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“Evolution of Trust in Exchange Relationship”
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Evolution of Trust in Exchange Relationship

Trust plays a critical role in establishing, developing, and maintaining successful relational exchanges and has been a central construct in the development of relationship theory in line with its important role in the relational exchange. Trust is multidimensional with two interrelated components: trusting beliefs, comprising perceptions of the trustworthiness of the partner; and trusting behavior, a willingness to depend on or make oneself vulnerable to the partner. This study focused on trusting beliefs which can be categorized as ability beliefs, integrity beliefs, and benevolence beliefs. We suggested that the 3 types of trusting beliefs develop as the exchange relationship evolves due to various relational factors across each phase of relationship.

One of the most salient factors in the effectiveness of our present complex social organization is the willingness of one or more individuals in a social unit to trust others; the efficiency, adjustment, and even survival of any social group depends upon the presence or absence of such trust (Rotter 1967). Trust plays a critical role in establishing, developing, and maintaining successful relational exchanges (Morgan and Hunt 1994) and has been a central construct in the development of relationship theory in line with its important role in the relational exchange (Dwyer, Schurr, and Oh 1987). Empirical research has indicated that high levels of trust are concurrent with the successful relational exchanges in terms of greater cooperation and less conflict between exchange partners, satisfaction with the exchange outcome and with the exchange relationship, and commitment to the relationship (Geyskens, Steenkamp, and Kumar 1998).

In spite of the significant progress being made in the research of trust, some controversial or counterintuitive findings on the antecedents and consequences of trust remain to be resolved. For instance, past research provided divergent findings in the area of the effect of similarity between buyers and sellers on trust (Crosby, Evans, and Cowles 1990; Smith 1998; Smith and Barclay 1997) and in the area of the relationship between the expertise of sellers and the trust of buyers (Doney and Cannon 1997; Selnes 1998). The findings on the relationship between trust and other indicators of relationship quality are divergent too. Trust in the credibility of exchange partners was positively related to long-term orientation, but trust in the benevolence was not (Ganesan 1994). Whereas interpersonal trustworthiness or trust is assumed to affect cooperation effort or cooperation in cross-sectional studies (Jap 1999; Morgan and Hunt 1994), Anderson and Narus (1990) suggested that cooperation is an antecedent rather than a consequence of trust.

These divergent findings could be explained in part by referring to the differences in research contexts such as the different characteristics of trust in a person versus trust in an organization (Doney and Cannon 1997). However, more problematic, may be the conceptualization and operationalization of trust with little consideration of different aspects of trust across varying phases of relationship. Literature suggests that exchange relationships evolve through distinct phases and that each phase differs in the intensity of relationship as well as in the value and risk of the exchange relationship (Dwyer, Schurr, and Oh 1987; Frazier 1983; Larson 1992; Zajac and Olson 1993) and that trust also evolves as the nature of risk and the interdependence of relationship changes over time (Jones and George 1994; Rempel, Holmes, and Zanna 1985; Sheppard and Sherman 1998).

The evolution of trust is reflected in the varying nature of trust across the phases of exchange relationships. For instance, Geyskens, Steenkamp, and Kumar (1999) note that, whereas the honesty component of trust is formed during the exploration phase of relationship development, the rudiments of benevolence are not established until channel relationships enter the expansion phase. Similarly, Mayer, David, and Schoorman (1995) indicated that the benevolence component of trust increases over time as the relationship between the parties develops. This line of thought implies that the multifaceted nature of trust could be differentially manifested at each phase of a relationship as the intensity and the risk of exchange relationship varies.

The purpose of this paper is to propose a research framework to explore the multifaceted nature of trust in the exchange relationship between buyer and seller from an evolutionary perspective. We hope to contribute to the literature by identifying the factors affecting the development...
of various types of trust throughout the phases of relationship development. The suggested model could provide a framework for future research on the development of trust and its role in the exchange relationship.

This paper is organized as follows: First, the current marketing literature on trust will be reviewed regarding its definitions, antecedents, and consequences. Next, based on the model of relationship evolution, we suggest the characteristics of trust across the phases of relationship. Propositions are developed with respect to the antecedents of trust for each phase of relationship.

Theory and Research Propositions

Trust and Trusting Beliefs

Trust is seen to be central to all relational exchanges (Morgan and Hunt 1994). A large stream of marketing literature emphasizes the role of trust as an important determinant of building long-term relationships (e.g. Doney and Cannon 1997). Trust can be defined as one partner/firm’s belief that another company/exchange partner will perform actions that will result in positive outcomes for the firm, and furthermore, will not take unexpected actions that would result in negative outcomes for the firm (Anderson and Narus 1990). The conceptualization of trust as a conviction is further extended to include the behavioral intention in defining trust: a willingness to rely on an exchange partner in whom one has confidence (Grayson and Ambler 1999; Moorman, Deshpande, and Zaltman 1993). In a similar line, Morgan and Hunt (1994, p. 23) indicated that willingness to act is implicit in the conceptualization of trust and, therefore, a trading partner could not be labeled as trustworthy if the partner was unwilling to take actions that otherwise would entail risk.

While current marketing literature draws on the premise that a trusting exchange partner is to take relational risks arising from the dependence on the exchange partner or interdependence between exchange parties, it overlooks the impact of differing levels of relationship involvement and varying risks inherent in the exchange relationship on the development of trust. Because risk and interdependence are necessary conditions for trust, variations in these factors, over the course of a relationship between parties, can potentially alter both the level and the form that trust takes (Rousseau et al. 1998, p. 395).

Although some researchers have treated trust as a unitary concept, most agree that trust is multidimensional with two interrelated components: trusting beliefs, comprising perceptions of the trustworthiness of the partner; and trusting behavior, a willingness to depend on or make oneself vulnerable to the partner (Mayer et al. 1995; McKnight et al. 2002; Rousseau et al. 1998).

Trusting beliefs are the trusting party’s perception that the trustee possesses characteristics that would benefit the trusting party (e.g. McKnight and Chervany 2001). They represent a “sentiment or expectation about an exchange partner’s trustworthiness” (Moorman et al. 1992, p. 315). In other words, they collectively reflect the perceptions of the trustworthiness of the object of trust (Smith and Barclay 1997). Mayer et al. (1995, p. 717) note that these factors are “not trust per se,” but they “help build the foundation for development of trust.” Morgan and Hunt (1994) argue that trusting beliefs are important as they precede and determine trusting intentions and behaviors. They have also been identified as significant mediators that influence purchase behavior and future relationship (e.g. McKnight et al. 2002).

Although a plethora of trusting beliefs has been studied in the literature and different terms have been used to refer to those beliefs, they can be conceptually grouped into three categories: ability beliefs, integrity beliefs, and benevolence beliefs (e.g. McKnight et al. 2002; Schlosser et al. 2006).

Ability beliefs reflect a firm’s confidence that its partner has the skills and competencies necessary to perform the job (Mayer et al. 1995). These beliefs concern a firm’s ability to perform its stated functions. In the literature it has been shown that various types of investments can serve as a signal firms can use to reflect their abilities and their partners use those investments to make inferences about their ability beliefs (e.g. Kirmani and Wright 1989).

Integrity beliefs reflect a firm’s perception that another firm adheres to a set of moral principles or professional standards that guide its interactions with its partners. They include the expectation that a firm acts in accordance with socially accepted standards of honesty or a set of principles that other firms expect such as not telling a lie, keeping a promise or providing valid information (Mayer et al. 1995). Usually, high quality and validity of the information that a firm provides can be used as a signal to develop integrity beliefs about that firm (Schlosser et al. 2006). These beliefs ensure the firm’s partners that it would not hide the truth or lie about its operations and practices (Mayer et al. 1995). They believe that if there was anything wrong with that firm, it would share that information with its partners and would not deceive them.

Benevolence beliefs refer to the confidence that a firm has a positive orientation toward its partners beyond an egocentric profit motive and that it will consider their well-being rather than its own benefits, and will act in their interests (Mayer et al. 1995). A benevolent firm would not be expected to act opportunistically by taking advantage of its partners (McKnight and Chervany 2001). These beliefs provide assurance against the firm’s future actions and decrease risk related to its business (McKnight et al. 2002).

These three trusting beliefs are related, yet distinct. Each belief captures some unique elements of trustworthiness. For example, a firm may believe that its exchange partner cares about its well-being (that is benevolent), but it may also believe that the same partner lacks the skills and ability. It is possible for a partner to be perceived high on some of those beliefs and low on some others. Therefore, as a set, ability, integrity and benevolence beliefs appear to
explain a major portion of trustworthiness while maintaining parsimony (Mayer et al. 1995). Following the suggestion to treat each trusting belief separately (e.g., Schlosser et al. 2006), the authors here examine the individual effects of ability, benevolence, and integrity beliefs on trust in each phase of relationship. Benevolence is distinguished from other beliefs by focusing on the motives and intentions of the exchange partner to be engaged in activities being beneficial to the trusting partner (Doney and Cannon 1997).

Whereas the definition of trust in the marketing literature mostly centers on the cognition-based confidence in the exchange partner, in the form of ability and integrity beliefs, trust is also constructed on an emotional base, in the form of benevolent beliefs that is complementary to its cognitive base (Johnson-George and Swap 1982; McAllister 1995; Swan, Bowers, and Richardson 1999). For instance, benevolence implies that the trustee has some specific attachment to the trustor and that the trustee’s altruism is manifested in the relationship despite a lack of extrinsic reward from the exchange (Mayer, Davis, and Schoorman 1995). Researchers have not addressed that the relative strength of each trusting belief may vary depending on the intensity of exchange relationship in each phase. The cognitive contents of trust may be more extensive and continuing in the formation of exchange relationships, whereas the emotional base of trust can grow over time as the relationship develops (Geyskens, Steenkamp, and Kumar 1999; Lewis and Weigert 1985; Mayer, Davis, and Schoorman 1995).

**Antecedents of Trust**

In the current marketing literature, antecedents of trust could be classified into extra-relational variables and intra-relational variables. Extra-relational variables include characteristics of a firm or a person. Such characteristics might include, a firm’s reputation, size, and organizational similarity in terms of values, reputations, job stability, strategic horizon, and goals, which have been found to enhance trust (Doney and Cannon 1997; Ganesan 1994; Morgan and Hunt 1994; Smith and Barclay 1997). Regarding personal characteristics, an individual’s expertise, perceived likeability, personal integrity, and similarity have been found to enhance trust (Crosby, Evans, and Cowles 1990; Doney and Cannon 1997; Moorman, Deshpande, and Zaltman 1993).

Inter-firm power is a key causal factor for trust development between firms (Ganesan 1994). Power influences many aspects of channel relations including conflict (Brown, Lush, and Muelhing 1983), opportunism (Provan and Skinner 1989), trust (Ganesan 1994) and relational behavior (Lusch and Brown 1996). According to transaction cost theory, a firm’s power in a dyadic relationship with its partner is based on its partner’s relationship-specific investment and specific assets whose values are limited outside of the focal relationship (Bucklin and Sengupta 1993).

Inter-firm power structure is divided into two inter-firm dependence aspects; interdependence magnitude and interdependence asymmetry. Interdependence magnitude refers to the sum total of their need for each other (Kumar, Scheer, and Steenkamp 1995). When magnitude is low, firms have limited need for each other and are less likely to invest time and effort in the interaction process.

By the way, when interdependence magnitude is high, the firms tend to work together in a more cooperative fashion and are more satisfied (Gundlach and Cadotte 1994). High levels of interdependence magnitude lay the groundwork for a more cooperative or integrated relationship (Bacharach and Lawler 1981). The greater the interdependence magnitude between exchange parties, the more the parties expect benefits from the relationship (Lusch and Brown 1996). Therefore, the parties pursue a cooperative relationship with their partners to keep their interest. They tend to engage in less conflict, and are more committed (Kumar, Scheer, and Steenkamp 1995) than partners in low magnitude relationships. Thus, interdependence magnitude fosters a cohesive relationship between parties (Emerson 1972).

Interdependence asymmetry is the degree to which the two firms need each other equally (Kumar, Scheer, and Steenkamp 1995). When a relationship is asymmetrical, one firm needs its partner less than the partner needs the firm (Gundlach and Cadotte 1994). The less powerful firm possesses insufficient power to deter its powerful partner, and thus the more powerful firm can apply its power for its interest only. Thus, the more powerful firm does not need to consider the less powerful partner, and can always use its relative power to acquire its partner’s compliance (Kumar, Scheer, and Steenkamp 1995). Thus, as relationships become more asymmetrical, they tend to be characterized by more conflict and less commitment (Kumar, Scheer, and Steenkamp 1995) and cooperation (Dwyer, Schurr, and Oh 1987).

**Consequences of Trust**

Researchers show divergence in using consequent variables of trust, as Moorman, Zaltman, and Deshpande (1992, p. 315) indicate. That trust has been treated in one of two distinct ways in the literature: first, trust has been conceptualized as a feature or an aspect of relationship quality and, second, trust has been conceptualized as a determinant of relationship quality. On the one hand, the divergence in the consequent variable of trust may be a reflection of the differences in researchers’ theoretical models. On the other hand, this divergence should be expected from the static model being tested with cross-sectional data in spite of the iterative process among the variables of relationship quality such as cooperation and conflict, satisfaction, commitment, and trust (Anderson and Narus 1990).

As a consequence of trust, satisfaction with the exchange relationship or with the salesperson is positively related with trust (Anderson and Narus 1990; Ramsey and Sohi 1997; Smith and Barclay 1997); and cooperation between exchange parties is positively influenced by trust whereas malfunctional conflict is negatively influenced (Jap 1999; Joshi and Stump 1999; Kim 2000; Morgan and Hunt 1994).

Additionally, some researchers suggest that trust is ra-
other influenced by satisfaction (Ganesan 1994; Garbarino and Johnson 1999; Selnes 1998) as well as cooperation and conflict (Anderson and Narus 1990; Geyskens, Steenkamp, and Kumar 1999). Literature shows an agreement on using the variable of commitment as a consequence of trust, indicating that trust fosters commitment to the exchange relationship and, in turn, enhances anticipation of future interaction with the other party (Crosby, Evans, and Cowles 1990; Doney and Cannon 1997; Garbarino and Johnson 1999; Geyskens, Steenkamp, and Kumar 1999; Morgan and Hunt 1994; Ramsey and Sohi 1997).

We suggest a conceptualization of trust in the exchange relationship to incorporate the multifaceted nature of trust and its development across the specific phases of exchange relationship from an evolutionary perspective of trust (Jones and George 1998; Rempel, Holmes, and Zanna 1985; Sheppard and Sherman 1998). This conceptualization of trust is fostered by the divergent findings on the antecedents and consequences of trust in the literature reviewed, since the divergent findings may stem from the differences in the nature of trust depending on the different nature of exchange relationship being investigated by researchers.

In the next section, we discuss the evolution of trust as an exchange relationship develops. We then discuss the different characteristics of trust across specific phases of relationship. Because the different characteristics of trust implies that the relationships between trust and other variables influencing relationship quality could vary across the phases of relationship, propositions are suggested regarding the antecedents of trust at each phase of relationship and implications are discussed regarding commitment as a consequence of trust.

**Evolution of Trust**

Exchange theory in a sequential perspective suggests that the dyadic relationship, beginning with one’s unilateral awareness of the other party, develops along the continuum of increasing involvement between surface contact with a minimal interaction and mutuality with a behavioral interdependence or affective involvement (Levinger and Huesmann 1980). When the current interaction is satisfying, it often leads to reciprocation that results in more intensive interaction; however, one partner’s failure to reciprocate may lead the other to become less interdependent, or to break off the relationship entirely.

From an interactive point of view, the time frame of a relationship affects the nature of the exchange relationship such that the history of prior relations affects the development of trust and the acquisition of relation-specific expertise and thus enhances the chances of cooperation and strengthens attachment between the organizations (Heide and Miner 1992; Levinthal and Fichman 1988). In this sense, dyadic trust is treated to develop over time through a circular, mutually-reinforcing process (Butler 1983, 1991; Larzelere and Huston 1980; Gulati 1985). The process begins with one’s expectations that the exchange partner is trustworthy, which leads to one’s trusting behavior and is responded by the similar trusting behavior of the exchange partner. In turn, this reciprocal trusting behavior reinforces one’s initial trusting expectations and the interpersonal trust continues to build.

From an evolution perspective, trust evolves from the interactions, which highlight people’s values, attitudes, moods and emotions: values provide standards of trust that people strive to achieve in their relationships with others, attitudes provide knowledge of another person’s trustworthiness, and current moods and emotions are signals or indicators of the presence and quality of trust in a relationship (Jones and George 1998). According to this perspective, people approach interactions based on their own values with the expectation of the other party’s trustworthiness.

Lambe et al. (2000) suggest that, in the context of transaction exchange in which the relationship has less time to develop and has a shorter life than long-term relational exchange, expectation of trustworthiness of the other party may be based on prior relationship interactions, a reputation for fair dealing, and pledges. This is in line with Zucker’s (1986) delineation of characteristic-based and institution-based trust from process-based trust in a sense that the formers are not tied to the outcomes of prior exchange while the latter is based on the record of prior exchange.

Trust evolves out of past experience and prior interaction when they predict the other party’s behavior. According to the evolution perspective, the expectation of future trust is determined by the content of the behavioral exchanges between the parties through the evolving attitude toward the other party (Jones and George 1998). The development of trust is affected by dependability if the behavior is attributed to the other party’s disposition (Doney, Cannon, and Mullen 1998; Rempel, Holmes, and Zanna 1985). Thus, for the existing exchange relationship, trust emerges when the trustor gains confidence in his or her ability to predict the target’s future behavior with accuracy, and the trust is placed in the other party, not its specific actions.

In relationships, the future is filled with novel situations and circumstances and, thus, past or present experience is not necessarily an accurate barometer, so trust is based on beliefs which enable exchange parties to go beyond the available evidence and to feel, with assurance, that their partner will be responsive and caring despite the vicissitudes of the future (Rempel, Holmes, and Zanna 1985). The evolution perspective suggests that successful behavioral exchanges are accompanied by positive emotions. This provides a powerful signal to exchange parties that they have succeeded in building trust and allows them to feel secure that they will not be harmed or put at risk by the actions of the other party (Jones and George 1998).

The emotional base of trust is complementary to its cognitive base and creates a social situation in which exchange parties make emotional investments in the trust relationship, express genuine care and concern for the welfare of the other party, and believe in the intrinsic value of the relationship (Lewis and Weigert 1985; McAllister 1995).
Researchers suggest that benevolence emerges when exchange parties perceive the other partner to be genuinely interested in the trustors’ welfare with some specific attachment to the trustor (Doney, Cannon, and Mullen 1998; Mayer, Davis, and Schoorman 1995; Rempel, Holmes, and Zanna 1985). The perception of benevolence develops from an attribution process to interpret the partner’s motives and intentions (Doney, Cannon, and Mullen 1998; Mayer, Davis, and Schoorman 1995; Rempel, Holmes, and Zanna 1985).

**Characteristics of Trust and Trusting Beliefs across Phases of Relationship**

Researchers suggest varying models of the evolution of exchange relationship with different labels of specific phases: awareness, exploration, expansion, commitment, and dissolution (Dwyer, Schurr, and Oh 1987); initiation, implementation, and review processes (Frazier 1983); initializing, processing, and reconfiguring stages (Zajac and Olsen 1993); and preconditions for exchange, conditions to build, and integration and control (Larson 1992). A common ground of these models is that these phases are classified by a sequential order as the relationship intensifies and that the motive for and quality of relationship vary across the phases. The following discussion is based on three phases: initiation, expansion, and maturity. We exclude decline stage, since it is expected that there is a low level of exchange parties perceive the other partner to be genuinely interested in the trustors’ welfare with some specific attachment to the trustor (Doney, Cannon, and Mullen 1998; Mayer, Davis, and Schoorman 1995; Rempel, Holmes, and Zanna 1985).

**Initiation Phase** Initiation begins when a firm has a need and motive to form an exchange to replace a current exchange partner, to add an additional exchange partner, or to start a new business (Frazier 1983). At this point, the relationship is exploratory and fragile because minimal investment and interdependence make for simple termination (Dwyer, Schurr, and Oh 1987). A firm begins its investment in interorganizational exchange and engages in the process of projecting exchange into the future (Zahac and Olsen 1993).

In the initiation phase, given the lack of previous experience with a partner, that partner’s ability to perform its stated functions become a concern as the performance of those functions is the main reason for building that relationship initially (Mayer et al. 1999). Furthermore, exchange parties rely on cognitive cues to form expectations for rewards and costs associated with investment in the projected exchange. Thus, in the initiation phase, trust concerns an expectation that the other partner has the required skills and competencies that enable it to accomplish its role successfully (McKnight et al. 2002; Rotter 1971; Zaheer, McEvily, and Perrone 1998).

The firm’s perceived size and reputation are used by others, especially in the absence of past experience, as signals for having enough resources required for its overall ability to perform satisfactorily (Doney and Cannon 1997; Ganesan 1994).

Idiosyncratic investment of the exchange partner could foster ability beliefs because the unilateral idiosyncratic investment could be a signal that the partner is trying to improve its skill and competence set and a committed long-term relationship is desired (Anderson and Weitz 1992; Doney and Cannon 1997; Jap and Ganesan 2000).

In the absence of relationship experience between exchange partners, trust is formed mostly on pre-determined factors such as a general tendency to trust the other, social structures to secure the trustworthiness of the other party.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>Nature of trust for each phase of relationship</th>
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<tr>
<td><strong>Nature of Relationship</strong></td>
<td><strong>Expansion Phase</strong></td>
</tr>
<tr>
<td>Exploratory without prior results</td>
<td>Increases in exchange investment and interdependence</td>
</tr>
<tr>
<td>Ambiguity of exchange monitoring</td>
<td>between exchange parties</td>
</tr>
<tr>
<td>Risk of unreliability, indiscipline, and poor coordination</td>
<td>Risk stemming from Behavioral cheating, and abuse</td>
</tr>
<tr>
<td>Trusting Beliefs</td>
<td>Integrity beliefs</td>
</tr>
<tr>
<td>Ability beliefs</td>
<td>Integrity belief in the exchange partner’s reliability</td>
</tr>
<tr>
<td>Expectation for the having skills and competence</td>
<td>Trust formed by cognitive judgment of exchange outcomes</td>
</tr>
<tr>
<td>Trust formed by cognitive cues from of pre-determined factors</td>
<td>Trust on the ability</td>
</tr>
<tr>
<td>Overall trust</td>
<td>Trust on the motivation</td>
</tr>
</tbody>
</table>
and cognitive cues (McKnight, Cummings, and Chervany 1998). Larson (1992, p. 87) found that, in the preconditions-for-exchange phase, historical conditions set a context of expectations and obligations with moral overtones that framed the actions that would follow. Thus, in the initiation phase, trust is likely to be influenced by extra-relational variables: dispositional trust stemming from generalized expectancy (Lotter 1971); institutional or global trust stemming from social norms (Lewis and Weigert 1985); personal characteristics (Crosby, Evans, and Cowles 1990; Doney and Cannon 1997; Moorman, Deshpande, and Zaltman 1993); and organizational similarity (Smith and Barclay 1997).

Thus, we propose:

Proposition 1: In the initiation phase, trust in an exchange partner is primarily determined by ability beliefs.

Proposition 2: In the initiation phase, the ability beliefs about a partner are enhanced by (a) that partner’s size and reputation, and (b) idiosyncratic investments made by that partner.

Proposition 3: In the initiation phase, trust is influenced by disposition to trust.

Expansion Phase Expansion phase begins with increases in exchanges of products, services, and associated information between exchange parties and continual increases in the benefits and interdependence between the parties. As the outcomes of exchange parties are contingent upon the actions of each other and their behaviors are interdependent, the exchange relationship includes the risk of unreliable behavior, the risk of indiscretion in sharing information, and the risk of poor coordination (Sheppard and Sherman 1998). Exchange parties, therefore, need to have integrity belief that their partners adhere to moral principles and standards and can be relied upon to stand by their word to fulfill promises and obligations. Furthermore, they believe that their partner will be truthful, provide valid information, in order to maintain a sincere and honest exchange relationship (Mayer et al. 1995).

If trust is to build over time, both exchange parties must regard each other as a trustworthy party. Those attitudes are based on past experiences of the exchange relationship, first-hand knowledge about the other party, and interaction outcomes from the prior exchanges (Jones and George 1998). The evolution of relationship suggests that the expansion of the relationship is a consequence of each party’s satisfaction with the other’s role performance, since the dependence between exchange parties is enhanced when the other’s role performance is above prior expectation and is lessened when it is below prior expectation (Dwyer, Schurr, and Oh 1987; Frazer 1983).

The satisfaction with the exchange partner’s performance is likely to reinforce one’s integrity belief that the exchange partner is honest and its word can be relied on, when the behavioral evidence of reliable performance serves to be diagnostic to the dependability of the exchange partner (McAllister 1995). Thus, in the expansion phase, trust in a partner is influenced by integrity belief about that partner and is developed from the satisfaction with exchange performances.

In the context of exchange relationship, literature indicates that trust could be influenced by the perception of distributive justice, which refers to the perception of fairness of earnings and other incomes that exchange parties receive from the relational exchange (Kumar, Scheer, and Steenkamp 1995a). Perceived injustice in the received outcomes could result in unfavorable affective reactions and conflict within channel relationship, whereas perceived justice could enhance mutual dependence on the exchange relationship (Frazer 1983; Gassenheimer, Houston, and Davis 1998). The distributive justice viewpoint suggests that perceptions of justice are a consequence of each party’s honesty and its intent for engaging in the exchange relationship in an equitable manner and bringing fair contribution to the relationship (Ring and Van de Ven 1992). Thus, perceptions of distributive justice are likely to result in integrity belief that the exchange partner can be relied upon to fulfill its obligation in a professional and socially acceptable manner.

At its core, trust in the expansion phase is a firm’s confidence that their exchange partner follows a professional code of conduct in a socially accepted way, and trust is enhanced when firms have a belief that the satisfactory performance is not a sporadic, but a recurring and reliable. Belief in the stability of recurrent performances stems from attributions about the satisfactory evidence of performance to be diagnostic to the dispositional qualities of the exchange partner such that it is honest and reliable, and concerned with providing valid information (Rempel, Holmes, and Zanna 1985).

Dispositional attribution includes behavioral classification process, wherein an exchange partner selects some diagnostic indicators of relational exchange and places them along a continuum of dependability and reliability, and dispositional inference process, wherein the exchange partner locates the other party’s position along the dispositional continuum of dependability and reliability (Reeder and Brewer 1979). Thus, our next propositions are:

Proposition 4: In the expansion phase, trust in an exchange partner is primarily determined by integrity beliefs.

Proposition 5: In the expansion phase, integrity beliefs are enhanced by satisfaction with the partner’s performance.
Proposition 6: The relationship between integrity beliefs and performance satisfaction is moderated by attribution to dispositional qualities of the partner.

Proposition 7: In the expansion phase, integrity beliefs are influenced by perceived distributive justice.

**Maturity Phase** When the relationship between exchange parties matures, exchange parties believe in the intrinsic value of the relationship and make emotional investments in the relationship (Lewis and Weigert 1985; McAllister 1995). The emotional investment is an indicator of affective attachment to the values of relationship, to one’s role in relation to the values, and to the exchange partner, which goes beyond temporal continuance or commitment inputs and encompasses participation and co-production for the sake of the exchange partner’s well-being (Gruen, Summers, and Acito 2000; Gundlach, Achrol and Mentzer 1995). The behavioral invisibility may entail risks associate with cheating, negligence, and abuse (Sheppard and Sherman 1998).

As relationship involvement moves to the level of mutuality, a necessary condition for maintaining the relationship is the success that exchange parties have had in creating positive values in the previous stages (Wilson 1995). At this phase, firms’ benevolence beliefs become critical for firms and their trust partners because these beliefs reflect the extent to which firms are genuinely interested in the exchange partner’s welfare and want something good for each other, aside from egocentric profit motive (Doney and Cannon 1997; Kumar, Scheer, and Steenkamp 1995; Larzelere and Huston 1980).

Benevolence beliefs imply that firms are attached to the exchange partner and that they have altruism in spite of a lack of extrinsic reward from the exchange, and its importance increases over time as the relationship between the parties develops (Mayer, Davis, and Schoorman 1995). In this sense, benevolent beliefs feed into a form of affect-based trust arising from emotional attachment and investment in the relationship, genuine care and concern for the welfare of exchange partners, and belief in the intrinsic value of such relationships (McAllister 1995).

Emotional attachment to the exchange partner required for trust to develop in the maturity phase is fostered by satisfaction with the exchange partner’s relationship behavior other than economic performance. Satisfaction encompasses the noneconomic and psychological aspects of the relationship to make exchange parties appreciate the contacts with the other party and enjoy working together because the interactions with each other are fulfilling, gratifying, and easy (Geyskens, Steenkamp, and Kumar 1999). Firms are emotionally attached to the exchange partner when they are confident that they care for each other’s welfare and that they have genuine interest in the exchange relationship. In this sense, benevolent beliefs could be influenced by satisfactory relationship behaviors of the exchange partner that show genuine interest in the maturity phase.

Affective trust relies more on beliefs about the partner’s motivations and less on direct coding at the behavioral level so that behavior is coded in terms of messages carried about the other’s willingness to sacrifice self-interest (Rempel, Holmes and Zanna 1985). That is, as an indicator

### TABLE 2

<table>
<thead>
<tr>
<th>Source</th>
<th>Antecedents</th>
<th>Definition</th>
<th>Consequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson and Narus (1990)</td>
<td>Cooperation, Communication</td>
<td>Belief in actions resulting in positive outcomes</td>
<td>Satisfaction, Conflict (-)</td>
</tr>
<tr>
<td>Crosby, Evans, and Cowles (1990)</td>
<td>Salesperson similarity, Salesperson expertise, Relational selling behavior</td>
<td>Belief in reliability (h) Relationship quality</td>
<td>Anticipated future interaction</td>
</tr>
<tr>
<td>Doney and Cannon (1997)</td>
<td>Supplier size, Specific investment, Expertise, Likeability, Similarity, Frequency of contact</td>
<td>Trust of supplier: Credibility, Benevolence Trust of salesperson: Credibility, Benevolence</td>
<td>Anticipated future interaction</td>
</tr>
<tr>
<td>Dorsch, Swanson, and Kelley (1998)</td>
<td></td>
<td>Integrity, Reliability, Confidence</td>
<td>Vendor status (ranking)</td>
</tr>
<tr>
<td>Ganesan Orientation (1994)</td>
<td>Reputation, Specific investment, Outcome satisfaction</td>
<td>Credibility, Benevolence</td>
<td>Long-term</td>
</tr>
<tr>
<td>Garbarino, and Johnson (1999)</td>
<td>Satisfaction with service attributes</td>
<td>Confidence in quality, Reliability of services</td>
<td>Commitment, Future intentions</td>
</tr>
<tr>
<td>Geyskens, Steenkamp, and Kumar (1999)</td>
<td>Conflict (-), Noneconomic, satisfaction</td>
<td>Honesty, Benevolence</td>
<td>Commitment</td>
</tr>
<tr>
<td>Grayson and Ambler (1999)</td>
<td>Willingness to rely on</td>
<td>Involvement of partner, exchange partner</td>
<td>Interaction quality, Commitment</td>
</tr>
</tbody>
</table>
of affective trust, benevolent beliefs about a partner may develop from a process that centers on particular interpretations of a partner’s motives and intentions of the relationship behavior. For instance, given a certain level of cooperation, business contact, and communication between exchange parties, the development of affective trust may depend on the exchange partner’s motivation for relationship behaviors.

Attribution theory suggests that some activities reflect intrinsic motivation, for the inherent satisfaction they yield; others reflect extrinsic motivation, for the external goals to which they lead (Kelley and Michela 1980). Attribution to extrinsic motivation serves to undermine the value of relationship, while attribution to intrinsic motivation enforces the value of relationship (Rempel, Holmes, and Zanna 1985). Thus, given the benevolence beliefs about the exchange partner, attribution of the behavior to extrinsic motivation is likely to undermine its genuine interest in the relationship and, in turn, weaken the perception of benevolence. However, when the satisfactory relationship behavior is attributed to intrinsic motivation of the partner, believing that it cares about the well-being of its partners more than maximizing its own benefits, then benevolence beliefs about that partner is strengthened.

Literature indicates that while the distributive justice is more important than the procedural justice in influencing people’s satisfaction with the result of the decision, procedural justice is more important than distributive justice in determining their evaluations of the parties or the institution that enacted the decision (Brockner and Siegel 1996). From a relational perspective, a group-value model of procedural justice suggests that procedures are evaluated in terms of their implications for group values and for what they seem to say about how one is viewed by the group using the procedures (Lind and Tyler 1988, 1992).

The group-value model implies that one partner is primarily concerned about is long-term social relationship to the partners that employ the procedures and examine their encounters with the partners for evidence of trustworthiness. As was discussed previously, benevolent beliefs arise from the genuine care and concern for the welfare of exchange partners. Procedural fairness can demonstrate respect for the rights and dignity of the other party and enhance positive reciprocation and attitudes toward the exchange partner. This results in the stabilizing of relationships accompanied by organizational good behavior (Konovsky 2000). Kumar, Scheer, and Steenkamp (1995a) showed that relationship quality, including benevolence, was more strongly influenced by procedural fairness, which refers to the perception of fairness of the exchange partner’s procedures and processes in relational exchange, than by distributive justice. This study supports the argument that the perception of procedural justice between exchange parties is a source of benevolent beliefs which would determine trust in the exchange partner. Thus, our final propositions are:

**Proposition 8:** In the maturity phase, trust in an exchange partner is primarily determined by benevolent beliefs.

**TABLE 3**

Summary of Literature Review (2)

<table>
<thead>
<tr>
<th>Source</th>
<th>Antecedents</th>
<th>Definition</th>
<th>Consequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joshi and Stump (1999)</td>
<td>Motives/intentions</td>
<td>Joint action</td>
<td></td>
</tr>
<tr>
<td>Kim (2000)</td>
<td>Reliability</td>
<td>Coercive influence (-)</td>
<td></td>
</tr>
<tr>
<td>Kumar, Scheer, and Steenkamp (1995a)</td>
<td>Distributive fairness,</td>
<td>Honesty, Benevolence (h)</td>
<td>Relationship quality</td>
</tr>
<tr>
<td></td>
<td>Procedural fairness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kumar, Scheer, and Steenkamp (1995b)</td>
<td>Total interdependence,</td>
<td>Honesty,</td>
<td>Involvement of partner,</td>
</tr>
<tr>
<td></td>
<td>Interdependence asymmetry (-)</td>
<td></td>
<td>Interaction quality, Commitment</td>
</tr>
<tr>
<td>Moorman, Zaltman, and Deshpande (1992)</td>
<td>Willingness to rely on</td>
<td></td>
<td>Satisfaction, Anticipated future interaction</td>
</tr>
<tr>
<td>Morgan and Hunt (1994)</td>
<td>exchange partner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ramsey and Sohi (1997)</td>
<td>Belief in reliability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smith and behavior, Barclay (1997)</td>
<td>Trusting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(h): Trust was used as a first-order construct of the higher-order construct, relationship quality.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

of affective trust, benevolent beliefs about a partner may develop from a process that centers on particular interpretations of a partner’s motives and intentions of the relationship behavior. For instance, given a certain level of cooperation, business contact, and communication between exchange parties, the development of affective trust may depend on the exchange partner’s motivation for relationship behaviors.

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**Proposition 8:** In the maturity phase, trust in an exchange partner is primarily determined by benevolent beliefs.
Proposition 9: In the maturity phase, benevolent beliefs are enhanced by relationship satisfaction with the partner.

Proposition 10: The relationship between benevolence beliefs and relationship satisfaction is moderated by attribution to intrinsic/extrinsic motivation of the partner.

Proposition 11: In the maturity phase, benevolence beliefs are influenced by perceived procedural justice.

This study is based on the multifaceted evolution of trust in the course of interacting with exchange partners and suggests that the nature of trust develops as the exchange relationship evolves due to various relational factors across each phase of relationship. TABLE 1 summarizes the characteristics of trust across phases of the exchange relationship. It suggests that the trust expectation is prevalent in the initiation phase, in which exchange parties lack prior experience of exchange, and yet enables them to face the risk of opportunistic behavior of the other party; the reliability component is established in the expansion phase, in which exchange parties have firsthand knowledge of the exchange partner based on...
past experiences of partner’s performance, and enables them to face the risk of unreliability, indiscretion, and poor coordination; and the benevolence component is developed in the maturity phase, in which exchange parties are deeply interdependent, and enables them to face the risk of cheating, negligence, and abuse due to behavioral invisibility or lack of monitoring. The suggested model of the development of trust includes varying antecedents and consequences across the specific phases of relationship.

The evolution perspective of trust is in line with symbolic interactionism proposing that people act in social situations based on the meanings that they have learned to associate with them. These meanings are acquired by interactions with other people so that a definition of the social situation is created over time. To the extent that they use or develop similar interpretive schemes to define the social situation, the exchange parties will tend to agree on their perceptions of the level of trust present in the social situation allowing an adjustment to each other to take place, and this adjustment is an outcome of the interaction among values, attitudes, and emotions of the exchange parties (Blumer 1962; Mead 1934; Jones and George 1998).

The evolutionary nature of trust along the development of relationship has been noticed by researchers (Anderson and Narus 1990; Geyskens, Steenkamp, and Kumar 1999; Smith and Barclay 1997), without a further investigation of the characteristics of trust across phases of relationship. The suggested model could provide a framework for future research on the development of trust and its role in the exchange relationship. Although this model depicts the characteristics of trust at each phase of relationship, it should be noted that the development of trust is an iterative process so that the trust built in the initiation phase serves a platform for the trust to be established in the expansion phase, and the trust experience in these two phases serves a basis of the development of trust in the maturity phase. This implies that trust established in the earlier phase of relationships could be an antecedent to the relational behaviors in the later phase.

The distinction between cognitive components of trust and its affective component is in line with Johnson-George and Swap’s (1982) definition of emotional trust distinct from reliability and McAllister’s (1995) distinction of trust between affect-based and cognitive-based. The delineation of an affective component of trust is correspondent with the multi-components of commitment, as past studies indicate that commitment encompasses continuance, cognitive, and affective dimensions (Gruen, Summers and Actio 2000; Gundlach, Achrol and Menzer 1995). As each component of commitment is likely to be developed through different processes of relational exchange, the suggested model provides a framework for future research on the varying antecedents of the components of commitment.

**Limitations and Future Research**

Although this study does not address the dissolution of trust due to the current focus on the development of trust, the dissolution process is worth investigating further. Unlike the development of trust in a sequential order, the dissolution may progress at any phase of relationship with different processes depending on the nature of trust and the intensity of relationship at the time of dissolution to progress. For instance, in early phases of relationship where trust and commitment are not developed, dissolution of trust is disguised by suspicion that increases the belief in the other party’s communication and behavior to be deceptive (Levine and McCormack 1991).

In the later phase of relationship where trust and commitment are established, dissolution of trust is accompanied by distrust being fostered by asymmetric commitment to the relationship (Grayson and Ambler 1999; Ross, Anderson and Weitz 1997). Clearly, there is a need for further investigation of the dissolution of trust to understand the termination of relationship, which is another area to be pursued.

**REFERENCES**


