TRUST AS AN EVER-GROWING AND INEXHAUSTIBLE VALUE IN ORGANIZATIONS IN THE LIGHT OF THE LITERATURE REVIEW

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Abstract: This paper summarizes the main findings of the literature on 'trust in organizations', relying mainly on the latest publications. The definitions, forms and development possibilities of trust used exclusively at the organizational level are discussed in more detail, so the names of classical authors appear in this section as well. In addition to building, expanding, and rebuilding trust, we also talk about the consequences of lack of confidence. Based on the findings of the more than 30 scientific publications used, we have tried to present the essential existence of trust, either in the workplace or in the private world.

Keywords: Trust; Trust Building; Types of Trust;

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Introduction

In the recent years, the study of organizational trust has resurfaced in several literature researches, as organizations seek to resolve unanswered questions relating to performances. This resurgence is believed to have been partly caused by the changes in peoples way of thinking and the functioning of organizations within the last 100 years (Costa, 2003). Unlike then, organizations are now becoming flatter, team centered and most especially with declining traditional approaches. The new approach focuses on participation leadership, and sharing of duties, thereby increasing the need for trust within the circle. To this, Costa (2003), citing Sabel (1993) thinks absent of trust will eventually slow down the pace as no one will risk moving first; additionally, creating conflict as members will sacrifice co-operational and collaborative gains, which could have increased efficiency.

However, for the purpose of this study, we will be discussing ‘Trust’ under intra organization phenomenon – between employees or manager/supervisor, and we will be discussing in brief, Trust building, its importance, limitations and finally conclude with recommendations on improving Trust in an organization.

Literature Review

Trust-interpretations

In business life (and everyday life too) to earn each other’s trust is a key element in relationships. If individuals can trust each other within the company the first step to become a reliable facility is already done. In companies usually there are hierarchical differences, so the management should pay a big attention to help the employees to build reliable working relationships between each other and build a better team. (Fukuyama, 1995)

Trust has been defined by several authors in the past. Cook and Wall (1980) defined trust as ‘the extent to which one is willing to ascribe good intentions and have confidence in the words and actions of other people’. Additionally, Boon and Holmes (1991), sees it as state of having positive confidence about another person’s motive in risk situations. However, these definitions have its shortcomings as it covers only the sincerity (belief) aspect of trust.
Trust on the other hand is made of three aspects/form namely; sincerity (belief), reliability (decision) and competence (action). (Figure 1.) Costa (2003) sees it as ‘willingness to render oneself vulnerable. This definition shifted direction to the other form of trust which is decision. However, it is expected that belief must be present before other steps. Above all, there have been few squabbles on whether the third form of trust should be included in the definitions.

![Figure 1: Trust Components](trustedadvisor.com)

Commitment and trust are essential to the success of organizations in general, and when trust is defined as the choice that each person makes when believing in someone or something, trust gives you publicity and free marketing for you and your organization. The business process is based on: open communications, commitment to full participation, good leadership, and flexibility to keep pace with variables. The increased confidence of the teachers and their leaders in the Organization increased their ability to achieve the goal and complete the work. (Joshua, 2003)

There are three broad ways in understanding the term ‘Trust’. These include; intra organization phenomenon, inter organization phenomenon and marketing concern (Dietz & Den Hartog, 2006). The first deals with trust within an organization i.e. supervisor to employee, the second is outside the organization wall as they relate to other organizations. The marketing concern as the name suggests deals on trust between organizations and their customers.

When it comes to the issue of employee performance in an organization, trust is one of the key factors to be considered. Trust forms the basis of all relationship and communications. (Brown et al., 2015) It is an influential tool that can increase reliability. Consequently, this reliability moves the organization in front foot against their competitors. It has been the tradition that good and efficient leaders find it easy to build trust within their organization.

However, this could be because of their knowledge on the value and importance. Luthra & Dahiya (2015), thinks trust is earned over the time period. They likened it to organizations dealings with the outside world. Consequently, they believe good and efficient leaders earn the trust of their business partners by working together as a team; highlighting communication as a tool.

Companies shouldn’t fake their trustworthiness to anyone, because in the future it can have many negative consequences. Especially, if they lose the trust of the customers, they can go bankrupted in the worst cases. Trust and honesty are somehow always connected. To build out trust is a longer process than loose it. It can happen within minutes, that is why trust is a basic element of businesses. (Fukuyama, 1995)
**Trust Building**

Economic developing determinants such as trust and innovation are becoming subjects of several scientific studies. Innovation is a crucial attribute an organization uses to edge off competition from their rivals in the market and maintain larger market share. This overall keeps the organization in business for long foreseeable future as it impacts effectiveness and performance. Research has shown that organizations that create room for innovation and creativity perform better in turbulent times. Ordinarily, innovation arises as a result of market competition, but on other cases, organizations struggling for internal identity may focus on innovation as well. Table 1. shows the close relationship between the components of trust and the confidence building strategy.

Table 1: Strategies for Building Trust

<table>
<thead>
<tr>
<th>Trust Components</th>
<th>Strategies for Building Trust</th>
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<tbody>
<tr>
<td>Sincerity</td>
<td>- Increase your overall visibility</td>
</tr>
<tr>
<td>Competence</td>
<td>- Build connections with each employee</td>
</tr>
<tr>
<td>Reliability</td>
<td>- Establish short-term focus and clarify direction</td>
</tr>
<tr>
<td>Self Interest</td>
<td>The degree that one is focused on self versus others. Focusing more on self rather than others will decrease trust.</td>
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Source: trustedadvisor.com

Luthra & Dahiya (2015) while examining communication as a tool for maintaining trust stated that trust is earned. In other words, trust building consists of these components; Sincerity, Competence, Reliability, and Self Interest. All these put together makes up trust building. While increase in sincerity, competence and reliability affects trust positively, self-interest on the other hand negatively affects trust. The reason for this is because; one is focusing on himself alone leaving others.

The implication of empowerment on leaders and their subordinate is huge. Not only does it act as management technique, it also serves as psychological state of the employee. (Spreitzer, 1996) He stated that empowerment encompasses the way leaders lead, how the individuals react, how peers interact, and how work-related processes are structured. The psychological effect of empowerment on employee tends to create a bond thereby increasing the trust level with the management. Empowerment as the opposite side of Autonomy is needed for employee to raise their performance levels. All leaders around the world expect to be empowered while these same leaders refuse to empower their subordinates. Some do these for reasons such as; to avoid risk emanating from the subordinate decision/action.

Studies have shown that empowerment is positively related to work satisfaction. The implication of this on organization reveals that employees are often distracted when they felt not being empowered. Also, this shows lack of trust on the leaders’ side. Nevertheless, empowerment has been previously associated with organizational structure. This however, has been proved wrong as the recent research shows the importance of empowerment as it affects manager – employee relationship. (Gómez & Rosen, 2001) Delegation is one of the ways managers can empower their subordinates, building trust in the process. Other ways they can do this is by being transparent in decision making process and quality rewarding system. All these depict trust of the leader on the employee.

There are different trainings within the companies which can help to achieve this goal. For example, at my previous workplace we had a training, where the team members had to create 3 small groups and sell each other a product and pay attention to be reliable and
trustworthy. Since we had to manage hotels from all around the world it was a must have skill to seem to be reliable. The other training paid attention to the team members and their relationship. (Fukuyama, 1995)

Fawcett at al. (2012), highlighted the importance of trust as they believe collaborative alliances cannot be sustained in absence of trust. They further placed trust in the heart of collaborative innovation capability. Additionally, recent research has shown there is a positive relationship between trust in top management and innovation. (Michaelis et al., 2009) The innovation process requires a considerable amount of trust to create working environment. The risk and cost involved in the process has made it difficult for leaders to decide on best possible step to take, thereby risk losing their best talents. The worse of all may see the ideas of the employee taken to another place.

Nooteboom (2010) thinks both trust and innovation complement each other as the later starts where the former ends or vice versa. He further noted that ability of a leader to give his subordinate appropriate trust means lesser control over them thereby creating higher trust percentage within the organization. Furthermore, it is more difficult to analyze performance in innovation because there are unforeseeable opportunities in the future, hence giving lesser control and more support of innovation ability within an organization. It can be said, that the less the flexibility, the more the innovation and the vice versa as well.

**Types of Trust within an Organization**

Trust within an organization can be divided into three namely; Trust in management, Trust in supervisor and Trust in co-workers.

**A. Trust in Management**

Trust in management can be defined by two ways. Firstly, as a process by an individual, who becomes trustworthy for the other person. This trust is a criterion of success and survival, because it helps for individuals to collaborate. The second one is a process of assessing the reliability of others. Taking together these two aspects we can formulate the following definition of trust management: the activities of creating systems and methods that allow relying parties to participants make assessments and decisions regarding the dependability of potential transactions involving risk and allow players and system owners to increase and correctly represent the reliability of themselves and their systems.

Recent findings show that trust in management has a positive influence in organizational commitment. Cho & Park (2011), states that increase in trust in senior management in turn increases organizational commitment and decreasing turnover intention in the process. This type of trust particularly is different from other types, because it reflects more on organizations policy, process and programs. In other words, trust in management is institutional and not rational like other types of trust.

In trust management there are some crucial points, for example some suspicion is often well-founded in competitive organizations, it can due to political circumstances as well, but the misplaced trust can cost a lot and can have a disastrous effect. Also, in potentially uncertain, risky and dangerous environment we need to know who we are dealing with, who we can trust and cannot, and we must be aware of potential dangers. (Grudzewski, 2008)

There is a strong relationship between trust and commitment. The greater the commitment, the greater the trust and vice versa. If your employees and customers feel that you are committed to the agreed work and contracts, they will increase their trust in the Belk and take care of what is raised. (Felfe & Schyns, 2006)

**B. Trust in Supervisors**

Findikli et al. (2010) believed that subordinates increase their work performances and willingness to work for an organization if they have trust on their supervisors. They
further stated that ‘there is a positive relationship between trust in supervisor and factors of ability, benevolence and integrity’. As mentioned earlier, this type of trust is interpersonal unlike trust in management. Thus, the employees are easily motivated when they have trust on their supervisors. On the other hand, employees that have no trust on the supervisors will not feel encouraged making extra efforts or assuming extra responsibilities.

C. Trust in Co-workers

The emergence of work team in the early 90’s gave rise to studies in co–workers trust. It is widely believed that trust within co–workers facilitates easy ways of problem solving. Consequently, need arises for interdependence in collaboration among the co–workers. To this, Cho & Park (2011) thinks will increase the ability of co–workers to attend same assignment / project, thereby increasing the team performance altogether. Also, information sharing is expected to be on increase in an environment where the co–workers trust on each other.

A good leader can build trust within his co-workers in several ways. One of the ways he does this is by communicating. Communication is a key skill required by every good leader. Mayfield & Mayfield (2004), gave useful and detailed insights on how leaders verbal communication strategy can improve workers innovation. Other way he does this is by initiating team building activities. This activity can be in form of happy hour after work, which can be done occasionally. The purpose for such activity is creating sense of unity among the employee enabling them to see themselves as one family. Aside from communication and team building activities, there are other tools that directly or indirectly affect trust and realization of organization long term goals (i.e. fairness and consistency).

When someone at the company receives a message, he or she should not forward it until get a confirmation or receive more similar messages. It can be a good reason to forward it if the message has an ID number, or it is under the company server. This is just one case between the lots of cases where we should check the correctness. (Yefeng & Durresi, 2015)

We must also remember about that, once a person’s reputation decreases, others will start refusing to carry its messages or even won’t believe a true message so the chance of spreading a modified or a false message increases even more. A possibility for spreading a false message easier is for the malicious persons to work in cooperation. This means when they receive a certain message, they must agree to modify it in the same way. (Chonga et al., 2013)

Not all the problem is negative if you try to exploit it and turn it into a business opportunity and marketing, for example when a complaint is filed from the place where you headed it, if you neglected it has broken the trust between you and the customers and on the other hand if I choose their complaint and considered and cared for them and felt so Sensibly and morally, this will turn this problem into a job opportunity and publicity for free !! But they will prefer to deal with you in the future and because you have become their trust and thus used the method of repetition of service. (Johnson et al., 1999)

Increasing Trust

Trust is the foundation upon which all other human relationship lies. As easy it may seem to lose trust, it is very difficult to regain. However, there are several ways a good leader could rebuild the trust within the organization. One of the ways a leader can do this is by sharing information. As discussed earlier in the chapter, information is a power tool organization uses against their competitors. A good leader is expected to consistently share
information about the organization, their position, customers and competitors. These altogether will empower the team to work harder in realization of the organizational goals.

When a person decides which version of a message is the correct one, it increases the trust of all the others in the company on the correct way and decreases it for the nodes on the incorrect paths. The other most important thing is in a company’s life is the reputation. If a firm lost its reputation it loses customers, lost money, lost profit etc. and in the end goes bankrupt. As a potential improvement, employees from all the paths can be analysed, and only persons that appear on the incorrect paths should have their reputation decreased. However, they can behave badly occasionally, so they can also appear on both correct and incorrect way, which would make a receiving person increase their reputation. When one of the non-malicious persons on the path receives a message from one of the malicious employees, it should already know that the malicious employee has a bad reputation, and not forward its messages any further to others. This will happen after a time, when the algorithm is able to balance itself. (Bjerke, 1999)

Trust is one of the factors including organizational culture and social processes that supports knowledge sharing within an organization. (McNeish et al., 2010)

Lee et al. (2010) noted that ‘team leaders who facilitates knowledge sharing and engender trust contribute to team effectiveness’. Trust not only acts as an antecedent of knowledge sharing, it also plays the role of consequences for knowledge sharing. The main role of Trust within an organization regarding knowledge sharing is to strengthen relationship existing within such organization and on various levels of management. However, there seems to be a hassle on roles of trust in group setting. This is because trust exists in between people even when they work in team or group. The implication of this on knowledge sharing results to uncontrolled information discretion, which may lead to increase in bargaining power relationship of one partner. This however may end up creating future competitor in the process.

Additionally, trust could also be regained by taking ownership of mistake. This happens to be one of the mistakes of leaders. Leading by example always entails consistency and transparency. When leaders are consistence in the manner, they deliver information, the level of trust within the organization tends to increase. Other ways a leader can improve trust is by providing feedback and resources to succeed. Every team member wants a goal and a feedback at the end of the day; this feedback may either positive or negative affect the employee psychologically.

Studies reveal that people are more likely to share useful information within an organization when there is trust. (Zand, 1972) This is because there are several records of improved performance as a result of knowledge sharing within an organization with high degree of trust among the employee. Also, co-workers, management are willing to listen and absorb the shared knowledge. However, it would be ideal to note that trust can either positively or negatively affect knowledge sharing within an organization, as well as the importance of other factors that necessitate knowledge sharing.

Having known that trust enables knowledge sharing in an organization, there are tools that act as motor for the process. Among the tools are transparency, open communication and active listening. Transparency be accessibility of information, decisions and processes within an organization. Open communication on the other hand relates to the mode of information sharing. It is essential in the sense that it limits gossip which emanates as form of knowledge sharing whereas the speaker is unknown or unofficial. Also, trust impact on knowledge sharing could further be measure with previous experience. When there has been a positive feedback regarding the knowledge shared in the previous encounters, it increases the likelihood of trust and further knowledge sharing.
Accordingly, knowledge sharing results in consequences such as improved performance and improvement in decision-making process. Coupled with, increase in sales and profit and reduced expenses and risk taken by organization. Improve group on the other hand facilitates easy decision making and increase focus in running business. (McNeish et al., 2010) Similarly, organization enjoys competitive advantage when their trust exists within the group. This is because trust could enable knowledge sharing which in turn positions organization mile above their rival/competitors.

The words and phrases from managers to employees that indicate the company's interest in employees remain hollow and fictional unless translated into the ground as actions seen by employees during their work. When employees find that the company deals with them in honest and realistic terms will increase their confidence in the company, so managers must follow these steps to achieve the motto (individuals are the most important assets of the company). (Johnson et al, 2005)

**Limitations of Trust**

For an employee, being able to earn the trust of your co-worker, supervisor or manager, you will have to stand out as being reliable and truthful; going extra miles when needed. Above all the advantages of trust within an organization, we still have demerits or loopholes created by trust. One of the limitations on employee path is absolute sincerity even when you are not at fault. The meaning of this is being able to take responsibility of mistakes without evasion or finding fault. Additionally, building of trust may back fire in the sense that you create bad impression for your manager. This can be in form saying ‘NO’ to duties you think you cannot compete effectively and efficiently.

On manager path, delegation is very crucial in completing their day to day activities. If a manager refuses to delegate, it will not only delay the whole process, but it will in turn result in some task not being performed at highest level. Therefore, there is need for delegation to the subordinate. Admittedly, this action on few occasions back fire. It is advised that every leader learn the process of delegation in order to know the best person to delegate and amount of support to give. This will enable him to get the required result. Otherwise, any mistake or error resulting from the delegation is treated as the managers’ mistake. Correspondingly, trust can secure your job even when others are laid off. It is also one of the reasons why human resource managers ask for referee during job offering.

Individual operation and competition are needed but focusing on them can create an unfavourable working environment for staff with no confidence, not to mention concerns about employees in this charged atmosphere. (Haider, 2010) It may happen that you give your trust to someone who is not worthy of it. You are surprised that you are talking about someone you are talking to or someone you have disagreed with. If, in this sense, giving trust is almost a risk, the only one who bears responsibility is you.

In a company it is important to forward the correct information to everyone, every employee and manager. If something is wrong in the communication, it easily can lead to gossiping. Thus, whenever two persons meet, they not only exchange their own local trust values, but also the trust values previously received from other employees. To have a local trust value is necessary and give away the most recent reliable and true information to every node at the company and avoid that the wrong information will spread and decrease the trust in the company and between the employees. (Ciobanu et al., 2017)

Identically, being trustworthy employee may lead to job overload leading to work life unbalance. Researches have shown that trusted employee work more time, because they are tied down always. However, this can be evaded by setting boundaries with your job commitment communicating with the management and when you feel overloaded. Most of the time, employees are afraid to reveal their feelings to their supervisor fearing the worse. At
the same time, they forgot the worse which could happen if the goals were not met at the end of the day. Therefore, it is advised that employee communicate effectively with their supervisor their feelings. The supervisors on the hand are human enabling them to understand what the employee may be passing through.

There is a strong correlation between trust and employee satisfaction, high morale and low productivity. When confidence is lost between employees and their workplace, their commitment to work decreases, their productivity decreases, and they may think of leaving their jobs, while the employee who increases their trust with their work will feel part of their work, He has a moral and clings to his work to satisfy him. (Haider, 2010)

Conclusions

Having studied trust under various dimensions, it became clear about its value within an organization. Being able to build and maintain trust is imperative for any formal relationship to succeed. Indeed, trust is very delicate and therefore should be nurtured properly to avoid breaking it. Coupled with the delicacy, we also found out that regaining trust is not always easy. Action matters most in employee engagement, therefore leaders are advised to lead by example. This can be achieved by consistent, transparent and so on.

Furthermore, the effect of trust on innovation calls for more flexibility within organizations as it will not only encourage innovating spirit, but also create a good working environment. Also, leaders are advised to empower their subordinates in form of delegation as it helps to build the trust within the circle. These altogether will improve the general performance of the organization and pit them miles ahead of their competitors.

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