Contents

List of figures		viii
	List of tables	
Pi	reface	х
List of abbreviations		xii
1	Aims and foundations	1
	1.1 Aims	1
	The importance of trust	1
	Trust, uncertainty and calculation	5
	Objects of trust	8
	Foundations of trust	11
	1.2 Theoretical foundations	17
	Transaction cost economics, time and learning	18
	Bounded rationality	20
	Enabling constraints	22
	Knowledge and cognitive distance	23
	Causality	29
	Institutions, organizations and culture	30
2	Forms	36
	2.1 Definition	36
	Disposition and behaviour	36
	Trust, risk and probability	38
	Trust and calculation	41
	Self interest and altruism	47
	2.2 Objects and aspects	49
	Causes of failure and failure of causes	49
	Institutions, organizations and people	54
3	Foundations	62
	3.1 The basis of trustworthiness and trust	62
	Sources of trustworthiness	63
	Extension	66
	Reciprocity	72

vi Contents

		Organizations	75
		Psychological sources of trust	77
	3.2	The process of trust	84
		Modes of trust production	85
		Stages of development	89
		Breach and deepening of trust	92
		Information and communication	95
		Organizational processes	100
4		nctions	102
	4.1	Governance	103
		Transaction costs, ICT and trust	103
		Relational risk	108
		Governance	111
		Roles of the go-between	117
		Complements and substitutes	122
	4.2	Institutional conditions	126
		Institutional structure and variety	126
		Generic systems of innovation	129
		Regional systems of innovation	134
		Communities	137
5	Failu		139
	5.1	Errors of trust	139
		Pathologies and errors	139
		Organizations	144
	5.2	Innovation systems	146
		Social capital and liability	146
		Innovation systems: a third way?	149
5		ures	156
	6.1	Empirical tests	156
		A study in the photocopier industry	157
		A study in the electrical/electronic components industry	159
		A study in the car industry	163
	6.2	Simulating trust	173
		Simulating complexity of interaction	173
		Adaptive trust	179
		pendix 6.1 Measurements in the study of the electrical/ lectronic components industry	182
	App	pendix 6.2 Measurements in the study of the car industry	101

	Contents	Vii
7 C	and conclusions	188
/ Su	mmary and conclusions Trust, probability and calculation	188
		191
	2 Forms of trust	194
7.3	3 Foundations	200
7.4	Functions	207
	5 Failures	209
7.6	Figures and further research	209
- 0		211
References		223
Index		

Figures

4.1	Transaction costs	104
6.1	Determinants of size and probability of loss	
6.2	Causal loops in long-term supply relationships in the US	162
	car industry	171

Tables

1.1	Questions	16
2.1	Elements of behavioural trust	50
3.1	Sources of cooperation	64
3.2	Sources of reliance	65
3.3	Intermediate sources of cooperation	74
3.4	Modes of intentional trust production	86
3.5	Modes of competence trust production	86
3.6	Attribution of trustworthiness	89
4.1	Instruments for control of relational risk	114
4.2	Institutions for control of relational risk	127
4.3	Two generic systems of innovation	131
5.1	Two generic systems of innovation	150
5.2	Third way	153
6.1	Tests of effects on dependence perceived by suppliers,	
0.1	photocopier industry	158
6.2	Results from the study of the electrical/electronic	
0.2	components industry	163
6.2		166
6.3 6.4	Mean values of variables for the car industry	167
	Hypotheses and results for the car industry	168
6.5		189
7.1	Questions Elements of behavioural trust	193
7.2	Instruments for control of relational risk	204
7.3	Instruments for control of relational risk	