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Trust in Companies and in CEOs: A Comparative Study of the Main Influences

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Introduction

Trust in companies is regarded as a fundamental element of corporate success, because it builds and supports long-term relationships between a company and its stakeholder groups and, therefore, generates supportive behavior while preventing unsupportive behavior (Caldwell et al., 2008a; Grunig et al., 2002;

Hon and Grunig, 1999; Huang, 2001; Ki and Hon, 2007). As a social mechanism, it plays an important role in the transaction cost approach, because it lets the organizations react more flexibly to changing market conditions by saving time in the transaction process. They are able to contract less ex ante than without trust (Cummings and Bromiley, 1996; Dyer and Chu, 2003; Möllering et al., 2004; Zaheer et al., 1998). Trust can be seen as the opposite of opportunistic action. When trust is strong, less governance structures such as safeguards in transactions are needed to prevent opportunism, and, therefore, costs for the organization decrease. Thus, trust leads to a competitive advantage (Barney and Hansen, 1994; Sako, 1998). As negotiation and dialogue between a company and stakeholder groups are highly relevant, especially in conflict management, trust leads to stronger cooperative behavior (Christen, 2004).

Not only is the company as a collective player a key factor, but also is trust in the companies' Chief Executive Officers (CEOs) because the CEOs represent the company and, therefore, have a strong impact on the corporate image (Park and Berger, 2004; Skolnik, 1994) which in turn influences trust building. Therefore, stakeholders' trust-building can be analyzed on two levels: On the one hand, there is individual trust in a CEO and on the other, in the company as collective trustee. Organizations are expected to be more stable than individuals, because "institutional arrangements [...] make significant dishonesty risky, even difficult" for companies, more than for an individual (Hardin, 1991, p. 204). Nevertheless, both individual and organization need the reputation they have established.

The first aim of our study is to analyze which elements influence trust building for both company

and CEO, against the background of this interdependency between trust in a company and in its CEO. We consider the dimensions of *ability*, *benevolence*, and *integrity* that form trust in both a company and a CEO (Caldwell and Clapham, 2003).

As individuals very seldom have direct, personal contact with the company except through its products and services, information from the media about an international company or CEO is the basic source of information for building trust. Therefore, our second aim is to find out what kind of media is used by the respondents for becoming informed about trust-building behavior. We address these two research questions by means of a standardized survey in Switzerland.

Theoretical foundations and research questions

In the present research, there is a confusing variety of different definitions of trust, which is basically a consequence of the construct's complexity. Trust is regarded as a central construct in various scientific disciplines such as philosophy, economics, sociology, and political and communication sciences, which have different approaches as a matter of course (Hosmer, 1995). One reason for the growing interest in trust is based on the awareness that social changes and a growing differentiation of roles result in a need for trust as a basis and an alternative to the eroded traditional social structure. Therefore, trust is regarded as a key concept for a functioning modern society (Hardin, 2006; Kohring and Matthes, 2007; Möllering et al., 2004).

Furthermore, trust refers to different levels of trusted individuals or parties (Zaheer et al., 1998). Trust can be built for others in general (*dispositional trust*) or for a real exchange partner (*relational trust*), which can be individual or collective. First, we focus on the general nature of trust and explain the relationship between entrusted (trustor) and trustee. The trustor is defined as the origin of trust while the trustee is its referent (Mayer et al., 1995). Second, we analyze the different dimensions that build trust. Third, we distinguish between the personal and organizational levels of trust and specify the definitions of trust that undergird the study and frame the research questions and hypotheses for the subsequent study.

The nature of trust

Coping with risky situations is an important dimension in the definition of trust throughout the different approaches and disciplines: Only when risk and uncertainty exist, is there a need to trust (Hardin, 2006; Mayer et al., 1995). Therefore, vulnerability is central to this understanding. In our study, we define trust as an attitude of a trustor toward a trustee in a risky situation for the trustor. Trust is built on evaluations of the trustee's ability, integrity, benevolence, and information quality by the trustor.

Trust is a construct that enables people to cope with risks and, therefore, to interact with other people, despite an existing informational imbalance (McAllister, 1995). The trusted party has more information regarding the topic and thus the trustor has to expect that the trustee will act according to the benefits of the trusting person.

Mayer et al. define trust 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 et al., 1995, p. 712). This definition can be extended with the understanding of trust as "an expression of faith and confidence that a person will be fair, reliable, ethical, competent, and nonthreatening" (Carnevale, 1995, p. xi). Caldwell and Clapham define trust according to the definition by Mayer et al. mentioned above: Trust is "the subjectively perceived point on a continuum at which a group or organization's behavior is perceived as complying with the ethical duties considered to be owed to the person or organization who is making the decision to trust" (1995, p. 356).

Hardin describes the motivation of trust-building by defining trust as "encapsulated interests." First of all, the trustee wants to maintain the ongoing relationship with the trustor "because it is not merely the present fulfillment that matters but also all that might come from [their] long-run future interactions" (Hardin, 2006, p. 19). Even if no direct relationship exists, the trustee might encapsulate the interests of the trustor because he wants to maintain his reputation and trustworthiness. His motivation can be moralistic or selfish, direct, or indirect. What matters is that the trustee acts in favor of the trustor's expectations. Trust is a temporal phenomenon,

because it builds upon the experiences, perceptions, and interactions of the trustee (Caldwell and Clapham, 2003). It is a basis for future action (Luhmann, 1979; McAllister, 1995; Shapiro, 1990).

Although trustworthiness is often understood as a synonym for trust (Christen, 2004), a differentiation between trust and perceived trustworthiness is needed, because the decision to trust is based on the trustworthiness of the other person, i.e., the trustee (Caldwell and Clapham, 2003, 2008a, b). Trustworthiness is “a subjectively defined attribution about another person or party that is determined by each person at the individual or organizational level” (Caldwell et al., 2008b, p. 158). Therefore, perceived trustworthiness is based on the subjective evaluation of different characteristics and behavior of the trustee. Trust can, therefore, be defined as a multidimensional construct comprising different dimensions of the trustee’s attributes that the trustor evaluates.

Trust as a multidimensional construct: dimensions of trust building

Trust is based on trustworthiness and, therefore, on the perception of competence, responsibility and dependability of the trustee. Thus, it is modeled as a multidimensional construct, based on cognitive and affective elements (Butler, 1991; McAllister, 1995). On the one hand, people decide for good reasons – they decide in a *cognitive* way whether to regard the other as trustworthy or not. On the other hand, emotional bonds between the trustor and the trustee have an *affective* impact on trust building (Lämsä and Pucetaite, 2006; McAllister, 1995). These bonds are assumed to be reciprocal and individuals have to know each other personally – they have to interact frequently to develop these emotional bonds. When the trustor has no direct experience with the trustee, reputation is an important dimension, because the trustor assumes that the trustee will act in a trustworthy way to avoid losing his good reputation (Hardin, 2006).

Concerning “good reasons,” the cognitive reasons for trusting, the dimensions *ability*, *integrity*, and *benevolence* are of importance in this research (Caldwell et al., 2003; Mayer et al., 1995). Antecedents of these three dimensions are developed by Butler and Cantrell (1984), who differentiate between integrity,

consistency, loyalty, openness, and competence and, therefore, account for morality with the first four dimensions as well as for ability with the competence dimension (Butler, 1991; Hosmer, 1995). Sako (1998) distinguishes among three types of trust that also include the facets mentioned above: *contractual trust* referring to the fulfillment of contractual agreements, *competence trust* referring to the ability to actually do the things promised and *goodwill trust* referring to the ability to make an open-ended commitment to take initiatives for mutual benefit while refraining from unfair advantage taking.

According to Mayer et al., *ability* is understood as competence within a certain field and thus as expertise. Caldwell and Clapham split the three dimensions *ability*, *integrity*, and *benevolence* into seven facets. Competence, quality assurance, and financial balance can be related to *ability* (1995, p. 352). *Integrity* is defined as the perception of the trustee as having a strong sense of justice and acting according to it. It is measured by the perception of the trustor (1) to what extent a congruency exists between the activities and the promises a party gives and (2) whether the trustee develops a procedural fairness and transparency toward the trustor. Finally, *benevolence* describes the trustees’ attempts to do good to the trustors without thinking of their own benefit. For measuring *benevolence*, Caldwell and Clapham define (1) interactional courtesy and thus the degree of respect for others by acting; and (2) the responsibilities of the trustee to inform the trustor about the activities (Caldwell and Clapham, 2003; Mayer et al., 1995).

Another dimension that influences trust in a company or a CEO is information quality. When the trustee’s given information is comprehensible, the trustor is more willing to build trust (Bentele, 1994; Nawratil, 1999; Rühl, 2005; Wirth, 1999), and the perceived transparency of the company and/or the CEO is strengthened. Bentele traces it back to basic individual social trust, which is generated within the socialization process. Therefore, correlates of behavior make it possible to judge between honest and dishonest behavior and are, therefore, the bases for trust building in general (Bentele, 1994).

The elements of *ability*, *integrity*, *benevolence*, and *information quality* concern the trustees, because they represent their perceived trustworthiness. For building trust in the trustee, the trustor has to evaluate different dimensions of trustworthiness that form

trust and, therefore, perceived characteristics and former actions of the trustee lead to trust-building (Mayer et al., 1995).

Trust in an individual and in an organization

Trust on the organizational level between an individual trustor and an organization or an organizational representative as trustee is closely related to interpersonal trust between two individuals who know each other personally. The origin of trust lies in the individual, whereas the referent, the trusted party, can be both individual and collective (Zaheer et al., 1998).

Trust on the organizational level means that trust is generated by the behavior of the company that should be trusted (Caldwell and Clapham, 2003; Mayer et al., 1995). This understanding of trust fits into the trusting relationship between individual stakeholders and a company as a collective actor. Where trust in a CEO is concerned, there is an even stronger correspondence to interpersonal trust, because two individuals, the stakeholder and the CEO, are involved. However, the CEO does not know the individual stakeholder in person, and, therefore, the relationship is not reciprocal on an individual level.

Trust in a company as a collective actor and in the CEO as a representative can be completely different: A company can be trusted to another degree than the individuals that work for the company (Currall and Inkpen, 2002). Thus, trust in the CEO and the company are important for decision-making processes of individuals (Möllering and Sydow, 2005).

In order to analyze whether differences exist between the evaluation of companies and CEOs, we compare the findings of these two levels. Therefore, we develop only one instrument to measure trust in a company and in a CEO.

In order to analyze how trust is built for internationally active companies and CEOs, we focus on the following first research question and two hypotheses:

RQ1: Which elements influence trust in a company as a collective trustee and in the CEO as a single trustee?

H1: There is a difference between the degree of trust in the companies and in the CEO.

H2: There is a difference between the dimensions that influence trust between the companies and the CEOs.

Trust and media use

The missing reciprocal relationship between trustor and trustee on the organizational level implies that individuals get most information about the trustee from media coverage. Thus, when evaluating CEOs and companies, individuals will primarily think of information they got through media coverage. Considering the size of the organizations that act on an international level, it is unlikely for respondents to have personal experience with the company's CEO beside products and services (Bentele, 1994; Bentele and Seidenglanz, 2005; Nawratil, 1999).

When people use traditional media like television news, newspapers, and radio to get information about a company or CEO, they obtain general and less detailed information about various economic topics. In contrast, users of the Internet, company homepages, and special-interest journals can perform much more detailed searches and, therefore, are more likely to get special information about a company and/or CEO. Hence, variety of choices in news coverage is especially important as perceived "gratification-opportunity" regarding motivation for using Internet sources for news (Dimmick et al., 2004). In studies about the Internet and political information, the Internet is regarded as a medium that serves information seeking needs and that provides special information which is easy to obtain. Whether using the Internet to locate special information has a positive impact on trust in the government remains an open question regarding political communication. Initial studies could not identify a significant relationship (Kaye and Johnson, 2002). As users of special media sources like the Internet, company homepages, and special-interest journals are able to vary their news sources and decide about the combination of information, we expect that respondents who use special media sources feel more adequately informed. They, therefore, tend to have a different level of trust in the companies than the people who get more general information from traditional media. As special

information can lead either to more or less trust, we do not define whether trust is higher or lower for people who use traditional media.

As people who rely on special information sources *and* the traditional media are best informed about the activities of the company and/or CEO in question, they will feel more adequately informed and have a higher level of trust than people who do not use any media for getting information about the company at all.

The second research question addresses the role of media use for trust building on an organizational level. We ask, therefore, which media the respondents use for getting information about the company/CEO in question and whether the use of different types of media reveals a correlation with the degree of trust.

RQ2: Does the use of different media sources for getting information about internationally active CEOs/companies correlate with the evaluation of the CEOs/companies?

H3: Respondents who use traditional media sources evaluate trust dimensions in a different way than respondents who use special media sources for getting information about the company/CEO.

H4: Respondents, who use both traditional and special media sources evaluate trust dimensions more positively than respondents who infrequently use media coverage for getting information about the company/CEO (Figure 1).

Research design

In order to answer the research questions, we conducted a standardized, written survey. The object of investigation is not one multinational acting com-

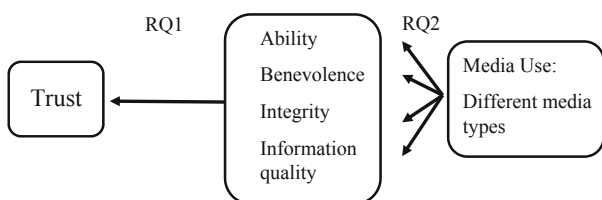


Figure 1. Trust in companies and in CEOs: research questions.

pany or one CEO, but different ones.¹ People responded to questions regarding the company or the CEO of their own choice. Respondents had to name a company or CEO in the beginning and answer the questions in light of their choices. By mentioning a company/CEO for which/whom the respondents answer the survey questions, we made sure that people knew the company or the CEO about which/whom they had to answer the questionnaire. In order to compare the results of the two objects of investigation, we developed a similar questionnaire for companies and CEOs.

In the survey, we included questions regarding the four dimensions of influence on trust. For an overview over the items for ability, integrity, benevolence, quality of information, and trust (global variable), see Appendix Table VIII.

Ability was defined as expertise, competence, and an assurance of quality (Caldwell and Clapham, 2003; Mayer et al., 1995). Thus, we measure *ability* according to the following items: whether the company/CEO is economically successful, whether it/she/he stands for product quality, and whether it/she/he works with comprehensive attention to detail. Integrity means that the trustee shares principles with the trustor and acts upon them (Mayer et al., 1995). According to Caldwell and Clapham, this means legal compliance and procedural fairness (Caldwell and Clapham, 2003). In order to operationalize *integrity*, we asked whether the activities of a company/CEO are perceived as being in accordance with its promises and whether it/she/he demonstrates law-abiding behavior. To explain the construct of benevolence, Mayer et al. give the following example: “The mentor wants to help the protegee, even though the mentor is not required to be helpful, and there is no extrinsic reward for the mentor” (Mayer et al., 1995, p. 719) This is exactly what happens when a company or CEO acts in a socially responsible way. Caldwell and Clapham also mention the responsibility to inform as a benevolent characteristic. Therefore, we measured *benevolence* with items regarding the perception of social responsibility of the company and the CEO, and extensive public information about corporate activities.

Quality of information is also important for building trust, because it strengthens transparency and reliability (Wirth, 1999). We asked the respondents to

evaluate the quality of information regarding its objectivity and factual basis and its factor of intelligibility.

Every item was formulated as a statement that the respondent had to evaluate on a scale from 1 = “strongly agree” to 5 = “do not agree at all.”

In order to test the influence of these dimensions on trust and sympathy for the CEO/the company, we included a manifest variable that directly measures the perceived trust the trustor has for the mentioned company/CEO. The respondents had to answer how intense they regard their trust in and sympathy for the specific company/CEO (scale from 1 = “very” to 5 = “not at all”).

For analyzing how the media use relates to trust building in companies or CEOs, the respondents had to answer how often they use different media types to get information regarding the company/CEO in question on a scale from 1 = “everyday” to 5 = “never.”

Finally, the respondents’ socio-demographic characteristics such as sex, age, and education level were surveyed.

Sample

Overall, we surveyed people in three German-speaking cities in Switzerland in 2007 ($n = 245$). 120 respondents answered questions regarding a CEO, and 125 were asked about a company chosen by themselves.

In order to get random samples, every third person, who passed the interviewers in three main locations in three cities in Switzerland, was approached to answer the questionnaire.

In both samples, there is nearly a gender balance (CEOs: 61% male and 39% female respondents, companies: 48% male, 52% female). The age of the respondents averaged 40 years, whereas 50% were under the age of 35.

As shown in Table I, most of the respondents are employees without any executive position in the company (sample CEO: 48%, companies: 40%), around 22% are students (sample CEO: 20%, companies: 25%), and around 13% of the respondents are employees in management positions (sample CEO: 14%, companies: 13%). We also ask the respondents for the type of company they work for to control for

TABLE I
Percentage of professions mentioned by respondents

	Sample	
	CEO ($n = 118$) (%)	Company ($n = 124$) (%)
Employee in management position	14	13
Employee without management position	48	40
Self-employed	8	7
Trainee	3	3
Student	20	25
Pupil	2	1
Housewife	1	2
Unemployed	2	5
Other	2	4
Total	100	100

differences in knowledge about the structures and processes of international companies. About 39% of the employees do not work in a for-profit company at all (sample CEO: 32%, companies: 45%) and about 10% work for a company that acts internationally (sample CEO: 11%, companies: 8%).

Results

Difference in the degrees of trust in companies and in CEOs

Hypothesis 1 states a difference in the degrees of trust in companies and in CEOs. We tested the differences of the arithmetic means between CEOs and companies by means of a *t*-test for independent samples (Tables II, III).

Results show that trust in CEOs is significantly lower than trust in companies (arithmetic mean of 3.04 and 2.61 on a five-point-scale with 1 = “agree totally” and 5 = “do not agree at all”), which corresponds to the rating of sympathy (AM = 3.07 and 2.68). That means that companies as collective trustees are able to generate more trust and sympathy than CEO as the individual trustee.

A comparison between companies and CEOs regarding the ranking of the different items supports

TABLE II
Arithmetic means and standard deviations of variables for the samples in respect of CEOs and companies

Variables		Arithmetic mean		SD	
		CEO (<i>n</i> = 120)	Company (<i>n</i> = 125)	CEO (<i>n</i> = 120)	Company (<i>n</i> = 125)
Ability	Economic success	1.57	1.37	0.776	0.561
	Product quality	1.90	1.80	0.909	0.893
	Detail-orientation	2.22	2.24	0.949	0.926
Integrity	Activity in accordance with promises	2.54	2.28	0.897	0.984
	Law-abiding behavior	2.59	2.42	1.064	1.094
Benevolence	Social responsibility	3.24	3.06	1.127	1.132
	Extensive public information	3.23	2.88	0.983	0.947
Information quality	Objectivity	2.17	2.14	0.792	0.886
	Intelligibility	2.53	2.27	0.898	0.912
Trust	Global variable	3.04	2.61	1.08	0.985
Sympathy	Global variable	3.07	2.68	1.128	1.137
Media use	News on TV	2.96	3.17	1.108	1.085
	News on Internet	3.33	3.47	1.346	1.295
	News on homepage	4.25	4.01	1.075	1.24
	News on radio	3.49	3.69	1.073	1.136
	News in newspapers	3.12	3.29	1.202	1.202
	News special-interest magazines	3.82	3.85	1.24	1.073

TABLE III
T-values for arithmetic differences between the group companies and CEOs

Variables		<i>T</i> -values for difference
Ability	Economic success	2.335**
	Product quality	0.805
	Detail-orientation	4.057**
Integrity	Activity in accordance with promises	2.150*
	Law-abiding behavior	1.225
Benevolence	Social responsibility	1.236
	Extensive public information	2.798**
Information quality	Objectivity	0.219
	Intelligibility	2.306*
Trust	Global variable	3.241**

*Significant with $p \leq 0.05$; **Significant with $p \leq 0.01$.

these findings. Companies are consistently better evaluated in all the categories. In particular, the items of economic success, comprehensive attention to detail (detail-orientation), activity in accordance with promises, extensive public information, and comprehensible information (intelligibility) are

ranked significantly higher for companies than for CEOs.

Thus, hypothesis 1 is confirmed: there is a difference between the degrees of trust in a company and in a CEO, because trust in a company is evaluated systematically higher than trust in CEOs.

Impact of different dimensions on trust

Hypothesis 2 focuses on how the dimensions *ability*, *integrity*, *benevolence*, and *information quality* influence trust in companies and in CEOs. We analyzed the effects by calculating two regression analyses for the two samples. As the standard errors can be biased in small samples when outliers in the residuals exist, we controlled the analyses for outliers (Urban and Mayerl, 2006). Hence, we excluded six cases for the CEO sample and three cases for the company sample to obtain reliable significances. In order to rule out multicollinearity, we calculated tolerances for the explanatory variables. Tolerance measures how much of the variance of one explanatory variable is explained by the other independent variables. The lowest tolerance scores are 0.46 (in the company sample for law-abiding behavior) and 0.49 (in the CEO sample for extensive public information). This means, that these items have more than 50% free variance which can explain the dependent variable. Therefore, it could be shown that each item has for itself a high explanatory potential for trust, although the correlations between the items are mostly significant (see Appendix Table IX).

The first regression analysis shows that trust in CEOs is influenced especially by items that belong to the *benevolence* and to the *integrity* component of trust: being socially responsible and by acting in accordance with promises. *Ability* also explains trust in CEOs by the item of working with comprehensive attention to detail. Nevertheless, *information quality* has no significant influence on trust in CEOs. In the second regression analysis, trust in companies is strongly explained by the item respect for laws and, therefore, by *integrity*. *Benevolence* is also a strongly influencing dimension in our regression analysis because both items, extensive public information and social responsibility of the companies, are significantly influential. Finally, quality of the products, and thus *ability*, also explains trust in internationally acting companies, whereas *information quality* has no significant impact in this sample (Table IV).

Results indicate that for CEOs as well as for companies, *ability*, *benevolence*, and *integrity* are significantly important for trust building, whereas the influence shifts slightly from a balance between the three dimensions on trust in CEOs to a dominance of *benevolence* on trust in companies. *Information*

quality shows no significance at all. As hypothesis 2 assumes that the four dimensions are important for building trust although the importance of the facets differs between companies and CEOs, it can be confirmed only partially.

Differences in evaluating trust dimensions between users of different media types

The second research question deals with the relationship between the use of media types and trust. Here, we merged the data sets of CEO and company in the analysis.

First, we calculated an explanatory factor analysis (main components, Varimax-rotated). With this analysis, we tested whether media use can be separated into the use of traditional and/or special media sources.

Factor analysis shows that the variables can clearly be classified as use of traditional and/or special media sources. On the first factor extracted, news on TV, in newspapers, and radio news loaded with at least 0.73 (newspapers); the second factor has high loadings of the use of special-interest journals, news on the Internet, and news on the homepage with at least 0.62 (special-interest journals). Both factors are able to explain 61% of the variance. Therefore, the separation of media use into traditional versus special media sources is supported by this finding (Table V).

Hence, in the second step we divided the respondents into user-groups. First of all, we differentiated between frequent and infrequent media use. In our questions regarding media use we distinguished between “every day,” “at least once a week,” “at least once a month,” “less than once a month” and “never.” We drew the line between users, who use a medium at least once a week and less than that. We defined the first group as that which uses all proposed media options only infrequently and, therefore, less than once a week to get information about the company/CEO ($n = 102$). The second group uses traditional media frequently ($n = 50$), the third group uses special media sources frequently ($n = 27$), and, finally, the fourth group uses both traditional and special media sources frequently ($n = 54$).

In order to test hypothesis 3, we compared means between the groups of special and traditional media users of the variables that build trust and the trust variable itself.

TABLE IV
 Linear regression analysis with trust in a CEO/company as dependent variable

Independent variables	Coefficient (B)		Stand. coefficient (β)		Significance		Tolerance	
	CEO ($n = 110$)	Company ($n = 113$)	CEO	Company	CEO	Company	CEO	Company
Ability	-0.146	0.060	-0.111	0.035	0.168	0.604	0.614	0.779
Economic success	0.110	0.285**	0.098	0.265**	0.219	0.000	0.625	0.724
Product quality	0.309**	-0.039	0.289**	-0.037	0.001	0.643	0.533	0.545
Detail-orientation	0.242*	-0.033	0.214*	-0.034	0.016	0.692	0.519	0.482
Integrity								
Activity in accordance with promises								
Law-abiding behavior	0.079	0.314**	0.083	0.359**	0.323	0.000	0.564	0.458
Benevolence								
Social responsibility	0.224**	0.179*	0.250**	0.210*	0.004	0.013	0.538	0.509
Extensive public information	0.097	0.211*	0.094	0.209*	0.298	0.014	0.488	0.500
Information quality	0.145	-0.053	0.106	-0.048	0.165	0.529	0.687	0.597
Intelligence	-0.021	0.112	-0.018	0.105	0.831	0.209	0.554	0.511
Sociodemographics	0.033	0.144	0.016	0.075	0.807	0.241	0.920	0.862
Education	-0.020	-0.039	-0.032	-0.068	0.626	0.288	0.926	0.862
Age	-0.014*	0.009*	-0.163*	0.123*	0.016	0.047	0.882	0.934
Adjusted R^2 CEO	= 0.568							
Adjusted R^2 company	= 0.603							

*Significant with $p \leq 0.05$, **Significant with $p \leq 0.01$.

TABLE V
Explorative factor analysis for media use for information about company/CEO

	Variables	Factor 1: use of traditional media	Factor 2: use of specific media
Media use	News on TV	0.731	
	News on radio	0.752	
	News in newspapers	0.768	
	News on Internet		0.770
	News on homepage		0.858
	NEWS special-interest magazines		0.617
R^2	60.8		

Principal components, Varimax-rotated, $n = 245$, loadings > 0.04 included.

Against our assumption, the global variable trust and the items for *information quality* do not differ between the groups. Just the items – adequate public information and social responsibility and, therefore, the evaluation of the *benevolence* of the company/CEO – reveal differences. These items are significantly more positively evaluated by users of special media sources coverage than by users of traditional media. This means that people, who use Internet news, homepages, and special-interest journals for getting information about a company/CEO, do honor *benevolent* activities more than the users of television news, newspapers, and radio.

Thus, hypothesis 3 can only partially be confirmed for the evaluation of the company's/CEO's *benevolent* behavior, because the items of *integrity*, *information quality*, and, in parts, *ability* show a tendency we assumed, but these differences are not significant.

Differences in evaluating trust dimensions between users and non-users

Regarding hypothesis 4, we did not find any differences concerning evaluation of *ability*, *benevolence*, *integrity*, and *information quality* as dimensions of trust between people who use both traditional and special media sources and people who do not use media coverage at all for getting information about the company/CEO (see Tables VI and VII).

Therefore, hypotheses 4 must be rejected. But we did find differences between people who use media infrequently and respondents with frequent usage of

traditional media. People who used traditional media, systematically evaluated trust overall and the dimensions in a more negative way than people who do not use any media coverage frequently for getting information about companies/CEOs. As shown in Table VI, the group with infrequent media use evaluates trust overall with an average of 2.76, whereas traditional media users have an average of 3.18. The same tendency is observable in the sub-dimensions of trust: Regarding *ability*, evaluation of 2.17 for elaborateness and 1.75 for product quality is significantly more positive for the non-users than for the users of traditional media (2.50 and 2.10). Also, the dimension *benevolence* with the items adequate public information (3.01 vs. 3.46) and social responsibility (3.04 vs. 3.62) differ in the same direction between the two groups. For *integrity*, the item activity is in accordance with promises (2.35 vs. 2.67), and for information quality, the item intelligible information/intelligibility (2.30 vs. 2.60) shows a significant difference.

Discussion and limitations

Trust is significantly important for a company's ongoing success. This is not only true for the company as an organization, but also for the CEO's ability to establish trust in stakeholders. This strengthens the long-term relationship between stakeholders and the company. In order to analyze what influences trust building in companies, it is important not only to analyze the organization, but also the individual, the CEO as trustee. Our study

TABLE VI
 Arithmetic means and standard deviations of variables for users of different media types and infrequent users

Variables	Arithmetic mean				SD			
	Infrequent users (<i>n</i> = 102)	Traditional users (<i>n</i> = 50)	Special users (<i>n</i> = 27)	Users of both (<i>n</i> = 54)	Infrequent users	Traditional users	Special users	Users of both
Ability	1.39	1.52	1.69	1.50	0.548	0.762	0.736	0.818
Economic success	1.75	2.10	1.78	1.85	0.849	0.895	0.974	0.998
Product quality	2.17	2.50	2.38	2.11	0.868	0.839	1.098	1.013
Detail-orientation	2.35	2.67	2.33	2.31	0.908	0.944	0.961	0.968
Integrity								
Activity in accordance with promises	2.42	2.63	2.48	2.51	1.037	0.972	1.189	1.120
Law-abiding behavior	3.04	3.62	2.85	3.06	1.048	1.141	1.099	1.151
Social responsibility	3.01	3.46	2.74	2.89	0.895	0.952	0.903	1.058
Extensive public information								
Objectivity	2.14	2.33	2.04	2.11	0.775	0.922	0.871	0.847
Intelligence	2.30	2.60	2.37	2.42	0.781	1.030	1.043	0.969
Global variable	2.76	3.18	2.78	2.62	0.997	1.004	1.086	1.180
Trust								

TABLE VII

T-values for arithmetic differences between the different user groups of media

Variables		T-values for diff. traditional versus specific	T-values for diff. both media versus no media	T-values for diff. traditional versus no media
Ability	Economic success	-0.946	-0.871	-1.183
	Product quality	1.464	-0.594	-2.310*
	Detail-orientation	0.511	0.343	-2.248*
Integrity	Activity in accordance with promises	1.494	0.244	-2.005*
	Law-abiding behavior	0.599	-0.494	-1.200
Benevolence	Social responsibility	2.855**	-0.092	-3.109*
	Extensive public information	3.220**	0.753	-2.852*
Information quality	Objectivity	1.312	0.187	-1.232
	Intelligibility	0.929	-0.722	-1.795
Trust	Global variable	1.630	0.789	-2.408*

*Significant with $p \leq 0.05$; **Significant with $p \leq 0.01$.

contributes to clearing the differences between trust in companies and trust in CEOs. Therefore, we asked whether a difference exists between the degrees of trust in companies and in CEOs (hypothesis 1). Results show that CEOs were significantly evaluated more negatively regarding trust than companies as collective trustees. These findings indicate that respondents rate individuals much more critically than collectives regarding *ability*, *benevolence*, and *integrity*. One reason could be that a CEO is criticized in public, especially by the media, for losses and thus for decision-making mistakes in leading a company. Therefore, they are frequently replaced, whereas a company lasts and is merely regarded as an organization which depends on the decisions of a responsible CEO. Thus, trust in companies is built as an accumulation of decisions taken by the companies for a long period of time and, therefore, by different and changing CEOs.

Regarding the differences in the impact of *ability*, *integrity*, *benevolence*, and *information quality* on trust in CEOs and companies (hypothesis 2), it could be shown that the first three dimensions are important for overall trust on both individual (CEO) and collective (company) levels. Nevertheless, different aspects are important for building trust for CEOs and companies. For example, ability has an impact on overall trust in CEOs, because detail-orientation of the CEO is regarded as important. For companies, in

contrast, detail-orientation does not have a significant influence but quality of products is crucial. This is not surprising as products are usually linked with companies as a whole and not with a CEO. Regarding *integrity*, it is important for the respondents that the CEO acts in accordance with his promises, whereas the company should abide by the law. *Benevolence* is especially important for trust in companies, because both items have a significantly positive impact. Social responsibility is influential both for CEOs and companies. But, for being positively influential on the company's success, stakeholders have to notice social activities of both the company and CEO. Thus, effective communication strategies are needed.

Regarding RQ1 it can be stated that trust in CEOs and in companies differs in the degree of overall trust, because CEOs are evaluated more critically than companies. *Ability*, *benevolence*, and *integrity* play an important role in explaining the degree of trust, whereas the influential items differ between groups. *Information quality* does not have an impact on trust in general.

Regarding RQ2, differences between user groups of special versus traditional media were found for *benevolence* (hypothesis 3). Companies report their activities on Websites, and special-interest magazines have more space to cover stories about benevolent behavior, whereas newspapers and news on TV and

radio focus particularly on topics like economic success and product quality. Therefore, users of special media sources are expected to get more information about benevolent activities.

Surprisingly, there is no difference in the degree of trust between people who do not use media at all and the group of respondents that uses both traditional and special media sources and is, therefore, highly informed (hypothesis 4). In order to explain this finding, differences between users of traditional media and non-users regarding trust and trust dimensions were analyzed, and significant differences were found. Users of traditional media evaluated items of the three dimensions and overall trust significantly more critically than non-users. Hence, people who are infrequently informed by media coverage do not evaluate people as negatively as those who get general information from traditional media. Non-users do not differ significantly from the group that is highly informed (special and traditional media use). These findings indicate that people who are informed in a general and, therefore, more superficial way are much more critical than people who infrequently get their information from the media and, therefore, use other channels for evaluating companies and CEOs, or people who use media information to a great extent and thus have extensive and multifaceted information. For companies and CEOs, it is, therefore, especially important to get positive coverage in general media regarding the dimensions that are important for building trust. Regarding our findings, the images of a CEO, who is detail-oriented, and a company which stands for high product quality should be established and strengthened especially in the general media.

Finally, in our study, CEOs and the companies were mentioned in a free way by respondents. Altogether, respondents predominantly named CEOs and companies they regarded as economically successful and as specialists in their industrial sector (93 and 88%, respectively at least, agreed to the items). The arithmetic mean of economic success was, therefore, higher than the other trust items (1.57 for CEOs and 1.37 for companies). Thus, the internationally active companies/CEOs mentioned are perceived as economically successful, but less benevolent.² Therefore, we do not have a high degree of variance regarding the ability dimension.

For further analysis, companies and CEOs should vary regarding their perceived economic success. Differences between industries should be controlled as well.

Swiss companies are mentioned most often, when asked about international companies. It can be assumed that Swiss respondents are constantly informed by the national media about internationally active Swiss companies and recall them primarily because frequent media coverage increases the accessibility of information.

In future studies, it would be interesting to analyze whether our findings are also significant for international companies in other host countries or whether cultural effects can be found regarding trust-building dimensions. Also, research on the relationship of media coverage about companies and CEOs with trust building could be an interesting and an important focus for further analysis.

Notes

¹ The company Nestlé Swiss was mentioned most often (34 times), followed by UBS (18 mentionings), and Novartis (13). As CEOs, Marcel Ospel of UBS (30), Daniel Vasella of Novartis (15), and Bill Gates (Microsoft, 14) were recalled most frequently. Therefore, only companies and CEOs were mentioned by the respondents that are perceived as economically successful (at least at the time of the survey).

² In addition to economically successful companies, the two other ability items – comprehensive attention to detail and product quality – are on average evaluated positively, with an arithmetic mean of 2.22 (elaborateness, CEO) and 1.90 (product quality, CEO) and 2.24 and 1.80 resp. (company). In contrast, adequate public information and social responsibility activities were evaluated lower than the other items for both companies and CEOs (a.m. for social responsibility = 3.24 for CEOs and = 3.06 for companies, adequate information = 3.23 and = 2.88). This means, that benevolent activities, in particular, are evaluated as only moderate for both company and CEO.

Appendix

See Tables VIII and IX.

TABLE VIII

Overview of the items for trust and media use

	Variables	Scale
Ability	Economic success	The CEO/company operates economically successful and efficiently
	Product quality	The CEO/company stands for high product quality
Integrity	Detail-orientation	The CEO/company works with comprehensive attention to detail
	Activity in accordance with promises	The CEO/company acts in accordance with his/her/its promises
	Law-abiding behavior	The CEO/company takes law standards seriously
Benevolence	Social responsibility	The CEO/company accepts social responsibility
	Extensive public information	The CEO/company informs the public extensively and does not conceal important information
Information quality	Objectivity	Information given by the CEO/company is factual based
	Intelligibility	Information given by the CEO/company is intelligible
Trust	Global variable	How much do you trust the CEO/company?
	Sympathy	How much do you like the CEO/company?
Media use	News on TV	How often do you get information about the CEO/company from...?
	News on Internet	How often do you get information about the CEO/company from...?
News on homepage	News on radio	How often do you get information about the CEO/company from...?
	News in newspapers	How often do you get information about the CEO/company from...?
News special-interest magazines		How often do you get information about the CEO/company from...?
		How often do you get information about the CEO/company from...?

TABLE IX
Correlations between items for trust dimensions (explanatory variables)

	Competence			Integrity			Benevolence			Information quality		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
Ability												
Economic success (1) CEO	1.00	0.345**	0.507**	0.289**	0.024	0.044	0.146	0.249**	0.109			
Economic success (1) Company	1.00	-0.023	0.331**	0.074	0.019	-0.063	-0.068	-0.018	0.038			
Product quality (2) CEO	0.345**	1.00	0.381**	0.339**	0.441**	0.258**	0.265**	0.295**	0.181*			
Product quality (2) Company	-0.023	1.00	0.335**	0.423**	0.352**	0.442**	0.301**	0.302**	0.283**			
Detail-orientation (3) CEO	0.507**	0.381**	1.00	0.403**	0.320**	0.410**	0.409**	0.290**	0.347**			
Detail-orientation (3) Company	0.331**	0.335**	1.00	0.579**	0.426**	0.397**	0.325**	0.296**	0.405**			
Activity in acc. with promises (4) CEO	0.289**	0.339**	0.403**	1.00	0.428**	0.523**	0.480**	0.286**	0.421**			
Activity in acc. with promises (4) Company	0.074	0.423**	0.579**	1.00	0.560**	0.468**	0.468**	0.371**	0.400**			
Law-abiding behavior (5) CEO	0.024	0.441**	0.320**	0.428**	1.00	0.385**	0.476**	0.323**	0.370**			
Law-abiding behavior (5) Company	0.019	0.352**	0.426**	0.560**	1.00	0.590**	0.496**	0.347**	0.477**			
Benevolence												
Social responsibility (6) CEO	0.044	0.258**	0.410**	0.523**	0.385**	1.00	0.521**	0.190*	0.432**			
Social responsibility (6) Company	-0.063	0.442*	0.397**	0.468**	0.590**	1.00	0.515**	0.422**	0.435**			
Extensive public information (7) CEO	0.146	0.265**	0.409**	0.480**	0.476**	0.521**	1.00	0.308**	0.539**			
Extensive public information (7) Company	-0.068	0.301**	0.325**	0.468**	0.515**	0.515**	1.00	0.570**	0.465**			
Information quality												
Objectivity (8) CEO	0.249**	0.295**	0.299**	0.286**	0.323**	0.308**	0.308**	1.00	0.465**			
Objectivity (8) Company	-0.018	0.302**	0.296**	0.371**	0.422**	0.422**	0.570**	1.00	0.494**			
Intelligibility (9) CEO	0.109	0.181*	0.347**	0.421**	0.370**	0.539**	0.539**	0.465**	1.00			
Intelligibility (9) Company	0.186*	0.283**	0.405**	0.400**	0.435**	0.435**	0.465**	0.494**	1.00			

*Significant with $p \leq 0.05$; **Significant with $p \leq 0.01$.

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