootboom 2002). For example, the problems described by game theory or principal–agent theory tend to be ‘solved’ by reference to trust, implying the relaxation or abandonment of the key rationalist assumptions of the original frameworks (Ensminger 2001). Reason certainly plays a role in trust and I discuss this at length in another context (Möllering 2006). In this paper, however, I focus on one alternative approach derived mainly from one particular stream of sociological neoinstitutionalism, which differs from the essentially rational choice-oriented work represented, for example, in the publications of the *Russell Sage Foundation Series on Trust* (see Cook 2001; or recently Cook et al. 2005; Gambetta/Hamill 2005).

To be sure, rational choice theory recognizes the role of institutions as parameters of individual decisions, and one may also find many empirical examples, especially in business, of situations in which the institutionalized legitimate form of action matches closely the behavioural assumptions made by rational choice theory (Bachmann 1998). For example, managers are expected to justify their decisions in terms of a ‘hard’ cost–benefit rationale. Privately, though, it is not considered inappropriate if the same managers go and buy a lottery ticket (an irrational decision since the expected value is clearly negative). However, this observation simply reinforces the need to apply a more general theory of institutions, in this case to questions of trust.

Specifically, the paper discusses trust in the light of the phenomenological roots of neoinstitutionalist theories. The rather uncommon idea of trust as institutional isomorphism is discussed in detail and with reference to constructs such as rules, roles and routines. This leads to an investigation of trust based on institutions, highlighting the idea that when institutions serve as a source of trust between actors, those institutions become objects of trust, too. The background to these considerations is that, because of its phenomenological roots, this neoinstitutionalist approach to trust does not deny agency (which would eliminate the relevance of trust). Rather, a more processual and interpretative perspective of embedded agency suggests itself. This will be presented in the final part of the paper. More or less consciously, agents can contribute to the development of the trust-inducing contexts, which, in turn, enable them to trust more easily. Anthony Giddens even describes ‘active trust’ as a contemporary kind of trust that needs to be constantly worked upon in the rather unstable contexts of late modernity.

At the very end of the paper, before the conclusion, it is shown that the key idea that any kind of trust requires a leap of faith can be traced back to classic contributions by Georg Simmel. This leap of faith needs to be restored in trust research because it delineates ‘trust’ from rational choice and, thereby, lends it its specific and original meaning.

Research that ignores the leap of faith misses the essential element of trust and could therefore be superfluous (replicating earlier studies on risk-taking or social conditioning) or even misleading (suggesting an unrealistic level of certainty or invulnerability). A stronger emphasis needs to be placed on the key role of actors' idiosyncratic interpretation and suspension of doubt in trust, because trust implies an 'as-if' attitude which is ultimately realized at the actor level, notwithstanding the assumption that this important element of agency in trust is socially embedded (see Möllering 2006).

### **Trust as a form of natural attitude**

In this section, I will give an initial explanation for how institutions can be sources of trust, emphasizing the taken-for-grantedness implied in institutions. I will discuss whether manifestations of trust depend on how much an actor can take for granted in interactions with others. Without denying the potential value of other institutional approaches, I will focus on theoretical perspectives grouped liberally under the label of sociological neoinstitutionalism (although several authors that I cite would not normally be called neoinstitutionalists). According to Ronald Jepperson (1991: 149),

institutions are socially constructed, routine-reproduced (*ceteris paribus*), program or rule systems. They operate as relative fixtures of constraining environments and are accompanied by taken-for-granted accounts. This description accords with metaphors repeatedly invoked in discussions – metaphors of frameworks or rules. These imageries capture simultaneous contextual empowerment and constraint, and taken-for-grantedness.

If we want to argue that taken-for-grantedness in particular enables trust, then such a neoinstitutionalist approach needs to recall its roots in phenomenology and, specifically, Schütz's concept of natural attitude. In this regard, Zucker (1986) is a rare but prominent example of a study of trust grounded firmly in neoinstitutionalist theory and, more importantly, explicitly in those phenomenological insights that make sociological neoinstitutionalism distinct from other kinds of institutional analysis. In Zucker's definition 'trust is a set of expectations shared by all those involved in an exchange' including both 'broad social rules' and 'legitimately activated processes' (p. 54). When actors involved in an exchange share a set of expectations constituted in social rules and legitimate processes, they can trust each other with regard to the fulfilment and maintenance of those expectations. By the same token, actors can only trust those others with whom they share a particular set of expectations. Either way, trust hinges on the actors' natural ability to have a world in common with others and rely on it. Zucker thus adopts a Garfinkelian perspective on trust which, in turn, is based on the phenomenological work of Alfred Schütz.

One central idea in Schütz's theoretical writings is that the actor's 'natural attitude' towards the world becomes the starting point for the analysis of social reality, rather than being seen as the major obstacle to such analysis:

The object we shall be studying therefore is the human being who is looking at the world from within the natural attitude. Born into a social world, he comes upon his fellow men and takes their existence for granted without question, just as he takes for granted the existence of the natural objects he encounters. (Schütz 1967: 98)

This natural attitude (sometimes also translated as 'attitude of daily life' or a similar expression) captures the observation that actors normally do not doubt the reality of their everyday world and can thus have a 'lifeworld' (*Lebenswelt*), meaning a fairly stable subjective reality in which individuals experience and conduct their daily affairs pragmatically and without questioning this reality. Moreover, as part of the natural attitude, actors assume that other people's view of reality is not too different from their own. The accomplishment of 'reciprocal perspectives' (Schütz 1970b: 184) is that the everyday world is largely a 'world known in common with others' or a 'common-sense world' (Garfinkel 1963).

Schütz (1967) reveals that a precondition for social interaction is taken-for-grantedness, which he defines as 'that particular level of experience which presents itself as not in need of further analysis' (p. 74). However, it is clear from his writings that he does not take the natural attitude as such for granted. Instead, he is also concerned with how actors retain the facility to interpret part of their lifeworlds with an attitude of doubt or curiosity (Garfinkel 1963). This *epoché* of the natural attitude – meaning the possibility of suspending the natural attitude – presents actors as rather skilful in handling the duality of familiarity and unfamiliarity in their stream of experiences (Schütz 1970a; see also Endreß 2001).

Harold Garfinkel (1963) draws on and interprets Schütz's concept of the natural attitude when he states that '[t]he attitude of daily life furnishes a person's perceived environment its definition as an environment of social realities known in common' and that it 'is constitutive of the institutionalized common understandings of the practical everyday organization and workings of the society as seen "from within"' (p. 235). The constitutive features of basic rules of a game serve Garfinkel as a heuristic for understanding stable social interaction: in particular, basic rules are constituted by three 'constitutive expectancies' (p. 190) by which players expect (a) the rules to frame a set of required alternative moves and outcomes, (b) the rules to be binding on all other players and (c) the other players to equally expect (a) and (b). Crucially, Garfinkel concludes that 'basic rules frame the set of possible events of play that observed behavior can signify' and 'provide a behavior's sense as an action' (p. 195), that is they literally define what can happen and has happened.

Garfinkel (1963, 1967) therefore sets out in his (in)famous breaching experiments to manipulate social interactions in such a way that the infringement of basic rules causes surprise, confusion, anomie and other kinds of strong irritation in the subjects of the experiments, thereby aiming to reveal the fundamental social structures that are ordinarily, routinely and tacitly referred to and reproduced in everyday life. He shows how actors quite actively ‘normalize’ and redefine events that fall outside of basic rules in order to maintain ‘the game’, in other words the perceived normality and stability of the social context (see also McKnight et al. 1998).

What makes Garfinkel’s interpretation of the natural attitude particularly interesting for this study is that it includes a concept of ‘trust’ (mostly set in inverted commas by him) which I regard as fundamental to the natural-attitude view of trust: ‘To say that one person “trusts” another means that the person seeks to act in such a fashion as to produce through his action or to respect as conditions of play actual events that accord with normative orders of events depicted in the basic rules of play’ and ‘the player takes for granted the basic rules of the game as a definition of his situation, and that means of course as a definition of his relationships to others’ (Garfinkel 1963: 193–194). This means, on the one hand, that people trust each other if their interactions are governed by the three constitutive expectancies listed above. If this is the case, then trust can be regarded more generally as ‘a condition for “grasping” the events of daily life’ (p. 190). Moreover, though, compliance with basic rules and constitutive expectancies also means reliance on them. Trust in the natural attitude means interacting with others on the basis that everyone knows and accepts basic rules for the interaction.

Building on this, Lynne Zucker (1977; see also Zucker 1983, 1987) notes that institutionalization can be seen as a *process* of defining social reality or as a *property* of an act as socially more or less taken for granted. For example, institutionalizing a ban on child labour is a process (re)producing social definitions of childhood and labour. And it depends on the time and place to what degree such a ban has the property of being taken for granted. Thus Zucker emphasizes on the one hand that objective reality or social facts may persist even when they are not internalized and on the other hand that the degree of institutionalization can vary from high to low (Jepperson 1991). Highly institutionalized acts have ready-made accounts, meaning that they are easily legitimated, while less institutionalized acts are not so taken-for-granted and therefore will not influence the behaviour of others as strongly.

In Zucker (1986), however, the author argues historically with reference to the economic structure of the United States in 1840–1920 that institutions have become more and more necessary and important. Viewing trust as a precondition for economic exchanges (Arrow 1974), defining it with Garfinkel (1963) as a set of shared background and constitutive expectations, and noting certain similarities as well as dissimilarities with Durkheim’s (1984) types of pre-contractual solidarity, Zucker (1986) identifies and examines three central modes of trust production, that is three different ways in which actors establish a world known in common and the rules for their interaction. First, ‘pro-

cess-based trust' is tied to past or expected exchanges between specific actors which can be first-hand or by reputation. These exchanges enable them to produce a basis for their interactions that cannot be extended outside of their relationship and are therefore not institutionalized. Second, 'characteristic-based trust' is produced through social similarity between actors, meaning that it is tied to persons possessing certain stable characteristics (for example, family background, ethnicity, sex) but already generalized to some degree, as externally ascribed characteristics activate expectations about common understandings. Third, 'institutional-based trust' describes sets of shared expectations derived from formal social structures represented, for example, by signals of membership of professions or associations or by intermediary mechanisms such as bureaucracy, banking and legal regulation.

Hence, according to Zucker (1986) institutions can enable trust between actors and such trust can then even be institutionalized when the underlying shared expectations are relatively independent of time and space. Note, though, that in Zucker's account and as pointed out similarly by Paul DiMaggio and Walter Powell (1991) and others, institutions as intermediary mechanisms are not seen (primarily) as a third-party guarantor and enforcer – as they would be in rationalist theories of trust – but as systems of rules and meanings that provide common expectations which define the actors as social beings.

### **Trust as a form of institutional isomorphism**

While the previous section has introduced the natural attitude as part of the conceptual foundations for the idea that trust springs from taken-for-grantedness, in this section I borrow the concept of isomorphism from neoinstitutionalist organization theory (specifically Meyer/Rowan 1977; DiMaggio/Powell 1983) to argue further that manifestations of trust may be explained to a considerable degree by institutionalization: the trustor A trusts (or distrusts) the trustee B in a certain matter because it is natural and legitimate to do so and 'everybody would do it'. For similar reasons, trustee B will honour the trust (or not). Note that, in this pure sense, the question of the utility of trust is detached from the institutionally required acts.

The last point just noted reflects the provocative claims by John Meyer and Brian Rowan (1977), who argue 'that the formal structures of many organizations ... dramatically reflect the myths of their institutional environments instead of the demands of their work activities' (p. 341). According to these authors, myths are rationalized, impersonal prescriptions with rule-like specifications about the appropriate means to pursue prescribed purposes. Moreover, myths are highly institutionalized, which means that they are taken for granted as legitimate and beyond the discretion of individual actors. On the one hand, Meyer and Rowan (1977) identify isomorphism as the process of adapting (systems of) action to match and imitate institutional requirements. On the other

hand, this is seen as mere 'dramatic enactments of the rationalized myths pervading modern societies' (p. 346). In other words, myths are only complied with on the surface; a legitimate façade is constructed, 'decoupled' from the actual action. Translating this argument from formal organizational structures to trust, the question arises whether seemingly trustful interactions may equally be little more than dramatic enactment and ceremony. It could thus be the case that actors are not really trusting or trustworthy, but the same sequence of action unfolds as if they were. They put up 'façades of trust' (Hardy et al. 1998) while their trust is actually 'spurious' (Fox 1974). However, Meyer and Rowan's (1977) concept of isomorphism introduces an instrumentalism that separates the actor level too much from the institutional and societal level and therefore runs the risk of losing major phenomenological insights that are fundamental to neo-institutionalist theories.

Paul DiMaggio and Walter Powell (1983) manage to alleviate this problem by distinguishing between different types and mechanisms of isomorphism. Starting with Hawley's (1968) basic definition of isomorphism as a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions, one type of isomorphism can be labelled 'competitive' according to DiMaggio and Powell. It subsumes on the one hand population ecology explanations (for example Hannan/Freeman 1977) that attribute the similarity of units in a population to the evolutionary superiority of their properties. On the other hand, competitive isomorphism can also subsume instrumental imitation: in other words, the deliberate copying of other units which are doing well. In terms of trust, competitive isomorphism would thus mean that in certain contexts actors generally trust each other because this practice has emerged as more successful than not trusting. In other contexts, distrust may have been selected over time as a more efficient practice than trust. (Note that the theory underlying the concept of competitive isomorphism assumes rational utility maximizers and/or disinterested evolutionary forces, leaving little room for agency.)

The other, more open, and hence for the present discussion more relevant, type of isomorphism distinguished by DiMaggio and Powell (1983) is called 'institutional isomorphism' and is subdivided for analytical purposes into three mechanisms: coercive, mimetic and normative isomorphism. First, coercive isomorphism stems from external pressure to conform in order to gain legitimacy. The pressure may be implicit or explicit and the sanctions against nonconformity may be more or less severe, but this mechanism is mainly one of avoiding a lack of legitimacy. It matches Meyer and Rowan's (1977) argument that avoidance of coercion means enacting and upholding objective myth and ceremony, decoupled from subjective content and utility. Whether coercive isomorphism should be categorized as institutional is debatable. Zucker (1977), for example, argues that 'applying sanctions to institutionalized acts may actually have the effect of deinstitutionalizing them' (p. 728). The need for coercion gives rise to doubts about the validity of the legitimation for the respective institution (see also Zucker 1987). For trust in particular, the idea of trusting or being trustworthy just because of external pressure is not seen as a durable basis for social interaction (except in rational-

ist accounts). The idea of trust as coercive institutional isomorphism may still apply, though, if the external pressure is predominantly latent but gives 'structural assurance' (McKnight et al. 1998: 479).

The second mechanism of institutional isomorphism identified by DiMaggio and Powell (1983) is mimicry ('mimetic processes', p. 151) or 'modelling' (Galaskiewicz/Wasserman 1989). Here, an actor imitates, implicitly or explicitly, the behaviour of another. This mechanism applies especially in contexts of high uncertainty and ambiguity where legitimacy can be obtained by doing as everybody else or a recognized referent does. The act as such is detached from its utility and reduced to the question of 'appropriateness' (March/Olsen 1989). Considering trust according to this logic, actors who do not know if it is prudent to place or honour trust will do whatever (relevant) others would normally do in this situation.

Third, normative isomorphism entails the general principle that socialization instils particular cognitive bases and legitimations in the actors subject to them (DiMaggio/Powell 1983). This mechanism comes closest to the idea of a natural attitude and the view that institutions frame how actors can grasp their lifeworld and relate to it in their actions. Role expectations are learned and fulfilled because they go hand in hand with the actor's self-image or identity and 'what such a person must do'. Once actors have internalized norms and accepted roles associated with a part of their lifeworld, they enact those roles mostly implicitly but at times also explicitly. This produces isomorphism in the sense that all actors who play the same institutionalized role will do so in a standard, recognized, legitimate way. Trust as normative isomorphism would thus mean that actors who have been socialized to place or honour trust in certain types of situation will conform to this expectation, because otherwise they would be going against their own nature or against the objective reality of society (Zucker 1986). Interestingly, this conformity means at the same time that the actor is able to maintain self-respect and integrity, that is, a favourable identity or self-image. This view of isomorphic, unquestioned trust can explain, for example, manifestations of trust that cannot be explained by calculativeness.

### **Rules, roles and routines**

Although there is currently no established neoinstitutionalist school of trust research and the above sections only identify a few concepts that it might entail, the trust literature contains many relevant references to rules, roles and routines as bases for trust. Some of this literature will be reviewed briefly in this section in order to show that arguments building on notions of natural attitude and institutional isomorphism are not uncommon. For example, if the main problem of trust is not opportunism but the ability to engage in meaningful interaction in the first place, then contract law, trade as-

sociations and technical standards are social institutions that embody systems of rules for interaction and thus a basis for trust, if rules are understood as cultural meaning systems (Lane 1997). A similar logic applies to the idea that trust can be based on roles. For example, when Bernard Barber (1983) identifies the ‘expectation of technically competent role performance’ (p. 9) as one key element of trust, he already presupposes institutionalized roles or what he calls ‘shorthand ways of referring to complex patterns of expectations among actors’ which make it possible to trust (or distrust) a role incumbent. The ‘swift trust’ in temporary systems described by Debra Meyerson, Karl Weick and Roderick Kramer (1996) is a special but highly illustrative example of how reliance on clearly defined roles makes trustful interactions possible even when these interactions are relatively isolated and transient as, for instance, in project work: ‘If people in temporary systems deal with one another more as roles than as individuals ... then expectations should be more stable, less capricious, more standardized, and defined more in terms of tasks and specialities than personalities’ (p. 173). Thus roles carry the taken-for-granted expectations on which trust can be based.

The concept of role is also central to Adam Seligman’s (1997) social-philosophical analysis of trust, but in his framework reliance on role expectations merely leads to ‘confidence’, whereas the problem of ‘trust’ only arises in the face of role negotiability: ‘Trust is something that enters into social relations when there is role negotiability, in what may be termed the “open spaces” of roles and role expectations’ (pp. 24–25). Seligman claims that pervasive role negotiability is a defining aspect of modernity and stems from the proliferation of roles, ensuing dissonances and gaps in (no longer) taken-for-granted definitions of roles. While Seligman’s account thus points to the limits of the institutional approach, the unconditionality that to him characterizes trust may not be too different from the Schützian natural attitude, where actors play an active part in interpreting their lifeworlds, normalizing events and socially constructing reality. At least Seligman supports the view that role expectations are a basis for confidence. If we assume further that all roles may in principle be negotiable but cannot be negotiated all at once, then Seligman’s ‘confidence’ and ‘trust’ have to go hand in hand, requiring a kind of Garfinkelian constitutive expectancy that at any given moment in time most role expectations will not be negotiated. After all, even Garfinkel’s experiments would not have ‘worked’ (in the sense of producing meaningful findings) if he and his students had breached all rules and roles at once, which would be difficult to imagine anyway.

Finally, routines are introduced here as a third heuristic alongside rules and roles in order to lend the notion of trust based on institutions greater plasticity. Routines are regularly and habitually performed programmes of action or procedures. They may or may not be supported by corresponding (systems of) rules and/or roles, and they represent institutions in as much as they are typified, objectivated and legitimated, not senseless repetitions, although their sense is mostly tacit and taken-for-granted whilst they are performed (Scott 2001). As with rules and roles, ‘the reality of everyday life maintains itself by being embodied in routines’ (Berger/Luckmann 1966: 149). Similarly, Anthony Giddens (1984) points out: ‘Routine is integral both to the continuity of the personality

of the agent, as he or she moves along the paths of daily activities, and to the institutions of society, which are such only through their continued reproduction' (p. 60). By implication, the placing and honouring of trust itself is seen as part of the routine. For example, most parents will not fret every morning when their child leaves for school, because entrusting the child to the care of bus drivers, teachers and others is part of a daily routine. However, this brings up a higher-order problem of trust again: trust in the reliability of the routine in continuously producing the same (range of) outcomes and more importantly trust in the motivation and ability of the actors involved not to deviate from the programme of action – for whatever reason. Agency cannot be explained away (Feldman/Pentland 2003).

In sum, rules, roles and routines are bases for trust in so far as they represent taken-for-granted expectations that give meaning to, but cannot guarantee, their fulfilment in action. However, this explanation has to be incomplete, because a neoinstitutionalist view affords both the trustor and the trustee a non-passive role in challenging, changing and cheating the institutions, albeit not all of them all at once and all the time. This notion of agency (DiMaggio 1988; Beckert 1999) will be addressed later, but first I should perhaps pursue the simpler issue that a trustor who trusts on the basis of institutions needs to have trust in those institutions, given that they cannot be assumed to be infallible and immutable.

### **Trust in institutions**

Lynne Zucker's (1986) 'institutional-based trust' is conceptually interesting and, according to her, empirically vital because it implies that a trustor can trust a trustee without establishing 'process-based trust' in a personal relationship. However, as Jörg Sydow (1998) argues, this makes institutions an object of trust, too, and not only a source. An analytical distinction therefore has to be drawn between the influence that institutions have on the trustor–trustee relationship on the one hand and the trust that actors have in the institutions on the other (see also Bachmann 1998). This latter notion of trust in the system, in particular at the societal level, has been the main area of interest in a significant part of the trust literature, notably political science-orientated work, such as Barber (1983), Dunn (1988), Coleman (1990), Fukuyama (1995), Putnam (1995), Sztompka (1999), Warren (1999) and Cook (2001), as well as those studies analysing trust items in large-scale surveys like the General Social Survey in the United States (for example Paxton 1999; Glaeser et al. 2000). Niklas Luhmann's (1979) assertion that 'the old theme of political trust ... has virtually disappeared from contemporary political theory' (p. 54) no longer applies.

In this regard it is interesting to note that Barbara Misztal (1996) presumes that the concern for trust in the social sciences has been – from the classics to the present day – above all else a search for the bases of social order, that is a dependable social system. The requirement of ‘trust in the system’ is already evident for Hobbes’ *Leviathan* just as much as for Locke’s social contract (see, for example, Dunn 1988). What this means for modernity and beyond the question of government has been expressed by Georg Simmel ([1907] 1990), who in his discussion of the transition from material money to credit money notes that ‘the feeling of personal security that the possession of money gives is perhaps the most concentrated and pointed form and manifestation of confidence in the socio-political organization and order’ (p. 179). Niklas Luhmann (1979) introduces his concept of ‘system trust’ by reflecting on money, too, and supposes that an actor ‘who trusts in the stability of the value of money ... basically assumes that a system is functioning and places his trust in that function, not in people’ (p. 50). According to Luhmann, system trust builds up through continual, affirmative experiences with the system. It grows and persists precisely because it is impersonal, diffuse and rests on generalization and indifference.

Interestingly, Luhmann suggests that abstract systems should have inbuilt controls which can be maintained by experts. Actors do not need to trust in an impenetrable system as a whole but ‘only’ in the functioning of controls. In stark contrast to Susan Shapiro (1987), Luhmann does not see an infinite regress of controlling the controls and thus the danger of a spiral of distrust. Moreover, according to Luhmann, system trust also rests on the actor’s assumption that everybody else trusts the system, too. While the assurances of experts and others thus give a ‘certainty-equivalent’, system trust overall means confidence in an unavoidable, disinterested and abstract entity (Luhmann 1988).

Luhmann does not address a point implicit in his trust concept which I regard as crucial, namely that trust is essentially not so much a choice between one course of action (trusting) and the other (distrusting), but between either accepting a given level of assurance or looking for further controls and safeguards. System trust (and also personal trust) fails or cannot even be said to exist when this state of suspending doubt is not reached. The ‘inflationary spiral of escalating trust relationships and the paradox that the more we control the institution of trust, the more dissatisfied we will be with its offerings’ attested by Shapiro (1987) for modern societies, where ‘the guardians of trust are themselves trustees’ (p. 652), are only set in motion if the response to a need for trust is always the installation of more controls, instead of being satisfied at some point that the system apparently ‘works’. In particular, Anthony Giddens (1990) captures more lucidly than Luhmann how actors can have trust in abstract systems or institutions. He describes the ‘access points’ where the actor experiences the system by interacting with other actors, typically experts who represent the system. Patients, for example, develop trust (or distrust) in the medical system to a large extent through their experiences with doctors and other medical professionals, such as nurses and midwives, who represent and ‘embody’ the institutions of medicine (see Parsons 1978; and more recently McKneally et al. 2004; Brownlie/Howson 2005; Lowe 2005).

However, as Luhmann pointed out, too, the object of system trust is indeed the system as such, but since it is impossible for individual actors to comprehend the system, they can only assure themselves of its proper functioning through the re-embedded performances of experts who refer to and represent a particular system. Giddens (1990) goes further than Luhmann (1979) and places a different emphasis, because he does not see the role of experts primarily in controlling the system but in bringing it to life. According to Giddens (1990), if trust in systems is 'faceless' and trust in persons involves 'facework', then systems obtain a 'face' at their 'access points', which sustains or transforms 'faceless commitments' (p. 88). This interplay of disembedding and re-embedding is not unproblematic, which Giddens demonstrates by describing, on the one hand, how carefully system representatives design their performances in order to quell doubts about the system's functioning while, on the other, actors pragmatically accept the system but also retain an attitude of scepticism. Trust in an institution means confidence in the institution's reliable functioning, but this has to be based mainly on trust in visible controls or representative performances rather than on the internal workings of the institution as a whole.

Institutions can be seen as bases, carriers and objects of trust: trust between actors can be based on institutions, trust can be institutionalized, and institutions themselves can only be effective if they are trusted (see also Child/Möllering 2003). While this is perfectly in line with sociological neoinstitutionalism, it has become apparent from the evidence presented that this approach reveals, but does not fully explain, how actors achieve the natural attitude, the acceptance of normality, the assumption of good faith and similar notions that actually point towards the imperfection of institutions. Hence, a more elaborate development of this approach will also have to face the questions which currently plague neoinstitutionalism. For example, let us consider the discussions about the 'institutional entrepreneur' (DiMaggio 1988) as an actor who plays an outstanding role in reflexively creating, preserving and changing specific institutions (see also Beckert 1999). Can a corresponding role be conceived for a kind of 'trust entrepreneur' who actively shapes context in a trust-enhancing manner?

### **Active constitution of trust**

So far, I have stressed the actor's reliance on institutions, implying a rather passive role for trustors. In the following sections, I will argue that all trust – even when it is based on taken-for-granted institutions – is not just passive but requires an as-if attitude on the part of the trustor which renders irreducible social vulnerability and uncertainty unproblematic. And in less institutionalized contexts, trust becomes even more a kind of 'active trust' (Giddens 1994b) in the sense of the trustor actively engaging in a process of trust development. This process may begin 'blindly'. However, trustors need not foolishly or heroically enter into such a process but may rather initiate the trust building

process with small steps. Over time, trust then evolves with the relationship, ideally in a self-reinforcing fashion, as familiarity increases. The concept of active trust highlights furthermore that trust should be seen as a continuous process of reflexive constitution which requires mutual openness and intensive communication. The trust literature to date mainly sees trust as an active choice in given circumstances. The following sections go beyond these notions by identifying ways in which actors actively influence the circumstances for their trusting choices. There is a 'creative element' (Beckert 2005: 20) in trust.

To start with, 'blind trust' can actually be quite functional: unintentional, coincidental behaviour may trigger a process of desirable interactions that could not have been willingly produced as easily. Moreover, Russell Hardin (1993) makes repeated reference to the idea of strategic 'as-if trust' alongside trust based on encapsulated interest. Accordingly, an actor who thinks that trust would be desirable, but cannot rationally trust the potential trustee yet, may *nevertheless* choose to feign trust with the aim of building up genuine trust. Hardin envisages 'as-if trust' to be used when the trustor only has a vague notion that a trustful, cooperative relationship with the potential trustee could be beneficial. However, it is difficult to determine within a rational choice framework how much non-rationality will be rational for the actor in such an uncertain context, meaning that it is hard to judge rationally when it is rational to be non-rational (Good 1988: 42). Trust therefore remains at least partly non-rational itself: The trustor *just does it*. Not the rational validity of expectations and generalizations as such but their availability in the first place is what makes trust functional. 'Trust begins where prediction ends' (Lewis/Weigert 1985: 976) and all that matters is that trust emerges *at all*. Actors may choose to trust blindly in order to overcome rational or institutional vacuums and paradoxes.

Hardin (1993) clearly presents the strategy of as-if trust as a temporary solution which enables a process whereby the trustor can gradually cease to feign trust because genuine trust develops. Moreover, if trust is generally functional in that it reduces social complexity, it does not necessarily mean that trust has to reduce complexity immediately or completely. Instead a 'principle of gradualness' (Luhmann 1979: 41) can be followed. Trust is generated and extended step by step, beginning with relatively small steps. This implies that trust building requires time and may be rather tentative. This was already understood by Peter Blau, who thought of trust as evolving and expanding gradually in parallel to social associations from minor initial transactions: '[T]he process of social exchange leads to the trust required for it in a self-governing fashion' (Blau 1968: 454; see also Blau 1964).

A possible explanation for the mechanism identified by Blau is given by Dale Zand (1972), who presents a 'spiral reinforcement model of the dynamics of trust' (p. 233). According to this model, high initial trust will lead the actor A to disclose information, accept influence and reduce control, which the other actor B perceives as positive signs of trustworthiness that increase B's level of trust and induce similarly open behaviour.

This reinforces A's initial trust and thus leads to further trusting action, reinforcing B's trust and so forth. In other words, expectations of trust and the resultant action would be a typical example of a self-fulfilling prophecy. This perspective of trust based on positive experience matches Lynne Zucker's concept of 'process-based trust' (already mentioned above). Zucker (1986) states that process-based trust is 'tied to past or expected exchange such as in reputation or gift-exchange' and informed by 'a record of prior exchange, often obtained second-hand or by imputation from outcomes of prior exchange' (p. 60). Actors establish an exchange history analogous to the traditional giving of gifts and counter-gifts (Mauss [1925] 1954; Blau 1964), which involves a trust-inducing time lapse and a formation of mutual expectations of reciprocity.

The notion that trust develops gradually and grows with mutual experience in relationships over time is also captured very instructively in a well-known model by Roy Lewicki and Barbara Bunker (1996). They describe three types of trust that serve to illustrate the stages of trust development over time. They argue that in the first stage of a new relationship 'calculus-based trust' is required. It rests on calculative reasoning about the other's incentives to maintain the relationship and the deterrents preventing him from breaking trust. Where calculus-based trust proves to be valid, the actors may get to know each other better and understand each other's needs, preferences and priorities more generally so that, in the second stage, 'knowledge-based trust' develops, which 'is grounded in the other's predictability – knowing the other sufficiently well so that the other's behavior is anticipatable' (p. 121). Interestingly, Lewicki and Bunker point out that not all relationships develop knowledge-based trust on top of calculus-based trust: some relationships will stabilize just on a calculus level, though many relationships do reach knowledge-based trust because the getting-to-know-each-other is almost inevitable. A few relationships may even evolve after some more time to the stage of 'identification-based trust', where the 'parties effectively understand and appreciate the other's wants' and 'each can effectively act for the other' (p. 122). Although calculus and knowledge are still present as bases for trust, identification with the other's desires and intentions becomes the perceptual paradigm for the actors. Lewicki and Bunker illustrate that trust does not simply grow stronger over time but the 'frame' in which the actors consider trust changes as trust develops, so that the issues faced at an early stage should be very different from those in a long-established, identification-based trust relationship.

Although there are important differences between the process concepts of trust proposed by different authors discussed in this section and although it may be debatable whether the stages and phases of trust development will follow exactly the patterns suggested, an overall conclusion common to all of these contributions can be drawn: actors do not need to trust each other fully right from the beginning of a relationship, because they can engage experimentally in a kind of as-if trust which may gradually produce genuine trust. While such a process may simply emerge, the more interesting possibility is that actors may actively produce mutual experiences with the aim of testing whether a trust relationship is feasible, but without being able to know in advance the associated

benefits and risks. It follows again that an essential feature of trust and its development must be the actor's ability to 'just do it' and overcome, at least momentarily, the irreducible uncertainty and vulnerability involved in social exchanges.

### **Familiarity, unfamiliarity and familiarization**

According to Luhmann (1979) 'trust is only possible within a familiar world' (p. 20) and, in line with the neoinstitutional approach, the presence of many familiar elements in an interaction context positively influences the actor's ability to confer or deny trust (Luhmann 1988). The concept of familiarity recalls the discussion on trust and institutions presented above, because familiarity essentially represents taken-for-grantedness and the 'natural attitude' that actors have towards their lifeworld. However, the main points of interest here are how actors deal with and overcome unfamiliarity and how they may be able to develop trust (gradually) in contexts of low familiarity through a process of familiarization.

Familiarity in Alfred Schütz's terms (1970a) 'demarcates, for the particular subject in his concretely particular life-situation, that sector of the world which does from that which does not need further investigation' (p. 61). Objects regarded as familiar are 'beyond question' and thus 'taken for granted'. Familiarity requires the natural attitude as it 'presupposes the idealizations of the "and so forth and so on" and the "I can do it again"' (p. 58). Another way of interpreting familiarity, according to Schütz, is that it expresses 'the likelihood of referring new experiences, in respect of their types, to the habitual stock of already acquired knowledge ... by means of a passive synthesis of recognition' (pp. 58–59). In other words, even a new object can be sufficiently familiar to the actor if it can be recognized as typical. This indicates, however, that familiarity implies the unfamiliar, too, at least in two respects. First, 'the now unquestioned world ... is merely unquestioned until further notice' (p. 61), meaning that all that the actor is subjectively familiar with could in principle be questioned. Second, unfamiliarity is not just something that actors can choose to direct their attention towards and question if and when they please, but rather something that actors cannot avoid because 'unfamiliar experience imposes itself upon us by its very unfamiliarity' (p. 28) and becomes thematic and topical whether the actor likes it or not, especially in processes of social interaction. Schütz does not see the actor as locked into the natural attitude but as able to respond constructively to 'imposed relevance' when prompted to in the stream of experience. If trust builds on familiarity, then the good news from Schütz is that unfamiliarity need not automatically mean distrust as long as the actor uses his capacity of familiarization to increase his familiarity when necessary.

Like Schütz, Luhmann (1988) sees an intimate connection between the familiar and the unfamiliar, because the underlying distinction can re-enter its own space through

the process of familiarization: 'We can live within a familiar world because we can, using symbols, reintroduce the unfamiliar into the familiar' (p. 95). However, 'we know in a familiar way about the unfamiliar' (p. 95), which means that Schütz's 'imposed relevance' of the unfamiliar can only be dealt with in familiar terms. Thus, familiarization shifts the boundaries of familiarity *from within*. Unfamiliarity only renders trust impossible when the actor fails to engage in familiarization.

Trust in this sense relies on both familiarity and familiarization. Hence, trust requires familiarity, but the two concepts must not be confused (Luhmann 1988). Rather, according to Luhmann (1979), they should be seen as 'complementary ways of absorbing complexity and are linked to one another, in the same way as past and future are linked' (p. 20). In familiarity, past experiences are condensed and their continuity assumed, which makes future-oriented trust possible:

But rather than just being an inference from the past, trust goes beyond the information it receives and risks defining the future. The complexity of the future world is reduced by the act of trust. In trusting, one engages in action as though there were only certain possibilities in the future. (p. 20)

This can be interpreted to mean, on the one hand, that familiarization is a kind of hindsight that can strengthen the familiarity base for trust. However, on the other hand, I would claim that familiarization is very much future-oriented, too, so that trust in general and active trust in particular may be described as the familiarization with the future: trust 'risks defining the future' as Luhmann puts it in the above quotation.

Adam Seligman (1997) develops an elaborate argument on the relationships between trust, familiarity and the conditions of modernity which connects in many places with Luhmann's work but gives a very different perspective altogether. He states that familiarity commonly means the actor's ability to impute the values that condition the actions of another actor and thus enables the first actor to have expectations towards the second. However, he emphasizes throughout his book the 'unconditionality' of trust as its essential feature, because 'it involves one in a relation where the acts, character, or intentions of the other cannot be confirmed' and this means 'a vulnerability occasioned by some form of ignorance or basic uncertainty as to the other's motives' (p. 21). The freedom of the other and his very otherness are the object of trust. The trustor expects not to be harmed, but lacks the means to verify his expectations. Having expressed the clear position that unconditional trust cannot be based on conditioning familiarity, Seligman offers a surprising twist later on when he introduces the idea that, put simply, familiarity in modernity can encompass unconditionality and thus serve as a mechanism that produces system confidence and enables trust. In other words, the actors in modern societies are familiar with the fact that other individuals are to a greater or lesser extent unknowable and unconditionable and therefore *need* to be trusted. Familiarity in modernity, then, also means accepting mutual unconditionality without thereby removing it. Thus, familiarity is required in forming trusting expectations; familiarization creates familiarity; trust represents a kind of familiarization with the future; but

the future, in the sense of the other's eventual actions and intentions, remains unknowable. Within this general position, it is now possible to appreciate the significance of the inspiring comments on 'active trust' by Giddens (1994b), for whom 'familiarity is the keynote of trust' (Giddens 1994a: 81) in traditional societies, but who, like Luhmann, Seligman and many others, observes an erosion of familiarity as a stable basis for trustful interaction in post-traditional societies and envisages the active constitution of trust by late-modern actors.

### **Reflexive constitution and continuous communication**

Giddens (1994b) introduces the term 'active trust' very briefly and somewhat casually but nevertheless captures by it an interesting view of the particular mechanisms involved in building trust in late modernity. Where perceived trustworthiness and contextual confidence become increasingly difficult, active trust may be a way out, but it 'has to be energetically treated and sustained' (p. 187). Without yet calling it 'active trust', Giddens refers to central ideas behind this concept in some of his earlier writing. For example, Giddens (1990) points out that trust needs to be 'worked upon' (p. 121; see also Giddens, 1991). Active trust implies a reflexive process of trust development, which requires continuous communication and openness (see also Beckert 2002). In a manner of speaking, this makes every move a first move, because the basis for the relationship and trust needs to be constantly reproduced in order to result in a stable or at least continuous relationship.

Active trust therefore recognizes the autonomy of the other, that is, the freedom to honour or exploit the trust. More and more often, actors have 'no choice but to make choices' (Giddens 1994b: 187) from what they know to be imperfect decision bases. This, however, brings the true nature of trust to the fore, because trust would be 'frozen' if it were based on compulsion and is only really trust in the face of contingency (Giddens 1994a: 90).

'All trust is in a certain sense blind trust', as Giddens (1990: 33, emphasis in original) asserts provocatively and thereby highlights probably the most essential feature of trust. First, however, it should be noted again that Giddens does not associate the blindness of trust with passivity on the part of the trustor. On the contrary, trust 'has to be worked at – the trust of the other has to be won' (Giddens 1991: 96). Such active trust 'presumes the opening out of the individual to the other' (Giddens 1990: 121) in the absence of external supports for trust (Giddens 1992). Familiarity has to be continuously and reflexively created. Thus, active trust reflects contingency and change in an ongoing process of reflexive constitution.

Giddens' conceptualization of trust does not contradict his theory of structuration (Giddens 1979, 1984) but he does not draw specifically on this theoretical framework when

he discusses trust. That it might be quite instructive to do so is demonstrated by Sydow (1998), who conceptualizes trust in terms of a modality in the duality and recursiveness of structure and (inter)action. The constitution of trust, according to Sydow's structuration perspective on trust building (see also Sydow/Windeler 2003; Sydow 2006), involves the development of interpretative schemes, resources and norms to which the actor refers in trustful and trustworthy interaction, thereby (re)producing the social structure of signification, domination and legitimation in which the phenomenon of trust is constituted and to which further action will refer. Charles Sabel's (1993) notion of 'studied trust' fits very well with the mechanisms described by Sydow and also with Giddens' concept of active trust (Beckert 2002). Sabel emphasizes the actors' ability to actively work on trust by challenging entrenched interpretations and redefining the social context in such a way that the trust required for cooperation becomes possible (see also Maguire et al. 2001; Möllering 2006).

Such a view implies, of course, a processual perspective whereby trust only materializes in reflexive social practices which, over time, mostly reproduce trust but may always change it as well, either intentionally or unintentionally. While a 'structuration theory of trust' is effective in describing the constitution of trust and leaves room for the crucial 'unconditionality' (Seligman 1997) of trust, it cannot explain clearly how this latter aspect is handled within trust. In other words, additional concepts are required to understand how actors can live with the fact that the ongoing process of structuration itself is open-ended – *despite* or rather *because of* the actor's agency, which represents the irreducible social contingency without which trust would be neither required nor possible but which the trustor treats *as if* it were resolved. Giddens (1990, 1991) himself highlights in connection with the concept of trust a kind of 'suspension of reflexivity' akin to the suspension of doubt within the natural attitude. Active trust in particular is always a kind of trust-in-the-making which requires the trustor to go down an essentially unknowable path. This suspension needs to be looked at more closely.

### **Suspension: The leap of faith**

Trust is only achieved if the prospective trustor can cope with the irreducible social vulnerability and uncertainty that rests in the trustee's principal freedom to either honour or exploit trust. The fact that trust is therefore 'risky' has been taken far too lightly. This is to say that writers on trust commonly point to the element of risk (or uncertainty) in trust, but they seldom explore how actors deal with this in practice. I regard this as an important omission, because actually, as will be explained in this final section, the crucial achievement of trust is that, in trust, the possibility that it might be exploited or based on corrupted 'good reasons' is suspended but not eliminated. Such a view is rare in the literature on trust, but where it can be found it can mostly be traced back to a few inspiring passages in the work of Georg Simmel (Misztal 1996; Möllering 2001).

Georg Simmel does not regard mere weak inductive knowledge as proper trust (Giddens 1991). Within trust there is a 'further element of socio-psychological quasi-religious faith' (Simmel 1990: 179). He finds this element 'hard to describe' and thinks of it as 'a state of mind which has nothing to do with knowledge, which is both less and more than knowledge'; and he expresses this element of faith as 'an assurance and lack of resistance in the surrender of the Ego, which may rest upon particular reasons, but is not explained by them' (Simmel 1990: 179). Trust combines weak inductive knowledge with some mysterious, unaccountable faith: 'On the other hand, even in the social forms of confidence, no matter how exactly and intellectually grounded they may appear to be, there may yet be some additional affective, even mystical, "faith" of man in man' (Simmel 1950: 318).

Niklas Luhmann (1979) adopts Simmel's notion of trust as a 'blending of knowledge and ignorance' and remarks that 'trust always extrapolates from the available evidence' (p. 26). However, Luhmann overlooks Simmel's concern with the element of unaccountable faith, although he describes the rationale for action based on trust as above all 'a movement towards indifference: by introducing trust, certain possibilities of development can be excluded from consideration' (p. 25). And in line with Simmel he notes: 'Although the one who trusts is never at a loss for reasons and is quite capable of giving an account of why he shows trust in this or that case, the point of such reasons is really to uphold his self-respect and justify him socially' (p. 26).

Luhmann's trust concept includes many elements that resemble Simmel's transcendental ideas of trust as an operation that goes beyond that which the actor can account and control for. As Poggi (1979) notes, Luhmann argues that 'successful responses to the problem of complexity ... typically do not eliminate complexity, but rather reduce it: that is, make it "livable with" while in some sense preserving it' (p. x). Interestingly, Poggi also suggests that Luhmann could have used the Hegelian notion of *Aufhebung*: the dialectical principle of synthesis transcending thesis and antithesis, thereby simultaneously preserving and rescinding them (Hegel [1807] 1973). And, indeed, Luhmann argues that trust involves 'a type of system-internal "suspension" (*Aufhebung*)' (Luhmann 1979: 79).

Giddens (1990), unlike Luhmann, recognizes that Simmel believes that trust differs from weak inductive knowledge insofar as it 'presumes a leap to commitment, a quality of "faith" which is irreducible' (Giddens 1991: 19). This commitment would often be characterized more by the habitual and passive acceptance of circumstances than by an active leap (Giddens 1990: 90). The latter, however, is typical for the 'active trust' in late-modern societies (Giddens 1994b). Giddens (1990) argues that the suspension that enables trust has to be learned in infancy through the ambivalent experience of love from caretakers on the one hand and the caretakers' temporary absence on the other, whereby the infant develops the ability to reach a state of trust which 'brackets distance in time and space and so blocks off existential anxieties' (p. 97). This trust as a kind of skill learned in infancy remains essential as actors grow up to become adults. According

to Giddens, the faith in the loving caretaker's return 'is the essence of that leap to commitment which basic trust – and all forms of trust thereafter – presumes' (p. 95). The infant's anxiety can be generalized to the problem of ignorance that actors face in any social encounters with others whose actions and intentions they cannot fully know or control (Giddens 1991). Trust, as the 'solution,' requires faith in the sense of a more or less active leap to commitment.

This brings us to Luhmann's (1979) remark that trust is an 'operation of the will' (p. 32). Trust goes beyond that which can be justified in any terms by the actor, but the actor exercises agency through his will to either suspend uncertainty and vulnerability or not. Luhmann's reference to 'will' in the context of trust and suspension inspires a closer look at William James' essay on *The Will to Believe*, a pragmatist approach to the theme of faith which Jens Beckert (2005) has also identified as highly instructive for understanding trust. James ([1896] 1948) defends the actor's right to believe even when there is no conclusive evidence – in religious matters but also generally, for instance in social relations. Such a belief would be called faith: 'we have the right to believe at our own risk any hypothesis that is live enough to tempt our will' (p. 107). Note that by introducing the condition that the hypothesis has to be 'live enough,' James points out that actors should not be allowed to believe anything but that 'which appeals as a real possibility to him to whom it is proposed' (p. 89). Implicitly, he thus refers back to his essay *The Sentiment of Rationality* (James [1879] 1948) and major principles of his pragmatist philosophy. In this earlier source, he says that faith is 'synonymous with working hypothesis' (p. 25). The ability to have faith is distinctly human according to James and he defines faith as follows: 'Faith means belief in something concerning which doubt is still possible; and as the test of belief is willingness to act, one may say that faith is the readiness to act in a cause the prosperous issue of which is not certified to us in advance' (p. 22).

From the standpoint of James' pragmatism, faith requires the 'sentiment of rationality,' in other words the actor's genuine but not conclusively justifiable conviction that what he believes is 'true' in the pragmatist sense of being useful, giving expectations and (thus) enabling action. This sentiment produces the 'will' to believe. Faith in these terms matches exactly that element in trust which – like a 'tranquilizer' (Beckert 2005: 18) – allows the trustor to have favourable expectations towards the actions and intentions of others whose behaviour cannot be fully known or controlled. I call this element 'suspension' (Möllering 2001: 414), meaning the 'leap of faith' which brackets ignorance and doubt thereby enabling the trustor, at least momentarily, to have expectations as if social vulnerability and uncertainty were resolved. Note that the 'as if' implies genuine faith here and is therefore radically different from Hardin's notion of strategically feigned 'as-if trust' (see also Möllering 2006). In suspension, a complex notion of simultaneously powerful and vulnerable agency is acknowledged.

## Conclusions and implications

In this paper, I have investigated three main questions from the perspective of sociological neoinstitutionalism and related approaches: What does it mean to say that institutions are a basis for trust? How can we deal with the issue that institutions are both sources and objects of trust? And what is the role and significance of agency in the constitution of trust? By way of conclusion, I summarize my answers to these questions.

First, institutions are a basis for trust between actors because they imply a high degree of taken-for-grantedness, which enables shared expectations to arise even between actors who have no mutual experience or history of interaction. In the first instance, this approach is based on the phenomenological assumption that actors are 'looking at the world from within the natural attitude' (Schütz 1967: 98), relying on 'constitutive expectancies' (Garfinkel 1963: 190) and the validity of institutionalized rules, roles and routines. However, this approach does afford the actor an active role in interpreting – and questioning – institutions.

Second, because actors are not seen as passive reproducers of structure, institution-based trust between actors requires that the institutions on which such trust is based are 'trusted' themselves. In other words, institutions are both a source and an object of trust. Here, the notions of 'system trust' (Luhmann 1979) and 'trust in abstract systems' (Giddens 1990) come into play, conceptualizing how actors develop confidence in institutions. While there cannot be absolute certainty, actors learn about the reliability of institutions through direct experience and through mediated demonstrations that institutions 'work'. However, once again agency is at the core of this version of a neoinstitutional theory of trust because actors are involved more or less consciously in processes of institutionalization and may seek to influence institutions in an entrepreneurial way.

Third, the last point shows that the significance of (institutionally embedded) agency in the constitution of trust lies in the assumption that actors (re)produce collectively the institutional framework, which then serves them as a source for trust (in other actors) while becoming an object of trust (in institutions), too. The notion of 'active trust' (Giddens 1994b) captures this creative and processual aspect of trust most clearly and points to the key theoretical finding that agency on the part of the trustor implies a leap of faith that needs to be made in the face of irreducible social uncertainty and vulnerability. If this need for 'suspension' could be rendered obsolete by institutions or rational cognition, then trust would be deterministic and, therefore, a pointless category.

In the process of answering the above questions, I have rediscovered and, indeed, re-discovered some conceptual foundations for trust, which can be found relatively far back in the literature by looking at the details of some seminal writings that inform neoinstitutional approaches to trust. Most of these are, clearly, not part of the mainstream of trust research in the social sciences, not even in areas where institutional theories

have gained a certain prominence. What is more, the concepts outlined here, such as the natural attitude, isomorphism, routines, active trust, familiarization and suspension, should be seen as core elements of trust rather than fringe considerations. What makes trust unique is not just the vast variety of potential trust bases – none of which should be overlooked – but, more importantly, the fact that trust is a phenomenon capturing how actors use their embedded agency to deal with the irreducible social vulnerability and uncertainty without which one could not speak of ‘trust’.

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