

Developments In Business Simulation & Experiential Exercises, Volume 17, 1990

CONDITIONS AND OUTCOMES OF TRUST IN A TWO-PERSON BARGAINING EXERCISE

John K. Butler, Jr., Clemson University

ABSTRACT

Relationships among conditions and outcomes related to trust were investigated in the context of a two-person bargaining role-play. A model of trust was used to generate seven hypotheses about the relationships among expectations, trust, information sharing, influence, and control. An additional 12 hypotheses were tested concerning the effects of established trust and information sharing on six bargaining outcomes. Participants were 232 graduate and undergraduate students in nine organizational behavior classes, which met from 1987 to 1989.

INTRODUCTION

This study tested a number of hypotheses derived from a model relating expectations, trust, information, influence, and control in two-person situations. Favorable expectations about another's trustworthiness increase one's initial trust in the other. This initial trust predisposes the sharing of information, the acceptance of influence, and the relaxation of controls. These responses feed back to increase and further establish trust, which is necessary for a stable relationship. The enhanced trust will lead to mutual sharing of benefits for both parties. Finally, it was hypothesized that information sharing and established trust would lead to a number of favorable outcomes.

METHOD

The Ugh Orange Exercise was role-played by 232 graduate and undergraduate management students, 116 dyads.

Trust was manipulated experimentally. Bargaining pairs were assigned randomly to low or high trust conditions. The low-trust condition was created with instructions that warned of industrial espionage, law suits against each other's firms, and a low level of trust between the two bargainers. High-trust instructions described interfirm information sharing, cooperation, and high levels of interpersonal trust.

After reading about their roles and the trust conditions, the bargainers completed a questionnaire with scales measuring perceptions of the other bargainer's control expressed, perceptions of the other's control wanted, and interpersonal trust in the other. Control wanted and expressed were modified from FIRO-B (Schutz, 1958) in order to pertain to perceptions of the other's characteristics, rather than one's own. Also, the items were worded to pertain specifically to the other bargainer. For example, 'I let other people decide what to do' (Schutz, 1958, p. 63) was changed to, "Dr. Jones lets other people decide what to do." Interpersonal trust was measured with an interpersonal trust inventory developed by the author.

Each bargaining dyad was monitored by an observer. The researcher briefed the observers about the win-win possibility, but not about the manipulation of trust. Observers were not allowed to read the role descriptions. Each observer reported: (a) the time it took the bargainers to realize that there was a win-win solution, (b) whether the

bargainers seemed to trust each other, (c) how much information was shared, (d) how much money each firm would pay, (e) to whom and how the oranges were to be delivered, and (f) how many oranges each firm would get.

The hypotheses were tested with ordinary least squares regression analyses. A structural equation was written for each of the relationships indicated.

RESULTS

Expected trust in the other was a highly significant cause of one's initial perception of trust ($b=.88$, $2 < .0001$). Initial perception of trust was significantly related to one's initial perception that the other would relax controls ($b=.61$, $p < .0001$) and to one's initial perception that the other would accept influence ($b=.30$, $E < .0001$).

The role players' perceptions that the other would relax controls (averaged over the two individuals) led to established trust, as reported by the observers ($b = .39$, $p < .0001$).

Information sharing was significantly related to the following outcomes: (a) established trust ($b=.45$, $2 < .001$), (b) dissimilarity of agreed quantity of merchandise to be obtained ($b=.24$, $p < .05$), (c) time to realize the win-win nature of the problem ($b=.41$, $2 < .001$), and (d) agreed total quantity of merchandise to be obtained ($b=.37$, $E < .01$). Established trust was significantly related to the following outcomes: (a) Dissimilarity of agreed delivery plans ($b=.38$, $p < .01$), and (b) Agreed total payment for merchandise to be obtained ($b=.21$, $E < .05$).

DISCUSSION

In general, the model of the dynamics of trust was supported. One role player's expectation of trust in the other role player was a highly significant cause of one's initial perception of trust in the other, which in turn was significantly related to one's initial perceptions that the other would relax controls and accept influence. However, the link between initial trust and information sharing was only weakly supported and the link between perception of acceptance of influence and established trust was not supported at all. Apparently, the initial level of trust had only a weak effect on the future sharing of information.

In contrast, the perception of relaxed controls had a very strong effect on future established trust. If this finding can be generalized, its practical implication is that one's trust in another depends on the belief that the other will not attempt to control one's behavior. This link between trust and control was specified, from the opposite perspective, in a popular definition of trust: "willingness to increase one's vulnerability to another whose behavior is not under one's control...". Thus, if one can control another's behavior, one's trust in the other is not necessary; but if the other controls one's behavior, one's trust in the other is not likely.