

## **TRUST BUILDING FACTORS IN THE ORGANISATION CONTEXT**

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Trust in the organization has always been considered as a critical factor in inter-organizational cooperation (e.g., Alter, 1990; Knoke, 1990), collaboration (e.g., Gray, 1985; Nathan & Mitroff, 1991), joint ventures (Harrigan, 1985) and strategic alliances (Kanter, 1990). Even in IR for collective bargaining (Astley, 1984; Bresser & Harl, 1986) to be successful, trust is required between union and management so that there will be less ambiguity, alignment between management and union goals, cooperation and resolution. (Dodgson, 1993; Sabel, 1993).

During recent years, the role of trust in organization i.e. employer and employee has become an subject of researches in organizational studies. Scholars have identified several different kinds or "levels" of trust, simple trust, basic trust, "Blind" trust, and authentic trust. (Flores & Solomon, 1998)

McAllister (1995) identified two types of foundations for trust in organisation, one is cognition and another one is affect. Cognition based trust is built upon performance and empirical parameters. Affect based trust takes emotion between parties for consideration.

Even though scholars have paid sizeable attention in defining the term "trust" still a brief and universally accepted definition is not come upon consensus. As a result, the term "trust" is used in a many different ways, sometimes not harmonious with the research within organization.

Despite this ambiguity, most scholars are agreeing to the fact that trust is basically a psychological state. (Kramer, 1999)

When considered as a psychological state, trust has been characterized in terms of various interconnected cognitive processes. Robinson (1996) defined trust as a person's "expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favourable, or at least not detrimental to one's interests (p. 576).

Barber (1983) defined trust as a set of "socially learned and socially confirmed expectations that people have of each other, of the organizations and institutions in which they live, and of

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the natural and moral social orders that set the fundamental understandings for their lives” (p. 164–65).

According to Kramer (1999), from the view of rational choice theory, individuals are perceived to make decision related to trust based on rational decision after careful evaluations of various choices.

### **Relational models of trust**

Many researchers have argued that an effective theory on trust in the organization must have social and relational choice parameters for development of trust.

According to these arguments, trust can not only be considered as a calculative decision toward risk, but also a social orientation toward other people and toward society as a whole.

Bases of trust within organizations

### **Dispositional Trust**

People take reference of their past experiences related to trust to build up general perceptions and belief about other people.

### **History-Based Trust**

Trust between two or more interdependent individuals increases or decreases according to their several interaction and cumulative experiences. Theories on history-based trust considers two parameters, one is individual’s perception about another person before the interaction and second is change in this perception after several encounters between both parties which either approves or disapproves individual’s initial judgement of putting trust on another person.

### **Third Parties as Conduits of Trust**

In an organization secondary knowledge or gossip also affects trust-building process within employees. Nevertheless, consequence of this “second-hand knowledge” on trust judgement varies per person to person. This knowledge hardly helps individual in taking rational decision yet effect of its can’t be entirely neglected.

### **Category-Based Trust**

Category-based trust refers to trust predicated on information regarding a trustee’s membership in a social or organizational category—information which, when salient, often unknowingly influences others’ judgments about their trustworthiness.

There are a number of reasons why membership in a salient category can provide a basis for presumptive trust. First, shared membership in a given category can serve as a “rule for

defining the boundaries of low-risk interpersonal trust that bypasses the need for personal knowledge and the costs of negotiating reciprocity” when interacting with other members of that category. Further, because of the cognitive consequences of categorization and in-group bias, individuals tend to attribute positive characteristics such as honesty, cooperativeness, and trustworthiness to other in-group members. As a consequence, individuals may confer a sort of depersonalized trust on other in-group members that is predicated simply on awareness of their shared category membership.

Strong categorical expectations do not necessarily carry over to expectations about particular individuals in particular circumstances, suggesting how readily category-based expectancies are some- times overridden by target-based expectancies.

### **Role-Based Trust**

Its presumptive trust found within organizations. Similar to category-based trust, role-based trust constitutes a form of depersonalized trust because it is predicated on knowledge that a person occupies a particular role in the organization rather than specific knowledge about the person’s capabilities, dispositions, motives, and intentions.

We trust engineers because we trust engineering and believe that engineers are trained to apply valid principles of engineering, moreover, we have evidence every day that these principles are valid when we observe airplanes flying. However, role-based trust also can be quite fragile and produce catastrophic failures of cooperation and coordination, especially during organizational crises or when novel situations arise which blur roles or break down role-based interaction scripts.

### **Rule-Based Trust**

If trust within organizations is largely about individuals’ diffuse expectations and depersonalized beliefs regarding other organizational members, then both explicit and tacit understandings regarding transaction norms, interactional routines, and exchange practices provide an important basis for inferring that others in the organization are likely to behave in a trustworthy fashion, even in the absence of individuating knowledge about them. Rules, both formal and informal, capture much of the knowledge members have about such tacit understandings.

Rule-based trust is predicated not on a conscious calculation of consequences, but rather on shared understandings regarding the system of rules regarding appropriate behaviour. There

are three important bases of trust within this organization, which can be termed as awarding trust, managing risk, and transforming trust.

#### Approaches of Trust

Generally, two definitions of trust commonly found in the organizational and management literature; one that defines trust as predictability, and one that emphasizes the role of goodwill. Both approaches tend to see trust as inherently functional and beneficial, and to ignore issues of asymmetrical power and conflicting interests. Hardy and Phillips (1998) argued that neither definition is completely satisfactory.

Definitions focusing on predictability are unable to distinguish between relationships based on trust and those based on power; definitions that emphasize goodwill make assumptions of common goals that are not always realistic and that have little to say about how trust can be created. We argue that to effectively differentiate trust from power, we must consider *both* predictability and goodwill; and to understand how trust is created we must attend to the processes of communication that creates shared meanings between partners. (Hardy et al., 1998:2).

Hardy et al. (1998) suggested that trust is a meaningful concept only when conditions concerning both predictability and goodwill are met, and when attention is paid to the communicative foundation of trust.

#### **BENEFITS OF TRUST**

1. reducing transaction costs within organizations
2. increasing spontaneous sociability among organizational members
3. Facilitating appropriate (i.e. adaptive) forms of deference to organizational authorities.

#### Technologies That Undermine Trust

Organizations which use technology to monitor and surveillance of the employees can diminish trust within an organization. Organizations typically adopt surveillance systems and other forms of electronic monitoring of employee performance in the hope of enhancing employee trustworthiness (e.g. assuring compliance with regulations and deterring misbehaviour). Ironically, there is increasing evidence that such systems can actually undermine trust and may even elicit the very behaviours they are intended to suppress or eliminate. For example, innocent employees who are subjected to compulsory polygraphs,

drug testing, and other forms of mass screening designed to deter misbehaviour may become less committed to internal standards of honesty and integrity in the workplace.

Monitoring and surveillance systems communicate to employees that they are not trusted, potentially breeding mistrust and resentment in return. When people feel coerced into complying with a behaviour, they may resist the behaviour when they think monitoring is imperfect and they can get away with it. Because of psychological reactance, even honest employees may try to cheat or sabotage monitoring systems. Other evidence suggests that the corrosive effects of surveillance extend to those doing the surveillance. Thus, systems intended to guarantee trust may, ironically, not only make it more difficult for employees to demonstrate their trustworthiness, but also for authorities to learn about the distribution of trust within their organizations.

### **Dynamics of Distrust and Suspicion**

Related psychological research suggests that basic cognitive processes such as social categorization may heighten distrust and suspicion between individuals from different groups within an organization. Evidence suggests that categorization of individuals into distinct groups often resulted in individuals' evaluating out group members as less honest, reliable, open, and trustworthy than members of their own group.

Unfortunately, however important it may be, there is substantial evidence that trust in both public and private institutions has been declining for several decades. For example, although 75% of Americans said they trusted the federal government in 1964, only 25% expressed comparable levels of trust in 1997. Similarly, trust in universities has fallen from 61 to 30%, medical institutions from 73 to 29%, and journalism from 29 to 14% (Nye 1997). Major private companies fare no better, trust in them having fallen from 55% to 21% over this same period. People may draw general inferences about institutional trust from the behaviour of highly visible role models. As a consequence, the behaviour of public leaders while in office "may unknowingly or indirectly define reality in more ways and for more of the public than has been appreciated".

### **Breach of the Psychological Contract**

psychological contracts could be defined as in terms of employees' beliefs regarding the terms and conditions of their reciprocal exchange relation with their employer (i.e. what they owed the employer and what the employer owed them). Psychological contract breach was

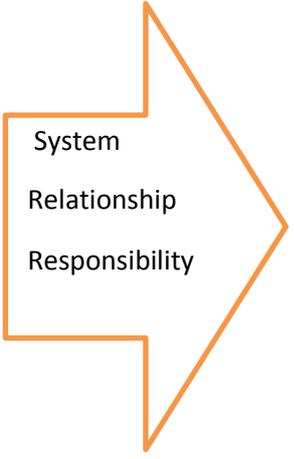
characterized, in turn, as a subjective experience based on employee's perceptions that the organization had failed to fulfil its perceived obligations.

To investigate the relationship between trust and psychological contract breach, Robinson (1996) conducted a longitudinal study of newly hired managers, measuring their initial trust in the organization, as well as their trust levels at 18 and 30 months on the job. She found that initial trust in an employer was negatively related to subsequent perceptions of psychological contract breach. Specifically, individuals with high initial trust were less likely to perceive the psychological contract had been breached compared with those with low initial trust. She also found that prior trust moderated the relationship between psychological contract breach and subsequent trust, such that employees with low initial trust in their employer reported a greater decline in trust after perceived breach than employees with high initial trust. Finally, Robinson found a negative correlation between psychological contract breach and several important forms of employee contributions to the organization, including job performance, civic virtue (extra-role) behaviors, and intentions to remain with the organization.

### **The Fragility of Trust**

Trust is easier to destroy than create. There are a variety of cognitive factors that contribute to asymmetries in the trust-building versus trust-destroying process. First, negative (trust-destroying) events are more visible and noticeable than positive (trust-building) events. Second, trust-destroying events carry more weight in judgment than trust-building events of comparable magnitude i.e. negative events had more impact on trust judgments than positive events. Also, asymmetries between trust and distrust may be reinforced by the fact that sources of bad (trust-destroying) news tend to be perceived as more credible than sources of good news.

Another study investigated asymmetries in the construal of trust-enhancing versus trust-decreasing behaviours as a function of individuals' location within a hierarchical relationship. Individuals in low status positions tended to code more of their advisors' behaviours as diagnostic of trustworthiness compared with those in positions of high status because of their greater dependence and vulnerability, trust concerns are more salient to individuals in low-status positions. As a consequence, they tend to be more vigilant and ruminative about trust-relevant transactions. They also code more transactions as diagnostic of trustworthiness and can more easily recall instances of trust violation.

Dimensions	Factors	Variable	Outcome
	Ability Benevolent Integrity Gender Open communication Employee involvement in decision making High involvement work		Job performance Knowledge sharing Organisation citizenship behaviour Procedural justice Interaction frequency Organisational commitment Job satisfaction Employee productivity Low turnover

**Figure 1. Theoretical model to build Trust.**

Many researches have been done on analysing effect of trust on organization performance. If employee has trust on top management and his supervisor of his organization than his job performance will increase also he will exhibit high level of organization citizenship behaviour. Some studies have suggested that trust is prerequisite for job satisfaction. Trust is a multifaceted concept involving individual groups and organisation (Victor & Hoole, 2017).

Trust is foundation of human relationship which builds person’s personal life and professional career. If one cannot trust his manager than one will not be engaged with his one’s organization. Thus it is evident to study how it is built and what factors affects it. This study concentrates specifically building of trust in employee because researchers feel that exploratory research has not been done on trust building factors within employee. This article will provide theoretical framework on trust building factors which will result in development of mutual trust, confidence and interaction between employee and employer. This will establish high performance culture in organization and low turnover. Employee who trust their employer will have higher tendency to follow organisation’s vision and purpose.

In this study author proposes theoretical framework on trust building factors in the organisational context, this is mainly HOW trust can build. In this paper author categorises trust building factors in three dimensions as system, relationship and responsibilities. System means existing framework within organization which defines processes and flow of information form upper management to bottom of the hierarchy. Relationship is the state

which exists between organization and employee that impacts economic, social, Political and cultural wellbeing of one another. Responsibilities means a thing which one is required to do as part of job and his role.

Dimensions	Key practices	Outcome
System	Periodic Communication structure Defined Process for problem solving Transparent appraisal system Top managements responsibility Change management	Inter personal trust Trust worthiness Development of trust Inter-organisational trust
Relationship	Two way dialogue with direct repartee Constructive feedback Gender equality Recognition to the appropriate people Fair treatment to the people	
Responsibility	Clarity of job responsibility Degree of Freedom Positive thinking about self Promotion of trust	

**Figure 2. Theoretical Framework on trust building factors in the organization**

**System:**

Culture play very important role to develop system in the organisation and at majority places it is created by top management. Culture become an act of the behaviour of leadership team which percolate down. Organisations go older and older same time culture get change and people feels that organisation has changed, this mainly happens because of change in leadership and new leader bring his ideas to run business and he/she emphasis his way of working and author say, it is culture, culture get diminish after long period because of the lack in structure, process or system which take few component of trust building, which make sure have periodic trust building activities or initiatives.

I believe leadership people in the organisation built trust through their individual capacity and experience, it means he will create his own structure to build the trust, we recommend managers to follow structure, process for trust building. As system dimension will focus more on organisational trust building.

The structure will help to create environment to build trust within organisation, author wants to study what structure will give more effectiveness to build trust in common place, this questions arise during interview of new candidates or informal dialogue about the organisation, people say that, I don't want to pay it on records but this is reality of culture in the organisation.

Organization should have fair, transparent and performance appraisal system. It is necessary because it assures employee that he will get what he deserves. In India, where IT sector faces high employee turnover, transparent appraisal system builds trust in employee.

Employee recognition is also critical factor for building trust. Employee should have trust in an organization that he will get rewards and respect based on his performance.

Open door communication is also very effective trust builder when implemented correctly. In globalization when traditional organizational culture is very dynamic, to implement change effectively open communication is prerequisite.

Research suggests that openly communication with employees and seeking their involvement in decision making is likely to enhance perceptions of the trustworthiness of top management. Culbert and McDonough (1985) says that individuals track system with sensitivity and vigilance to check trustworthiness. Carnevale (1988) support that workers carefully monitor organisational processes to trust their organisations. Fox (1974) says that if the structure, role and climate of the organisation communicate a lack of trust in employees by top management, employee will respond with distrust. Culbert and McDonough (1985) says that trust between employee and management is coming from role, rules and structured relations of the organisation.

Professional development play important role in creating trust and it is factor is differentiating employee trust in management (Nachmias, 1985, Carnevale, 1988).

System should be in place to help organizational newcomers to develop high-quality peer and leader relationships. If such a systems exists where newcomers get information and resources, then it creates bond of trust (Schaubroeck, Peng, & Hannah, 2013).

### **Relationship**

Responsibility dimension mainly focus on individual person to create his strategy to build trust, vertical structure, up and down plays vital role to strengthen relationship with individual, if people work for leader having good relationship in such case they will create positive atmosphere with people and other factors.

Author think that relationship is a foundation and pillar of trust building and create solid bounding between two people, it is purely individual efforts to build understanding of mutual benefit in which supervisor stand believing he can do it or whatever he will do it, will be good and all right. The **positive thinking about oneself** will help to enhance understanding which leaders have trust on people. Few practices to build relationship are such as managers

are spending more and more time **promoting trust** and emphasizing the important of trusting relation. Culbert and McDonough (1985) suggested to trust people, grants them power to motivate, and control themselves and believe in their capacity. Mc Gregor (1967) put emphasis on open communication. Author propose to increase openness, trust and expression of feeling in the relationship between manager and subordinate.

Relationship plays vital role to build trust in organisational structure. Fox (1974) made the distinction between relationship among equal peers (lateral trust) and relationship with top management (Vertical trust). Present study will focus on both lateral and vertical trust. There is a possibility that employee might have lateral trust but do not have vertical trust. While making a decision whether to trust organization or not, vertical trust plays significant role for the employee. Support from immediate manager/supervisor matters and they should show care and concern for the subordinate, give compliment in public meeting and negative feedback in constructive manner.

Culbert and McDonough (1985) Trust is associated with decision making, autonomy, feedback, supportive supervisor behaviour and communication.

In their study, Harms, Bai, & Han (2016) found that leaders who are willing and able to provide social and emotional support to followers are particularly important for followers with anxious attachment orientations because the presence of such leaders may prevent the formation of distrust and the resulting negative outcomes.

Empirical study by Victor & Hoole (2017) provided evidence that intrinsic and extrinsic rewards policy in an organization is also determining factor to build workplace trust and work engagement. Study by Costigan, Ilter, & Berman (1998) indicated a link between affect-based trust in work relationships and employee behaviour (e.g., risk taking, motivation, assertiveness, and personal initiative to improve professionally).

Lateral trust is also as important as vertical trust because it is significant parameter for turnover as employee have a tendency to leave the company if they do not trust their peers. Factors for lateral trust can be described as to take responsibility, receive help and assistance, and settle differences in expectations.

Two-way feedback should be incorporated in the organization culture. Every employee should be able to give feedback freely to the manager/supervisor and should also receive constructive feedback form the manager which will creates lateral and vertical trust in the employee. The gender of the manager could also determine trust in subordinate.

## Responsibilities

In the organization every job has different responsibilities which are fulfilled by employee chosen for respective job. According to type of responsibility employee will also have varying trust on the management e.g. employee working in finance department if have responsibility of treasury operations might have different trust on management than employee working in taxation. Clear job description also affects trust in the organization. Degree of freedom to take action and perform job should be given to employee to increase trust within the organization environment.

Author believes that trust on the management is created by job responsibilities allocated to employees. Employee's trust on his manager does not precede responsibilities given by manager to him. Flores & Solomon (1998) argued that trust is a dynamic emotional relationship which entails responsibility.

Person who is performing his trustworthiness do very well in his job which increases the possibility to increase trust with his leader, he is high on typical activities performance, which is important to the leader. Trustworthiness and performance increase by trust factor between subordinate and leader.

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