SPECIFIC FEATURES OF HIGH-TRUST ORGANIZATION.
CASE STUDIES OF ROMANIAN COMPANIES

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ABSTRACT
This paper enlarges on the concepts of organizational trust and trust organization, respectively high-trust organization, as outlined in the devoted literature since 1990. Relying on the progress made in the research of these concepts in other countries, our aim is to examine the organizational culture developed in some Romanian companies based on the rating criteria of organizational trust, in order to determine the extent to which the features specific to high-trust organizations can be identified in Romanian companies.

In the current stage of our research, we have conducted a series of case studies to support the future design of a questionnaire, for the purpose of organising a sociological survey as a future step. We used the elements of an established model in the scholarly literature, which we intend to customise and apply to Romanian companies. The conclusions deriving from the researched cases give us reason to believe that the development of an organizational culture is perfectly attainable, based on a high level of trust in the respective companies.

The ultimate goal of our undertaking is to improve the education of the students specialising in Economics and Business Administration, in view of building a high level of organizational trust in the future employing companies.

KEYWORDS: Concern for Employees, Openness and Honesty, Organizational Competence, Organizational Trust, Reliability and Efficiency.

JEL CLASSIFICATION: M (Business Administration and Business Economics; Marketing; Accounting); M5 (Personnel Economics); M53 (Training); M54 (Labor Management)

1. INTRODUCTION

The relationship between organizational culture and national culture is a part-to-whole ratio, despite the strong influence exercised by the parent company on companies with foreign or mixed capital. Organisational trust is determined by the confidence in the national economic situation, by the safety of jobs and the labour market, by the social security system, etc.

The cases of “vanishing” companies, the troubles which mark the national education, scientific research and healthcare systems, the lack of care for institutionalised children, for the elderly, etc. determine entire categories of citizens to leave the country in search of jobs, personal recognition and decent working conditions and lifestyle.

The extended economic crisis currently triggers the restriction of emigration opportunities compared to the 1980’s – 2000’s, when countries such as Canada, Australia, Northern Ireland and even Western-European countries encouraged immigration for certain professional categories. In this context, the issue of organizational and national trust becomes even more stringent for the time being.

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2. LITERATURE REVIEW

Post-1990 literature brings to the forefront concepts such as organizational trust, trust organization and respectively high-trust organization. Major works are built around case studies of companies all over the world (Europe, USA, Australia, India, Japan), and research the extent to which high-trust organization specific features can be identified in such companies.

The idea of trust is included and analysed as one of the key drivers for the efficiency of an organization, for the service quality and performance of its members, for the good relationship maintained with business partners and company staff; conversely, these are counterbalanced with the negative effects and poor outcomes of lower-trust organizations (see, for example, Shockley-Zalabak at al, 2010; Kramer (editor), 2009).

The wealth of studies devoted to organizational trust and the extensive research on this topic owe to the crisis occurred in this area after 1990. Both in the private and public environment people’s trust in institutions and organizations dropped dramatically. In Rodrick M. Kramer’s work (2009, p. 8-11) we find a full list of American authors who assert the existence of the crisis and offer various explanations for its occurrence and continuation. Research conducted in 1994-2004 proves with undeniable data the existence of a crisis and attempts to identify ways to overcome the situation. For example, 75% of Americans stated that they trusted the federal government in 1964, while opinion polls in 1990 showed a mere 25% confidence level. During the same period the confidence of the American nation in universities also dropped from 61 to 30%, in healthcare institutions – from 73 to 29%, in journalists – from 29 to 14%, in large companies – from 55 to 21% (after Nye, 1997).

The different definitions of organizational trust that we found in the devoted literature refer to:

- “expectation…of ethically justifiable behaviour - that is, morally correct decisions and actions based upon ethical principles of analysis” (Hosmer, 1995, p. 399);
- strategic and calculative dimensions of trust within organizational and institutional settings: trust is “…anticipated cooperation”, …the “issue isn’t moral …it is office politics” (Burt and Knez, 1996, p. 70).
- Trust is fundamentally a psychological state (Hardin, 2002, apud Kramer, 2009, p. 3).
- Trust is characterized as the “undertaking of a risky course of action on the confident expectation that all persons involved in the action will act competently and dutifully” (Lewis and Weigert, 1985, p. 971).
- Trust is defined as a person’s “expectations, assumptions, or beliefs about the likelihood that another’s future actions will be beneficial, favourable, or at least not detrimental to one’s interests (Robinson, 1996, p. 576).
- Other influential definitions construed trust as a more general attitude or expectancy about people and/or the social system in which they are embedded (Garfinkel, 1963; Luhmann, 1988).
- Trust is characterised as a set of “socially learned and socially confirmed expectations that people have of each other, of the organizations and institutions in which they live, and of the natural and moral social orders that set the fundamental understandings for their lives (Barber, 1983, p. 164-165).

Trust need to be conceptualized as a more complex, multidimensional psychological stat that includes, at the very least, consideration of its affective and motivational components (Cummings & Bromiley, 1996; Kramer, Brewer & Hanna, 1996; Lewis & Weigert, 1985; McAllister, 1995; Tyler & Degoe, 1996).

Although cognitive models of trust provided a necessary understanding of trust-related phenomena, they do not provide a sufficient one. For example, trust clearly embodied also, they suggested, aspects of the “world of cultural meanings, emotional responses, and social relations … one not only thinks trust, but feel trust” (Fine & Holyfield, 1996, p. 25).
Concerned about the conceptual morass into which the trust literature had devolved, several organizational researches argued the usefulness of conceptualizing trust in term of individuals’ *choice* behaviour when confronting various kinds of trust dilemma situations (Arrow, 1994; Hollis, 1998; Kreps, 1990; Miller, 1992).

Advantages of conceptualizing trust in term of choice are: (1) such decisions are observable behaviour and (2) organizational theorists possessed a well-developed conceptual for pursuing the theoretical and empirical implications of trust-as-choice (Hollis, 1998; March, 1994).

There are two contrasting images of *choice*: (1) choice construed in relatively rational, calculative terms - *rational* choice perspectives - from sociological (Coleman, 1990), economic (Williamson, 1993), and political (Hardin, 1992; 2002), theories; (2) an image which afforded more weight to the *social* and *relational* underpinnings of choice in trust dilemma situations.

From the perspective of rational choice theory, decisions about trust are similar to other forms of *risky choice*: individuals are presumed to be motivated to make rational, efficient choice (i.e. choices that maximize expected gains or minimize expected losses from their transactions). Choice is motivated by a “conscious calculation of advantages, a calculation that in turn is based on an explicit and internally consistent value system (Schelling, 1960, p. 4).

Conception of *encapsulated trust* – a rational account of trust includes two central elements:
- the knowledge that enables a person to trust another;
- the incentives of the person who is trusted (the trustee) to honour or fulfil that trust.

Individuals can trust someone, if they have adequate grounds for believing it will be in that person’s interest to be trustworthy “in the relevant way at the relevant time” (Hardin, 2002, p. 153). “You can more confidently trust me, if you know that my own interests will induce me to live up to your expectation. Your trust then encapsulates my interests” (Hardin, 1991, p. 189).

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*Numbers indicate statistical significance (p < .01). Standardized path parameters range from 0 to 1.00. The higher the number, the stronger the dimension is a predictor. Statistical significance at the .01 level means there is only a 1 in 100 chance that the findings were by chance.*

**Figure 1. Model of Organizational Trust, Job Satisfaction and Effectiveness**

*Source: Shockley-Zalabak at al, 2010, p. 28.*
High-trust organizations have increased value, accelerated growth, enhanced innovation, improved collaboration, stronger partnering, better execution, and heightened loyalty (Shockley-Zalabak at al, 2010, p. 2).

The global financial crisis that began in 2008 produced a history-making example of distrust, a situation we describe as a sweeping and almost unprecedented “trust crash.” The bond between creditor and borrower is built on trust and believing in one another. Indeed, the word credit originates with the Latin term, credo, meaning belief (after Shockley-Zalabak at al, 2010, p. 5).

According to the same authors, each company can design its own growth model based on employee trust (from top management to the lowest ranks in the scalar chain), on investor and stakeholder trust (shareholders), on customer and business partners trust and satisfaction.

The importance of building this model is convincingly argued based on the undesirable effects of lower trust, which translate as: (1) high costs caused by conflicts in the organization and by the “us against them” approach instead of teamwork; (2) low efficiency due to lack of motivation for higher work productivity; (3) fear and destructive behaviour; (4) escalation of any type of crisis (after Shockley-Zalabak at al, 2010, p. 5-10).

On the other hand, building a system based on a high level of organizational trust entails: Competence; Openness and Honesty; Concern for Employees/Stakeholders; Reliability; Identification with the company (after Shockley-Zalabak at al, 2010, p. 26).

These are the five keys of organizational trust, which can determine a high level of Job Satisfaction for employees correlated with the Effectiveness and Efficiency of the business (see figure 1).

3. CASES STUDIES OF ROMANIAN COMPANIES

Up to this point in our research work we have not studied the notion of organizational trust, within the meaning assigned by the cited authors, and how it occurs and operates in Romanian companies. However, starting from 1995, there are studies regarding the culture of some organizations, and we have documented and reviewed these cases together with the Master’s students in Business Administration from a large university in Transylvania (Romania).

In the comprehensive and well-documented work cited above (Building High-Trust Organization), the authors directly link the model of organizational trust to organizational culture and to the communication process established within the organization (Shockley-Zalabak at al, 2010, p. 36-44; 92-96; 162; 190-194 a.s.o.).

Our results point to the fact that the study of organizational culture gives us the opportunity to complete the Shockley-Zalaback model (named after the first author of the work where it is presented) and to further detail some matters of extreme importance in the Romanian economic environment of the last decades.

None of the companies surveyed was disclosed the real name in the study, only specific characteristics useful to the research topic (this was the condition imposed by the suppliers of information).

The objective of our study is to identify the elements found in the model of building high organizational trust (Shockley-Zalabak at al, 2010) within the surveyed companies, and those elements which would allow us to define and document what is specific to the Romanian economic environment.

Considering the various patterns of organizational culture, we started from the hypothesis that the model of high organizational trust can also be built in our domestic companies, since many important elements of the model have already been developed or are currently underway.
3.1. Presentation of the case studies
In the companies that we surveyed the main elements which supported the development of organizational trust that we consider worth mentioning and can be summarised in the limited space of this paper are the following:

3.1.1. A construction company founded and developed by a Romanian expert owes its growth to the trust-based relationship established between the employer and employees, due to the management concern for preventing and resolving conflicts. Considering the nature of the construction activity where the work conditions depend on outdoor temperature (too low or too high) and where the risk of injury is significant, the company management cared enough to include well-deserved breaks in the work schedule, to implement a bonus scheme for employees, to provide a hot meal for lunch break and to observe occupational safety regulations.

3.1.2. A Romanian company specialising in iron and steel metallurgy, bought by an investor from South America, based its growth on human resources competence. The company was rather efficient before privatization as well, but the trust in the organization increased significantly afterwards thanks to the e-learning system that was implemented to enhance employees’ competence and trust in competence (idea highlighted in the paper from which we borrowed the high-trust model). Moreover, an important part was played by the occupational safety system implemented and rigorously controlled, whose usefulness has been neglected beforehand. For the higher educated staff an important motivator was the professional training organised at the headquarters company.

3.1.3. A pharmaceutical distribution company reached very high in the line of organizational trust thanks to the professional training programmes organised in Romania, following the example and rigour of the headquarters company based in France. Another important factor was the remuneration system which employees perceived as fair and just, establishing a strict interdependence between employees’ performance and their earnings. All the company’s pharmaceutical distributors have higher education degrees and professional certifications, and strongly appreciate the team buildings organised by the company to strengthen the personal relationship between employees and between employees and company management. The competences thus embedded into the company (and the “encapsulation” of interests) lead to increased satisfaction in the work performed and employee identification with the company. Finally, we must not omit the knowledge management practised by the organization. Some experts highlighted, in light of practical studies conducted on Western European companies, the advantages brought to the organizational environment by collaboration, to the detriment of competition (Dygert & Jacobs, 2006). Where the transfer of knowledge is encouraged, employees’ collaboration gives rise to what the cited authors call “the progress area”, more specifically an increase in work productivity at the level of the entire company through the increase of organizational competence (Dygert & Jacobs, 2006, p. 127-130), which was also achieved in the company presented herein.

3.1.4. Two companies, one operating in constructions - building services and one in tourism, built their employees’ trust and loyalty based on quality, competence, concern for the customer, good organization, as well as affiliation to the same religious community. The yard of this construction company accommodates an Orthodox church and the employees, their children and relatives attend the religious services offered here, weddings, baptism ceremonies and other specific functions. The activity of the company is well organised, the quality of the services is rigorously controlled, law and ethics are consistently observed, as opposed to the national business
environment which is marked on a large scale by fiscal evasion, illegal employment and many other irregularities.

All the employees of the tourism company belong to a closed religious community, which contributes to their level of trust in the organization and to a moderate level of fluctuation. **Professional development** is one of the chief goals, in close relationship with the quality delivered to the customer. An open-ended contract is in place with a training company which conducts verifications on a regular basis and with the occasion of the special events organised by the company (weddings, dinner-parties, love feasts). The training programmes are designed according to the issues found by the trainers during such verifications. Moreover, the company is highly preoccupied to implement the changes required to address the customers’ ever-changing demands, and the **employee promotion** policy is incremental, allowing one hierarchical step at a time, in order to deliver qualitative services to the customer, to reinforce competence following the through training activity and to increase employee trust in competence.

3.1.5. There are also cases which reveal issues generated by the **differential treatment** between the employees of subsidiaries and those of the parent company and other inequities which dramatically decrease the trust in the organization and its management.

This is the case of a software company based in Germany which provides good working conditions, a good salary package with employee benefits (the company pays the travel expenses to the workplace, membership fee to a fitness centre, meal vouchers for a catering company) compared to the general conditions encountered on the Romanian economic scene. However, a training programme at the parent company, highly coveted initially by the new employees, revealed some inequities which revolted the Romanian employees. For example, the work schedule in the Romanian company started at 8 or 9 A.M. and ended at 8 or even 8 P.M., depending on the business needs, whereas at the headquarters the work schedule was no longer than 8 hours, and the degree of work difficulty was lower. More importantly, the salary was 3-4 times higher for German employees than for their Romanian counterparts.

3.1.6. In the case of a company which we diagnosed in terms of organizational culture according to the method devised by Cameron and Quinn (2006), we reached a conclusion which in our opinion is significant for employee trust in the organization and for their need of stability, safety and socialising.

As per the method of the two authors, the company personnel completed a questionnaire and the results were correlated with a model according to which the existing and the desired organizational cultures were classified under four categories reflecting its orientation: clan, adhocracy, hierarchy and market (Câmpeanu-Sonea & Sonea, 2011, p. 197-204). In our case, the results were: existing culture – **market oriented**, the culture preferred by employees – **clan oriented**.

In light of the results, the next step would be to steer the company towards creating a **clan culture**, as desired by the members of the organization. The clan culture would provide (according to the theory and method used by us) an incentive and a framework for growth based on employee involvement, team work, innovation, efficiency and effectiveness.

Save that the top management of the company in question was not keen on the measures entailed by such change, nor was a large part of the remaining employees. These measures would have triggered fundamental changes in many areas: participation in the decision-making process, promotion policy and other **employee incentives**, the control system and particularly **self-control**, participation to results, internal regulations (and especially **disciplinary action**), employment contracts and other issues related to the relationship between employees and between superiors and subordinates in particular.
In a study conducted on another company, the result of applying the Cameron & Quinn model revealed a similar situation: the two types of culture were also market oriented (the existing one) and clan oriented (the one desired by employees). It also resulted clearly that the adjustments required by a change in culture would affect the level of the company’s outcomes and employees’ earnings, which in the current context of the Romanian economy are in the forefront and prevail over other motivating factors.

3.1.7. Finally, a last series of cases: banks. We researched many financial institutions since many of the students with whom we worked carried out projects and assignments in the banks where they were already employed.

With banks, the issue of customer and employee trust in the organization represents a special situation. Customer trust in the company is assimilated to the quality and usefulness of the service, and employee loyalty is an essential part of the job description.

Employees undergo professional development and organizational integration programmes to identify with the bank’s needs and objectives and to build good relationships with the customers, in order to achieve the ultimate goal of building customer trust. On the other hand, employees’ training also includes methods to manipulate the customer instead of providing fair and loyal banking advice, which leads to a low level of trust and reserves in keeping money in banks and taking out loans, but also to dramatic cases, where gullible and misinformed individuals end up suffering great financial loss.

A similar situation is encountered in the case of insurance companies and even providers from other fields of activity (mobile telephony, for example), where the company personnel seeks to conclude advantageous contracts for the company to the detriment of the client. Customer trust is severely damaged by unfortunate experiences, which makes Romania one of the few countries where people resort extremely rarely to the insurance system, and with mobile phone companies (which they use even beyond necessities) there are always rounds of contract negotiations and re-negotiations.

3.2. Comments on the above case studies

The five keys of the Shockley-Zalaback model can be identified in our case studies to an extent that we can only approximate, since these studies are qualitative and not quantitative in nature.

3.2.1. Thus, the issue of competence is attached a particular importance in all the case studies, even if the methods used to achieve competence are different. What is worth noticing is the manner how the supplier’s competence correlates with the service quality and ultimately with customer trust and satisfaction.

In order to achieve business effectiveness and efficiency this correlation must exists, not only for moral considerations, but also for strictly economic ones. The customer deceived in its expectations may enter into an agreement later proved disadvantageous, but will never return to the company which exhibited a disloyal behaviour, or even terminates the non-satisfactory agreement. This means negative effects on the continuity of the company’s business and efficiency on medium or long term. Also, the employee trained to manipulate the customer will be tempted to deceive its superiors or employers as well, and in time will grow dissatisfied with this activity. Finally, we should also add that every employee is in its turn a customer for another company or may work or even become investor in other companies, and ultimately the manipulation training can turn against the trainer.

3.2.2. For the correlation of competence and efficiency the collaboration versus competition relationship within the company is important. In these context we consider of extreme importance the theory according to which competition should be taken outside the company and make room for collaboration within the company (Dygert & Jacobs, 2006, p. 128-130). Increasing work productivity by increasing performance based on knowledge management is one of the patterns found in the high-trust model and also identified in our case studies.
The performance of any group of individuals is distributed around the mean value of the group (according to Gauss’s probability law or Gauss’s “bell curve”). The majority of a population studied in relation to a given characteristic is positioned around its mean value or in its close proximity.

On the one hand, collaboration-based knowledge management drives higher performance for those with an advanced level of training, and on the other hand raises the standards for all the employees, while the mean value will also rise along with the progress of the organization.

![Diagram showing the relationship between performance evolution, type of culture, and employees number with a shaded area labeled Progress Area.](source)

**Figure 2. Progress Area**

*Source: Ch. B. Dygert, R. A. Jacobs, 2006, p. 130.*

Throughout this process the “bell curve” will narrow, increase in height and shift to the right, as shown in figure 2. The distance between the median lines of the two curves, the initial one and the one modified by the learning process is the “progress area” in the activity of the organization.

3.2.3. Even if competence plays a critical role in increasing competence, in the model outlined in figure 1, higher coefficients in the relationship with work satisfaction and effectiveness are, in descending order: concern for employees/stakeholders, openness and honesty; reliability and identification with the company. In the case of the Romanian companies, we consider that another “keys” that may also be relevant for employees and enhance their trust in the organization and motivation is the religious community, among others.

The construction-building services company referred to above grew in a span of 14 years from 5 to 500 employees. It is nevertheless true that the rapid and constant rhythm of growth relied on an increasing number of orders each year thanks to the quality, reliability, efficiency, order and discipline for which the company is recognized and appreciated by customers, suppliers, business partners and even market competition. But competence, reliability and discipline also had a “brother in arms” in the minister who pastors the church in the company’s yard.

The tourism company described within the same context operates with human resources “selected” according to religious beliefs, which advise human beings to be reliable, hardworking and loyal. The outstanding results translate as high proficiency and quality of performance, high effectiveness and efficiency, thanks to which the client base grew constantly and the company underwent a rapid development path.
3.2.4. The profile of the market organizational culture (as outlined in the Cameron & Quinn, 2006 classification) presents positive features for the efficiency of the business activity: outward oriented (customers, suppliers, authorities), result oriented, goal oriented. The organization relies predominantly on economic mechanisms, and the competitive edge is achieved by transactions (contracts, sales, exchanges). The company management is concerned with increasing work productivity in order to yield better profit. It encourages competition and the competitiveness of results, it promotes aggressive strategies and defines success in relation to the market share. The bond of the organization lies is the orientation towards gains.

But employees’ preference for the clan oriented culture proves that the members of the organization feel the lack of efficiency in terms of team work, human resource orientation, focus on internal flexibility and moral values. The company management feels the lack of a participatory decision making system and employees’ commitment to the organization. Moreover, the organizational bond is poor due to lack of loyalty, tradition, communication and human resources development.

4. CONCLUSIONS

Similarly to the Shockley-Zalabak model, a fundamental role in building organizational trust in our case studies is played by the concern for employees/stakeholders, openness and honesty; reliability, which also lead to enhanced service quality and benefits in term of company results and growth. Professional training and development are highly rated and perceived as a personal advantage and a driver by employees. Competence also builds trust in the organization, as the employees use the newly acquired skills and abilities to bring customers to the business and to increase sales, contributing thus to the company’s efficiency and growth.

As pointed out in the Shockley-Zalaback model, but also by other authors concerned with organizational trust, in our case studies the psychological aspects have an important weight in building and developing high-trust (elevated level of trust). But there is a very close link with the economic and social aspects, and financial factors have a decisive role.

Organizational competence and the relationship with the client

![Organizational Competence Diagram](image-url)

Organizational main objectives:
- Quality of the service to the client
- Marketing and study of the customer behaviour
- Intern marketing and good relation with the employees
- Continuous and good relationship with the client

Figure 3. Organizational Competence and the Relationship with the Client
Authors’ vision
Risk-related aspects and the choice of the best decision are also encountered in our case studies by encapsulated interests, individuals showing trust to the employers who care for them, who exhibit honesty and openness to dialogue, but the reliability and identification with the organization are rated in accordance with the level of remuneration and fairness in establishing financial entitlements.

Competence at organizational level is closely related to the capability of such organization to develop an efficient knowledge management to the advantage of service quality, for financial results enabling a smooth operation of the business and for a just talent management (see figure 3); in other words, to attract suitable work force to follow through the business goals and to retain all the employees who ensure a satisfactory level of performance in the workplace.

However, at the foundation of a proper business evolution lays the relationship with the service user. Lack of consumer satisfaction, of trust in the company and its employees is a threat not only to the effectiveness and efficiency of the activity, but also to the continuity and life of the respective business.

We consider that the results validate our hypothesis and in the next step we will measure, based on a quantitative study, the confidence level and the coefficients corresponding to the five keys of the model, as well as their influence on job satisfaction and on the effectiveness and efficiency of the business activity.

**Future area of research**
In this stage of our research we only reviewed a few cases to be able, based on the results, to design a questionnaire for a further sociological survey. We will carry out a quantitative study which will enable us to re-enact the Shockley-Zalaback model for our domestic companies.

The ultimate goal of our undertaking is to improve the education of the students specialising in Economics and Business Administration, in view of building a high level of organizational trust in the future employing companies.

**Research limitations**
The case studies were conducted across different time periods and based on different types of questionnaires, which makes it difficult to draw comparisons and a set of unitary and complete conclusions. Moreover, a measurement of the indicators included in the model will only be possible from here on, based on a quantitative study.

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