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A Conceptual Model Of Internal Trust

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Abstract

Scholars have long acknowledged that the existence of trust within an organisation can lead to cooperative behaviour between the various individuals and groups within the organisation (Mayer, Davis & Schoorman 1995; McAllister 1995; Jones & George 1998). The purpose of this paper is to present a conceptual model of internal trust. Internal trust is conceptualised as the combination of trust between managers and subordinates, amongst coworkers and across functional departments and network partners. In general, trust between managers and subordinates is described by the conditions from which trust may emerge whereas trust between coworkers and teams is characterized by trust outcomes. Trust between departments and across a network alliance is described as necessary to ensure relational exchanges are successful for both parties. The conceptual finding from this paper is that internal trust expands on the synchronized trust chain in that the conditions for trust to vertically along the organisational hierarchy may provide the foundations for trust to exist horizontally across the organisation.

Introduction

The role of trust has been widely discussed in the organisational science literature within the last forty years. The renewed interest in trust is explained by the rapidly changing business environment and the need for organisations to work collaboratively with other institutions and customers as they seek more creative and flexible means to develop sustainable competitive advantages. Organisations are realising the importance of internal organisational factors in the effective implementation of marketing strategies and their future quest for sustainable competitive advantages (Davis, Schoorman, Mayer & Tan 2000). Trust is an internal organisational factor alluded to as a fundamental ingredient or lubricant (Gambetta 1988) in the development and maintenance of successful relationships (Svensson 2001). Understanding the role of trust within organisations and the degree to which this internal trust, affects the development of trust with customers is necessary for the long term survival of the service organisation. The purpose of this paper is to present a conceptual model of internal trust. In the following section a brief history of the development of the trust construct is discussed. Following, the role of trust within an organisation and a conceptual model of internal trust are presented. To finish, the researchers’ future directions to understand the nature and role of internal trust are identified.

Trust

Trust is vital for the maintenance of cooperation in society and necessary as the grounds for even the most routine, everyday interactions (Zucker 1986:56). The study of trust has been undertaken by economists (Dasgupta 1988; Williamson 1991), psychologists (Deutsch 1958; Lewicki & Bunker 1995), sociologists (Strub & Priest 1976; Lewis & Weigert 1985) and organisational theorists (Moorman, Zaltman, & Deshpande 1992; Brashear, Boles, Bellenger & Brooks 2003) with limited agreement on a single definition of the construct (see Hosmer 1995). On the one hand, trust has been broadly defined as one’s belief and expectation about the likelihood of having a desirable action performed by the trustee (Deutsch 1973). Alternatively, trust has been narrowly defined as one’s assessment of others’ goodwill and reliability (Cummings & Bromiley 1996). In this paper trust is defined as “a belief, confidence or expectation about an exchange partner’s trustworthiness that results from the partner’s expertise, reliability or intentionality” (Blau 1964; Ganesan 1994). This definition is
based upon two key dimensions of trust, benevolence and credibility. Benevolence is the belief that one party is genuinely interested in the welfare of the other party and is motivated to seek mutually beneficial gains (Atuahene-Gima & Li 2002). Credibility is expectancy that the partner’s word or written statement can be relied on (Lindskold 1978).

Despite the apparent discord in defining trust there is general agreement that the underlying conditions for trust are interdependence, risk and uncertainty and the critical components of trust are positive expectations and a willingness to be vulnerable (Rousseau, Sitkin, Bury & Camerer 1998). Interdependence is evident when the actions of one affects others, risk is the perceived probability of loss (Chiles & McMackin 1996) and uncertainty is the doubt encountered when faced with an indeterminate outcome. The interaction of positive expectations and a willingness to be vulnerable demonstrate that the decision to trust is made by one person, but the "hypothesized consequences" of that decision are dependent upon the actions of others (Zand 1972). Therefore, trust emerges when there is interdependence or a willingness to rely on another and is only relevant in situations entailing risk or uncertainty (Deutsch 1962; Kee & Knox 1970) although trust itself is not risk.

Risk is recognized as a requirement for trust to influence choice and behaviour (Schlenker, Helm, & Tedeschi 1973; Lewis & Weigert 1985). The role of risk is explained by Deutsch (1958) as the trustor perceiving “that he will be worse off if he trusts and his trust is not fulfilled than if he does not trust.” As such, trust would not be needed if actions could be undertaken with complete certainty and no risk (Lewis & Weigert 1985; Das & Teng 1998).

**Trust within Organisations and Trustworthiness with Customers**

Trust is an essential element in productive and effective intra-organisational communication and interaction (Wells & Kipnis 2001) that simultaneously involves individual processes, group dynamics and organisational or institutional contingencies (Rousseau et al. 1998). The role of internal trust is to enhance the probability of successful relational exchanges within and between the organisation and its employees (Svensson 2001). If these relational exchanges are unsuccessful, the organisation will be unable to reliably meet customer requirements and thus find it difficult to sustain a customer’s trust. Therefore, it is important for executives and managers to understand the dynamics of internal trust and how they may be operationalised to facilitate trusting relationships with customers.

**Organisational Culture**

Ferres, Connell and Travaglione (2004), have identified that internal trust depends somewhat on managerial philosophy, organisational actions and structures and employees’ expectations of reciprocity. These components also help to identify the culture and values that permeate the organisation. The culture and values within an organisation reflect the organisation’s fundamental beliefs about what is important and how the organisation should function, some of which pertain to developing trust (Enz 1988). Extending Shapiro, Lewicki and Devine (1995), an organisation within which the cultural norms place a significant emphasis on ethical behaviours and a work environment of openness, empowerment and respect should enhance the development of internal trust.

**Pl Internal trust develops in a work environment characterized by openness, empowerment and respect**

An organisation consists of a series of interdependent relationships, thus any conceptualization of internal trust must embrace the relationships that exist vertically within and horizontally across the organisation. An examination of the extant literature has identified the role of trust in a number of relationships within the organisation including: trust up and down the management hierarchy (Lagace 1991; Davis et al. 2000; Brashear et al. 2003) and the trust between co-workers and within teams (Jones & George 1998; Costa, Roe & Taillieu 2001; Ferres, Connell & Travaglione 2004). The role of trust across functional departments
and network alliances has received considerably less attention from scholars although Newell and Swan (2000) and Svensson (2004) are notable exceptions.

Svensson (2001) conceptualised the synchronized trust chain whereby trust in a downstream dyadic business relationship may be affected by the trust in upstream dyadic business relationship in a marketing channel. Similarly, trust between a team manager and team member may be affected by trust between the team manager and the department manager. Alternately the trust that exists between two functional departments may be affected by the trust in a third department. However, the level of interdependency between functions and departments and consequently the need for trust in an organisation will depend on whether the firm has chosen a transaction-type strategy or a relationship-type strategy (Gronroos 1994). As interdependence increases, and collaborative relationships replace isolated transactions, trust becomes increasingly necessary for effective performance.

The trust that exists between network partners is more complicated as the common basis for communication and conflict resolution within an organisation may not extend across the network alliance. This is of particular relevance in a recently aligned network as different environments fostering different assumptions, expectations and decision rules may exist between the two organisations. A conceptual model of internal trust is demonstrated in Figure 1 and following is a discussion of the components of each trust type and varying states of trust.

**Figure 1 Conceptual Model of Internal Trust**

![Conceptual Model of Internal Trust Diagram](image)

**Manager–Subordinate Trust**

The relationship between managers and their subordinates is important as it affects various employee attitudes and outcomes such as role ambiguity, job satisfaction (Lagace 1991) and internal cooperation (Yilmaz & Hunt 2001). Across a variety of studies the trust between employees and managers has been linked to the personal characteristics of the manager and employee (Wells & Kipnis 2001), shared values (Brashear et al. 2003), achievement orientation of the manager (Atuahene-Gima & Li 2002), perceived organisational support, procedural justice and transformational leadership (Connell, Ferres and Travaglione 2003).

The level of trust a general manager is able to garner from employees is contingent upon the employee’s perceptions of the general managers’ benevolence and credibility (competence and honesty based) (adapted from Davis et al. 2000). These general managers play a crucial...
role in the development of trust as they control the flow of information by either sharing or not sharing key information (Tyler & Degoeij 1996). Researchers studying trust behaviour relate trust to mutual openness and cooperation between partners (Zand 1972; Butler 1983) which when reciprocated leads to higher levels of trust, and when not leads to reduced levels of trust or distrust.

\[ P2: \text{Internal trust is a function of organisational support mechanisms, transformational leadership and procedural justice} \]

\[ P3: \text{Internal trust is a function of mutuality, open communication and reciprocity between partners} \]

**Collegial Trust**

Interpersonal cooperation and teamwork necessitate a high degree of involvement on the part of individuals (Jones & George 1998). The trust between these individuals entails workers feeling confident that their colleagues are competent and will act in a fair, reliable and ethical manner (Ferres, Connell and Travaglione 2004). Morgan and Hunt (1994) argue that trust in coworkers engenders cooperation, reduces conflict and increases employee commitment subsequently diminishing the tendency of employees to leave. This is consistent with findings from Ferres, Connell and Travaglione (2004) which suggest that coworker trust enhances the perception of support at an organisational level which implies that employees are less likely to leave and more likely to be emotionally attached to the organisation. Teams that operate with high levels of trust are believed to be more open to discussion, develop more innovative and original solutions, solve their problems effectively and have more self-control and less arousal in situations of threat (Zand 1972).

\[ P4: \text{Internal trust is a function of the extent to which colleagues are confident in and co-operative with their co-workers} \]

**Inter-Departmental Trust**

Creating and aligning relationships between departments and across network alliances is necessary to improve the overall performance of the company and its employees (Ahmed & Rafiq 2003). In the creation of these alliances it is important that everyone in the organisation can see that their actions and behaviours impact upon the actions and behaviours of others within the organisational network. There has been increasing recognition of the prevalence of inter-organisational as well as intra-organisational relationships within the organisation literature. The formation of inter-organisational relationships and networks take place as the solution to many organisational problems exceed the capacity of any single organisation (Debackere, Clarysse, Wijnberg, Nachoem & Rappa 1994). Within the context of this study the network partner does not work independent of the case organisation. As such, the boundary between internal and external trust is only that between the organisation (including network partners) and their customers. The role of trust between departments and across the network alliance is to ensure that successful relational exchanges occur so that each party benefits. At this stage, trust between departments and across the network alliance is treated similarly as the role of the network partner is not explicitly distinct from the role of each of the functional departments.

\[ P5: \text{Internal trust is dependent on successful relational exchanges between departments and across network alliances} \]

**Trust States**

There are elements that contribute to the growth and decline of trust, and there are elements that contribute to the growth and decline of distrust (Lewicki, McAllister & Bies 1998). As such, it is possible for different states of trust to exist simultaneously within the one relationship based upon the different experiences that occur throughout that relationship. For example, the team manager may trust their subordinate to be at work at nine o’clock but they
may not trust (have distrust in) the employee to actually commence working at nine o’clock. The conceptual model of internal trust incorporates four distinct states of trust; distrust, dispositional trust, conditional trust and unconditional trust. This is possible through the interaction of the underlying components of benevolence and credibility (competence and honesty based) that occur throughout the different stages of the various relationships within the organisation.

Distrust is engendered when expectations about the compatibility of an employee’s beliefs and values with the organisations cultural values are called into question (Sitkin & Roth 1993). Dispositional trust is the extent to which one displays a consistent tendency to be willing to depend on general others across a broad spectrum of situations and persons (McKnight & Chervany 2001). Conditional trust exists where developing attitudes are favourable enough to support future interactions and is sufficient to facilitate many kinds of exchange between the different organisational members. Alternatively, unconditional trust exists in a situation in which shared values create a common bond. In this scenario employees begin to feel that they are not mere coworkers or business acquaintances but colleagues, team members or friends. Jones and George (1998) state that the presence of conditional trust allows a group to work towards a common goal whereas the existence of unconditional trust can fundamentally change the quality of the exchange relationship and convert a group into a team. The prevalence of teams characterized by unconditional trust may then translate into large sustainable competitive advantages for the organisation.

P6: Inherent tensions in complex relationships foster the co-existence of distrust, dispositional trust, conditional and unconditional trust

Internal Trust Construct

Internal trust is the combination of trust between manager and subordinates, amongst coworkers and across functional departments and network partners. Generally, trust between managers and their subordinates is characterized by the conditions from which trust may emerge – shared values, achievement orientation, transformational leadership, organisational support and information sharing. Alternatively, collegial trust is characterized by trust outcomes – reduced intention to leave, increased confidence and communication, reduced conflict and greater cooperation. Trust between departments and amongst network partners is required to ensure that both parties benefit from successful relational exchanges. This analysis expands on the synchronized trust chain concept in that the conditions for trust to exist vertically along the organisational hierarchy may provide the foundations for trust to exist horizontally across the organisation. Further, because of the multifaceted nature of human relationships employees within the organisation may hold simultaneously different views with regard to other organisational members that may be accurate but, nonetheless inconsistent among them (adapted from Lewicki, McAllister & Bies 1998). Thus, within the development of internal trust four states of trust; distrust, dispositional trust, conditional trust and unconditional trust may co-exist.

Future Research Directions

The sensitive nature of internal trust requires that a qualitative research methodology be employed to determine the role of internal trust in an organisation, the various states of internal trust that may exist and the extent to which the concept of the synchronized trust chain exists within an organisation. The research will be undertaken within a case organisation and will commence with a thorough content analysis of reports analysing and describing the organisations systems and support mechanisms. Focus groups and in-depth interviews will then be undertaken with employees from the various levels of the organisation to gain a rich understanding of the dimensions of internal trust. This research will contribute to the understanding of the role of trust within organisations and seek to identify the role of
internal trust in the development of external trust. It is anticipated that the final model will identify and explain trust building behaviours and processes that facilitate external trust.
Reference List


