

Conceptualising a multi-level integrative model for trust repair

Abstract:

Trust in business is at an all-time low due to a continuous stream of high profile scandals and wrongdoings. Businesses affected by trust erosion must repair this trust to survive. Conceptualising a model for trust repair based on the integrative framework proposed by Bachmann et al. (2015), this paper suggests the inclusion of four moderating variables to aid selection, implementation and success of six key trust repair mechanisms. Moderating variables incorporated are: stakeholder attributes; type of trust relationship; cause of trust erosion; severity of trust erosion. In so doing, this paper contributes to understanding how the effectiveness of trust repair mechanisms can vary in different contexts, and the need to select appropriate trust repair mechanism(s) dependent on audience and source of trust erosion. Operationalising this model will benefit managers across a range of business sectors by signposting them to trust repair strategies fitting for their customers and situation.

Keywords:

Trust erosion, multi-level trust repair, trustworthiness dimensions.

Track:

Relationship Marketing

1. Introduction

Trust in business interactions is essential as it helps build and cement stakeholder relationships, engendering positive word of mouth, and open and honest communication (Zahra, Priem, & Rasheed 2005). Trust promotes customer and employee loyalty (Dirks & Ferrin 2002); facilitates efficiency and innovation through enhanced knowledge exchange and cooperation (Mayer & Gavin 2005); and increases revenue via reduced monitoring costs and transaction costs (Bromiley & Cummings 1995), and via cross-selling and up-selling (Stevens, MacDuffie, & Helper 2015). As such, “understanding how trust is built, supported and recovered is a critical competency for any organisation” (Dietz & Gillespie 2012, p.4).

In recent times, a continuous stream of high profile scandals and wrongdoings has caused widespread erosion of trust in many well-known brands and organisations (Li & Wei 2016). The 2017 Edelman Trust Barometer revealed that trust in UK business is at an all-time low (< 50%) (Edelman 2017). Recent causes of trust erosion in the UK have included product and service malfunctions (e.g. overheating of Samsung batteries); cyber-attacks (e.g. the NHS ransomware attack); employee mistreatment (e.g. at warehouses operated by JD Sports); accidents causing death or injury (e.g. on a ride at Drayton Manor Theme Park); deception (e.g. concealing of Volkswagen emissions); and mis-selling of products and services (e.g. mis-sold warranties and software by Currys). For these businesses to survive, trust must be repaired, however, this can be a challenge, often requiring the efforts of not only the affected organisation, but of the industry as a whole. Conceptualising a model for trust repair based on the integrative framework proposed by Bachmann, Gillespie, and Priem (2015), this paper suggests the inclusion of four moderating variables on the selection, implementation and success of six key trust repair mechanisms. In so doing this study contributes to understanding how the effectiveness of the trust repair mechanisms may vary in different contexts.

2. Literature Review

2.1 *Trust and trust erosion*

Trust is commonly defined as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer, Davis, & Schoorman 1995, p.712). Trust can take a long time to develop, but be severely damaged by a single incident. Elangovan, Auer-Rizzi, and Szabo (2007, p.21) propose a two-step sequence for trust erosion. Step one is the violation triggering event (i.e. the incident). Step two involves the post-violation assessment. The actions organisations take immediately following a transgression will impact the severity of trust erosion and the degree to which trust can be repaired.

2.2 *Trust repair*

Trust repair is “a partial or complete restoration of the willingness to be vulnerable to the other party following a decline in that willingness” (Tomlinson & Mayer 2009, p.87). Trust repair involves actions taken to promote forgiveness (Aquino, Tripp, and Bies 2006), facilitate reconciliation and restore cooperation (Bottom, Gibson, Daniels, & Murnighan 2002). These actions must be carefully organised or orchestrated (Robson, Waite, & Farquhar 2016), be explicit and be achievable (Pfarrer, Decelles, Smith, & Taylor 2008). In the marketing literature, the implementation and success of trust repair strategies are often explored in isolation and in relation to specific cases, with limited consideration as to how they can be integrated to maximise the potential for trust repair in different contexts. However, given the context-specific nature of trust and trust erosion, it is clear that different trust repair

mechanisms will be effective in different situations (e.g. Senge, Lichtenstein, Kaeufer, Bradbury, & Carroll 2007; Pfarrer et al. 2008; Bertels, Cody, & Pek 2014).

To date the most comprehensive trust repair framework is theorised by Bachmann et al. (2015). Acknowledging that no single trust repair mechanism can provide a complete solution to trust erosion, Bachmann et al. (2015) present an integrative trust repair framework, proposing a combination of approaches categorised into six key mechanisms: 1) sense-making; 2) the relational approach; 3) regulation and formal control; 4) ethical cultural reform and informal control; 5) transparency and accountability; and 6) trust transference. Whilst their conceptual framework provides a sound theoretical basis for empirical testing of the suitability of these mechanisms, the three main bodies of literature around trust and trust repair (stakeholder identification and stakeholder-relevant trustworthiness dimensions; mechanisms for trust repair; facilitators and inhibitors of trust repair, including the nature and extent of the trust violation and stakeholder receptivity to trust repair efforts) indicate that other variables may also influence the process of trust repair and impact on the effectiveness and success of trust repair mechanisms. Based on this assessment, the current study proposes four moderating variables for inclusion into the framework, producing a multi-level integrative trust repair model.

2.1 Moderating variables influencing trust repair

2.1.1 Stakeholder attributes

Consideration of stakeholder influence on the success of trust repair mechanisms is founded on stakeholder theory, which highlights the different interests and expectations held by various stakeholder groups (Freeman 1984; Donaldson & Preston 1995). Trust repair efforts may be successful for restoring trust in some stakeholder groups at the expense of others. Three core stakeholder attributes are considered:

Stakeholder socioeconomic status (SES) - the impact of SES on trust has been widely explored in relation to generalised and institutionalised trust (e.g. Nannestad 2008). Studies indicate that higher SES is linked to higher levels of generalised trust (e.g. Delhey & Newton 2003; Edelman 2017), with ranked increases in income and occupation contributing most directly to increases in trust (Müller 2015). This supports the ‘success and well-being theory’ whereby people with more resources are less vulnerable to risk following non-fulfilment of expectations than those with less resources and comparatively more to lose (Hamamura 2012). Therefore whilst the impact of SES on trust erosion and trust repair in organisational and marketing literature remains largely unexplored, it is expected that differences may be seen between SES levels and the types of trust repair mechanisms effective for them.

Predisposition to trust - is a measure of “general willingness to trust others, regardless of social and relationship-specific information” (Frazier, Johnson, & Fainshmidt 2013, p.77). It depends on various factors both internal and external to the relationship (Lane & Bachmann 1998) and can operate differently at interpersonal and systemic or organisational levels (Whitener, Brodt, Korsgaard, & Werner 1998). Stakeholders with a high predisposition to trust will be more inclined to place initial trust in another entity despite lacking a history of interaction (Weber, Malhotra, & Murnighan 2005). However, this trust can be fragile and tentative, requiring affirmation through repeated positive exchange (Kim, Dirks, & Cooper 2009). Where trust is eroded people vary in their capacity to forgive, which is critical for restoring the relationship (Elangovan et al. 2007).

Identification with the affected organisation - identification has been found to play a significant role in stakeholder relationships, with the depth of stakeholder identification dependent on the frequency of interaction and durability of the relationship (Pirson & Malhotra 2011). The positioning of stakeholders in relation to the organisation and the degree of their interaction with it will impact the type of information they can access, the types of risks they are exposed to, their perceptions regarding the organisation and, ultimately, their willingness to

make themselves vulnerable (Pirson & Malhotra 2011). As such, stakeholder identification will influence the types of trustworthiness dimensions considered important in the relationship, reactions to trust violations and receptivity to trust repair efforts.

2.1.2 Type of trust relationship

The type of trust relationship is of critical importance when selecting trust building, maintaining and repairing strategies. Three elements of trust relationship are considered:

Relevance of trust - much research focuses on trust as a fundamental element in exchange relationships, while others argue it is an independent and complimentary element that may be of reduced importance (relevance) depending on transaction costs and the constraints of the relationship (Williamson 1993; Gambetta 2000). Trust is an effective mechanism for reducing transaction costs, with costs being reduced where higher levels of trust are perceived. For example, those who trust an organisation will spend less time and effort seeking information to confirm trustworthiness or searching for better alternatives (Kim, Xu, & Gupta 2012). However, if these costs are not important in the exchange relationship or if there is a compromise between these costs (i.e. cost-benefit analysis), the relevance of trust in the relationship will be reduced (Castaldo 2007). Constraints are limitations or restrictions placed on a relationship that either reduce the relevance of trust (i.e. lack of alternatives or competition and power imbalance) or act as a proxy for trust by deterring and constraining untrustworthy behaviour (i.e. contracts, rules and regulations).

Pre-existing level of trust - the level of trust in the relationship prior to a trust transgression will impact the severity of trust erosion and the ability for trust repair. If there is a good pre-existing relationship, a trustor will perceive less opportunism on behalf of the trustee (Moramarco, Stevens, & Pontrandolfo 2013) and will be more inclined to view transgressions as an exception to the norm, thus limiting the degree of trust erosion and inducing a greater willingness to fix the relationship. Research indicates that those with positive attitudes towards the violator prior to the trust transgression will be more receptive to trust repair strategies, particularly those entered into voluntarily and those which demonstrate internal reform (Tomlinson, Dineen, & Lewicki 2004).

Relevant trustworthiness dimensions/facilitators - different stakeholder groups will value different trustworthiness dimensions (i.e. competence, integrity, benevolence, transparency) and trust facilitators (i.e. identification, endorsement) depending on their relationship with the organisation or brand. Pirson and Malhotra (2011) found these may vary dependent on stakeholder type e.g. internal (employees and investors) or external (customers and suppliers). By identifying the relevant aspects for each stakeholder type, organisations can identify the stakeholders most likely to be affected by a trust transgression and, thus, select appropriate trust repair mechanisms for them.

2.1.3 Cause of trust erosion

Causal attribution helps to address questions relating to the underlying causes of the trust violation, including the point of responsibility; whether it was intentional, avoidable or preventable; and whether it is likely to happen again (Elangovan et al. 2007). The response to these questions guide effective selection of trust repair strategies:

Locus - Kim et al. (2009) found that when locus was attributed to a lack of competence, apologies, internal attribution and voluntary retribution were more effective in trust repair than when the locus was identified as a lack of integrity.

Controllability - trust erosion occurring as a result of lack of integrity or benevolence, which are both deemed controllable and intentional factors, will be more difficult to address. However, competence violations may be easier to rectify, particularly if an organisation immediately commits to further training or employment of more highly skilled professionals (Kim et al. 2009).

Stability - Lewicki and Tomlinson (2014) suggest that apologies are more likely to be effective when a trust transgression is considered to be an isolated event and unlikely to re-

occur. Organisations that reoffend will take longer to restore trust on subsequent attempts as additional violations result in a significantly higher degree of trust erosion. Indeed, research suggests that trustors are usually only willing to forgive after the first transgression (Elangovan et al. 2007; Pfarrer et al. 2008).

2.1.4 Severity of trust erosion

The severity of trust erosion also impacts the ability for trust repair. If the magnitude of the violation is high (e.g. resulting in death or serious injury), the severity of trust erosion will increase. This will reduce the impact of trust repair strategies, even where there is a good pre-existing relationship and the transgression is considered unlikely to reoccur (Tomlinson et al. 2004). Trust transgressions cause erosion of trust on three levels: *Cognition* (i.e. thoughts about the violation and the violator); *Affect* (i.e. feelings about the violation and the violator); and *Behaviour* or intended behaviour (i.e. actions and intended actions relating to the violator in light of the violation) (Dirks, Lewicki, & Zaheer 2009). The state of cognition and affect dictates a person’s willingness to engage in exchange behaviours (Wiener 1986).

3. The Conceptual Model

The conceptual model (Figure 1) brings together the trust repair mechanisms proposed by Bachmann et al (2015) together with the moderating variables discussed.

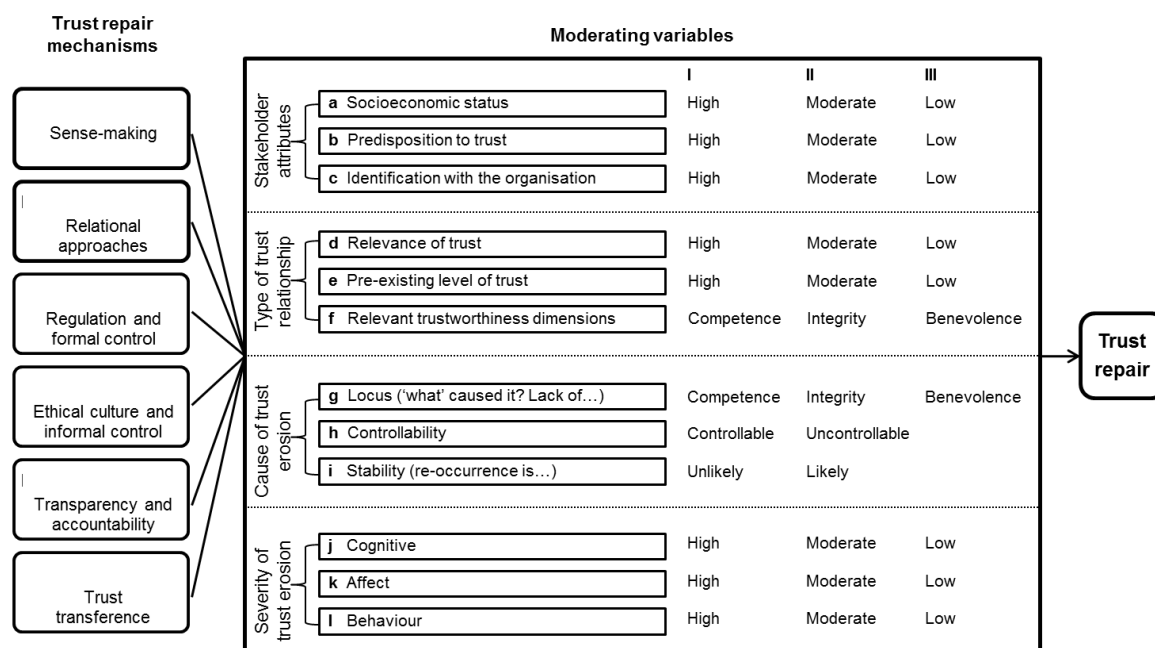


Figure 1. Multi-level integrative model for exploring the impact of moderating variables on the success of trust repair mechanisms.

4. Conclusion

The purpose of this study is to offer a conceptualisation of trust repair which identifies the moderating variables that have an impact on the integrative trust repair framework proposed by Bachmann et al. (2015). In so doing, this paper contributes to our understanding of how the effectiveness of trust repair mechanisms vary in different contexts and the need to carefully select the appropriate trust repair mechanism(s) dependent on audience and source of trust erosion. It argues for adoption of a stakeholder perspective and recognition of the different interests and expectations held by various groups. It emphasises that organisations must understand the nature and type of trust relationship they have with their stakeholders. It stresses

the need for organisations to understand stakeholder perceptions of the cause of the trust erosion before they can seek to repair trust, and that the severity, scale and magnitude of the trust erosion event has an impact on stakeholders' willingness to re-engage with them.

The proposed trust repair model is a generalised processual framework for integrative multi-level trust repair. It is applicable across different sectors, with each mechanism having variable weighting depending on context and the targeted stakeholders. With trust damage to brands occurring on an almost weekly basis, this research is not only topical but also responds to a very real business need in terms of providing firms with an integrative framework to help them repair trust with multiple stakeholders. Trust damage is not restricted to any specific sector, as the numerous recent scandals have demonstrated. As such, there is scope to apply this work into many industries and potential for widespread business application and interest.

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