

## **Influence of power imbalance and actual vulnerability on trust formation**

### **Structured Abstract**

**Purpose:** Leveraging Emerson's theory of power and motivated reasoning, we explore how the net power of an individual and actual, instead of perceived vulnerability, results in asymmetric trust and distrust development in a dyadic relationship.

**Design/methodology/approach:** Based on extant literature and gaps in the literature, this conceptual paper hypothesizes and proposes trust formation based on power dynamics and vulnerability.

**Findings:** This research extends the knowledge base by exploring the role of actual vulnerability over perceived vulnerability in trust formation and distrust formation.

**Research limitations/implications:** Our research propositions imply that the dyadic trust formation process is not rational, and trust itself is not symmetrical but asymmetrical. The net power possessed by one individual over the other drives trust. Net power balance determines the actual vulnerability of the focal individual, and then the individual, through motivated reasoning, trusts or distrusts another individual. Scholars, going forward, could explore how trust formation varies at group and firm levels.

**Originality/value:** Extant literature has not explored the role of power imbalance in determining actual (vs. perceived) vulnerability that influences trust formation between parties. Our conceptual paper fills this gap.

**Keywords:** power imbalance, vulnerability, trust, distrust

**Paper type:** conceptual paper

## Abstract

Leveraging Emerson's theory of power and motivated reasoning, we explore how the net power of an individual and actual, instead of perceived vulnerability, results in asymmetric trust and distrust development in a dyadic relationship. We assert that the net power an individual possesses, determined by the combined effect of power imbalance and mutual interdependence, determines an individual's overall dependency on resources a high-power individual possesses. More such dependence makes low-net power individuals more vulnerable. With increasing uncertainty of outcome, more vulnerable individuals are motivated to find reasons to perceive high-net power individuals as more benevolent and credible. High-net-power individuals, on the contrary, are less vulnerable. To sustain their status of low vulnerability, they are motivated to find reasons to distrust low-net power individuals and thus perceive them as less benevolent and credible. Overall, the trust formation process is not rational, and trust itself is not symmetrical but asymmetrical. Furthermore, resource attributes, such as uniqueness or substitutability, further increase the trust of vulnerable individuals in high-net-power individuals, whereas physical and demographics-based stereotypes of highly vulnerable individuals drive high-net-power individuals to distrust them even more.

## 1. Introduction

Power-dependence theory is the name commonly given to the social exchange theory originally formulated by Richard Emerson (1962). Emerson reasoned that power and dependence between actors have a reciprocal nature, and the theory states that power is equal to the dependence of actor A on actor B. From the social interaction perspective, trust formation is an issue of gradual progression founded on power. Most importantly, impacting the power dynamic in a relationship requires trust and vulnerability. This paper, relying on social exchange theory and the concept of trust, theoretically explores how the net power of an individual and actual, instead of perceived vulnerability, results in asymmetric trust and distrust development in a dyadic relationship.

While trust is defined as a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau et al., 1998: 395), most of the trust literature explains vulnerability-based conceptualizations for interpersonal trust development (Fulmer and Gelfand, 2012; McEvily and Tortoriello, 2011; Schoorman *et al.*, 2007). While this research has enhanced our understanding of trust, most scholars have considered “willingness” to be vulnerable and not the “actual” vulnerability of an individual for trust development (Nienaber *et al.*, 2015; Robertson *et al.*, 2013). Although actual vulnerability is an essential predictor of trust, scholars have paid scant attention to it. However, they have encouraged more research to explore how the two, i.e., actual and willingness to be vulnerable, are interrelated (Nienaber *et al.*, 2015).

This paper intends to provide a holistic conceptualization of trust formation inclusive of power imbalance based on the actual individual vulnerability that motivates the individual to trust or distrust the focal actor. We assert that, for trust formation in interpersonal relationships, the trust formed is asymmetric and varies with the actual vulnerability as determined by the net power

possessed by an individual. Relying on Emerson's (1962) theory of power, we define *net power* as the combined effect of power imbalance and mutual interdependence in a dyadic relationship. In short, low net power makes individuals more vulnerable than those with greater net power.

Next, leveraging motivated reasoning theory, we explain how trust asymmetry emerges across high *versus* less vulnerable individuals. Individuals engage in motivated reasoning to avoid or lessen cognitive dissonance, the mental discomfort people experience when confronted by contradictory belief information, especially on matters that directly relate to their comfort and mental health. Epley and Gilovich (2016) characterized motivated reasoning in terms of the different standards of evidence people typically employ to evaluate propositions they wish to be true and propositions they wish to be false. Specifically, when evaluating an agreeable proposition, they tend to ask, in essence, "Can I believe this?" On the other hand, when evaluating a threatening or disagreeable proposition, individuals tend to invoke a more stringent evidential standard, asking implicitly, "Must I believe this?"

We assert that in imbalanced power relationships, highly vulnerable individuals possessing low net power would be motivated to believe that the opposite partners (i.e., high net power individuals) are trustworthy. Highly vulnerable individuals tend to trust high-net power individuals, given that there is no other option but to rely upon such individuals. On the contrary, high-net-power and less vulnerable individuals have no incentive to trust low-net-power individuals. Any benevolent behavior by low-power individuals would make high-net-power and less vulnerable individuals perceive this as an impression management tactic. They are likely to be motivated to mistrust low-net-power individuals. Thus, net power and vulnerability differences lead to asymmetric trust formation.

Theoretically, it is vital to study trust formation from the power and vulnerability perspective since most popular theories of social power are based on linearity assumptions, implying that the consequences of high power and low power represent opposite ends of a linear continuum (Agrawal, 2017; Guinote, 2007; Magee and Smith, 2013). Fetchenhauer and Dunning (2009) stated that an inherent assumption in trust is that “people should trust only when it is also in the self-interest of the person being trusted to respond in a mutually rewarding manner” (p. 264).

However, this may only sometimes be the case. Power balance may not always exist in a relationship, like the supervisor and employee relationship or the lender and borrower relationship, among others (Sánchez *et al.*, 2022). In both these relationships, one party may have more net power over the other, rendering the other more vulnerable. To avoid uncertainty and to cope with the inability to prevent adverse treatment, more vulnerable parties rely on motivated reasoning and find reasons to trust high-net power parties and may continue to do so, even after betrayal.

Given the above reasoning, we propose an asymmetrical trust framework. According to our framework, in Figure 1, the net power possessed by an actor or party is jointly determined by the power imbalance and mutual interdependence of actors. Actors with low net power are more vulnerable, as they not only have low power, but the opposite actor in a dyadic relationship is also less dependent on the low net power actor. Highly vulnerable and low-net-power individuals would be more motivated to **develop a psychological bias and trust high-net-power individuals**. By contrast, high net power and less vulnerable actors would be motivated to develop less trust in low net power and highly vulnerable individuals. This happens because high-net power actors prefer to sustain the power gap and minimize any risk of exploitation by low-net-power individuals. As power imbalance is associated with access to and utilization of resources, increasing scarcity and importance of resources and decreasing substitutability of resources would

make low-net power and vulnerable individuals even more motivated to trust high-net-power individuals. High net power actors, on the contrary, would examine physical attributes and demography-based stereotypes' of highly vulnerable and low net power individuals to determine less trust. Negative stereotypes associated with specific physical and demographic attribute-based information would motivate high-net-power actors to distrust low-net-power and vulnerable actors more.

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**Insert Figure 1 about here**

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We make several contributions to trust literature. While Lewicki *et al.* (2006) discuss stages of trust development, i.e., how an individual progresses from the first stage to another, we extend this literature and explain how this first stage of trust is formed. We also expand the boundary of vulnerability in the context of trust studies. Some scholars have generally considered vulnerability a passive force beyond human control, such as natural calamity, rather than a part of socially constructed systems.

*Second*, extant literature has explored the concept of interpersonal trust in a dyadic relationship, assuming the actor is willing to be vulnerable. However, we assert that trust is likely to be asymmetrical. This is because perceived vulnerability may not reflect actual vulnerability arising from power imbalance and mutual interdependence.

*Third*, although the literature on asymmetric trust mentions the role of power imbalance and resource dependency, it does not illuminate how these aspects result in asymmetric trust. Moreover, they do not discuss the interpersonal level of trust (Graebner *et al.*, 2020; Korsgaard *et*

*al.*, 2015; Zhong *et al.*, 2017). By explaining the role of actual vulnerability, we extend the literature on asymmetric trust.

## **2. Literature and propositions**

### *2.1. Trust formation: Power imbalance and vulnerability*

#### *2.1.1. Trust*

Trust “is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another in an interdependent relationship]” (Rousseau *et al.*, 1998, p. 395). Nienaber *et al.* (2015, p. 548) define *trust* as “the willingness of a party (the trustor) to be vulnerable to the actions of another party (the trustee) based on the expectation that the trustee will perform a particular action important to the trustor, irrespective of the ability to monitor and control the other party.” Interpersonal trust (as defined by Rousseau *et al.* and others) has been deemed the most critical driver of well-functioning relationships. Hence, for decades scholars have focused across disciplines to investigate factors that might facilitate or thwart trust in social relations. Unfortunately, there is little consensus (For a review on trust, see Balliet and VanLange, 2013).

However, trust is a critical ingredient in successful social exchange. But the threat of misplacing one’s trust and suffering the detrimental consequences of a breach make trust risky. Thus, researchers have paid considerable attention to the factors that facilitate or hinder trust in various settings. Thus, most of the prior research focuses on the dynamics of power and trust, with little theoretic consensus. Some suggest power reduces trust, while others present evidence that power may have a nonlinear relationship with trust (Weiss *et al.*, 2021).

### 2.1.2. Theories of trust

Scholars have proposed different models for trust development. The rational choice model of trust development, which is “arguably the most influential image[s] of trust within organization science” (Kramer, 1999, p. 572), suggests that trust develops over a period as a result of positive interactions (Blau, 1964; Kelley, 1979; Luhmann, 1979). This happens when each party takes successively more significant risks as their confidence in the other’s trustworthiness grows (Doeze *et al.*, 2023; Joo *et al.*, 2023). Thus, every positive act increases the perceived probability of the other’s continued trustworthiness. As positive attributions regarding each other’s trustworthiness accumulate, trust develops rapidly via mutual reciprocity. Once ample interaction has taken place, and there is a limited scope of growth in trust, its development also slows (Schulz *et al.*, 2022). Thus, as per the rational trust model, trust generally develops from the iterative reciprocation of the parties’ trusting acts, where one party takes a calculated risk, making themselves vulnerable and hoping for the eventual benefits made possible by mutual trust (McKnight *et al.*, 1998). After the trusted party responds, the focus returns to the initial trustors and their iterative move. Then, early trust development is almost necessarily sequential, moving back and forth between the two parties via turn-taking and reciprocity.

Other scholars distinguished trust as cognitive and affective (McAllister, 1995). Two main theories explaining these trusts are social exchange and transaction cost economic theories. While transaction cost theory explains the cognitive part of trust (i.e., positive expectations), social exchange theory explains the affective part (i.e., willingness to be vulnerable). Social exchange theory suggests that trust decreases when a relationship has a power imbalance (Hayward *et al.*, 2022; Khazanchi and Masterson, 2011).

Extant literature has considered three types of trust: reciprocal trust, mutual trust, and trust asymmetry (Korsgaard *et al.*, 2015). *Reciprocal trust* implies an iterative influence of one party’s



trust on the other party's trusting behavior. Thus, when a focal party trusts another party, another party reciprocates with trusting behavior (Korsgaard *et al.*, 2015). *Mutual trust* is another type of trust implying a consensus-based emergent attribute (Bliese *et al.*, 2007), where mutual trust represents the level of trust varying from a mutually high to a mutually low level.

This paper focuses on the third type of trust, i.e., *trust asymmetry*. This dyadic level of trust captures the degree to which each party trusts another party, and this trust could be divergent. For example, if dyadic trust is assessed on a five-point scale, an average of three may reflect a high degree of asymmetric trust, where one-party rates another party as "1," while the second party rates the first party as "5" (Korsgaard *et al.*, 2015).

Moreover, traditionally, trust has been assumed as a state that develops over a period in interpersonal relationships, starting with a neutral base time (Borum, 2010). Scholars refer to the traditional view of initial trust neutrality as the "zero baseline" assumption (Blau, 1964; Rempel *et al.*, 1985). However, situations and individual differences might sometimes create a more positive or negative (non-neutral) starting point, influencing the time it takes to develop, maintain, or rupture trust (McKnight *et al.*, 1998). As individuals can begin a situation of trust, which is not at a zero baseline, but at a higher (positive trust) or lower (negative trust) level starting point, we assert that vulnerability and net power possession create a situation where trust does not begin with a zero baseline, but either a positive or negative starting point, as we explain further.

## *2.2.Theories of power*

*Power* can be defined as the relative control an individual has over the outcomes for oneself and others (Fiske and Berdahl, 2007). Powerful individuals can elicit desired behavior in others (Felix *et al.*, 2023; Fiske, 2010; Tost, 2015). Power in any form (i.e., social, referent, expert, or formal) is a function of the extent to which Individual B depends on Individual A. As B becomes more

dependent, A becomes more powerful (Friedkin, 2011). Weber (1947, p. 152) described power as “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests.”

In this paper, we rely on Emerson's theory of power (1962), which considers two dimensions of power in determining net power possession by an individual. The two dimensions are power imbalance and mutual dependence on resources. *Power imbalance* refers to the difference between two actors' dependencies. The more dependent one actor is on another regarding resources, goal achievement, and so on, the lesser their power (Lawler and Yoon, 1996).

The second dimension of power in a dyadic relationship (i.e., *mutual dependence*) explains the existence of bilateral dependencies among two actors, regardless of whether they are balanced. Formally, mutual interdependence is the sum of the actor i's dependence on actor j and actor j's dependence on actor i (Bacharach and Lawler, 1981; Casciaro and Piskorski, 2005).

Emerson (1962) suggested that the net power possessed by an individual is jointly determined by power imbalance and mutual dependence, implying that high power imbalance does not necessarily mean low mutual dependence and vice versa. Thus, even if the power imbalance increases in favor of one of two actors, their mutual dependence may also increase, limiting the ability of the powerful actor to exercise their power and thus reducing the vulnerability of the opposite party (Gulati and Sytch, 2007). Moreover, research has focused exclusively on the impact of power on trust with little consensus (Glavee-Geo *et al.*, 2022; Zhong *et al.*, 2017) and also left unaddressed the impact of actual vulnerability on power dynamics in trust formation, the subject of this manuscript.

### *2.3. Concept of vulnerability*

Mayer *et al.* (1995), linking trust with the vulnerability of an individual, suggested that trust, in general, was based on two core elements: (a) a positive expectation that the focal party will not behave opportunistically and (b) a willingness to be vulnerable in the hands of the trustworthy party. Thus, an individual's willingness to be vulnerable is based on the partner's trustworthiness goodwill assessment.

#### *2.3.1. Actual vs. perceived vulnerability*

There is a difference between the willingness to be vulnerable and actual vulnerability. Also referred to as elective vulnerability (or Type 2 vulnerability), *willingness to be vulnerable* refers to “risk-taking in relationships” (Mayer *et al.*, 1995: p. 715), that is, an objective state of voluntarily exposing oneself to the risk of betrayal and cooperating with the decisions and actions of another (Dias *et al.*, 2023). The notion of “willingness” to take a risk implies that individuals choose to take or not take a risk. Individuals are more inclined to trust when the likelihood of betrayal is low compared to when it is high (Hong and Bohnet, 2007). However, this choice of willingness and likelihood to trust under high betrayal conditions may not always exist (Taskan *et al.*, 2022). Actual vulnerability explains this aspect.

Scholars have proposed several conceptualizations for actual vulnerability across different literature streams, with some categorizing low-wage individuals as vulnerable. In this regard, the United Nations offered a macroeconomic perspective on vulnerability and elaborated on factors determining a community's vulnerability level (UN Habitat, 2002). For instance, in medical sciences, vulnerability describes an individual's inability to protect and maintain their interests (CIOMS, 2002). Pollert and Charlwood (2009) categorized workers as vulnerable when their hourly earnings were below the median. The Trades Union Congress's Commission on Vulnerable

Employment (2008) characterized those “at high risk of being in vulnerable work’ as those who are paid less than £6.50 (USD 8.94) per hour and who either have no academic qualifications, have non-permanent contracts or work at home, plus all undocumented migrant workers and those working in the informal economy.” Often, migrant workers become vulnerable as organizations exclude them from benefits and protection, and their employers subject them to forms of exploitation, including underpayment, long hours, and poor working conditions (Ruhs, 2003). Similar treatment is likely to be experienced by temporary contract workers (Ruhs, 2003).

However, Bewley and Forth (2010) suggested that scholars consider vulnerability a continuum, not a discrete state. Managers can determine an individual’s position on the continuum through various factors, both within and outside the workplace, and not only wages. O’Regan *et al.* (2005) and Taylor (2008) took a more nuanced approach and elaborated on the notions of risk and capacity to determine the degree of vulnerability. *Risk* refers to the likelihood that an individual would be exposed to adverse treatment or exploitation, while *capacity* refers to the ability of individuals to protect themselves from risk. Within this framework, we would consider an employee vulnerable when the risk of exposure is high, and their capacity to defend themselves against the risk is low. This will likely happen when a power imbalance exists between the individual and the focal party (du Plessis *et al.*, 2023). For example, struggling to speak the English language could increase the risk of adverse treatment by the employer (by limiting the worker’s outside job options and enhancing dependability on the present employer by the focal employee), which gives more power to the employer over the focal employee, as well as simultaneously resulting in employees having the lower capacity to protect themselves (by limiting their access to advice and information due to language barrier, again giving more power to employer to exploit

the focal employee). Thus, power imbalance, which decreases employees' relative bargaining power, influences an individual's vulnerability.

#### *2.4. Impact of power on actual vulnerability*

As discussed in the Theories of power section, based on Emerson's theory of net power balance, we explain how net power possessed by individuals determines their actual vulnerability. Refer to Table 1 for various permutations and combinations of mutual dependence and power imbalances between two parties.

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**Insert Table 1 about here**

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In the configuration in Table 1, B's dependence on A is low (1), while A's dependence on B is high (7). The first configuration implies a high-power imbalance (6), calculated as the difference between both values of power imbalance (i.e., low level of A dependence on B and high level of B dependence on A), and a medium value for mutual dependence (i.e., the sum of low level of dependence of A on B and high dependence of B on A (8)). The joint influence of power imbalance and mutual dependence determines the vulnerability of a focal actor. For instance, mutual dependence in configuration 5 is also 8. However, the power imbalance is 0. Thus, the focal actor in Configuration 1 possesses more net power than Configuration 5. Configuration 5 makes a case of traditional dyadic relationships explored in the trust literature, where the power balance between two parties is equal. A difference in mutual dependence is decisive in other scenarios.

On a continuum, the more the power imbalance and the lesser the mutual dependence, the more likely it is for one party to be more vulnerable than the other (specifically the one with low power experiencing low mutual dependence). This is because the higher the total amount of mutual

dependence within a relationship, the less likely, the more powerful party is to apply exploitative tactics toward the powerless party (Hibbard *et al.*, 2001; Kumar, 2005; Schleper *et al.*, 2017).

When mutual dependence among focal actors is high, it elevates the focal actors' levels of identification with each other. Even their values, attitudes, and goals tend to converge (French and Raven, 1959; Mizruchi, 1989; Turner *et al.*, 1979). This reduces the likelihood that focal actors would behave opportunistically or exploit the party, which is more resource-dependent, thus reducing the party's vulnerability, despite possessing less power.

The degree of mutual dependence depends on several alternatives available to focal actors (Furnari, 2016). For instance, in a tight job market, a worker will have fewer job alternatives, whereas an employer will have more alternatives to hire the best worker. In a booming economy, workers may indulge in employer ghosting by not joining the firm as they find better options. However, mutual dependence would be high if both actors had limited alternatives. A low degree of mutual dependence diminishes the incentives to achieve the goal jointly and thus reduces the likelihood of one focal actor trusting the other. Low mutual dependence also makes one focal actor more vulnerable than the other.

Power imbalance may also drive a more powerful actor to indulge in exploitative behavior, realizing that the other focal actor is more dependent (Sen *et al.*, 2022). A less powerful actor may not escape such behavior, thus making them more vulnerable. Overall, net power imbalance determines the actual vulnerability of an individual. We now reason how dyadic trust formation is impacted by power imbalances as shaped by vulnerability by relying on motivated reasoning.

### *2.5. Rational actor vs. motivated reasoning*

*Rational actor* theory suggests that individuals are rational and opt for the most promising outcome for potential positive outcomes (Monroe and Maher, 1995). *Motivated reasoning*, on the contrary,

implies that people use their reasoning skills to believe what they want to believe and not to explore the truth (Kunda, 1990). Given vulnerability and power imbalance, it is unsurprising that people are motivated to opine in a particular manner so they convince themselves of their beliefs. They may even bias their information search, selectively explore agreeable information, and avoid, disregard, devalue, or argue against information that refutes their beliefs.

Social psychology literature suggests that individuals' goals or motives affect their reasoning. Motivation may cause vulnerable individuals to make self-serving attributions and encourage them to believe what they want to believe because they want to believe it. Several studies have indicated that people tend to see others as more likable if they expect to interact with them. Neuberg and Fiske (1987) showed that outcome dependency enhanced the liking of the focal person on whom the outcome was dependent.

In the context of trust, we use motivated reasoning theory to explain why, despite negative outcomes of power asymmetry that result in unequal distribution of benefits, more vulnerable individuals risk trusting powerful actors and achieve goals that are more likely to be in favor of the more powerful party (Mitręga and Zolkiewski, 2012; Nyaga *et al.*, 2013). The same theory also explains why a less vulnerable party would be motivated to distrust others.

## *2.6. The proposition about power and actual vulnerability*

As discussed in the literature review section above, actual vulnerability depends on the power difference imbalance between the two parties. Thus, as the resource dependency of one individual increases, the other individual in a dyadic relationship becomes more powerful by possessing those resources. Consequently, a powerful individual may demand more from a less powerful individual in terms of output and limit the autonomy of the focal individual. This amounts to exploitation and adverse treatment, thus making a less powerful individual more vulnerable.

Furthermore, given resource dependency, a less powerful individual will not raise concerns, bargain, or negotiate terms and conditions, thus further increasing vulnerability (Rousseau and McLean Parks, 1993). Moreover, mutual dependence decreases when a low-power actor has few alternatives than a more powerful actor. Instead, in a mutual dependence situation, both parties will likely use their positions to shape their counterpart's behavior. The more two parties can influence outputs expected from each other, the less susceptible the individual party is to adverse treatment.

Overall, our discussion implies that the vulnerability of the focal party is jointly determined by power imbalance and mutual dependence (we call it net power), such that the lesser the powerful party is compared to the other in a dyadic relationship and the lesser is mutual dependence, the more vulnerable one party becomes in comparison to another.

In an ideal situation, when employers and workers interact as equals in perfectly competitive markets, pursuing self-interest will likely generate socially optimal outcomes. Thus, perfect competition could prevent adverse treatment and hence vulnerability from persisting. Under perfect competition, employers could not recruit or retain employees under adverse and undesirable working conditions. Mutual interdependence would be high despite the employer being more powerful from possessing resources. However, Kaufman (1989) and Budd (2004, 15–18), along with other scholars, asserted that market imperfections exist in product and labor markets, interfering with the equality of bargaining power, which otherwise might exist between employers and workers. These imperfections could be in the form of barriers to entry into labor markets, restrictions on firm and worker mobility, wage-fixing, or information asymmetries. Consequently, net power between two parties or between employee and employer does not remain



level, and the party with less power becomes more vulnerable to the actions and treatment of a higher-power party.

The power dependence approach, originating from the sociological perspective, also explains the vulnerability arising from an imbalance in power distribution between parties (Bacharach and Lawler, 1981; Martin, 1977). The employee is likely more dependent on management and more vulnerable between employer and employee. Furthermore, labor market conditions and several economic, political, social, and cultural factors likely influence the power relationship. As low power and mutual dependence enhance the risk for an individual to be exposed to adverse treatment and reduce their capacity to protect themselves from risk, making them more vulnerable, we propose the following:

**Proposition 1:** Possession of net power determines the actual vulnerability of individuals such that the lower the net power of an individual, the higher the actual vulnerability of the individual.

### *2.7. The proposition about power imbalance and trust formation due to actual vulnerability*

A common element in all vulnerability definitions has been a “sense of insecurity of potential harm, i.e., people must feel wary of something bad may happen and smell ruin” (Dercon, 2006, p. 118). This will likely happen when people do not have the power or the means to control negative outcomes. A vulnerable employee is at more risk of losing their job, getting fired, being laid off, not being paid on time, or not being paid at all. Moreover, given their lower bargaining power, vulnerable workers cannot reduce these risks. Vulnerable actors are more likely to leverage motivated reasoning and trust powerful actors, as developing trust can reduce uncertainty (Stockhammer and Ramskogler, 2008). Vulnerable employees hope for positive outcomes by trusting high-net power actors for their possible benevolent behavior. Social justice system theory

also found that vulnerable individuals legitimized the standing of those with higher power positions and voluntarily obeyed the decisions and rules of those higher in authority (Jost and Major, 2001; Van der Toorn *et al.*, 2015).

Moreover, as vulnerable workers have less control over their material and social circumstances, their futures are likely shaped by those in power. Vulnerable individuals will then look for evidence proving that high-net power individuals would behave benevolently and reward vulnerable workers optimally, not exploit them. **Vulnerable individuals will not have the capability to escape the risk of exploitation. Thus, they would be motivated to convince themselves of the benevolent behavior of high-net power parties.** Thus, even if little or no information supports their perceptions, more vulnerable individuals would perceive those in power positively. **Overall, more vulnerable actors cannot control and predict their future and find it shaped by powerful actors; to reduce uncertainty, they will likely be motivated to trust powerful actors** (van der Toorn *et al.*, 2011).

### *2.7.1. Low net power and motivated reasoning to trust*

*Low net power* implies that a low-power party in a dyadic relationship depends more on the opposite party for their welfare-related outcomes (Kay *et al.*, 2009; Laurin *et al.*, 2010). The motivated reasoning model would imply that as the dependence of low-net-power individuals in dyadic relationships increases, individuals would be **more motivated to find reasons to trust high-net-power actors. As dependence on others increases, the only way to avoid that feeling of dependence is to trust the party.** This is because of limited alternatives and high resource dependency.

**Motivated reasoning of highly vulnerable individuals is likely to make them reach a pre-decided conclusion and protect themselves from unwanted possible realities of the exploitative**

behavior of others. Gaventa (1980, p. 93), commenting on the case of coal miners in the Appalachian Valley, stated, “A sense of powerlessness was instilled which could lead to an introjection of the values of the controller or a loyalty to the powerholders.” Overall, as individuals experience more dependency (i.e., less power and less mutual interdependence), they possess limited means to improve their situation (Emerson, 1962; Molm and Cook, 1995).

With reduced choices, vulnerable individuals accept power as given and convince themselves that powerful actors are trustworthy and thus trust them. Evidence-based system justification theory also suggests that individuals in the lower strata do not challenge the status quo and tend to vote against their economic interests (Frank, 2004, p. 45; Jost *et al.*, 2003).

Overall, high vulnerability arising from the increased dependence of low net power individuals motivates them to legitimize the inequality that makes them powerless. Emerson (1962) also suggested that a more dependent party would develop a perceived symmetry to the relationship by developing coalitions, bestowing status, or considering the party as more trustworthy and less exploitative (Emerson, 1962; Weber *et al.*, 2004). Vulnerable individuals are in an objective state of disadvantage and perceive themselves as more dependent on others due to low net power. For this reason, vulnerable subordinates perceive their leaders as more trustworthy (Lapidot *et al.*, 2007). The vulnerability of less powerful individuals could also subjectively enhance the individuals’ desirability of anticipated events (whether good or bad) (Kay *et al.*, 2002) and implicit and explicit cognitive, affective, and behavioral biases in favor of power holders (Jost *et al.*, 2002; Nosek *et al.*, 2002).

When judging other individuals, vulnerable individuals are more likely to be motivated to rely on their fundamental beliefs about human nature and thus intend to trust them (Wrightsmann, 1991).

For vulnerable and powerless members, their tendency to accept the fairness and legitimacy of a powerful party could be at odds with their motives for enhancing individual self-esteem.

However, the motivated reasoning theory suggests several strategies vulnerable individuals may use to resolve the tension between their attitudinal preferences and starkly opposing actual reality or goals. Vulnerable individuals may adjust their attitudinal preferences to become compatible with reality and their status quo. Thus, individuals will likely be motivated to support organizational systems when they feel that the systems are stable and unchangeable (Jost *et al.*, 2012). For this reason, when employees perceive themselves as dependent on their supervisor for their salary and job, they perceive their supervisor as more legitimate. Overall, the trust perception of highly vulnerable individuals regarding those high in net power could be motivated by outcome uncertainties, limited choices, and chances of exploitation. Hence, we propose the following:

**Proposition 2:** Highly vulnerable individuals are motivated to consider high-net power individuals as benevolent, honest, and integral and thus develop trust in them.

### *2.8. Distrust formation*

The motivated reasoning model implies that when perceived reliance or resource dependency on the focal party is less, the entire process of developing a trusting relationship may not begin, as potential trustors will not be motivated to undertake any risks of trusting actions. As more power and less mutual dependency make an individual less vulnerable, they will have no incentive or motivation to cognitively bias their likeability and trustworthiness toward a more resource-dependent focal party.

Power gives individuals asymmetric control over valued resources (Fiske and Berdahl, 2007). Those in power have greater access to rewards (Magee *et al.*, 2007). Extant literature suggests that those high in power drive the relationship, and those low in power linearly follow those high in

power (Galinsky *et al.*, 2015). People high in power process information, approach goals, and make decisions to maintain or raise their position in the hierarchy to have an even greater degree of control over resources (Keltner *et al.*, 2003; Kipnis *et al.*, 1976).

Though power possession can reduce the vulnerability of individuals, it can alter social perception and hence corrupt trust formation. Those high in power have been reported to reduce their prosocial behavior (Piff *et al.*, 2010), form impressions about others based on stereotypes (Fiske, 1993; Goodwin *et al.*, 2000), and reduce accuracy in inferring others' perspectives, emotions, and attitudes, such as generous behavior (Ebenbach and Keltner, 1998; Galinsky *et al.*, 2006; Inesi *et al.*, 2012; Snodgrass, 1985; Snodgrass, 1992). For instance, Kipnis (1972) reported that powerful managers often devalued their subordinates' contributions as they attributed their performance to their own ability to reward and punish the subordinates. In his essay, Morgenthau (1962) asserted that power impeded the development of relationships due to the tendency of powerful individuals to incite cynical attributions and doubt the purity of others' kind expressions. Less vulnerable and high-power individuals are more motivated to distrust others and exploit those who are vulnerable. They are more likely to believe that those with low power manipulate powerful individuals to access their rewards. Thus, powerful individuals have less trust in the intentions of low-power and vulnerable parties. For example, the rich and famous do not trust benevolent individuals and attribute benevolence to their celebrity status, thus impeding the formation of trustworthy relationships (Cavanagh, 2010). Therefore, less powerful individuals show gratitude. It is more likely to be inferred as the desire to gain access to valued resources signaling instrumental and selfish attitudes of those low in power. This reduces the probability of judging vulnerable individuals as benevolent, fundamental underpinnings of trust (Berscheid and Reis, 1998; Rempel *et al.*, 1985), thus reducing their feelings of trustworthy relationships with low-

power partners, leading to a lower level of commitment in the relationship. Therefore, powerful individuals tend to judge others' actions harsher (Lammers *et al.*, 2010).

Given that power holders like managers intend to stay in power, the same may drive them to believe that others cannot be trusted to cooperate (Mooijman *et al.*, 2015). Therefore, those in a more powerful position and hence less vulnerable are likely to distrust them to cooperate (Mooijman *et al.*, 2015). In other words, less vulnerable individuals have different psychological effects of their power. They begin the relationship with interpersonal distrust even before others' actual trustworthiness can be inferred from their behavior or other (social) cues.

### 2.8.1. *Less vulnerable individuals and distrust formation*

Individuals are not at liberty to conclude what they want to conclude. It is determined by their degree of vulnerability and resource dependency. Less vulnerable people, we assert, are likely to be motivated to rationally arrive at a conclusion of distrusting more vulnerable and resource-dependent actors and justify their desired conclusion through motivated reasoning. This can happen for two reasons. *First*, vulnerable individuals have no incentive to trust powerless individuals, as their ability to exit any exploitative relationship implies; they have low resource dependency and have several alternatives available.

*Second*, low vulnerability makes individuals more concerned about betrayal aversion in the future (Bohnet and Zeckhauser, 2004). As low vulnerability status results from high net power, individuals may focus their attention on sustaining the power gap to ensure they are never at risk of exploitation, and hence vulnerable never increases. Less vulnerable individuals would be scared of trusting others, assuming that if they trust low-power individuals, their trust would be abused, assuming that low-power employees would try to act opportunistically to minimize the power gap (Mooijman *et al.*, 2020). To ensure that low-power employees cannot reduce this power

asymmetry, their activities, performance, etc., might be closely monitored through measures such as surveillance or contracts with strict terms and conditions, implying more distrust. This fear of being exploited in the future would motivate less vulnerable actors to distrust powerless actors. As this fear of possible exploitation and loss of power concerns less vulnerable actors, they are motivated to perceive powerless actors negatively and develop a negative attitude toward them by considering them less trustworthy and hence distrusting them. Overall, fear of future vulnerability, such as subordinates not acting in the leaders' best interests (Feenstra *et al.*, 2020), would motivate actors less vulnerable to the risk of adverse treatment in a dyadic relationship (Kramer, 1999; Mayer *et al.*, 1995; Mulder *et al.*, 2006). Thus, we suggest that high net power and less vulnerable individuals are likely to be motivated to make themselves believe that low-power individuals are less trustworthy. Overall, by their power, less vulnerable individuals, such as leaders, managers, or policymakers, tend to approach others (e.g., employees and citizens) more distrustfully. Hence, we propose the following:

**Proposition 3:** Less vulnerable individuals tend to develop distrust in low-net power individuals.

### *2.9. Role of contextual factors in trust development*

The extent to which a vulnerable party is motivated and biased to trust the powerful party depends on how valuable, critical resources or capabilities are (Pfeffer and Salancik, 1978). Dependence on critical resources or capabilities could promote a focal actor to trust a powerful party even more and follow the action plan suggested by the more powerful party (Hao and Feng, 2018; Perrons, 2009). We propose that three contextual factors determine vulnerable individuals' propensity to trust high-power individuals or parties. These are scarcity, importance, and substitutability of resources in the possession of high-power individuals. We explain these contextual factors below.

In the context of vulnerability, *scarcity* refers to the uniqueness of a resource upon which a vulnerable individual is dependent. The more difficult or complicated something is to obtain, the more unique the resource becomes (Lynn, 1992). **The trust of vulnerable individuals in high net power actors who possess unique resources can be influenced in two ways. *First*, the vulnerable actor may realize that resource is scarce, such as promotion or going abroad opportunity, for which several employees compete. To reduce uncertainty and anxiety associated with the decision, vulnerable employees may hope that high-net power managers will make decisions in their favor. This hope would enhance trust in the manager, possessing decision-making power even more (Lauring and Kubovcikova, 2022; Thiel *et al.*, 2022).**

*Second*, high net power actors may present the opportunity as rare to vulnerable employees and make it seem lucrative by being limited or exclusive. Those more in power may pressurize vulnerable individuals to take on a project because “it’s rare to get a chance to work on a new project like this,” or “You have to sign on today because if you don’t, I have to offer it to someone else.” Vulnerable individuals tend to be motivated to trust the high-power party of appropriate behavior; otherwise, it may result in loss of scant opportunity.

*Importance* refers to the value of the resource (Warnier *et al.*, 2013). If powerful individuals' resources or skills are vital to the more vulnerable individuals, they are more likely to develop trust in the powerful party to behave benevolently. Suppose an individual in the organization handles handling reimbursement forms. In that case, it is vital that more vulnerable individuals can work with this person, as getting paid back for business trips and expenses are important for any individual. Thus, the more significant resources possessed by high net power actors, the more the vulnerable party is motivated to trust high net power actors.



Finally, *substitutability* implies an individual's ability to find another option that works equally to the one offered. The question that the individual faces is the following: “How difficult would it be for me to find another way to this?” The harder it is to find a substitute, the more dependent the individual becomes, thus further driving the actor to trust a high net power party. For instance, if one is the only individual who knows how to make a piece of equipment work, the individual is likely to hold power and be less vulnerable unless the manager brings in another piece of equipment that serves the same function.

Similarly, countries with ample crude oil supplies enjoyed more power over countries that needed oil to function. As the price of oil climbed, countries developed alternative energy sources such as wind and solar, thus reducing the power of oil-rich countries and making dependent countries less vulnerable. Overall, when scarcity and the importance of a resource in need are high, and substitutability low, vulnerable individuals are more cognitively biased toward those who possess these resources and consider them more trustworthy. Hence, we propose the following:

**Proposition 4:** Scarcity, importance, and substitutability of resources make vulnerable employees trust high net power actors in a dyadic relationship such that when resources are more unique, significant, and non-substitutable, highly vulnerable individuals driven by their motivated reasoning account tend to trust high-power and less vulnerable individuals even more.

## 2.10. Contextual factors for the development of distrust among high net power and less vulnerable individuals

### 2.10.1. Stereotypes based on physical and demographic attributes

Access to resources held by high-power entities is critical for influencing trust development relationships for those low in power. We assert that those high in power may rely more on stereotypes to determine the level of trustworthiness of highly vulnerable individuals (Fiske, 1993). We assert this because extant literature suggests that power holders are cognitive misers and are not motivated to deploy attention, especially in social domains. Hence, they tend to use quick, simplified, and category-based informational attributes, such as stereotypes, to make judgments about others (Fiske, 1993; Guinote and Phillips, 2010). For example, information about social targets belonging to different ethnicities was processed in a way that was consistent with national stereotypes rather than actual information (Fiske, 1993; Guinote and Phillips, 2010). Overall, stereotyping based on demographic attributes can help high-power individuals use heuristics for information processing regarding low-power people in a dyadic relationship. This stereotype could be based on the physical appearance and demographic attributes of those low in power.

Physical appearance contains static components related to physical grooming, such as style of dress or hairstyle, and dynamic aspects related to nonverbal expressions, such as posture and facial expression (Riggio *et al.*, 1991). Different components of physical traits may depict the personality of an individual, such as formal attire is considered an indicator of conscientiousness (Albright *et al.*, 1988; Borkenau and Liebler, 1992), and facial expression has been associated with extraversion behavior (Kenny *et al.*, 1992). Similarly, over a lifetime, emotionally expressive behavior can become etched onto people's neutral faces (such as "laugh lines"; Malatesta *et al.*,

1987). Overall, individuals' personalities can be gauged based on their physical attributes (Naumann *et al.*, 2009).

Stereotyping generally involves negative feelings or emotions toward individual group members based on their perceived traits (Allport, 1954; Stangor, 1995). Such negative feelings and emotions commonly include dislike, anger, fear, and hatred. Prejudice can manifest itself in stigma and discrimination (Rosigno *et al.*, 2012). Although the notion of stereotyping often carries a negative connotation, not all demographic characteristics may lead to negative stereotyping. For instance, the level of education, previous employment records with reputed companies, and so on may result in positive stereotypes about an individual, such as the higher the level of education, the higher the individual's trustworthiness. However, as less vulnerable employees are motivated to distrust highly vulnerable or low net power individuals, they would selectively rely on those stereotypes that could corroborate their decision to distrust more vulnerable individuals. Thus, a highly educated person who is not well dressed will likely be judged based on physical appearance. Poor dressing may signal individuals belonging to low socio-economic status and hence more likely to indulge in exploitative and opportunistic behavior given their stereotype as dishonest (Bullock, 1999). **Similarly, men and younger people may be perceived as less trustworthy than women and older people, respectively, given the general stereotype about gender and age differences in trustworthiness (Buchan *et al.*, 2008; Johansson-Stenman, 2008).** Overall, unlike more vulnerable individuals, less vulnerable and more powerful individuals are likely to use heuristics based on demographic characteristics and attributes to explore reasons for distrusting more vulnerable and less powerful individuals, resulting in more negative trust (i.e., distrust). Hence, we propose the following:

**Proposition 5:** Less vulnerable individuals are likely to rely on physical attributes and demography-based stereotypes' of highly vulnerable individuals to draw motivated reasoning of distrusting them, such that distrust is even more when such physical and demographic attribute-based information is available for highly vulnerable individuals.

### 3. Discussion

Trustworthy relationships are essential for establishing or advancing any relationship (Sheppard and Sherman, 1998). Trust drives several benefits, such as the development of positive attitudes and confidence among partners (Huxham *et al.*, 2000), the development of mutual understandings (Emerson *et al.*, 2012), the reduction in transaction costs (Berardo *et al.*, 2014), openness of expression (Van Oortmerssen *et al.*, 2014), and improving performance among others (Oh and Bush, 2016). Extant research on power assumed that two parties were equally vulnerable and dependable on each other such that power differences did not exist. However, this only sometimes holds in interpersonal relationships. Power asymmetry often exists in interpersonal relationships, influencing the process of trust formation. We thus propose a power differential model, where one party is more vulnerable than the others. Our model extends existing theories on trust (Whitener *et al.*, 1998) by explaining how the vulnerability of one individual over another party motivates them to either trust or distrust the focal party, thus resulting in asymmetric trust formation. Low net power and vulnerable actors are motivated to process information in a positively biased way that leads to trust formation. We further assert that individuals who are less vulnerable and have more power over the other party do not follow the rational cognitive model but have an exploitative mindset and do not trust the weaker party.

Power can make parties more cynical. Commenting on his experiences with women, Leonardo DiCaprio said: "I had better success meeting girls before Titanic . . . there wasn't a perception of

her talking to me for only one reason” (Cavanagh, 2010). Thus, high power may tie individuals to suspicion around the meaning of any social or contractual relation, prompting the question, “Are they displaying good behavior to impress me and get hold of resources, or are they genuinely trustworthy.” Scholars have asked to explore the relationship between vulnerability and trust further. We extend the literature on trust by exploring the role of motivated reasoning and different contextual factors that influence trust and distrust formation between more and less vulnerable actors.

### *3.1. Theoretical implications and contributions*

Our propositions have several theoretical contributions. We first expand the boundary of vulnerability in the context of trust studies. Some scholars have generally considered vulnerability a passive force beyond human control, such as natural calamity, rather than a part of socially constructed systems. Another group of scholars has regarded the social dynamics of society to be associated with vulnerability, such as hypermasculinity (Parent and Cooper, 2020) and excessive alcohol consumption (Cherrier and Gurrieri, 2013; Siemieniako and Kubacki, 2013), which are culturally and socially acceptable behaviors among some groups that make their members vulnerable.

We extend the literature on trust formation in two ways. *First*, leveraging Emerson's theory of power, we explain that it is not just power imbalance but the joint effect of power imbalance and mutual interdependence that decides resource dependency. We call this net power. Extant literature has explored the concept of interpersonal trust in a dyadic relationship, assuming the actor is willing to be vulnerable. Deb and Chavali (2010) argue that “without the vulnerability of the trustor upon the trustee, trust becomes irrelevant” (p. 44). The inherent assumption here is that both leader

and follower, when they trust each other, are equally rendering themselves vulnerable in the hands of others. Thus, dyadic trust is equally distributed among two parties or individuals.

However, trust is likely to be asymmetrical. This is because perceived vulnerability may not reflect actual vulnerability arising from power imbalance and mutual interdependence. In perceived vulnerability, actors may indulge in rational information searches for exchange partners. They may also use several verification strategies, such as past performance and reputation, before making a rational decision to render themselves vulnerable at the hands of the exchange partner and thus trusting the partner (Connelly *et al.*, 2018; Gundlach and Cannon, 2010; Monroe and Maher, 1995). In actual vulnerability, actors realize that power imbalance and mutual interdependence exist in a relationship. Actors are more vulnerable in a dyadic relationship, especially when net power possession is low, i.e., neither the focal actor has power, and mutual interdependence is low, such as an employer having many alternatives but workers having scant or none. This resource dependence on the powerful actor makes the powerless more vulnerable and vice versa. Then these actors leverage motivated reasoning rather than rational reasoning to trust or distrust their exchange partner in the dyadic relationship. Although the literature on asymmetric trust mentions the role of power imbalance and resource dependency, it does not illuminate how these aspects result in asymmetric trust. Moreover, they do not discuss the interpersonal level of trust (Graebner *et al.*, 2020; Korsgaard *et al.*, 2015; Zhong *et al.*, 2017).

*Second*, the extant literature on trust suggests that the more benevolent and honest a leader is perceived to be, the more followers are willing to be vulnerable (Colquitt and Rodell, 2011). Colquitt and Rodell (2011) suggest that employees deliberate and carefully consider the supervisor's or leader's trustworthiness, which determines followers' intentions to be vulnerable. Instead, mechanisms of trust development have been primarily explored along two lines of inquiry

(Kramer *et al.*, 1999): a) the behavioral tradition of trust, which views trust as a rational-choice behavior (Hardin, 1993; Williamson, 1981) and b) the psychological tradition of trust, which emphasizes complex intrapersonal states associated with trust, including affect and dispositions (Mayer *et al.*, 1995; Rousseau *et al.*, 1998). Our research broadens the understanding of both the rational and psychological effects of vulnerability on trust; that is, individuals draw on motivated reasoning that either enhances or reduces the trustworthiness of the focal individual, depending on the vulnerability of the focal actor. Specifically, leveraging on motivated reasoning theory, we urge that believing someone to be trustworthy is not a rational process and varies with the level of vulnerability. For highly vulnerable individuals, as resource dependence asymmetry exists between supervisor and employee and employees realize that they are prone to the risk of adverse treatment with a limited choice to avoid exploitation, they look for reasons to justify that leader is trustworthy. Thus, highly vulnerable employees ignore the negative attributes of a leader and trust the leader for his or her benevolent behavior. Thus, although the process is cognitive, it is less rational, as has been proposed by scholars in the past (Mislin *et al.*, 2011).

Similarly, social exchange theory suggests that dyadic trust diminishes whenever there is a perceived imbalance in the dyadic exchange; that is, trust is either reciprocal or mutual (Khazanchi and Masterson, 2011). However, leveraging motivated reasoning theory, we suggest that trust is asymmetrical, and vulnerable actors are less likely to diminish trust even if power imbalance and low mutual interdependence exist. A trust gap is likely to exist where a vulnerable party tends to trust more, and a less vulnerable party intends to trust the opposite party less in a dyadic relationship, thus leading to trust asymmetries.

We also add to the vulnerability literature. We assert that it is not willingness to be vulnerable but actual vulnerability that determines trust or distrust. A leader may be willing to be vulnerable

despite actual vulnerability being low. Extant literature on actual vulnerability has focused on demographic attributes such as the stratification of workers, living below the poverty line, earning below a specific wage rate (Hudson, 2006; Pollert and Charlwood, 2009) or disabled workers, or migrant workers, women, or young versus older workers.

We do not consider the niche definition of vulnerability. Following O'Regan *et al.* (2005) and Taylor (2008), we refer to vulnerability as those individuals at risk of adverse treatment, such as exploitation and having limited options for managing the risk of adverse treatment. According to our definition of vulnerability, a leader is vulnerable in the hands of an employee, especially in a booming job market.

### *3.2. Managerial implications*

Our propositions offer several managerial implications, especially when managers could be vulnerable at the hands of employees. There have been several cases in the recent past where job applicants and recruits left jobs or job offers suddenly without any intimation or communication (Voza, 2021). A manager invests many resources in conducting interviews, screening candidates, and arranging training. However, when recruits leave the job without notice or communication, it amounts to a breach of trust. The leader here is vulnerable due to the demand-supply gap of human capital in the booming job market. An applicant has more power to negotiate terms and conditions in their favor, resulting in a power imbalance.

Moreover, mutual interdependence is low, given several alternatives available to job applicants in the flourishing job market. Overall, leaders may also become vulnerable to treatment by minority or migrant workers in a booming job market. Thus, social stratification-based categorization of a vulnerable group may not always be good.



Similarly, an entrepreneur is also vulnerable in the hands of a venture capital firm. Venture capitalists from reputed venture capital (VC) firms, like SoftBank, coerced entrepreneurs to formulate strategies as suggested by venture capitalists of SoftBank or face the threat of SoftBank investing in a competitor or forcing the start-up to be merged with its competitor (Agnihotri and Bhattacharya, 2021). Given that VC funding is extremely challenging, entrepreneurs depend more on VCs. Given that VCs have more alternatives to select start-ups than vice versa, mutual interdependence is also low. With this high dependence gap, the entrepreneur becomes more vulnerable and, to prevent uncertainty might be motivated to trust the VC.

### *3.3. Conclusion*

Trust is considered a critical component for the effective functioning of individuals (Costa *et al.*, 2018). Accordingly, practitioners and scholars have recently emphasized on managers' capacity to develop trust in their relationships with employees, suppliers, customers, and other stakeholders. The current research, drawing from research on trust development and power dynamics, explores how net power dependence influences the trust development process by influencing the actual vulnerability of the focal actor. More vulnerable actors are motivated to trust powerful actors. This reasoning involves the positive effect of vulnerability on hope, defined as the degree to which one wishes for a possible but uncertain outcome (Klug *et al.*, 2021). More vulnerable individuals are likely to be motivated to perceive their counterparts as someone who can be trusted. Thus, they explore reasons to justify their decision to trust, implying leveraging on motivated reasoning. In particular, with increasing dependence and vulnerability, individuals are motivated to see their partner in a dyadic relationship as more trustworthy to avoid the anxiety associated with their feelings of dependence (Barling *et al.*, 2008). Moreover, the motivated reasoning theory assumes that people strive to arrive at conclusions they hope for, especially when they have directional

goals. Accordingly, the decision to place trust may be based more on one's motivation to protect oneself from unwanted realities than on relatively rational calculations of the other party's deliberations.

The powerful partner, conversely, has no drive to engage in significantly motivated reasoning. Thus, less vulnerable individuals in an organization or society (e.g., leaders, managers, and policymakers) might perceive others (e.g., employees and citizens) more distrustfully. This may happen as low vulnerability drives individuals to be more concerned about the possibility of betrayal in the future by those who are less powerful and want to eliminate power imbalance (Bohnet and Zeckhauser, 2004). As low vulnerability status results from high net power and since less vulnerable actors may focus their attention on tactics to sustain the power gap to avoid any risk of exploitation in the future, they are more likely to be skeptical of trusting others. Overall, net power difference influences trust versus distrust formation due to differences in the vulnerability of focal actors (Fehr *et al.*, 2013).

Our model has several limitations, which may provide avenues for future lines of research. *First*, we presented a dyadic model of how one party or actor develops trust in another party or actor. We considered the role of perceived dependency and power in influencing vulnerability and trust. However, we did not explore the influence of perceived dependency from the opposite party's perspective. For instance, as per our model, a worker may feel vulnerable by being dependent on the manager for wages, thus developing trust in the manager. We do not consider if the worker gauges to what extent the manager feels dependent on the worker. A worker, employee, etc., might possess a valuable skill set to the manager, but the manager does not openly disclose this skill's criticality. Thus, while gauging the interdependence of the manager on the worker, we do not consider if the worker has access to this information and may perceive that the

manager is also equally dependent on the worker and may thus feel less vulnerable and may not trust the manager. However, we did not explore this aspect.

*Second*, we did not explore the temporal perspective of trust (Jones and Shah, 2016). As trust evolves over time between parties, depending on the influence of initial trust, we did not explore how vulnerability, resource dependence, and power imbalance may change over time. For instance, a worker who has worked for an extended time in the organization might be perceived as more trustworthy by the manager, even if the worker is easily replaceable.

*Third*, we encourage scholars to empirically investigate the propositions we derived from our integrated model between power imbalance, mutual interdependence, vulnerability, motivated reasoning, and trust asymmetry. It will be intriguing to discover if differences exist between less vulnerable and more vulnerable individuals regarding trusting versus distrusting others. In the future, our model could be empirically tested using a different relevant group in organizations, such as lower-level, middle-level, and top-management employees (Dion, 2000).

Researchers could also test the model in an entrepreneurial setting, such as between a founder and a venture capitalist. Our model could be best tested using experimental studies to gauge employees' propensity to trust others.

Though we explain how power balance and mutual dependence determine the vulnerability of a focal actor, we do not explore an individual's organizational level or personal traits that may influence the degree of vulnerability. For instance, in organizations high on ethical climate, even if power imbalance is high and mutual dependence is low (for example, the employer having several alternatives to get the task done, instead of focal worker), the vulnerability of worker may remain low, given ethical climate (Ullah *et al.*, 2019).

Similarly, if leaders follow spiritual leadership attributes, they are less likely to exploit workers even if their dependence is high. However, we do not account for these factors and encourage future studies in this direction.

Finally, Martin (1992, p. 27), commenting on dependency, stated, “The pattern of dependencies is variable, being influenced by product and labor market conditions, and a range of other economic, political, social, and cultural factors.” However, we do not explore these factors in this paper and encourage them to be examined in future studies.

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**Table 1: Configurations of power imbalance and mutual dependence (adapted from Casciaro and Piskorski, 2005)**

		Level of A dependence on B					
		<i>Low</i>		<i>Medium</i>		<i>High</i>	
		(1)	(4)	(4)	(7)	(7)	
<b>Level of B dependence on A</b>	<i>High</i>	<i>First configuration</i>		<i>Second configuration</i>		<i>Third configuration</i>	
		Power imbalance	6	Power imbalance	3	Power imbalance	0
		Mutual dependence	8	Mutual dependence	11	Mutual dependence	14
	<i>Medium</i>	<i>Forth configuration</i>		<i>Fifth configuration</i>		<i>Sixth configuration</i>	
		Power imbalance	3	Power imbalance	0	Power imbalance	3
		Mutual dependence	5	Mutual dependence	8	Mutual dependence	11
	<i>Low</i>	<i>Seventh configuration</i>		<i>Eighth configuration</i>		<i>Ninth configuration</i>	
		Power imbalance	0	Power imbalance	3	Power imbalance	6
		Mutual dependence	2	Mutual dependence	5	Mutual dependence	8

**Figure 1: Asymmetrical trust framework**

