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ABSTRACT

This paper takes an empirical point of departure in a longitudinal study in Tanzania focusing on the trust formation process in its 'bare' form, i.e. in a context where formal institutions are of little help in curbing opportunistic behaviour. Our framework suggests a knowledge-based view of trust where the interplay between an individual's subjective knowledge or 'good reasons' for trusting others and inclination to take a 'leap-of-faith' explains his or her engagement in cooperative activity. Our empirical findings show that people do not tend to be gamblers and take a big leap of faith when institutional prerequisites imply bad odds. On the contrary, people try hard and imaginatively to create reasons that are really good. In particular, they favour reasons that are related to control, such as those where sanctions or hostage-like measures come into play. As a result our findings do not support the often encountered argument that the use of control(s) signals distrust and obstructs cooperation. Instead, we hypothesize that the validity of the proposition stating that formal control throws a partner's goodwill into doubt may be restricted to situations where institutional mechanisms for control and sanctions on the macro level are in place and functioning well.

Key words: Cooperation, trust, control, institutions, embeddedness, Tanzania, 'leap-of-faith'.

Introduction

Mama Mmari's problem

The hot sun in central Tanzania is approaching zenith and Mama Mmari is dusting the spare parts for radios and bikes behind the counter in her small shop. The short rain period never came and the long rains have not yet started. There is sand everywhere. At this time of the year there are few customers and Mama Mmari, who attends a SIDA-subsidized, business-training program, is considering ways of developing her business activities. Her idea is to engage in a cooperative venture, buying and selling crops. Such an undertaking promises to be profitable but also quite labour intensive. She has thus to find five or six collaborators, which is not an easy task in this setting. Prejudices, based on tribal affiliation and gender, make people reluctant to engage in cooperation, fearing that their would-be partners will betray them or even practise witchcraft against them. Moreover, the disciplining powers of the police and the court system cannot be counted on due to wide spread corruption. Henry Madarka is one of the few who believes in her idea. He assists Mama Mmari in her efforts, but says:

If there were any people with good characters ... but it is difficult. Some people are just anxious, others would soon disappear and still others are drunkards.

So, Mama Mmari was struggling in a strong headwind trying to get the right people interested in her crop business, and as it turned out this original idea failed to materialize. Somewhat later, however, she engaged in a new idea – to start a Savings and Credit Cooperative Society (SACCO), which should first of all collect savings and grant small scale loans, but also, it was hoped, be a meeting place for business owners, where they could exchange ideas and discuss possibilities for cooperation. Eventually, against all odds, Mama Mmari and Henry managed to engage the interest of fourteen other business owners, and bring this idea into realization.

The above example serves to illustrate what kind of obstacles to cooperation must be overcome in the Tanzanian context investigated, and also to show that cooperation could actually come about although the odds are quite bad. Based on our observations and interviews in relation to the establishment and operation of SACCO, a new Chamber of Commerce, a number of small-scale cooperation projects, and a business training program, we wish to explore in this paper the more general question of the preconditions for trust formation in this far from favourable situation, where formal institutions are of little help and where a low trust culture, incorporating many prejudices, prevails.

The empirical study

The majority of the vast number of articles which deal with trust are conceptual in nature and as a result they pay little attention to exploring how trust formation may be contingent on differing institutional circumstances. Empirical studies of trust and cooperation are often undertaken on societies or formal organizations, where a stable and reliable macro system of governance and hierarchy prevails (cf. contributions of Powell; Burt & Knez; Zucker et al, in Kramer and Tyler 1999, as well as Knights et al and Maguire et al in the Organization Studies Special Issue 2001). Relying on such studies entails a risk that the generally beneficial conditions for developing trust relations, as a resource available for cooperating individuals to always draw on in considering when and why they should cooperate, are taken for granted. Moreover, studies of trust undertaken in non-western contexts (cf. Child & Möllering 2003; Hagen and Choe 1998) and studies guided by a more cross-cultural approach (Child 2000; Rus and Iglič 2005) indicate that differences in institutional make-up may be significant and should be taken into account.

As indicated above, the study presented in this paper displays some unusual institutional features. The relative absence of traditional western world institutions, leaves business owners opting to cooperate to themselves generate strong enough trust for cooperation to become an actual alternative. Basically this means that the only resources they have at their disposal are their creative imaginations and the preexisting structure of local practices and cultures. This paper is thus unique in the sense that it investigates trust in its 'bare' form, where the generation of trust takes place under extraordinarily bad odds.

The overall question in this paper is thus how a sufficient degree of trust can be generated for people to engage in cooperation, where benign macro-level circumstances are not in place. This implies a focus on the actual trust formation process, in the sense of understanding how the players involved are reasoning, what level of vulnerability they are willing to accept, as well as how their mental processes are related to the macro and micro level circumstances in this setting. Situating our study of trust as socially embedded also implies that trust formation is looked upon as a contingent outcome. Such a point of departure would appear to be more fruitful than the alternative of trying to make global generalizations. The paper contributes to 'bringing the context back in' (Biljsma-Frankema and Costa 2005 : 274).

Framework and findings

Generally speaking, our framework represents a knowledge-based view of trust. We start by defining cooperation as referring to situations where people act cooperatively although they cannot know whether fair rewards will be forthcoming. This makes it necessary to trust others, i.e. making them vulnerable to the actions of others. Confronted with this general human condition of not knowing what will happen, they thus have to enter into a mental state where the combined effect of their subjective knowledge and their inclination to engage in a leap of faith, may or may not make them willing and courageous enough to engage in risky cooperation. We also present a summarizing model of our framework which shows how various aspects of our research problematic are approached and interconnected. The model depicts our choice of focusing on people's mental processes, involving perceived subjective knowledge or reasons for trust, the degree to which they are willing to make a small or big leap of faith, as well as how they draw on the material context as a resource in their trust formation process.

As to our findings, our case suggests that 'good reasons' for trust really need to be good for trust and cooperation to occur under these difficult circumstances. People do not tend to be gamblers, i.e. take a big leap of faith, when institutional prerequisites imply bad odds. Secondly, our findings suggest that different kinds of controls are important sources for generating 'good reasons' that enable the emergence of enough trust. This conclusion is of course a contingent one, mirroring the context in which the studied players are embedded. We here suggest that the validity of propositions often put forward in the literature, which state that formal control throws a partner's goodwill into doubt, may be restricted to situations where institutional mechanisms of control and sanctions on the macro level are in place and functioning. More generally, the study shows that cooperation may come about despite bad odds. Lack of formal institutions and a low-trust culture aren't insuperable obstacles. People are creative, and what may at first sight appear to be severing preconditions, can also provide a clue to imagine new ways of establishing good reasons for trust.

Disposition

Before entering into the description of the case story, we present below our framework and research methodology. We then summarize the case study findings and identify major findings and conclusions.

Frame of reference

Cooperation – a special mode of exchange

People would be reluctant to enter into exchange or work together unless they felt they were reasonably fairly rewarded for their efforts. Although much could be gained by pooling their different resources and competences, the circumstance that they have only imperfectly overlapping interests might prevent these gains from materialising. The fundamental cooperation problem as conceived by Ouchi (1980) is therefore how to bring about 'equity of exchange'. As a solution, he suggests three different organizational control forms, each of which has its own way of achieving equity of exchange and reward fairness. In his well-known extension of the Williamsonian framework, he identifies the market, the hierarchy and the clan. In market exchange, equity is mediated by prices and achieved instantaneously. In the hierarchy or bureaucracy, one party is the boss, the person responsible for allocating rewards fairly. These two forms mean that equity is a short-term affair, limiting the risks of being exposed to opportunism and the need for a social foundation. Market exchange thus only needs a general norm of reciprocity in society as a basis, whereas hierarchical authority presupposes social legitimacy.

Ouchi (1980) also suggests the clan notion to signify that equity may be a long-term affair, where the expectation of proper rewards later on will compensate for the fact that immediate rewards are not forthcoming. The fact that the clan relies on serial equity, makes participation far more risky and Ouchi notices that it needs an even stronger social foundation, including also shared values and beliefs. As suggested by Alvesson and Lindkvist (1993), the clan form implies that participants display altruistic behaviour in that their efforts are geared towards what is best for the collectivity, without knowing at that time what rewards will result. We thus let cooperation refer to situations where people 'act cooperatively, in the interest of the collectivity, and refrain from opportunistic actions even though immediate or short-term rewards are not forthcoming' (ibid : 433).

In this article we will use the notion of cooperation to denote a mode of interaction and exchange, where those involved display altruistic behaviour, whether or not they in fact have genuinely altruistic motives or not. For people to engage in such cooperation, they need to trust the others involved, or the system, far more than in a market or traditional bureaucratic context. We should notice, however, that there is always a risk that you will buy a 'lemon' in the market, and that bosses are not always reliable. So, any form of exchange and cooperation is to some extent hazardous, even though precautions taken to curb opportunism are in place. Whatever means or organizational control we resort to, we are thus never really in control, something that is particularly evident in the case of the clan-based cooperation that we focus on.

Trust – between ignorance and knowledge

Uncertainty is part of our human condition. We shall never have certain knowledge about the future or anything else. We may guess what will happen but all what we call knowledge might as well be called expectations. The insight that all knowledge is fallible made Socrates the wisest man on earth, but as this was an unacceptable view

for his judges it also cost him his life. In fact there is no way by which we can have complete knowledge informing our actions. And yet we must act or we will die.

In all important transactions of life we have to take a leap in the dark. ... We stand on a mountain pass and in the midst of whirling snow and blinding mist, ... If we stand still we shall be frozen to death. If we take the wrong road we shall be dashed into pieces. We do not certainly know whether there is a right one. What must we do? "Be strong and of good courage". Act for the best, hope for the best, and take what comes. (James 1897, quoted in Weick 2004 : 666)

In this quote it is man against nature, but when we cooperate with others, we are being exposed to further uncertainties and vulnerabilities. Although s/he promises to act in the interest of our joint affairs, to never be dishonest, etc, the other person may behave opportunistically and instead further his own interest with guile, as expressed by Williamson (1985). Cooperation thus always entails what might be called a relational risk, mirroring the fact that we never know what the other person will do. What we can sometimes do, however, is to arrive at strong enough (positive) expectations about the other to be willing to engage in such inherently risky cooperation. Obviously, the 'other' need not be an individual. As is often the case, we may focus on a group or an organization, in a similar risk-considering manner. For us, trust is a notion that focuses on person- related risks, leaving us with the following formal definition of trust as a 'state of mind of willingness to accept vulnerability to actions of others based on positive expectations of their behaviour' (Tillmar 2002; cf Rousseau et al 1998). We should notice that this state of mind could be due to two rather different categories of expectations. First, it may be a matter of judgement about the other person's inclination to behave opportunistically. Second, it may concern his or her possibilities to do so, due to the deterrence power of various, local or global, norms and formal controls.

Trust based action is thus based on incomplete knowledge, but not on ignorance. Such a conception then mirrors the view of Simmel (1964) that 'existential trust in somebody or something requires an epistemological state intermediate between total knowledge and total ignorance', as cited in Lewis and Weigert (1985 : 458). For the trusting individual, trust is a state of mind, which is tied to the perception of actually having (good) reasons to trust. Such subjective knowledge may of course be recognized by the individual more or less consciously, but is enough to engender within the person a certain sense of being involved in a choice which has been given (some) consideration and made of his/her own volition. As a result, we trust when we actively face the unknown (Stzompka 1999) and react with regret and internal attribution in the case of disappointment. Cooperative action, in the absence of reason would thus not be trust, and instead qualify as a matter of gambling or hope.

Subjective knowledge and leap of faith

The subjective knowledge or reasons people recognize as informative obviously come in many kinds. In the literature many options for categorizing these may be found. Sometimes they are called modes of trust production, such as in the case of Zucker (1986) who identifies process-based, characteristic-based and institutional-based trust or types of trust, as in Lewicki and Bunker (1995) who identify calculus-based, knowledge-based and identity-based trust, or basic forms of trust as with Rousseau et al (1998) who identify deterrence, calculus, relational and institutional trust. Some identify only two varieties, such as cognition- and affect-based trust for McAllister (1995), and fragile and resilient trust for Ring (1996).

As discussed at length elsewhere (cf. Tillmar 2002) these typologies overlap and differ in a variety of ways. In this basically empirical paper, trying to present a clarifying account of the complexities involving in these different suggestions, would be likely to

result instead in a 'confusing potpourri' (Shapiro 1987). We thus present these well-known typologies only to inform readers as to what kind of general pre-understandings we had as we met with the interviewees, trying to come to grips with their way of reasoning for trusting their cooperating partners.

However, people's decisions to trust are not only based on knowledge or reason. Trust is granted only partly on the basis of subjective knowledge. This is recognized for example in Luhmann (1979), who argues that trust is a matter of induction rather than deduction in that it "extrapolates from the available evidence" (ibid : 26), in Sztompka (1999), who notices that placing trust means 'bracketing' the risk, and in Möllering (2001), who maintains that trust necessarily involves a 'leap of faith'. People may have 'good reasons', but these are always inconclusive as evidence, and need to be complemented by a mental process 'bracketing the unknowable' (Möllering 2001), for an individual to arrive at a state where s/he has positive expectations, and does actually trust another person.

While some people may know that they are making a leap of faith or bracket the risk in the sense that they engage in induction beyond their subjective evidence, many would appear not to be cognisant of this mental process. Moreover, they may not consider that they are then engaged in a mental act that is logically unjustifiable. As noticed by Hume (1739), people in general tend to form their expectations inductively, extending a finite number of observations into a general law. Such an epistemology is logically invalid, as Popper (1972) and others have repeatedly pointed out. As scientists, our attitude should be one of critical reflection, recognizing that all our knowledge is conjectural. But, of course, people are not scientists in such a sense and most of us are very far from being so. It would seem instead that people in general are rather imaginative. But unfortunately our conjectures are frequently quite bad and we are often unwilling to abandon them. Similar human 'weaknesses' of organizational members are recognized by March.

They are inclined to see historical events as necessary events, ... They use extremely simple rules for attributing causality, ... They tend to conserve beliefs by interpreting ambiguous histories as confirmation of their own prior understandings. (March 1995 : 29)

Apparently, such individual 'unscientific' theorizing is often a less than conscious process and it is hardly possible for the individual to be aware of the mix of individual subjective knowledge and leap of faith. The extent to which people are inclined to engage in a leap-of-faith process, and take a small or a big leap, would appear to mirror their personality, their epistemology, and their material conditions, such as their need for the prospective benefits of the cooperation. For the individual, it is thus the combination and interplay of reasons and leaps that will constitute the range of situations in which s/he will gather enough trust and courage for entering into the risky zone of cooperation.

Contingencies – and causal links

So far we have been discussing trust as a state of mind of the individual, the associated processes of reasoning and leap-of-faith, leading up to the point where there is enough trust for the individual to engage in the courageous act of entering into the dangerous zone of cooperation. Individuals, however, always do this in a specific context, where their mental processes and their action, should be seen as embedded, as expressed by Granovetter (1985). Different contexts may provide more or less fertile soil for the emergence of trust, and for forming different reasoning and leap-of-faith processes. As often recognized, formal institutions at a macro level are highly consequential for trust formation between collaborators in micro settings. Examples abound in the literature which identify governmental rules and regulations, a system of law and a police force, as well as their ability to enact rights and obligations, sanction

violations, etc. (cf. Shapiro 1987; Luhmann 1979; Zucker 1986). As expressed by Szompka (1998), such structural features represent a paradox in that they operate to institutionalise distrust for the sake of trust.

However, societies may also benefit from a 'culture of trust'. This is stressed in particular by Fukuyama (1995) who claims that the level of trust in a society has a decisive effect on the well-being of a country. A culture of trust may also have a positive effect by liberating and mobilizing human agency within a society (Luhmann 1979). Apart from these formal institutions and the trust-based social capital in a society, specific contexts may also include a multitude of idiosyncratic, more or less institutionalised features, including various local cultural features and contingencies. For this slightly variegated collection, Tillmar (2002) uses "indigenous institutions" as a common denominator.

These formal and indigenous institutions may be thought of as a form of social capital (Coleman 1988) enabling individuals to trust other people (or systems) in specific settings. Whether or not these are in place will affect both the ease of entering into relations where trust is highly implicated and the specific modes of reasoning and leaping that individuals will apply. This has inspired empirical research into investigating what are the antecedents to individual trust formation, and in particular the impact of control on trust has been much debated, based on a number of studies in very different settings.

In a study of prospecting processes Neu (1991) warns about the 'irony of contracting', in that contracting presupposes trust, but 'when high levels of trust are present, the introduction of a contract may result in a breakdown of trust' (ibid : 247). Based on a study into cooperation in alliances, Das and Teng (2001 : 264) argue that both output and behavioural control undermines goodwill trust. Johansson (2001) found that proposing formal contracts to regulate a planned exchange was seen as a personal insult and as putting the relationship into a straight-jacket. Similarly, in a case study of trust-formation in industrial districts in Turkey, Oba (2001) reports that it was seen as distrustful to ask for contract and that in fact, even requiring a handshake would be regarded as a sign of distrust. On the other hand, some researchers report positive effects of control on trust. Control and legalization may foster trust as it helps to institute a track record for people who do their job well, thus encouraging learning or reducing the risk involved in trusting (Goold and Quinn 1990; Sitkin 1995).

We must notice first, that results so far appear to be inconclusive, and secondly, that existing studies come from a variety of different settings, making them hard to compare and as indicated earlier we do not intend to make global generalizations about the relation between trust and control. Our ambition is instead to explore this relation, with a view to identifying how various institutions, as contextual and contingent factors, impact on the trust-formation process studied. Based on our empirical investigations we will thus try to assess what 'resources' people draw on and how this affects their trust formation processes. Our general approach thus mirrors the idea that theories of trust need to be contextually sensitive and that a series of empirical studies may be a way of developing a theory by focusing on how local trust formation is contingent on a number of contextual circumstances or variables.

A Summary figure of the frame of reference

Figure 1: Frame of reference

Methodology

One of the authors lived in Singida, a remote town in central Tanzania, from April 1999 until June 2000. During this time, she worked as a business development advisor in a donor funded project and collected the empirical material upon which this paper is based. In total, 55 interviews with business owners were conducted in Swahili, complemented by participant observation and informal dialogues in various settings. The study is reported in detail in Tillmar (2002). This paper focuses in particular on the establishment of a Savings and Credit Coopeative Society (SACCO), the Chamber of Commerce and a number of small-scale cooperation projects. While it more generally relies on a large number of occasions that would be characterized as participant observation, the main source of information has been 18-20 of the interviews, which specifically focused on the issue of trust in relation to the specific collaborative ventures mentioned above. The collection of this empirical material may be divided into three distinct phases.

Phases	Time period	Research Method	Issues in focus
Phase 1	April 1999 – December 1999	Unstructured dialogue Participant observation	Rules, regulations, cultural norms & codes of conduct
Phase 2	January 2000 – June 2000	Semi-structured interviews, participant observation	Views on cooperation and trust
Phase 3	January 2001	Semi-structured interviews	Elaborating the above issues

Figure 2: Phases of empirical research

Phase 1 was mainly devoted to understanding the context using an ethnographic inspired approach, which made it necessary to learn the Swahili-language and interact

with local people in everyday settings. Being an employee in the donor organization involved setting up projects, such as business training programs, which provided ample opportunities for participation in meetings and conversations at the local District Council, Chamber of Commerce, Banks etc. The local counterparts at the District became personal friends and important guides into the new culture. Numerous unstructured dialogues centering on cultural aspects were held in informal settings such as restaurants, bars and in people's homes. This first phase resulted in quite a deep understanding of the local context.

In phase 2 around 40 interviews were conducted. Out of these, 20 interviews were allocated to four selected key informants. In selecting these informants, advice was received from the above-mentioned local counterparts as well as from the Executive Officer at the Chamber of Commerce. The key informants were participants in a business training scheme organized by the District and the Chamber of Commerce and were selected on the basis of their interest in and experience of cooperative efforts. One of them was Mr Henry Madaraka, owner of a stationery shop who is also a technician for copier machines etc. Another key informant was Mama Mmari, the owner of a shop selling spare parts for bikes, radios etc. The third one was Mr Baraka, who sells cloth and who is also involved in another business operated by his wife. Mama Vicky, the fourth key informant, is a dressmaker. Apart from these four business owners, the Executive Officer at the Chamber of Commerce, Mr Mechack, was himself an important informant, and was visited on a nearly weekly basis.

These informants were visited five times each during Phase 2. The interviews were semi-structured and often driven by examples brought up by the informants. Dwelling upon examples of cooperation brought up by them was a deliberate strategy in order to get an understanding of their reasoning around the abstract notion of trust.

Apart from these interviews, there were many occasions for observing the business training sessions between January and March, as this researcher was an advisor to the local District council, which was one of the training organizers. These observations were not planned to be part of the study but contributed by lending support to the interview results.

In Phase 3, in January 2001, the area was revisited. The focus then was on the emerging cooperation among business people in town and their way of thinking about the change. Mr Mechack at the Chamber of Commerce, who had followed the development during the autumn in real-time, was again an important source of information. The same holds for the key informants Mr Henry Madaraka and Mrs Mmari. The two others were not reachable this period, but substituted for by close colleagues (Mr Baraka's wife and Mama Vicky's collaborator).

We should notice finally the linear image, promoted above to show the empirical phases, is not very informative either of the underlying research process or of how this paper has progressed. The research process started with a literature review on the issue of trust, but also in the following empirical work, action (interviewing) and reflection (interpretation) were interchangeably in focus (Molander 1993). More generally, we would characterize the research process as abductive (Alvesson & Skoldberg 2000) involving the interplay of deductive and inductive phases. Moreover, as the research concerns quite complex issues that are conceptually alien from the point of view of most informants, it has been necessary, to engage in much interpretative work. Interpreting and reinterpreting the informants ways of reasoning has been a more or less constant task during, as well as after, the empirical data collection. In our view, the use of key informants, and being able to return to these

repeatedly, has been an important means to assure that interpretations made were appropriate.

Mirroring our interpretative ambitions, we rely on individual level accounts of trust, while maintaining sensitivity to their contextual embeddedness. The empirical study of small-business cooperation in Tanzania, lasting about one year, has therefore a distinctive qualitative character, making it a near-ethnography. In order to make this quite extensive study comprehensive to the reader, we have chosen the strategy of presenting it as a narrative of the everyday life and reflections of the researcher, where parts of the many interviews conducted at different times are inserted, fictitiously, as if they were conducted at a very specific point in time in the narrative story.

The case story

Setting the scene

Mattresses, chairs, baskets and other luggage are loaded onto the bus-roof. It is eleven o'clock and the morning bus from Singida to Arusha is getting ready for departure. The stream of people into the bus never ends. People are hanging out of doors and windows, ready to bump their way to Arusha for the next 10 hours (if the bus does not break down today). The defective infrastructure makes Singida a remote town, despite it being a regional capital in central Tanzania with about 110 000 inhabitants. Apart from agriculture and livestock keeping, commerce and trade are important sources of income in the region.

I watch the event from a little bench outside Karatasi Stationery, a small stationer's shop owned by Henry Madaraka. Henry and I are going to discuss his views on business cooperation, and he suggested we should meet here at ten o'clock this morning in January 2000.

Money money, can I have some money?

Barefeet on the burning hot sand, the ragged street-children run towards the 'mzungo' (white person) on the bench. I have been sitting here long enough for the rumour that I am sitting there to have spread among those living on the streets of Singida. Henry shows up and we proceed into his stationery shop, which is not bigger than a small office. Pink, home made shelves filled with stationery cover the walls. Two big copying machines are squeezed into the shop. Henry also offers a photocopying service and serves as the town's photocopier technician. Diversification is common practise in Singida. It's a way to spread risks and since the market in Singida is not big enough to make much money on only one business it has become a sign of success. Other main problems faced are high costs of transportation and lack of capital for investments. As the business owners point out themselves, these problems could be minimized through cooperation. Still, in the beginning of the longitudinal studies, practically all business owners interviewed expressed very pessimistic views on cooperation. Henry says that cooperation between business owners is neither common nor easy.

It will just fail. If there is an economic group, then sooner or later the chairman who can take all the money will take it and disappear. It is better to do business on your own. If people were trustworthy cooperation would be very good and it is a good thing basically. The problem is just that trust is a big problem. Trustworthiness is low among people here. It is difficult to find someone trustworthy and to know whether people are actually trustworthy.

His statement mirrors the attitude of the majority. The business advisor at the Cooperative Collage, Mr Tawaga, says:

Very few help each other. Many are afraid. People cooperate a lot concerning social activities, but not in business. They do animal grazing and farming together, but not business.

Yet, if we look closely and consider cooperation such as exchanging ideas or assisting each other with transporting goods, there are positive examples. Downtown Mama Oliva operates her tailoring business outside the textile shop of Eliwaza, with a pedal-driven sewing-machine as her only capital. Mama Oliva pays Eliwaza to cover half the salary of the watchman, since she puts her sewing-machine and fabric inside the shop at night. Mr Baraka, owner of a clothes-shop and a restaurant, sometimes lets a friend from the same tribe, whom he has known for 5-6 years, fetch goods for him in Arusha but he would never let anyone travel with cash.

At the back of the market place, above the heads of other sewing women sitting along the street, there is a small sign saying 'Tanzanian Chamber of Commerce Industry and Agriculture (TCCIA)'. Inside, I find Mr Mechack, the Executive Officer of this local Chamber of Commerce. He recently moved to Singida, as the Chamber received development assistance money covering his salary and an equipped office. He informs me that the objectives of the chamber are to defend and lobby for the interests of the business community in relation to the government, as well as to support the business community with advice etc. However, operations has not yet taken off. He spends time attracting members. The fee is 6,000Tsh per year and only 48 out of 285 registered members had paid. Unfortunately, the elected leaders of the Chamber are not all businessmen, he says. Many perceive the organization as something for the political purposes of the leaders, since they are used to hierarchies and abuse of power.

The problem here is power. If they go for cooperation every man will think, "what will be my position". Everyone wants to be the senior person, while no one wants responsibility. Everyone just see that others will bow in front of them and they will feel good. But the leader does not care what he is supposed to do. Besides, some do not trust him. He does not know cooperation. He just views it as if all the members were his subordinates.

The police disturb completely

Driving back on the bumpy roads from the outskirts of town, one day I discuss the institutional environment with Mama Mpendwa, who is a business advisor. She exclaims:

The police disturb completely! They move around in circles. They will favor one if they get money, than they will receive money from the other and they will favor him. They will accept from the one who complains and from the other part as well. Ah...they cannot help anyone. Many people do not go to the police. Almost...even if they did not exist we would just continue to live our lives.

A major problem in the society is the fact that people can disappear and go underground without notice. This is called 'kuingia mitini', meaning to 'disappear into the forest'. Both government employees and business people who get a hold of a large amount of money disappear with that money every now and then. The chances of finding them again are slim. In everyday life people do not need to show IDs and the cooperation between the police in different areas of the country is not very well-developed. Furthermore, the police have very limited resources to trace missing people.

Henry say's that you lose both time and money in the courts, so I make an appointment with the lawyer in town and wait for a long hour on a bench in the warm and crowded room outside his office. He tells me that courts normally charge 20% of the value of a case and he charges about 8% of the value. Nowadays, he discourages businessmen to bring up cases of lost money. Chances of success are minimal, especially if they do not have a written document. If there is a document, they could

potentially use this, he says and hands over a very dusty document with the heading 'contract law'.

If the police and the courts are not fulfilling the function of providing basic security in society, then does anything? What happens if a conflict arises, in for example a cooperation? My friend Mama Mpendwa, who happens to be of the Chaga-tribe, explains that it depends on who you are in conflict with:

If you are of the same tribe, you go to the tribal organization. If it is the neighbor you go to the cell leader. There is a leader for every ten houses. If it is not a neighbor or someone related you need to find another friend whom both can trust. Or one can go to a friend of the other or someone who knows the person one has problems with.

There are tribal organizations for the Sukuma from Mwanza, the Nyuakusi from Mbeya as well as for people from the coast. The one which is most active and works best with regard to issues of conflict is however the "Chaga-society".

It has got power, you will definitely fear it, and you can be cut off from the community...which is very bad.

It is a very normal thing. It helps a lot due to the problems with the courts. Chagas will be afraid of running away with money because of this. It is easy to cooperate because he/she knows that this is a possibility.

Within the 'Chaga-society' there is one head of all Chagas in town, a secretary and a treasurer. Below them in the hierarchy, there is one head of each geographical area in their home region. If everyone involved in a conflict comes from the same region, the first instance is the head of the regional branch. More than a thousand people are members of the society.

Inside the stationery shop, Henry Madaraka says that it has become more difficult nowadays.

Bad people have always existed in society, but in the old times they could be cut off from the community. He/she should look for his/her own well, his/her own path and people should not talk to him/her anymore...Now, you have to go to the police.... Those bad people are among the business people.... In the old days, the system helped and there were no big problems....Now...to follow the laws of the police...And they do not function, they do not help a lot.

Look out for [them]

Yet, Indian and Chaga businessmen cooperate, according to Henry. They borrow money from each other, without interest. Mr Baraka, who is a Chaga himself, confirms that it is easier for him to cooperate with another Chaga. If this person should disappear with the money, he can bring the case to the Chaga organization or to the elders in the home village.

Pre-conceptions regarding both Chagas and Nyaturus (the local tribe) are many. A friend told me in all sincerity to:

Look out for those Chagas! They are not good people. There is a Chaga mafia here in town.

Would tribal affiliation affect the choice of person that Henry, who is neither a Chaga nor a Nyaturu, would cooperate with? Yes, if he was to choose between a Chaga and a Nyaturu, it is a simple choice.

Often Nyaturus are not open. You can laugh together and agree and then later he/she will go behind your back, he/she will refuse and break the agreement... The Chagas are not a problem. There are some people who are not good in their society but it is easy to know who they are. In general they have a good understanding of things.

Henry explains further.

When an indigenous inhabitant (Nyaturu) sees a stranger (from another tribe) who succeeds, he will not be happy. There is jealousy.

I leave Karatasi Stationery and wander down the market-street in the blistering sun. I pass boys dragging overloaded wheelbarrows, past the stinking meat market as well as the colorful fruit market. I meet Mama Vicky sitting behind her sewing machine. Mama Vicky is a Chaga. Today a friend, who is also a female business owner and a Chaga, is visiting her. If a Nyaturu should open a shop competing with a Chaga, the Chaga-shop would soon have to close, according to the women. People here assist their own people and do not want Chagas, they maintain.

But the one who had the business first would use any means to make sure that the other business died.

The women at the tailor's shop narrates a story about a man who started a material shop, despite the fact that an Indian, married to a Nyaturu, already had a similar shop on the same street. The Indian man asked him to close down, and soon he did. He was scared to death of 'local/traditional beliefs', i.e. witchcraft. Mama Vicky explains that the Nyaturus are known to use a lot of witchcraft and that people are afraid. Many others share the view that Nyaturus are over-represented among those using witchcraft. But, you will never know who might use it, she says:

You have no faith, you never know.

The general problem of never knowing who is trustworthy is especially salient when it comes to the scarce resource money.

You know the problem of money here. Concerning money you cannot trust anyone.

Women are more trustworthy than men

Despite the bad odds for cooperation, I perceived an open and positive atmosphere on the street of the neighboring tailor and material shops. In this street, they once shared a big order, according to Vicky. They also recommend each other to the customers if they are out of material themselves. Mama Vicky says:

Men might have cooperation, especially regarding maybe transport, but it is not the same solidarity as between women.

International Women's Day, March 8 2000 offers an opportunity to learn about the otherwise less salient business cooperation that takes place between women. Women's groups exhibit their goods, homemade baskets, ceramics, tablecloths, hair decorations as well as food and party decorations. On the outskirts of town, there are obviously women's groups working quietly. Apart from the obvious lack of economic possibilities, why do these groups not make their operations known to the public? Fancy, a successful female business owner in town, has an answer:

Three quarters of the women are doing this without the knowledge of their husbands. They want the money for their own personal expenses.

Men will always get beer and nyama choma (grilled meat) from each other, but not money for butter and sugar, according to the women. Within the women's groups it is very common that everyone gives a sum of money, maybe 5,000Tsh, to one member every week. They take it in turns to receive. If there are five women, everyone will be given 25,000Tsh every fifth week. This is called Upatu-system and it helps women to obtain capital for business purposes, among other things.

It helps. If an opportunity occurs and you have no money you can get 100,000Tsh if you are 10 people and you put 10,000Tsh per month. You will be able to get capital to do your business and then you will give back later using the profit. Many use this for business. But many also use it for other small expenses at home.

What would male business owners say about differences between men and women when it comes to cooperation? I pass the market on my way towards Karatasi Stationery. Dust in my eyes. There is a smell of meat that has been hanging in the sun since morning. With a bunch of street children after me I meet Henry in his little shop, repairing a copying machine. We start talking about differences between various categories of business people when it comes to cooperation. He exclaims:

Women are more trustworthy than men. They are not courageous, they are afraid....They are afraid even to borrow and they try harder than men (to pay back). They have children. Where would they run away to? Also if they cooperated with a man they would be afraid of him that he would do something bad with her.

Mr Mmari definitely agrees that women cooperate more and are trustworthier than men. But, he adds that there exists trust as well as cooperation and solidarity also between men, even if it is not as common. Mr Baraka also confirms that women are more trustworthy since they cannot just disappear. Shouldn't men then prefer to cooperate with women, if the risks of fraud are lower? Yes, if such a cooperation were socially accepted that would be good, according to several people. However, the segregation between men and women is a general limitation to cooperation, according to Mr Baraka. It is very unusual and not generally accepted for men and women to cooperate in business.

And the women? Are they satisfied with their cooperation or would they benefit from cooperating with men? Mama Oliva says that cooperation only among women is not enough since women do not have enough knowledge and information. Men know more about market opportunities and other business issues, because they discuss such things in the bars in the evenings. Women do not go to bars, since it is not considered suitable. Instead, they meet in their women's groups or in church. However, it is not only advantageous for women to cooperate with men. There are other opinions. Men will take over, I am told. It can be better for women to have small-scale businesses and cooperation that they control, than to join men and lose control. Besides, a woman can not ask a man to repay any money, because she is below him, they say. Men can also beat women, or talk to their husbands and thus have them kept inside the house, business women explain.

Visiting the business training group

After sixteen Wednesday afternoons of lectures, group-discussions and role-plays, it was time in March 2000 for the final seminar of the business training organized by the District and the Chamber of Commerce. Each business owner was supposed to present his/her business plan to the other members of the sub-group in which they had had discussions during the training. All the teachers/trainers that had been involved were present and had actually arrived somewhat before the appointed time (!) When I enter the room the atmosphere is a bit tense. Trainers from SIDO (Small Industries Development Organization), the Chamber of Commerce Industry and Agriculture and the Cooperative College are eager to see how the afternoon will develop. Will any exchange of experiences and ideas be possible? Are the participants really going to present anything to each other? Or will they prefer to keep their plans and thoughts to themselves? Will there be any constructive discussions today?¹

After a brief introduction, the five different groups of between four and eight participants spread out over the area. Many prefer to sit in the yard outside, and one group remains in the classroom. The trainers and myself circulate among the groups in order to stimulate the discussions if needed. As usual, the discussions do not take off

¹ As noted in the section on methodology, stimulating business cooperation was not the aim of the training, and not regarded as an end in itself at the outset.

during the first fifteen minutes, and someone is quick to draw the conclusion that 'they will not cooperate'. We take another round and suddenly, there has been a change. Fancy, her friend Mariamu and three other business people are sitting on the staircase in the shade. When I reach them they are in the middle of a lively discussion on personnel policy. In Tanzania, it is common that employers take on almost parental support obligations for their employees. The discussion was roughly as follows:

Do you give your employees advances? I have great problems with that. They are always asking for money. Ahaa...OK...And if a family member of an employee has died, do you give them some money for the funeral?...This is a problem that I have. ...Myself, I try to contribute something in order to motivate them, and to make sure they do not need to steal anything.

With a smile, I proceed to the next group in the middle of the yard. There is Mr Shayo, who, among other things, operates town buses. He happens to have a competitor in his group, but still they are having a lively discussion about the importance of advertising and the best way to attract customers. Shayo reveals that he is planning to invest in more modern vehicles if he can get credit from somewhere. Someone advises him to start operating bus-tours to the villages instead. The ideas bounce back and forth. How should the price per ticket be calculated? The other transporter wants to transport goods for import and export. Vicky advises him to consult Mr Mechack (the executive officer of the Chamber of Commerce).

In his group, Henry Madaraka is talking about his strategies for marketing and an Indian businessman called Shanivi gives him all sorts of advice. In the classroom the last group is discussing pricing and whether it is always wise to refuse to give credit to customers. Can't it sometimes be necessary in order to attract customers?

Suddenly, it is after five o'clock and the discussions have to be ended in order for the participants to have a plenary discussion about a finishing-off party, which they want to arrange and fund themselves. The importance of formalities and hierarchies in the Tanzanian society is evident in the organizing of this party. The procedures take time and it is almost dark when people leave for home. However, they seem satisfied and trainers are positively surprised about the events of the afternoon.

A Savings and Credit Organization emerging

A couple of weeks after the final seminar I wander around town in the evening, talking to some of the participants. They say that they now know each other in another way. Behind the counter in her spare-parts shop Mama Mmari enthusiastically tells me about her idea. She is eager to convince some other training participants that they should do business together, like for example buying and selling crops. She had done that kind of business before and knew how to make it profitable. The problem was that the business needed more capital and more people.

'Henry Madaraka is one of the people that I have talked to about this', Mama Mmari says. 'We are five', she continues, 'two women and three men. But these men are good ones and not those who are untrustworthy', she continues. When Henry talks about this cooperation he emphasizes the fact that he discusses things with Mama Mmari because they have exchanged ideas during training. Their businesses are almost neighbors, which makes it is easy to pop in. Henry has first talked to Mr Mmari, however, to check whether it was OK to discuss things with his wife. Besides, Mr Mmari also has a shop on the same street and he is there all the time, so people should not get any ideas....

Henry has also started to every now and then drop in on other business owners he met at the training, such as Mr Msomo and Mr Baraka, to talk about business issues.

The former training participants that I talk to say that they now know the other business owners much better than before. They also have a reason to visit the others, discuss business issues and exchange ideas.

But, wasn't it Henry who previously said about cooperation, 'It will just fail'? Yes, but now he tells me:

I think that cooperation is possible if you write a contract and everything to make sure that every member has his/her rights and he/she can withdraw if he/she thinks things are not good.

Unfortunately people hesitated to join the cooperation proposed by Mama Mmari. Henry and Mama Mmari had to struggle to convince them. They had been thinking of Shanivi as a key person, since he is a transporter. However, I am told that he backed out due to potential problems that can occur when a cooperation involves both men and women and their husbands disagree. But, Mama Mmari and Henry did not give up. They came up with another idea. If people were afraid and/or not allowed to do business together, maybe they could at least organize themselves in a SACCO (Savings and Credit Cooperative Society) to help each other financially, they thought. Later on, after getting to know each other, it might be possible to start joint business activities.

There is widespread agreement regarding the importance of always starting with small things and then gradually increasing the cooperation, in order to first check the trustworthiness of the other person. It is also regarded as an advantage to know the home village and the family and relatives of a collaborator. If you do, I am told by several people, he cannot run away with money. Where would he go?

Mama Mmari and Henry meet with Mr Baraka, Mr Msomo and Mrs Francis in order to start a saving and credit cooperative society. Mr Tawaga at the Cooperative College helps them with formalities and legal issues. They arrive at his office with a draft contract and they had agreed to call their organization 'UHURU Savings and Credit Cooperative Society'. However, they are informed that a SACCO needs to have a minimum of ten members. Henry and Mama Mmari do not like the idea of involving many people. How should they find another five people who want to join the cooperation and who are trustworthy? Henry says:

It is very important to follow the agreement and to go with the law. But the risk will still be there. You have to do your analysis and this is a Weakness. ...People can run away. Especially if they get a chance to travel to Dar es Salaam with money, which is more than they have put into the business agreement. He would not have any reason to return to Singida. But if it was people who already had some (fixed) assets, like a house. Those assets in Singida would be more than the money he traveled with. This is in order to reduce the temptation to disappear. But there is still a risk, since it is not easy to sell a house in Singida. And if you do, the value can be low. Furthermore, the court doesn't function well.

To make sure that potential members own fixed assets in Singida and really have a thriving business is thus an important part in the selection process. They should also have a family there, in order to make it more difficult to run away. Of course the character of the person and reputation for being trustworthy, are also main criteria. Mama Mmari explains about one of the first meetings in UHURU, when the five 'members' discussed whom they should include:

We looked more at trustworthiness than (economic) capability. Trustworthiness in the sense of "will he/she repay the loan". It is trustworthiness regarding money, because our organization is about money. If the capability is not big, he/she will still be able to repay the loan if it is a trustworthy person. After all, he/she cannot borrow more than three times the collateral, so it is not a big problem.

To become a member of UHURU, a person had to be member of the Chamber and operate a business in Singida town. Another important requirement for potential members of UHURU was that they had participated in the recently conducted business training, so that they had a good understanding of things in general and business principles in particular. Nearly all the business people in Singida town that I have come across left school after standard seven, i.e. their schooling is limited to seven years. For many of them, the training apparently made a difference, not the least to their feeling of having gained control over what they were doing. They had started to keep records and knew whether they were making a profit or a loss, as well as which goods were more profitable than others. With regard to bookkeeping, another business owner said the following.

If you write down things you will know who is responsible, you will have a bank account and you will know what expenses you have and everything. People will not be able to take money. Accounts really lower the problem of trust. If you do not look very carefully, you cannot do business with people.

The requirement that UHURU members had participated in the training was never a problem. This occurred automatically, since that was where the business owners had got to know each other. Mama Mmari has this to say about the people who was selected:

I was familiar with Tarimo before the training, but just enough to say hi, not enough to discuss business issues with him. Now we have a reason to discuss. We started to know each other better after being together there at the seminars. Tarimo was in my discussion group. So, it was easy to start discussions with him.

One day when I happen to pass by the Chamber's office on my way from the market they are sitting there, a group of ten business owners that I know. Eventually, new members had been selected and convinced to join the cooperative. In total, UHURU Savings and Credit Cooperative eventually got sixteen members. Sitting around the table are not only Henry and Mama Mmari, but also Mama Oliva, Mrs Francis, Mr Baraka, Eliwaza and her friend Mariamu, Shanivi, Tarimo and Mziwa. They are having an introductory meeting to see whether the new members will agree to what was previously decided. This was May 30, 2000. Mama Oliva has high expectations of UHURU:

We have joined together different sexes. It is better. We can get some good and important advice. Men have a different understanding and knowledge than women. They know more about ways to look for money. They know people, they have talked to people and they know where the opportunities are. From this cooperation we are expecting to get ideas from men. The way we have talked and the way we think is that those who we have joined with definitely know things.

The Chamber of Commerce is getting established

Visiting Mr Mechack at the Chamber of Commerce during the last days in May 2000 we discuss the development of the Chamber of Commerce during the period since spring 1999 when we both arrived to Singida. In January 2000, Mechack felt he knew a lot about the business people in town. Training participants passed by regularly to pick up handouts and ask questions. About 25 other people also passed by regularly. Around ten people came for specific business advice. During spring 2000 they conducted meetings on VAT (Value Added Tax) and started-up a local FAWETA-group (Federation of Association of Women Entrepreneurs in Tanzania), as well as the election of new leadership of the organization. A well-known businessman in town, Mr Moshi, was elected chairman. In May, Mr Mechack felt that work within the Chamber was proceeding much more smoothly than previously and that people are interested in the work of the organization. Through this development it also seems as if another means of solving conflicts between business people of different tribes is arising in

Singida. The Chamber of Commerce is increasingly taking on that role. 'Businessmen come here for example if they have lent each other large sums of money which have not been repaid', he says.

Discussion

Cooperation thus came about although established and reliable societal institutions were largely insufficient and a general low-trust culture prevailed. These contingencies apparently created quite bad odds for cooperation, but as shown above, local people used their imagination to overcome the difficulties they were faced with. Returning to our research questions we will reflect below upon the kind of reasons these people rely on and the magnitude of the leap of faith they are willing to accept, as they "trust enough" to engage in cooperation. Having discussed these aspects of the trustors' mental processes, we then turn to the issue of how they are related to the embedding social and material context.

Reasons for trust

As illustrated above, by expressions such as 'the police disturb completely' and the view of courts as a place where 'you only lose money', people tended not to rely much on formal institutions as a basic way of safe-guarding economic exchange. As a result they were reluctant to expose themselves to relational risks. However, faced with such a situation, there was instead a need to be creative and in a sense try to "invent" good enough reasons for trust.

The interviews and discussions, in particular with Henry Madaraka and Mama Mmari about the establishment of the SACCO, may reveal some basic way of reasoning in this context. When selecting members for the SACCO, it was seen as advantageous if people had a house or children (for females). Apparently this was a way of benefiting from a natural 'hostage' situation, which would serve to reduce the possibilities and the incentives for a collaborator to behave opportunistically.

But if there were people who already had some (fixed) assets, like a house. Those assets in Singida would be more than the money he traveled with. This is in order to reduce the temptation to disappear.

[Women] have children. Where would they run away?

A similar inclination for reasoning in terms of what might hinder people from pursuing their interests inadvertently were salient in connecting with the business training where people learned how to practice bookkeeping and write contracts. Recall that during this program Henry, changed his mind from saying that cooperation 'will just fail' to saying that:

I think that cooperation is possible if you write a contract and everything to make sure that every member has his/her rights and he/she can withdraw if he/she thinks things are not good.

Another business owner placed a similar strong confidence in accounting, arguing that:

If you write down things you will know who is responsible, you will have a bank account and you will know what expenses you have and everything. People will not be able to take money. Accounts really lower the problem of trust.

We should underline that this was how the interviewees made sense of these new practices they had learnt. In our view, it no doubt represented an over-reliance on the power of accounting and contracting to counteract opportunism. Anyhow, here we focus only on their way of reasoning.

Most of the reasons discussed above appear to mirror the idea of calculus-based trust as discussed by Lewicki & Bunker (1995), which centres on reducing the possibilities or incentives to act opportunistically. While this was the dominant reason, we could also identify yet another one.

The discussions within the SACCO as to with whom one should cooperate reveal another type or reason for trust, which is closer to the so called knowledge-based trust in Lewicki and Bunker (1995). Although it was difficult, it also appeared advantageous for the members to know the character, habits and good will of potential collaborators. Since business owners started to interact through the Chamber of Commerce and the training, this provided at least a starting point for gaining trust based on knowledge of the other people's characters. This knowledge- or character based trust (Tillmar 2002) was also promoted by the criteria for SACCO membership, set by Mama Mmari and Henry, which required that all should be members of the Chamber of Commerce and have attended the business training. This certainly contributed to generate a sense of being a group with somewhat similar beliefs and values within the SACCO members, enabling them to rely on their fellow members' good will and their inclination to refrain from short-term opportunistic behaviour.

Finally, we may notice that the increased interaction between people from different tribes and sexes that took place within the business training program and the vitalized Chamber of Commerce also contributed to trust creation across borders of tribe and gender. For example, whereas women previously only engaged in cooperation with other women, the increased interaction with men enabled several of them to trust male collaborators.

Leap of faith

Clearly, most people interviewed had to make a living with very limited resources, being exposed continuously to a high risk for diseases, accidents and criminality. In our interpretation this made them unwilling, on top of all this, to accept the vulnerability to actions of others implied in trust. On an overall level, they were reluctant to take the necessary 'leap of faith'. Though not willing to take (big) leaps, some of the businesspeople took small 'steps of faith', engaging in less risky kinds of cooperation, typically involving no cash and engagement with few people, who were well known to them. Even if the sums of money exchanged are small, the Upatu system among women was the exception to the rule of not trusting others with cash.

When the longitudinal study started, in April 1999, the Chamber of Commerce had trouble recruiting members and many businesspeople expressed negative attitudes to cooperation. Most were used to very hierarchical ways of managing organizations and that the leader should behave opportunistically was taken for granted. One of the key informants stated that:

It will just fail. If there is an economic group, then sooner or later the chairman who can take all the money will take it and disappear. It is better to do business on your own.

Over time, the willingness to take 'steps of faith' seem to spread in the local business community. As the activities of the Chamber of Commerce and the benefits of being a member became more generally known, the number of business owners paying the membership fee increased. As some started to exchange ideas, whether at the business training sessions or in other places, benefits become visible and others were motivated to take the same step. This was apparent as ideas were bouncing back and

forth at the final seminar of the training. Still, however, the reluctance to taking leaps of faith remains a fact, in particular regarding the most scarce of resources, money.

You know the problem of money here. Concerning money you cannot trust anyone.

So far, we have discussed the reasons for trust and the leap of faith separately. However, as pictured in our framework model, these components are interlinked aspects of the mental process leading to trust and subsequently to cooperative behaviour. Our findings here suggest that though both components are necessary if we are to talk about trust, they can substitute for each other to some extent.

In our case, where most experience that the environment is harsh and living is risky, the business owners strive to minimize the necessary step of faith by any means. They thus put much energy and creativity into imagining possible reasons for trust. So on an overall level, the creation of reasons for trust play a relatively large role compared to the magnitude of the steps of faith taken by the cooperating parties. For example, the more the cooperation involves cash, the better the reasons need to be and the lesser will be the steps of faith allowed. Furthermore, the exchange of ideas requires less strong reasons, but since cash is not involved, large leaps of faith are not required either.

The perceived reasons for trust, minimizing the necessary steps of faith, may also be seen as a kind of (subjective) knowledge platform, from which these steps can be taken. As Luhmann (1979) says trust 'extrapolates from the available evidence' (ibid : 26). What will count as evidence to the individual is of course a highly subjective matter. For example, the reasons perceived in relation to the bookkeeping example, was that bookkeeping by itself should make the collaborator unable to act opportunistically. This subjective knowledge platform apparently provided a basic sense of security, allowing the individual to take a further step towards trusting the other. In this case, however, a more realistic view would be that bookkeeping may make it possible to detect fraud, etc, but since there are no adequate formal institutions to fall back upon, presenting the books in court is not likely to solve many problems. So, while such a platform may provide a sense of security, it may in reality turn out to be a highly fragile one.

Social and material resources people draw upon

Due to inadequate formal institutions on the macro level and to tribalism, witchcraft etc on the micro level, the case study context appears to provide not a very fertile soil for the emergence of trust. Still, people in different ways draw on bits and pieces of the context when finding reasons enabling the growth of trust.

In cooperation involving female business owners, the cultural prerequisite that women were solely responsible for caring for the children was used to provide a natural situation of hostage. Men reasoning about the benefits of cooperating with women also referred to the inferior position of women in relation to men.

Women are more trustworthy than men. They are not courageous, they are afraid. [...] Also if they cooperated with a man they would be afraid of him that he would do something bad with her.

As we have seen, the fact that people may spend decades, gradually investing in building a house, was also used as a situation of hostage. Since house owners have to return to town, their ability to act opportunistically is constrained.

Moreover, we may recall that Chagas could cooperate more easily with each other due to the ancient tribal organization that was used for these new purposes, i.e. for enabling economic exchange and solving business conflicts.

Chagas will be afraid of running a way with money because of this.

The old tribal hierarchy and sanctioning system was a trusted and socially embedded indigenous institution and could thus function like the formal institutions in Western contexts in the sense that it provided institutionalized distrust for the sake of trust (Sztompka 1999, cf also Sitkin 1995).

As discussed above business owners drew on newly introduced practices such as bookkeeping and contract writing. In addition, they increasingly drew on the practices emerging, as local, intermediary organizations became respected by the business owners. In particular the executive officer at the Chamber of Commerce, Mr Mechack, but also Mr Tawaga at the Cooperative College established themselves as knowledgeable and helpful advisors in the eyes of many business owners. Mr Mechack took on the role of mediation in business conflicts and Mr Tawaga advised the SACCO members in formulating the organization's constitutional regulations. The emergence of these intermediary organizations was thus quite significant in that they provided new authorities to turn to if there should be business conflicts among collaborators who did not belonging to the same tribe or neighborhood.

Conclusions

Our findings suggest that in constrained economic settings, like the one in Tanzania, businesspeople try to minimize the necessary 'leap' and focus instead on identifying secure reasons for trust. The prevalence of sanctions within the Chaga community, the emerging usage of contracts and bookkeeping, the imaginative use of natural hostage situations, and the new role of the Chamber of Commerce, thus amounted to a situation where collaborating partners could be trusted also across borders of tribe and gender. The change that took place can be characterized as a movement from distrust to calculus-based trust. The case story illustrates that in the absence of an adequate institutional framework to fall back upon, the process of building calculus-based trust should be given due attention.

Interestingly, neither with regard to the formation of SACCO nor in any other situation encountered, did the use of various kinds of hostage taking and controls seem to signal distrust, as often argued in the literature (cf. Neu 1991, Das & Teng 2001). On the contrary, relying on micro level controls of various kinds appeared to be common practice. In the absence of formally institutionalized control on the macro level, taking control-like measures on the micro level became the "institutionalized" code of conduct. These findings are in some opposition to what has been argued by Das & Teng (1998 2001) who maintain that formal controls tend to lower the degree of trust in honest behaviour of partners.

The role of control in this trust building process on the micro level would appear to depend on whether we presuppose the existence of institutionalised distrust (control and sanctions) on the macro level. We conjecture that the validity of propositions suggesting that formal control throws a partner's goodwill in doubt may be restricted to situations where institutional mechanisms of control and sanctions on the macro level are in place and functioning well. In the Tanzanian case, a number of local controls constituted basic mechanisms for enabling a movement into the 'cooperative-zone' instead.

Furthermore, those who were members of the Chamber of Commerce and had participated in the training program came to feel a shared membership in a new category - i.e. those having knowledge about basic business principles, bookkeeping and contractwriting. This facilitated the growth of character- or knowledge-based trust across borders of tribe and gender (Tillmar 2002).

Based on our case study of the trust creation in its 'bare' form, we hypothesize that the following contingency factors were important determinants to the outcome of the trust formation process:

- In social contexts granting bad odds for cooperation, people do not tend to become gamblers or take large leaps of faith. On the contrary, we may expect that they focus on imaginatively creating good reasons for trust, drawing on any available social or material circumstance in their context.
- In the absence of strong and reliable macro-institutional control mechanisms to fall back upon in regulating economic exchange and cooperation, calculus-based trust is likely to be important.
- Efforts geared towards increasing interpersonal interaction, such as setting up a training program and establishing intermediary organizations, is a possible way to increase character- or knowledge-based trust in bad odds contexts.

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