

Abstract

In this paper, we theoretically analyze how we form trusting relationships by communicating with one another. To foster this type of relationship, we have to mutually disclose private and personal information. However, this action has both costs and benefits, so both parties must decide on the optimal level of self-disclosure based on a variety of factors, such as their current level of intimacy and the benefits of deepening this intimacy. We use economics tools to provide proof for Altman and Taylor's (1973) social penetration theory that "reciprocal self-disclosure" increases during the initial stages of intimacy and then declines after a certain level of intimacy has been reached.