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Actionable trust in service organizations: A multi-dimensional perspective

Hila Chalutz Ben-Gal[a], Shay Tzafrir[b], and Simon Dolan[c]

[a]Afeka Tel Aviv Academic College of Engineering, Israel
[b]University of Haifa, Israel
[c]ESADE Business School, Spain

ARTICLE INFORMATION

ABSTRACT

Purpose. The paper explores attitudinal and behavioral antecedents of trust and respective outcomes within the service industry at multiple levels of analysis. *Method.* Data were obtained from academic and administrative service providers (n = 76) and clients (n = 868) using paper-and-pencil and on-line questionnaires. *Findings.* Individual, dyadic and organizational factors throughout service delivery affect trust as a behavior. Value fit between service providers and clients contributed to trust as a behavioral action. *Implications.* Our findings confirm that success of service delivery is a multi-dimensional phenomenon. It confirms that actionable trust is a dominant factor in service success, thus calls for the need to pay attention to the relational aspect of service encounters. Finally, value fit between clients and service providers is crucial in achieving trust throughout the service interaction. *Originality.* The study provides a management tool for measuring action based trust within service organizational context.

La confianza como acción en las empresas de servicios: perspectiva multidimensional

RESUMEN

Objetivo. Este trabajo explora los antecedentes actitudinales y comportamentales de la confianza y sus consecuencias en el sector de servicios a diversos niveles de análisis. *Método.* Se obtuvieron datos de proveedores de servicios académicos y administrativos (n = 76) y clientes (n = 868) mediante cuestionarios de papel y lápiz y online. *Resultados.* Factores individuales, diádicos y organizativos afectan a la confianza como comportamiento en todo suministro de servicios. El ajuste de valores entre los proveedores de servicios y clientes contribuye a la confianza como acción comportamental. *Implicaciones.* Nuestros resultados confirman que el éxito en el suministro de servicios es un fenómeno multidimensional. Confirma que la confianza como acción es un factor dominante en el éxito en los servicios, lo que plantea la necesidad de prestar atención al aspecto relacional de los encuentros de servicio. Por último, el ajuste de valores entre clientes y proveedores de servicios es fundamental para lograr la confianza en toda interacción en la prestación de servicios. *Originalidad.* El estudio aporta una herramienta de gestión para medir la confianza centrada en la acción en el contexto de las empresas de servicios.

How does one measure the success of modern organizations? More specifically, how does one measure the success of service organizations? Because of the centrality of clients in service settings (Rust & Huang, 2012), what would be the relative importance and outcome of long lasting successful dyadic relationship in a service environment? This paper examines the trust concept in service organizations by presenting a multi-level model for exploring and measuring service drivers.

The concept of trust have been studied and explored. It has been proved that a trusting relationship assists in both group performances, as well as in organizational performance (Brower, Lester, Korsgaard, & Dineen, 2009; Hempel, Zhang, & Tjosvold, 2009; Mach, Dolan, & Tzafrir, 2010; Zaheer, McEvily, & Perrone, 2007). This paper focuses on understanding and measuring the "trust-informed actions" (Dietz & Den Hartog, 2006, p. 564), both at the organizational and the dyadic levels, and their impact in a service setting.

We explore this in order to differentiate actionable trust from organizational and dyadic trust and their role in organizational context. Furthermore, we emphasize the role of trust, because

in service settings, which are based on dyadic interactions, trust based on informed actions is key in achieving effective organizational results.

Service settings are a delicate environment. One reason is the key role stakeholders play in service organizations (Van Buren III & Greenwood, 2011; Verbeke & Tung, 2012). In order to enhance service delivery, understanding the stakeholder's contribution is essential (Tzafrir, Chalutz Ben-Gal, & Dolan, 2012; Van Buren & Greenwood, 2011). For instance, stakeholder's input, such as accessible resources (Verbeke & Tung, 2012), social and environmental agenda (Russo & Perrini, 2010), inter-organizational potential collaboration (Savage & Bunn, 2010), as well as others, might assist any output in service organization.

Within service settings, client feedback and long term loyalty is also of utmost importance (Armenakis & Harris, 2009; Harris & Goode, 2004). Building successful client relationships based on trust, whether with internal or external partners, is an important, yet challenging phenomenon, in modern organizations (Czarniawska & Mazza, 2003) and even more so in service organizations (Reynolds &Beatly, 1999). Moreover, one cannot overlook the importance of dyadic interaction between service providers and their clients (Chuang & Liao, 2010; Coulter & Ligas, 2004; Liao, Toya, Lepak, & Hong, 2009; Liao, Yen, & Li, 2011). Despite extensive research conducted in evaluating various factors separately and their role in service success, as well as extensive research on internal and external factors in service settings (Chandon, Leo, & Philippe, 1997; Hitt, Bierman, & Shimizu, 2011; Liao et al., 2011), little attention has been given to evaluate the conditions that impact action-based trust. Our paper examines the effect of discrete context (Johns, 2006), and explores behavioral based trust (Dietz & Den Hartog, 2006) on service outcomes within the service industry context (Johns, 2006).

Theory and Hypotheses

A substantial amount of theoretical and empirical work has suggested that trust is also a critical factor in inter-organizational collaboration (Alter & Hage, 1993; Bromiley & Cummings, 1996; Currall & Judge, 1995; Fichman & Levinthal, 1991; Jarillo, 1988). It has been argued that trust has a positive effect because it strengthens dyadic ties (Fichman & Levinthal, 1991), speeds contract negotiations (Reve, 1990), and generally reduces transaction costs (Bromiley & Cummings, 1996). Additional research revealed that trust affects managerial problem solving (Zand, 1972), openness and receptivity (Butler, 1991), affective commitment (Herscovitch & Mayer, 2002), and risk taking (Mayer, Davis, & Schoorman, 1995). Furthermore, it has been found that trust boosts performance of working teams (Bijlsma-Frankema, De Jong, & Van de Bunt, 2008). Nevertheless, most social psychology studies focus on trust as a belief or trust as an intention, neglecting the importance of trust as an action. Dietz & Den Hartog's (2006) work sheds light on trust also from a behavioral perspective. The authors conceptualize the process of trust as (at least) three "phases" of trust: trust – the belief, trust – the decision, and trust – informed actions (Dietz & Den Hartog, 2006, p. 564). Therefore, our research model focuses on various antecedents of trust as an action.

In service settings, it was found that trust enables a long-lasting relationship. Johnson and Grayson (2005) found that satisfaction with previous interactions contributes to trust. The authors proposed that client satisfaction (in financial services industry) is primarily based on core aspects of service delivery and found support for a relationship between trust and sales effectiveness. Others found support for the positive relationship between trust and other aspects in the service industry (Kantsperger & Kuntz, 2010; Park, Lee, Lee, & Truex, 2012). From a client perspective, trust becomes crucial in many relational exchange situations and reduces the perceived risk of the service outcome (Berry, 2002; Laroche, Ueltschy, Abe, Cleveland, & Yannopoulos, 2004). For example, the results of surgery cannot be inspected in advance. Often the outcome is irreversible and
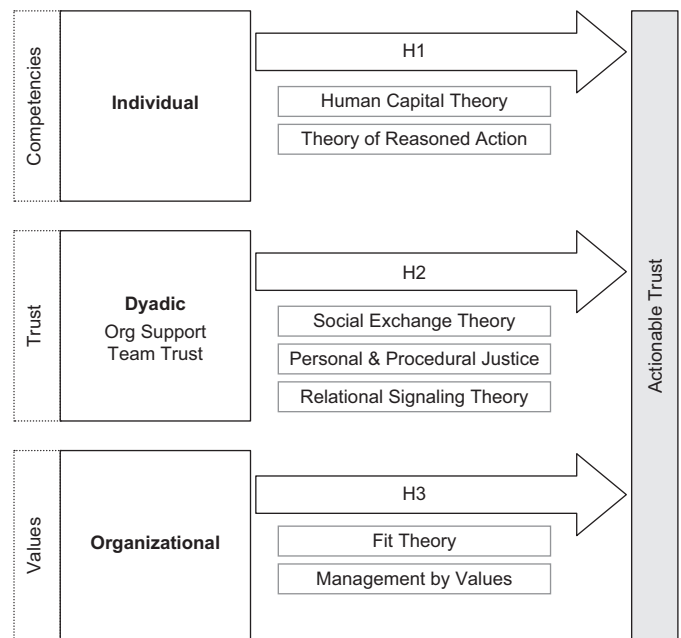

Figure 1. Research Model

in some cases the customer faces the risk of negative long-term consequences (Kantsperger & Kuntz, 2010). Hence, the client must have trust in the expertise of the surgeon.

Trust in the entire company becomes particularly relevant in industries, where the service is performed by different and changing service personnel, like service chains (Kandampully, 2002). The client generally has to trust the company to employ well-trained employees only who are capable of fulfilling his needs and expectations. Therefore, trust serves as a means to reduce transaction costs in terms of search, information, or bargaining costs in the relational exchange between the customer and the service company (Williamson, 1993). For example, a recent study by Park et al. (2012) found that communication effectiveness, functional and technical service qualities, and trust are associated with the client's relationship commitment, which is in turn critical for the project success and building longer term relationships within a service delivery setting.

Organizations need to place increasing importance upon learning new capabilities and developing individuals to perform in new and more complex ways (Lawler, 1993). Given pressures for both efficiency and flexibility in modern working environment, service organizations are increasingly seeking ways to enhance individual and group-based competency-based-behaviors (hereafter: "competencies"), in line with exploring different work models (Lepak & Snell, 1999, p. 31). Human Capital Theory is essential in exploring and understanding the individual contribution within the service organization and its influence on a trusting environment (Tepper, Lambert, Henle, Giacalone, & Duffy, 2008). Thus, enhancing and adjusting the human capital to the organizational context (Johns, 2006) becomes an important challenge organizations are faced with and even more so in service settings.

Research findings emphasize the connection between individual competencies and some negative examples of client's behavior. Moreover, service providers and client's personalities have been found to play a crucial role in the success of service delivery (Simsarian Webber, Payne, & Taylor, 2012). In more recent studies, competencies were examined and proved to be of utmost importance in service settings. For example, Asing-Cashman, Gurung, Limby, & Rutledge (2014), whose research focus on service provider's competencies in educational settings, show that specific competencies which the service provider holds were significant predictors of attitudes of clients throughout service delivery (Asing-Cashman et al., p. 66).