

Trust: A New Tool for Project Mangers

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Introduction

“Trust is the lubrication that makes it possible for organizations to work”

(Warren Bennis).

Trust is an essential element of project work. It is important for project managers to understand how trust develops, why people trust and how trust affects the outcomes of projects. However, to utilize trust as a new (soft) tool in the project manager’s toolkit, and take advantage of the benefits it offers, trust needs to be understood just as well as the other (harder) tools of the profession. This paper provides insights into trust and how it can be used by project managers to improve project success.

Although the issue of trust is intensively researched in a variety of different disciplines such as anthropology, economics, psychology, sociology, and management, it remains poorly understood. Each discipline has developed different definitions and models of trust specifically tailored to the respective discipline. As a result, current trust models and definitions are limited in their general applicability and usefulness across disciplinary boundaries. Nevertheless, the importance for trust and its benefits is generally acknowledged. In a business context trust has been identified as contributing to effectiveness (e.g., of communication, negotiations, and team building) as well as to efficiency (e.g., in client and supplier relationships).

This paper suggests a two-part trust model that combines and integrates different aspects from a variety of disciplines. In contrast to other trust models this new model does not require a definition of trust; it does not try to answer the question of what trust is but rather addresses the issue of why people trust others individually, in groups or as organizations in different situations.

Literature Overview

For disciplines like sociology, psychology or anthropology, trust has been a topic of interest for several decades already. Only since the beginning of the 1980s has the topic of trust been found more often in the management

literature as well. Today a veritable explosion of journal articles, special issues and books about trust in the business environment can be observed. Without a claim to be complete, this literature review will provide a brief overview of trust models and theories in general and in the management literature specifically. It will point out the differences and commonalities as well as their shortcomings and will demonstrate the need for the new, comprehensive trust concept that we have developed.

It comes as no surprise that different disciplines approach the research of trust from different perspectives. Depending on the discipline, trust is described as an individual or group behavior, as an expectation, a phenomenon, a climate, a moral or ethical duty, an economic must, a social virtue, the glue that keeps societies together, as something that lets economies prosper, and that makes human interaction possible in the first place. For psychologists the most important aspect of trust is interpersonal trust, for social scientist it is the trust within and between groups, for political scientists it is the trust in politicians, leaders, the government or the legal system. Based on these different views, different models, theories and definitions have been developed.

Some researchers (e.g., Rotter 1967, Farris et al. 1973 and Mayer et al. 1995, Fukuyama 1995) focus on the trustor (the party that places trust into another party) and describe and define trust as a character trait, a propensity to take risk, an individual’s or group’s expectations and beliefs which are influenced by social background, experiences, and cultural values. In contrast to the trustor-focused approach, other researchers (e.g., Butler 1991, Gabarro 1978) focus on the trustee (the parties that trust is placed upon) and try to define a trustworthy party and determine and measure its required attributes. Important components of trust such as honesty, integrity, consistent behavior, reliability, fairness, competence, loyalty, and openness have been identified.

Another group of researchers use the strength or level of trust as the basis for their models. Barney and Hansen (1994) suggest different levels of trust (weak, semi-strong and strong) for relationships with different levels of vulnerability and opportunity for opportunism. Shapiro, Sheppard and Cheraskin (1992) introduced deterrence-based, knowledge-based and identification-based trust. These three kinds can be differentiated based on the

source of the trustor's confidence. The trustor's confidence relies on the existence of punishment for non-conformity (deterrence-based), past experience (knowledge-based) or a mutual understanding and emotional connection (identification-based). Similar to this approach is Lewicki and Bunker's (1996) trust model. Flores and Soloman (1998) distinguish between simple trust (e.g., trust of a child, unchallenged and unquestioned), basic trust (trust based on a sense of physical and emotional security) and authentic trust (balance between trust and distrust, whereby risk and opportunities are understood). McAllister (1995) defines cognition-based (cognitive judgment of the other parties competence or reliability) and affect-based trust (existence of an affective bond between the parties).

The relationship between the parties involved in trust relationship is another criterion used to investigate the phenomenon. While Held (1984) considers only trust between parties of equal power, Baier (1986) includes parties of unequal power (e.g. parent and child) in her definition as well. Couch and Jones (1997) organize and define trust in terms of trust in one's partner, network (family, friends) or generally one's trust in people. Zucker's (1986) approach suggests, that one's trust is based on the other party's belonging to specific groups (e.g., ethnic, religious), institutions (e.g., professional association) or that it is based on a past long-term relationship between the parties (characteristic-based, institutional-based and process-based trust). The nature and of dependency between the involved parties is the organizing principle for Sheppard and Sherman (1998). They distinguish between four levels of dependency whereby each one is related to a different level of risk and trust.

The wealth of managerial literature not only addresses trust issues that arise from individual and group interaction similar to other disciplines but also issues that are of specific interest and importance for businesses. Das and Teng (1998) for example address trust issues with regard to alliances, Bradach and Eccles (1998) investigate trust as the third control mechanism beside price and authority, Creed and Miles (1996) link the level of trust in an organization with its cost of transactions. Other research topics include trust in virtual teams (Coutu, 1998) trustworthiness and competitive advantage (Barney and Hansen, 1994), trust in professional associations (Brien, 1998), trust and technology (Kipnis, 1996), trust and international business relationships (Brenkert, 1998). Bies and Tripp (1996) categorize business related trust based on actions that violates it (e.g. rule violation, honor violation, abusive authority) and describe actions used by employees to get even.

Another group of researchers investigates trust and changes in trust in a dynamic business environment e.g.

during a crises (Mishra, 1996), after downsizing (Mishra et al., 1998), or during the development of temporary groups (Meyerson et al., 1996) or in new organizations (Mc Knight et al. 1998). Others focus on the development and maintenance in a stable business environment (Lewicki and Bunker, 1996) or link the organizational form (e.g. matrix, or divisional) to the required level of trust (Creed and Miles, 1996).

The trust literature is highly fragmented and each discipline has developed its specific definitions and models. Although all these different models have their validity and help explain certain trust-related situations, not one is generally accepted across disciplinary boundaries. However, some aspects of trust have general applicability. Elements that seem to be reoccurring in all models are the notion of uncertainty, risk, expectation and vulnerability. The need to trust is only required in situations of uncertainty. The trustor needs to decide between two alternatives: to trust or not to trust. While the decision to trust bears some risks due to the uncertainties and the loss of control, not trusting means giving up the potential benefits. In a situation that requires trust, the potential loss is higher than the potential gain, otherwise the decision would not one between trusting or not trusting but based on a rational "cost-benefit" analysis.

Another aspect that everybody agrees upon is the importance and desirability of trust in all areas of human interaction. In a business environment trust is important. An example is effective communication and teamwork. This can reduce transaction and control costs, and improve time-to-market. Despite the enthusiasm about trust, Koehn (1996) warns about putting too much trust in trust and highlights several shortcomings of current trust models e.g., the lack of a valid definition, the incomplete identification of trustor and trustee. Additionally, although the concept of trust seems to be known to every culture and society, most of the research is done in North America. Attributes of trustworthiness are defined and measured based on North American values, ethics and morals. This fact introduces ethnic biases and limits the general value of current trust models even further. This is particularly critical if one considers the increasing internationalization of business relations. A new model of trust not only needs to consider all of the current, valid finding of trust research but also needs to address all of the identified weaknesses. Our new concept of trust has been developed to accomplish exactly that. It combines and integrates past findings, addresses weaknesses and provides a generally applicable approach for trust.

A New Concept for Trust

This paper suggests a two-part trust concept that combines and integrates different aspects of a variety of other trust models that were developed by different disciplines. It does not question the validity of other trust models but integrates them into a more universal concept of trust. A suitable analogy for this would be Lego™. Lego™ is a toy concept that consists of individual pieces that can be combined in an almost unlimited number of ways. By choosing different pieces and by combining them, different models can be built that are specifically tailored to fit one specific purpose. However, their general usefulness is limited. Similarly, the individual trust models described in the literature include only so many pieces of trust that are combined into a model that is specifically tailored to fit one specific situation. As with Lego™ models, these individual trust models have their validity and serve a specific purpose but are limited in their general usefulness. We do not try to build just another trust model from some selected pieces but try to explain the underlying trust concept that includes all the pieces that comprise trust and that make the development of individual models possible in the first place. Understanding the concept means understanding trust as a tool that can effectively and efficiently be used not only by project managers but by everyone, all the time.

Why do people trust?

In contrast to other trust models our concept does not require a definition that specifies trust and its boundaries but explains the all-encompassing concept. The first part of the concept explains the underlying reasons why people place their trust in another party. Three different types of trust can be identified. This is equivalent to three different types of Lego™ blocks. The second part of our trust concept describes the trustor/trustee interaction and addresses how trust develops. It describes the dynamic of the trust relationship and suggests that the quality of the trust is determined by both of the directly involved parties.

The three different kinds of trust are:

1. Competence Trust (e.g., A trusts B to do a good job because A assumes that B has the required knowledge and skills);
2. Ethical Trust (e.g., A trusts B because A assumes that B will behave according to A's expectations and will take care of A's interest);
3. Emotional Trust (e.g., A trusts B because A likes B).

These types of trust are in contrast to some of the trust models because these different types do not just comprise different levels or strengths of trust but are based on different

sources: on proof (competence trust), expectation, experience and observation (ethical trust) or on feelings and preferences (emotional trust). They exist and develop relatively independently from each other. Consequently, the level of trust one party displays is not just one-dimensional but three-dimensional- the combination of three levels of three different types of trust. Furthermore, trust is dynamic - it depends on the situation, the other party and changes over the time.

For example, a person might trust a colleague to do a good job because the colleague has the required skills. However, the person does not really like the colleague, would not reveal private information but would lend the colleague \$100 (maybe not \$1,000) because so far the colleague always returned borrowed things. In this situation the person has a high level of competence trust, a low level of emotional trust and modicum ethical trust. The quality of trust another person places in the same colleague might have a totally different profile. The colleague might be this person's best friend with whom the person shares all sorts of private information and this person would happily lend the colleague as much as \$5,000 without hesitation. However, because the colleague has not done a specific job before, the friend would not trust this colleague to perform a specific job. This example shows that trust is complex and that trust models which focus only on either, the trustor or the trustee or which measure only one type of trust cannot begin to explain even this simple situation. Statements like "A trust B" or "B is trustworthy" do not capture many of the intriguing facets of trust and its dynamics.

The source for competence trust is observable proof. This proof could take several forms such as certification, reputation, experience, track record, job title, or affiliations with professional associations. Ethical trust is based on the trustor's expectations and how well they are met. These expectations can be different for each trustor and are based among other things on the trustor's personal values, morals, ethics, and cultural background. Personal preferences, biases and prejudices and other factors influence a person's feeling towards another party and determines how the person reacts and interacts to create emotional trust. The trustee does not necessarily need to be an individual person but could also be a group of persons (e.g. members of a religion, profession or ethnic group) or even an organization (e.g., company or government).

Although a high level of all types of trust is desirable for almost every situation it is not always necessary. For many situations only one or two types of trust are required. In order to get one's car fixed one does not necessarily need to like the car mechanic but need to trust that the repair is properly done (competence trust) and that one does not get cheated (ethical trust). In another situation a

Exhibit 1.

		Trustworthiness	
		High	Low
Trusting	High	Max Benefit	Abuse
	Low	Frustration	No Trust

high level of emotional trust is desired as well because it facilitates the effective interaction of the parties (e.g., in teams). An extremely high (and low) level of emotional trust, however, is not desirable because it can dominate the other trust types and can lead to decisions that are based entirely on feelings. Learning, proof and experience are being ignored. Situations where an extremely high level of emotional trust dominates are similar to those of ‘blind trust’ described in the literature.

Trustor/Trustee Interaction

The second part of our trust concept describes the interaction between the parties involved in the trust relationship. The quality of the trust relationship depends on both parties. While the trustor needs to display a trusting behavior, the trustee needs to display a trustworthy behavior. We suggest that the trust relationship is most beneficial if the trustor’s level of trusting (considering all three types of trust) as well as the trustee’s level of trustworthiness are both high, but not extreme. The other three possible trusting/trustworthy combinations are not only less desirable but could also destroy the relationship entirely.

If the trustee’s level of trusting is high, the trustee however not trustworthy, the potential that the trusting the trustor places into the trustee will be breached or even abused is high and it is most likely that the trust relationship will deteriorate. If however the level of trustworthiness is high but the level of trusting low, the trustor will most likely grow more and more frustrated if the trustworthiness is not appreciated. The combination of low level of trusting and low level of trustworthiness describes a relationship that lacks trust. In every relationship trust needs to be mutual, each party is trustor as well as trustee.

Therefore both parties need to be trustworthy as well as trusting.

It is reasonable to assume that an initial level of competence, emotional and ethical trust might exist between the between the parties contemplating a trusting relationship because the parties have heard about each other or have a first impression. Higher level of trust will develop if the parties interact with each other, learn more about each other, and if mutual expectations are being met. This is an ongoing, long-term process. However, if expectations are not met and the parties do not like what they learn about each other, mutual trust will not develop and the initial level might well drop.

The trust that one places in the trustee can be breached intentionally or unintentionally. Unaware of the trustor’s expectation, the trustee might breach the ethical trust unintentionally. In order to avoid this kind of unintentional breach of trust, both parties need to have a common understanding of their expectations what trustworthiness includes. Open communication in particular seems to be crucial if the involved parties have a different cultural background. Just as the three types of trust develop relatively independently of each other, we suggest that they are also destroyed relatively independently. A breach of ethical trust and consequently a lower level of ethical trust is probably followed by a drop in emotional trust but not necessarily in competence trust. We suggest that competence trust not only develops in a stepwise fashion but also decrease in the same way because it is based on proof and rational decision. Ethical trust, if breached, will often be permanently damaged. It is most likely to be severely damaged by any breach. Emotional trust however is based on feelings, changes therefore more extreme in both directions.

Conclusion

An understanding of the three types of trust and of the trustor/trustee relationship is crucial if we want understand and manage trust related situations. Relationships that lack competence trust might be improved by additional training or by the addition of another, respected and skilled team member. Open communication and the setting of generally accepted group norms can help the parties be aware of expectations and therefore improve ethical trust. The most difficult type of trust to influence is emotional trust because feelings cannot easily be controlled, explained or rationalized. However, providing the parties with the opportunity to learn more about each other for example by meeting outside the work place might help to revise personal prejudices and biases.

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