BOOK
REVIEW

The Nature and Practice of Trust, by Marc Cohen. New York: Routledge, 2023. 148 pp.

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As she sets the stage for the World Economic Forum's most recent Global Risks Report (2024), the managing director Saadia Zahidi writes that active hostilities and underlying geopolitical tensions make for an unstable global order, primarily characterized by "eroding trust" (4). For humanity to shape the future, she argues, we need to harness "opportunities to rebuild trust … in our institutions and societies" (4). Our world requires that we, as the field of Business Ethics, generate rigorous and accessible discussion on how to rebuild trust. Indeed, one might have needed less than the World Economic Forum's report to reach this conclusion. The news we read, watch, and listen, and the conversations we have with friends, colleagues, students, and family may have sufficed.

I see *The Nature and Practice of Trust* by Marc Cohen as a timely foundation for this critical discussion. The volume is richly interdisciplinary, and includes both normative and empirical work. A recent call associated with a special issue on normativity in business ethics (Smith et al. 2023) attests that—while in short supply—exactly such efforts are highly beneficial to our field. Interestingly, Cohen's point of departure (part 1) is to argue for a reconceptualization of trust that would lead him to take issue with the way in which reports by the World Economic Forum (2024), and perhaps the bulk of empirical research within management and applied psychology uses the term "trust." The potent insights that Cohen has to offer on the question of rebuilding trust emerges in part 2 (specifically in chaps. 5–7).

Cohen urges us to operate from an understanding of trust, where it is *not* merely a disposition to make oneself vulnerable to a specific other, given our predictions or beliefs about how that other will treat us in the future. For Cohen, trust is not equal to positive expectations, or the absence of negative expectations of others. It becomes intuitive that there is something missing in this mainstream conceptualization of trust (and thus also in the empirical research that operates from it) when one considers that the experience of losing a bet is very different from the experience of being betrayed. While the latter experience may include elements

of the former (i.e., "I made the wrong prediction"), the lived reality of betrayal signals that a *relationship* existed between the parties involved. Cohen refers to his version as the moral, or relational, conceptualization of trust. Conceiving of trust this way means that "when A wants to trust B to do X, A invites B to acknowledge and accept an obligation to do X. When—or if—B accepts the invitation, B makes a commitment and takes on that obligation. In that way, trusting creates an obligation, A relies on B's commitment and this forms a trust relationship" (20).[1]

A skeptical reader might wonder why business ethicists should feel compelled to adopt a more clunky conceptualization of trust (with apologies to Cohen). Cohen compellingly argues that *only* the relational conceptualization of trust ignites the potential for Ghoshal and Moran's highly influential critique of transaction cost theory (1996) to transform business practice. Ghoshal and Moran argued that attempts by organizations to curb self-interested behavior on the part of their employees through hierarchical control becomes self-defeating over time and, therefore, the business manager's primary task should not be to institutionalize control but to embed trust. Cohen's point is that, when managers operate from the mainstream conception of trust it may have dire consequences for organizational life and effectiveness, since those managers are likely to have difficulty distinguishing between what it means to trust compared to what it means to control. Specifically, they may design for having positive expectations of their employees by establishing incentives and sanctions. An organization based on relationally conceptualized trust will be different from one where incentives and sanctions (arguably mechanisms of control) are relied on to increase the willingness of one party to be vulnerable to another. As business ethicists we should be committed to a relational conceptualization of trust, since the dominant conceptualization is no better than transaction cost thinking, and has the potential to destroy good management practices (Ghoshal 2005).

How does operating from a relational understanding of trust give us a better path toward rebuilding trust? In chapter 7, Cohen presents evidence that I believe every person graduating with an MBA and undergraduate business degree should consider—namely, evidence that when A's behavior indicates that they trust B, it impacts B's trustworthiness positively. At least between individuals, to trust someone in a way that they can sense has a self-fulfilling quality that we can clearly observe in Cohen's experimental designs and results. Implied here is that trustworthiness is *not* a fixed disposition! The first of two experiments discussed in this chapter utilizes the trust game paradigm from behavioral economics and offers several improvements on previous studies that have also probed this relationship. For instance, they designed for different experimental conditions to test for the separate effects of trust and distrust, by including both these conditions and a control. Their results indicate that, yes, A's trust inspires trustworthiness on the part of B, and that A's distrust has an even more pronounced effect on B's lack of trustworthiness.

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[1] Note that Cohen sees trust acceptance and trust invitations as often occurring in implicit ways.

This evidence presented in chapter 7 can be seen as an *instrumental* reason for managers to demonstrate trust in employees. However, in chapter 6, Cohen formulates an idea that I believe is our duty as business ethics educators and researchers to take seriously: To trust has intrinsic moral value. The idea here is not that to trust others brings about positive outcomes for individuals, groups, or society—even if that could be the case. Cohen is not making a utilitarian argument. Instead, trusting others is a moral good we should work towards and (I say) teach, because to trust manifests respect. To demonstrate trust in someone is to treat them as a moral agent, and to include them in a community thereby contributes their bases for self-respect. On this account, demonstrating distrust can be seen as exclusion and marginalization. Cohen also theorizes that it is exactly being treated as a moral agent, or being included into a community of trustworthy others, that explains the experimentally shown relationship between trust and trustworthiness. When B sees that A trusts them, B wants to act in a manner that is deserving of A's trust because individuals want to be included in a community of moral agents.

Cohen's treatise does not yet offer a fully-fledged account on when and why *not* to trust. In chapter 5, arguably the most direct engagement with extant business ethics literature, he addresses the crisis of deteriorating public trust in business. He focuses on the example of distrust in the banking sector and takes the stance that existing arguments to restore trust in this sector are weak and that, instead, what is needed is more significant sanctions (government control). I do not mean to disagree with him on this front. I do mean to point out that, on a high level, the conclusion to chapter 5 does not square straightforwardly with the idea of trust as a moral good (chap. 6) and the evidence that trust begets trustworthiness (chap. 7). When presenting the case for trust as an intrinsic, moral good, it is briefly acknowledged that we do not have the moral duty to trust all others (119–20). The question of how we might apply the relational conception of trust to entire industries, and between organizations, is one that our field should urgently take up. Equally important is the related matter of empirically and philosophically targeting the conditions under which trustworthiness of a given other cannot be positively impacted by our trusting them, and when and why it is morally permissible to be distrusting. *The Nature and Practice of Trust* propels us and equips us to embark on these inquiries.

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