

**Trust under Pressure: Empirical Investigations of Trust and Trust Building in Uncertain Circumstances**

*K. Bijlsma-Frankema and R. Klein Woolthuis*

Edward Elgar

Cheltenham

2006

304 pp.

ISBN: 978-1845423117

£69.95

Hardback

Review DOI 10.1108/00483480710822472

Although the topic of trust has long attracted scholars interested in understanding the nature of social interaction, the last decade in particular has witnessed an explosion in trust-related research. This volume is a further testament to the continuous growth in scholarly interest in the role and implications of trust for social interaction. The book extends a quickly growing body of research on trust by looking at the formation and the consequences of trust in situations of extreme uncertainty. It unpacks the question of what happens to the formation of trust and its role in stabilizing and enhancing cooperative interaction when social actors lack a common formal and informal institutional framework. Examples of such situations involve operating in the absence of a strong regulatory system with shared norms of behavior. For example, rapidly changing industry contexts and intangible commodities lead to transactions that are very hard to monitor through formal contractual arrangements. Similarly, efficiency considerations that require firms to pursue outsourcing rather than concentrate their production under their own roof limit the available span of hierarchical control.

The crux of the argument lies in suggesting that these conditions of extreme uncertainty naturally limit the efficacy of traditional formal control mechanisms, such as enforceable contracts and organizational control. These situations shrink the bases for trust, thereby putting "pressure" on trust development and the role it plays in collaborative interactions. For example, the remoteness of collaboration introduced by the geographical dispersion necessarily limits the face-to-face contact so essential in conventional trust development. Similarly, the absence of shared cognitive schemas may lead to variations in how actors interpret similar information and their partners' intentions in a collaborative arrangement. Such variations can create barriers for information exchange and learning in the relationship, limiting the foundation for trust development. Additionally, uncertainty stemming from institutional failures can limit the usability of trust for establishing and fostering cooperation. The collection of conceptual and empirical essays offered in the volume sets out to examine these issues in a variety of contexts and at various levels of analysis.

The assortment of geographical and cultural contexts chosen for investigation represents one of the strengths of the book. The essays cover small business collaborations in Tanzania (Tillmar), small and medium enterprises in Bosnia,

Macedonia, and Slovenia (Rus), ties between Mexican and German firms (Kuhlman), as well as collaborations across corporate sites dispersed over Germany, India, and the United Kingdom (Rocco). Such heterogeneity of empirical contexts is especially important given that the majority of extant trust research is limited to North American organizational contexts and thus has limited global generalizability. The volume also cuts across multiple levels of analysis, ranging from interpersonal (e.g. Hoecht, Rocco) and intergroup (e.g. Tillmar) to interorganizational (e.g. Kuhlman) and societal levels (e.g. Rus). More importantly, numerous essays take a holistic approach to trust by simultaneously discussing its emergence and implications at various levels of analysis. For instance, Kuhlman looks at trust directed toward both the boundary spanner of the partner organization and the partner organization as a collective entity. Similarly, Rus adopts a three-pronged approach to trust where he looks at societal, interorganizational, and interpersonal levels.

We welcome the diverse disciplinary focus adopted by the contributors to this volume. Insights borrowed from anthropology (Tillmar), economics (Mollering), linguistics (Rocco), organization theory (Bussaca and Castaldo), as well as marketing and social psychology (Kerkhof *et al.*) offer an exciting synergistic potential for the field of trust research as it moves forward. The studies use the mathematical structure of game-theory, participant observation, structured interviews, experimental and survey research. The multi-disciplinary and multi-method nature of the volume has two important implications. First, given that social science literatures approach trust through multiple lenses, this book sets the right tone for subsequent trust research in organizational theory by effectively fusing the insights generated by the different bodies of knowledge. For instance, Mollering demonstrates the advantages of analyzing rational trust using various game theoretic payoff functions. Similarly, Rocco profitably uses the linguistics concepts of common knowledge and common ground to explore the impact of geographical distance on trust formation. Second, the diversity in disciplines and methods engages a broader academic community in trust discourse, making the book an attractive read for a wide array of social scientists.

Taken together, the essays of the volume make four key theoretical contributions. First, they offer some insight into how the formal institutional arrangements that are frequently associated with the notion of control have far-reaching implications for trust formation. More specifically, the book offers some support for the idea of complementarity between trust and control, wherein some minimal formal institutional foundation is necessary for trust development. For example, Tillmar's study of small businesses in central Tanzania provides compelling evidence for how the absence of a reliable regulatory institutional framework often precludes collaborative relationships altogether and renders actors incapable of accumulating even the most minimal stock of trust.

Second, the studies enhance the validity of trust as a multifaceted and a multilevel construct, suggesting that it needs to be investigated as such to fully grasp its implications for social interaction. Mollering, for example, highlights the importance of considering active trust as a separate facet of trust. This dimension of trust becomes absolutely critical for cooperation when actors have neither the information for the rational calculation of pay-offs nor rules and routines to guide their behavior. Further, Kuhlman's essay on German-Mexican inter-firm collaborations provides some

intriguing evidence on how trust in the partner firm's boundary spanner and in the partner firm as a collective entity may be independent of each other.

Third, several contributors made deliberate efforts to refocus the contemporary discussion of trust as a *cost-reduction* tool to the debate about its *value-enhancing* potential in a relationship (Zajac and Olsen, 1993). Much of the existing research on the implications of trust generally highlights its unique benefit of being an inexpensive governance mechanism, eliminating the need for costly contracts and other forms of formal control. Several studies in this volume take a more balanced view by also either hinting at or directly discussing the power of trust in value maximization. For instance, Bussaca and Castaldo point out how consumers' higher trust toward a company increases their propensity to spread positive communication about the company, leads to reduced price sensitivity and higher propensity to buy, thereby boosting the volume and duration of rents the company reaps.

Finally, the volume contributes by taking a more process-oriented approach to understanding trust, which enables scholars to get unique insights into its origins and complex nature. While several essays in the volume work from such dynamic views of trust, Blomquist puts forward the most elaborate view of the phasal nature of trust formation. She highlights the phases of:

- *framebreaking*, where actors break out of the existing mental models;
- *improvising*, which entails testing a relationship with some task;
- *synchronization*, where actors learn from each other and develop shared frames of reference; and
- *experimentation*, where actors share values and vision through a cooperative process.

Analysis of trust formation along the lines of this phasal decomposition leads her to conclude, for instance, that while later stages necessitate a stronger cognitive foundation for trust, earlier stages bring a stronger affective component to trust, thus driving trust formation primarily through inferences and intuition.

With all its strengths, the volume has a set of specific limitations. Our central concern is that the unifying theme of the book is not as strong as it could have been. Trust development is impossible in the absence of uncertainty and risk, without which there is neither need nor opportunity for actors to engage in acts of trust, thereby making themselves vulnerable to the acts of others (e.g. Blau, 1964). The necessity to separately consider trust under the conditions of extreme uncertainty, however, was not fully played out in both the individual essays and in the implied cross-essay linkages. The role of "pressure" emanating from high uncertainty was particularly left out for the implications of trust for social interaction. While some of the essays offered insight into how extreme uncertainty may put additional strain on trust development (e.g. Tillmar), the reader can be left wondering what unique ramifications "trust under pressure" would have for collaborative interaction. These themes, we felt, could have been explored further by delving into a comparative discourse about the emergence, resilience, and ultimately the efficacy of "trust under pressure" relative to those of trust that accumulates in more stable environments and institutional contexts.

Due to this loose overarching theme, the essays did not appear fully integrated into one coherent whole. The essays could have done a better job speaking to the related

themes in other parts of the book. It also would be desirable to see some more interrelated development of theory and conceptual tools to tackle the research questions advanced in this volume. As it currently stands, the rather fragmented structure of the book often leads to needless terminological density and definitional confusion. Even with respect to the definition of trust, the essays split regarding whether trust should incorporate the calculative component of pragmatic calculation (based on analyzing partner's benefits and costs of cooperative versus non cooperative behavior) or just be limited to the pure leap of faith that is going beyond rational prediction of partner's behavior (Williamson, 1993). Some essays do not clearly separate trust from other related constructs, such as reputation and, perhaps most frequently, cooperation. It is essential to keep in mind that while cooperation is one of the most natural consequences of trust, cooperative behavior can stem from a variety of other causal forces (e.g. coercion) and thus cannot be equated with trust. Acknowledging these critical differences within and across essays would be instrumental in bringing together the insights of the studies. It is worth noting, however, that while our critique stems from the careful perusal of the volume, it is also largely reflective of the immaturity of trust research in general. The state of scholarly thought on trust is clearly in the early, pre-paradigmatic view, which often limits its integrative potential.

The theoretical developments of this volume lead us to point future research in several promising directions. First, future research can pursue a more systematic inquiry into whether and under what circumstances institutions serve as complements or substitutes of trust. This book provides some valuable insight into how important formal institutional context can be for jumpstarting the formation of trust. Yet it is also plausible to suggest that a saturated institutional environment could eliminate risk and uncertainty, supplanting the need for trust as a social control mechanism. By disentangling this inherent tension between trust and institutions, scholars can add to resolving one of the most intriguing debates in the contemporary trust research (Rousseau *et al.*, 1998). Second, future research could delve deeper into the core essence of trust by disentangling the interrelationship between trust and distrust. Though much of the extant research treats trust and distrust as the ends of the same continuum, there is a burgeoning line of research examining trust and distrust as distinct constructs. Understanding this distinction will lead scholars to establish a more robust nomological network between trust, distrust, and trustworthiness. Third, there is more to be done to understand the dynamic nature of trust formation. Subsequent research can challenge the currently dominant linear view of accumulation of trust, treating it as a more punctuated process of quick and slow phases, as well as comprising instances of trust breach and periods trust restoration. Finally, while there has been a lot said about the positive implications of trust, the "dark side" of trust has been given short shrift. Yet accumulation of trust is not a costless process and requires the investment of time and other resources on part of the interacting parties. Furthermore, it is reasonable to expect trust to lead to an economically unjustifiable "escalation of commitment" in the trusting relationship, resulting from avoiding the quilt of abandoning the trustworthy partner. Recognizing these costs of trust is critical for a balanced assessment of the benefits it brings to social interaction.

From an aggregate viewpoint, the diverse contributions of this volume draw attention to the incompleteness of extant models of trust in explaining the development

PR  
36,6

1000

---

and operability of trust under conditions of hyper uncertainty. Emphasizing the supporting role of institutional context for trust development, the essays show that trust can follow different patterns of formation and entail different implications for collaborative relations when institutional support is lacking. We believe this book offers a set of thought-provoking insights and suggests several promising avenues for further empirical work on trust.

**Maxim Sytch and Niro Sivathan**

*Kellogg School of Management, Northwestern University, USA*  
*m-sytch@kellogg.northwestern.edu and n-sivanathan@kellogg.northwestern.edu*

#### References

- Blau, P.M. (1964), *Exchange and Power in Social Life*, John Wiley, New York, NY.
- Rousseau, D.M., Sitkin, S.B., Burt, R.S. and Camerer, C. (1998), "Not so different after all: a cross-discipline view of trust", *Academy of Management Review*, Vol. 23, p. 12.
- Williamson, O. (1993), "Calculativeness, trust and economic organization", *Journal of Law and Economics*, Vol. 36, pp. 453-86.
- Zajac, E.J. and Olsen, C.P. (1993), "From transaction cost to transactional value analysis: implications for the study of interorganizational strategies", *Journal of Management Studies*, Vol. 30, pp. 131-45.

#### Just Work

*Russell Muirhead*

Harvard University Press

Boston, MA

2004

224 pp.

ISBN-10: 0674015584; ISBN-13: 978-0674024083

£16.95

Hardback

**Keywords** HRM, Fit, Justice, Worker

**Review DOI** 10.1108/00483480710822481

"Just Work" is an essay authored by Russell Muirhead from Harvard University's Government Department. The book offers a well-written and comprehensive contemporary view of meaning of work at both the societal and individual level. In this essay "work" is considered as common or social good as well as an internal or individual good.

This essay initially hinges itself around the question "Do we work solely because we have to or is "work" something more?" Muirhead suggests it is the latter, essentially arguing that work is more than an activity we engage in to pay the bills – indeed, he considers work as being something that "both expresses and forms who we are" (p. 13). In other words not only is work an instrumental activity, but it is also a means by which we define and possibly self-actualise ourselves: Work should be a source of fulfilment for the worker. For this reason Muirhead suggests a fit is required between the type of work we do and who we are. This notion is not new. It is something that academics and practitioners in the field of human resource management (HRM) are