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# Introduction

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Trust is – as a major financial institution, Deutsche Bank, put it in one of their advertising slogans in the late 1990s – ‘*der Anfang von allem*’ (‘the beginning of everything’). Only a decade later, the role of trust in economic life was massively challenged by the global financial crisis, which resulted in an ongoing devastating trust crisis. Confidence in the promises of financial institutions to honour their commitments has declined dramatically since 2008, when Lehmann Brothers collapsed overnight. The consequences of this crisis are hard to over-estimate as the ability to create, maintain and repair trust can profoundly affect the future of business, and even the fortunes of nation-states, as Francis Fukuyama (1995) notes in his classic work, *Trust: Social Virtues and the Creation of Prosperity*. In the mid-1990s many other scholars also discovered the importance of trust in business relationships and the interest in this topic suddenly exceeded all limits. A neutral observer might well have concluded that trust was just another research fad that would long be forgotten in the second decade of the 21st century. The reality could not be more different. Trust has meanwhile been very widely accepted as one – if not the – key sources of success in business relationships, and one that influences the efficiency and scale of all economic activity.

Reflecting its great importance in the world of practice, research in the field of trust is complex, evolving and highly dynamic. In the wake of the global financial crisis resurgence and renewed recognition of the role of trust in society has spurred trust research in new directions and along new dimensions. Empirical assessments have been conducted using a multitude of methods, and both theoretically and managerially relevant insights have been developed further. At the time the field began 20 or so years ago, as is appropriate in the early stages of the emergence of a field, research was more concerned with grappling with the poorly understood trust phenomenon and many different approaches to studying trust were presented. Empirical research began developing along divergent lines and numerous alternative definitions as well as operationalizations of trust were deployed in the field. But concurrently, through this initial period, certain seminal ideas and key understandings also began to get established. Some classifications and directions were taken as reference points while others tended to wane in influence. In particular, solid advances – many based on empirically tested ideas – were made in such areas as trust definitions

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(Rousseau et al., 1998), trust dimensions (e.g., Sako, 1992; Mayer et al., 1995; McKnight et al., 1998), stages of trust development (Lewicki and Bunker, 1996), trust at multiple levels of analysis (Zaheer et al., 1998), and trust violations (Dirks and Ferrin, 2001), among others. In addition, distinct streams of organizational research on trust developed at the individual, or micro-level of analysis (e.g., Six, 2005) and at the organizational, or macro-level of analysis (e.g., Bachmann, 2001). To take stock of what we had collectively learned then as a research community we, the editors of the present volume, presented the *Handbook of Trust Research* in 2006. Our effort at the time enabled trust researchers to take a step back to review and consolidate the many contours of the then field of trust research. The *Handbook* was a well-received volume.

The current phase differs from the early stages of organizational trust research. Nearly two decades after the field of trust research first formed, research in the field has overall reached a state of greater consolidation and a certain convergence, although this convergence is not nearly as marked as it perhaps could be (McEvily and Tortoriello, 2011). At the same time, business practices are in constant flux, as are the research questions that they generate. Scholars have discovered new approaches and developed new questions and some answers in a field, which, despite its seemingly narrow scope, leads to a plethora of issues once they are pursued. A number of distinct themes have emerged in the world of trust research, such as a clear and well-tested distinction between trust and trustworthiness (Colquitt et al., 2007), the role of institutions in trust development processes (Bachmann and Inkpen, 2011) and the nature of trust repair (Dirks et al., 2009). The field has given rise to its own journal, the *Journal of Trust Research* in 2011, another mark of its maturity.

This evolution of the field is the reason why we, as editors of the 2006 *Handbook of Trust Research* (Bachmann and Zaheer, 2006), thought it appropriate to follow up on the developments in trust research and bring together this fresh collection of chapters. The present *Handbook of Advances in Trust Research* includes 12 chapters, each of which represents important developments in trust research, particularly those undertaken since our last effort. Thus, in some ways this collection of chapters can be taken as an updating supplement to our original *Handbook*. However, the current work can also be seen and read as a stand-alone publication, one that provides a contemporary overview of the most critical issues in current trust research, including themes, such as trust in public institutions, that have gained in prominence since the earlier volume.

In terms of the process of putting together this collection of work, we asked prominent scholars in the field to contribute chapters that reflected how some of their own work on trust had progressed in the last five years

or so. We requested that the scholars first send in abstracts, which we as editors scrutinized for any possible overlaps. Once these were identified, we asked the authors to proceed with writing their chapters. Initial drafts of the chapters were sent out for a single-blind developmental review. The authors then used the feedback from the review process to refine and revise their work to produce a final draft.

As in the 2006 *Handbook*, we adopted an unusual process to enhance the quality of the reviews and the subsequent versions of the chapters. Specifically, we sent the drafts written by US-based authors to European-based reviewers, and those by European-based authors to US-based reviewers. The results were enlightening, as the different epistemological approaches of European- and US-based scholars were prominently highlighted. In particular, as before, European-based reviewers typically found the US contributions to be limited in scope, with few connections to trust research conducted by European-based scholars. US-based scholars in contrast typically found the European contributions to be too broad and less focused than they would have liked. In the end, our hope is that the exercise improved both sets of contributions, but from the perspective of the field as a whole, it appears that bridging the transatlantic research divide will continue to be an ongoing challenge, with consequences for the development of an integrated field.

We have organized the chapters by sub-theme beginning with the individual, or micro, level of analysis and progressively moving up levels of analysis. Thus, our first sub-theme deals with interpersonal trust in the organizational context, continuing with the sub-theme of trust as a governance mechanism, and trust across organizations. The broadest level of analysis follows and addresses societal trust and trust repair. The volume concludes with the sub-theme of theoretical advances in trust research. Below, we briefly provide a hint of the rich material contained in each chapter, designed to lead the reader to the full version.

Trust at the inter-personal level was a core theme in early trust research but continues to attract much attention. For the present volume, we asked Rosalind Searle as well as Roy Lewicki and Beth Polin to cover new developments in this area in Part I. While Searle's chapter focuses on the inter-relationship of trust and human resource management, and specifically suggests considering HRM agents' role in trust development within organizations, Lewicki and Polin's contribution provides deep insights into the relationships between trust and negotiation. The latter, among other things, involves balancing the dilemma of trust (how much to trust the other party in negotiations) with the dilemma of honesty (how much to reveal). Marrying the fields of negotiation and trust research, which clearly have a lot in common yet have seen little joint conceptual

or empirical work, Lewicki and Polin systematically conjoin trust frameworks with research in negotiations. The result is a solid step forward in the scholarly understanding of the different roles that trust plays in the negotiation process, how different trust components interact with different negotiation stages and types, and how future research should include the tracking of trust through these stages. A noteworthy take-away is that rather than building strong trust in a negotiation process, the goal should be building verifiable trust and periodically testing it.

In recent times, a strong stream of research has debated trust as a governance mechanism. In these debates, it is specifically the themes of 'trust and control' and 'trust and contracts' that have brought forth elaborate discussions, which reach far beyond the simple question of whether or not trust can be fruitfully combined with control or with contracts, and are reflected in our second sub-theme. The role that trust can play in the context of stimulating and facilitating innovation processes is intrinsically connected to these issues. The latter issue focuses on the question of how to control innovation processes, in which trust is clearly indispensable. In this volume in Part II, Antoinette Weibel and Frédérique Six as well as Paul Vlaar represent the state of the art in the 'trust and control' as well as the 'trust and contracts' debates, while Bart Nooteboom's chapter examines trust and innovation. Nooteboom argues that the highly uncertain nature of innovation makes the prospect of control ineffective and the need for trust greater but also harder to bring about. In particular, he raises the issue of 'cognitive distance', which, while enhancing the possibilities of innovation from fruitful recombination, also creates greater barriers to effective governance through trust.

In Part III, Laura Poppo's chapter investigates the parallel sub-theme of inter-organizational trust, and makes a strong case for focusing on trust dynamics, particularly calling for a specification and measurement of how different dimensions of trust evolve. The need to factor in structural bases of trust, including trust signals, their observability and transparency, and their value in creating trust is among the important themes highlighted in the chapter. Another dimension of the sub-theme of inter-organizational trust is tackled in Peter Li's chapter, which presents new insights into the types and functions of trust in international collaborations. The problems around building trust in inter-organizational and inter-cultural collaboration was relatively neglected in the early stages of research on trust in business relationships, but it is now recognized as a highly dynamic area with significant potential to stimulate future research. Li in particular focuses on the distinction between intra-cultural trust and inter-cultural trust, going beyond the well-established notion of cultural distance to highlight adaptive learning.

Our next sub-theme focuses on issues of public trust and trust repair.

These are fields that were almost non-existent when we put our *Handbook of Trust Research* together in 2006. Now, they are – in the face of global financial crisis – some of the fastest-growing domains in trust research. In Part IV, Nicole Gillespie and Robert Hurley's chapter explains the details of the financial meltdown and its consequences for trust as well as the possibilities of repairing public trust after the disillusionment following the crisis. Jared Harris, Adrian Keevil and Andrew Wick's chapter takes a related perspective to examine various aspects of trust in institutions from a research standpoint. Arguing that the measurement of public trust is both important and complex, they parse out trust definitions to argue that measures of trust must include a combination of generalized trust and relational trust in public institutions. They also make the case for avoiding self-reports and moving to behavioural trust measures, including the use of experiments, to measure public trust.

Finally, trust research has reached out to deepen its theoretical basis, reflected in our concluding sub-theme in Part V. The chapter by Jackson Nickerson, Timothy Gubler and Kurt Dirks explores how trust can be analysed as a key issue in the economic theory of the firm. These scholars argue that while the role of trust in economic exchange has been studied, the connection between the theory of the firm and the building, maintenance and repair of trust has yet to be made. They go about systematically establishing the links between formal governance structures – markets, hybrids and hierarchies – and trust, arguing that trust underpinnings strengthen as governance moves from market to hybrid to hierarchy. The authors conclude provocatively by suggesting that the theorized relationships are hardly a foregone conclusion and that adept managers must play appropriate roles for the links between governance structures and trust to materialize. Rounding out the theoretical advances sub-theme, the final two chapters provide the theoretical foundations for two important and complementary facets of trust – trust as a process and an institution. Frens Kroeger explores the oft-cited notion that trust can be institutionalized, detailing how trust can be transformed into a collective and long-term orientation, and giving substance to notions of multi-level trust. Guido Möllering offers an in-depth examination of the process qualities of trust and outlines different ways in which, rather than studying the outcome of 'trust', deeper insights may be generated by studying processes of 'trusting'.

In conclusion, we recognize that no collection of ideas can fully represent the state of a field. Any effort necessarily reflects the perspectives of the editors and the authors and by emphasizing certain themes, omits or underemphasizes certain others. Nevertheless, by including many of the field's leading-edge thinkers from both sides of the Atlantic in this collection, we believe we have made a credible attempt at reflecting the current

state of the art in organizational trust research. As always, we are grateful to our authors, and our reviewers, without whom this collection would not have been possible. We are also always appreciative of the efforts of our publishers, particularly the encouragement from Francine O'Sullivan of Edward Elgar.\*

## NOTE

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