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**Illes, K. and Krishna, R.**

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**FACTORS OF TRUSTING IN INTERNATIONAL BUSINESS**

**Authors:**

**Dr Katalin Illes (correspondent)**  
**Ashcroft International Business School**  
**Anglia Ruskin University**  
**East Road, Cambridge**  
**CB1 1PT**  
**Email: [Katalin.illes@anglia.ac.uk](mailto:Katalin.illes@anglia.ac.uk)**

**Professor (Dr) Rajneesh Krishna**  
**Mudra Institute of Communications, Ahmedabad**  
**Shela, Ahmedabad – 350 058**  
**Email: [rajneesh@mica.ac.in](mailto:rajneesh@mica.ac.in)**

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## **FACTORS OF TRUSTING IN INTERNATIONAL BUSINESS**

### **SUMMARY**

The paper reports on an online survey that set out to identify some of the factors of trusting. The survey was open to all nationalities and asked a broad variety of questions regarding individual choices of trusting.

The authors give a brief overview of trust in different disciplines and argue that defining trust as an action provides a new platform for examining our relationships inside and outside organisations. Trusting as action signals the possibility of individual choices, new decisions and the potential for building more meaningful relationships.

This paper identifies a set of factors that can form a basis for personal reflection and also provide a starting point for an organisational review of relationships in the workplace. Such a review is particularly valuable when members of the organisation come from different cultural background. Understanding our factors of trusting is the first step towards appreciating the needs of others in long term relationship building.

The authors suggest that a more in depth survey could ascertain the validity of this pilot study. Understanding our own factors of trusting will enable us to recognise and accommodate the needs of others and build trusting relationships both in national and in international business.

**Key words:** trusting, online survey, management education, organisational culture, international business

## **ABSTRACT**

The paper reports on an online survey that set out to identify some of the factors of trusting.

The authors offer a brief overview of trust definitions in different disciplines and argue that defining trust as an action provides a new platform for examining our relationships inside and outside organisations. Trusting as action signals the possibility of individual choices, new decisions and a potential for building more meaningful relationships.

This paper identifies a set of factors that can form a basis for personal reflection and also provide a starting point for an organisational review of relationships. Such a review is particularly valuable when members of the organisations come from different cultural background. Understanding our factors of trusting is the first step towards appreciating the needs of others in long term relationship building.

The authors suggest a more in depth survey to ascertain the validity of this pilot study. They also raise further questions for researchers, business practitioners and academics and suggest that by understanding our own factors of trusting we shall be able to recognise and accommodate the needs of others and it will be possible to build more trusting relationships both in business and social contexts.

## **INTRODUCTION**

In 1988 Peter Drucker described the organisations of the 21<sup>st</sup> century in the following way: "Twenty years from now, the typical large business will have half the levels of management and one-third the managers of its counterparts today. Work will be done by specialists brought together in task forces that cut across traditional departments. Coordination and control will depend largely on employees' willingness to discipline themselves. Behind these changes lies information technology. Computers communicate faster and better than layers of middle management. They also demand knowledge-able users who can transform their data into information. Clues to what the new, information-based organisations will require come from other knowledge-based entities like hospitals and symphony orchestras. First a "score", a set of clear, simple objectives that translates into particular actions. Second, a structure in which everyone takes information responsibility by asking: who depends on me for what information? On whom do I depend? Information-based organisations pose their own special management problems as well: motivating and rewarding specialists; creating a vision that can unify an organisation of specialists; devising a management structure that works with task forces; and ensuring the supply, preparation, and testing of top management people. Solving these problems is the management challenge for the rest of the century". (Drucker, 1988, pp 1-2)

In the 7<sup>th</sup> year of the 21<sup>st</sup> century one could say that Drucker's vision was correct as far as the technological enhancements are concerned. However, we can hardly fail to notice that organisations in general are still far away from the harmonious, supportive and responsible culture where information flows freely and people work in co-operating teams. There is a considerable gap between 'ideal' and the reality. The major source of the 'gap' is the lack of dependability that Drucker had talked about.

When present, dependability and trusting can counterbalance the competitive tension between individuals, teams and the external environment of the organisation. Life in a competitive environment without dependable colleagues is stressful and rather bleak. Such a culture does not leave room for the organic growth of individuals, organisations and communities.

Many writers on organisations notice this gap and note that we are living in an age of 'discontinuity', or paradox, Peters (1987), Handy (1996, 1998), Cloke and Goldsmith (2002). It is also argued that organizations are not prepared for the social, economic, political, technological and organizational change that they are currently experiencing and will continue to experience.

Other writers suggest that we need to take time and make sense of our activities and relationships in the workplace. (Weick, K.E. 1996., Senge, 1990). Csikszentmihalyi (2003) calls for the review of our intents in business and boldly states that "If the firms that employ an increasing majority of the population are driven solely to satisfy the owners' greed at the expense of working conditions, of the stability of the community, and of the health of the environment, chances are that the quality of our lives – and that of our children- will be worse than it is now." (Csikszentmihalyi,2003, p.3.).

Organisations in the 21<sup>st</sup> century are confronted with a fast paced and turbulent environment. External challenges from new technology have created a 'borderless' business environment, which in its turn poses significant challenges in terms of people management and organisational structures. Anyone trying to exist and prosper in the world of the 2007 workplace has a feeling that the key criteria for being able to handle the demands placed on them at work is the ability constantly to change or at least consider the possibility of changing in response to events in the internal and external environments. On the whole individuals are facing change at individual, team, project and organisational level without knowing with a great deal of certainty if they are heading in the right direction and doing the right thing.

Change is a natural part of life and it could happen more naturally in organisations if there was a trusting relationship and dependability at all levels. Change is a process where one is trading a 'certain present' for an 'uncertain future'. Trusting relationships create a sense of safety, a dependable support mechanism that help individuals to overcome fears and uncertainties.

In this environment, there is a call and desire for changing the workplace and for creating 'trusting organisations'. There is a growing body of literature that refers to trust as an important factor in healthy organisations. The word trust is often used and can be found on various check-lists, however, it is difficult to find meaningful definitions. Taylor's research (1989) for example shows that the word 'trust' is used with a variety of meanings, yet the conceptual papers do not seem to be able to explain the elements and the true essence of trust, nor do they offer any examples as to how to move towards developing this idea of trust at a practical level.

In this paper we define trust as action. We refer to some trust related findings in philosophy and psychology and argue that trusting relationships are fundamental to a

meaningful, balanced human life. Trusting is a process and it changes through the life experiences of the individual. In the second part of the paper we present the findings of our online survey on trust. We conclude the paper with recommendations for further investigation and discussion.

### **DEFINING TRUST**

Trusting is a key component of human life. Trusting is a process that results in response to consistent action and behaviour demonstrating good intent. We need and use trust in different forms in all areas of life. We need to trust ourselves and others to make choices that will have an impact on our lives and on the lives of others today and in the future. There are ample examples of trust as a scarce resource and it is often noticed and defined by its absence. We easily pick up signals of suspicion and are acutely aware of the contractual limitations of trust in organisations. Without trust the workplace is a group of individuals who focus on personal survival rather than creation and contribution (Buchowicz, B. and Illes, K, 2005).

Research in the field of knowledge management and knowledge creation conclude that trust is a prerequisite to creativity in an organisational context. Knowledge is locked into the mind of individuals and we need to trust and be trusted to make full use of our potentials. We need to feel protected and cared for so that we can focus our energies on creation rather than survival. However, Pfeffer (1998) more accurately, argues that if an organisation is expecting full productivity of their people through hard work and commitment, it will ultimately have to make sure that the message conveyed is one of protection and security. Trusting is the result of demonstrated goodwill and Pfeffer points to its root cause. It is important to think of trusting as a process deriving from this root cause. Trust is not a root cause itself.

Trust as a key component of successful and lasting relationships comes up in a variety of contexts in a wide range of disciplines including psychology, sociology, philosophy, organisational behaviour, and culture studies just to name a few. Trust is often defined by the lack of its presence. It is a phenomenon that one can read about in a variety of contexts yet we do not seem to have a universally accepted definition. It is a standard part of organisational check lists and labelled as a 'must have', 'should have' or 'important to have'.

Many of the academic theories of trust follow the principles of Rational Choice Theory. Rational Choice Theory applies principles like clear analytical assumptions about people's personal goals and uses analytical methods that are unambiguous. (Six, F. (2004)

Academia tends to treat subjects such as trust as abstract nouns. Trust is looked upon as something tangible and quantifiable, something that reduces complexity. In linguistic terms 'trust' is a noun or a gerund, it is something that we have or do not have.

The authors define trust as action. They argue that the literature on professional practice, and on the process of developing trust and the experience of trusting, uses a different vocabulary (Platts, J. 2003). This involves looking at trust as a verb. Trusting is an emergent process, emerging in response to constantly demonstrated

active good intent. It is strong or it is weak in human relationships. It is not quantifiable because its quantities and qualities are in continuous motion. It is a basic human need like love without which life is bleak, meaningless and totally impossible. The ability to translate good will into actions that give embodiment to the intention is an ability - a virtue - that one can grow, cultivate and share and can use as a guiding principle in life. When this becomes embedded as a way of behaving and is reciprocated, trust emerges and can be recognised to be present. But in this context, the word is a descriptor of the result of a process being lived, of the processes of good will. It is not something which in some way exists in abstract on its own. This second view of trust as a relational issue is well developed in ancient philosophy, both Western and Eastern, and in developmental psychology, but is lacking in shallower, more instrumental versions of modern, Western "philosophy". The explanations contained in developmental psychology explain why this might be so (Illes, 2005).

### **Trust – in philosophy**

A search for meaning, understanding, clarity and harmony are present in philosophy. Trust is not necessarily defined explicitly but it is there implicitly in the descriptions of ideal behaviour and leadership. Those who studied trust tend to agree that it is a complex phenomenon. No single, simple, universally satisfying definition is possible. Trust is as elusive in philosophy as it can be in practice. There is a noticeable difference between the Western and the Eastern tradition of thinking. People perceive the world differently and it has an impact on values and beliefs that individuals and communities approve of or accommodate.

According to the Routledge Encyclopaedia of Philosophy in the Western tradition of thinking most people accept the following claims(1998): trust involves risks, those who trust do not constantly monitor those they trust; trust and distrust are self-confirming; trust and distrust are contraries but not contradictories; trust cannot be willed; trust has non-instrumental value.

Jones (1998) distinguishes between the following three kinds of trust:

1. " risk-assessment accounts, which are indifferent to the reasons why one trusts;
2. will-based accounts which stress the importance of the motives of those who are trusted;
3. affective attitude accounts, which claims that trust is a feeling as well as a judgment and a disposition to act."

Philosophers in the Western tradition often simply ignore or presuppose trust, and when they do consider it, they often struggle to explain it. However, considering some major philosophers' thoughts on trust both from the Eastern and the Western traditions can reveal certain important features that could be helpful in understanding the complex and elusive nature of trust. Looking at trust in a detached manner may also encourage the reader to study his or her individual level of trust in different situations and relationships.

### **Trust – in psychology**

Trusting someone is like putting ourselves in their hands; making a leap of faith that goes beyond rational calculation. Life without trust would be very bleak and miserable. It fascinates us yet it is a complex phenomenon with many intangible qualities that we can observe but cannot necessarily define or categorise. Trust means unlimited liability in relationships. Power based relationships such as contractual ones including employment on the other hand signal limited liabilities.

Psychologists study trust from the birth of the human being. Erik H. Erikson (1963, 1964, 1968, 1977.) divides human life between birth and death into eight significant phases. Each phase has its specific learning opportunity and we need to develop certain positive emotions and their negative counterparts in order to grow in a healthy manner psychologically. If we fail to develop one aspect fully within its natural phase we will carry the task with us to the next phase. If we accumulate a 'backlog' of psychological development it is part of our make up even if it is not necessarily visible straight away. A person's 'backlog' tends to show itself primarily under stress or external pressure.

The very first step of human development is the development of a balance between trust and distrust. A baby develops a sense of trust towards the mother who provides food and eases the discomforts of life. The trust is noticeable when the mother can leave the room without upsetting the baby. When the mother does not or is unable to respond to the need of the child the baby experiences an element of distrust and under normal circumstances gradually develops a healthy balance between trust and distrust. This experience is the foundation of human development and it has an impact on the development of all the other phases and all the other areas of life.

The eight phases continuously interact with and reinforce each other all through human life so they need to be considered as an evolving, psychological and emotional development process rather than closed distinct and self-contained units of development.

The eight phases are  
Basic Trust versus Basic Mistrust  
Autonomy versus Shame and Doubt  
Initiative versus Guilt  
Industry versus Inferiority  
Identity versus Role Confusion  
Intimacy versus Isolation  
Generativity versus Stagnation  
Ego Integrity versus Despair

Each item of psychosocial strength discussed here is systematically related to all others, and they all depend on the proper development in the proper sequence of each item. However, each item exists in some form before its critical time normally arrives. For example a child might show signs of autonomy even before he starts acting independently from the adults.



## Factors of Trusting in International Business

These steps are closely related to each other. But they also must exist from the beginning in some form, for every act calls for an integration of all. In other words all phases are linked to each other and when one area changes, it has an impact on all the other areas as well.

However, basic trust must have developed in its own right, before it becomes something more in the critical encounter in which autonomy develops. If, in the last stage we would expect trust to have developed into the most mature form of faith that an aging person can muster in his cultural setting and historical period, Erikson's chart permits the consideration not only of what old age can be, but also what its preparatory stages must have been. When the basic trust is not there to support the individual's growth then the aging person is likely to be in despair and disillusionment.

Erikson says that we should not use these categories as check lists and that the 'positive' aspects should not be simply looked at as achievements secured once and for all at a given state. He also states that the negative senses are equally important and they remain the dynamic counterpart of the 'positive' ones throughout life. It is important, for example, not to trust the driver of a speeding car at a crossing just because the light is green for the pedestrian, or not to trust a mortgage advisor who is interested in selling only certain products.

The positive and negative sides of Erikson's categories continuously interact with each other and are influenced by our life experiences. Winnicott (1965) also suggests that most of the processes that start up in early infancy are never fully established and continue to be strengthened by the growth that continues in later childhood and indeed in adult life, even in old age.

Self knowledge and reflection give us the opportunity to monitor our growth, evaluate our experiences and integrate them into our evolving personal development. There is a growing level of awareness about issues such as work life balance, life and job satisfaction and maximisation of human potentials. Happy organisations with self actualising employees manage to meet not only financial targets but also social ethical and environmental ones as well (Csikszentmihalyi, 2003). Trusting relationships are at the core of the success stories. And it is quite easy to understand why. Trusting and dependable relationships are the anchors that keep those who have them from drifting into the unknown, be that the unknown of the turbulent external environment or the fears of one's internal, subconscious world.

Trusting relationships among the different constituents in the organization are essential for the development of a culture of dependability. It is important to understand the notion of trust not only as a static structure but also as a dynamic process – a process where we learn to raise our consciousness about the fluctuating nature of our own processes of trusting in the workplace. The researches are aware of the complex nature of trust and try to approach the process both from the qualitative and quantitative side.

The aim of our broad survey on trust was to engage a broad spectrum of people from different cultural backgrounds and ask them to consider their own trusting processes.

By analysing the data and sharing our findings we aim to continue and widen the discussion about the importance of building meaningful relationships in the workplace and in our local, national and international communities.

### **TRUST SURVEY**

#### **Objectives**

Objectives of this survey was two fold –

1. To understand the factors that leads to the creation of trusting relationships
2. To understand the process of trusting by categorizing it on the basis of factors of trust creation.

#### **Methodology**

A broad online survey was designed and conducted between January and April 2006. The design of the research was descriptive/ diagnostic in nature. This survey was based on a structured questionnaire. The questionnaire consisted of two sections – section one consisted of questions to elicit demographic details of the respondents and section two had a trust scale which consisted of 34 items. Each of these items rated respondents' willingness to trust different people. These items were developed on the basis of detailed secondary research and a separate qualitative research conducted by the researchers. These items were rated on the basis of 5 point rating scale. (See Appendix 1)

The survey was launched on a British University's website in May 2006. The web address was promoted through the researchers' networks. By September 2006 we received over 500 replies. The data was analyzed by using SPSS and the tools of data analysis were basic cross tabulation and factor analysis.

#### **Data description**

Through the online survey we got data from respondents from 22 different nations. Therefore the data we got was truly international in nature. (See Appendix 2) Most of the respondents who have answered were Women (58%). Approximately 40% of the respondents were men and 2% of the respondents had left the column unfilled. (See Appendix 3)

The survey evidently suffers from the two basic problem of the online survey namely skewed distribution in the data and the quality of data. Appendix 2 makes the skewed distribution of the data self evident. Researchers also found that a large number of the questionnaires were only partly filled. We faced this problem in spite of formulating a very short and simple questionnaire. The problem was especially acute in the section 2 of the questionnaire which was to form the back bone of the analysis. Out of the total sample size of 500 respondents, 178 had left some of other question incomplete. This reduced the effective size of the sample from 500 to 322.

#### **Factor analysis**

The next step in the analysis was to conduct a factor analysis to extract the dimensions which form the basis of trusting relation. It was realized at this stage that the scale points were reversed. We thought it prudent to reverse the scale points before proceeding with the factor analysis to increase the interpretability of the

analysis. Therefore the scale points were recoded and reversed in such a manner that the 'item label agree' became equal to 5 instead of 1 and 'item label disagree' became equal to 1 instead of 5.

***Result and interpretation of factor analysis***

In the first stage KMO and Bartlett's tests were conducted to understand whether the data is factor analyzable or not.

KMO test is about whether the sample is adequate for doing the factor analysis and is based on the comparison of observed correlation coefficient with the partial correlation coefficient. As the factor analysis (through principle component extraction) is based on the correlation matrix, KMO tell us the amount of correlation among the variables in the set. If the value of KMO is more than 0.5 the sample is considered to be adequate. In the present analysis the value of KMO is 0.878 we can confidently say that our sample is adequate and we can safely conduct the factor analysis.

**Table - 1**  
**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.878
Bartlett's Test of Sphericity	Approx. Chi-Square	5080.587
	df	595
	Sig.	.000

As we have stated in the previous paragraph factor analysis is based on the correlation matrix. With the help of Bartlett's test we test the null hypothesis that the variable is uncorrelated in the sample and therefore the factor analysis can not be done. Higher the value of Bartlett's test easier is to reject the null hypothesis. In our case value of the test is 5080.587 which is not only quite high but is also significant at the level 99.999 percent. Hence the correlation among the factors is not due to sampling error but is also present in the population.

In the factor analysis we extracted the factors by utilizing principal component analysis. The criterion which was set for the factor extraction was the factors must have an **eigen value** of more than 1. It was also decided that we will rotate the factor solution to get optimal loading and for the purpose varimax rotation will be utilized

On the basis of above mentioned criteria total nine factors were extracted which cumulatively explained 65% of variation. So the factors are able to explain moderate to high amount of variation.

**Table - 2**  
**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	6.638	18.965	18.965
2	3.873	11.066	30.031
3	2.839	8.113	38.143
4	1.780	5.086	43.229
5	1.614	4.611	47.840
6	1.602	4.578	52.419
7	1.578	4.510	56.928
8	1.490	4.259	61.187
9	1.379	3.939	<b>65.126</b>

Extraction Method: Principal Component Analysis.

Roatation Method: Varimax

On the basis of above table we can say that the first factor is the most important as it is explaining 18.96% of the variance. Factor 2 explains 11.06% of the variance and so is the next important factor. Third factor can also be considered as important as it explains 8.11% variance. Rests of the factors are minor factors which explain small percentages of variance.

In the next stage the task was to define each of these 9 factors on the basis of variable loadings. The methodology adopted was to check the each variable (trust statement which was scaled) loading on each factor. The variable was considered to be loading on the variable where the loading was the highest and is presented in the table – 3. (This table is based on the SPSS table of Rotated Component Matrix which is presented in Appendix -4.) There are two exception of this rule. The first one is the item – ‘I trust myself’. This item has high loading on the factor one and a quite high loading on the factor number three. After the analysis of loadings it was decided to consider the loading of this item on factor number 3 as it is more in consonance with factor three than with the factor one. Due to similar reasons researchers used there judgement to load the item – ‘I trust people who come from my social background’ on factor five instead of factor two.

**Table - 3**  
**Post rotated factor loadings**

Factors	1	2	3	4	5	6	7	8	9
When I trust someone I treat that person as a friend	.841								
When I trust someone I want to give my best	.828								
When I trust someone I want	.759								

## Factors of Trusting in International Business

to share my resources with that person			
When I trust someone I feel safe and secure	.749		
I trust people who helped me in the past.	.732		
Trust needs to be nurtured otherwise it is lost.	.660		
When I trust someone I feel it in my heart	.633		
I trust people who trust me	.618		
I trust leaders who admit the limitation of their own knowledge	.599	.552	
I trust myself	.595	.478	
When I trust someone I feel it in my head	.520		
I trust people who are in a higher position than me	.869		
I trust people who are more educated than me	.830		
I trust people who are older than me	.767		
I trust people who hold important positions	.749		
I trust people who come from my social background	.540	.406	
I trust leaders who tell me exactly what to do	.491		
I trust people who share my set of beliefs	.451		
I trust all members of family	.799		
I trust/trusted my father	.746		
I trust/trusted my mother	.717		
I trust/trusted my teachers	.538		
I trust leaders who sometimes follow others		.798	
I trust leaders who involve me in decision making		.653	
I trust people who express their views freely		.131	
I trust people who dress like me		.614	
Trust is primarily a rational decision			-.791
Trust is primarily an emotional decision			.738
I trust people even though they let me down in the past			.692

## Factors of Trusting in International Business

I trust people regardless of their cultural background	.561	
I trust people I have not met before	.521	
I trust politicians I voted for.	.429	
I trust men more than women		.797
I trust women more than men		.752
When I trust someone I feel it in my stomach		.803

After the decision on the factor loading we interpreted the nine emerging factors and named them. Table 4 to table 12 are given below. These tables present interpretation and naming of all the nine factors.

**Table - 4**  
**Factor Definition – factor 1**

When I trust someone I treat that person as a friend	<p style="text-align: center;"><b>Trust action</b> <b>(Trust self or only those others who have earned trust through some act)</b> <b>18.97% variance explained</b></p>
When I trust someone I want to give my best	
When I trust someone I want to share my resources with that person	
When I trust someone I feel safe and secure	
I trust people who helped me in the past.	
Trust needs to be nurtured otherwise it is lost.	
When I trust someone I feel it in my heart	
I trust people who trust me	
I trust leaders who admit the limitation of their own knowledge	
When I trust someone I feel it in my head	

**Table - 5**  
**Factor Definition – factor 2**

I trust people who are in a higher position than me	<p style="text-align: center;"><b>Trust hierarchy</b></p>
I trust people who are more educated than me	
I trust people who are older than me	

Factors of Trusting in International Business

I trust people who hold important positions	<b>(Trust only those people who are superior in some respect)</b> <b>11.1% variance explained</b>
I trust leaders who tell me exactly what to do	
I trust people who share my set of beliefs	

**Table - 6**

**Factor Definition – factor 3**

I trust all members of family	<b>Trust family</b> <b>( Trust self or extensions of self – People who have no vested interest)</b> <b>8.11% variance explained</b>
I trust/trusted my father	
I trust/trusted my mother	
I trust/trusted my teachers	
I trust myself	

**Table - 7**

**Factor Definition – factor 4**

I trust leaders who admit the limitation of their own knowledge	<b>Trust democratic leadership</b> <b>5.1% variance explained</b>
I trust leaders who sometimes follow others	
I trust leaders who involve me in decision making	

**Table - 8**

**Factor Definition – factor 5**

I trust people who trust me	<b>Trust similarity</b> <b>4.6% variance explained</b>
I trust people who come from my social background	
I trust people who dress like me	

**Table - 9**

**Factor Definition – factor 6**

Trust is primarily a rational decision (negative loading)	<b>Trust emotions</b> <b>4.6% variance explained</b>
Trust is primarily an emotional decision	

**Table - 10**

**Factor Definition – factor 7**

I trust people even though they let me down in the past	<b>Trust Naivety</b>
I trust people regardless of their cultural	

background	<b>4.5% variance explained</b>
I trust people I have not met before	
I trust politicians I voted for.	

**Table - 11**

**Factor Definition – factor 8**

I trust men more than women	<b>Trust gender</b> <b>4.3% variance explained</b>
I trust women more than men	

**Table - 12**

**Factor Definition – factor 9**

When I trust someone I feel it in my stomach	<b>Trust Instinct</b> <b>3.9% variance explained</b>
----------------------------------------------	---------------------------------------------------------

**DISCUSSION**

On the basis of factor analysis nine broad factors of forming trusting relations has emerged. Hence these nine factors are the broad contours along which the process trust formation flows. To understand trust it is important to appreciate these nine factors.

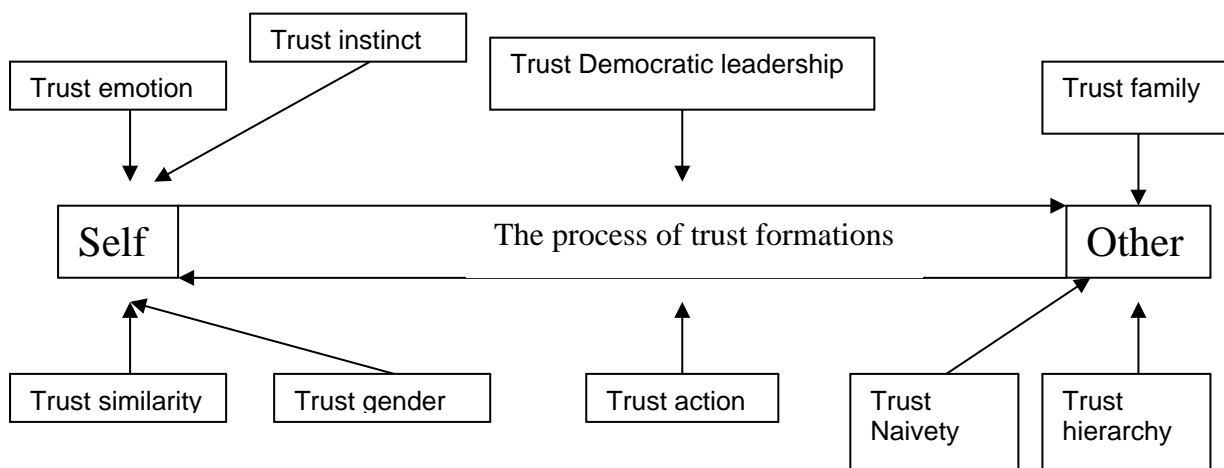
1. Trust Action: This is the most important factor of trust because it is able to explain the highest amount of variance in the data. There are two categories of variables loading on this factor. The variables in the first category are negotiation or action based. This means that trusting is the result of someone else's action. Based on the other's action trust is reposed on him. Example of this type of variables are – 'I trust people who helped me in the past', 'I trust people who trust me', 'trust needs to be nurtured otherwise it is lost'. Thus this factor of trust relates to the rational. A relationship based on this trust factor is negotiated trust. The second type of variables loading on this factor are relates to fact of what one does to the person one trusts. So these variables are rewards of trust. It is remarkable that all the reward related factors loads on this factor. Perhaps we need to further investigate the meaning of this phenomenon viz. are the reward aspect of trust is associated only with this factor.
2. Trust hierarchy: This is the second most important factor of the trust formation. This factor is as simple as saying – 'trust your boss.' If we examine the items loading in this statement it is apparent that it is based on the sense of inferiority and search for security. These two factors leads towards trusting somebody who is perceived superior and therefore forming trusting relation with him will be safe.
3. Trust family: On this most of the items loading relates to the family. Only one exception is the item – 'I trust/trusted my teacher'. But from another angle inclusion of teachers in the family ambit can be justified. Perhaps this factor is on trusting people who have helped one to grow up. And teachers are definitely a part of growing up.



Trust family is the last major factor of the trust as is evident from the table – 6. Rest of the factors are minor factors of trust as they explain only small percentages of variance which varies from 5% to 3 %.

If we analyze these factors of the trust it can be easily seen that these factors centres around three points of the process of trust formation – self, other and the process itself. This can be represented and explained better with the help of the following diagram.

Diagram - 1



From Diagram -1 it can be easily understood that four of the nine factors are centred on the self. Three factors are centred on the ‘other’ which may be an individual or an organization or even a part. Two factors are centred on the process of trust formation.

This model has led to the development of an important insight. Dominance of the factor of trust-hierarchy in an organization or a society may lead to development of authoritarianism. Similarly dominance of trust-naivety will lead to formation of blind trust and therefore to inefficiencies in formation of trusting relationship. Similarly other factors centred on ‘self’ or ‘other’ lead to other negative consequences. Dominance of family-trust may lead to nepotism; dominance of emotions in the trust formation may lead to inefficient trust formation Hence dominance of factors centred on self or others (in an organization or society) may lead to the development of authoritarianism or inefficiencies in the trust formation process. Only if the factors which centre on the process of trust formation dominate in the system, there may be formations of trust which is efficient and democratic.

## CONCLUSIONS

On the basis of the discussion of the findings we can conclude that trust can be conceptualized as a process. Conceptualization of trust as process makes the construct dynamic. Thus trust is a process in which one entity interacts with the other entity and in the process decides to trust or not to trust.

The decision to trust or not to trust is influenced by some factors, however, these factors are not necessarily consciously considered in the actual action of trusting. The major contribution of the study is finding of these nine factors which influence the trust formation process. The factors of trust-action, trust-hierarchy, trust-family, trust-democratic-leadership, trust-similarity, trust-emotions, trust naivety, trust-gender and trust-instinct help the rational understanding of our personal choices and internal processes. They can also shed some light on the varying levels we trust ourselves; others and the trusting process itself.

Trusting as a process takes an internal view of trust. This paradigm has been with us since Plato and Aristotle who argued that ethical behaviour and virtue are the foundations of democratic society. Rather than looking at the external world for trust, we suggest a process that starts internally with the intent of the individual. We suggest that trust is a result of our actions and behaviour rather than a cause of it (Illes, K .and Platts, J. 2006).

In other words trust is a *response*. Once present it is a *lubricator* but it is not itself a *cause*. When we look at trusting as a process we start to think about our own intent. At this level trusting becomes a practical and personal issue for the individual. Putting it very simply, if there is no trust around me I can always ask myself two questions: How have I contributed to the lack of trust? What can I do to change my relationships into trusting ones? This approach creates a proactive and responsible attitude to our environment, and also places some of the responsibility for a trusting atmosphere on individuals, rather than 'the organisation' in the abstract.

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# Factors of Trusting in International Business

## APPENDIX - 1

### Trust questionnaire

Trust is the foundation of fruitful human relationships. This research would like to identify the cultural similarities and differences in giving and receiving trust.

When you respond to the questions please write down your spontaneous thoughts and do not analyse your answers.

Thank you for helping us with your honest answers.

1. Age:.....

2. Sex: Male/ Female

3. Culture of your parents .....

4. Your cultural identity .....

5. The country where I lived till the age of 10 .....

6. The country where I have spent most of my life so far.....

*Please select and circle only one option:*

#### 1. I trust/trusted my mother.

Agree					Disagree
1	2	3	4	5	

#### 2. I trust/trusted my father.

Agree					Disagree
1	2	3	4	5	

#### 3. I trust all members of my family.

Agree					Disagree
1	2	3	4	5	

#### 4. I trust/trusted my teachers.

Agree					Disagree
1	2	3	4	5	

#### 5/a. I trust men more than women.

Agree					Disagree
1	2	3	4	5	

#### 5/b. I trust women more than men.

Agree					Disagree
1	2	3	4	5	

#### 6. I trust people who share my set of beliefs. (religion or outlook on life)

Agree					Disagree
1	2	3	4	5	

#### 6/b. I trust myself.

Agree					Disagree
1	2	3	4	5	

#### 7. I trust people who come from my social background.

Agree					Disagree
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## Factors of Trusting in International Business

1	2	3	4	5
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**8. I trust people who dress like me.**

Agree				Disagree
1	2	3	4	5

**9. I trust people who express their views freely.**

Agree				Disagree
1	2	3	4	5

**10. I trust people who trust me.**

Agree				Disagree
1	2	3	4	5

**11. I trust people who hold important positions.**

Agree				Disagree
1	2	3	4	5

**12. I trust people regardless of their cultural background.**

Agree				Disagree
1	2	3	4	5

**13. I trust people who are older than me.**

Agree				Disagree
1	2	3	4	5

**14. I trust people who are more educated than me.**

Agree				Disagree
1	2	3	4	5

**15. I trust people who are in a higher position than me.**

Agree				Disagree
1	2	3	4	5

**16. I trust people who helped me in the past.**

Agree				Disagree
1	2	3	4	5

**16/b. I trust politicians I voted for.**

Agree				Disagree
1	2	3	4	5

**17. I trust people even though they let me down in the past.**

Agree				Disagree
1	2	3	4	5

**18. I trust people I have not met before.**

Agree				Disagree
1	2	3	4	5

**19. Trust is primarily a rational decision.**

Agree				Disagree
1	2	3	4	5

**20. Trust is primarily an emotional decision.**

Agree Disagree

## Factors of Trusting in International Business

1	2	3	4	5
---	---	---	---	---

**21. When I trust someone I feel safe and secure.**

Agree				Disagree
1	2	3	4	5

**22. When I trust someone I want to share my resources with that person.**

Agree				Disagree
1	2	3	4	5

**23. When I trust someone I treat that person as a friend.**

Agree				Disagree
1	2	3	4	5

**24. When I trust someone I want to give my best.**

Agree				Disagree
1	2	3	4	5

**25. When I trust someone I feel it in my head.**

Agree				Disagree
1	2	3	4	5

**26. When I trust someone I feel it in my heart.**

Agree				Disagree
1	2	3	4	5

**27. When I trust someone I feel it in my stomach.**

Agree				Disagree
1	2	3	4	5

**28. I trust leaders who tell me exactly what to do.**

Agree				Disagree
1	2	3	4	5

**29. I trust leaders who involve me in decision making.**

Agree				Disagree
1	2	3	4	5

**30. I trust leaders who sometimes follow others.**

Agree				Disagree
1	2	3	4	5

**31. I trust leaders who admit the limitation of their own knowledge.**

Agree				Disagree
1	2	3	4	5

**32. Trust needs to be nurtured otherwise it is lost.**

Agree				Disagree
1	2	3	4	5

## Factors of Trusting in International Business

### APPENDIX - 2

#### Parent's Cultural identity

	Frequency	Percent
From mixed cultural background	52	10.4
Vietnamese	4	.8
American	18	3.6
Ukrainian	2	.4
Turkish	2	.4
Spanish	6	1.2
Portuguese	83	16.6
Polish	10	2.0
Indian	11	2.2
Icelandic	7	1.4
German	11	2.2
French	10	2.0
Finnish	5	1.0
Estonian	4	.8
English	10	2.0
Dutch	8	1.6
Danish	153	30.6
Chinese	16	3.2
Austrian	20	4.0
Russian	5	1.0
Norwegian	3	.6
Canadian	2	.4
Others	51	10.2
Not Applicable	7	1.4
Total	500	100.0

### APPENDIX - 3

#### Gender

	Frequency	Percent
Male	201	40.2
Female	290	58.0
Did not mention	9	1.8
Total	500	100.0

## Factors of Trusting in International Business

### APPENDIX 4 Rotated Component Matrix

	Component								
	1	2	3	4	5	6	7	8	9
When I trust someone I treat that person as a friend	.841	-8.676E-03	.180	7.092E-02	1.711E-02	-5.546E-02	-4.230E-02	5.070E-02	1.878E-02
When I trust someone I want to give my best	.828	-8.212E-02	.203	.138	5.620E-02	-9.177E-02	-5.487E-02	-7.380E-03	4.377E-02
When I trust someone I want to share my resources with that person	.759	9.002E-02	8.549E-02	6.377E-02	2.456E-02	6.741E-02	-3.358E-03	8.657E-02	.167
When I trust someone I feel safe and secure	.749	-1.904E-02	.189	5.620E-02	-1.660E-02	.160	-5.882E-02	-3.710E-02	7.537E-02
I trust people who helped me in the past.	.732	.103	.243	.226	.131	8.029E-02	-8.276E-02	-9.383E-02	-9.060E-02
Trust needs to be nurtured otherwise it is lost.	.660	5.295E-02	.142	.111	-.134	.102	8.212E-03	-.126	-.138
When I trust someone I feel it in my heart	.633	-3.762E-02	9.405E-02	-3.294E-02	-7.104E-02	.258	-6.438E-02	3.101E-02	.409
I trust people who trust me	.618	.231	.100	-7.386E-03	.400	-.103	-9.170E-02	-5.841E-02	-7.819E-02
I trust leaders who admit the limitation of their own knowledge	.599	-1.089E-03	.196	.552	4.639E-02	8.411E-02	1.358E-02	-4.682E-02	-.154
I trust myself	.595	-.166	.478	.178	1.929E-02	9.834E-03	-.185	-8.984E-02	-2.661E-02
When I trust someone I feel it in my head	.520	-2.249E-03	.142	-1.981E-02	-9.900E-02	-.365	-2.622E-02	-5.405E-03	.474
I trust people who are in a higher position than me	-1.444E-02	.869	1.235E-02	-8.664E-03	5.464E-02	1.192E-02	.103	1.916E-03	8.277E-02
I trust people who are more educated than me	.119	.830	.109	5.161E-02	7.326E-02	-4.375E-02	5.098E-02	-2.032E-02	1.131E-02
I trust people who are older than me	.228	.767	-3.568E-02	-8.266E-02	5.375E-02	-5.245E-02	.180	6.327E-02	-3.562E-02
I trust people who hold important positions	-.157	.749	2.853E-02	1.936E-02	4.689E-02	-3.523E-02	-2.714E-02	6.558E-02	1.321E-02
I trust people who come from	4.400E-02	.540	.272	.180	.406	9.673E-02	-.220	3.234E-02	8.360E-02



## Factors of Trusting in International Business

my social background										
I trust leaders who tell me exactly what to do	-7.694E-02	.491	-.167	.213	-.272	-.205	8.240E-02	.239	2.908E-02	
I trust people who share my set of beliefs	.120	.451	.245	.316	.215	.111	-.217	.275	9.462E-02	
I trust all members of family	.181	.115	.799	4.924E-02	8.278E-02	-5.762E-02	.117	-6.586E-02	-2.284E-02	
I trust/trusted my father	.348	-1.793E-02	.746	2.428E-02	-6.307E-02	-6.950E-02	-9.650E-02	7.317E-04	6.141E-03	
I trust/trusted my mother	.421	-8.230E-02	.717	4.829E-02	-2.446E-02	9.581E-02	-7.544E-02	-3.558E-03	6.973E-03	
I trust/trusted my teachers	.199	.236	.538	6.873E-02	5.839E-02	-7.968E-02	.191	-.112	.109	
I trust leaders who sometimes follow others	.147	6.468E-02	-2.585E-02	.798	.188	-2.386E-02	3.723E-02	-4.230E-02	.120	
I trust leaders who involve me in decision making	.443	.111	.216	.653	2.691E-03	.104	1.207E-02	-7.071E-02	-1.473E-02	
I trust people who express their views freely	.424	1.764E-03	6.223E-02	.131	.625	-6.776E-02	9.849E-02	-5.474E-04	-.167	
I trust people who dress like me	-.234	.458	-3.608E-02	.164	.614	2.930E-03	-4.995E-02	7.292E-03	.174	
Trust is primarily a rational decision	5.470E-02	.165	8.607E-02	-6.269E-02	-7.548E-04	-.791	.102	4.466E-02	-8.684E-02	
Trust is primarily an emotional decision	.323	5.954E-02	3.618E-03	2.955E-03	-1.376E-02	.738	.114	6.030E-02	8.414E-02	
I trust people even though they let me down in the past	-.310	6.422E-02	-8.447E-02	4.190E-02	-1.330E-03	3.157E-03	.692	.197	.160	
I trust people regardless of their cultural background	.363	-3.650E-02	.122	5.234E-03	-7.661E-02	5.377E-03	.561	-.162	-.237	
I trust people I have not met before	-.160	.108	-7.719E-02	.118	.506	7.777E-02	.521	1.472E-02	9.895E-02	
I trust politicians I voted for.	-.260	.226	.248	-8.939E-02	4.441E-02	-7.881E-02	.429	3.176E-02	.134	
I trust men more than women	-4.820E-02	5.049E-02	-.118	1.080E-02	8.537E-02	-1.825E-02	3.145E-02	.797	-9.011E-02	
I trust women more than men	-1.635E-02	.109	-4.135E-03	-9.140E-02	-8.704E-02	2.104E-02	3.364E-02	.752	7.475E-02	
When I trust someone I feel it in my stomach	3.482E-02	.131	1.499E-02	8.184E-02	4.575E-02	.181	.116	-1.624E-02	.803	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 10 iterations.