**Interorganizational trust: A special governance mechanism or one of several alternatives?**

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In this study, we investigate the question whether interorganizational trust acts as a ‘special’ or merely one among two independent and equally important governance mechanisms – trust and formal contracts. By differentiating between two dimensions of trust judgements (i.e., competence trust and goodwill trust) and controlling for established antecedents of trust, our study provides a more nuanced assessment of the relationship between formal contracts and trust in interorganizational relationships. Using empirical data on 140 interorganizational relationships from various industries, we develop and test two competing models. Our results clearly demonstrate that interorganizational trust in fact is ‘special’, in that it acts as a mediator between formal contracts and firm performance. However, differentiating between two dimensions of trust judgements revels mediation only through goodwill trust but not competence trust. Herewith, our results help clarify the specific role of interorganizational trust and put prior research results into perspective, indicating that contrasting prior findings might not necessarily be incompatible. Our study thus provides a valuable contribution for the current debate on how contracts and trust interrelate and allows us to derive important recommendations for practice.