PART I

The conceptual challenge of researching trust across different 'cultural spheres'

1 *Unravelling the complexities of trust and culture*

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Introduction

Badri is an Iranian businesswoman representing her firm in first-round negotiations with a new alliance partner from Munich, Germany.[1] When she enters the room, her counterpart from the German firm, Johann, reaches out his hand for her to shake as a first gesture of goodwill. Badri hesitates, but takes Johann's hand briefly, shakes it once, smiling the whole time. Then she sits down. Johann is impressed by her apparent openness; for him, this bodes well for the talks ahead. Behind him, a few colleagues wince at his indiscretion, but are relieved when it appears he has got away with it. Behind her, Badri's male colleagues from Iran are shocked. Some are disgusted. For women to touch unfamiliar men is neither customary nor appropriate in their culture. But Badri has studied and worked in the States for several years and, though she finds such incidents uncomfortable, she has learned to 'switch' between styles of working when required. Plus, for her, the priorities of her employer mean that nurturing a solid, trusting relationship with their German partner is of paramount importance.

Sean and Nils are elected employee representatives sitting on the European Works Council of the Anglo–Dutch steel firm, Corus, for whom they both work.[2] Nils is Dutch and works in his native Holland; Sean is Irish but works in a smelting works in England. They are both union members (though in different unions), both Corus employees, and both engineers. But when Corus attempted to divest a profitable Dutch aluminium business to prop up flagging UK plants (including the one where Sean works), Nils and the Dutch reps invoked Dutch law to prevent the sale. This tactic infuriated Sean and his UK constituents, and it soured relations between the two national workforces. However, when Corus tried to force through further job cuts, Sean

[1] Scenario adapted from Molinsky (2007: 625).
[2] Scenario adapted from Timming (2008).

approached Nils to coordinate a joint protest on behalf of all Corus workers, regardless of nationality or function. Their 'new' shared fate sealed both parties' commitment to the campaign, and trust was repaired. (Now, both men work for an Indian company, after TATA Group bought Corus.)

In July 2008, the *Financial Times* reported a real case from the Airbus manufacturing plant in Toulouse (Hollinger and Wiesmann, 2008), where production problems with their giant A380 aircraft were attributed to major cross-cultural differences between the local French workforce and a group of 200 German technicians transferred in to repair errors made in the company's Hamburg factory (in Germany). Some within the Toulouse plant claimed that German working patterns (including a marked preference for written instructions) were anathema to the French, and vice versa (the Germans were startled to see French men greet each other with a kiss in the morning). Yet others noted that the handsomely compensated 'transferees' were not Airbus employees but contract workers, and this was the real source of the 'them and us' frustration.

These vignettes highlight both the complexity and the ordinariness of cross-cultural trust building in today's globalized world of business. Organizations and their employees are increasingly enmeshed in complex interdependencies across national, organizational and professional borders, meaning that people from different 'cultures' are being asked to manage unfamiliar relationships with unfamiliar parties.

Such contexts demand trust. Trust's vital role in securing sustainable relations among disparate parties, especially in ambiguous situations characterized by uncertainty (such as between parties from different 'cultures'), is now well established. Trust has been shown to have a beneficial impact on a range of individual, group and organizational performance outcomes (see Dirks and Ferrin, 2001 for a review). Interpersonal trust is associated with cooperation (Golembiewski and McConkie, 1975), the quality of group communication and problem solving (Butler *et al.*, 1999; Zand, 1972), knowledge transfer (Levin and Cross, 2004), employees' extra effort (Korsgaard *et al.*, 2002; Mayer and Gavin, 2005), team performance (Dirks, 2000), even sales (Salamon and Robinson, 2008) and organizational revenue and profit (Davis *et al.*, 2000; Simons, 2002). At the inter-organizational level, Madhok (1995) notes trust's 'cost reduction and value enhancing properties' in the form of more efficient and effective cooperation and information sharing between firms, and the expansion of the range of potential partners (see also Gulati, 1995: 107; Zaheer *et al.*, 1998). Indeed, trust is held to be a major contributor to organizational competitiveness because it cannot be easily imitated or replicated (Barney and Hansen, 1994).

Many scholars argue further that the degree of trust in a particular society profoundly influences that nation's economic wellbeing and global competitiveness (Fukuyama, 1995; Inglehart, 1999; Zak and Knack, 2001). Additionally, trust and reciprocity form the basis of all human systems of morality (Nowak and Sigmund, 2000, cited in Buchan *et al*., 2002: 168). Putnam (2000) sees both as the very foundation of society and civilization, and reciprocated trusting relationships are key to human happiness (Haidt, 2006; Layard, 2005).

Yet developing and maintaining trust between different 'cultures' is a formidable challenge. People from different cultures often bring to relationship-building efforts 'alien' values and beliefs, 'peculiar' behaviours and even incompatible assumptions, which can prevent successful interactions and fruitful collaboration (e.g. Arino *et al*., 2001; Branzei *et al*., 2007; Farris *et al*., 1973; Thompson, 1996). It is little wonder that cross-cultural interaction often involves misunderstandings, embarrassment, feelings of low self-efficacy, even psychological distress (Molinsky, 2007).

Our goal with this book is to bring together leading-edge conceptual thinking and empirical research on the nature, meaning and development of trust across multiple cultural boundaries, in order to facilitate a cumulative body of knowledge on this richly complex process. It has its origins in an exciting seminar series funded by the UK's Economic and Social Research Council (ESRC) between 2005 and 2007, which involved more than fifty scholars from around the world. The aim and scope of the book, echoing Noorderhaven (1999), is to unify the extant research on trust across different 'cultures', and to stimulate new research directions. Despite substantial research on what constitutes trust and trustworthiness, we know surprisingly little about how people from different cultures understand this complex and enigmatic construct, and how they go about building, maintaining and repairing trust in their own culture, and across cultural divides. This book seeks to address this gap in our understanding, and serves as a staging post in mapping the terrain of cross-cultural trust building, finessing our understanding of what is required to foster trust between people from different 'cultures'.

Cross-cultural engagement: multiple 'cultural spheres' and the 'cultural mosaic'

The challenge of establishing and maintaining trust in cross-cultural relations is most apparent across national borders. It is a truism of globalization that the worldwide transfer of capital, labour and investment, coupled with

the network-oriented nature of organizations and their markets, and the fluid employment and social environments within which many now operate, entail elaborate interdependencies within and between workforces in different countries (Caldwell and Clapham, 2003; Child, 2001; Gulati, 1995).[3] Yet, although the 'globalized' nature of work is rendering national cultural boundaries somewhat 'fuzzy' (Doney *et al.*, 1998), the influence of national cultural traits and norms on people's perceptions, beliefs, values and behaviours endures (Pothukuchi *et al.*, 2002), and remains particularly problematic for trust building (Dyer and Chu, 2000; Johnson and Cullen, 2002).

Importantly, however, we do not see cross-cultural engagement as being limited to *national* boundaries. Mergers, strategic alliances, joint ventures and outsourcing arrangements bring people together from different *organizational* cultures (Child, 2001; Luo, 2002; Madhok, 1995; Maguire and Phillips, 2008; Ring and van de Ven, 1994; Zaheer *et al.*, 1998). *Multi-professional* arrangements include the relationships between management consultants and auditors, and their clients. Meanwhile, new patterns of working are emerging *within* organizations that require employees to negotiate and manage an ever more complex network of relationships (Kasper-Fuehrer and Ashkanasy, 2001; Rubery *et al.*, 2002): the shift to flatter, more flexible internal structures (e.g. cross-functional teams; 'virtual' teams; joint working parties; one-off projects), combined with the influence of 'lateral' and 'portfolio' career moves, bring people together from very different *professional* or *functional* cultures (e.g. HR, Finance, Marketing, R&D, lawyers) and different *sub-organizational cultures*.

Schneider and Barsoux (2003: 51–79) view these multiple cultural groupings as interacting 'cultural spheres'. Each sphere may shape a person's thinking or conduct independently or simultaneously with another sphere. Chao and Moon (2005) use the metaphor of a 'mosaic' of multiple cultural identities to convey the same idea. Many different 'tiles' create the overall mosaic picture of the cultural identities of a person or organization (they include nationality, ethnicity, sector/industry, organization, profession and subcultures), yet each tile remains a distinct part of the whole. Figure 1.1 illustrates both ideas.

[3] It is worth reflecting, however, that this has in fact been happening for centuries (Wright, 2000). The trade routes along the Silk Road from China to Venice, for example, saw people traverse entire continents thousands of years ago. It is, therefore, misleading to imagine that cross-cultural collaboration and trust building is a new phenomenon.

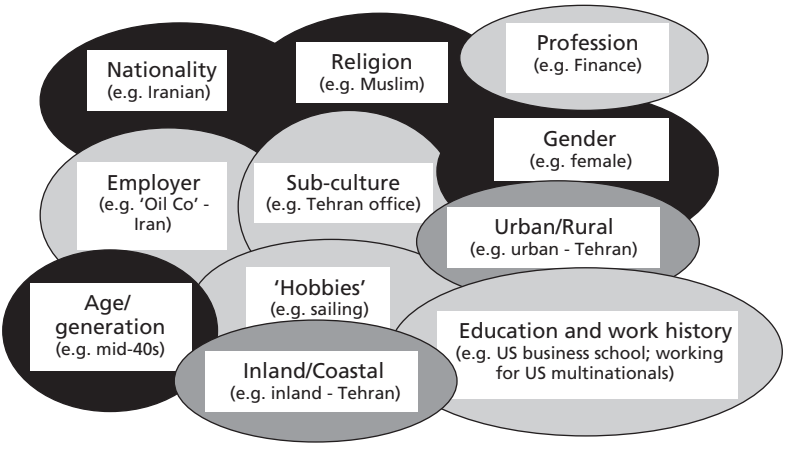

Figure 1.1 Cultural spheres in the Badri case study

Figure 1.1 illustrates these ideas from the perspective of Badri, from the opening vignette: she is Iranian by birth and a Muslim, but is also socialized in the West and its ways of conducting business, loyal and committed to her firm, and focused on finance by profession. So, to what extent was her thinking and behaviour influenced by her nationality, religion, industry, corporate culture or professional culture – or by some combination of these?

In short, it is increasingly difficult to discern what is distinctively 'local' about individuals' conduct when many people have been subject to a myriad of multicultural influences, and also when – as we shall see – certain spheres or tiles dominate in certain circumstances, may recede in influence in others, and idiosyncratic new cultural forms may emerge from parties' interactions. The existence of, and interaction among, these multiple 'cultural spheres' or 'tiles' renders cross-cultural engagement, and the effective establishment and maintenance of trust amongst unfamiliar parties, even more delicate (Molinsky, 2007). This book takes a 'cultural mosaic' perspective to unravel the complexity of the processes involved.

The research agenda

We can split the research challenge into two essential questions and types of studies:

1. *The etic vs. emic debate*: is there a universally applicable model of trust and trust development [*etic*], or do people from varying cultures understand and enact trust differently [*emic*]?

Much of the research on trust has adopted an *etic* perspective (Zaheer and Zaheer, 2006), assuming trust concepts, models and measures developed in Western countries are adequate for the study of trust in other (national) cultural contexts. This approach has been criticized by Noorderhaven (1999) who argues, 'it is much more productive to explore and compare the meaning of trust and its antecedents and consequences as perceived in various cultures'. Zaheer and Zaheer (2006: 22) call for a 'fresh approach' that starts from the premise that the level, nature and meaning of trust may vary across different national contexts. They conclude that an integrated emic/etic approach is a promising avenue for future research. This book takes that approach explicitly. The majority of chapters offer an 'emic' or an integrated 'emic'/'etic' view on trust across cultural contexts, and extend beyond the *national* cultural sphere to other cultural spheres, such as across professional and organizational cultures.

2. *Intercultural* studies: how can Party A from Culture #1 develop a trust relationship with Party B from Culture #2?

   This question focuses our attention on interaction among individuals, groups or organizations from different cultural spheres. Relevant questions here include: What factors or conditions facilitate the development of trust and/or the reduction of distrust? Does this differ depending on the cultural sphere under examination? What role does cultural learning and adaptation play in the trust-development process? Can common cultural identities be used to overcome barriers to trust resulting from divergent cultural identities? Is the influence of culture on trust building and repair overplayed? Additionally, are there situations in which cultural differences are insurmountable, and attempts to overcome them are ill-advised?

This volume

To address these questions meaningfully, and advance our research agenda, requires a *cross-disciplinary* approach. We have selected a highly diverse set of contributors in this volume (itself an example of multiple interacting cultural spheres). The selected authors represent several different countries themselves, and they come from a wide range of academic disciplines, including accounting, anthropology, management, strategic HRM, psychology, sociology and linguistics.

We have also consciously adopted a *multi-level* approach (see Klein and Kozlowski, 2000), recognizing – as Keyton and Smith (2008) have done in

relation to the *Handbook of Trust Research* (Bachmann and Zaheer, 2006), and Tung (2008: 43) has done in relation to culture – that the nature of both constructs ought not to be limited to single-level analysis. Indeed, a core theoretical proposition of this book is that trust is fundamentally interpersonal, but is shaped by latent and overt influences at multiple levels, and that some of the strongest influences are cultural in origin. Moreover, as we have already seen, cultural influences may materialize at the level of the individual (e.g. ethnicity, gender), team or group, the organization, inter-organizationally, as well as societal levels. These variables also interact across the levels. Our contributions reflect this: they present trust-building and repair processes across very different 'cultural spheres', including between international joint venture partners, senior international managers from different nationalities, service suppliers (such as consultants, auditors, utilities firms) and the clients they serve, different internal organizational groupings during times of change, and within family firms.

Each chapter is rooted in a specific empirical study or conceptual project. The source data for the empirical chapters come from different national settings, including Britain, China, France, Germany, Ghana, Lebanon, Nigeria, Turkey and the United States. A further diversity characteristic of the contributions is the variety of research methods used, including surveys, interviews and ethnographies. Indeed, a distinctive feature of this book is that the majority of the empirical studies make use of rich qualitative methods, unlike much of the existing literature.

In the remainder of this introductory chapter, we clarify the conceptualization of trust adopted in the book. We then unravel our second core concept, culture, and discuss further the notion of multiple interacting cultural spheres, or tiles. Third, we critically review current perspectives on the influence of culture on trust, including dominant approaches to building trust across cultural barriers. In so doing, we summarize the limits and prominent gaps in this literature. The final section provides the reader with a preview of the chapter contributions.

Trust: an overview

Conceptualizing trust

Given the prominence of trust for individual and organized behaviour, it is not surprising that trust has been studied from a number of disciplines, including psychology, sociology, economics, political science and moral philosophy. These disciplines differ in how they approach and conceptualize

trust (for a review, see Rousseau *et al*., 1998), in part because they focus on different phenomena at different levels of engagement and interaction. In line with Rousseau and colleagues' (1998) overview of trust research and theory, we conceptualize trust as a 'meso' concept which integrates micro-level psychological processes (intrapersonal, interpersonal) and group dynamics with macro-level organizational, societal and institutional forms. The contributions in this book examine trust from various disciplines, and at various levels.

Trust definition. In their cross-disciplinary review, Rousseau *et al*. (1998: 395) noted convergence around the following definition of trust:

> a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another.

This definition highlights two fundamental components of trust evident in earlier conceptualizations: the *willingness to be vulnerable* in a situation of *risk* (see Mayer *et al*., 1995; Zand, 1972) and *confident positive expectations* (see Baier, 1986; Cook and Wall, 1980; Lewicki *et al*., 1998; Mayer *et al*., 1995). Although other definitions of trust exist (e.g. Möllering, 2006), we adopt this as the chosen definition, as our intention in this book is to move beyond long-standing but moribund debates on what trust is, to enable a focused examination of the interplay between trust and culture.

In line with Mayer *et al.*'s (1995) influential integrative model, as well as recent reviews (see Dietz and den Hartog, 2006; McEvily *et al*., 2003) and meta-analyses (Colquitt *et al*., 2007), we distinguish trust from trustworthiness beliefs, propensity to trust and trusting behaviour.

Trustworthiness beliefs. Trustworthiness beliefs are the subjective set of confident beliefs that the trustor has about the other party and their relationship with that party. These beliefs inform the decision to trust. Mayer *et al*. (1995) identify three prominent dimensions of trustworthiness: *ability* (the group of skills, competencies and characteristics that enable a party to have influence within some specific domain); *benevolence* (perception of a positive orientation of the trustee toward the trustor, including expressions of genuine concern and care); and *integrity* (perception that the trustee adheres consistently to a set of principles acceptable to the trustor, such as honesty and fairness).

Propensity to trust. As well as the trustor's perceptions of the other party's trustworthiness, their propensity to trust will also influence their decision to trust (Colquitt *et al*., 2007), particularly unfamiliar actors. Propensity to trust (also known as 'generalized trust') is a person's predisposition towards trusting other people in general (Rotter, 1967). It is understood to be a facet of

personality influenced by early developmental experiences, and by cultural background (see Hofstede, 1991), and remains relatively stable throughout adulthood (Rotter, 1967).

Trusting behaviour. While trust involves a willingness to render oneself vulnerable, and implies the *intention* to act in a trusting manner, risk only occurs in the behavioural manifestation of trust: the act of making oneself vulnerable to the other party (Mayer *et al*., 1995). Gillespie (2003) identifies two dominant categories of trusting behaviour in work contexts: *reliance* (relying on another party's skills, knowledge, judgments or actions, including delegating and giving autonomy), and *disclosure* (sharing work-related or personal information of a sensitive nature with another party). While trusting behaviour is the likely outcome of trust, this is by no means guaranteed as other contextual factors beyond the immediate trustee–trustor relationship can influence trust behaviour (e.g. control systems, perception of risk in the situation, power relations, social network implications – see Dietz and den Hartog, 2006; Mayer *et al*., 1995).

The empirical contributions in this volume draw on these four causally related trust constructs (trust, trustworthiness beliefs, propensity to trust, trusting behaviour) to inform our understanding of the influence of culture on trust. We now go on to consider how trust is formed and develops over time.

Trust development and forms of trust

Several models of trust development have been proposed (for a review, see Lewicki *et al*., 2006). All highlight that trust is based on a body of evidence about the other party's motives and character, from which a belief, prediction or faith judgment about that party's likely *future* conduct is derived. That is, the trustor generates an initial judgment about the other party's trustworthiness (i.e. their ability, benevolence and integrity) on the basis of available evidence. They then recalibrate that judgment in light of subsequent evidence, and/or the outcomes of their trusting behaviour towards the party (Mayer *et al*., 1995). As Zand (1972) describes, if one party expects the other to be trustworthy, then they disclose information, relax controls and accept influence and interdependence. Should the other party vindicate that trust, the relationship may deepen and develop further through reinforcing cycles of reciprocated trust. In contrast, when reciprocation is not forthcoming, trust often erodes and distrust may result. As relationships mature through experience in different contexts and around different interdependencies, parties accumulate deeper and more extensive knowledge about each other's