

Trust in Organizations

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OUTLINE

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GLOSSARY:

Interpersonal trust: Trust that is personalized and concerns trust between people, characteristic of primary and small group relationships.

System or institutional trust: Trust that is abstract and refers to trust in the functioning of organizations, institutions, political systems and societies as a whole.

Calculus-based trust: Trust based on calculation most likely to be found at the start of new relationships or partnerships when parties do not have any prior connections or knowledge about each other.

Knowledge-based trust: Trust that derives from knowledge built from prior interactions and/or collaborations allowing partners to have enough information to predict with each other likely behavior.

Identification-based trust: Trust that arises from identification and empathy with the other party's desires and intentions, and results from sharing a common identity and similar values.

Swift trust: Trust that develops when people interact more in role-based manner than in person-based manner.

ABSTRACT

Trust is central to human life and is considered to be essential for stable relationships, fundamental for maintaining cooperation, vital to any exchange, and necessary for even the most routine of everyday interaction. In organizations the importance of trust has been recognized at both interpersonal and institutional levels. Two types of trust can be distinguished: *interpersonal trust*, which refers to trust between people, and *system or institutional trust*, which refers trust in the functioning of organizational, institutional and social systems.

Keywords: Interpersonal trust, Institutional trust, Calculus-based trust, Knowledge-based trust, Identification-based trust, Propensity to trust, Perceived trustworthiness, Risk-taking behaviors.

1. Introduction

In organizational science, applied psychology and related fields trust has become a major focus of theory and research over the past decades. Contributing to the rise of trust in the research agenda has been the growing evidence of the varied benefits of trust for individuals, teams and organizations. Numerous studies have demonstrated how increases in trust result directly or indirectly in more positive workplace behaviours, attitudes, better team processes and superior levels of performance. Considerable efforts have also been made to apply emerging trust theory to a variety of important organizational problems, some of these being the result of the increase of distrust in institutions policies and management. Although trust may not be the ultimate solution for all problems, as organizations have become flatter and more team-based, interpersonal dynamics, and trust in particular, have become critical elements in achieving effective collaboration within and across teams, networks and new

forms of organization activity. Perhaps more than ever organizations need to invest in conditions that facilitate trust in order to survive and remain effective.

Trust becomes a vital concept when there are significant risks involved in trusting (i.e., vulnerability) and when there is objective uncertainty about future consequences of trusting (Rousseau, Sitkin, Burt, & Camerer, (1998). In organizations uncertainty and vulnerability arise from different reasons. Consequently, trust has been studied with regard to different respects and has been approached through different perspectives. In this review we examine the recent progress in conceptualizing and measuring trust, discuss how it develops through different forms, and reflect on important benefits of trust at different levels of the organization. In addition, we discuss some of the most important challenges for research and practice in this area.

2. Defining and measuring trust

Because trust is so central to human relations numerous definitions have been put forward from a variety of perspectives. Particularly earlier on the definitions of trust presented have clear differences. While some definitions stressed the importance of conditions of dependence, reliance or confidence in other individuals (e.g., Cook & Wall, 1980), other definitions emphasized the role of expectations, either about others in general (e.g., Rotter, 1980), or about specific others that are acquired through social interaction and interpersonal relationships (e.g., Boon & Holmes, 1991). Still other definitions highlighted conditions of vulnerability and focused on risk-taking behaviors such as cooperation (e.g., Deutsch 1960) or non-opportunistic actions (e.g., Sitkin & Roth, 1993).

After decades of debate increasing consensus has emerged about how trust should be conceptualized and measured, including the identification and operationalization its core components. This is largely due to the seminal articles by McAllister (1995) and Kramer

(1999), the integrative definitions proposed by Mayer, Davis, & Schoorman (1995) and Rousseau, et al., (1998), and meta-analytic work by Colquitt, Scott, & LePine (2007). These authors define trust essentially as a *psychological state* consisting of two interrelated components: (1) the willingness to accept vulnerability, and (2) positive expectations trustworthiness (Fulmer & Gelfand, 2012). This conceptualization has since been adopted to a great extent by researchers studying trust across multiple referents and levels of analysis, suggesting the view of trust as a quasi-isomorphic. It has also helped distinguishing trust from other related variables such as trust propensity, trustworthiness, and risk-taking behaviors all of which have been studied as indicators of trust in prior research.

2.1 Trust and other related constructs

Propensity to trust - often viewed as a relatively stable disposition that will affect the likelihood that one party will trust another and constitutes an important antecedent of trust. To explain the origins of such dispositional trust, Rotter (1980) suggested that individuals extrapolate from their early trust-related experiences to build up general beliefs about other people, which eventually assume the form of a relatively stable personality characteristic. The importance of trust propensity has been particularly acknowledged in newly formed organizational relationships.

Perceived trustworthiness - refers to the attributes and actions of the person to be trusted which lead that person to be more or less trusted. Perceptions of others trustworthiness can be formed across three dimensions: ability, benevolence, and integrity (Mayer et al., 1995). Meta-analytic evidence from Colquitt et al. (2007) shows that both trust propensity and trustworthiness have a direct effect on trust and also influences a number of other outcomes both directly and indirectly via trust. Trustworthiness has shown to be a more relevant antecedent of trust in ongoing relationships, whereas trust propensity is mostly important

when there is little information to form expectations about others. While trust propensity and perceived trustworthiness are often seen as antecedents of trust, risk-taking is viewed as an outcome of trust.

Risk-taking behavior - is seen as an outcome of trust and it can lead to different behaviors depending on the context and levels of the trust relationship at study. For example, at the individual and team levels, trust has been associated with cooperation between individuals, information sharing, organizational citizenship behaviors, reliance on another's work and expertise, lack of interpersonal surveillance and monitoring, whereas at the organizational level trust can be demonstrated through increases in knowledge exchange between units, fewer organizational controls, and organizational learning (see Costa, Ferrin & Fulmer, in press). However and although trust often leads to risk-taking behavior, trust is not risk-taking but rather the willingness to assume risk. This is an important distinction, as to define trust as risk taking is to confuse the focal construct with its logical consequence.

2.2. Trust measures

The conceptual diversity regarding trust is also reflected in the instruments developed to measure this concept in different contexts and levels of analysis. An overview of the most relevant measures of trust for organizational settings is given in Table 1.

Table 1 – about here

These different measures focus on different components of trust and are based on different definitions and conceptualizations of trust. Trust measures assessing another party's trustworthiness are often related to definitions of trust as a psychological state (e.g. CTI).

Whereas measures that emphasize behaviors are associated with behavioral choice definitions

of trust. Multi-dimensional definitions of trust, on the other hand, include both perceptions of trustworthiness and trust behaviors (e.g. *OTI*).

Multi-dimensional measures have the advantage of assessing simultaneously different components of trust. However one-dimensional measures can be useful to explain differences concerning different trust factors. Instruments that measure propensity to trust in general (e.g. *ITS* and *RPHN*) are relevant to explain differences in trust behavior between individuals or groups in the same situation. For example, some individuals tend to give most people the benefit of the doubt by trusting loved ones and strangers alike until experience shows it is not warranted. Others expect only the worst of everyone around them. Although propensity to trust itself does not determine whether a person will trust or not in a specific situation, as situations become increasingly unfamiliar its influence increases. In modern organizations, for instance, the growing need for cooperation between and within boundaries brings people together that do not necessarily know each other or have a previous history of working together. In such situation the general willingness to trust others can strongly determine initial trust decisions.

Instruments that focus on trustworthiness and/or trust behaviors are situation specific and are particularly relevant in contexts of interpersonal and group relationships. Expectations about someone's trustworthiness have been consistently found as a strongest determinant of trust in contexts of specific others. In general the assessment of trustworthiness is based on three primary criteria, i.e. benevolence, competence, and integrity, the relative importance of these criteria can differ from situation to situation. In some situations competence can be more important. Other situations can demand political sensitiveness, which makes someone's integrity more important.

Measuring trust behaviors in a particular context can be useful to learn about someone's motives and intentions and be able to make inferences of trustworthiness. Trust behaviors

reflect the willingness to be vulnerable to others whose actions one doesn't control and can also differ across contexts. For instance, in strategic alliances trust behaviours may include financial and formal investment whereas within teams cooperation and lack of monitoring would be more reflective of trust.

The measures here described assess different components of trust and most have limited applicability to different contexts and levels of analysis. The choice for a particular measure above another implies some thought about the approach to trust chosen, the level of analysis in which trust is measured, and the purpose for which the instrument is used. To explore differences between trustors, propensity measures can be more relevant. Differences between trustees can be better explained through measures that focus on trustworthiness. Behavioral measures of trust reflect the trust given in a particular setting. The whole process of trust in particular contexts can be better explored through multi-dimensional measures.

3. Developing trust

It is a matter of common understanding that trust is not static; it rather develops over time and goes through various phases such as building, declining or renewal. People start a new relationship with a certain level of trust, either higher or lower, depending on their own individual dispositions, past experiences, familiarity with or knowledge of the other party, contextual contingencies and perceived incentives for cooperation. Three bases for developing trust in work relationships have been identified (see Lewicki, Tomlinson & Gillespie, 2006, for reviews): calculus, knowledge and identification.

3.1 Calculus-based trust

This form of trust is likely to be found in relationships that are new, and are formed between partners or team members who do not have any prior social connections. Trust is based on calculation of the benefits of being trusting and trustworthy against the threat that if trust is violated one's reputation may be damaged by the other person(s) network of friends or

colleagues. In other words, calculation underpins the belief that the actions of another party will be beneficial and reliable than the opposite. Trust in this regard consists of assuring consistency of behavior, i.e. that people will do what they say they will do. Making agreements, establishing the 'rules of the game', and monitoring compliance can help building this mode of trust. If others act predictably by complying with the agreements, they will build a reputation of trustworthiness on which trust can develop.

3.2 Knowledge-based trust

This form of trust is based on prior interactions and cooperation. It occurs when one has enough information about others to understand them and be able to predict their likely behavior. Knowledge-based trust relies on information rather than deterrence. Trust develops largely as a function of the parties having a history of interaction that allows them to develop a generalized expectancy that the other's behavior is predictable and trustworthy. Here, trust develops through information about preferences, wishes and behaviors of the other party, which develop over time as a consequence of the parties having a history of interaction. Partners or team members are likely to develop common ways of thinking through their sharing of experiences and information. Two key processes are responsible for achieving this stage: regular communication and interaction.

3.3 Identification-based trust

This form of trust is based on identification with the other party's desires and intentions. This form of trust arises between people who share a common identity, meaning that they hold similar values, including a shared concept of moral obligation. Here, trust develops through empathy because the parties effectively understand and appreciate each other's wants; this mutual understanding is developed to the point that each can effectively act for the other. Identification-based trust develops as both parties know and predict the other's needs, choices, and preferences and also share some of those as his/her own. Increased identification enables

people to empathize strongly with the other and incorporate parts of the other into their own identity as collective identity.

These three basic conditions promote trust by influencing individual expectations about other's trustworthiness and their willingness to engage in trusting behaviors. As relationships develop through different stages also trust evolves and changes. If trust must be build from scratch, making agreements and monitoring compliance of team members can help to build trust. In mature relationships trust can have been so solid, and the risks involved so small, that monitoring is not needed to maintain optimal cooperation. Calculus, knowledge and identification can also be seen as sequential linked stages of trust, in which achieving trust at one level enables the development of trust at the next level. Although, not all relationships develop fully and as result trust may not develop past the first or second stage, effective cooperation is unlikely to take place or persist if relational trust does not develop between individuals who interact intensively over a period of time. The development from calculus-based to knowledge-based trust is therefore crucial.

4. The benefits of trust

As organizations have come to rely less on structures and formal arrangements and more on collaboration and cooperation inside and outside the firm, new emphasis is given on trust as one of the fundamental motors of these processes. If trust is absent, no one will risk moving first and all will sacrifice the gains of collaboration and cooperation. Although laws, rules and contracts are still necessary conditions for the stability and prosperity of organizations, to prevail these must be based on reciprocity, moral obligation and trust. The benefits of trust have been discussed in relation to reduction of transaction costs, collaboration and cooperation within and between organizations, and to the effects on performance and effectiveness.

4.1 Transaction costs reduction

In the present market economy competitive success has become increasingly dependent on the reduction of transaction costs, as the requirements for quality have escalated internationally and markets have turned more uncertain. Traditional transaction costs theory (e.g. Williamson, 1975) has neglected trust in its assumption that in the 'governance' of relations the risk for opportunism is high. However, as many have recognized trust is an element of every transaction that can be accounted for, either by previous experience or lack of contrary evidence. Moreover, the presence of trust in transactions is likely to generate more trust at other levels, since transactions are embedded in professional and social networks, which diminish the hazard for opportunism. This does not necessarily mean that trust is a by-product of all transactions. The possibility for opportunism exists. However, in the long run, opportunism can be very costly because it would increase the amount of costs and most certainly would inhibit future transactions.

Reducing transaction costs through trust can be achieved through reputation. Having a trustworthy reputation can be seen of great "economic value", since it plays an important role in determining the willingness to enter into a business exchange with a given actor. This good repute will further lead to positive expectations in the future, enhance the level of trust, and promote actor's willingness to cooperate. It has been argued that besides reducing transaction costs and monitoring performance costs, trust also eliminates the need for installing control systems that are designed to obtain short-term financial results. Nevertheless, trust should not be seen as a replacement either for market or hierarchic forms of transactions. These governance mechanisms are necessary for the establishment of communities, which can be seen as an important starter for trust based on shared ethical norms and values underlying the communities.

4.2 Collaboration and cooperation within and between organizations

It is commonly assumed that some level of trust must exist so that cooperation between partners can be achieved freely. However, trust as a pre-condition to cooperation can be subjected to different demands of intensity. Requirements for trust in organizations are dependent on the mechanisms that govern the cooperative decisions and the social arrangements in which those decisions are made.

Within inter-organizational forms of collaboration trust is important to the extent to which it facilitates information exchange and reciprocity between partners, which leads to organizational learning. When inter-firm collaborations are forged from common memberships either to a professional community, existing ties or local community partners such as the case of industrial districts and R&D business groups, trust seems to develop more on interpersonal bases and community networks. Whereas in strategic alliances, mainly forged from mutual dependencies and/or calculation of resource needs, trust develops from formal bases which can be more costly and time consuming. One-way to facilitate trust between organizations is to make trust a part of the organizations' routines and practices so that collaborations between firms can continue successfully. This means that the major source of trust should be institutional. Key individuals or groups (i.e. boundary spanners) do play an important role in inter-firm forms of collaboration, however, problems of turnover and the possibility of communication breakdown on the part of these individuals, make trust at this level a very fragile form of governance.

Also within organizations the importance of trust is recognized both at institutional and interpersonal levels. Trust based on institutional arrangements such as laws, rules and professional practices that support the organization as a whole, create a common ground for understanding actions and enhance patterns of behaviors that are extendable to all

organizational members. These create a general climate upon which trust is produced and generalized to other levels. Although trust is important to the functioning of all forms of organization, alternative forms have clear trust requirements and managerial philosophies have clear implicit levels of trust. Failures in meeting these requirements bring different consequences. For instance in functional organizational forms insufficiency of trust reduces efficiency; in divisional forms it reduces effectiveness and increases costs; in matrix forms it causes the form to fail; and in networks it causes organizations to fail. The tendency towards more flatter and team based forms of organized activity shows that the importance of trust in organizations has augmented significantly, becoming in the network form one of the requirements for its survival.

New policies emphasizing interpersonal and inter-group dynamics at the workplace have accentuated the importance of trust at an interpersonal level. Interpersonal trust is both a product of rational decisions and emotional bonds and can be based upon different mechanisms, depending on the degree of knowledge or familiarity among the people involved. In situations where individuals have accumulated meaningful knowledge and have established some kind of bonds with one another, interpersonal trust tends to be more based on the attributions individuals make about the other person's character and the motives and intentions underlying these actions. In situations where individuals have little information about one another, or not have yet established any kind of bond with one another, trust may initially develop on the basis of individual dispositions, situational constraints, or institutional arrangements.

4.3 Effects on performance and effectiveness

Apart from the general assumption that trust is an important lubricant of the social system and a facilitator of coordinated action among individuals, several important benefits have been

associated with trust. Trust has been associated with positive work attitudes and behaviors such as open communication and information exchange, acceptance of influence, reduction of conflict, citizenship behavior, commitment, and satisfaction. Trust has also been associated with the ability to enhance collaboration and mutual learning between individuals by leading to cooperation and higher individual and team performance.

Some authors have labeled these effects as spontaneous sociability. When operationalized in behavioral terms spontaneous sociability refers to numberless forms of cooperative, altruistic and extra role-behavior in which members engage, that enhance collective well-being and further attainment of collective goals. It should also be noted that there also evidence exists showing that trust alone is not always enough and that spontaneous sociability also depends on the individual's perception regarding the efficacy of their own actions. In addition, implications of trust for performance effectiveness should be carefully interpreted. First, trust cannot be seen as one of the main indicators of performance, since tasks require specific abilities and knowledge to be adequately performed. In situations where individuals or teams do not possess adequate skills and knowledge to successfully accomplish their tasks, trust probably will not improve performance. Second, performance has been found dependent of numerous determinants, which makes trust just one of these indicators. In certain conditions, though, trust may play a more a moderated role by facilitating communication and openness, which can lead to the exchange of important knowledge or generate critical discussions that may be beneficiary for the end product. The importance of such effects is again dependent on the trust requirements associated with the functioning of teams and organizations.

5. Challenges and dilemmas of trust: implications for practice

However desirable developing and maintaining trust is neither easy nor assured. Recent newspaper headlines have been filled with stories about the collapse or fraud of several major corporations and institutions. Reorganization processes within companies, although essential to survive in the present volatile environment, have being often accompanied by considerable lack of trust between its members. Ironically, the increased need for trust in modern organizations has also made the role of checks and controls even more important. This because violations of trust are more likely to occur when the vulnerability increases, on the one hand, and trust in excess can lead to miscalculation of risks, illusion of great existence, on the other hand. In both cases, such effects can lead to drastic consequences for organizations. In order to deal with some of the challenges and dilemmas of trust is important to recognize two important issues, the fragility and the limitations of trust in organizational settings.

5.1 Fragility of trust

It is often suggested that trust is typically created rather slowly, but it can be destroyed in an instant by a single mishap or mistake. One of the reasons is that trust is a phenomenon that feeds on itself. When a relationship or an organization is rising trust builds on evidence of trustworthiness and on a track record of being trustworthy. If trust-building actions are taken, the overall level of trust grows until begins to even during the maintenance stage. The building process is often slow because people tend to be reticent about trusting particularly those who are not known. Once trust has been built, the demands for evidence of trustworthiness diminish, which can lead to a false sense of security. In some cases parties may actively discount for a while information that implies untrustworthiness. However, if solid evidence of untrustworthiness emerges, trust is destroyed quickly and the collapse is dramatic.

The asymmetry between creating trust and destroying can be explained by psychological as well as by structural process. Because people tend to pay more attention to negative events (trust-destroying) than to positive events (trust-building), negative events carry greater weight on people's trust judgments. Partly because negative events are more visible and frequently take the form of specific, well-defined incidents such as lies, discoveries of errors, while positive events, although sometimes visible, more often are fuzzy or indistinct. The accumulation of relevant experience with low trust can frame the interpretation of events to reinforce this belief.

Organizational structures and management policies also contribute for the fragility of trust in organizations. By becoming less bureaucratic and more focused on collaborative processes, organizations have increased the level of uncertainty and vulnerability between its members. Trust based only on formal mechanisms has become insufficient to function effectively. In modern organizations both institutional and interpersonal trust constitutes an essential feature for an effective functioning. Successful companies or work relationships, build, treasure, preserve and nurture trust at both levels. They recognize that it helps in good and in bad times and also recognize that if trust is lost it might never recover.

5.2 Limitations of trust

Trust is pervasive and indispensable to the functioning of organizations, but in excess or when its limitations are not recognized, it can be unwise and have adverse impact. Because trust always goes beyond the available evidence, there is always an amount of unknown risk that results from the lack of control or of complete knowledge about future outcomes and about the actions of the exchange partner.

Excesses in trust can be damaging when entail a large risk of economic damage and threat the survival of organization. From interpersonal to organizational interaction, excesses of trust

can have an adverse impact in the functioning of firms. For instance, a culture of excessive trust and benevolence may become oppressive when it turns the expression of criticism in a taboo and it blocks direct voice of complaints, thereby preventing fast and direct solutions between partners in the conflict. It can yield 'group think' which reflects excessive cohesiveness and a shared illusion of invulnerability. This can lead to an accumulation of unsolved conflict, biasing perception towards evidence of incompetence or malevolence.

Excesses of trust can occur for different reasons. One is naivety, ignorance or cognitive immature which makes a party unaware of risks involved in the trust situation. Here, experience of broken trust will teach awareness. Another reason is the feeling of omnipotence, an overestimation of one's power to control untrustworthy partners with the feeling that one cannot be hurt by damage imposed by them. Another reason is impulsiveness deriving from careless or putting a large emphasis on the present benefits relative to later adverse effects. This can be related to greed.

5.3 Implications for practice

Recognizing that trust is important for the functioning of organizations has grown considerably in recent years. Although the success of each working environment might be more or less dependent on trust, those who are successful find ways to build and maintain trust. Some of this trust can be built on strong foundations others less so, but in both cases the management of trust is critical.

Organizational leaders and managers play a central role in managing the overall level of trust as well as more specific levels of trust across the organization. Since leaders and managers are responsible for combining strategy, structure, overall operating logic, resource allocation and governance of organization, the levels of trust displayed by these mechanisms might well be reciprocated at other levels of the organization. When managers are perceived

as competent, fair, and open regarding sharing information the overall level of trust in the organization is likely to improve. Leaders determine or at least influence the degree of interdependence between organizational units or individuals, which in turn determines the level of reliance between parties necessary to achieve the work goals. Although trust does not necessarily leads to cooperation, interdependence across units, teams or individuals creates conditions for information exchange and proximity, which may give room for acceptance and trust development. Managers can also exert to create a climate that support trustworthy behaviors between members and at the same time provide adequate guidance so that trust does not become dangerous.

The increasing emphasis on short-termed and highly interdependent multi-project environments, brings together people who are not necessary part of the structure, culture and norms of the same organization. Also in such contexts developing trust between individuals or partners becomes essential. Lacking a common ground, a certain degree of familiarity and prior experience on working together, can influence the basis upon which trust might develop. Recent research has described the so called 'swift trust', as a new form of trust that develops quickly, mostly in contexts where there is no previous history of interaction between partners, there is no prospect of long-term interaction, and when people interact more in role-based manner than in person-based manner. The concept of swift-trust suggests that members initially import rather than develop trust. Since there is insufficient time for these expectations to be built from scratch, they tend to be imported from other settings and imposed quickly in categorical forms. The categories invoked to speed up these perceptions can reflect roles, industry recipes, cultural cues, and occupational and identity-based stereotypes. However, this form of trust may not be enough to function effectively. In order for trust to develop further parties should act trustworthy by complying with the agreements and expectations. Yet, the short life span of some of the present work relationships also increases the opportunity to take

advantage. Again, the involvement of the supervisors or managers can be crucial in maintaining trust at optimal level that benefits the all parties involved.

Trust is a significant decision-making process under conditions of vulnerability and uncertainty. Managing trust reflects awareness of the mental processes behind the decision to trust and of the risks involved in such decision. Risk assessment involves considerations about another party trustworthiness and about the situational factors that weight the likelihood of the possible positive and negative long-term effects of the trust. Because often the information about another party's competence, motives and intentions is incomplete people recall past experiences as their best guides. In more unfamiliar contexts these considerations can be more dependent on individual propensities, reputation or external information by inquiring about someone's trustworthiness. Assessing the risk before trusting is crucial to this process, since when trust is not fulfilled the trusting party suffers an unpleasant consequence, which is greater than the gain the trusting party would have received if trust were fulfilled. Moreover, if trust is broken it can be destroyed completely or take a long time before it is rebuilt and repaired. Therefore, trust must be preserved and nurtured by information that reinforces perceptions of trustworthiness and trustworthy behavior.

6 Emerging issues in trust research

Despite the considerable development in theory building regarding trust in organizations, issues concerning its measurement at different levels of analysis remain objects of continuous discussion. One important way that future trust research can improve upon is to use contemporary, reliable and valid instruments to generate a cumulative body of work and facilitate comparisons across studies to build on further knowledge. The growing globalization of business has increased the emphasis on collaboration and cooperation across organizations and even countries, raising the issue of trust across cultural borders. How trust

develops between representatives from different organizations and/or countries, what basis of trust will be sustained in such contexts and what factors (personal and organizational) will determine the level of trust, need to be explored more comprehensively. Similarly, the increasing competition of markets has lead many competing firms to form alliances in order to survive. Whether trust in such contexts can develop from calculative basis into more mature stages in order to achieve effective cooperation, and whether partners will trust one another with their business secretes in order to promote learning, are questions that need to be researched in more detail. In addition, the rapid advances in information and communication technology have created virtual work environments. Trust has shown to play a pivotal role in such environments (Jarvenpaa & Linden, 1999), how trust can be maintained in the long run without face-to-face interaction, and what factors are considered to assess partners trustworthiness, has become extremely important.

7 Summary

Trust is a central to human and organizational life and is one of the pillars upon which organization function. Despite the numerous benefits and the current high value placed on trust, trust has also limitations. This review has focused on the definition of the concept trust, on issues concerning its development and maintenance, the benefits in organizational settings, and on challenges and dilemmas associated with trust. Emerging issues in trust research have been noted such as the development of trust in a diverse workforce and across organizational borders, in competitive and in virtual environments.

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Change History April/2016

Section 2 – Defining and measuring trust - Update concerning the recent developments concerning the definition and conceptualization of trust.

Section 2.1 Trust and other related constructs – New section emphasizing the differences between trust and other constructs

Section 2.2 Trust measures – The table has been updated to include new measures of trust.

Table 1: Measures of trust frequently used in organizational contexts

| Instruments/ Authors | Components of trust measured | Factors identified | Applicability/Level of analysis |
|---|---|---|---|
| <i>ITS</i> – Rotter (1967) | General willingness to trust others | Trust in peers Trust in institutions | Assesses credibility of social agents and societal optimism. Suitable to measure individual's trust in generalized others. |
| <i>RPHNS</i> – Wrightsman (1964) | Propensity to trust others | Trust Cynicism(*) | Measures expectations about the way people generally behave. Indicates the general ability to trust others. |
| Mayer & Davis (1999) | Propensity to trust Trustworthiness | Propensity Ability, Benevolence, Integrity | Applicable for studying trust in organizations or top management. |
| Cook & Wall (1986) | Trustworthiness | Faith in intentions Confidence in actions | Applicable to study trust in peers and trust in management |
| CTI - Butler (1991) | Trustworthiness | Integrity, Honesty, Fairness, Competence, Consistency, Loyalty, Discreetness, Openness, Receptivity, Availability, Fulfillment | Assesses trustworthiness of specific peers. Is applicable to dyads either in horizontal or vertical work relationships. |
| McAllister (1995) | Trustworthiness | Cognition-based Affect-based | Refers to managers trust in peers. Applies to dyads. |
| Smith & Barclay (1997) | Trustworthiness Trust behaviors | Character, Role competence, Judgment, Motives and intentions Relationship investment, Acceptance of Influence, Communication Openness, Forbearance from Opportunism. | Distinguishes between perceived trustworthiness and trust behaviors in specific peers. Applied in Strategic Alliances contexts. |
| Currall & Judge (1995) | Trust behaviors | .Communication openness, Informal Accord , Task Coordination, Surveillance(*) | Applied to boundary-role-persons dyads. |
| <i>OTI</i> - Cummings & Bromiley (1996) | Perceived Trustworthiness; Behavior Intentions | Keeping commitments Honest in Negotiations Does not take advantage | Multi-dimensional measure of trust. Applicable to dyads, or business units. |
| Robinson (1996) | Perceived trustworthiness | Integrity, Predictability, and Benevolence | Organization |
| Zaheer, McEvely& Perrone (1998) | Perceived trustworthiness | Confidence, Integrity, and Benevolence | Measures interpersonal and inter-organizational trust through contact person and supplier |
| Mayer & Davis (1999) | Propensity to trust Perceived trustworthiness Trust | Propensity to trust, Trust, Ability Benevolence, and Integrity | Multidimensional measure of trust assessing trust in Top management |
| Spreitzer & Mishra (1999) | Perceived trustworthiness | Competence, Reliability, Openness, and Concern (*) | Measures interpersonal trust on employees in general |

| | | | |
|--------------------------------------|---|---|---|
| Ellis & Shockley-Zalabak (2001) | Perceived trustworthiness | Top management Immediate supervisor | Assess trust at different levels of management. |
| Mayer & Gavin (2005) | Trust | Willingness to become vulnerable | Assess trust in the top management team and specific supervisor |
| De Jong & Elfering (2010) | Perceived trustworthiness Risk | Confident positive expectations and Risk | Measures intra-team trust |
| Costa & Anderson (2011) | Propensity to trust Perceived Trustworthiness Trust behaviors | Propensity to trust Perceived trustworthiness Cooperative behaviors Lack of monitoring | Multi-dimensional measure of trust for team contexts. |
| <i>BTI</i> -Gillespie (2012) | Trust behaviors | Reliance and Disclosure | Measure trust behaviors in team members and team leaders |
| Frazier, Johnson & Fainshmidt (2013) | Propensity to trust | Propensity to trust | Measure of trust propensity in others in general |

(*)- reverse scale