Exploring the Change from Low-Trust to High-Trust Organizations

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Abstract

A growing body of literature point to the increasing importance of trust for organizations and for the explicit use of trust as a management tool. The explicit or implicit message in both management literature and research literature on trust as a management tool is that managers should pursue projects of personal and organizational change leading to high-trust organizations. In this paper I explore how we may understand this change towards high-trust organizations: What does it mean, what is the content of such a change, and what may be the consequences. I show that it is still rather unclear what the notion of high-trust organization actually means, and that the change process in the direction of high trust organizations involves not only a quantitative growth in trust, but may involve important qualitative changes in the organization, especially concerning the relations between management and employees. An especially important issue is the trust/self-control nexus. Following this analysis it may be argued that the distinction low versus high-trust is much more complex and involves radical changes in organizational culture and identity than assumed by most management literature on trust a new management tool.

Introduction

The theme of trust has attracted growing attention and an overwhelming literature argues for the increasing importance of trust in organizations. This development is visible both in the popular management literature on trust as a new management tool (Sprenger 2002; Bibb and Kouridi 2004; Ludwick 2005; Covey 2006; Ricci 2006; Mishra and Mishra 2008), as well in the research literature focusing on trust and organizations (Lane and Bachmann 1998; Zaheer, McEvily et al. 1998; Kramer 1999; Bachmann, Knights et al. 2001; Dirks and Ferrin 2001; Grey and Carsten 2001; Bijlsma and Koopman 2003; Den Hartog 2003; Fichman 2003; McEvily, Perrone et al. 2003; Nooteboom and Six 2003; Tyler 2003; Dirks and Skarlicki 2004; Kramer and Cook 2004; Möllering, Bachmann et al. 2004; Verkerk 2004; Lines, Selart et al. 2005; Six 2005; Bachmann and Zaheer 2006; Dietz and Hartog 2006; Long and Sitkin 2006; Möllering 2006; Khodyakov 2007; Six and Sorge 2008).

In the management literature an explicit argument is that high-trust organizations are better than low-trust organizations and that the explicit use of trust as a management tool is an efficient way to

manage to organizations of tomorrow by creating high-trust organizations that will outperform low-trust organizations. The same argument is found in the research literature, although it may most often be implicit (McEvily, Perrone et al. 2003; Nooteboom and Six 2003; Dietz 2004; Gillespie and Mann 2004; Verkerk 2004; Six 2005; Six and Sorge 2008). This raises several questions concerning trust in organizations: Why do we see this growing attention to trust in organizations?; Why may high-trust organizations be more effective than low-trust organizations?; What does this change process from low-trust to high-trust organizations mean?

The specific aim of this paper is to explore the heterogeneous body of literature on high-trust-organisations, aiming at understanding the process of change from low-trust to high-trust organizations.

In this paper, I argue that the notion of high-trust organizations is closely related to broader change process in organizations in the direction of new forms of organizations and management. High- trust organizations become important because organizations increasingly need committed, empowered and self-controlling employees. In 'modern' models of organizations and management employees are increasingly empowered and self-controlling actors (Spreitzer and Mishra 1999; Boltanski and Chiapello 2005).

The remainder of this paper is structured as follows. The paper presents and discusses three different perspectives on the notion of high-trust organizations. First, I present and discuss two important contributions on the distinction between low-trust and high-trust organizations by Alan Fox (Fox 1974) and Maartens Verkerk (Verkerk 2004). Second, I present the research literature that argues for the existence of qualitatively different forms of trust. Following this perspective high-trust organizations may be characterized by a relatively large amount of identity based trust. Third, I discuss the relationship between trust and new organizational forms arguing that trust is on of crucial elements in new organizational forms due to the active interplay of trust and self-control.

Low-trust and High-trust Organizations

The theme of trust has received much attention recently and an overwhelming literature argue for the importance of trust in organizations, both literature directed towards managers (Sprenger 2002; Bibb and Kouridi 2004; Ludwick 2005; Covey 2006; Ricci 2006; Mishra and Mishra 2008) and management and organizational research literature.

The distinction between low-trust and high-trust organization is explicitly discussed in one of the most popular management book on trust, *The Speed of Trust* by Stephen M. R. Covey (2006), where Covey a distinction between low-trust and high-trust organizations (Covey 2006, p. 237) summarised below. The basic difference seems to be related to radically different organizational cultures, especially in relation to communication and cooperation.

Though Stephen M. R. Covey may be applying the contrast between low-trust and high-trust more explicitly than most recent management books on trust, the high-trust organization seems to be seen as the ultimate goal for managers applying trust as a management tool. Nevertheless, except for this summary we are not informed more precisely on what constitutes the low versus high-trust distinction.

The low-trust and high-trust organization according to Stephen M. R. Covey (2006, p. 237).

Low-trust organizations	High-trust Organizations
• People manipulate or distort facts • People withhold and hoard information • Getting the credit is very important • People spin the truth to their advantage • New ideas are openly resisted and stifled • Mistakes are covered up or covered over • Most people are involved in a blame game, bad-mouthing others • There is an abundance of watercooler talk • There are numerous "meetings after the meetings" • There are many "undiscussables" • People tend to overpromise and underdeliver • There are a lot of violated expectations, for which people try to make excuses • People pretend bad things aren't happening or are in denial • The energy level is low • People often feel unproductive tension – sometimes even fear	• Information is shared openly • Mistakes are tolerated and encouraged as a way of learning • The culture is innovative and creative • People are loyal to those who are absent • People talk straight and confront real issues • There is real communication and real collaboration • People share credit abundantly • There are few "meetings after the meetings" • Transparency is a practiced value • People are candid and authentic • There is a high degree of accountability • There is palpable vitality and energy—people can feel the positive momentum

The importance of trust for recent organizations calls for a closer investigation of the implied change from low-trust to high-trust organization. What do the notions of 'low-trust' and 'high-trust' organizations actually mean? How can we understand the change process form low- trust to high-trust organization?

In this section we discuss the notions of 'low-trust' and 'high-trust' organizations? In the following section we discuss whether high-trust also involves qualitatively different forms of trust. But in this section we focus on the quantitative dimension of the low-high-trust distinction.

In the academic literature we find several different ways of conceptualizing low-trust and high-trust. In this section I look at a two contributions discussing the distinction between low-trust and high-trust organizations: Alan Fox's (1974) dichotomy distinguishing between low vs. high-trust dynamics, and . A the Dutch management researcher/manager Martens Verkerks (2004) more recent discussion of the low-trust and high-trust dynamics in organizations.

Alan Fox (Fox 1974) was, to my knowledge, the first to discuss the notion of low-trust and high-trust organizations explicitly. Fox based his discussion of low-trust and high-trust relationships on the distinction between low-discretion and high-discretion work. What is demanded of the subordinate in low discretion work is obedience and conformity. The requirement is that the subordinate adhere to the prescribed procedures and instructions laid down in the form of external controls that may take many different forms, technical, physical, and administrative. The low discretion work role is contrasted to the high discretion work role demanding a radically different form of behaviour most clearly visible in the changing form of control. While low discretion work typically is subject to external control high discretion work is not subject to formal control, but control is expected to come from within, in the form of self-control:

By contrast, performance of the discretionary content requires not trained obedience to specific external controls, but the exercise of wisdom, judgement, expertise. The control comes from within – it is, in the literal sense, self-control. The occupant of the role must himself choose, judge, feel, sense, consider, conclude what would be the best thing to do in the circumstances, the best way of going about what he is doing (Fox 1974, p. 19).

Alan Fox applies the distinction between low-discretion and high-discretion work to the characterization of two sharply contrasting work role patterns referred to as the low-discretion and high-discretion syndromes. *The low-discretion syndrome* is characterised by a) a perceived disposition on the part of super-ordinates to behave as if the role occupant cannot be trusted; b) the imposition of close personal supervision, specific impersonal rules, or other forms of systematic control generating a mutually reinforcing circle, leading to declining mutual trust; c) the imposition of tight coordination through externally applied standardized routines and schedules, ruling out the open unrestricted communication and interaction patterns appropriate for problem solving; d) An assumption that failures or inadequacies of performance result from negligence or insubordination;

and e) a tendency for conflicts to be conducted on group basis through bargaining, with an acknowledged divergence of interest (Fox 1974, p. 25-30 and p. 73).

In contrast the high-discretion syndrome is characterized by a) an assumption by super-ordinates of personal commitment on the part of the role occupant to the goals and values of the organization; b) freedom from close supervision and detailed regulation by specific impersonal rules. Self-discipline is achieved informally through pressures that colleagues exert upon one another; c) emphasis on problem solving and coordination by mutual adjustment, involving a relatively open network of communication and interaction, with those in super-ordinate or leadership positions being seen as supportive colleagues; d) a tendency for inadequacies of performance to be categorized as honest misjudgement rather than as derelictions of duty or insubordination; and e) the handling of disagreements on a basis of "working through" in the light of shares goals rather than on a basis of bargaining in the light of divergent goals (Fox 1974, p. 30-37 and p. 77).

While the low-discretion syndrome present a picture of the rank and file production worker who has little sense of being an expert; of commitment to a calling; of autonomy on the job; or of identification with the organization (Fox 1974, p. 29), in contrast, the high-discretion syndrome is suggested as an appropriate model for studying the work situations of occupational groups such as 'senior managers, functional specialists, doctors in hospitals or partnership practice, university teachers, research scientists, lawyers, architects, small élite military units, and top administrative groups' (Fox 1974, p. 36).

Fox stresses that general occupational categories as, for example steel workers, craftsmen, technicians and managers may contain significant differences in their job discretion. More generally he stresses that between the high-discretion roles and the very large number of low-discretion roles, lie a number of intermediate groups exercising a degree of discretion greater that the employees in low-discretion roles but less than the employees in high-discretion roles. They include some craftsmen; technicians; draughtsmen; supervisors; clerks; minor specialists; nurses; and many similar groups (Fox 1974, p. 37).

Fox raise the question: do low-discretion roles necessarily imply low-trust relations, and high-discretion roles high-trust relation? The short answer is that they do not. When employees in low-discretion work roles willingly submit to organizational values and goals and without resistance accept management actions we may find this combination of low-discretion and high-trust relations. High-discretion low-trust situation are just as well likely to be found in organization. Fox gives a

few examples of this combination. Some occupants of high-discretion work roles may, individually or collectively, be too powerful to be trusted fully by management to comply with organizational goals and values. One example, mentioned by Alan Fox, is the manual craftsman, another is the scientist or other professional who has much to offer top management in terms of expertise but who is thought to be less than wholehearted behind organizational goals and values.

The discretion-trust matrix (Alan Fox)

<center>**Trust**</center>

		Low	**High**
Low **Discretion**		**I. Low-trust dynamics:** Occupants of low-discretion roles perceive superiors in low-trust terms of divergent goals	II. Low-discretion, high-trust relations: Because of shared goals occupant of low-discretion roles submit willingly to the discretion exercised over them
High		III. High-discretion, low-trust relations: Management doubt whether employees in high-discretion roles are committed to the goals and values of the organization	**IV. High-trust dynamics:** Occupants of high-discretion roles perceive superiors in high-trust terms of mutual goals

Alan Fox concludes that the reason why low-discretion roles do not necessarily imply low-trust relations, nor high-discretion roles high-trust relations, has to do with whether goals are perceived as shared or divergent. In order that low-discretion work be accompanied by the full low-discretion syndrome and thus susceptible of characterization as a low-trust pattern, the occupants of such roles must perceive their situation as being due to management's distrust of their ability or willingness to pursue management's goals (Fox 1974, p. 96).

Nevertheless, Alan Fox find that generally low-discretion work roles may be expected to lead to low-trust relations and high-discretion work roles may be expected to lead to high-trust relations:

'That an association is likely to emerge between one's allocation of discretion and one's perceptions of being trusted or distrusted is plausible enough. To be endowed with high discretion suggests a belief on the part of superordinates that one can be trusted to exercise choice between alternative possible decisions in ways which, on balance, meet with their approval. Conversely, to be severely limited in discretion may lead one to

deduce that they do not have this confidence and that, to safeguard their interests, they feel driven to define one's role and its surrounding rules accordingly.' (p. 69)

The high-trust relationship has here been characterized as 'one in which the participants share certain ends or values; bear towards each other a diffuse sense of long-term obligations; offer each other spontaneous support without narrowly calculating the cost or anticipating any equivalent short-term reciprocation; communicate freely and honestly; are ready to repose their fortunes in each other's hands; and give each other the benefit of any doubt that may arise with respect to goodwill or motivation. Conversely, in a low trust relationship the participants have divergent ends or values; entertain specific expectations which have to bed reciprocated through a precisely balanced exchange in the short term; calculate carefully the costs and anticipated benefits of any concession; restrict and screen communications in their own separate interests; seek to minimize dependence on each other's discretion; and are quick to suspect, and invoke sanctions against, illwill or default on obligations' (Fox 1974, p. 362).

Alan Fox analyses closer the two forms of trust dynamics, low-trust and high-trust dynamics. What follows the disturbance of a given equilibrium depends on whether the disturbance takes a low-trust or a high trust direction. *Low-trust dynamics* is found to appear most commonly in the relations between top management and the occupants of low-discretion work roles. The low trust dynamics begins with one party initiating a change in the relations in a low-trust direction. The other may accept the change or counter it with low-trust responses. Low-trust dynamics is a process by which an imbalance of reciprocity is redressed by one side in a low-trust direction, leading to low-trust counter-moves by the other provided it has the necessary power.

The relationship between top management and the occupant of a high-discretion role can, according to Alan Fox, usefully be explored, with the aid of a model characterized as a reciprocal balance of high trust in which each bears towards the other a sense of diffuse long term obligation. The relationship between top management and the occupant of a low-discretion role, on the other hand, is one of imbalance of reciprocity (Fox 1974, p. 98).

The analysis of work discretion and trust relations by Alan Fox is, to my knowledge, the earliest example of a theoretical discussion of high-trust organizations. Though I do not agree with all of the points suggested by Alan Fox, I find that this work may inform the discussion on high-trust organizations in several ways. First, following Fox the growing importance of high-trust organizations may be related to a widening of the part of employees granted high-discretion work role. It is a characteristic of the present wave or organizational change that employees are granted

more and more discretion. Second, Fox point out the relation between high-discretion work roles and self-control, an issue that seems to be a key element in modern organizations. Third, Fox' analysis may remind us that organizations cannot be characterized as either low-trust or high-trust but may combine both low-trust and high-trust relations.

A more recent example of the analysis of the dualism of low- vs. high-trust dynamics in organizations is Maarten Verkerks (Verkerk 2004) ethnographical study of trust and power relations in two Dutch companies, one showing a low-trust dynamics and one showing a high-trust dynamics. What makes this study special is that Verkerk has been the manager of these two companies. Verkerk shows in detail how the companies have been subject to two radically different trust-power dynamics. In the first company we find some similarities to the low-trust mechanism described by Alan Fox but it appear that trust relations are differentiated between groups, so that medium-to-high trust relations are found within departments and low-trust relations are found between management and employees. In the second company high-trust relations between management and employees are accompanied by good cooperation in the management team.

Verkerk concludes by reinterpreting the two cases from the point of view of trust and power by constructing a trust - power matrix.

The power - trust matrix (Verkerk)

		Trust	
		Low	**High**
Low Employee power		**I. Low-trust dynamics:** Management struggle to control and de-power employees	II. Hierarchical organisations with shared goals. Unstable – move towards I?
	High	III. Unstable – move towards I?	**IV. High-trust dynamics:** Empowerment supports development of trust. Trust makes empowerment possible

The first quadrant is characterised by low-trust and low- power relations inducing a low-power dynamics. A key characteristic of this low-trust dynamics is found to be 'a continuous struggle of management to control and to de-power employees' (Verkerk 2004, p. 404). In response employees try to escape the controlling power of management and a low-trust-low-power spiral is fuelled leading to an organization with a low amount of total power. As a consequence, the effectiveness of the organization to solve problems, to continuously improve, and to adapt to the changing environment is rather low.

The fourth quadrant is characterised by high-trust and high-power relations. Trust makes empowerment possible and successful empowerment supports the development of trust leading to an upward spiral of trust and power. The high-trust-high-power dynamics result in an organization with a high level of total power.

The two remaining quadrants is characterised by an unequal level of trust and power leading to an unstable situation that, according to Verkerk, probably will disintegrate into quadrant I.

From the perspective of understanding what characterises a high-trust organization this study reveals that a high-trust organization is characterised by a high-trust-high-power dynamics. It appears that the evolution of trust and high-power dynamics are strongly intertwined. Trust fuels empowerment and successful empowerment fuels trust and an upward spiral of trust and power develops. Verkerk stresses that 'such an upward spiral of trust and power only evolves when both parties – management and employees – experience the development of trusting relationships and experience empowerment.

These two examples show that our understanding of high-trust organisations may be expanded by drawing on studies that explicitly explore the role of trust in organizations.

High Trust as a Qualitatively Different Form of Trust

A second perspective we will explore to understand the notion of high trust is to explore the proposed models of the development of interpersonal trust which assert that trust has different forms that develop and emerge over time (Lewicki, Tomlinson et al. 2006). In this section the most important models of the stages of trust development will be presented to explore how these different but overlapping categories can help us developing an understanding of what characterizes a high-trust organization.

The first model of different types of trust was proposed by Debra Shapiro, Blair Sheppard and Lisa Cheraskin (1992) distinguishing between three different bases of trust that leads to different forms of trust. Deterrence-based trust is grounded in whether the other will keep his or her words. The primary motivation for keeping their words is deterrence, defined as the existence of measures to prevent hostile actions. Deterrence-based trust (DBT) then exists when the potential costs of discontinuing the relationship outweigh the short-term advantage of acting in a distrustful way.

The second basis of trust is predictability leading to knowledge-based trust (KBT). This form of trust is grounded in the ability to know and understand the other well enough to predict their behaviour. Repeated and multifaceted interactions enhance understanding of the other so that the trustworthiness of the other may be predicted in different situations.

Finally, the highest order of trust assumes that one party has fully internalized the other's preferences leading to identification-based trust (IBT). Identification-based trust may be built as a result of joint products and goals and shared values.

Roy Lewicky and Barbara Bunker (Lewicki and Bunker 1996) operate also with three forms of trust: calculus-based (CBT), knowledge-based trust (KBT) and identification-based trust (IBT). Lewicki and Bunker was renaming deterrence-based trust as calculus-based trust in order to reflect that this type of trust in not only grounded in vulnerability but also in the benefits to be gained from the transactions involved in relationships. They maintained the labels for KBT and IBT and there seems to be no substantial difference between their definitions and the definitions presented by Shapiro et. Al.(1992).

Lewicki and Bunker explicitly argue that trust develops through three stages presenting a complex graphical model of that development, reproduced below. First, they assume that all trust relationships begin with CBT. The inference is that trust begins at zero, or even above zero. The formation of CBT begins through arm's-length encounters with the other where vulnerability, risk, predictability, and reliability are important issues. Repeated interactions, interdependence between the parties, and reputation serve to strengthen CBT.

Some relationships never develop past the CBT stage either because a closer relationship in not needed or because the information gained about each other makes further development unwanted. The movement from CBT to KBT occurs in extended relationships in which the parties come to know each other better. Through repeated and varied interaction the parties gain more knowledge about the other. Many relationships do not progress beyond an enhanced KBT.

The Stages of Trust Development—Lewicki & Bunker (1995, 1996)
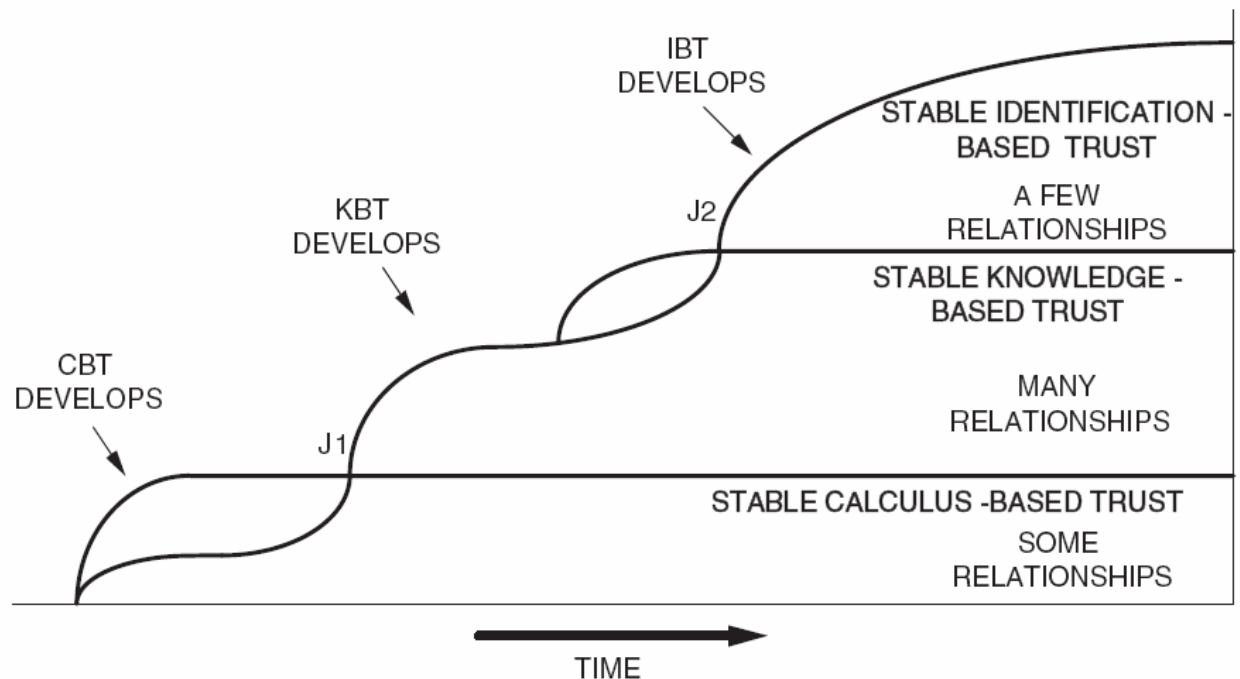
Source: Adapted from Lewicki and Bunker (1995).
Note: J1 = At this juncture, some calculus-based trust relationships become knowledge-based trust relationships; J2 = at this juncture, a few knowledge-based trust relationships where positive affect is present go on to become identification-based trust relationships.

The movement from KBT to IBT is a more pronounced transition and occurs only in a small subset of relations. The authors suggests that this development occurs both as the parties employ their building knowledge base to develop identification with the other and also as strong affect develops between the parties. Over time, the parties shift their orientation from focus on maximizing self-interest to a disposition toward maximizing joint outcomes. Lewicki and Bunker describe the transformation between the different forms of trust as "frame changes", fundamental shifts in the dominant interpersonal perception paradigm. The shift from KBT to IBT is one from simple learning about the other to a balance between strengthening common identities while maintaining one's own distinctive identity in the relationship.

Denise Rousseau, Sim Sitkin, Ronald Burt and Colin Camerer (Rousseau, Sitkin et al. 1998) has proposed a third model of different forms of trust. Rousseau et. Al. discuss the notion of deterrence-based trust and concludes that DBT 'may not be trust at all but may be closer to low levels of distrust' (Rousseau, Sitkin et al. 1998, p. 399). Instead they distinguish between two major forms of trust: calculus-based trust (CBT) and relational trust (RT) derived from repeated

interactions between trustor and trustee in which caring, concern, and emotional attachment have developed. Relational trust involves a broad array of resource exchange and entails a greater level of faith in the intentions of the other party. It is further argued that 'there is a tendency for repeated interactions to create expanded resources, including shared information, status and concern' (Rousseau, Sitkin et al. 1998, p. 400) giving rise to psychological identity. The authors explicitly links relational trust to the notions of 'affective trust' (McAllister 1995) and 'identity-based trust arguing 'identity-based trust is relational trust at its broadest' (Rousseau, Sitkin et al. 1998, p. 400).

In Tyler (Tyler 2003), deterrence-based, calculus-based and knowledge-based trust relationships resemble the concept of instrumental trust, whereas relational-based and identification-based trust relationships can be subsumed under Tyler's heading of social trust. McAllister (1995) distinguishes between cognitive-based trust and affective-based trust, where the latter can also be interpreted to include relational-based trust and identification-based trust (Rousseau et al., 1998).

Dietz and Den Hartog (Dietz and Hartog 2006, p. 563) elaborate further on the earlier works on stages/degrees of trust and argue that five such degrees can be discerned in the literature: deterrence-based (distrust); calculus-based (low trust), knowledge-based (confident trust), relational-based (high/strong trust), identification-based (complete trust). Between calculus-based trust and knowledge-based trust a threshold is crossed when suspicions recede to be replaced by positive expectations based on confident knowledge about the other party. We may say that real trust begins here.

Deterrence-based trust (DBT) cannot be termed trust in the way defined above, since it is grounded in deterrence and not in any positive expectations toward the relationship. Calculus-based trust (CBT) can be distinguished from deterrence-based trust because it focuses on what can be gained from the relationship and not only on the negative consequences of breaking the relationship. As indicated by the term, CBT is still instrumental in the way that focus is on what can be gained from the relationship. Dietz and Den Hartog (2006) suggest that this kind of trust is not "real trust", since it is characterized by suspicion towards the other part.

Knowledge-based trust (KBT) is grounded in knowing and understanding the other part, and hence in the predictability of the relationship. Relational-based trust (RBT) is more subjective and emotional and may develop through repeated interactions. Finally, identification-based trust (IBT) includes convergence of interests and a common identity.

Different forms of trust

Shapiro, Sheppard and Cheraskin 1992	McAllister 1995	Lewicki & Bunker 1995/96	Rousseau, Sitkin, Burt and Camerer 1998	Tyler 2003	Dietz & Den Hartog 2006
Identification-based trust	Affective-based Trust	Identification-based trust	Relational trust	Social trust	Identification-based (Complete Trust)
					Relational-based (High/Strong Trust)
Knowledge-based trust	Cognitive-based Trust	Knowledge-based trust	Calculus-based trust	Instrumental trust	Knowledge-based (Confident Trust)
		Calculus-based trust			Calculus based (Low Trust)
Deterrence-based trust					Deterrence-based (Distrust)

As mentioned above, Dietz and Den Hartog (2006) consider the movement from CBT to KBT to be a threshold crossed and the beginning of real trust. Tyler's discussion of instrumental trust versus social trust reveals a somewhat different threshold that lies between KBT and RBT (between instrumental trust and social trust). Tyler draws a very sharp distinction between predicting and understanding. Being able to predict what a person will do in the future is fundamentally different from understanding her intentions or motives. Instrumental trust is based on predictability of others, whereas social trust is based on inferences regarding the intentions of others. Increased knowledge that leads to predictability is very central to the movement from CBT to KBT. Even if the other is "predictably untrustworthy", predictability increases trust (Lewicki et al., 2006).

There seem to be some disagreement as to where "real trust" begins. KBT is according to Tyler (2003) based on instrumental considerations and therefore not fundamentally different from CBT. The important shift is from KBT to RBT, where the focus moves from outcomes to intentions. According to Lewicki et al. (2006) and Dietz and Den Hartog (2006), increased

knowledge about the other which leads to the shift from CBT to KBT is a very important step toward stronger types of trust, because focus is moved towards commonalities between self and other.

What interest us here is that there seems to be a widespread agreement that identification-based and relational trust is more pervasive types of trust. On the basis of these works on different forms of trust we may that high-trust organization may be expected to show rather high degrees of relational trust and identification-based trust.

High-trust and new organizational forms

A third perspective of relevance to understanding the notion of high-trust organization is the discussion of the relationship between high-trust relations and new organizational forms.

One of the first to point to the importance of trust for new organisational forms was Tom Peters who in his *Liberation Management* (Peters 1992) pointed to the challenge to bosses and workers. The employees should be 'liberated' from the limits put on their behaviour in the hierarchical organisation. According to Peters (1992, p. 481-482) the expectation in the liberated enterprise is that the average worker will be expected to:

- work in self-managed teams;
- shift team membership periodically;
- learn several, formerly "professionals only" skills;
- work constantly with customers and vendors;
- take the initiative consistently and invent improvement projects as a matter of course.

Tom Peters argues that trust is the 'X-Factor' this new form of 'liberated enterprise' depends on. Being in control in to days organizations is not having detailed control of everything that goes on in the organization, but in stead to be sure that all employees is doing their best for the customers and for the organization:

'In fact, you really *are* in control when thousands upon thousands of people, unbeknownst to you, are taking initiatives, going beyond job descriptions and the constraints of their box on the organization chart, to serve the customer better, improve the process, work quickly with a supplier to nullify a defect.' (Peters 1992, p. 466)

From a management perspective, new organizational forms, such as self managing teams, project based organisations, cross-functional collaboration have made monitoring increasingly difficult and unrealistic (Spreitzer and Mishra 1999). Gretchen Spreitzer and Anell Mishra also argue for the need to find new forms of control, asking how managers can keep from feeling like they are out of control without the traditional mechanisms for maintaining control? They propose that trust and two substitutes for trust may help managers to be willing to involve employees in decision making. The two substitutes include (1) obtaining and disseminating information on performance, and (2) aligning employee and organizational interest through reward systems (Spreitzer and Mishra 1999, p. 158).

The relations between trust and new organizational forms have been further elaborated by other researchers, for example by Creed and Miles (Creed and Miles 1996) who argue that within the network form 'trust requirements are high and the consequences of failing to them severe' (Creed and Miles 1996, p. 26). Further, Creed and Miles find that:

'… both across the firms within a network and within the various network firms, there is little choice but to consider trust building and maintenance to be as essential as control systems building and maintenance are viewed in the functional form'… The network form is designed to operate with jointly set schedules, individually monitored. If the parties do not trust another to perform and instead act according to this lack of trust, the form will fail.'(Creed and Miles 1996, p. 30).

Creed and Miles further argue that because the costs of trust failures are so visible in the network form, both scholars and managers appear willing to treat trust building and trust maintenance as normal and expected managerial behaviours. According to Creed and Miles, it is possible to infer the emergence of a new management philosophy, *the human investment philosophy*, which is radically different from the earlier managerial philosophies: traditional (1800), human relations (1890-1920), Human relations (1920-1960, and human resources (19960-1990) (Creed and Miles 1996, p. 21). The human investment model is based on two basic assumptions (Creed and Miles 1996, p. 31):

1. Most people not only want to contribute, but they also have the potential to continually develop their technical skills, their self-governance competency, and their understanding of business issues; and

2.   Most people are both trustworthy and anxious to be trusting in their relationships. They can and will develop broad interpersonal and inter-organizational interaction skills.

Although the network organisation form is still evolving and the final shape of supporting managerial philosophy in not yet visible, Creed and Miles find that the form demands a high level of initial trust, and that its evolution and effectiveness depend on a continuing willingness to expand trust and trust-building investments (Creed and Miles 1996, p. 32).

In contrast to the other forms, according to Creed and Miles, in the network form, investing in trust is found to occur at all levels of the organization. In more traditional organisational forms the consequences and the corrections for a trust deficit are more manifest at the interface of senior management and functional specialists (the functional form), of senior management and division executives (the divisionalised form), and between senior management and project teams (the matrix form).Creed and Miles concludes by stating that 'alternative forms have, we believe, clear trust requirements, and managerial philosophies have clear levels of implied trust' and argue further that recognition of the explicit trust requirements of alternative organizational forms should give trust the economic substance it always deserved but seldom received (Creed and Miles 1996, p. 34-35).

Luc Boltanski and Eve Chiapello (Boltanski and Chiapello 2005), based on their analysis of management literature from the 1990s, also argue that trust has become an increasingly important notion for organizations:

'With the decline of close monitoring by superiors, we witness the rapid development in management literature (as in microeconomics) of the theme of *trust*. Trust is what unites the members of a team, a firm with its leader, the coach with the person he supports, or the partners in an alliance. Trust is a sign that the situation is under control, since people only place it in someone who they know will not abuse it, who is predictable, who says what he means and means what he says. Neo-management lays great stress on the need to develop this type of relationship, on the need for people to be worthy of trust themselves, and on the need to dismiss those who betray it.' (Boltanski and Chiapello 2005, p. 83).

An interesting argument by Luc Boltanski and Eve Chiapello which is of particular importance for this paper, is that 'trust is in fact the other term for self-control, since it designates a trustworthy relationship where the only mechanism that exists is the pledged word and moral contract' (Boltanski and Chiapello 2005, p. 83).

Luc Boltanski and Eve Chiapello (Boltanski and Chiapello 2005) also link the rising importance of trust in organizations with changes in the control of employees. Boltanski and Chiapello argue that the only solution is 'for people to control themselves, which involves transferring constraints from external organizational mechanisms to people's internal dispositions, and for the powers of control they exercise to be consistent with the firm's general project. The development of self-control as the new key element in organizational control is, according to Boltanski and Chiapello, the most important change in recent management:

'Oversimplifying, the transition form control to self-control, and the externalization of control costs formerly met by organizations on to wage-earners and customers, may be regarded as the most significant features of the evolution of management in the last thirty years.'(Boltanski and Chiapello 2005, p. 81)

Trust is, according to Boltanski and Chiapello, a sign that the situation is under control, since people only place it in someone who they know will not abuse it, who is predictable, who says what he means and means what he says. 'Trust in fact the other term for self-control, since it designates a trustworthy relationship where the only mechanism that exists is the pledged word and moral contract.' (Boltanski and Chiapello 2005, p. 83).

Boltanski and Chiapello, based on their reading of management literature, argue for a close link between trust and self-control in new forms of organisations. The importance of self-control is also pointed out as the distinguishing element of new forms of organizations by Douglas Creed and Raymond Miles (Creed and Miles 1996), as we saw above. Summarising the new managerial philosophy, they find the basic expectation that '[m]ost people can exercise far more creative, responsible self-direction and self-control than their present jobs demand' and therefore 'expanding subordinate influence, self-direction and self-control will lead to improvements in operating efficiency' (Creed and Miles 1996, p. 22).

Following up upon these points I will argue that the relation between trust and self-control in new forms of organisations form a duality since trust and self-control 'each assume the existence of the other, refer to each other and create each other, but remain irreducible to each other' as Guido Möllering (Möllering 2005, p. 284) argue in relation to the trust and control-duality.

I will argue that in new organizational forms the most important change in the form of control is that the 'trust/control duality' in new forms of organisations then takes the form of a 'trust/self-control duality'. In order to advance self-control by employees management must start trusting employees, empowering them (Verkerk 2004), and accepting that they occasionally make wrong decisions. This initial trust in employees has to be met by employees actually being worthy of trust.
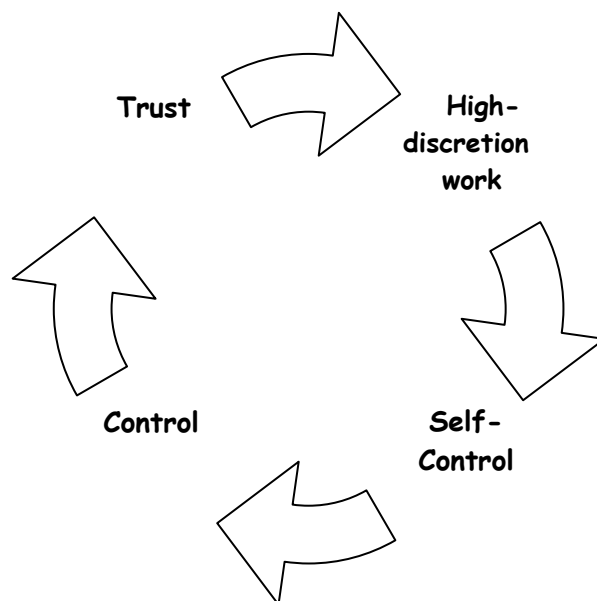
Following this line of thought, we may argue that the implicit or explicit expectation of employee commitment has increased significantly. Controls may still exist, but will to a higher degree take the form of input control and/or output control, instead of process control.

Understanding the change from low-trust to high-trust organization

Based on the analysis of three aspects of the change from low-trust to high-trust organizations: the meaning of the notion of high-trust organization; the qualitative different forms of trust; and the discussion of the importance of trust for new organizational forms, we will summarize the implications that may be drawn concerning our understanding of change from low-trust to high-trust organisations.

The discussions of the distinction between low-trust and high-trust organizations by Fox and Verkerk show that high-trust organizations develop in close relation to the allocation of employee discretion and decision power. High-trust organizations is characterised by a high-trust-high-power dynamics. The change from low-trust to high-trust involves a radical shift in the trust-power relations between employees and managers that to a high-degree is dependent on management initiative.

The discussion of qualitative different forms of trust revealed that high-trust organizations may be expected to present a relatively high level of relational and identification-based trust in relation to other forms of trust, e. g. calculus-based trust.

Last, it was argued that trust play a new and very central role in new forms of organizations because of the intertwining of trust and self-control. With the expansion of high-discretion work roles to the majority of manual workers in many organizations management trust in employees is not only a possible management choice but rather a necessary condition for the organization to work properly. The 'liberating' effect of management trust is balanced by the development of self-control performed by the individual worker, the team or the project group. Control is not absent but is now working in the background. While the important issue once was how to supplement or to complement control with trust, the new key issue for organization is how the duality of trust and self-control, actually is developing in the organization.

The management literature may be correct in pointing out that high-trust organizations may have a competitive advantage in many industries and that management to a high degree determines whether an organization is developing towards a high-trust organization. Instead of focussing primarily on management action as the most important aspect of the change process, this paper may show that the focus should instead be on the trust/self-control nexus, especially on the interplay of management trust and self-controlling employees.

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