THE HONG KONG POLYTECHNIC UNIVERSITY
DEPARTMENT OF MANAGEMENT & MARKETING
DEPARTMENTAL RESEARCH SEMINAR

Why People Trust Too Little and
Why People Trust Too Much

By

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Date: Friday, 15 May 2009
Time: 11:00 a.m. - 12:00 noon
Venue: M802

All interested are welcome
Imagine the following experimental paradigm, in which two persons (Person A and Person B) interact with each other under conditions of total anonymity: Persons A are given $5 from the experimenter and they have two alternatives what to do with this money. They can either keep this money for sure. Or they can give that $5 to Person B. If Person A hand over their money, the experimenter adds another $15. Thus, in this case Person B is getting a total amount of $20. Then, Persons B have two alternatives. They can either keep all the $20 for themselves, or they can split the money evenly between themselves and Person A.

Being in the position of Person A, what would you do? Would you trust that other person or would you rather keep the $5 for yourself? If you were Person B and Person A handed over his or her $5 to you, would you keep all the $20 or would you split the money evenly? What do you guess, out of a 100 Persons B, how many would turn out to be trustworthy in such a paradigm?

This paradigm is called a binary trust game and has been investigated by many social scientists from different disciplines (e.g. economics, psychology, sociology) in the last years.

In our own research we mainly focus on the cognitions, feelings and decisions of Persons A. What do they think and feel when making their decisions and what determines their ultimate decisions?

Our results over nearly a dozen of studies consistently show that Persons A heavily underestimate the percentage of trustworthy Persons B in that paradigm (i.e., they are highly cynical about their fellow participants). Nonetheless, a majority of participants hand over their money to Person B when being in the position of Person A.

In my talk I will outline possible explanations for these findings and ways in which we have empirically tested these different explanations. Although our results have been very consistent in different Western cultures (e.g., the USA, The Netherlands or Germany), they have not been tested in non-Western cultures yet. Therefore, I will also discuss potential differences in trust behavior between individualistic and collectivistic societies and will lay out possible lines to replicate and extend our findings in collectivist cultures.