



The spatiality of trust: Factors influencing the creation of trust and the role of face-to-face contacts

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ABSTRACT

In this paper we analyze how the spatiality of interactions influences trust creation in multi-site corporate innovation projects. By drawing on insights from the discussion on initial and gradual trust in combination with contributions from the field of economic geography, we examine factors influencing the creation of trust and their dependence on face-to-face interaction. We develop a conceptual framework that links the spatial constitution of relationships to the creation of both resilient and fragile trust in project work. In doing so, we illustrate the complexity of initial and gradual trust creation and the interplay between personality traits, group-based similarities, situational and institutional factors, reputational inference, and personal interaction. The empirical insights are based on two qualitative case studies on specific innovation projects in multinational companies. Our findings illustrate the need to incorporate spatiality as a facilitating factor in the analysis of trust development.

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Introduction

Within management and organization studies it is widely acknowledged that trust can lead to more effective and efficient cooperative behavior among individuals, groups, and organizations (e.g. Barney & Hansen, 1994; Becerra & Gupta, 2003; Gulati & Sych, 2008; Hansen, Hoskisson, & Barney, 2008; Zaheer, McEvily, & Perrone, 1998). Studies have identified aspects such as cultural distance, risk willingness, and knowledge tacitness as determinants for knowledge transfer, pointing to trust as an important moderating factor (Becerra, Lunnan, & Huemer, 2008; Easterby-Smith, Lyles, & Tsang, 2008; van Wijk, Jansen, & Lyles, 2008). How trust is created and sustained is thus a pivotal question in this context and one that has received considerable attention within management research. The factors influencing the creation of trust include personality traits, cognitive cues, societal structures, situational factors, beliefs, and emotions. However, when it comes to the creation of resilient ‘deep’ trust, it is widely agreed that *direct* social exchange is virtually a prerequisite. Even though ‘*direct*’ in this context implies face-to-face exchange, surprisingly few contributions address the issue of how trust development is linked to the spatial distribution of the involved actors, and which forms of trust can be developed

and maintained over distance. At the same time, the need for understanding the influence of spatiality has become more important as development projects, especially within multinational companies (MNCs), are increasingly being carried out in spatially dispersed networks (Bartlett & Ghoshal, 1989; Serapio & Hayashi, 2004). Furthermore, a more nuanced view on space and proximity is increasingly finding its way into other areas of management studies (cf. Beyes & Steyaert, 2011; Dale & Burrell, 2008; Taylor & Spicer, 2007). This paper develops a theoretical framework for understanding the spatiality of trust and looks empirically at trust creation in multi-site innovation projects of multinational companies. An important contribution of this article is hence that it focuses explicitly on spatial issues and highlights why these should be considered more systematically in the debate on trust formation.

In this paper we analyze the link between the spatial constitution of relationships and trust creation by investigating two issues: Firstly, we conceptually examine the mechanisms through which spatiality affects trust creation. Secondly, we identify examples of empirical situations in which the spatial constitution of relationships is particularly important for trust development. We thereby complement the existing, mostly managerial and sociological trust literature with insights from economic geography. Our main contribution is hence theoretical and lies in a systematization of the relationship between factors influencing the creation of trust and (types of) proximity.

Based on this, a theoretical framework is introduced and used in the analysis of two collaborative innovation projects in MNCs. In the empirical analysis, the interaction and communication

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patterns of the involved actors fill an important role for the understanding of how trust is created and maintained. As illustrated by for example Jarvenpaa and Leidner (1999), trust development in remote teams is mediated by the form and content of the communication. This refers not only to the mode of communication (face-to-face versus technology-mediated) but also other proximity dimensions (related to the history, context, and culture in which the relationship is embedded). Our findings shed light on the role of interaction in trust creation and the importance of considering spatial proximity in theoretical and empirical analyses of the formation of trust. The results are also helpful for practitioners when setting up dispersed teams.

The paper begins with an introduction to the literature on trust creation based on the distinction between initial and gradual trust. The factors influencing trust creation are grouped into six schools of thought. This is followed by a discussion on spatiality and proximity in relation to trust creation and trust creation. These two theoretical reviews are then brought together in the chapter where we introduce our integrated theoretical framework for the influence of proximity on trust creation. The next chapter presents our research design, method, and data. This is followed by our analysis of trust creation processes in two MNCs. The purpose of the empirical cases is to illustrate empirically the arguments put forward in our theoretical framework. The paper ends with a discussion of the implications and conclusions drawn.

Trust creation

Trust can broadly be defined as the intention or willingness to accept vulnerability based on positive expectations of the intentions or behavior of others (Rousseau, Sitkin, Burt, & Camerer, 1998). Such willingness can be based on [i] trusting the intentions of others or [ii] trusting their competence/ability, benevolence, and honesty/integrity (Mayer, Davis, & Schoorman, 1995; McKnight, Cummings, & Chervany, 1998).

The literature on trust covers a vast array of topics and exhibits a remarkable diversity in the way trust is conceptualized and studied (see Bachmann & Zaheer, 2006; Bigley & Pearce, 1998; Lewicki, Tomlinson, & Gillespie, 2006 for overviews). In this paper the main focus is on the distinction between initial and gradual trust; i.e. the

interaction between unfamiliar versus familiar actors (Bigley & Pearce, 1998). Initial trust (sometimes referred to as 'swift trust', e.g. Meyerson, Weick, & Kramer, 1996) is when the actors have little or no information about each other, or when the information they have does not come from first-hand personal experience (Bigley & Pearce, 1998; McKnight et al., 1998). Gradual trust on the other hand evolves on the basis of repeated first-hand interaction over time. In this chapter we introduce the key characteristics and factors influencing the creation of initial and gradual trust. We also discuss these in terms of their resilience and fragility. This serves as foundation for introducing a spatial dimension to the creation of trust.

Initial trust

Initial trust has been studied from different perspectives. An attempt to classify these has been made by McKnight and colleagues (McKnight et al., 1998) who distinguish between personality-based, cognition-based, and institution-based schools of thought. Adding to this, a fourth school is discussed by Bigley and Pearce (1998) as the *behavioral decision theory* approach (cf. Lewicki et al., 2006). These schools emphasize different factors influencing the creation of trust such as dispositional traits of the trustor (Hardin, 1992; Rotter, 1971); initial cognitive cues and third party referrals (McKnight & Chervany, 2006; Williams, 2001); trusted or shared institutional context (Bachmann & Inkpen, 2011; Möllering, 2006; Shapiro, 1987; Zucker, 1986); and immediate situational factors (Gargiulo & Gokhan, 2006). These four factors are typically referred to as antecedents of trust.

The four schools are of course not unrelated but can be seen as focusing on different elements in the formation of initial trust (cf. McKnight & Chervany, 2006; McKnight et al., 1998). They focus on different aspects of initial trust and on how such trust is created in a given situation. In this sense, they are ideal-typical rather than sharply distinguishable types. These schools of thought and the trust antecedents associated with each of them are summarized in Table 1.

Antecedents of initial trust. The factors influencing the creation of initial trust are impersonal in the sense that they do not stem from any direct personal interaction between the trustor and trustee, which explains why the resulting trust often remains rather fragile (Crisp & Jarvenpaa, 2013; Meyerson et al., 1996). Instead,

Table 1
Six schools of thought in the literature and the main antecedents of trust creation associate with each school.

| | School/type of trust | Basis for trust/distrust | Types | Explanation/examples | Antecedents |
|---------------|------------------------------------|---|---|---|-------------------------------|
| Initial trust | Personality school (dispositional) | Personality traits of trustor | Trusting stance Faith in humanity | Based on personality of trustor | Personality traits |
| | Cognition school | Cognitive cues and first impressions about trustee | In-group categorization Stereotyping Reputation inference | Based on belonging to a group Or Information from third parties | Trust in groups Reputation |
| | Institution school | Formal societal structures | Structural assurance belief Situational normality belief | Based on trusting the "system" Either institutions that assure fair play etc. or Situational normality | Institutional factors |
| | Behavioral school | Immediate situational factors | Situational deterrents and inducements Situational similarities | Based on perceived shared interests and trust-facilitating preconditions Shared interests | Situational factors |
| Gradual trust | Cognition school | Beliefs about trustee | Belief in – competence and ability – reliability – benevolence and integrity | Based on experience-based beliefs in: 1) The ability of another to be able to perform a specific task. 2) The reliability of another to perform the agreed task 3) The integrity and benevolence of another in an exchange situation | Direct social exchange |
| | Affective trust school | Emotions and concerns for and identification with the trustee | Empathy based Identification-based trust | Based on first-hand experiences: 1) Knowing and understanding how partners think and feel 2) Identifying with and sharing feelings and ways of thinking | Direct social exchange |

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