Step 5. Assess the Levels of Trust and Develop Strategies to Increase or Preserve It

“It takes years to build up trust, and only seconds to destroy it.”
—Author unknown

“A verbal contract isn't worth the paper it's written on.”
—Samuel Goldwyn

In this chapter, you will learn...

◆ That, according to one prominent theory, there are three levels of trust: calculus-based trust, knowledge-based trust, and identification-based trust.
◆ That some forms of trust are harder to establish than others.
◆ That some forms of trust are more useful than others.
◆ That lack of trust is not the same thing as active distrust.
◆ That high levels of trust carry distinct advantages for disputants.
◆ That high levels of trust are not always attainable.
◆ That a “business relationship” can protect disputants when trust is low or distrust is high.

Aretha and Rae have been best buddies since middle school. Now they are sophomores together at a large state college. They used to do everything together—they studied together, ate together, and relied on one another to keep each other’s most intimate thoughts and secrets.

Last semester, Aretha confided in Rae that she has become interested in Josh, a junior in their geology class. Aretha hasn’t had the guts to reveal her feelings to Josh yet. At the Christmas dance, Aretha noticed Rae, who had had rather a lot to drink, spending a considerable amount of time with Josh. Since then,
The behaviors essential to maintaining a constructive and cooperative relationship involve an element of risk. To risk the open communication and altruistic behavior that makes cooperative sharing of tasks possible, each disputant must believe that the other will not exploit the situation. The attitude that allows this risk-taking behavior is known as trust.

**Trust**, for purposes of this discussion, is defined as

a state of mind in which a person believes that another person intends to be helpful and, accordingly, it is appropriate to take risks in the relationship.

Even a single threat to mutual trust can turn a cooperative relationship into an escalating competition. One unreturned phone call, careless remark, failure to share information, or erroneous factual representation can have the effect of betrayal. Once trust has been damaged, a suspicious disputant begins to question the motives of the other, leading to inefficiencies in information gathering, obstacles to free information sharing, and erosion of friendly feelings. The competition cycle, with its “pathogenic perceptual distortions,” is set in motion.

When trust is threatened, the mistrustful person suspects that the other may harm or exploit him or her, and risky behaviors, such as information and effort sharing, are abandoned as dangerous. Moreover, a mistrustful person in a conflict is likely to see his or her own well-being as dependent on self-defense. Mistrust is therefore associated with aggressive behavior and the escalation of destructive conflict.

### LEVELS OF TRUST

Organizational and management psychologists Debra Shapiro, Blair Sheppard, and Lisa Cheraskin (1992) propose that there is great utility in identifying several kinds, or levels, of trust. Some are easier to attain than others, and some serve broader interests than others. The levels of trust are:

- **Calculus-based trust**
- **Knowledge-based trust**
- **Identification-based trust**

---

Josh, who had been friendly, seems more distant from Aretha. She has begun to suspect that Rae is hitting on Josh. Aretha confronted Rae, who angrily denied it. But doubt has begun to poison Aretha’s feelings about Rae. Anytime she and Rae are apart, she imagines her friend and Josh together. Rae has started to pull away.

Is it because she, Aretha, has changed her behavior or because Rae is seeing Josh? Aretha can’t tell. She only knows that she feels that she no longer knows or trusts her good friend. The sense of betrayal in her heart follows her wherever she goes, and she can say without reservation that her life has changed for the worst.
Step 5. Assess the Levels of Trust and Develop Strategies to Increase or Preserve It

**CALCULUS-BASED TRUST**

The first, and most basic level of trust is called *calculus-based trust* (Lewicki & Bunker 1995). Calculus-based trust is trust based on knowledge of the consequences of compliance or noncompliance. Shapiro, Sheppard, and Cheraskin (1992, 366–67) give the following vivid example of calculus-based trust. During the Cold War, leaders of both the United States and the Soviet Union negotiated the so-called Mutually Assured Destruction policy to institute calculus-based trust between the two hostile nations. Upon its implementation, members of each country could be assured that any nuclear-missile-based aggression by one country could mean their complete destruction—the missile treaties that had been negotiated by the two nations disallowed any effective missile defense. Since no one wants to be destroyed, members of each nation could count on the other nation to refrain from any intentional efforts to launch nuclear missiles at the other. Thus, the Mutually Assured Destruction policy depended on calculus-based trust to operate effectively.

In legal disputes, provisions founded on calculus-based trust are common in settlement agreements and court judgments. For example, agreements calling for payments often include clauses requiring the payment of interest and penalties if payments are late. Disputants are made aware of the fact that refusal to comply with settlement provisions can mean being hauled into court, made to produce information about assets, and even forced to sell property. These threats of inconvenience and penalty are usually enough to promote compliance and to create minimal levels of peace of mind in those insisting on their inclusion.

The incentives that can produce calculus-based trust are as varied as the individuals involved, and they do not always involve money. An attorney explains that she had this point brought home to her when she was a neophyte attorney and volunteer for Legal Aid. In her very first trial, she was asked to represent a penniless client who had spent her last bit of money to purchase a mobile home so defective that it was uninhabitable. The lawyer worked hard on the case and

---

**Calculus-Based Trust**

- Trust based on knowledge that the other person won’t want to incur the consequences of betrayal
- Narrow applicability to the action for which consequences are in place
- Easiest type of trust to establish

---

1 Shapiro, Sheppard, and Cheraskin (1992), who developed the stage theory of trust, called this stage “deterrence-based trust” and defined it as trust based on consequences of noncompliance. Lewicki and Bunker (1995, 133–74), in their extension of Shapiro’s model, generalized deterrence-based trust to the broader calculus-based trust, which added the positive consequences of compliance to the negative consequences of noncompliance.
Chapter 10

won easily in small claims court against the mobile home seller, but the defendant had no particular motivation to pay: he seemed to have no scruples whatsoever—that is, not until, in desperation, the lawyer filed for supplementary proceedings (which are court proceedings in which the defendant is required to answer questions under oath, in court, about his or her assets). The night before the supplementary proceedings were scheduled, the owner of the dealership delivered a cashier’s check for the amount of the judgment to the lawyer, personally, at her home. The defendant had meetings scheduled throughout the following day and could not afford to take the morning off to spend it in court. This gentleman was unconcerned about his reputation for delivering defective goods and probably would not have minded lying under oath about his assets (since he had evidently twisted the facts freely at trial), but he had a busy life and considered its interruption to be a significant deterrent.

Calculus-based trust is the easiest type of trust to create. All you need is an enforceable contract and some basic knowledge of the kinds of deterrents and incentives that are likely to be effective. Generally, establishing calculus-based trust requires only a minimal acquaintance with the other disputants, enough acquaintance to verify the impact of any incentives and penalties built into the arrangements. Shapiro and colleagues (1992) also comment that more broad-based trustworthy behavior can be the result of calculus-based trust. The termination of a profitable relationship can act as the deterrent that creates calculus-based trust. Thus, if disputants develop a longer-term or multifaceted relationship, the overall disadvantages of doing something to destroy the relationship can create incentives to behave in a broader, more trustworthy manner. Further, individuals operating in a public arena, such as businesses that transact with many other entities, risk loss of reputation if they breach trust. Thus, the loss of reputation can also act as the source of calculus-based trust.

On the other hand, calculus-based trust does relatively little to build a relationship beyond preventing the open outbreak of conflict. Indeed, packing a contract with a lot of penalty clauses may have the opposite effect: it is likely to encourage hostility between the disputants and therefore may promote the competition cycle. Moreover, calculus-based trust often has only narrow applicability. It will promote rewarded conduct and prevent the other disputant from engaging in the behavior to be penalized, but it will not prevent the other disputant from exploiting or harming in other areas (unless the parties are engaged in a continuing course of dealing with intrinsic advantages for both). For this reason, calculus-based trust is not the best choice if other levels of trust are attainable and appropriate.

Knowledge-Based Trust

The second level of trust is known as knowledge-based trust. Knowledge-based trust is based on one disputant’s knowledge and understanding of the other disputant. For example, if a woman needs to leave her children with their regular baby-sitter while she attends a business meeting, she can trust that the baby-sitter will keep them safe because of her longstanding history of having done so in the
Step 5. Assess the Levels of Trust and Develop Strategies to Increase or Preserve It

Knowledge-Based Trust

- Trust based on knowledge of the other person’s habits, traits, attitudes, principles, and values
- Applicability to all actions about which relevant characteristics of the person are known
- Establishment dependent on knowing the other person well enough to acquire the relevant knowledge

Disputants caught up in a competition cycle are prone to believe that the other disputant's actions constitute betrayal, as discussed in Chapter 9.

Past. The mother may also have knowledge of the babysitter’s background, skills, education, and apparent values, as displayed in numerous social contexts in which the mother has observed her in the past.

Obviously, you cannot establish a relationship that relies on knowledge-based trust if you do not know the other disputant, or if the other disputant has been acting in ways that cause you to question your knowledge. Thus, the establishment of knowledge-based trust is usually unwarranted in new relationships, in very short-term relationships, and in relationships caught up in a competition cycle. For these situations, it is usually more appropriate to rely on calculus-based trust. After a period of effective functioning, relationships expected to be needed for the long term can begin to convert to a greater reliance on knowledge-based trust. The advantages of knowledge-based trust include the ability to function in a less formalized manner (for example, being able to rely on oral or implicit agreements rather than formalized, written agreements that take time to structure and follow) and the broader applicability of the trust to all areas in which the disputants have knowledge of one another’s attitudes, motives, education and training, skills, and abilities.

Identification-Based Trust

The highest level of trust is identification-based trust. Identification-based trust is founded on the disputants’ sense of identification with one another. Because the disputants identify with one another, they tend, as do all groups with a sense of solidarity, to see themselves as being “as one” in their goals, values, and needs (Hamilton & Trolier 1986, 127–63; Wilder 1981, 213–57). Thus, it is intrinsically satisfying to a disputant in a relationship characterized by identification-based trust to meet the perceived needs of the other disputant.

Business organizations that indoctrinate their new employees into the company, and devote resources to building company spirit, are exploiting the advantages of identification-based trust. By helping employees build a strong sense of identification with the organization, employers hope that these employees will

---

2 Disputants caught up in a competition cycle are prone to believe that the other disputant’s actions constitute betrayal, as discussed in Chapter 9.
Identification-based trust makes productive interaction much easier to accomplish. John Labbe, Getty Images Inc.—Image Bank

Identification-Based Trust

- Trust based on a sense of identification, or “oneness,” with the other person
- Broad applicability to entire relationship
- Establishment is very difficult: requires a period of intimacy, partnership during a crisis, or another intense interconnection

come to see corporate goals as synonymous with their own, so that they will be motivated to act in a trustworthy manner. Because identification-based trust affects a disputant’s entire identity, it applies broadly to an entire relationship. Thus, once established, it is the most effective and useful kind of trust to have. Identification-based trust obviates much of the need for formality and even overt communication: people who identify with one another just simply want to help one another in any way they can.

In intimate relationships, such as those between family members, preserving identification-based trust is more important than the specific substantive agreements reached. For example, two spouses who are arguing over the best color to paint a bedroom generally have a much greater need to preserve their mutual sense of identification with one another than to resolve the issue of the paint color. Thus, a spouse who unilaterally paints the room while the other is out of town for the weekend ends the dispute but clouds the larger relationship with a sense of betrayal and mistrust. On the other hand, in nonintimate relationships, the establishment of identification-based trust is highly utilitarian, and wonderful if it can
be achieved, but not central to the purpose of the relationship. Sometimes, the desire to regain identification-based trust can even be damaging. For example, formerly intimate disputants whose intimate relationship has gone bad, such as divorcing spouses, often unconsciously expect to be able to rely on identification-based trust and experience the failure of identification-based trust as a painful betrayal. Thus, a conflict diagnostician should consider what sort of relationship the disputants have or are trying to establish. A conflict diagnostician who is diagnosing conflict in an intimate relationship, one that the disputants expect to continue, would see a greater need to establish or preserve identification-based trust than if he or she were diagnosing a conflict between nonintimate disputants. Disputants who are ending an intimate relationship may have to be guided explicitly into a lower level of trust, one more suited to their new connections.

Identification-based trust is the most difficult of all types of trust to establish, particularly for people who have a history of mistrust and mutual suspicion. For extremely short-term relationships, it can be very difficult to use at all—although, in some lucky happenstances, disputants have a commonality that a dispute resolution professional can exploit to create identification-based trust.

Table 10-1 summarizes the levels of trust and gives examples of how they function in potentially conflicted relationships.

<table>
<thead>
<tr>
<th>TABLE 10-1</th>
<th>Kinds and Levels of Trust According to Shapiro, Sheppard, and Cheraskin (1992)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEVEL OF TRUST</td>
<td>DEFINITION</td>
</tr>
<tr>
<td>Calculus-based</td>
<td>Trust based on the knowledge of the effect of compliance or noncompliance</td>
</tr>
<tr>
<td>Knowledge-based</td>
<td>Trust based on the knowledge that the disputant has of the other disputant</td>
</tr>
<tr>
<td>Identification-based</td>
<td>Trust based on the feelings of oneness of identity, goals, and/or purpose that the disputant feels for the other disputant</td>
</tr>
</tbody>
</table>
MISTRUST

Is mistrust merely the absence of each of the three levels of trust? Lewicki and Wiethoff (2000, 86–107) regard mistrust as a separate phenomenon. Although a relationship with low levels of all kinds of trust may mean uncertainty for disputants, actual mistrust is considered a state in which one individual actively believes that the other is likely to do him or her harm. Thus, disputants in a state of mistrust are actively motivated to protect themselves from the other disputant. On the other hand, although trust and mistrust are separate phenomena, clearly they are related in the sense that trust is more difficult to establish when mistrust is present. In that sense, they are mutually exclusive.

ORIGINS OF TRUST

Trust comes from a variety of sources. Calculus-based trust can come directly from provisions in contracts that give people incentive not to harm one another, as when an agreement specifies penalties for breach. Since a contract is all that is needed to create this form of trust, it is relatively easy to establish. It can be created even between hostile adversaries using a penalty system. Calculus-based trust can also come from the course of dealing itself: in a continuing relationship, often each disputant can count on the other disputant to preserve the course of dealing because of its intrinsic advantages for those involved.

Knowledge-based trust comes from any situation in which people become well acquainted with one another—a longstanding business relationship, a friendship, and so on. Knowledge-based trust need not be based on intimate knowledge of the other disputant; it may be relatively narrow and based on a course of dealing. Knowledge-based trust can also come from any situation in which it’s clear that interests are not in conflict. Shapiro and colleagues (1992) note that the cooperation cycle itself tends to promote knowledge-based trust, since it tends to promote the belief in each disputant that the other is acting and will act in a trustworthy way.

Since knowledge-based trust can come from the experience of dealing with a person whose motives and behaviors are otherwise unknown, a course of dealing based originally on calculus-based trust can ultimately produce knowledge-based trust. Thus, disputants who expect to enter a long-term relationship sometimes establish a contractual relationship based on calculus-based trust. A period of successful relations based on abiding by the contract often produces knowledge-based trust. Shapiro and colleagues (1992) note that promoting a structure of regular communication also promotes knowledge-based trust, as does engaging in “courtship” processes (such as pre-contract meetings), conducting research about the other disputant, performing interests analyses, and performing other activities designed to increase one’s knowledge of the other disputant.

Knowledge of the sort required to establish knowledge-based trust can also be obtained in some cases through investigation and research. For example, a job applicant may be able to obtain enough information about his or her prospective employer to determine the employer’s likely course of dealing, likely salary
and benefits offer, and likely job environment; thus, in working out the details of an employment contract, research about the potential employer can enhance the candidate's knowledge-based trust of the employer.

Identification-based trust is hardest to establish. It is most commonly found in intimate and well-functioning family relationships, as between lovers, spouses, and parents and children. It is also created in situations involving a joint venture that both disputants care about deeply (for example, participants in the space program), as well as in situations in which disputants share clear values (such as when they are both members of the same advocacy group). Identification-based trust may be founded on mutual involvement in a serious crisis or test of survival, as when neighbors endure a natural disaster together or college freshmen are thrown together in their first year of independent living. Identification-based trust is also created by a long-functioning cooperation cycle. You will recall that the cooperation cycle promotes both good feelings between disputants and the tendency to focus on shared goals and values to the exclusion of divergent and conflicting goals and values. These two elements, positive regard and unity of purpose, support the creation of identification-based trust.

**EFFECTS OF TRUST**

For a number of reasons, it is very useful to operate with high levels of trust, particularly with identification-based trust. First, the higher the level of trust, the greater the likelihood of perpetuating a cooperation cycle. Considerable trust can help buffer disputants against inadvertently betraying one another. For example, imagine how the U.S. government is likely to react to a “friendly fire” incident caused by its Canadian or British allies, with whom a high level of trust has been established, compared with its likely reaction to the same incident committed by the Russians or the Chinese. High levels of trust also obviate the need for much of the formality required in a relationship marked by low levels of trust. Since the disputants know that the other disputant is likely to be helpful, there is reduced need to document the parties’ decisions. Thus, highly trusting disputants tend to work very efficiently together. High levels of trust eliminate a lot of the risks and guesswork of working with strangers. And high levels of trust are just downright pleasant.

What about the impact of low levels of trust? Typical situations in which there is little or no trust include brand-new relationships, such as transactions between strangers, situations in which an intimate relationship goes bad, and situations in which a betrayal of trust occurs in a cooperative relationship. The effect is to move the disputants into a competition cycle and toward a state of active mistrust. And the advent of competitive behavior further erodes trust. Because of the hostile feelings that are generated, any identification-based trust is destroyed. The undermining behavior created by the competitive cycle destroys knowledge-based trust as well. Thus, a single apparent betrayal of trust can lead to the entire relationship’s unraveling and the creation of active mistrust.
Chapter 10

Low levels of trust and active mistrust are associated with the competition cycle. A mistrustful disputant believes that he or she cannot count on the other disputant to be helpful and may fear that the other disputant actively wants or intends to harm him or her. Thus, mistrustfulness creates a perception of contrariety interdependence: the belief that the other disputant is motivated to harm one. The competition cycle is set in motion by this perception. Moreover, distrust creates the perception that the actions of the other disputant cannot be taken at face value—that one must be suspicious of everything the other disputant does. Thus, mistrust creates the impetus to hide information and duplicate effort, both of which escalate the competition cycle.

Implications for Conflict Diagnosis

All other things being equal, it is clearly better for disputants to have appropriately high levels of trust in one another. The greater the level of trust, the better the mutual feelings of amicability, the less formality the arrangement needs, and the more cooperative the disputants are likely to be. On the other hand, if high levels of trust are not warranted in the situation, it is dangerous to act as if they are. Thus, the tasks of a conflict diagnostician are to evaluate the levels of trust that exist between the disputants and the degree of mistrust and to determine whether there are any ways to enhance trust appropriately.

In some situations, such as in continuing relationships between family members, the relationship is more important to the people involved than is resolving particular conflicts. In other words, the trust, rather than the agreement, is the goal. In this sort of situation, the failure to establish, or to reestablish, identification-based trust is an indication that the relationship has failed. In this sort of case, typically an intervention focused directly on the interpersonal relationship—such as counseling—is the best option.

In many cases, however, either there never was an intimate relationship or the intimate relationship that there was previously has been irretrievably destroyed (as in a divorce or a business partnership that has ended). If a relationship has gone sour, achieving identification-based trust is often impossible. If there has been no intimate relationship, there is no particular reason for each person to trust each other’s goodwill.

Thus, what should be the goal in this sort of situation? A resourceful conflict diagnostician will carefully evaluate the situation to consider possible sources of each level of trust. These can be exploited to create a climate ripe for the creation of trust. For example, a conflict diagnostician might note the political persuasions of the disputants. Even though the disputants are not in conflict over politics, if they are both active in the same political movements, this mutual identification might be exploited to increase trust.

What about situations involving active mistrust? These relationships tend to be resistant to efforts to create identification-based trust and even knowledge-based trust. The existence of the competition cycle focuses these disputants on their differences and dislikes, and the perceptual distortions of the competition
Step 5. Assess the Levels of Trust and Develop Strategies to Increase or Preserve It

Cycle makes it likely that each will misinterpret the other’s actions, making knowledge-based trust harder to establish. In these kinds of cases, it is useful to consider the concept of a “business relationship.”

THE BUSINESS RELATIONSHIP

A business relationship is designed for people who must be involved in a relationship but who have very low levels of trust in each other. A business relationship has the following components:

- Explicit and detailed agreements
- Formality
- Restraint of emotional expression
- Balanced, neutral factfinding and evaluation

Table 10-2 summarizes the elements of a business relationship.

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>EXAMPLE OF NONBUSINESS RELATIONSHIP APPROACH</th>
<th>EXAMPLE OF BUSINESS RELATIONSHIP APPROACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explicit and detailed agreements</td>
<td>Joe agrees to sell a piano to Jane for $800, one-half payable by cashier's check on or before July 1, 2004, and one-half payable by cashier's check on delivery of the piano. The deal is void if the first check is not received by the date specified. The piano is to be delivered by Ann or her agent on or before July 8, 2004, to Linda's living room. Linda has the option to terminate the contract and receive a full refund within five business days if delivery is not on the date specified. The piano is sold as-is, and Linda waives any right to compensation or return of the piano for defects or problems.</td>
<td>Ann agrees to sell a piano to Linda for $800, one-half payable by cashier's check on or before July 1, 2004, and one-half payable by cashier's check on delivery of the piano. The deal is void if the first check is not received by the date specified. The piano is to be delivered by Ann or her agent on or before July 8, 2004, to Linda's living room. Linda has the option to terminate the contract and receive a full refund within five business days if delivery is not on the date specified. The piano is sold as-is, and Linda waives any right to compensation or return of the piano for defects or problems.</td>
</tr>
<tr>
<td>Formality</td>
<td>Joe agrees to sell a piano to Jane for $800. The deal is oral.</td>
<td>The Ann-Linda deal is in writing and signed by both Ann and Linda.</td>
</tr>
<tr>
<td>Restraint of emotional expression.</td>
<td>In a child custody case, the father of the children uses the telephone calls he makes to schedule time with the children to express his sorrow and anger to the children's mother that the marriage ended.</td>
<td>In a child custody case, the father of the children is careful not to discuss his feelings about the ending of the marriage with the children's mother.</td>
</tr>
<tr>
<td>Balanced, neutral factfinding and evaluation</td>
<td>In a deal for the sale of homebuilding struts, the buyer and seller make a five-year contract in which the price per unit for the first year is $5 and the price for subsequent years “will be determined by an appraiser chosen by the seller.”</td>
<td>In a deal for the sale of homebuilding struts, the buyer and seller make a five-year contract in which the price per unit for the first year is $5 and the price for subsequent years “will be determined by an appraiser chosen by the seller.”</td>
</tr>
</tbody>
</table>
Chapter 10

Achieving a Business Relationship Through Effective Agreement Drafting

Nothing destroys trust quite as fast as the belief that the other disputant has flagrantly violated a hard-won settlement agreement. Unfortunately, poor agreement drafting can lead to misunderstandings over the terms of a settlement. In a climate of low trust or mistrust, a difference of interpretation can be perceived as a betrayal. For this reason, effective agreement drafting is a required skill for all legal and dispute resolution professionals.

Effective agreement drafting is an acquired skill. Traditional legal drafting has the goal of developing a legally enforceable document favoring the client as much as ethically possible. But effective agreement drafting as understood in the conflict resolution context is different: it is intended to meet the following goals:

- **Accuracy and completeness.** The resulting agreement should correctly and completely set down the agreement of the parties. It is critical to represent the settlement with complete faithfulness and accuracy and not to expand upon or alter the results of negotiation. If an item has been omitted from the settlement, it's vital to get the consent of all disputants before adding it. A good practice that improves the odds of an accurate, complete agreement is to draft clauses that settle issues during, or immediately after, the negotiation at which the settlement occurs. It's also important to circulate the draft among the parties to cross-check its accuracy.

- **Clarity and certainty.** The agreement should make all rights, responsibilities, and procedures clear, including minutiae such as the manner of payment, payment due dates, delivery dates, responsibility for shipping goods, and risk of damage during shipment. The devil is in the details. Ensuring clarity and certainty begins during negotiation.

- **Flexibility.** The agreement should be workable despite unforeseen developments that might occur in the future. Flexibility and certainty are often traded against one another in a case-by-case balancing process. But, to the extent possible, the agreement should anticipate events that might render the arrangements inappropriate and should provide contingencies or an opportunity to reopen negotiations.

- **Legal enforceability.** The agreement should preserve or attain the legal status of a contract, and the limits of legal enforceability should be specified where necessary. The appropriate signature lines, seals, and acknowledgment forms should be used as required. Dates of inception and expiration should be specified where the terms are limited in time.

- **Relationship preservation.** The resulting agreement should avoid damaging relationships by preserving fairness, by avoiding inflammatory, insulting, or demeaning language, and by minimizing the likelihood of misinterpretation. If possible, the language of the agreement should protect and emphasize the positive elements of the relationships of the persons involved. It helps to recite the underlying, shared principles and values that led the disputants to settle in the specified manner: in addition to adding to the dignity of the process, such a recitation also reinforces the disputants' psychological ownership of the outcome and guides them, should there be a dispute over interpretation of the agreement in the future.

**Explicit and Detailed Agreements**

A business relationship takes nothing for granted. All details are made explicit. The disputants must be prepared to clarify and reclarify to avoid misunderstandings.

**Formality**

A business relationship makes use of *formal, preferably written methods of communication* (with confirming letters when communication is oral). The use of formal communication minimizes the possibility of misunderstanding, thus lowering the likelihood of unnecessary betrayals of trust.
Step 5. Assess the Levels of Trust and Develop Strategies to Increase or Preserve It

In a business relationship, mutual rights and responsibilities are made explicit, detailed, and formal to prevent misunderstandings and support calculus-based trust. Stephen Marks Inc., Getty Images Inc.—The Image Bank

Restraint of Emotional Expression

A mistrustful relationship is marked by intimacy: the disputants frequently communicate their emotions to one another. Unfortunately, these emotions are usually reflective of the unhappy nature of the relationship, and they prompt counterattack and conflict escalation. In a formerly intimate relationship, this sharing of emotion is a special problem; the disputants are in the habit of sharing feelings, but, unfortunately, now the contents of the communication have become incendiary. In a business relationship, all sharing of emotion is kept to a bare minimum.

Balanced, Neutral Factfinding and Evaluation

The use of balanced, neutral methods of factfinding and evaluation (for example, using an independent consultant to value assets) is very useful in low-trust situations. The reliance on neutral, objective factfinding methods avoids the need to dispute over whose opinion is to be believed.

If the disputants were formerly intimate or informal partners, embarking on a business relationship can seem strange. In fact, formerly intimate partners often read emotional content into the act of engaging in a business relationship (“He sent me a formal letter about the children. It sounds as if he doesn’t trust me at all. How insulting!”). But a business relationship has worthwhile payoffs. Calculus-based trust is built in: it is understood that both disputants want the arrangements to work and would be penalized by its falling apart, and there may be explicit rewards and penalties built into the agreement to ensure compliance. The successful operation of a business relationship also provides an opportunity to build knowledge-based trust, over time, if dealings are smooth. The more explicit and formal the disputants’ agreements, the more likely it is that the dealings of the parties won’t contain any
unpleasant surprises. Since the arrangements are very precise and clear, the possibility of misunderstanding is minimized, and accordingly, the likelihood of breaches of trust is minimized.

After a long period of successful businesslike relations, sometimes the relationship builds a sufficient level of trust that formalities can be gradually dropped. This increasing casualness can reduce the cost and inefficiency of interacting. Often, however, either the brevity or the nature of the relationship precludes dropping formalities. In short, high levels of trust are nice to have and essential in continuing love relationships, but not the most appropriate goal in everyday business and legal conflict resolution. In most legal disputes, only calculus-based trust plays an important role, and business relationship techniques should be used. In ongoing relationships, knowledge-based trust and even identification-based trust may be appropriate, or even essential, and should be nurtured.

EXERCISES, PROJECTS, AND “THOUGHT EXPERIMENTS”

1. Jill is in an interpersonal conflict with her next-door neighbor, Ned, over her wish to construct a fence between their properties. The situation is conflictual because Ned enjoys the open space of the neighborhood, but Jill desires to put up a fence so she can get a dog for her five-year-old son. Identify the types of trust displayed by Jill in the following subparts, as calculus-, knowledge-, or identification-based. Justify your responses.
   a. Jill trusts Ned because Ned and the members of Jill’s family have known one another since Jill was little. Ned cares deeply for Jill, her husband, and little son and wants the family to have whatever it takes to make them happy.
   b. Ned and Jill are not close family friends. Ned and Jill have entered into a written agreement providing that Jill will have the right to put up the fence. In return for specific restrictions on the type of fence Jill will erect, the contract waives any right on Ned’s part to contest the fence. Should he impede her erection of the fence in any way, Jill is granted the right to seek an injunction and damages.
   c. Ned and the members of Jill’s family are not close or intimate, but they have known one another for years. Jill’s experience with Ned is that he never raises a fuss, even if he’s unhappy about what’s happening. Accordingly, she believes that, even if she erects a fence Ned doesn’t like, Ned won’t create any problems about it.

2. Conflict journal.
   a. What level of trust exists for the disputants in your main conflict? Give explicit and detailed support for your assertion.
   b. Is the level of trust you see in the conflict appropriate or inappropriate? Support your assertion.
   c. What amount of distrust exists in the main dispute? Give explicit examples.
Step 5. Assess the Levels of Trust and Develop Strategies to Increase or Preserve It

- List specific recommendations for dealing with the trust situation in your conflict. These recommendations should be realistic and implementable by you. (In other words, responses such as “the other disputant should start believing what I say” are inappropriate.)

1. Why is it so hard to implement a business relationship when one is in the middle of an escalating and destructive conflict? Try to analyze and respond to this question by considering the relationship between trust and the competition cycle.

2. Does competition itself create changes in trust? Explore this question in a written essay. Use your knowledge of trust and your knowledge of Deutsch’s theory. Hint: consider Deutsch’s Crude Axiom.

3. Is it ever possible to protect oneself in a low-trust situation while maintaining high levels of cooperation? Explain your answer using the ideas in this chapter and in Chapter 9. If you feel that it is possible to be self-protective and cooperative in a low-trust situation, try to list some situations in which it might happen.

4. Internet exercise. Using any Internet search engine, search for the term trust exercises or trust-building exercises. One good set of exercises can be found at the PTC Consulting Partners website (http://ptcpartners.com/Team/hpt_tbe.htm) Locate a site that describes trust-building exercises. How do these sorts of exercises relate to the information discussed in this chapter? Can you adapt any of the exercises for use by disputants in a pre-existing conflict? Be creative.

RECOMMENDED READINGS

