THE IMPORTANCE OF BUILDING AND REBUILDING TRUST IN ORGANIZATIONS

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ABSTRACT

Purpose: Trust is important, because it allows people to form relationships with others and to depend on others—for love, for advice, for help. But trust also involves the risk that people they trust will not pull through for them.
The aim of the article is to present empirical research connected with building and rebuilding trust in organization and to present method to measure level of trust in organization.
Design/methodology/approach: In the article the research, which was done in the best Polish enterprises form Mazovia Province are presented. This work was supported by Ministry of Science and Higher Education in Poland. Article is connected with the realization of research project entitled "Orientation on trust and organizational performance" (No. N N115 549238).
Findings: In the article the approach to measure level of organizational trust is proposed. The study shows the connection between orientation of trust and organizational performance.
Research limitations/implications: The research was done in the best polish enterprises, so the research should be also made in other kind of enterprises.
Originality/value: The topic of trust is very important now, in the era of crisis. It is the first method of measuring trust level, which was checked in polish enterprises.

Keywords: Trust, trust management, building trust, rebuilding trust

INTRODUCTION

The concept of trust is very important in all sphere of human life, especially now, in the era of global crisis. Trust enables people to feel more safety in the very fast changing world. To strengthen society and its major foundations, we need to build and rebuild trust. Nowadays, trust has decline for many reasons, and some of these have persisted for decades. This include societal issues, such as increasing suspicion due in part to decrease interaction among individuals, and institutional factors, such as the recent massive failures in the financial system or organizational malfeasance. Additionally, we can add violations of trust by many business, governmental, and religious leaders.

Trust is essentially important for successful cooperation and effectiveness in organizations, facilitates negotiations, reduces transaction costs, and even help to resolves international political conflicts. Trust enhances the ability to change and to support radical change. This is because trust is said to assist in learning, creativity and innovation.

The aim of the article is to show the importance of trust building and rebuilding and to indicate the relationship between trust in organization and organizational performance. The research was done in enterprises from Poland.

Building and rebuilding trust

Building trust in the organization plays an important role. Trust facilitates management, risk taking, effective use of resources as well as the impact on all activities of the organization. Previous research has shown that leaders are critical to build trust in organizations, and that trust in leaders is significantly related to a number of attitudes, behaviours, and performance outcomes.

Preparation to start effective process of building trust in the organization should begin from diagnose the situation in the organization. R. K. Sprenger (2009) suggests using the following questions, which can help in the diagnosis:
- What managers do to promote a culture of trust in a company?
- What criterias of behavior in organizations allow us to understand the culture of trust?
- What relevant subjects or objects of trust are in organization?
- What are the biggest obstacles of building a climate of trust in the company?
- Which of the rules in organization are the opposite of trust?
- How climate of trust is creating among the leaders?

Managers should diagnose whether the current business is based on trust or not. `(hidden)` E. M. Whitener, S. E. Brodt and J. M. Werner (1998) suggested that the existence of trust in the organization need the following behavior of managers: consistency in performance, integrity in action, proper communication, show of interest to employees. Example and support in building a climate of trust has to start from the management, but the attitude of the staff are also important. We can specify the appropriate behavior on the side of workers such as: tell truth, responsible behavior, effective communication, support to other staff, information about irregularities in the organization and organizational processes, a sense of responsibility for the success of the organization.

In the literature there are a lot of propositions of activities which influence of building trust in organization for example:
- Providing information - just in time (Deutsch 1973; Ellinor, Gerard 1998; Ryan, Oestreich 1998);
- Giving positive and negative feedback to staff in an appropriate manner (Zand 1972; Johnson, Johnson 1995; Ryan, Oestreich 1998);
- Speaking openly about problems (Deutsch 1973; Gabarro 1978);
- Being honest to others (Deering, Murphy 1998);
- Initiate and accept changes in decisions in they are needed (Zand 1972; Johnson, Johnson 1995; Ryan, Oestreich 1998);
- Listen and accept advice of other people (Zand 1972; Gabarro 1978; Ryan, Oestreich 1998);
- Giving and receiving help and support (Deutsch 1973; Johnson, Johnson 1995; Ryan, Oestreich 1998);
- Showing interest and caring for others (Deutsch 1973);
- Delegating responsibilities to personnel (Zand 1972; Zand 1997, Deutsch 1973; Costigan, Ilter, Berman, 1998; Nelson, Cooprider, 1996);
- Delivering on promises and telling the truth (Deluga 1994; Hosmer, 1995; Humphrey, Schmitz 1998; Jones, George 1998; Karsgaard, Schweiger, Sapienza 1995);

- Showing respect to others (Costigan, Ilter, Berman 1998; Nelson, Cooprider 1996);
- Demonstrating loyalty and job satisfaction (Bigley, Pearce, 1998; Sabherwal 1999).

In the literature there are some proposition of model of organizational trust building. For example R. Galford i A. S. Drapeau (2002) proposed model SEEKER consisted of the following elements:

- **S**how that you understand the needs of individuals and groups;
- **E**stablish the rules;
- **E**xplain what resources are available to use;
- **K**eep promises;
- **E**ngage in communication;
- **R**einforce others by proper behaviour.

M. Armour (2007) confirmed that building trust should focus on four factors: climate, character, behavior, and culture. First, leaders must create a climate of trust, so that employees feel: safe, informed, treated with respect, valuable to organization and understood (**S**afe, **I**nformed, **R**espected, **V**alued, **U**nderstood – SIRVU). Trust will develop in the employees if they meet leaders of the following characteristics: **H**umility, **I**ntegrity, **T**ruth, **R**esponsiveness, **U**nblemished fair play, **S**upport and encouragement, **T**eam care (HI-TRUST).

Costs of loss of trust affect different areas of the organization. It all depends on what kind of trust has been destroyed. Loss of trust is associated with negative emotions of people such as: anger, fear, which strongly affect humans (Solomon, Flores 2001). According to R. J. Bies and T. M. Tripp (1996) loss of trust can be defined as a situation where the perceived hoping that he/she trusted did not meet its expectations. For example the lost of organizational trust can be connected with (Gibb 1991; Shockley-Zalabak, Morreale, Hackman 2010):

- Errors in the formulation of strategy and unclear vision of action,
- Changes, acquisitions, restructuring, redundancies,
- A breach of ethics,
- Political environment,
- Lack of communications,
- Unclear policy of the organization,
- Exerting pressure on the workforce,

The costs of trust lost are related to: broken reputation, negative attitude to work, negative thinking, making bad decisions and decreasing of income.

Rebuilding trust to the leaders or the organization is a very difficult process, and in some cases even impossible. Studies on the breach of trust are carried out in the context of interpersonal (Lewicki, Bunker 1996; Sitkin, Roth 1993) and social (Shapiro 1987; Zucker 1986).

The first step leading to rebuild trust is to admit to mistakes. Then, propose amendments taking into account the views of all interested parties. Trust must be rebuilt in a natural way. It cannot be a result of the transaction. You cannot force anyone to trust. Each party must demonstrate good will and recognize the needs of others.

Restoring confidence in the organization is a process which can be influenced mainly by the action in the area of development and non-financial incentives.

Examples of such activities include:
- Participation in non-standard and / or strategic projects;
- Increasing autonomy resulting from increasing participation in decision-making;
- Closer contact with senior staff;
- Giving support from mentors;
- Improve access to critical business information.

Presented examples do not require financial investment and only a deep commitment of executives. Efforts should first be concentrated on key employees, because at the labor market they can find better position. The rebuilding of trust can also be better when managers will be train in soft skills such as empathy, communication, coaching. The trust is important not only in organization but also in contacts with business partners, clients and society.

METHODOLOGY

Instrumentation

Three questionnaires were used - Measures of Organizational Trust Questionnaire Measures of Managers Trust Questionnaire and Measure of Organizational Performance Questionnaire. In these three questionnaire five point Likert scale was used (strongly agree = 5, agree = 4, neither agree nor disagree = 3, disagree = 2, and strongly disagree = 1).

Measures of Organizational Trust Questionnaire and Measures of Managers Trust Questionnaire were proposed by Paliszkiewicz based on a review of literature that included research studies of R. P. Barraglio, S. E. Condrey (2009); C. Caldwell, S. E. Clapham (2003); A. M. Evans, W. Revelle (2008); S. Gächter et al. 2004; E. L.Glaeser et al. 2000; K. Jones, L. N. K. Leonard 2008, P. Kanawattanachai, Y. Yoo (2002); and R. Seppänen et al. 2007. In Organizational Trust Questionnaire the items were as follows:
1. There is atmosphere for honest cooperation among employees.
2. Clear expectation connected with results and aims from all employees.
3. Employees are willing to share knowledge.
4. Employees openly admit and take responsibility for the mistakes they have made.
5. Employees avoid participating in gossip and unfair criticism of others.
6. Employees are willing to take part in trainings.
7. Periodic meetings take place between employees and the management.
8. In general the work responsibilities are established and clear.
9. The criteria of promotion are clear in every position.
10. Evaluation of employees is fair.
11. The relationship between employees is good.
12. All employees are treated fairly
13. The interests of workers are taken care of.
14. Team work is encouraged and preferred.
15. Employees are encouraged to take part in decision-making.

Measure of Managers' Trust Questionnaire:
1. In dealing with people never be too careful
2. You should not trust other people until you do not know them well
3. Most people will lie if it will then be able to get something
4. Employees in your company when the opportunity arises to gain something will be dishonest
5. In these days in your company you can only count on yourself and only trust yourself
6. Relations between employees are connected with rivalry
7. Employees in your company wish other the best
8. Most people in your company keep promises
9. In your company a new ideas are implement and work conditions are improved
10. In your company people can open discuss what is wrong
11. In your company your employees feel accountable for their tasks and do not have to be monitored
12. In your company staff for most of the time trying to be helpful to others and do not care only about self-interest
13. In your company motivation of people is high
14. In your company managers are mostly advisors and intellectual partners to employees
15. In your company the innovativeness, taking risk and originality are preferred

In case of questions from 1 to 6 (measure of manager's orientation on trust) the scale was changed that 5 was always the good answer.

Measure of Organizational Performance Questionnaire was used to measure organizational performance. This questionnaire is based on the work of R. Deshpande, U. Jarley, F. Webster (1993) and S. Drew (1997). This measure can be thought of as a variation of the balances scorecard method. The organizational performance is assessed by the use of global output measures such as market share, profitability, growth rate, and successfulness in comparison with key competitors. J. Paliszkiewicz (2007) modified this questionnaire to include the dimension of innovativeness. The items were as follows:
1. In comparison with the competitors, this company is more profitable.
2. In comparison with the competitors, this company has a larger market share.
3. In comparison with the competitors, this company is growing faster.
4. In comparison with the competitors, this company is more innovative.
5. In comparison with the competitors, this company is more successful.
6. In comparison with the competitors, this company has lower costs.

SUBJECTS AND PROCEDURE

The questionnaires were distributed to 469 managers (205 – upper management, 203 middle management, 61 – lower management) from 287 companies identified as the best enterprises according to the Forbes Journal in Mazovia Province in 2009. The research took place in the enterprises from the Mazovia Province in Poland from November 2010 to February 2011.

DATA ANALYSIS AND RESULTS

Collected data were analyzed using a k-means clustering method. In data mining, **k-means clustering** is a method of cluster analysis which aims to partition *n* observations into *k*

clusters in which each observation belongs to the cluster with the nearest mean. Euclidean distance was used as a metric and variance was used as a measure of cluster scatter.

For this method three dimensions were used: managers' orientation on trust (OM), organizational orientation on trust (OP) and organizational performance (WD). Manager's orientation on trust and organizational orientation on trust were measure in the scale from 15 to 75 and organizational performance from 6 to 30. The results are presented at the figure 1.
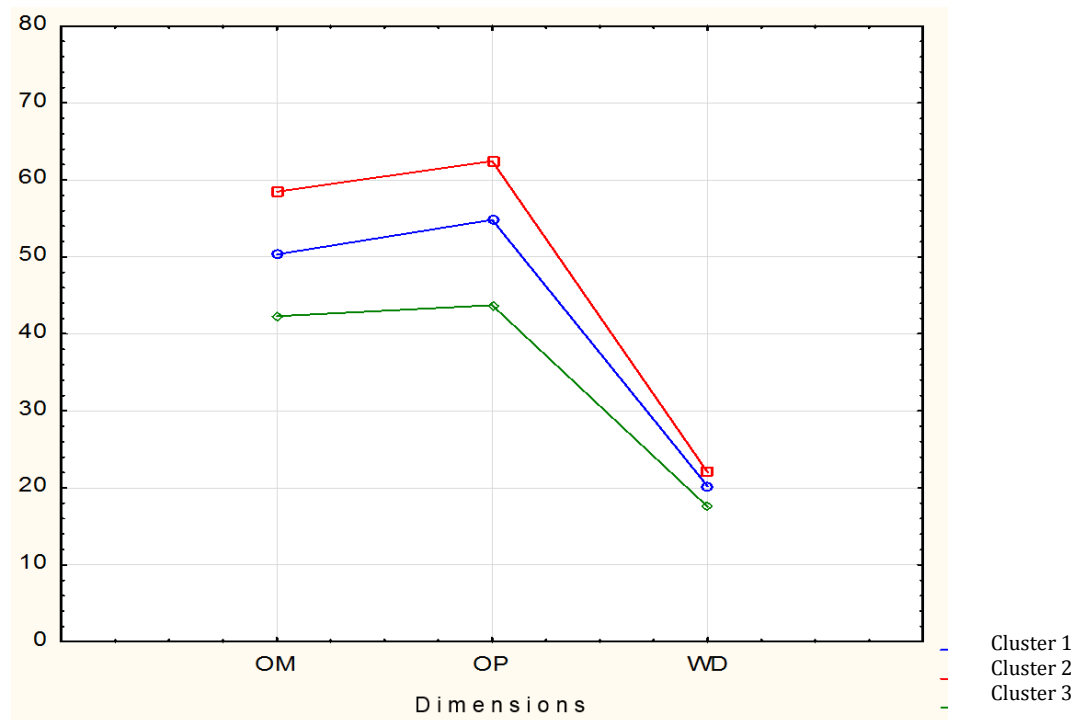

Fig. 1. K-means clustering method – 3 dimensions
Source: Author's research

According to the research the best results have enterprises in cluster 2, the worst in cluster 3. To first cluster 226 respondents were classified. Characteristic of the group is presented in table 1.

Table 1. Descriptive statistics – cluster 1

	Means	Standard deviation	Variance
OM	50,33	3,86	14,92
OP	54,81	3,44	11,85
WD	20,21	3,46	12,00

Source: Author's research

In cluster 1 the average orientation of managers on the creation of trust is 50.33, and is lower than the average of the whole population that is 55.93. Orientation companies to create trust are higher than average (52.10) and is 54.81. Average organizational performance is 20.21.

Descriptive statistics for the best cluster 2 are presented in the table 2. In this group there are 172 respondents.

Table 2. Descriptive statistics - cluster 2

	Means	Standard deviation	Variance
OM	58,47	4,37	19,10
OP	62,44	4,38	19,17
WD	22,02	3,68	13,53

Source: Author's research

In the cluster 2 the average orientation of the managers on the creation of trust and the average orientation of the company for the creation of trust is above the average calculated for the entire study population (OM is 58.47 and OP is 62.44).

In cluster 3 there are 71 respondents. Descriptive statistics are presented in table 3.

Table 2. Descriptive statistics - cluster 3

	Means	Standard deviation	Variance
OM	42,29578	5,119694	26,21127
OP	43,71831	5,926172	35,11952
WD	17,54930	4,771309	22,76539

Source: Author's research

The respondents in cluster three have the weakest results, both the average orientation of the managers on the creation of trust and the average level of orientation for the creation of trust companies is below average. Respondents also see the results of organizational performance as lower.

The results tend to create a few important conclusions of a theoretical nature. Research confirms the existence of a link between the orientation of the company to create trust and orientation of the managers on the creation of trust and the organizational performance. Trust is an important resource of the company and there is no substitute. Better results are achieved in organization when the orientation of the trust is higher in the two studied categories. The study also revealed the possibility of complete deprivation of resources by increasing trust seen as factor influencing on organizational performance.

SUMMARY

Trust allows to coordinate cooperation between partners who are and remain strangers to each other, and they do not know each other. It replaces the knowledge of other people and motives them to take actions. If ambitious economic goals have to be achieved we must trust to those who do not know personally. This is a problem for many people.

According to the research orientation on trust in companies in Poland is not high, it can be compare to the trust that is diagnosed for the whole country. Highest trust now declare young people between 18 and 34 years of age, people with higher education and well-paid. It may be concluded that over the years, when there will be a change of generations trust in our society increases, which should also have influence on economic performance of the whole society.

In organizations, managers often do not realize the role of trust and its impact on results of operations. But there are a lot of advantages connected with building trust culture:
- Integration of the company: efficient communication, effective implementation of change (eg, during the crisis) and effective and efficient management teams;
- Improve performance and increase competitiveness;
- Increase innovation by stimulating creativity, creating new ideas and intellectual potential of the employees;
- Increase in employee development. In an atmosphere of trust, people are more willing to share their knowledge;
- More effective management of human resources processes, e.g. recruitment and selection, adaptation, development, training, motivating, evaluating and rewarding employees;

From a practical point of view, the research showed the managers of enterprises, that management of trust is essential in the development of business and getting better results. The results showed that even in the best Polish companies is still much to do in terms of raising the level of trust. The results may encourage managers to follow companies with high trust level, and to build their own unique strategy for trust management. The companies could monitor the level of trust using the specially prepared tools such as proposed in this article questionnaire.

The results inspired to ask the following research questions for the future study: How trust is dependent on the characteristics of individuals or organizational culture? How does it happen that the trust will expire in a particular organization? How to rebuild trust in a particular organization? How to develop confidence in multicultural environments?

ACKNOWLEDGEMENT

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