

# The “Dark Side” of Institutional Trust

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This chapter focuses on an issue that is often overlooked in the broad field of trust scholarship. The issue is that discussions about and studies of trust typically focus on the positive aspects of trust—how trust improves relationships, encourages good behavior, improves business outcomes, and so forth (Gargiulo & Ertug, 2006). This “optimistic bias” is particularly evident in work focused on trust in institutions, where concepts such as procedural justice, shared values, and moral responsibility have gained prominence.<sup>1</sup> Consider, for example, the content included in the 62nd Annual Nebraska Symposium on Motivation, *Cooperation and Compliance with Authority: The Role of Institutional Trust*, its accompanying volume (Bornstein & Tomkins, 2015), and the associated National Science Foundation *Workshop on Institutional Trust and Confidence* (the basis of the current volume). Clearly, the “bright side” of trust in institutional contexts is highly appreciated.

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<sup>1</sup> See PytlikZillig and Kimbrough (2016), for a detailed discussion of the definition of trust and institutional trust. For the purposes of the current chapter, we use their definition, which (paraphrased) is as follows: institutional trust involves an interdependent trustor (e.g., citizen) and trustee (e.g., government branch, agency, institution) in a context that contains risk for the trustor. Trust is experienced by the trustor as voluntary and involves evaluations and/or expectations that the trustor has of the trustee.

However, trust can also have undesired consequences under some circumstances, suggesting that trust in institutions is not universally good. For example, MacCoun (2005) asserted that the body of work on procedural justice—ways in which public institutions such as police and the courts can behave to improve public cooperation and compliance—has troubling implications for leaving people susceptible to manipulation and exploitation. Likewise, Zahra, Yavuz, and Ucbasaran (2006) discussed the dysfunctional effects of trust on new business-creation incentives, such as overreliance on trust in interpersonal relationships leading to poor business decisions. Further, Skinner, Dietz, and Weibel (2014) discussed how trust can be problematic in organizational settings, such as by incurring unwelcome obligations to reciprocate.

Villena, Revilla, and Choi (2011) found evidence for “dark side” as well as a “bright side” of social capital<sup>2</sup> for buyer–supplier relationships in management contexts. Specifically, their results showed an inverted curvilinear relationship between social capital and performance, such that too little *and* too much social capital hurt performance. Thus, building trust and social capital is a good thing—up to a point. Like the children’s story “The Three Bears” in which the protagonist Goldilocks determines that various things between two extremes are “just right,” there may be an optimal level of trust for people to have in institutions. Although problems associated with too-low institutional trust are commonly discussed (e.g., Newton, 2001; Warren, 1999), there may also be detrimental consequences to consider for institutional trust that is uncalibrated in the “too high” direction.

The purpose of this chapter is to highlight the potentially negative implications of too-high trust in the context of institutions and organizations. Specifically, trust is not beneficial for trustees when a trusted institution actually behaves in untrustworthy ways. Our conceptual overview is organized through an analysis of processes contributing to the negative implications of trust, including external processes, internal processes, and their intersection. The unjustified high public trust might be due to *actions taken by the institution* (i.e., external-to-the-individual, or trustee-related, processes) to boost individuals’ trust in it, such as public relations campaigns or efforts to increase public participation and perceived voice or control without a genuine reflection of the institutions’ trustworthiness. Conversely, unjustified high trust might be due to *intraindividual processes* (i.e., trustor-related processes)—features of the trustor that encourage them to place greater-than-warranted trust in the institution, such as a heightened motivation to believe that one’s public institutions deserve to be trusted without evidence that an increase in such trust is

## “External” and “Internal” Processes

A person’s trust in an institution can involve both “external” and “internal” processes. That is, the institution can take actions to encourage the person’s trust (external process), or a person can experience or engage in intrapsychic processes that adjust their level of institutional trust (internal process). The boost in institutional trust resulting from these mechanisms may be considered beneficial as trust in institutions often has desirable consequences for individuals and institutions alike (e.g., Newton, 2001; Warren, 1999). However, when trust is uncalibrated to the context and people trust an institution too much, negative consequences may emerge. For instance, when people’s trust is high, they are less likely to think critically, less likely to question assumptions, and are more susceptible to the “halo effect” and stereotyping (e.g., Mayo, 2014; Posten & Mussweiler, 2013).

### *External Processes*

Institutions may be motivated to increase public trust in order to benefit from the positive consequences of public trust. For example, institutions enjoy less monitoring and vigilant attention to their activities when public trust is high, as well as higher commitment and lower conflict compared to institutions with low public trust (Gargiulo & Ertug, 2006). Institutions with high public trust are also more likely to elicit increased cooperation and compliance—surely benefits institutions seek (e.g., Das & Teng, 1998; Siegrist, Earle, & Gutscher, 2003).

Given such benefits, it is probably no surprise that institutions do seek to enhance public trust. Take, for example, the Obama Administration’s Open Government Initiative, an undertaking designed explicitly to “ensure the public trust” (Obama, 2009, para. 1). Or the National Center for State Courts (2000) action plan to “build public trust and confidence” in the courts (p. 6). A search for *enhancing public trust* on Google’s Web search engine reveals a half billion results. Many of these results discuss the importance of and strategies for increasing the public’s trust with regard to institutions as varied as the healthcare system, agriculture, banks, the food safety regulatory system, police, nonprofits, and the accounting profession.

Institutions can earn the public’s trust by demonstrating substantively trustworthiness, the adoption of sound mechanisms to holding their institutions and officials

rather than substantive information, the level of trust may or may not be calibrated to the actual trustworthiness of the institution.

Examples of the effectiveness of heuristic cues include Gibson, Lodge, and Woodson's (2014) demonstration that exposure to the symbols of judicial authority (justices in black robes, a temple-like building, a gavel) compared to abstract symbols that somewhat mimicked the judicial symbols in shape and form (black lines, image of white marble, wooden surface) bolstered institutional support, perceptions of legitimacy, and acquiescence to court rulings with which people disagreed. Similarly, Hassin, Ferguson, Shidlovski, and Gross (2007) found that Israelis' exposure to their flag—a symbol for many of nationality, centrism, and cooperation—increased bipartisan support for key political issues, voting intentions, and actual voting behavior in a national election. Relatedly, subtle exposure to the United States' flag—which is associated more with the Republican than Democratic Party in Americans' minds—appears to increase support for Republican candidates (Carter, Ferguson, & Hassin, 2011). Also studying the role of heuristic processes, Sah, Moore, and MacCoun (2013) showed that people used an advisor's confidence as a heuristic cue to judge his or her credibility and trustworthiness; more confident advisors were perceived as more credible. Furthermore, when substantive information about the advisors' errors was available but hard or expensive to access, people made less of an effort to determine the accuracy of confident advisors than they did for unconfident advisors. These results reveal ways in which people's trust in institutions could be susceptible to external manipulation.

### ***Internal Processes***

Various internal cognitive, affective, and motivational processes also influence people's institutional trust. Such processes appear to involve generalizable properties of human psychology and they also involve individual differences in trustors, in that their reasoning and assimilation of information may be biased by their preexisting preferences or attitudes (e.g., Kunda, 1990; Lord, Ross, & Lepper, 1979). For instance, MacCoun and Paletz (2009) showed that citizens were more skeptical of the findings of a hypothetical scientific study when the findings contradicted their prior beliefs about the topic.

Cultural cognition theory sheds further light on intraindividual characteristics

tiveness, status-quo bias, loss aversion, emotion, and so forth), can generate different judgments in people with opposing worldviews. Thus, people may be motivated to trust certain institutions or institutional representatives that fit their cultural worldviews and rely on the “internal” mechanisms of cultural cognition to find reasons to support their desire to trust the institutions.

People can also benefit psychologically from feeling they can trust public institutions. A robust body of literature demonstrates that people are motivated to palliate perceived threats to safety, security, and a sense of meaning and understanding (see Shockley & Shepherd, 2016, for considerable detail on this topic). These psychological motivations may lead people to increase their trust in institutions, independent of the actions of the institutions, in order to restore a comfortable psychological state. Thus, motivational processes internal to the trustor can generate unearned institutional trust. This is a process called *compensatory institutional trust* (see Shockley & Shepherd, 2016). In a recent study, Schilke, Reimann, and Cook (2015) showed that such motivated cognition is particularly pronounced and leads to heightened trust when the trustor has relatively low (as opposed to high) structural power, with stark power-differences being characteristic of the public’s trust in institutional authorities. This finding suggests that excessive trust may be especially common when the trusting individual is highly dependent on a powerful institution.

## **The “Darkest Side”: When “External” and “Internal” Processes Intersect**

External and internal processes also might intersect in ways that reveal implications for the “darkest side” of institutional trust. Specifically, when institutions know about the internal susceptibilities and vulnerabilities of trustors, and when they are in a position to leverage mechanisms through which high trust can be generated, institutions might take advantage of that knowledge to orchestrate and *manipulate* an increase in trust to motivate compliance and reap other benefits of high public trust.

Let’s explore how this might occur, returning to some of the illustrations provided above. Gibson et al. (2014) found that exposure to the trappings of judicial authority increases perceptions of legitimacy and acquiescence to disagreeable rul-

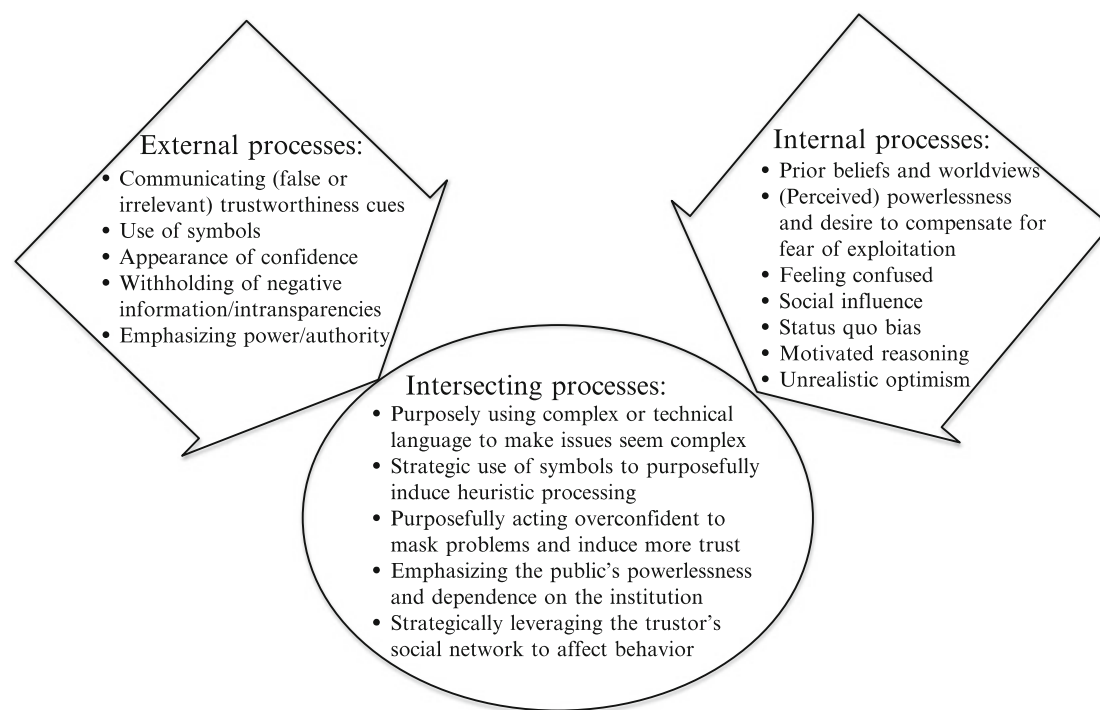
cating their decision in order to boost perceptions of legitimacy and temper public protest.

As a second example, suppose a candidate from the Republican Party is trailing in projected election polls and knows the literature suggesting that exposing United States citizens to the American flag affects their voting behavior and increases support for Republican candidates (Carter et al., 2011). The candidate could, in an attempt to boost the chance of winning the election, alter her/his campaign materials and advertisements to include more images of the national flag. This candidate would be capitalizing on exposure to the flag and “internal” heuristic processing mechanisms through the strategic use of symbols (i.e., images of the flag) to make conservative values salient and accessible and thus more likely to influence people’s judgments and perceptions (e.g., Salancik & Conway, 1975).

As a couple of final examples, institutional elites might be aware that people are motivated to trust in and defer to the decisions of the institution especially when tasks or issues are complex and difficult for people to understand (Shepherd & Kay, 2012). The institution might leverage this knowledge to purposely make issues seem very complex, such as using highly complicated language or even “legalese” so that the public disengages from participating and frees the institution to decide how to handle the issue on its own. Or perhaps knowing that displays of confidence increase trust and reduce people’s motivation to look for disconfirming evidence (e.g., Sah et al., 2013), institutions might intentionally act confident, even when they are not, in order to “mask” potential problems within the institution. Finally, communicating and emphasizing how dependent the public is on an institution may lead people to engage in greater motivated reasoning and, in turn, to place excessive trust on the institution (Schilke et al., 2015). These examples might reflect (perhaps common) manifestations of the “darkest side” of institutional trust. Figure 1 summarizes the external, internal, and intersecting processes driving too-high trust that are discussed in this chapter.

## Context-Specific Applications of the “Dark Side” of Institutional Trust

In this section, we offer context-specific examples of external, internal, and intersecting processes of the dark side of institutional trust. We do so by drawing upon



**Fig. 1** Framework of external, internal, and intersecting processes driving too-high trust

is under high uncertainty when trust becomes an important issue (Rousseau, Sitkin, Burt, & Camerer, 1998). Organizations are trusted by various stakeholder groups (Pirson & Malhotra, 2011)—most notably employees, customers, suppliers, alliance partners, and investors. These trustors rely on a variety of cues in determining the trustworthiness of an organization (Schilke & Cook, 2015). While making trust judgments, external and internal processes as well as their intersection can be responsible for too much trust being placed in organizations.

*External Processes.* There are several examples of organizations that produced excessive levels of trust through selective communication, but the Enron Corporation—the now-bankrupt major American energy company—is probably the most prominent one. As Currall and Epstein’s (2003) case study makes clear, Enron strategically manufactured an image of a super-trustworthy firm. While aggressively communicating academic credentials and philanthropic activities of their top management team, along with the innovativeness of their business model and the

to significant problems in that the buying firm places too much trust in the economic health of the target firm. One such situation was when the AT&T Corporation, a major American telecommunications company, acquired the NCR Corporation, an American computer hardware, software, and electronics company. AT&T's value-destroying acquisition of NCR in the early 1990s is frequently attributed to AT&T falling victim to significant intransparencies (Lys & Vincent, 1995).

*Internal Processes.* The Enron case mentioned earlier can also be used to illustrate a key internal process of the dark side of trust: people's susceptibility to social influence when making trust judgments (Currall & Epstein, 2003). Especially on Wall Street, investment firm analysts fell victim to normative perceptions when assessing Enron. If so many other analysts issue a "buy" recommendation, what could possibly be wrong with Enron? Given that Enron seemed to be everybody's darling, it became increasingly difficult for individual analysts to make the case against Enron's trustworthiness.

Another internal process responsible for excessive levels of trust in organizations is related to status quo bias, or a preference for and acceptance of the current state of affairs (Kahneman, Knetsch, & Thaler, 1991). Especially in long-term relationships with an organization, people may develop a tendency to scrutinize their trust perceptions of that organization to a far lesser extent (Grayson & Ambler, 1999). In other words, people may over time become lazy and place unwarranted trust in the organization. This claim is supported by recent research in decision neuroscience that finds cognitive resources devoted to trust judgments to decline with increasing relationship length, with trust being maintained even under circumstances when trust is clearly violated (Schilke, Reimann, & Cook, 2013). This might be explained by the lack of clarity in a trust violation. Even if a breach of trust by an organization is suspected, it is often very difficult to prove (Anderson & Jap, 2005). For example, are delivery problems really the fault of the organization or are those problems beyond that organization's control? The difficulties and significant effort involved in identifying and proving untrustworthy behavior of an organization may lead trustors to neglect or even deny any problems.

*Intersecting Processes.* A Ponzi scheme—a fraudulent investment operation in which the investments of later investors are used to pay "returns" to earlier investors—exemplifies a manifestation of the darkest side of trust where external and internal processes intersect. Organizations involved in Ponzi schemes strategically manipulate how people make sense of the situation and assign trust. Bernard Madoff's \$65 billion Ponzi scheme stands out not just in terms of its magnitude but

tors instead of legitimate investment returns. In so doing, the schemes’ operators solicit trust and encourage higher risk-taking through the illusion that investing is genuinely lucrative.

### ***Legal, Governmental, and Political Systems***

Here we focus on examples of external, internal, and interactive processes that lend themselves toward the “dark side” of too-high trust in legal, governmental, and political institutions.

*External Processes.* Shockley and Fairdosi (2015) present the problem of democracy failing to deliver on its promises. In theory, democracy functions as a system in which citizens’ equal participation in the legislative process is normatively prescribed. This view of democracy relies upon the ability of these citizens to gain an informed understanding about policies (Dahl, 1998). Direct democracy, contrasted with representative democracy in which citizens self-govern indirectly through elected representatives, involves a transfer of power away from elites and toward citizens. It has long been theorized that this highly participatory style of democracy would, if implemented, lead to the citizenry being more engaged, informed, and efficacious (Barnett, 1915; Bryce, 1910; Cree, 1892; Garner, 1907; Haynes, 1907; Key & Crouch, 1939; Munro, 1912; Sullivan, 1892).

Shockley and Fairdosi (2015) detail research revealing disappointingly low levels of participation of American citizens in direct democracy compared with candidate elections (Cronin, 1989; Dubois & Feeney, 1998; Everson, 1981). These consequences may result from the complex language that characterizes ballot initiatives and policy descriptions (Dubois & Feeney, 1998; Magleby, 1984). Indeed, issues put to a popular vote are often written as complicated legislative proposals with technical language. Even official descriptions of upcoming ballot initiatives can be excessively complexly worded (LaPalombara, 1950; Magleby, 1984). Furthermore, longer ballots are thought to encourage abstention (Cronin, 1989; Darcy & Schneider, 1989; Dubin & Kalsow, 1994; Dubois & Feeney, 1998; Magleby, 1984).

Inaccessible language can be deliberately used in proposed statutes, charter or constitutional amendments, and local ordinances as well as in their descriptions mailed to citizens. A choice to use complex language in this way might be made in

(Shockley & Shepherd, 2016). Indeed, in terms of the aforementioned context of direct democracy, American citizens report high levels of confusion (Bowler & Donovan, 1998; Cronin, 1989; Dubois & Feeney, 1998).

Supporting such a notion, Shepherd and Kay (2012) found that exposure to a sociopolitical issue described in complex language induces confusion regarding the issue. In turn, this confusion appears to lead individuals to perceive low personal control, feel dependent upon a relevant institution, have *greater* trust in the institution to manage the issue, and avoid further information about the issue. Furthermore, avoidance of information renders individuals less capable of effectively participating in democratic decision making regarding the issue in the future, and may impact participation in social movements and challenges to the status quo more generally. When people read about a policy in confusing language, they may feel insufficiently competent to understand and participate effectively in politics (Bowler & Donovan, 2002; Smith & Tolbert, 2004) and may resolve this low sense of personal control by trusting that institutional elites have a handle on policy issues. Via internal processes, citizens who do not trust themselves appear motivated to trust in institutions instead, functionally outsourcing political engagement to trusted institutions and their elites. Indeed, Shockley and Fairdosi (2015) found support for these notions. In their experimental research, participants who were randomly assigned to read about an ostensible ballot initiative in complex (rather than simple) language reported a lower likelihood of voting on the policy as well as higher trust in the agencies involved in crafting the legislation.

Another internal process impacting institutional trust is the way in which the “pageantry” of symbols of judicial authority—including gavels and robes—encourages citizens to accept judicial decisions (Gibson et al., 2014, p. 838). The internal portion of this process is enabled by cognitive and affective associations (Lodge & Taber, 2000) between judicial symbols and legitimacy among individuals who associate judicial symbols with the positive characteristic of legitimacy. Mental activation of individuals’ cognitive and affective (psychological) associations between the courts and legitimacy and of the legitimacy-acquiescence link (i.e., that perceived legitimacy facilitates the acceptance of judicial decisions with which ones disagrees; Tyler, 2006) via judicial symbols may lead individuals to be more accepting of judicial decisions and more obedient.

*Intersecting Processes.* Importantly, internal processes that generate greater institutional trust or perceived legitimacy can be capitalized upon by institutions. Institutional elites may not only capitalize upon processes that generate greater

United States among individuals relatively supportive of the Court. This finding is consistent with the aforementioned framework of Lodge and Taber (2000) because it is among these individuals with positive attitudes toward the Court that judicial symbols are associated with the positive characteristic of legitimacy. Among such citizens, mental activation of the cognitive and affective association between the courts and legitimacy should increase the likelihood of accepting the Court’s decisions. Within this framework, it is also the case that individuals who are generally less supportive of the Court should experience a reduced likelihood of acquiescence to the Court’s decisions when exposed to judicial symbols due to the negative valence of their associations. This is essentially what Gibson et al. also found. What, then, are the implications for the intersection of internal and external processes of the dark sides of trust?

Imagine that the Supreme Court generates higher support among the citizenry and then capitalizes upon the fact that individuals high in support for the Court are more likely to accept its decisions when exposed to judicial symbols. This ultimately should maximize rates of acquiescence following exposure to the pageantry of judicial authority, such as the symbolism of judges’ robes. Thus, this would reflect a dark side of trust at the intersection of the types of internal and external processes we have discussed. How might the Court generate higher support among citizens in order to achieve especially high rates of acquiescence? Judges framing decisions as principled—as opposed to political—leads to increases in citizens’ perceptions of judicial legitimacy (Gibson & Caldeira, 2011). Thus, portraying judicial decisions as principled—even if they are to some extent political—might boost support for the Court in such a way that exposure to judicial symbols results in even greater acquiescence among citizens to the Court’s decisions.

## Future Directions and Conclusions

There is no shortage of potential future directions regarding the dark sides of institutional trust. The theoretical and empirical literatures suggest that both context-specific lines of inquiry and research into cross-cutting issues related to the dark side of institutional trust will be generative. To what degree do institutions intentionally and manipulatively boost perceptions of trust in order to benefit from high public trust? Gargiulo and Ertug (2006) suggest institutions may be motivated to

cial symbols impact trust toward law enforcement because of the cognitive connections between courts and the police? With regard to the motivation to trust institutions when feeling low in comprehension of sociopolitical issues, might we see boosts in trust of superordinate institutions? For instance, can direct democracy ballot initiatives at the state level (i.e., in one of the United States) that are characterized by incomprehensible language not only motivate greater trust in state legislators but also the state government more generally, other branches of state government, or even components of the federal government? Relatedly, could exposure to complex or incomprehensible policies motivate greater trust in candidates with specific traits during candidate elections? Perhaps a low sense of understanding sociopolitical issues may motivate greater trust in candidates with an autocratic leadership style. After all, feeling that one lacks the understanding necessary to effectively participate in policy decisions may lead one to see candidates with autocratic rather than more democratic leadership styles as more competent and thus trustworthy.

Thus, we end this chapter with a call for more empirical research on the issue of how too much trust in institutions can be problematic. We also encourage scholars studying trust and related constructs, as well as institutions interested in increasing their perceived trust to think about the ethical nuances of increasing trust. As per the Goldilocks principle, there may just be an optimal “middle ground” for institutional trust, toward which understanding would be a worthwhile goal.

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