The Nature of Trust: From Georg Simmel to a Theory of Expectation, Interpretation and Suspension

Guido Möllering
Institute for Business Administration
Free University of Berlin

ABSTRACT This article undertakes a substantial theoretical reorientation of research into the concept of trust. Analysing key passages in the work of Georg Simmel, it is argued that the link between trust bases and a trustful state of expectation is much weaker than is commonly assumed. In particular, Simmel recognises a 'further element', a kind of faith, that is required to explain trust and its unique nature. His work has influenced key authors in the field such as Luhmann and Giddens, but the 'further element' that concerns the crucial, proverbial leap of trust is still underdeveloped. Hence, the article proceeds to conceptualise trust as a mental process of three elements that further research should embrace: expectation, interpretation and suspension. Expectation is the state (outcome) at the end of the process. It is preceded by the combination of interpretation and suspension. The former concerns the experiencing of reality that provides 'good reasons'. It is recognised that current trust research already moves away from the rational choice model and allows for affective and abstract (moral) trust bases. However, any form of interpretation is limited and does not inevitably enable expectation. Therefore, an additional element (in line with Simmel) is introduced in this article: suspension. This is the mechanism of bracketing the unknowable, thus making interpretative knowledge momentarily certain. Suspension enables the leap of trust. Functional consequences of trust such as risk-taking, co-operation, relationships or social capital should not be confounded with trust.

KEYWORDS Georg Simmel, interpretation, social theory, suspension, trust

In her comprehensive monograph on trust, Barbara Misztal (1996:49–50) introduces the relevant work of Georg Simmel (1858–1918) as follows:

> His contribution to the sociological conceptualization of this notion is significant. Many of his brilliant analyses of the nature of trust relationships were later adopted and developed by scholars such as Luhmann and Giddens. Simmel's theory of trust provides a theoretical framework for analysing personal as well as generalized (or impersonal) trust.

This article will demonstrate that it is indeed worthwhile to return to Simmel for more than a passing reference and to read him carefully as an early, original source in which we can find not only essential elements of currently established trust models,

but also novel insights. These should be welcome, as trust has (re)appeared in the 1990s as a promising and popular concept and continues to attract much serious research effort (for recent studies see the monographs by Misztal 1996, Seligman 1997, Sztompka 1999 and the edited volumes by Kramer and Tyler 1996, and by Lane and Bachmann 1998).

Much current trust research largely revolves around the functional properties of the concept. Trust can be defined, first of all, as a state of favourable expectation regarding other people's actions and intentions. As such it is seen as the basis for individual risk-taking behaviour (Coleman 1990), co-operation (Gambetta 1988), reduced social complexity (Luhmann 1979), order (Misztal 1996), social capital (Coleman 1988, Putnam 1995) and so on (see also Sztompka 1999). This line of thinking, as will be shown, is already present in Simmel's work.

Secondly, while many scholars simply take the concept of trust for granted and concern themselves only with its functional consequences (unfortunately, a far too common approach), others study the foundations of trust as well, striving to explain how the state of favourable expectation is produced. By way of illustration, many influential typologies of trust make explicit reference to the idea that trust can be produced in various analytically distinct but practically complementary ways, for instance: process-based, characteristic-based and institutional-based trust (Zucker 1986), cognition-based and affect-based trust (McAllister 1995), or calculus-based, knowledge-based and identification-based trust (Lewicki and Bunker 1996). Again, Simmel's work already contains crucial thoughts regarding such bases of trust, in particular the recognition of affect besides reason, and system trust besides personal trust.

The first fundamental difference which makes Simmel's thinking on trust original to the present day is that, contrary to the bulk of today's writers, he presumes a much weaker link between the identifiable bases of trust and the actual expectations that human beings have when they reach the state of trust. Moreover, Simmel recognises a mysterious further element, a kind of faith, that is required to explain trust and to grasp its unique nature.

This article will present and embrace the Simmelian notion of trust. Specifically, the following objectives are to be achieved: first, to review the key passages on trust in Simmel's work; secondly, to trace his influence on the trust literature; thirdly, to conceptualise the further element in trust by introducing the concept of suspension (leap) as a mediator between interpretation (bases) and expectation (function); and fourthly, to outline the implications for further trust research, calling overall for a move away from positivism and towards hermeneutic frameworks and methods.

What has motivated my return to Simmel as an original source is a genuine disappointment with the lack of significant contributions to social theory from current trust research. It is hoped that a restored, richer understanding of trust's nature, in particular the inherent dualities of knowledge–ignorance,

interpretation–suspension which Simmel's work suggests, will promote a reflexive (rather than deterministic) view of human relations and society.

Key passages on trust in Simmel's work

If Simmel's contribution to trust research is often overlooked by today's researchers, it may be partly due to the simple fact that he does not concern himself prominently and extensively with the concept. His thoughts on trust can be found in three short passages, one in *Philosophie des Geldes* (1989[1900]) and two in *Soziologie* (1992[1908]), extending to no more than ten pages altogether. Yet, these fragments are highly evocative and intense in a typical Simmelian fashion. As far as the function of trust is concerned, he makes the strongest possible claim for the significance of trust when he observes that 'without the general trust that people have in each other, society itself would disintegrate'(1990:178) and calls it 'one of the most important synthetic forces within society'(1950:318). For the individual agent, its function is that of 'a hypothesis certain enough to serve as a basis for practical conduct'(1950:318). Hence, trust for Simmel represents a force that works for and through individuals, but at the same time for and through human association more generally. Trust's function manifests itself at all levels of society.

Functional considerations aside, Simmel's ideas regarding the nature of trust, i.e. the elements that make up this 'force', are less straightforward, requiring a closer look at the three main fragments on trust in his work. The relevant passage in *Philosophie des Geldes* is embedded in a discussion of the transition from material money to credit money. Simmel argues that this transition is 'less radical than it appears at first' given that an economy based on material money, and in fact any economy, already depends on 'elements of credit' which represent trust (1990:179). Having noted that trust needs to be 'as strong as, or stronger than, rational proof or personal observation' for social relationships to endure, he gives an example for one kind of trust which 'is *only* a weak form of inductive knowledge'(1990:179, emphasis added). The example is the farmer's belief that his crops will grow and the trader's belief that his goods will be desired. The important detail here is that Simmel does not regard mere weak inductive knowledge as proper trust (Giddens 1991). There is a 'further element of socio-psychological quasi-religious faith' within trust, notably in the case of credit (Simmel 1990:179). This element is 'hard to describe' and concerns 'a state of mind which has nothing to do with knowledge, which is both less and more than knowledge'(1990:179). Simmel's attempt at describing it deserves to be quoted at length (1990:179):

> To 'believe in someone', without adding or even conceiving what it is that one believes about him, is to employ a very subtle and profound idiom. It expresses the feeling that there exists between our idea of a being and the being itself a definite connection and unity, a certain consistency in our conception of it, an assurance and lack of resistance in

> the surrender of the Ego to this conception, which may rest upon particular reasons, but is not explained by them.

Simmel recognises that trust is nuanced ('*nüanciert*', 1989:215) and thus the additional quasi-religious element can vary in strength and importance. He perceives the relevance of trust especially at the institutional level, not only at the interpersonal level as the above quote might suggest. He notes that 'the feeling of personal security that the possession of money gives is perhaps the most concentrated and pointed form and manifestation of confidence in the socio-political organization and order'(1990:179).

In the chapter on 'The Secret and the Secret Society' (1950) of his *Soziologie* (1992 [1908]), Simmel uses the interest group (*Zweckverband*) as an extreme, pure example of a psychologically anonymous association and observes the 'increasing objectification of our culture, whose phenomena consist more and more of impersonal elements and less and less absorb the subjective totality of the individual'(1950:318). This objectification of culture has a bearing on the constitution of confidence in that less and less personal knowledge about the other is required to have confidence (Simmel 1950:319): [1]

> The traditions and institutions, the power of public opinion and the definition of the position which inescapably stamps the individual, have become so solid and reliable that one has to know only certain external facts about the other person in order to have the confidence required for the common action. The question is no longer some foundation of personal qualities on which (at least in principle) a modification of behavior within the relation might be based: motivation and regulation of this behavior have become so objectified that confidence no longer needs any properly personal knowledge.

Confidence, for Simmel, is 'an antecedent or subsequent form of knowledge' (1950:318). He points out that 'confidence is intermediate between knowledge and ignorance about a man', which is a logical consequence of the view that complete knowledge or ignorance would eliminate the need for, or possibility of, trust (1950:318). The appropriate mixture of knowledge and ignorance varies according to the situation. This concept of trust implicitly refers back to the notion of weak inductive knowledge developed in *Philosophie des Geldes* (see above). But what about the requirement of the 'further element' that Simmel identifies beyond inductive knowledge (1990:179)?

Simmel evidently struggles to eliminate this 'further element' from his conception. He inserts a lengthy footnote explaining that there is 'another type of confidence' that 'stands outside the categories of knowledge and ignorance' and 'touches the present discussion [in *Soziologie*] only indirectly'(1950:318). The use of a footnote as such is peculiar and rare in Simmel's books and therefore likely to attract special attention from the reader. Simmel, in the footnote, first tries to give the impression that the 'further element' is essentially restricted to religious faith, but then eventually he gives in to his own argument (1950:318):

> On the other hand, even in the social forms of confidence, no matter how exactly and intellectually grounded they may appear to be, there may yet be some additional affective, even mystical, 'faith' of man in man. Perhaps what has been characterized here is a fundamental category of human conduct, which goes back to the metaphysical sense of our relationships and which is realized in a merely empirical, accidental, fragmentary manner by the conscious and particular reasons for confidence.

Simmel still employs a concept of trust here that combines weak inductive knowledge with some mysterious, unaccountable faith.

The third source on trust in Simmel's work is in his discussion of the constitution of secret societies (1950: 345–8). He notes that 'the first internal relation typical of the secret society is the reciprocal *confidence* among its members'(1950:345). This source differs from the previous two in that it stresses reciprocity and the relational quality of trust, whereas the other sources consider trust mainly as an individual's state of mind. Simmel makes the point that trust in secrecy is highly abstract and in need of continuous renewal. He attributes a high moral value to trust which makes it a rather special medium of social exchange (1950:348):

> For, in the confidence of one man in another lies as high a moral value as in the fact that the trusted person shows himself worthy of it. Perhaps it is even more free and meritorious, since the trust we *receive* contains an almost compulsory power, and to betray it requires thoroughly positive meanness. By contrast, confidence is 'given'; it cannot be requested in the same manner in which we are *requested* to honor it, once we are its recipients.

Once again Simmel does not restrict his idea of trust to a simple, calculated prediction. A tempting conjecture might be to regard the moral value referred to in the above quote as an approximation to the 'further element of socio-psychological quasi-religious faith' introduced in *Philosophie des Geldes* (1990[1900]:179). Yet the source itself provides no direct evidence for this.

In summary, the first two sources on trust in Simmel's work (1990:179 and 1950:318–20) are closely connected conceptually and, ultimately, consistent in seeing the concept of trust as a thread spun of weak inductive knowledge and faith. The third source (1950:347–8) adds some further ideas, in particular on reciprocity and moral obligation. The main point to note at this stage is the discrepancy between the hard functions attributed to trust (inducing behaviour, maintaining social cohesion) and the soft bases that it appears to have in human reason. It is due to this discrepancy that Simmel suspects that there must be something else in trust: a mysterious element that he likens to religious faith. Later on in this article, this element will be called *suspension* and conceptualised as mediating between reflexive, interpretative trust bases ('good reasons') and the momentarily certain expectations in enacted trust. The combination of the three elements (expectation, interpretation and suspension) can be regarded as the Simmelian model of trust that this article develops and advocates.
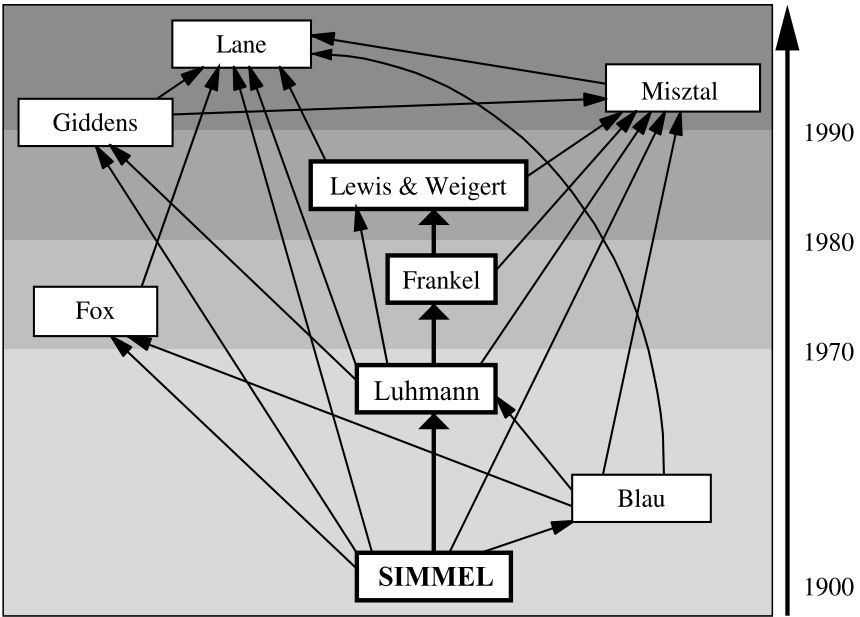
Figure 1
Tracing Simmel in the trust literature (overview)

Simmel's influence on trust research

Clearly, this article cannot assess Simmel's overall contribution to sociology (see Frisby 1992) but attempts to identify his influence on the conceptualisation of trust (see bibliographic representation in Figure 1). A line needs to be drawn between writings on trust influenced by Simmel *generally* (see Blau 1964 and Fox 1974) and those that draw directly on his thoughts on trust as presented above. Blau and Fox have developed the concept of trust further but interestingly *without* using Simmel's specific ideas on trust. If social scientists today are at all aware of Simmel as a source on trust, then it appears to be mainly due to Niklas Luhmann (1979 [1968]). It should be noted, though, that even Luhmann uses only four brief citations from Simmel (Luhmann 1979:26, 44, 63, 91) of which the fourth does not even concern trust as such.[2]

With this in mind, it is important to understand how Luhmann adopts the notion of trust as a 'blending of knowledge and ignorance' (1979:26) from Simmel's *Soziologie* (1950:318). In particular, Luhmann remarks in the same sentence that 'trust always extrapolates from the available evidence', but he does not explicitly refer this back to Simmel's 'weak form of inductive knowledge' (1990:179). More importantly,

Luhmann fails to acknowledge Simmel's concern with the additional element of unaccountable faith. Put differently, Luhmann disregards the footnote in *Soziologie* and thereby shifts the emphasis away from faith – arguably as a result of Simmel's own ambiguity (see above).

Luhmann describes the rationale for action based on trust as, above all, 'a movement towards *indifference*: by introducing trust, certain possibilities of development can be excluded from consideration'(1979:25). In line with Simmel (1990:179, 1950:318) Luhmann notes (1979:26):

> Although the one who trusts is never at a loss for reasons and is quite capable of giving an account of why he shows trust in this or that case, the point of such reasons is really to uphold his self-respect and justify him socially.

The trick of trust is that it reduces social complexity through generalisation within systems: 'The system substitutes inner certainty for external certainty and in so doing raises its tolerance of uncertainty in external relationships'(Luhmann 1979:26–7). If the overall message from Luhmann's essay is simply that trust achieves *functional*-rational complexity reduction, then it will be hard to suggest any affinity with Simmel's 'further element of socio-psychological quasi-religious faith'. And, accordingly, Luhmann makes it very clear at one point that trust is markedly distinct from hope, and implicitly also faith, in that it reflects contingency, rather than ignoring it (1979:24). However, his richly textured conceptualisation also contains elements that indicate a somewhat transcendental *nature* of trust.

In particular, Luhmann's analysis has the individual's subjective *Erleben* (experiencing) as its starting point whereby he associates his own system-theoretical functionalism with the phenomenology of Husserl. As Poggi (1979:x) notes, Luhmann argues that 'successful responses to the problem of complexity … typically do not *eliminate* complexity, but rather *reduce* it: that is, make it "livable with" while in some sense preserving it'. Interestingly, Poggi suggests that Luhmann could have used the Hegelian notion of *Aufhebung*: the dialectical principle of synthesis *transcending* thesis and antithesis, thereby simultaneously preserving and rescinding them. And indeed Luhmann argues that 'the inner foundations of trust which we are seeking cannot lie in cognitive capacity' but in 'a type of system-internal "suspension" (*Aufhebung*)' (Luhmann 1979:79). Moreover, Luhmann introduces the concept of 'overdrawn information' (*überzogene Information*, 1979:32), which is a particular form of selectivity. Statements in this context, such as 'trust rests on illusion', or 'the actor willingly surmounts this deficit of information' indicate that Luhmann perceives trust as functionally rational (Parsons) but epistemologically and ontologically transcendental, as it were.

Thus it can be argued, if not conclusively proven, that Luhmann draws not only on Simmel's idea of a 'weak form of inductive knowledge', but also via concepts such as *Erleben, Überziehen, Aufhebung* on the idea that the nature of trust contains a

further element, whether manifest in 'the surrender of the Ego'(Simmel 1990:179) or 'an operation of the will'(Luhmann 1979:32). Had Luhmann used the passage in *Philosophie des Geldes* (Simmel 1990:179) or the footnote in *Soziologie* (Simmel 1950:318), too, then the underlying connection to Simmel regarding the transcendental properties of trust may have been made explicit.

Herbert Frankel (1977:38) notices the connection between Simmel and Luhmann with regard to the concept of blending knowledge and ignorance. It is noteworthy that he connects Luhmann and Simmel in the context of money philosophies, that is, in an area where Luhmann did not make the connection himself (and did not use Simmel's *Philosophie des Geldes* in the first place). Frankel is interested in both the inductive knowledge element and the 'further element' of trust. He adopts the distinction between personal and generalised trust and the view that trust enters 'where more exact knowledge is not available'(1977:36).

Thus, chronologically, the thread runs from Simmel to Luhmann to Frankel. It is then taken up by Lewis and Weigert (1985) who know and use Frankel's text (1977). Their main motivation is to present trust as a sociological, rather than psychological, phenomenon. Drawing directly on Simmel (and Luhmann), they describe trust as follows (1985: 969):

> Trust is a functional alternative to rational prediction for the reduction of complexity. Indeed, trust succeeds where rational prediction alone would fail, because to trust is to live *as if* certain rationally possible futures will not occur. Thus, trust reduces complexity far more quickly, economically, and thoroughly than does prediction. Trust allows social interactions to proceed on a simple and confident basis, where, in the absence of trust, the monstrous complexity posed by contingent futures would again return to paralyse action.

In order to resolve the mystery of trust as a phenomenon which 'begins where prediction ends'(1985:976; Frankel 1977:36), Lewis and Weigert distinguish between a cognitive base and an emotional base for trust (which are situationally activated in behavioural trust). Thus, they adopt the notion of 'blending knowledge and ignorance' and 'good reasons' but *add* to this an emotional element without which proper trust does not occur: 'Trust in everyday life is a mix of feeling and rational thinking'(1985:972). Lewis and Weigert's understanding of the nature of trust therefore mirrors Simmel's ideas and offers one step forward by giving the extra-cognitive 'further element' the label *emotion.* It is part of the 'unitary experience and social imperative' of trust (1985:972). Essential for the overall argument in the present article is that Lewis and Weigert reinforce the Simmel thread, combining it with their own and Luhmann's ideas and yielding a stronger thread spun of inductive knowledge and faith elements.

Anthony Giddens (1984) discusses trust initially as a matter of ontological security and basic trust drawing on particular aspects in the work of Erikson (1965) and Goffman (1963). While he endeavours to distance himself from Parsons and

Luhmann, Giddens (1990) later also picks up the Simmel–Luhmann thread with regard to 'weak inductive knowledge' and the person–system distinction (see also Giddens 1991). Yet Giddens (1990:26–7), *unlike* Luhmann, quotes from the fascinating passage in Simmel (1990:179) on the quasi-religious element in trust. He notes that trust, especially trust in abstract systems, rests on vague and partial understanding. Giddens recognises that trust differs from weak inductive knowledge in so far as it 'presumes a leap to commitment, a quality of "faith" which is irreducible'(1991:19). In traditional and early modern societies, this commitment would be characterised more by the habitual/passive acceptance of circumstances than by the *active* leap of faith (Giddens 1990:90). This suggests a connection between Simmel's 'further element' and Giddens's notion of ontological security and basic trust. Giddens has moved on, though, to claim that in late modern societies 'active trust' will be called for (Giddens 1994:186–7), implying much more deliberate leaps of faith. Misztal's interpretation (1996:49–54) of Simmel is in many ways similar to Giddens, in particular as she emphasises the element of faith beyond 'good reasons'.

Otherwise, explicit references to Simmel's contributions have largely been conspicuous by their absence in writings on trust since Lewis and Weigert (1985) and Giddens (1990, 1991). For instance, neither Zucker's (1986) influential article nor the seminal collection by Gambetta (1988) nor Fukuyama's study (1995) refers to Simmel. The authoritative volume by Kramer and Tyler (1996) contains but one quotation that singles Simmel out as 'representative' for the strong claims but weak theories commonly associated with trust (Meyerson *et al.* 1996:180–1).[3] The same applies, strictly speaking, to the other major edited collection of recent research on trust (Lane and Bachmann 1998), although the editors themselves are notable exceptions (Lane 1998; Bachmann 1998). The impression that Simmel is at present only sporadically referred to is further confirmed by the Special Issue on 'Trust in and between organizations' of the *Academy of Management Review* 23.3 (1998).[4] The most recent major sociological work on trust by Sztompka (1999:11, 97) also makes no more than two passing references to Simmel.

The overall picture is that Simmel's notion of trust is wrapped up in three of the most important contributions on trust, namely Luhmann (1979), Lewis and Weigert (1985) and Giddens (1990, 1991), and thus continues to influence current trust research, albeit indirectly and somewhat equivocally. The Simmelian idea that comes through strongest is that trust performs a crucial function in modern societies whilst the bases for trust are actually rather weak. The 'leap' is far from rational. Less pronounced but still present in the three above-mentioned texts is Simmel's proposition that there exists a 'further element' of a transcendental, quasi-religious nature in trust that enables the 'leap'. In a simple formula, for Simmel *trust combines good reasons with faith.*

It is the concern with the latter element in particular – the 'unknowable'(Frankel

1977: 81) which is more than an inconvenient residual – which necessitates a return to Simmel as a primary source in order to restore the concept of trust to its full nature. As will be discussed in the following, too much research has been concerned with the 'weak inductive' element of trust and has lost the 'faith' element. The main argument here is that one-sidedness (either way) ultimately defeats the explanatory power of trust. Both elements are needed to understand how *a state of favourable expectation regarding other people's actions and intentions* (the functional aspect of trust as defined in this article) can be reached in reality.

Trust restored: expectation, interpretation and suspension

Following on from the above, in order to restore the concept of trust, it has to be understood what Simmel means when he says that trust gives 'a hypothesis certain enough to serve as a basis for practical conduct' (1950:318) but as such is 'realized in a merely empirical, accidental, fragmentary manner by the conscious and particular reasons for confidence' (1950:318) and 'may rest upon particular reasons but is not explained by them' (1990:179). The transition from 'good reasons' to actually favourable expectation represents the proverbial 'mental leap' of trust and the additional element that trust theories must not overlook. In this article, the terms *expectation*, *interpretation* and *suspension* will be used to capture and develop this Simmelian notion of trust in a simple model.

In the interest of conceptual clarity, albeit at the risk of using overly figurative language, trust can be imagined as the mental process of leaping – enabled by suspension – across the gorge of the unknowable from the land of interpretation into the land of expectation. In the following discussion it will be argued, first, that current trust research is concerned predominantly with the land of interpretation assuming (wrongly) that 'good reasons' will inevitably produce trust (without a leap). Secondly, the concept of suspension will be introduced to provide a better understanding of what the actual leap entails and how it sets the phenomenon of trust apart from, for example, rational choice and blind hope.

If trust's destination is a state of favourable expectation (from which various functional consequences can follow), then its point of departure is the experiencing (*Erleben*, see Luhmann 1979) of our life-world which we *interpret* as the reality to which our trust relates. The hermeneutic approach[5] proposed here encompasses the whole range of explanations offered to date as to *why* people trust. In other words, any model of the bases for trust represents just one plausible way of organising interpretations among countless other ways. The quest for a single best way of mapping trust bases is ultimately futile.

Even the most deterministic perspectives on trust, such as exchange theory, transaction cost economics or rational choice theory, have relaxed the assumption of perfect rationality a long time ago, thus permitting a subjective concept of rationality

to reflect the diversity of interpretations of reality. It is recognised that, at least in trust, rationality is imperfect (or, as Simmel would have put it, 'weak'). However, this does not challenge the assumption of rational *method*. Simon and March's important ideas of 'bounded rationality' and 'satisficing' do not prevent Williamson (1993) from explaining trust away as calculativeness, because the method of induction is *intendedly* rational, even if objectively weak in the case of trust (see also Coleman 1990, Elster 1989). This line of thinking culminates in Good's clever observation that to be non-rational in a certain way may be decidedly rational as a strategy for coping with limits in one's rationality (1988:42). Rationality is dead, long live rationality!

However, the elusive nature of trust (see Gambetta 1988:Foreword) is acknowledged moreover in various models incorporating the idea that, apart from cognitive/calculative interpretations, trust may spring from affective (emotional, intuitive) grounds (for example Lewis and Weigert 1985, McAllister 1995). A further important idea – implying that trust rests on something other than a focused rational decision – is the distinction between personal trust and system trust. It appears in various guises in the literature (for example, Luhmann 1979, Fox 1974, Zucker 1986, Giddens 1990) and includes the recognition of a duality of individual self-interest and social/moral embeddedness (for example Granovetter 1985, Lyons and Mehta 1997).

Overall, the dominant approach combines an acceptance of the 'fuzzy logic' of trust (Bachmann 1999) with an unshakeable conviction that trust is ultimately 'reasonable' (Hollis 1998). In other words, whether our bases for trust are more calculative or more intuitive, more abstract or more idiosyncratic, what matters in the end is that they represent 'good reasons' for trust. Accordingly, much current work on trust is about identifying, classifying, validating and generalising good reasons resulting in a wealth of typologies and measurement scales for various bases and modes of trust. A strong case in point is Cummings and Bromiley's (1996) 'Organizational Trust Inventory'. It started off with 273 items that were gradually reduced to sixty-two items and ultimately twelve items through statistical processing. The first problem with this is that, once the idea of a generalisable rationality for trust is rejected, any typology is bound to be arbitrary. Surely, interpretations of reality can be organised intersubjectively and typified helpfully as, for example, an indicator for trustworthiness such as 'competence' (Barber 1983; Sako 1992). However, the hermeneutic quality of human experience makes *definitive* models ultimately impossible and requires agents to 'uncover' reality for themselves. This leads on to the more important point that there is no automatic logic connecting interpretation ('good reasons') to trustful favourable expectation.

Returning to the imagery used earlier in this section, it can be said that the kind of research referred to above is concerned entirely with the land of interpretation, striving to map out its geography and debating which places can be used to get

(mentally) into the land of expectation. The implicit assumption is that the lands of interpretation and expectation are directly connected (if not one and the same). In contrast, according to the Simmelian notion of trust, there yawns a gorge (ignorance, the unknown) between interpretation and expectation that requires a leap across.

What makes trust a meaningful and important concept in the first place is that it stands for a process in which we reach a point where our interpretations are *accepted* and our awareness of the unknown, unknowable and unresolved is *suspended* (see Giddens 1991). This suspension (or 'quasi-religious faith' in Simmel's words) makes trust 'both more and less than knowledge'(Simmel 1990:179) even standing 'outside the categories of knowledge and ignorance'(Simmel 1950:318). One can catch glimpses of suspension empirically when people say things such as: 'everything will be fine', 'no need to worry', or 'just go ahead'. Statements of this kind stand for a 'lack of resistance in the surrender of the Ego'(Simmel 1990:179) and for Luhmann's notion of an 'operation of the will'(1979:32). Suspension captures the 'as if' in Lewis and Weigert's idea that 'to trust is to live *as if* certain rationally possible futures will not occur'(1985:969, emphasis in original).

It should be pointed out that – in trust – interpretation and suspension always *combine*. In other words, the leap of trust cannot be made from nowhere nor from anywhere, but needs to be made from one of the places where interpretation leads us but whose suitability cannot be entirely certain. Suspension can be defined as the mechanism that brackets out uncertainty and ignorance, thus making interpretative knowledge momentarily 'certain' and enabling the leap to favourable (or unfavourable) expectation (Giddens 1991:3, 244).

If the concept of suspension emphasises the illusory and indifferent character of trust, then this is balanced by the continuous and reflexive nature of interpretation. When 'a hypothesis certain enough for practical conduct' (Simmel) emerges, complexity (according to Luhmann) is only *reduced*, not *eliminated* (see Poggi 1979:x). In a dynamic sense suspension therefore does not restrict interpretation or forestall the 'benefit of hindsight'. Using once more the analogy of the gorge, once the mental leap across has been accomplished and a state of favourable (or unfavourable) expectation is reached, the process continues and the land of expectation becomes the land of interpretation from which the gorge will soon need to be crossed again.[6] Simmel referred to the 'further element' in trust as a kind of faith. In comparison, the notion of suspension introduced here is equally transcendental but has a stronger connotation of flexibility and duality (it cannot exist independent of interpretation).

The Simmelian notion of trust as identified and developed in this article differs radically from conventional trust theories in that it embraces fully the reflexive duality of knowledge–ignorance, interpretation–suspension and, in doing so, is able to capture the leap of trust as such (which is otherwise taken for granted). The wider conditionality of expectation is thus strongly recognised. Trust is inherently reflexive, because for every favourable 'good reason' there exists probably another

unfavourable 'good reason'. The trick is not just to be able to live with weak interpretative knowledge of one kind or another, but to suspend contradiction and ignorance as well. Deterministic models such as rational choice theory or transaction cost economics cannot deal with the fact that, at least in trust, interpretations do not translate directly into expectations. This is due to the fundamental quality of human experience that reality remains mostly 'covered' for us – even when trust feels easy and suspension seems unproblematic. [7]

Implications for further trust research

If the Simmelian notion of trust identified and developed here captures the *nature* of trust in a way that is more imaginative, comprehensive and rigorous than current research, then even the highly abstract insights offered in this article should provide meaningful contributions to a broad range of further research, both conceptual and empirical. The overall challenge to be faced in trust research is to embrace and translate all three elements of trust, namely *expectation, interpretation* and *suspension*, for different research purposes and methods.

First, the state of favourable *expectation* towards other people's actions and intentions needs to be understood as the 'output' of the trust process. As such it may become functional 'input' for actions (risk-taking, co-operating) and associations (relationships, social capital) which in themselves, however, should not be confounded with trust. In terms of research methods this means that purely observational studies of trust are strongly limited. Actions and associations that appear trustful (and could be seen as functional outcomes of trust) are not necessarily the result of favourable expectations but, possibly, of functional equivalents to trust, for example power (see Luhmann 1984). In return, trust may often be present without manifesting itself in specific actions and associations. These considerations are not meant to reject out of hand, for example, the hypothesis that trust (expectation) and co-operation (action) are strongly and positively correlated. Rather it is emphasised that the former is not the same as the latter. Therefore *trust research's specific concern* should be to find out whether a state of expectation towards other people's actions and intentions (the 'end product') is favourable or unfavourable. Functional consequences are a secondary (though important) more general consideration.

It is important to note that anticipation, in other words, people's awareness in advance of certain actions and associations that they might get involved in (a premise of rational choice theory), concerns the 'input' side of the trust process (interpretation) not the 'output' (expectation). The discussion in this section has started with the element of expectation, purely because it is closest to the social function(s) of trust that most sociologists working in the area are interested in (see, for example, Sztompka 1999). Note again that the process of trust as such, however, ends with a state of expectation and begins with *interpretation*.

Therefore, secondly, future trust research needs to consider carefully the assumptions made about how people 'understand' their life-world. As a rule, open-ended approaches are more appropriate than restrictive approaches. For instance, probabilistic perspectives (from game theory to rational choice and so on) and positivist methods (quantitative methods and most types of survey or experiment) are limited, because they predict a singular model of human interpretation. They cannot capture the arbitrariness of 'good reasons' which Simmel's notion of trust entails. Much more suitable – and already suggested by the term *interpretation* anyhow – is an approach based on *hermeneutics* and reflexive qualitative methods (see Alvesson and Sköldberg 2000). It can be argued – to the surprise of those who still think of him as the founder of formalism and functionalism – that Simmel himself has an affinity with hermeneutics. After all, one of his few explicit statements on methodology proclaims that the totality of life's meaning can be found in details (Simmel 1989[1900], 1990; see Frisby 1992, who coined the term 'sociological impressionism' to describe Simmel's work). Thus, *trust research* should aim to study instances of trust assuming idiosyncratic praxis and paying attention to the fine details of interpretation. Clearly, this is a case of double hermeneutics especially when qualitative, text-based methods (classically the more open-ended forms of interview) are used. There looms a danger here of slipping back into positivism; instead, the research should be reflexive and receptive (Alvesson 1999). In conclusion, the Simmelian notion of trust requires *empathy* on the part of the researcher: the starting point is the subjective 'reality' (context) as interpreted by the trustor; in other words 'good reasons' are extracted from rather than imposed on interpretation.

Thirdly, the strongest claim made in this article (based on Simmel and inspired by Luhmann and Giddens) is that trust research must finally address the 'leap' of trust as such and, hence, introduce novel concepts like *suspension*. Methodologically, since this element can be seen as the other side of interpretation, the same argument in favour of hermeneutics applies, perhaps even stronger. The challenge is to grasp what from the point of view of the trustor constitutes ignorance, or the 'unknowable'. It would be a contradiction in terms to expect people to tell us (in an interview for example) what they do not know. To a certain extent, however, researchers can look for references, first, to information that trustors consciously miss or dismiss, and secondly, to the ways they generally deal with the awareness of their own ignorance and uncertainty – the Socratic paradox of knowing that one knows nothing. It may be necessary to discourage respondents from over-rationalisation and to probe specifically for the 'unknown'. As Luhmann notes (1979:26) 'the one who trusts is never at a loss for reasons' and 'the point of such reasons is really to uphold his self-respect and justify him socially'. The researcher needs to get behind this screen and *empathise* with the respondent's (actual) interpretation and suspension of reality. Whilst this kind of research premise is notoriously hard to operationalise, it still

provides a benchmark for studies that embrace the Simmelian notion of trust. To grasp fully *how* people trust (the nature of the concept) all three elements – expectation, interpretation and suspension – need to be studied and connected.

The contribution to further research from this article is limited in so far as the discussion has been highly theoretical, which increases its interpretative viability and breadth of applicability but requires considerable transference for more specific research purposes (conceptual and empirical). It is clearly another limitation that only the so-called Simmelian notion of trust is discussed here with many references to other approaches but without an extensive comparison with Parsonian, Williamsonian, Colemanian ideas (and so on). The response to both limitations is that the ideas presented here should be regarded as an attempt to stimulate a renewed, wider debate that (obviously) cannot be exhausted in a single article. Priority has been given to a thorough theoretical understanding of Simmel as a classic, if mostly overlooked, source for trust research and its original content, in particular the 'further element' (suspension) besides good reasons in the mental process of trust.

Conclusion

Trust is in danger of becoming an insignificant sociological concept, one that is easily subsumed under decision-making and exchange theories, unless it is recognised that the problem of the 'leap' represents more than a quirky defect of an otherwise 'reasonable' concept. To this effect, the present article has undertaken a substantial theoretical reorientation of trust research. It is worthwhile to return to Simmel as an original source in itself, but one that has also influenced authoritative works on trust, namely Luhmann (1979), Lewis and Weigert (1985) and Giddens (1990, 1991), and is recognised more recently by Misztal (1996) and Lane (1998). While Simmel's ideas are rich and evocative, they need to be interpreted and developed into a focused (so-called) Simmelian notion of trust, which has been the objective of this article. The resulting model consists of three elements. The first is *expectation*: the state reached at the end of the trust process and which can be either favourable (in the case of trust) or unfavourable (distrust). Secondly, *interpretation* captures the idea that human experiencing of the life-world gives bases for trust ('good reasons'). However, thirdly, the mental leap of trust (from interpretation to expectation) needs to be enabled by *suspension*: the bracketing of the unknowable which represents a defining aspect of the nature of trust. Further research should capture all three elements. Finally, the Simmelian notion of trust calls for reflexive, hermeneutic approaches, both conceptually and empirically.

NOTES

1. The editor and translator, Kurt H. Wolff, acknowledges in a footnote that the terms confidence and trust are both used 'according to context' (Simmel 1950:345) in translation of the German *Vertrauen*. He gives no further explanation of which meanings of *Vertrauen* call for the terms confidence or trust respectively.

2. Lane (1998:12) describes Luhmann's essay accurately as 'the most extended and insightful theoretical analysis of trust'. It is indeed an extremely rich text, which cannot be conveyed fully here. The focus is on Simmel's occasional, yet significant, influence on Luhmann (Frankel 1977, Misztal 1996, Lane 1998). The contributions by Giddens (1990, 1991) contain important references to Simmel, too.

3. Burt and Knez (1996:85) in the same volume also cite Simmel, though not directly on trust but on conflict.

4. Only two articles cite Simmel briefly: Lewicki *et al.* (1998) on conflict; Bigley and Pearce (1998) exclude Simmel as too broad for their classification.

5. It is not the purpose of this article to revisit hermeneutics as such. For an up-to-date and accessible account see Alvesson and Sköldberg (2000:52–109).

6. The reader may forgive the extensive use of the gorge analogy in this section. It is up to individual imagination to develop the idea further, for instance whether people have preferred mental crossing places or what the meaning of a 'suspension bridge' might be.

7. Again (see Note 5), this is not the place to discuss the validity and wider applicability of hermeneutics. The point made is merely that the concept of trust will be more meaningful if seen as an interpretative phenomenon.

REFERENCES

Alvesson, M. 1999. *Beyond Neo-Positivists, Romantics and Localists: A Reflexive Approach to Interviews in Organization Research.* Institute of Economic Research Working Paper Series 1999/3, School of Economics and Management, Lund University, Sweden.

Alvesson, M. and Sköldberg, K. 2000. *Reflexive Methodology.* London: Sage.

Bachmann, R. 1998. 'Conclusion: Trust – Conceptual Aspects of a Complex Phenomenon', pp. 298–322, in C. Lane and R. Bachmann (eds.), *Trust Within and Between Organizations.* Oxford: Oxford University Press.

Bachmann, R. 1999. *Trust, Power and Control in Trans-organizational Relations.* Working Paper No. 129, ESRC Centre for Business Research, University of Cambridge, also forthcoming in *Organization Studies.*

Barber, B. 1983. *The Logic and Limits of Trust.* New Brunswick: Rutgers University Press.

Bigley, G. A. and Pearce, J. L. 1998. 'Straining for Shared Meaning in Organization Science: Problems of Trust and Distrust'. *Academy of Management Review* 23: 405–21.

Blau, P. 1964. *Exchange and Power in Social Life.* London: John Wiley.

Burt, R. S. and Knez, M. 1996. 'Trust and Third-party Gossip', pp. 68–89, in R. M. Kramer and T. R. Tyler (eds.), *Trust in Organizations.* Thousand Oaks: Sage.

Coleman, J. S. 1988. 'Social Capital in the Creation of Human Capital', *American Journal of Sociology* 94: S95–S120.

Coleman, J. S. 1990. *Foundations of Social Theory.* Cambridge: Harvard University Press.

Cummings, L. L. and Bromiley, P. 1996. 'The Organizational Trust Inventory (OTI): Development and Validation', pp. 302–30, in R. M. Kramer and T. R. Tyler (eds.), *Trust in Organizations.* Thousand Oaks: Sage.

Elster, J. 1989. *Solomonic Judgements: Studies in the Limitations of Rationality.* Cambridge: Cambridge University Press.

Erikson, E. H. 1965. *Childhood and Society*. Harmondsworth: Penguin.

Fox, A. 1974. *Beyond Contract: Work, Power and Trust Relations*. London: Faber and Faber.

Frankel, S. H. 1977. *Money: Two Philosophies*. Oxford: Basil Blackwell.

Frisby, D. P. 1992. *Sociological Impressionism: A Reassessment of Georg Simmel's Social Theory* (2nd edn). London: Routledge.

Fukuyama, F. 1995. *Trust: The Social Virtues and the Creation of Prosperity*. London: Hamish Hamilton.

Gambetta, D. (ed.) 1988. *Trust: Making and Breaking Co-operative Relations*. Oxford: Basil Blackwell.

Giddens, A. 1984. *The Constitution of Society*. Cambridge: Polity Press.

Giddens, A. 1990. *The Consequences of Modernity*. Cambridge: Polity Press.

Giddens, A. 1991. *Modernity and Self-identity*. Cambridge: Polity Press.

Giddens, A. 1994. 'Risk, Trust, Reflexivity', pp. 184–97, in U. Beck, A. Giddens and S. Lash (eds.), *Reflexive Methodology*. Cambridge: Polity Press.

Goffman, E. 1963. *Behavior in Public Places: Notes on the Social Organization of Gatherings*. New York: Free Press.

Good, D. 1988. 'Individuals, Interpersonal Relations and Trust', pp. 31–48, in D. Gambetta (ed.), *Trust: Making and Breaking Co-operative Relations*. Oxford: Basil Blackwell.

Granovetter, M. 1985. 'Economic Action and Social Structure: A Theory of Embeddedness'. *American Journal of Sociology* 91: 481–510.

Hollis, M. 1998. *Trust Within Reason*. Cambridge: Cambridge University Press.

Kramer, R. M. and Tyler, T. R. (eds.) 1996. *Trust in Organizations: Frontiers of Theory and Research*. Thousand Oaks: Sage.

Lane, C. 1998. 'Introduction: Theories and Issues in the Study of Trust', pp. 1–30, in C. Lane and R. Bachmann (eds.), *Trust Within and Between Organizations*. Oxford: Oxford University Press.

Lane, C. and Bachmann, R. (eds.) 1998. *Trust Within and Between Organizations*. Oxford: Oxford University Press.

Lewicki, R. J. and Bunker, B. B. 1996. 'Developing and Maintaining Trust in Work Relationships', pp. 114–39, in R. M. Kramer and T. R. Tyler (eds.), *Trust in Organizations*. Thousand Oaks: Sage.

Lewicki, R. J., McAllister, D. J. and Bies, R. J. 1998. 'Trust and Distrust: New Relationships and Realities'. *Academy of Management Review* 23:438–58.

Lewis, J. D. and Weigert, A. 1985. 'Trust as a Social Reality'. *Social Forces* 63:967–85.

Luhmann, N. 1979. *Trust and Power: Two Works by Niklas Luhmann*. Translation of German originals *Vertrauen* [1968] and *Macht* [1975]. Chichester: John Wiley.

Luhmann, N. 1984. *Soziale Systeme*. Frankfurt: Suhrkamp.

Lyons, B. and Mehta, J. 1997. 'Contracts, Opportunism and Trust: Self-interest and Social Orientation', *Cambridge Journal of Economics* 21:239–57.

McAllister, D. J. 1995. 'Affect- and Cognition-based Trust as Foundations for Interpersonal Cooperation in Organizations'. *Academy of Management Journal* 38:24–59.

Meyerson, D., Weick, K. E. and Kramer, R. M. 1996. 'Swift Trust and Temporary Groups', pp. 166–95, in R. M. Kramer and T. R. Tyler (eds.), *Trust in Organizations*. Thousand Oaks: Sage.

Misztal, B. A. 1996. *Trust in Modern Societies*. Cambridge: Polity Press.

Poggi, G. 1979. 'Introduction', pp. vii-xix, in N. Luhmann, *Trust and Power*. Chichester: John Wiley.

Putnam, R. D. 1995. 'Bowling Alone: America's Declining Social Capital', *Journal of Democracy* 6:65–78.

Sako, M. 1992. *Prices, Quality, and Trust: Inter-firm Relations in Britain and Japan*. Cambridge: Cambridge University Press.

Seligman, A. 1997. *The Problem of Trust*. Princeton, NJ: Princeton University Press.

Simmel, G. 1950. *The Sociology of Georg Simmel*. Transl., ed. and intr. by K. H. Wolff. New York: Free Press. [German original, 1908.]

Simmel, G. 1989. *Philosophie des Geldes*. Ed. by D. P. Frisby and K. C. Köhnke. Frankfurt: Suhrkamp. Leipzig: Duncker & Humblot [1900].

Simmel, G. 1990, 2nd edn. *The Philosophy of Money*. London: Routledge. [German original, 1900.]

Simmel, G. 1992. *Soziologie: Untersuchungen über die Formen der Vergesellschaftung*. Ed. by O. Rammstedt, Frankfurt: Suhrkamp. Leipzig: Duncker & Humblot [1908].

Sztompka, P. 1999. *Trust: A Sociological Theory*. Cambridge: Cambridge University Press.

Williamson, O. E. 1993. 'Calculativeness, Trust, and Economic Organization'. *Journal of Law and Economics* 36:453–86.

Zucker, L. G. 1986. 'Production of Trust: Institutional Sources of Economic Structure, 1840–1920', pp. 53–111, in B. M. Staw and L. L. Cummings (eds.), *Research in Organizational Behavior*, Volume 8.

Biographical note: GUIDO MÖLLERING has recently joined the Institute for Business Administration at the Free University of Berlin, Germany, as an assistant research officer/lecturer. He is also a doctoral candidate at the Judge Institute of Management Studies, University of Cambridge, where he previously received his M.Phil. degree and has held a three-year ESRC Research Training Studentship. His main research interests are in the area of trust and inter-organisational relations (networks) and more broadly in economic sociology and organisational behaviour.

Address: Free University of Berlin, Institute for Business Administration, Boltzmannstr. 20, 14195 Berlin, Germany; e-mail: guido.moellering@wiwiss.fu-berlin.de.