

Analyzing the Role of Interpersonal Trust in Economic Transactions

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Introduction

This research studies the impact of economic behaviors on trust (and distrust) as a socio-cultural indicator of the behavior of the participants of an economic partnership. It also tries to analyze the role of the time variable in changing interpersonal trust. There are series of conventions, rules, and habits within a society that shape economic transactions and facilitate the maintenance of trust. These series are vital for the boom of commodity exchanges or the emergence of co-operatives. The relation between social context and economic transactions is multi-layered and multifaceted and is a key factor in explaining the economic dynamics of a region or country. Also, economics consider the contract as the business commitment of individuals and organizations to each other; however, without internal and external control restrictions, commercial contracts do not have full operational guarantees. Hence, theorists believe that strong trust is one of the best alternatives to costly contracts. Trust can also be known as a backup and even a strong alternative to the law, and also as a contract monitoring tool. Trust is influenced by various variables, including the time factor. Scientists believe that trust changes in frequent interactions over time and place. The main question of this research is how interpersonal economic behaviors ultimately lead to the breakdown of business and economic treaties. Also, how do the unregistered relationships, especially interpersonal trust, distrust, and interest-seeking, manifest themselves in the behavior of businessmen? And what is the role of time in trust changes? In this research, the trust had been separated on 3 levels based on Lewicki and Bunker's approach. First, Calculus-based trust (CBT) that operates on cost-benefit dichotomy. As long as the cost of cutting off economic activities is more than short-term benefits, the contract may be ongoing. Second, knowledge-based trust (KBT) is based on the ability to understand others to predict their behavior. Even if prediction conditions are not available at times, repetitive interactions and multiple relationships will increase the perception of individuals from the other side. Third, identification-based trust (IBT) that is based on increasing the identification of the other side. Accordingly, individuals are inclined to recognize the desires, intentions, and values of each other because they know that they have common interests and it is very important in maintaining interaction and communication to identify whether the interests of individuals are protected by the other side. In addition to the levels laid out in the Lewicki and Bunker's theory, affection-based trust (ABT) was also presented by McAllister which was historically ignored by researchers. McAllister claims anger as an example and believes that, as a rule, anger is one of the main emotional experiences arises in the process of breaking trust. Therefore, in all interactions, including economic interactions, emotional connections are found in interpersonal relationships.

Material & Methods

Documentary as a qualitative method was used in this research. Also, 113 samples were selected by purposive sampling out of 200 available lawsuits. Finally, using qualitative content analysis, the obtained data were analyzed and interpreted by the authors.

The findings show that trust is a dynamic indicator and changes in nature over the time. The longer time passes, the more trusting relationships will increase in interpersonal economic relationships. Also, according to the results, we found that the higher initial trust boosts the likelihood of long-term economic relationship sustainability. Accordingly, the necessary condition for the formation of ABT is the existence of

Discussion of Results & Conclusions

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a prime positive level of trust as well as a minimum of the time index of trust in the same way. In the absence of any of these elements, the economic relationship between the ABT levels will not be formed. At the same time, at the level of confidence in CBT, the necessary condition is the intention of the participants to establish an economic relationship. On the other hand, in KBT, at least the time of trust without initial distrust is a necessary condition for the formation of an interpersonal economic relationship.

Keywords: Interpersonal Trust, Economic Sociology, Law, Embeddedness.

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