A Primer on Organizational Trust

How trust influences organizational effectiveness and efficiency, and how leaders can build employee-employer relationships based on authentic trust.
Organizational Trust: Employee-Employer Relationships

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“Trust men and they will be true to you; treat them greatly, and they will show themselves great.”¹ Ralph Waldo Emerson wrote this about the courage it takes to develop business relationships in his 1944 essay, Prudence. He emphasized that such relationships can develop only after one has carefully assessed the “present times, persons, property, and existing forms” of organizations. The keystone that supports such courage and assessment is an understanding of trust and the role it plays in productive organizational relationships. This primer explores the topic of organizational trust, its possible influence on organizational effectiveness and efficiency, and actions leaders can take to build employee-employer business relationships based on authentic trust.

**Definitions and Characteristics**

Many different definitions of trust are found in organizational behavior literature but they all refer to similar, intangible characteristics of human behaviors. Three descriptions of trust are:

- “The belief in the integrity, character, and ability of a leader.”²
- “Reciprocal faith in one’s intentions and behaviors.”³
- “A confidant reliance on the integrity, honesty, or justice of another.”⁴

Integrity, character, ability, faith, reliability, honesty, and justice are strong words to live up to in the modern workplace. Yet, it is these high standards that create a culture of organizational trust.

The term organizational trust can be used in several ways. One form of trust is best described as interorganizational trust, or the trust between two organizations. For example, many organizations trust a company like United Parcel Service (UPS) to deliver their products in a timely manner. Organizational trust may be better described as intraorganizational trust, a term that can be used in different ways: some researchers focus on the relationship between workers and their immediate superiors (e.g., supervisors), while others look at the relationship between workers and those running the organization (e.g., senior leaders).⁵ The role of interpersonal trust within work groups and work teams can also be seen as an aspect of organizational trust.⁶
Types of Trust

Trust may be classified as basic, simple, blind, or authentic. The characteristics of each type are shown in Table 1 and described by Solomon and Flores below:7

<table>
<thead>
<tr>
<th>Basic</th>
<th>Simple</th>
<th>Blind</th>
<th>Authentic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without thought or reflection</td>
<td>Remains unthinking or reflective</td>
<td>Exposed to violation and betrayal but not open to the possibility</td>
<td>Reflective and honest</td>
</tr>
<tr>
<td>Open ended</td>
<td>Is uncritical and unquestioning</td>
<td>Willfully self-deceptive</td>
<td>Open to possibilities of betrayal and can cope with such situations</td>
</tr>
<tr>
<td>Indiscriminate</td>
<td>Does not even conceive of the possibility of distrust</td>
<td>Refuses to consider evidence of distrust</td>
<td>Focused on relationships rather than single transactions and outcomes</td>
</tr>
<tr>
<td>May be inherited or innate</td>
<td>Based on familiarity</td>
<td>Developed through beliefs about other people</td>
<td>Not naïve or self-destructive</td>
</tr>
<tr>
<td>Enhanced or undermined by experiences with others</td>
<td>Takes security for granted</td>
<td>Maintained with effort</td>
<td>Self-confident</td>
</tr>
<tr>
<td>Basis for one’s personality and demeanor</td>
<td>Developed through beliefs about other people</td>
<td>Strong, intensive, emotional</td>
<td>Self-scrutinizes</td>
</tr>
<tr>
<td>Sets individual’s paradigms</td>
<td>Betrayal is devastating</td>
<td>Locks individuals into paradigms</td>
<td>Is articulated</td>
</tr>
<tr>
<td>Largely negative, believes bad things will happen</td>
<td>Reaction to betrayal is denial</td>
<td>Betrayal is devastating</td>
<td>Demands reasons for trust</td>
</tr>
<tr>
<td>Relies on one’s own security</td>
<td>Cannot be recovered once lost</td>
<td>Results in defensiveness and narrowness</td>
<td>Chosen and maintained with effort</td>
</tr>
<tr>
<td>Conditional</td>
<td>Conditional</td>
<td>Unconditional</td>
<td>Develops through relations with others</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Involves choices</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Matter of commitment and integrity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cannot be taken for granted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Conditional</td>
</tr>
</tbody>
</table>
• **Basic trust** is the ability and willingness to meet people without inordinate suspicion, the ability to talk comfortably to and deal with strangers, and the willingness 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, no conscious choice, no scrutiny, and no justification. It may come about because no reason has ever arisen to question the other’s trustworthiness, but it may also 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 to confront distrust and overcome it.

Authentic trust leads to productive organizational relationships. An authentic trusting relationship doesn’t simply happen, nor can it be mandated

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**Figure 1:** Trust, Respect, and Affection

![Diagram of trust, respect, and affection](image)

- **Aptitude:** The extent to which I believe you are competent and capable.
- **Benevolence:** The extent to which I believe you care about me and will continue to back me up.

or forced. Authentic relationships evolve over time, starting with small acts and progressing to full strength based on individual experiences. Building such a relationship in the workplace is a reciprocal process with both the employee and the employer voluntarily assuming responsibility for its initiation, development, and maintenance through high levels of affection and respect as shown in Figure 1.

**Origins of Trust**

Why do people trust? Why should they trust? Where does trust come from? Some say human trust is instinctual and evolved from the willingness to share food in hunter-gatherer societies. Others argue that people trust out of fear of punishment for not doing what is expected of them; to achieve self interests; to demonstrate empathy, identification and friendship; or simply because they genuinely want to trust.

As depicted in Figure 2, a popular model of trust by Mayer, Davis, and Schoorman suggests that three major factors determine organizational trust: characteristics of the trustor, characteristics of the trustee, and the perceived risk. The propensity of the trustor and the elements of trustworthiness that the trustee possesses influence the current level of trust.

- The characteristics of the trustor are presented as the propensity of the trustor to trust. In other words, some individuals are more trusting than others.
The characteristics of the trustee are presented as trustworthiness. According to Mayer et al., there are three elements of trustworthiness: *ability*—the competence the trustee possesses in the specific domain; *benevolence*—the willingness of the trustee to do good for the trustor; and *integrity*—whether the trustee has a core set of values to guide behavior.\(^\text{13}\)

The current situation or context will have a specific amount of perceived risk that tests current trust. In general, the greater the trust and the lower the perceived risk in the current context, the more likely that risk taking will occur in the trust relationship. The outcomes of the risk taking can vary from extremely positive to extremely negative. These outcomes then feed back to the trustee and increase or decrease his or her level of trustworthiness.

In a meta-analysis of this model Colquitt, Scott, and LePine found strong correlations between trust propensity, trustworthiness, and trust.\(^\text{14}\) They also found a good statistical fit for this portion of the model.

**Benefits of Trust**

Organizations with high levels of cultural trust tend to produce high-quality 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).\(^\text{15,16}\) As a result, leaders are free to perform other tasks.

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 decisions about distributing outcomes.
- *Interactional justice*: the perceived fairness of interpersonal interactions and treatment in the organization.

Many researchers suggest there is a relationship between trust and procedural justice. The most detailed explanation for this relationship is proposed by Van den Bos, Wilke, and Lind.\(^\text{17}\) They suggest that people make use of the fairness heuristic: in situations where there is uncertainty whether to trust someone in authority,
people look at the procedural justice within the organization. If the authority figure is perceived as fair, people are more likely to trust that authority figure.

“In the words of Frank Crane, ‘You may be deceived if you trust too much, but you will live in torment if you do not trust enough.’”¹⁸

—Perry Smith

Breakdowns in Trusting Relationships

In the book, *Building Trust in Business, Politics, Relationships, and Life*, Solomon and Flores distinguish between what they call “disappointments of trust” and “breaches of trust.”¹⁹ Disappointments of trust are less serious fractures in relationships that are due to unintentional errors or that are no one’s fault. Breaches of trust are more serious fractures due to perceptions of “fraudulent acts, lies, reneging, incompetence, indifference, cynicism, lack of caring, insincerity, and the breaking of contracts.” Regardless of the source or intentions, employees may interpret such incidents as acts of betrayal. Such acts of betrayal can lead to employee distrust and declines in worker self-confidence, communication, cooperation, and levels of effort. Larger acts can lead to sabotage, lawsuits, and loss of organizational reputation.

Similar findings are found in research regarding psychological contracts, which are informal agreements between an employee and employer that include mutual beliefs, perceptions, and obligations.²⁰ A breach in the psychological contract has a negative effect on job satisfaction and organizational commitment. A strong negative relationship has been found between breaches in psychological contract and organizational trust.²¹

Barriers to Building a Culture of Organizational Trust

An organization’s employees, policies, and practices may contribute to the perceptions of disappointment and breaches of trust. In *The Trusted Leader*, Galford and Seibold Drapeau list several factors that hinder organizational cultures of trust.²² These factors include:

- Employees with personal agendas and needs for promotion, power, and recognition that do not align with the organization’s strategies.
• Employees with volatile personalities that reflect a need for vengeance.
• Employees who intentionally clutter communication channels.
• Employees who are incompetent or perceive their co-workers or management to be incompetent.
• An organizational environment with a history of underperformance, complex situations, numerous reorganizations, or management changes.
• Organizations with inflexible or inconsistent organizational policies and standards.

Strong leadership can help organizations overcome these barriers to organizational trust.

“A leader who can inspire trust is invaluable for bringing together individuals and holding them together until trust can form.”

—John Gardner

Leadership and Organizational Trust

Trust is most beneficial if it pervades the organization and is found at all levels from top leadership to supervisors and frontline employees. As trust is a reciprocal process, leadership is key for creating a trust-based organization. When trust is given and it is clearly visible that the person being trusted is acting in a trustworthy way, it ensures trust will increase. Leadership’s role is to facilitate this process. Two important leadership roles are team building and modeling trust. Team building in organizations contributes to trust building because interdependence creates the dynamic for reciprocity. Reciprocity is set up by the complex task environment and the limitations of time, skill, and control that the individuals possess.

Leadership within an organization is either direct leadership (supervisors or managers) or top leadership. Distinguishing between these specific levels of leadership can affect the outcomes of empirical studies of leadership and trust. Dirks and Ferrin stated that the issue of leadership reference (supervisory versus top leadership) is important because it may provide guidance on whether an organization should focus resources on establishing trust in supervisors or in its senior leadership. In addition, McCarthy found that supervisors play an important role in facilitating senior organizational leadership: supervisors act as a medium between top leadership and frontline employees.
Some note that trust in leadership significantly relates to the same workplace behaviors and attitudes as trust in the organization. Empirical evidence suggests that trust in supervisors is related to job performance, altruism, job satisfaction, interactional justice, procedural justice, and participative decision making.\textsuperscript{26} Trust in organizational leadership is directly related to organizational commitment.

**Organizational Trust Model**

Trust is a multi-dimensional concept that includes individuals in an organization as well as the nature of outcomes and the consequences of those outcomes. Trust in leadership is not a clearly defined attribute of the individual leader or collective leadership; it’s a product of the outcomes of leadership actions. A model of leadership trust that displays this concept as an essential element of the organizational system is shown in Figure 3. This figure adapts the model of trust capacity developed by McCarthy to create a Model of Organizational Trust.\textsuperscript{27}

A system is a collection of interdependent components acting together toward a common goal and has boundaries that partition it from the environment in which it operates.\textsuperscript{28} In the model, the trust culture operates within the larger organizational environment. Within this trust culture is the reciprocal relationship between leadership trust and employee, or follower trust.

**Figure 3: Organizational Environment**

![Organizational Environment Diagram](image-url)
Reina and Reina describe the “capacity for trust” in terms of three elements:

- **Competence trust** relates to individuals’ abilities to complete work tasks.
- **Contractual trust**, also called trust of character, refers to individuals’ attributes such as honesty, consistency, and fairness.
- **Communication trust** refers to the dissemination and accuracy of information.\(^{29}\)

Within the organizational element is a culture of trust that impacts the organization’s performance. This culture is a cyclical process created by leaders, employees, and followers within the organization and is bounded by individuals’ character, consistency of behavior, competency, and communication. It’s important to note that consistency is separated from character in this model because individuals with unethical character can be consistent in their behavior. Consistency of unethical behavior can have a detrimental impact on organizational trust. Whereas consistent ethical behavior, character, and competence improve organizational trust.

**Assessing Organizational Trust**

*Trustworthy people acquire no worthy enemies as they go about their labors.*\(^{30}\)

—Philip Crosby

It is also important that leadership assess the current level of trust within the organization beginning with leadership. Kouzes and Posner identified four questions to measure one’s trustworthiness as a leader:\(^{31}\)

1. Is my behavior predictable or erratic?
2. Do I communicate clearly or carelessly?
3. Do I treat promises seriously or lightly?
4. Am I forthright or dishonest?

Measure employees’ trust in the organization by using the five statements created by Gabarro and Athos:\(^{32}\)

1. I believe my employer has high integrity.
2. I can expect my employer to treat me in a consistent and predictable fashion.
3. In general, I believe my employer's motives and intentions are good.
4. I think my employer treats me fairly.
5. Managers from my organization are open and upfront with me.
Employees respond using a scale of “strongly disagree, disagree, agree, and strongly agree” which is scored 1 to 4 respectively. This provides a range of responses from 5 to 20 where a higher score indicates stronger employee trust in the organization.

Other more detailed measures of organizational trust are also available. Most are based on a division of organizational trust divided into three parts:

- Affective trust, the perception of a positive relationship with the trustee.
- Cognitive trust, the belief in the reliability and integrity of the trustee.
- A willingness to be vulnerable.

**Leading a Culture of Organizational Trust**

A high trust culture is essential for adapting to continuous change and continuous improvement. To develop and maintain a culture of authentic trust, leaders may find the following ten suggestions helpful:

- Practice humane leadership. Ensure employees know you are aware of, sensitive to, and understanding of their individual feelings, thoughts, and experiences. Assure them promises will be kept, confidences maintained, and sensitive information handled judiciously.
- Be a paragon of trustworthiness. Be honest by saying what will be done, act with integrity by doing what was said will be done, and be credible by following through with commitments.
- Be willing to acknowledge, accept responsibility for, and repair perceived breaches or betrayals of trust with employees.
- Develop, communicate, and apply organizational vision, mission, and values statements to ensure compatible beliefs and a shared focus on the work at hand. Incorporate trust objectives into the organizational strategic plan.
- Determine if organizational policies, procedures, and rules are applied consistently and equitably, and send the message that employees can be trusted. For example, Dr. W. Edwards Deming suggested that organizational forms requiring hierarchies of signatures are a signal of distrust.
- Unclog organizational communication channels by implementing open-door and open-book policies and establishing user-friendly networks. Share the results of organizational assessments of work with employees to build a culture of openness.
• Demonstrate faith in employees by reducing supervision and monitoring of employees while they are working and by implementing organizational structures that encourage delegation of authority, responsibility, and teamwork.

• Sponsor employee workshops on organizational trust. Workshops can help employees understand the different types of trust, learn how to build authentic trusting relationships, identify perceptions of broken trust, and learn how to take corrective actions.

• Develop an organizational “collective identity” by having employees work together in the same or co-located buildings.36

• When problems are investigated, attempt to determine what went wrong and why rather than who was responsible.

Globalization and Cross-Cultural Patterns of Organizational Trust

In today’s global economy that is increasingly dependent on virtual organizations, trust is essential because direct leaders often do not see their employees.37 Organizational trust in international business adds a dimension of cultural diversity. Unfortunately, most of the writing on virtual organizations and trust, as well as culture and organizational trust, is on the theoretical level. La Porta, Lopez-de-Silanes, Shleifer, and Vishny found evidence in a cross-section of countries that suggests the role of trust in organizational performance cuts across cultural lines.38

One important dimension in examining these cultural differences is the individualism-collectivism continuum. Individualist cultures, like that of the United States, focus on the self, while collectivist cultures, like that of Japan, focus on the group. It assumed that organizational trust should be higher in collectivist cultures. However, Yamagishi has found consistently this is not the case.39 Huff and Kelley discovered that organizational trust and the propensity to trust was higher in the United States than in Japan, Korean, Hong Kong, Taiwan, China, and Malaysia.40 This might be due to the differences in openness among these cultures. For example, Americans are three times as likely to express discontent within the workplace as the Japanese are to express such feelings.41 It is important for leaders to maintain awareness of these cultural differences and remember that building trust must translate across languages and customs.
Conclusion

“A lack of trust makes employees untrustworthy which does not bode well for the future of virtuality in organizations. If we are to enjoy the efficiencies and other benefits of the virtual organization, we will have to rediscover how to run organizations based more on trust than on control.”

—Charles Handy

This primer explored the topic of organizational trust, its possible influence on organizational effectiveness and efficiency, and provided actions that leaders can take to build employee-employer relationships based on authentic trust. The characteristics of trust were identified, five types of trust described, and an inquiry was made as to why people trust. Building business relationships requires tremendous self-assessment and courage by leaders, but Emerson wrote that it’s worth the effort for such, “wisdom will never let us stand with any man or men on an unfriendly footing.”

References

1 R.W. Emerson, The Essays of Ralph Waldo Emerson (The Illustrated Modern Library), Random House, Inc. 1944.
13 Ibid.
15 Ibid.
19 Solomon and Flores, Building Trust in Business, Politics, Relationships, and Life, see reference 7.
22 Dirks and Ferrin, “Trust in Leadership: Meta-Analytic Findings and Implications for Research and Practice,” see reference 5.


41 Galford and Seibold Drapeau, *The Trusted Leader: Bringing Out the Best in Your People and Your Company*, see reference 16.

42 Handy, “Trust and the Virtual Organization,” see reference 37.

43 Emerson, *The Essays of Ralph Waldo Emerson*, see reference 1.

**Suggested Readings:**


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