*Review*

# Trust: A Substantial Cause to Organizational success

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**Trust as a phenomenon is very abstract. Trust can be examined at different levels. Trust is the consequence or positive impressions from mutual interactions. Trust in an organization stems from the behavior of direct managers, as well as the organization's leaders, but organizations with high trust are those where staff feels their trust is reciprocated and that they are themselves trusted by their mangers. Organizational trust is defined as the organization's willingness, based upon its culture and communication behaviors in relationships and transactions, to be appropriately vulnerable, based on the belief that another individual, group or organization is competent, open and honest, concerned, reliable and identified with common goals, norms, and values. Trust may be classified as basic, simple, blind, or authentic. It may be divided to calculus-based trust, knowledge-based trust and identification-based trust. The literature review shows that trust creates added value in an organization. It effects on the performance, the atmosphere of work, effectiveness, employee satisfaction and commitment.**

**Keywords:** Trust, organizational trust, success

## INTRODUCTION

Human resource is one of those capital resources of an organization which not only increases the efficiency and the effectiveness of the organization but it act as a sheer source of competitive advantage which is inimitable (Beheshtifar and Hosseini Herat, 2013). Making best out of human resource can offer lasting competitive edge over rivals, which is dream of every business (Singh and Singh, 2010). But despite skilled, educated and potential workforces, many organizations are unable to attain expected success.One of the causes thatorganizations are usually neglected is summarized at employees' behaviors in workplace such as their trust toward organization.

Trust is supposed to be essential in the well-functioning of the society, although is not clear how trust could be generated, and what institutional arrangements couldpromote trust between people. These questions cannot be answered without taking into account that trust and cooperation do not occur in the vacuum, but embedded in manydifferent social organizations and institutions (Granovetter, 2005).Trust has been the focus of organizational studies since the mid-1980s with mostresearch emphasizing generalized trust and con rming its importance for organizational developmen t and success (Cummings and Bromiley, 1996). According to Puusa and Tolvanen (2006), trust as a phenomenon is very abstract. Trust can be examined at di erent levels.

Trust is most beneficial if it pervades the organization and is found at alllevels from top leadership to supervisors and frontline employees. As trust is areciprocal process, leadership is a key for creating a trust-based organization. When trust is given and it is clearly visible that the person being trusted is acting in atrustworthy way, it ensures trust will increase (Starnes et al., 2005). Meanwhile, trust is seen as a necessary

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antecedent for cooperation and leading to constructive and cooperative behavior vital for long-term relationships. Trust is vital for both innovative work within the organization in e.g. project teams and between organizations e.g. strategic alliances (Blomqvist and Ståhle, 2000). Trusting and trustworthiness are the twins of the concept of trust. In managerial practice, a rm not only likes to recruit thosewith trustworthy traits, but also wishes that its employees trust other employees. However, the organizational studies on the propensity to trust mostly focus on anindividual's traits, such as personality, social and economic backgrounds, cultural difference, and personal attitudes (Downes et al., 2002).

Trust in an organization stems from the behavior of direct managers, as well as the organization's leaders, but organizations with high trust are those where staff feels their trust is reciprocated and that they are themselves trusted by their mangers. For leaders to be trusted research shows that they need to demonstrate the key characteristics of any trustee, namely:

  ability – demonstrable competence at doing their job
  benevolence – a concern for others beyond their own needs and having benign motives
  integrity – adherence to a set of principles acceptable to others encompassing fairness and honesty (Mayer et al., 1995)

Historically, trust was thought to be separate entity and, assuch, should be approached as distinctly different domains. The current study is an example of a growing awareness that humandevelopment is multidimensional and multifaceted. Therefore, we will try to familiar trust and organizational trust; then we will survey type of trust and its benefits in workplace.

## Concept of trust in organizations

Trust is the consequence or positive impressions from mutual interactions (Brockner, et al., 1997).Trust has been described as the"social glue" that can hold di erent kind of organizational structures together (Atkinson and Butcher, 2003).Trust is defined as actor's expectation of the other party's competence and behavior (Blomqvist and Ståhle, 2000).

Sztompka (1999) de nes trust as: the expectation th at other people, or groups or institutions withwhom we get into contact – interact, cooperate – will act in ways conductive to our well-being. Because in most cases we cannot be sure of that, as others are free agents, trust is a sort of gamble involving some risk. It is a bet on the future, contingent actions of others.

Trust is primarily interpersonal. However, in business environments, there is also a global element of trust; "trust is a global evaluation of the organization's trustworthiness as perceived by the employees (the trustors)". The employees' belief that the organization will act in a way that is beneficial, or at least not detrimental,

to them is also important (Tan and Tan, 2000). Feelings of trust and distrust are grounded in institutional settings that shape the way people make expectations about others' behavior (Ostrom and Walker 2003).

Also, the term organizational trust can be used in several ways. One form of trust is best described as inter-organizational trust, or the trust between two organizations. For example, many organizations trust a company like United ParcelService (UPS) to deliver their products in a timely manner. Organizational trust may be better described as intra-organizational trust, a term that can be used indifferent ways: some researchers focus on the relationship between workers andtheir immediate superiors (e.g., supervisors), while others look at the relationshipbetween workers and those running the organization (e.g., senior leaders) (Dirks and Ferrin, 2002).

Gills (2003) de nes organizational trust as the organization's willingness, based upon its culture and communication behaviors in relationships and transactions, to be appropriately vulnerable, basedon the belief that another individual, group or organization is competent, open and honest, concerned, reliable and identi ed with common goals, norms, and values. According to Creed and Miles (1996) organizational trust maybe summed as embedded predisposition (a function of managerial philosophy and itsmanifestations), characteristic (dis)similarity (affected by organizational actions andstructure) and experiences of reciprocity (affected by organization context for reciprocity) (Blomqvist and Ståhle, 2000).

## Type of trust

Trust may be classified as basic, simple, blind, or authentic. The characteristics of each type are described by Solomon and Flores below:

· Basic trust is the ability and willingness to meet people without inordinate suspicion, the ability to talk comfortably to and deal with strangers, and thewillingness to enter into intimate relationships. Basic trust provides the basis for one's entire personality and demeanor toward the world.
· Simple trust is the utter absence of suspicion: it demands no reflection, noconscious choice, no scrutiny, and no justification. It may come about becauseno reason has ever arisen to question the other's trustworthiness, but it mayalso be that the one who trusts is simply naïve.
· Blind trust has been exposed to violation and betrayal but refuses to believe it has occurred. Blind trust denies the possibility that anything could shake or betray the trust.
· Authentic trust is fully self-aware, cognizant of its own conditions and limitations, open to new and even unimagined possibilities, based on choice and

· Responsibility rather than the mechanical operations of predictability, reliance, and rigid rule following. Authentic trust is well aware of the risks and willing toconfront distrust and overcome it (Solomon and Flores, 2001).

Lewicki and Bunker (1996) distinguish between three types of trust, calculus-based trust, knowledge-based trust and identi cation-based trust. The three type s of trust are assumed to beorganized in a hierarchical manner. The  rst level of trust is an ongoing econo mic calculation in the situation where parties risk losing too much if they cheat. Compliance with calculus-based trust is often ensured by the rewards of being trustworthy andby the threat that if trust is violated, ones reputation can be hurt trough the person's network of associates and friends. The second form of trust (knowledge-based) relies on information and ability to predict the other's behavior. Trust develops over timeas a function of the parties having a history of interaction. Information contributes to the predictability of the other, which inturn contributes to trust. The capacity to predict the other's behavior makes possible to make plans, investments or other decisions contingent on the behavior of the other party. The most interesting here, however, is identi cation-based trust. This type of trust means that the trustor fully internalizes the preferences of the other party, and identify with him/her on that ground.

Zaheer et al. (1998) noted that interpersonal and inter-organizational trust is related but different constructs. The link between personal and organizational trust has not been clear. Itwould seem logical to say that it is always the people and not organizations that trust eachother. Exchanges between firms are exchanges between individuals or small groups ofindividuals. However organizations have reputations andimages and they develop routines, processes and culture, which unify the behavior of theiremployees and the responses to external contacts. We propose that there is both interpersonaland inter-organizational trust, but it is always people in the organizations that trust. Zaheer et al. (1998, 142) defines interpersonal trust as the extent of a boundary-spanning agent's trust in her counterpart in the partner organization. They further define inter-organizational trust as the extent of trust placed in the partner organization by the members of a focal organization (Blomqvist and Ståhle, 2000).

Also, in another classification, trust is expressed at three levels within anorganization: individual, group and system level.At the individual level, trust is based on interpersonal interaction. Trust can be de ned as "thewillingness of a party to be vulnerable to the actions of another party, based on the expectation, that the other will perform aparticular action important to the trustor, irrespective of the ability to monitor or control that other party." Willingness tobe vulnerable, to say take a risk, implies that there is somethingof importance to be lost. At the group level, trust is a collective  phenomenon.

Teams represent collective values and identities.At the system level, trust is institutional and based on roles, systems or reputation, from which inferenceis are drawn about the trustworthiness of an individual (Puusa and Tolvanen, 2006).

## Benefits of trust

Scholars as well as managers in the private and the public sector are deeply interested in the effects of trust inside and outside the organization, since trust is a critical factor in risk assessment and management (Slovic, 1999). Basically trust has been seen as a threshold condition for any efficient communication and cooperation. It may also lower the transaction costs, but also increase transaction benefits (Blomqvist, et al. 2002).

McElroy (1995) showed that trust creates added value in an organization; trust enhances information flow and knowledge creation. Trust enhances relationships, interaction, and cooperation (Connell, et al., 2003). Organizations with high levels of cultural trust tend to produce highquality products and services at less cost because they can recruit and retain highly motivated employees. These employees are more likely to enjoy their work, take the time to do their jobs correctly; make their own decisions; take risks; innovate; embrace the organization's vision, mission, and values; and display organizational citizenship behavior (e.g., helping a co-worker in need) (Galford and Seibold Drapeau, 2002).

Trust has also been identified as a critical factor in leadership effectiveness, employee satisfaction, commitment and performance. Furthermore, intra-organizational trust has become important in many firms where labor conflicts and downsizing might have resulted in decreased level of trust both between employees and in leader-employee relationships (Ellonen et al., 2008).

Personal and organizational trust impacts each other as managers learn what kind of behavioris rewarded (punished) in their organizations. Managers observe and learn from each other through discussion and stories. Organizational culture (coordination, communication and decision-making) encourages or discourages managerial trustworthy behavior. Interpersonal and inter-organizational trust may develop and impact each other simultaneously or so, that either one develops first and impacts the other. A new manager with a trustworthy character and trusting personality may introduce a "trusting" culture thatwill be learned and diffused into the organization. Swan et al., (1985) found that trustworthiness of salespersons affected the trust experienced for the company. Vice versa, if a company has a good reputation in e.g. partnering, an outsider may expect to meet competent and trustworthy partner managers. The interplay between interpersonal and inter-organizational trust is dynamic e.g. if either one deteriora-

tes, this will have a negative impact on the other (Blomqvist and Ståhle, 2000).

Trust is a predisposition for an individual to be able to work effectively for knowledge creation and integration. It is also a predisposition for his/her willingness to disclose tacit knowledge. Highly personalized knowledge could not be revealed without personalized interaction and certain kind of bareness. For an individual to transfer her understanding of the world, her perspectives, values, fears and wishes, highly open and trusting communication is demanded (Spender, 2003).

Another benefit of organizational trust is demonstrated in the area of organizational justice. Researchers distinguish three aspects of organizational justice:

Distributive justice: the perceived fairness of outcomes within the organization.

· Procedural justice: the perceived fairness in the process of reaching decisionsabout distributing outcomes.

· Interactional justice: the perceived fairness of interpersonal interactions and treatment in the organization (Starnes, et al. 2005).

Also, organizational trust is important for successful socialization, cooperation and effective team-working and in the long run help to minimize risks and to decrease operating costs. In addition, trust provides a foundation for social order and contributes to improved quality of life (Lämsä and Pucetaite, 2006) and could lead to personal and organizational success.


## CONCLUSION

Trust is important in all spheres of social life. It binds friendships, facilitates bargaining and negotiations, reduces transaction costs in inter rm exchanges, an d even resolves international political con icts (Paliszkiewicz, 2009). The costs of high trust can be low because of people's high commitment and willingness to cooperate, high work quality and do not need for control. Hence, high-trust organizations do not lose opportunities to gain competitiveness in the global market.

The literature review shows that trust in an organization is a very important topic for employees and managers, It effects on the performance, the atmosphere of work, and the anticipated success. A high trust culture is essential for adapting to continuous change and continuous improvement.

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