RECIPIENTS OF GOVERNANCE: TRUST AND THE EMPLOYEE PERSPECTIVE

*Alma Whiteley**

Abstract

Purpose - To introduce trust as related to organizational design and management within the broader domain of governance and report on case study research on trust carried out in a large Australian organization. Design/methodology/approach - This paper is in three parts. The first part reviews a selection of ideas and recent writers on trust; the second part describes the methodology of the case study research which focused on relationship management where trust emerged as an important element of relationships. This is followed by examples from the findings. The third part addresses insights and future research. Originality/Value - The study of trust has become an important topic for management and corporate governance during recent years. After discussing scholarly interpretations of trust, empirical research findings are used to provide insight into how employees actually understand and interpret trust.

Keywords: trust, relationship management, organizational governance

* Graduate School of Business, Curtin University, Perth, Australia

Introduction

Corporate governance is concerned with ensuring that managers run firms honestly and effectively so as to provide a fair and acceptable return to those who invest resources in them. This definition is compatible with both shareholder and stakeholder orientations…Trust refers to a person's belief that others make sincere efforts to uphold commitments and do not take advantage of that person given the opportunity…If employees, suppliers customers or others having contractual relations with a firm believe that its managers intend to let them down or will do so because of incompetence, they have no grounds for trusting those managers (Child & Rodrigues, 2004, p143).

The overall focus of this paper is trust as related to organizational design and management within the broader domain of governance. The paper has three aims: the first aim is to present a selection of ideas and writers on trust; the second is to present findings on the Dalrymple Bay Coal Terminal (DBCT) case study research which focused on relationship management where trust emerged as an important element of relationships. The third aim is to discuss and draw insights from the research.

Our interest in trust came serendipitously. In the course of collecting workshop data on core values for managing change (Whiteley, 1995), we asked employee groups over a broad range of industries and business types what they valued most from their managers. One finding repeated itself with almost 100% consistency. Trust was the most valued quality in employee/management relationship. Confusingly though, almost every time trust was identified, honesty and integrity were also identified. There seemed to be a connection between these concepts such that they 'went together' in the minds of our respondents. We have since come to recognize that these two qualities represent the 'worthiness' that is a qualifying condition of endowing trust. As Handy (1993, p193) explained "Organizations who expect their people to trust them must first demonstrate trustworthiness…Individuals will not be trusted fully until they prove that they can deliver". Governance and trust are connected in several ways and in this paper, trust as it relates to the reputation of those in a governing position plays a central role.

In addition to the study of relationship management at DBTC reported in this paper, we have an ongoing research which involves the use of the core values method (Whiteley 1995) to achieve cultural change in a international service organization operating throughout Australia. One of the hallmarks of scholarly writing is a definition of the subject matter, taking into account the various ideas and theories of those considered to be expert in the field. When writing about trust, a problem immediately presents itself. This is the problem of 'knowledgeability' (Giddens, 1984, p3). "It is the specifically reflexive form of the knowledgeability of human agents that is most deeply involved in the recursive ordering of social practices". Another way to say this is that human beings 'just know' about certain elements of social life. We think that trust comes into this category. As such, one single definition of the concept of trust immediately runs into difficulties as trust is simultaneously a) socially

located, b) contextually situated and c) a part of the discursive flow of everyday life.

In light of the diversity of interpretations of trust we will present different views organized around definitional statements. We will pay particular attention to trust as a feature of governance and organizational design.

Definitional Statements

Traditionally, governance has been associated with organizational images of stability, however tenuous, regulation and reductionism. An alternative set of images comes from the management literature which addresses the metaphors of chaos and complexity theory. Youngblood (1997) talks about a new order which is essentially a rejection of what he and others call the machine view of the world (Stacey, 1995, 1998, 2005; Wheatley, 1992; Zohar & Marshall, 1994, 2004). Several themes emerge in his work such as: the world as a living web of relationships; the space at the edge of chaos which is where creativity can flourish; the replacement of an 'either/or' scheme of organization with a 'both/and' notion that embraces paradox and dissent. His thesis is that life and organizational life is a holistic system, capable of self-organization. Enabling the system are concepts such as Prigogine's (1996, p53) dissipative structures (which depicts loss of energy in closed systems until at last they reach equilibrium at which point "it is a static state, where there is no change, just stillness. Equilibrium, in fact, can be equated with death". He, like Zohar & Marshall (1994) talks about quantum organization. He talks about openness and open systems where the intention to act in the best and highest interest of those affected by one's actions, thus becomes trustworthy.

Some writers employ causal or other logic to various aspects of the trust construct. For example, Coleman (1990), Putnam (1993) and others express trust as social capital. By this they mean the predisposition for people to produce socially efficient outcomes, based on positive assumptions that allow economy in judgements and decision making; and in reverse, avoid inefficiencies due to non-cooperation. Implicit in such writings are expectations of fair or cooperative behavior from others, thus lowering transactional costs. McEvily, Perrone, & Zaheer (2003) draw attention to the fact that although trust has received much attention in the literature, a set of generalizable propositions has not been produced. An example of a generalizable proposition is trust as an organizing principle. They identify other organizing principles of authority, price and norms. They disperse several descriptions of trust throughout their article.

...trust has been conceptualized as an expectation which is perceptual or attitudinal, as a willingness to be vulnerable, which reflects volition or intentionality and has a risk-taking act which is a

behavioural manifestation (McEvily et al., 2003, p93).

McEvily et al (2003) go on to make some powerful statements about trust and its impact on organizational efficiency. Challenging the economic viewpoint (Williamson, 1985) that rational economic actors should not rely on trust when managing interdependencies and facing problems in resource allocation, McEvily et al. (2003, p99) assert that "trust in fact is a basic necessity for virtually all forms of exchange". They suggest that it is possible that in pursuing a rational economic model of organization, the import of social relations is not too well understood. Some of the early literature from an economics perspective would certainly support this. From Mc Evily's expression of trust as something that can be causally examined, we go on to Fineman (2003) who places trust firmly in the emotional domain.

Fineman (2003) presents a comprehensive definition of trust. His interest is in trust as an emotional element to organizational learning. He contends that organizational learning has failed to engage with emotion in organizations. He sees emotion at the core of learning and he sees trust as an indicator of the way one fits into the political and moral order. He says that what is trustworthy is essentially emotional. Fineman (2003) points to the many descriptions of trust based on power, structural relations, arguments of rhetoric and manipulation but he adds "Yet it appears, for whatever reason, some *feelings* of, or about, trust, however transient, are important if knowledge is to be exchanged for mutual benefit"

Trust, we can conclude is not something that is simply present or absent from a social relationship, but it is negotiative and contextually/structurally specific. Its texture is essentially emotional, involving feelings of, for example, ease, suspicion, fear, confidence, comfort or anxiety.

In such terms, trust both frames and flavours what knowledge means to different people. It shapes the worth or value of new (or old) knowledge and learning. This is sharply evident in organizational settings where trust is strained and injustice strongly felt...Instructions, rumours or organizational changes are likely to be received cautiously, defensively or cynically when authority figures work by creating fear, anxiety or hopelessness.. (Fineman, 2003, p565).

Monge and Contractor (2001) relate to trust in their work on the emergence of communication networks. They refer to the patterns of contact between communication partners that are created every time a message is transmitted from one to the other. Their approach is theoretical and includes the need for network analysis which they describe as the application of a set of relations to an identified set of entities. "Relations possess a number of important properties including the number of entities involved,

strength, symmetry, transitivity, reciprocity and multiplexity" (Monge & Contractor, 2001, p 441). As one might imagine, the backbone theories connected to communication networks are self-interest; mutual self interest and collective action; exchange and dependency theories; contagion theories; cognitive theories; homophily theories (social comparison and identity theories); theories of proximity; uncertainty reduction and contingency theories and theories of network evolution, which includes structuration theory. Importantly, as part of this theorizing, trust and ethical behavior are addressed. This brings us to Monge and Contractors definition which in turn quotes Burt and Knez (1996, p69).

Trust is committing to an exchange before you know how the other person will reciprocate…In a study of managers in a large high-technology form they found that the communication networks in which two individuals were embedded, predicted the probability of a trust relationship between them. In particular, the trust between two individuals in close contact was high if other members in the organization indirectly connected the two members to one another.

One writer in particular has shed much light on the construct of trust and distrust in organizations. Kramer (1999) has suggested four important categories of trust:

- images of trust in organizational theory (trust as a psychological trait, trust as choice behavior, unresolved questions and enduring tensions);

- bases of mistrust (dispositional trust, history-based trust, third parties as conduits of trust, role-based trust, rule-based trust;

- benefits of trust (trust and transactional costs, trust and spontaneous sociability, trust and voluntary deference) and

- barriers to trust (dynamics of trust and suspicion, technologies that undermine trust, breach of the psychological contract fragility of trust judgments). In this section we talk about the first two categories of trust.

Kramer says "Despite divergence in such particulars [as definitions of trust] most trust theorists agree that, whatever else its essential features, trust is fundamentally a psychological state" (Kramer, 1999, p571).

Like McEvily et al. (2003) and Youngblood (1997), Kramer characterizes trust in terms of "…a state of vulnerability or risk that is derived from individuals' uncertainty regarding the motives, intentions and prospective actions of others on whom they depend" (Kramer, 1999, p571).

Kramer adds to this, following Lewis & Weigart's (1985) addition of expectations, that all persons in an interaction will act in a competent and dutiful manner.

Put a little more strongly, Robinson (1996) talks about these expectations as a psychological contract where people will have "expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial favourable or at least not detrimental to one's interests" (Robinson, 1996, p576).

Governance is, we believe strongly connected to psychological issues and in particular the invisible but powerful psychological contract. Kramer resonates with this as he talks about the need to conceptualize trust as a "more complex, multidimensional psychological state that includes affective and cognitive components" citing several writers on trust including Bromiley & Cummings (1996) who write on transaction costs and Tyler & Degoey (1996) who address motive attributions when accepting (or otherwise) decisions. The notion of feeling as well as thinking is recognized here also.

We briefly turn to Kramer's bases for trust in organizations.

He suggests first that everyone is *disposed differently*, influenced by their early experiences with others. Consequences for this include the problem of making general assumptions for groups of people. This is especially the case when individuals have experienced different interactional histories. In our research we have found that individuals with strong and recent histories translate their experiences into what is almost a priori knowledge when entering new contexts. However, we have also found that in organizations that promulgate high-trust cultures, existing knowledge and dispositions are revised sometimes radically. Kramer talks about third parties as conduits of trust and we have found that people do take short cuts of listening to others. However, like Burt and Knez (1996) we found that first people communicate from their own trust disposition and secondly, they communicate what they think the other party wants to hear. We found also that third party communication is often a holding mechanism until individuals can make their own judgments.

In describing the qualities of trust contributed from the literature, three types of trust were delineated. These were competence trust, intentional trust and behavioural trust. Competence trust concerns a person's ability to perform to expectations. Intentional trust, the perception that the person intends to be trustworthy and not to defect from expectations. Behavioral trust is the willingness to increase one's vulnerability to another when the other's behavior is beyond one's control. We propose that these types are melded together quite fluidly and form part of a complex understanding of trust where someone's ability, perceived intention and actions are weighted as part of the social relationship.

Qualities of Trust

Based on contemporary scholarly literature and our own research we propose hat trust has the following facets:

Trust is a psychological state involving perceived risk, vulnerability and positive expectations;
Trust is emotional and perceptual in nature;
Trust is context specific;
Trust is linked in some way to fairness and justice;
Trust is associated with worthiness, qualities of which need to be ascertained;
Trust activities include awarding trust, managing risk, transforming trust and withdrawing trust;
Trust is a dialogue between motives, intentions and the actions of others;
Trust involves a cyclical process of perceived motives, anticipated outcomes, evaluation of actual outcomes and resulting need for either remedial action or a revision of the partner's trustworthiness status.

As suggested by the many references to expectations of integrity, trustworthiness and positive assumptions about motives, trust is linked to principles that are not only moral in nature but also linked strongly to a sense of personhood. Also, it seems that trust is a 'human given' in the sense of relating conduct to deep philosophical issues about personhood and social and moral reasoning. Reasoning, we propose, is at the heart of our mental activities. Our making sense of the actions and apparent motives and intentions of others will be heavily influenced by the reasoning processes that have developed over time. An acknowledged expert (although not without criticism) on developmental psychology is Lawrence Kohlberg. He developed a theory of the development of moral reasoning. As individuals develop, and we are especially interested in ages 10 – 20 and over 20, they internalize their own personal moral codes. These are shaped by society's principles and social rules but with recognition that these are relative to a personal code of values.

In Figure 1, we produce an extract from Youngblood's (1997, p.121) depiction of Kohlberg's moral reasoning stages. [See appendices, Figure 1] .

A point that is well made by Baumard (1999, p204) who writes on tacit knowledge is that attempts made to take concepts such as trust and try to explain them rationally and definitionally are tantamount to "…an explicit engineering of the foundations of meaning in organizations". Moral reasoning and the perceptions people make about the motives, intentions and integrity of others must, we think, remain at least to some extent, part of the tacit domain.

In the descriptions of principles of trust that follow, we propose that some of these principles are not provable or even necessarily observable. We begin with Handy (1997, p187) who presents what he calls six cardinal principles of trust. These are: *Trust is not blind; Trust requires constant learning; Trust is tough, Trust needs bonding; Trust needs touch; Trust has to be earned.* To illustrate Handy's approach to trust we give three examples.

Trust not being blind - "It is unwise to trust people whom you do not know well, whom you have not observed in action over time and who are not committed to the same goals. One outcome of this is that organizations need to be designed in groupings small enough for people to get to know each other well enough to develop trust. Talking about his own experience he says "My title in one large organization was MKR/32. In this capacity I wrote memos to FIN/41 or PRO/23. I often knew no names and met no people behind those titles. I had no reason to trust them and frankly no desire to"(Handy, 1997, p188).

Trust needs boundaries – "Unlimited trust is, in practice, unrealistic. We trust friends in some areas of our lives but not all" (Handy, 1997, p188). In the organizational sense a boundary can be a goal "By trust organizations really mean confidence, a confidence in someone's competence and in their commitment to a goal. Define that goal and the trusted individual or team can be left to get on with it. Control is then exercised after the event, by assessing results, rather than before the event, by granting permission" (Handy, 1997, p189. Handy advocates organizational designs where, within a holistic design, units can, within their boundaries, be trusted to "find our own means to some agreed results [then] we have the room to explore, to put our own signature on the work.

Trust requires constant learning – Handy reminds of the importance of personal moral reasoning when he says "Every individual has to be capable of self-renewal. The ability to search for oneself and to regard learning as a continuing part of life, which was the justification for trusting someone in the first place becomes one of the keys to its success …Learning, however, like trust can be squashed by fear" (Handy, 1997, p190). He also goes on to remind us that trust requires unconditional support and in one of the examples from the coal terminal study which we bring you later, we can see that effort is put in even to support breaches of trust.

Trust has to be earned – This is one of those statements made by employees and managers whenever trust is mentioned. As Handy says "This principle is the most obvious and yet the most neglected. Organizations who expect their people to trust them, must first demonstrate that they are trustworthy" (Handy, 1997 p192.

Knowledge Management and Organizational Learning as Governance Issues

If employees have limited trust in their companies, the ability of corporate managers to have their intentions executed will be impaired. There us considerable evidence that such trust is today at a

low ebb… [An] underlying theme is that greater attention to the trust that employees have in managers would help to achieve a long overdue realignment of corporate theory and policy (Child & Rodrigues, 2004, p143).

Governance is an interesting construct. At one time it was redolent of concerns about the composition and brief of Board of Directors (BOD). In turn BOD's were associated with keeping organizations legal, looking after the interests of shareholders and, to a greater or lesser extent, supervising duty of care arrangements for those in an organisation. Recently, such a narrow perspective has come under scrutiny and the concept of governance has been broadened to include 'administrative corporatism' (Öberg, 2002), the expansion of 'single bottom line' accounting to double (social accounting) and triple environmental accounting responsibilities of the firm (Elkington, 1998, 2003) and issues of social capital (Purdue, 2001). Notions of social corporate responsibility, both internal and external, have become associated with governance (Lorenz, 1992). We see governance working as a complex adaptive system where the competing claims on organizational energy result in constant adaptation in service of an organization's governing principles (Wheatley, 1992; Zohar & Marshall, 1994). In this section, trust will be considered within the knowledge and learning domains of governance. Argyris and Schön (1996) present two models of theory-in-action that determine many of the governance issues concerned with the principle of trust, honesty and organizational learning. Following this, trust will be considered in terms of competing theories from economics that would also have a direct effect on the recognition of the need for trust and its provision within organizational design.

Cross and Prusak (2003, p457) make a strong statement about the need for trust in a knowledge context. "People usually get knowledge from their organizational neighbours. The knowledge market depends on trust, and individuals generally trust the people they know. …people will buy whatever knowledge the person in the next office may have rather than deal with the effort and uncertainty of trying to discover who in the company may know more".

They also say that trust is the second important element of a social context, following power (although we propose that employee power is sometimes underestimated in favour of the more accessible institutional power). In each of our studies we could identify individuals who had enormous influence, yet preferred to play a covert role in controlling the flow of information.

Our data from the DBTC research supports Cross and Prusak's assertion that trust almost plays an arbitrator role in the sharing of knowledge. In the DBCT case, trust in management was at the core of the high-performing culture. From respondents' comments, a sophisticated and rather tacit understanding of trust relationships was very evident. What was also evident was the constant evaluation and appraisal of trustworthiness both within teams and between teams and management.

Knowledge to a great extent flows to and from places. Either it flows internally or it becomes the currency of external networks, whose members trade their knowledge and information. Always bear in mind that knowledge is a scarce resource (Van Wijk, Van Den Bosch, & Volberda, 2003), especially when situations are engineered, which they often need to be for technical reasons. Echoing Youngblood's (1997) notion of complexity, although coming from the very different perspective of economics, Bradach and Eccles (1989) agree that the previously delineated control mechanisms of price, authority and trust now need to be considered in a more complex way. They identify trust as a control mechanism of a special and general nature. "Trust is a type of expectation that alleviates the fear that one's exchange partner will act opportunistically. This expectation can not be raised simply by rational evaluation" The authors quote Arrow (1974, p23). "Trust is an important lubrication of a social system. It is extremely efficient; it saves a lot of trouble to have a fair degree of reliance on the other person's word".

Although writers agree that trust usually begins with an expectation of non-opportunist behavior, they also agree that any trust given is provisional. Validation of expectations is the glue that holds trust together and trust links become stronger when validation is repeated. A critical comment about more formalized generators of trust such as structures, systems, processes and regulations is that whilst trust may well be generated by the explicit and transparent nature of communications, as soon as they come to be applied in practical situations which inevitably rely on human interactions, an additional dynamic enters the formal arrangements. Formal arrangements and organizational culture together represent a strong climate within which trust relationships must operate. Sometimes these can be challenging in ways that managers are not always aware. To demonstrate this point, we bring you the work of Argyris & Schön (1996). The authors have developed their 'theory of action' that enables organizations to learn and grow. First we will briefly present their two models of organizational thinking and action, *Model I and Model II Theories in Use*. These are, respectively, linked to single and double loop learning. Following the description of the models, we will relate them to trust.

Argyris & Schön (1996) propose that human beings hold two types of theories of action about effective behavior. Although individuals and managers may espouse their preferred ways of acting, Argyris & Schön found that when people deal

with issues that are embarrassing or threatening, their reasoning and actions conform to behaviors and principles which they call Model I. Many of our workplace conversations and some of our studies, including the Waterfront (Whiteley and McCabe, 2001) and DBCT study which follows, support the existence of such reasoning and behaviors. Unfortunately, it seems that very often it is the management group (members of which have *perceived* power to command and control) who are often cited as exhibiting some of the thinking and actions in Model I.

What we have found is that, especially in traditional management environments, formalization and the regulatory oversight given to managers renders them vulnerable to managing by goals and selective sharing of information. This is often connected to what we call a 'blame culture'. Within such a culture, the need to defend oneself against exposure, mistakes or even actions is paramount. Argyris & Schön (1996, p100). express such actions as 'defensive routines' which have a logic which follows a set of four rules:

Construct messages that contain inconsistencies;
Act as if the messages are not consistent;
Make the ambiguity and inconsistency undiscussable;
Make the undiscussability or the undiscussable also undiscussable.

This particularly affects people who have high integrity and are willing to accept responsibility (remembering that integrity is high on the most valued list of employee attributes of their managers). To show integrity in a Model I environment means taking on the manager who prefers not to discuss threatening or embarrassing issues. To not do so affects the individual's ability to act in keeping with his or her integrity. Argyris and Shön (1996) call this the double-bind. Again, traditional management renders Model I possible. Often employees come up from the shop floor and achieve management status. Managerial prerogatives come with it. Regulation and also the ability to defend prerogatives through judicious restriction of power makes preservation and the need to defend actions in a Model I way attractive, if not necessary. We see what Argyris and Shön (1996) call self-sealing behaviors and also self-fulfilling prophecies.

Thinking about trust, one can see that organizations who operate Model I environments are not setting themselves up for the requisite expectation that others will behave with integrity and honesty. Two things are then possible. First, employees might (or might not) decide to play the organizational game on the basis that they are somewhat powerless to change things. Secondly, as trust in people is a human given, an important part of the moral codes of individuals, they may see their 'real' environment as being the informal

organization where social relationships and trust can be built.

Model II theory in use could not be more different as we see in figure 2. [See appendices, Figure 2].

Having explored the qualities of trust, what writers say about trust and the various organizational models such as Model I and Model II, we report on an empirical and exploratory study.

Dalrymple Bay Coal Terminal (DBCT)

This case was chosen for two reasons. The first as that this organization operated on an assumption that each person in the business was an intellectual asset. As such autonomy and responsibility was given to individuals and also the teams within which they worked. The 'theory of the firm', on which the CEO acted, was complex adaptive systems following Stacey's (Stacey, 1998; 2003) model of close to and far from certainty and agreement. Every team in the organization was required to submit a business plan and part of that was to generate team values and behaviors that went with them. After a new CEO was appointed in 1997 all employees were appraised against the proposed culture of the organization. Restructuring left the usual negative residue but at the time of the study, this had somewhat dissipated. In other words, this was a positive environment within which to discuss trust and relationships.

Secondly, almost all personnel had worked in traditional primary sector organizations and it was likely that they had experienced the sort of environments that drew criticism from writers such as Child & Rodrigues (2004). It was possible for respondents to compare the autocratic environments most had encountered in the traditional management of the primary sector with the autonomous but accountable environment at DBCT.

The company Dalrymple Bay Coal Terminal Pty Ltd. is situated is situated thirty-eight kilometres south of the central Queensland City of Mackay in Australia. Five coal mines feed into the terminal which occupies a site spread over six kilometres which operates 24 hours a day, seven days a week and 365 days a year. The deep water port services bulk carriers exporting coal throughout Asia. Since 1998 throughput rose from 26 million tonnes per annum to 40 million in 2001, and was on track to reach 55 million by 2004

Methodology and the Research Process

The research asked two questions. How important are relationships in this organization? Is there a risk to the organization if relationships are not perceived as effective?

The research adopted a constructivist ontology, interpretive epistemology and a qualitative methodology. The basis for this choice was the approach that relationships in this study were seen as implicit, tacit, and part of a social exchange

relationship (Blau, 1964). The assumptions were that personal constructs of reality were of interest to the study. Because of the tacit nature of the knowledge being sought, there was an intention to encourage respondents to interpret their 'theories' of relationships as well as to recount their experiences. Supporting these two intentions were protocols of symbolic interactionism (Blumer, 1969; Mead, 1963, orig. 1934) and phenomenology (Schutz, 1967).

As a theoretical perspective as well as practical procedure the grounded theory method was utilized (Glaser, 1998; Glaser & Strauss, 1967). According to the criticisms of Glaser, that theorists 'rewrote' grounded theory to suit their research, the modified grounded research was adopted (Whiteley, 2004). What this meant in practice was that the concept of 'true emergence' was recognized as being unobtainable as the study already selected the conceptual framework of relationships. Given that constraint, the other elements of grounded theory were adopted.

The research was carried out in five stages as follows:
Stage 1. Focused literature search on relationship management.
Stage 2. Familiarization with the organization through documentation and anecdotal evidence.
Stage 3. Semi-structured interviews with managers and operatives.
Stage 4. Interpretation and analysis of findings.
Stage 5. Insights on the research questions.

As the organization was distant, it was necessary to collect the data in one exercise. Managers and employees on all three shifts were interviewed according to their availability and access to various work-areas. Reported in this paper are twenty-four interviews carried out with the employee category which was an across the board sample, minus senior managers. All respondents had shop-floor duties and they were categorized as being implementers of management decisions. Data were collected through semi-structured interviews but as the research progressed it was recognized that respondents were more comfortable with conversational type interactions. Apart from making sure that the central issues (importance of relationships and nature of relationship risk) were included, we followed the lead of the respondents.

Data were analysed in accordance with the particular type of content analysis required in grounded theory. The procedure was as follows:
Step 1. Conversations were recorded in their entirety. They were transcribed verbatim.
Step 2. The unit of meaning adopted was an utterance, a 'chunk of meaning'.
Step 3. Utterances were invivo coded.
Step 4. Codes were allocated to categories of meaning using respondents own labels

Step 5. Coding happened until all codes were included. Constant comparison of codes within categories and categories themselves was done.
Step 6. Key Concepts emerged. Trust was linked to Giddens' theory of 'active trust' (Giddens, 1996) and Argyris and Schön's Model I and II theory of action (1996)and this constituted the theoretical sensitivity component of the study.

Data were managed using Atlas Ti workbench (Scientific Software, Berlin, www.atlasti.com). Facilities allowed documentary control, quotations as attached to codes, code network facility, family (category) manager with various display modes and memo manager which allows for documentation of the research procedure and also notation of emerging codes, categories and insights. It is important to note that data management is an automatic sorting and retrieval device. Decisions about units of meaning, population of codes and categories and the theorizing of concepts are researcher activities.

Insights

The first insight is that the respondents had an integrated and diffuse understanding of relational elements. However, trust seemed to play a pivotal role in terms of what might contribute to its loss. Here is a team leader telling us how trust can be lost. Notice that attached to trust are several other constructs. Not being autocratic is one. The need for discussion is another. Recognizing the intelligence of the workplace means that people can and should be exposed to more information. There is a need for explanation and the expectation is that people can understand risks. There is a need for empathy and understanding. Failure to discuss, explain, involve, empathize will lead through a lack of communication to a loss of trust. Respondents put it this way.

The wrong way would be to do it autocratically, just to come across the top and say that this is going to happen, this is in place now without having the discussion, or communication, We have an intelligent workforce and people in the workplace today are a lot more intelligent and exposed to a lot more information than they were previously. If we explain to them why we're doing it, they'll have an understanding then they have a common reason for supporting it. And that's the difference, because if we come in autocratically and say 'this is got to be in two weeks', the guys go 'why, why do I have to do this'. Whereas if you sit down and say to them this is the reason behind it, these are elements, the legislative elements, they understand that terminology they understand this risk, they're telling you to manage the risk, yeah it will impact on your days where one day you'll have to fix 'em up on the gate or a guy will have to wait 30 minutes for you because you're on another job...

That's what they're knowing but my big point at this time is they need trust and , communication

every day of the week. Trust is,' you're not going out there on the wharf and sitting for two hours when you're supposed to be out there doing work'. 'Trust is, I'll have trust in you to do what you have to do during the week, you do it'. I'll do what I have to do for you, and the foundation in this process is trust. For this point of view is the trust that we actually treat 'em with enough concern or enough importance to communicate the process through to them in the organization. That's one of the reasons why I like working here.

It was difficult to extricate trust from other constructs and so a concept map is shown of the major relational categories to emerge from the relationships conversations. Although the focus here is on trust, one or two quotations from the other relationship categories will be presented Barriers to effective relationships were intimated within other categories of meaning but the ones in figure 3 were identified particularly as barriers.
[See appendices, Figure 3].

The quotation below is about trying to change from what the respondents called 'command and control' leadership. Throughout the study, references were made to the difficulty of adapting to a participative style of management. This relates to trust in the sense that respondents recognized the time and energy needed before people could trust the participative culture.

From there to there you've probably got the riskiest piece of leadership management that you'll ever experience. It's very risky to go from control and command to getting people to participate in the business. It's such a risky step and this is why a lot of organisations don't take the leap because to go from here to here you've got to be prepared to make mistakes to get it wrong. You've got to be prepared to pick em up, and help em forwards and you've got to let go of some stuff. Some things might happen and say not the way that I would have done it but another guy would say to people who work with me, are you sure they can shift and I say yes, is what you're about to do is it going to stop that process? Mimicking the other guy. 'NO', OK well then let's give it a go, I still help them with some things and we help them to have a healthy discussion yesterday about in a issue but it's in order to help them to think their way through to make a decision, I didn't take it off them but I said I've got some issues with it, I look from the dark side and I tell them what I see and they go away and they fix it.

The next category was the most supported and the most difficult to isolate from issues of trust. Figure 4 shows the wide range of issues under the communication/consultation construct.
[See appendices, Figure 4]

There was a direct link to trust in many of the responses we categorized as „communication/consultation" Note the two constructs 'communication/consultation' appeared to go together in the responses.

First off you cannot change the world, and I try and understand that the process, and the process is communication and consultation. The principles there about listening and the thing critical for him to move forward is to be able to listen…

Yeah…to me it just sounds like a normal part of business, communicating with whoever that's the key to success. That's why I reckon this place is to really good to work at because your conversation is on the organisation. In (ABC company) with the hierarchy you wouldn't have that conversation in the organisation. It's prescriptive it's not a conversation it's one line of communication.

Always try for open lines of open communication with people, it may seem trivial to you but if you share information and it only takes fifteen minutes and it makes a big step to sort of build that relationship with the person because you're sharing that information. They sort of tend to trust you because you are sharing things that are going on as well.

Actually for us it's our whole job, disseminate information, questioning it, gathering information. Yeah, I think it's important. You know like in where you are now, where you are going to get to, how much you can improve. // I think talking is an important part of building a relationship and building understanding for people, people need to understand what their role is and what is expected of them, you have two ways, communication is the best way to gain understanding

Two more categories emerged from the broader relationship questions. These will be shown briefly mainly to give the tenor of responses as we go into the trust construct. Building relationships seemed very important to the respondents. [See appendices, Figure 5]. Here is an example of positive relationship building in the experience of a respondent who had worked in several other organizations.Relationships inside of top-down management In this organisation if you look at our telephone directory you organise alphabetically by first name we don't differentiate between rank or position or size of desk we pretty much all muck in together ,we tease each other and have some fun and we can do that with everyone in the organisation it doesn't matter we don't differentiate it kind of becomes a bit of a family. In that way relationships are quite important. Around here you learn a lot about people whether you want to or not, some call gossip but you do tend to know a lot about people so you tend how to treat people and when they need a bit of help and support and when they need to be left alone so it becomes a little bit more intimate.

I worked in (ABC company) for 10 years and just listening to 'name' then, I had a lunch with a new manager for HR over in services and I've seen a lot of changes in (ABC company) since and (ABC company) merged and he said one of the significant

changes was when he come in, the man took over the top job for a little while and what happened was that all the programmes were just disseminated across the whole of the (ABC company), [several thousand] people , when I was in there were [many] people employed by the XY group of (ABC company) including of course almost every country in Europe. Even so, they just sent all of these programmes out so that they had all of these management leadership, communication right through the organisation. Anyway, they get the big paintbrush out and they put a big lick on everyone. And it didn't make a diddly squat of difference to the way we did business but they disseminated this stuff right across.

Respondents identified some elements of organization which we have conceptualized as 'enablers'. In Figure 6 below, the sort of enabling experiences are in tune with some of the implicit issues contained in the literature on trust and trustworthiness. [See appendices, Figure 6]

One particular issue that seemed to foster great trust in the organization was the way in which teams and team members were a) expected to learn about the business in most respects and b) were required to be part of an encircling loop of information. This meant supplying it and also asking for it. Here are some of the comments.

Autonomy OK I understand, I understand, previous companies who I worked with before here might have been the old traditional style that the companies used, you were told what to do and you basically had a supervisor and were told what to do and you did it. Here you've been given like autonomous or a free rein to make your own decisions and I have a great deal of satisfaction with that type of approach. I feel, it makes you want to do your best for the company. You can make the decisions and things like that, I don't know how to explain it…you feel more a part of the company in a team building sort of structure. I definitely think so, well I prefer working in this type of environment, that's me personally.

Knowing the business I'd agree with that, if you are going to make your own decisions or have to … you need to know how you relate to other parts of the business and how the other parts work… Commitment how would I get you to be committed? I'm not sure, it's nearly like a sort of culture sort of…to give them full support and make you understand what it means, the task that you're doing, that the outcome should mean something, it takes a company to such and such or does whatever it does , so that you would understand what the outcomes should be. // we don't do safety here, we train our people to work safely here, we don't do safety, we don't come into work and load a shift and then do safety, it's all communicated as part of the way we do business.

The next category and the subject of this paper is trust. The trust category itself emerged a variety of

issues. These are shown in a semantic map in figure 7.

Involvement was a strongly supported issue and this ran throughout the whole of the relational data.

Learn their language, gain trust, come back to trust again and involve himself with them, social dos, at barbeques or at team briefs come along have a yarn with the boys see if anybody has problems if he's got any problems come out with them and that's how you'll gain everybody's trust and they'll look up to you if you come up and be forward with them not nastily but straight down the line, this is what I want, this is what we're going to do what do you think?
[See appendices, Figure 7]

Many comments were associated with trust as lost or not held at all and this supports much of the literature cited earlier and in particular (Child & Rodrigues, 2004) who talk about when trust is breached and also (Kramer, 1999) who talks about barriers to trust.

But I guess it [trust] would be more of a problem if it wasn't there so I guess, things like that can get to problems, I can't trust that guy what he's saying and doing I wouldn't trust you if you were, the same things, had values that I didn't value, maybe you told me different and telling someone else different stories.

Trust's a big with me because I've been here in the years when you couldn't trust anybody. That's no way to gain respect for anybody. I would tell them you've got to get the respect of the blokes and to that you've got to go their team briefs make yourself one of them. It's hard when you embark on a new vision or direction it's hard to get the existing culture out if it, when you've had so many years of being trenched in negotiations and things like that you know people's mentality, the company never puts forward its best offer.

A similar reaction was made when talking about losing trust. Although these comments were selected because they particularly mentioned trust, it was an underlying principle in, for example, communication/consultation, enablers and building relationships. Below is a selection of responses about losing trust.

Losing trust Say I've lost their trust how could you get back on a good footing again, it might not even be your fault and you might have …not known that you were doing it but let's say for example you knew something was going to happen and you were very busy and you forgot to tell them, or even it went around or something …probably by being open and explaining what happened, I suppose and proving to them that it was a mistake, and you'll maybe try a little harder next time.

Yeah, I suppose that could be a fairly big one if you lose that , if you lose someone's trust or if you weren't being honest, I'm talking about fairly big things not just minor. // I think he'd have to be aware of why they're like that, where they've come from and

he can understand especially working in the mines. When you initially look at why people are like this you think you're just causing trouble, but when you find out why, and most of the time it's because trust has been broken in the past and the only way to mend it is to take a bit of time and sharing and getting them involved 'what do you think'? Some people mightn't want to come on the journey but you have to give them an opportunity I suppose. It's a difficult situation and it won't happen overnight and it's something that you have to grow and grow.

When you're working in that sort of [low trust] environment. Now look I'm a realist I know that there are things that you want and things that you can do but when you reach that level of mistrust then what happens is the union movement say the bloody organisation they've shafted us we've only got part of our increase so what are they going to do in the next negotiation so what you do is you've created an environment of mistrust, so you've created an environment, a dishonest environment, everybody is wary of everybody else ' I'd like to be able to all turn up and come into the room for the discussion because you put on tea and coffee biscuits and it's better than the canteen and they'll turn up and leave, and put on lunch and a few beers afterwards people will always turn up but the level of cooperation is always less than in an environment where you've got trust, honesty, respect and those sort of common values. Now the very person who's not providing the training that they have promised is now Vice President of [DEF] company.

Not too many writers have addressed trust as an emotional issue. An exception is (Fineman, 2003) cited above. Responses supported the emotional nature of trust as you can see by a selection of comments below.

When you say their trust, their perceived, their values, or if hey perceive you to have certain values, if you broke those values it may go right across not only this project but a number of projects because you've either broken that trust or their values of you, it, how can I explain it, I personally put a lot of faith in people's values, most times when you sit down and talk to people face to face they come back to their values, and it's only sometimes when you're in a meeting or you're in a position where they put up a shield in front of them and they are viewing it as if this is what people expect of me so therefore I've got to portray this sort of image, but if you get them down and talk to them one on one, and they come back to their values, and I reckon they are really a strong driver for their commitment to projects and the way they actually work at work, you've got to get to a stage where they treat their workmates at work the way they treat their family at home and if you can get that and they enjoy coming to work because they enjoy being at home with their family.

You've got to get to know people, especially the guys in my team, I like to know what hurts them, what makes them feel good, and if you can continue making them feel good then they will put in their hundred and ten percent effort. If you hurt them that takes a lot longer that takes a lot longer to rebuild and , to get one hundred and ten percent out of them, to get a hundred and ten percent out of people you've got to know what actually encourages them to keep going, if you do something very negative they might get that but it will take a long time to get that credit point, if you want to call it emotional credit points, they can credit, that's why I like to work with my guys you know, is to actually get to know them, know what they like to do everybody's got their strengths and weaknesses I expect, so you've got to be careful what you do with people because they're , in some cases they're quite fragile, especially when you're dealing with dealing with information like trust and values.

The soft area which is your emotions and relationships in fact back on to the success of the hard areas in a big way, in a big way. That's my perception of it, you can get in our field of expertise down there you can get people that may not have the best technical ability but are willing to put in one hundred percent and to make them go and find that technical ability, they may not have it themselves but they can find it, they can get the project done and get the job done very successfully, you could go the other way and have someone who is very technically orientated but cannot , only puts in a ninety percent effort , and sometimes those people are more hard to manage than somebody that you can be emotionally connected through values or things like that.

Kramer's (1999) proposal that people trust procedures and, to some extent formalization was supported to a degree but the responses were mostly values-related which supports the later work of (Elkington, 2003) on trusting values. In fact the values and trust constructs seemed to be used interchangeably by respondents.

Trust in others and help ou.t You have skills, use them, use them up, the boys get into trouble out there and they need a hand you know in yourself whether you're busy or not or whether that can be put back, you don't have to ask your boss if you can do this and this and this we make all the decisions ourselves you've got to be honest with yourself Alma, you've got to say well I can do that tomorrow but I don't really want to help those blokes, you know conscious decisions like that, we don't have a lot of that, you pitch in, you help out. I tell you what 99 per cent of the time the blokes will do it back for you and we don't rules on overtime, if the job goes overtime we're there we don't have to say we're there we're doing that.

Trust in procedures The trust area is fine and our managers say we've got to trust you guys to do the right thing. There are certain areas in the site where things don't get done correctly and we talk and talk and talk in meetings about it to try and get things

resolved and the managers still come back and say ' well what do you guys reckon we should do, what do you think is the best thing' and I say ' follow the procedure and the rule that's written down and until that's changed stick to that but their idea is, no, we trust you guys to sort of do the right thing, you might have three doing the right thing and two not doing the right thing until the system breaks down but the managers won't come out and say well you two are within the procedure, go back to the procedure and do it.

Oh yeah, if you say you're going to do something or I'm going to look at it, at least look at it, if you say I'm gonna do it well people expect you to do it, he said when he had a look at it down here he said I will do something about this standing out in the weather like that and dust is <*shit>, that's the word he used, and he said I'll do something about it, I'll get the planners on it, and it's going out for costing and everything and the money is in the budget, and we are going to get a control room but it's taken 20 years, the other management used to um and ar.

Discussion

There was no ambiguity about the consequences of trust. As Child and Rodrigues (2004 p143) said, "If employees, suppliers customers or others having contractual relations with a firm believe that its managers either intend to let them down or will do so because of incompetence they have no grounds for trusting these managers". Although there is a case for employees having trust in formal procedures because of their transparency and impartiality (Putnam & Fairhurst, 2001), we are constantly reminded in conversations with employees that it is managers who 'act for' formalized policies and processes. Perhaps this is why there was so much vehemence when respondents talked about their disaffection with autocratic management.

The image suggested by the data was that of employees who were cognizant of the importance of relationships in the organization. Unusually, they expanded their social relations to encompass their formal activities as well as the informal ones where social relations often reside (Griffin & Stacey, 2005; Stacey, 2003). The reciprocal relationship within teams and with managers was in evidence and this supported Blau's (1964) classic theoretical work on social exchange and power. The catalyst for social exchange and a focus on relationships in this inherently technical and engineering organization was the organizational environment and in particular its power posture. Using Argyris and Schön's (1996) Model II theory of action, power was seen from the inside to be devolved to an acceptable extent to teams and individuals. Their accountability principle was 'the good of the business' and they seemed to be

self-organizing up to the point when they called in management expertise.

The data stimulated thinking about Giddens'(1996) theory of generative politics. He is talking about 'active trust' and although his main focus is on government and society, he does not delimit his theory to this context.

Generative politics is a politics which seeks to allow individuals and groups to make things happen to them in the context of overall social concerns and goals (Giddens, 1996, p233)

Elements of generative politics include the following as adapted from Giddens, (1996, p6).

Seeking to achieve desired outcomes through providing conditions for social mobilization or engagement.

Even though DBCT had successfully engaged every employee from executive to operator in caring for the business, the spectre of autocratic management still loomed large. It permeated almost every conversation. The fear that a change of management would result in returning to 'the old days' was very real. The impression was that individuals and teams in the organization felt socially engaged. Throughout the conversations there was an unspoken but almost visible fear that conditions might change. The current circumstances appeared to allow trust to be maintained but there was almost a provisional quality to this. The idea of a cyclical process of endowing trust, validating it through experience and then deciding to maintain or modify the trust endowment came through strongly in the study.

According autonomy to those affected by specific policies and contexts.

The concept and appreciation for autonomy was widespread. Of the conversations, autocratic management was the most reviled style and, almost like trauma memory, respondents could cite instances from as long ago as thirty years with clarity of detail. The implication was that individuals could not be trusted to do jobs without being 'told to do this'.

Encouraging the principles of ethical action.
The data did not explicitly emerge conversations on ethics but tacitly, particularly on the point above on autocratic management, there was a feeling that it was not morally right to 'treat us like monkeys'.

Decentralizing political power with the requirement of bottom up information flow and the recognition of autonomy.

It was clear at DBCT that a new social order had been put into practice. Expectations were made of individuals and teams in the organization to know the business, make decisions for the good of the business within their own realms and, if information was not forthcoming, always ask "why" and expect an answer.

We can say, looking at the case organization that here was an environment of active trust. Hard on the heels of that statement was that active trust was always provisional. Endowed trust was only good up to the last transgression. Although trust was not automatically lost, the results of remedial efforts to regain lost trust were under scrutiny. In a previous study (Whiteley & McCabe, 2001) we found that talking about 'management' and the shortcomings thereof held centre court in the conversations. It was interesting in these conversations that the main topic concerning managers was the option to call them in for some sort of advice or arbitration.

Future Research Agenda

There are several areas that would benefit from further research. This study was a broader study of relationships, within which trust emerged as a priority for employees. From the literature, several qualities seemed to indicate the character of trust. Research to further explore organizational environments for their compatibility with trust requirements would be useful. Secondly, within the economics domain, attempts to generalize McEvily et al.'s (2003) trust as an organizing principle are being conducted. Replication of such studies in the

Australian environment would be useful for quantitative researchers.

In the psychology area Kramer (1999) has identified many kinds of trust including role trust, rule trust, category-based trust and third-parties as conduits of trust. Empirical research to support his powerful theories would benefit the domain.

The governance discipline with its interest in business, government and society/community offers rich fields of study in the trust domain. Giddens' (1996) idea of active trust could be studied in two ways. The visible elements of governance and organization are structures, systems processes and other regulatory arrangements needed to keep organizations safe and legal. Less visible elements are in the tacit domain. As Argyris (2004) has maintained throughout his and Schön's theory and empirical studies in organizations, sometimes senior executives are unaware of the discrepancies between their governing principles (espoused theories) and actual behaviors (theories in use). We have found in our studies that employees 'see' theories in use not only as the actions intended but also as the actions that are filtered through the lens of previous experience. Research into the match between what managers and executives espouse/practice and the received message interpreted by employees would allow deeper penetration into trust environments.

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Appendices

Stage	Primary Behavior	Description
Conventional reasoning (Ages 10-20)	Decisions based on a combination of internal guidance and social rules	Morality is partly internalized, but still largely based on social norms
Interpersonal Norms Social System Morality	Gain approval/avoid disapproval Conform to social rules	Trust caring and loyalty to others shapes reasoning Social order, law, justice and duty influence moral reasoning
Post-conventional reasoning (Ages over 20)	Decisions based on personal moral code	Morality is completely internalized and not based on others' standards
Community v/s Individual rights	Apply society's principles	Values and laws are understood to be relative and can be changed. Some values are understood to be more important that society's laws.
Universal Ethical Principles	Apply universal principles	Moral standards are based on universal human rights. People follow their conscience even though it may involve personal risk

Figure 1. The Development of Moral Reasoning (from 10 onwards)

Governing Variables	Action Strategies	Consequences for Behavioural World	Consequences for Learning	Consequences for Effectiveness
Valid Information	Design situations where participants can be origins of action and experience high personal causation	Actor experienced as minimally defensive.	Disconfirmable processes.	Increased long term effectivness.
Free and informed choice.	Task is jointly controlled.	Minimally defensive inter-personal relations.	Double-loop learning.	
Internal commitment to the choice and constant monitoring of its implementation.	Protection of self is a joint enterprise and oriented towards growth	High freedom of choice, internal commitment and risk taking.	Frequent public testing of theories.	

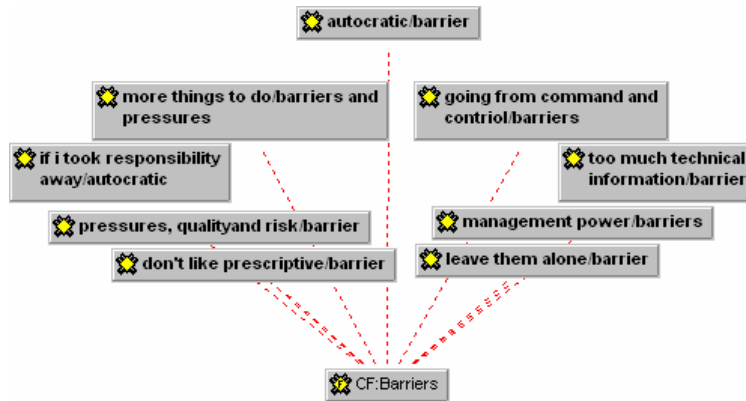**Figure 2.** Model II Theory in Use (Argyris & Schön, 1996 p118)
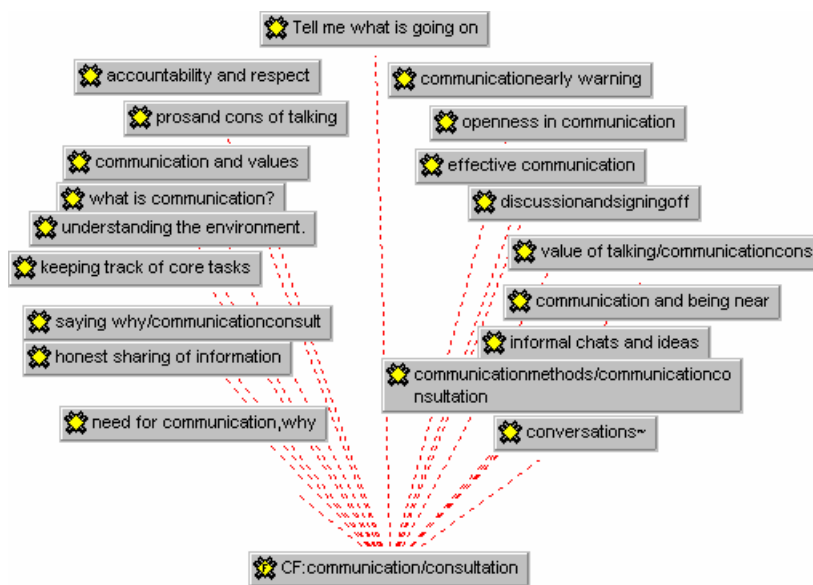
Figure 3. Barriers to Effective Relationships

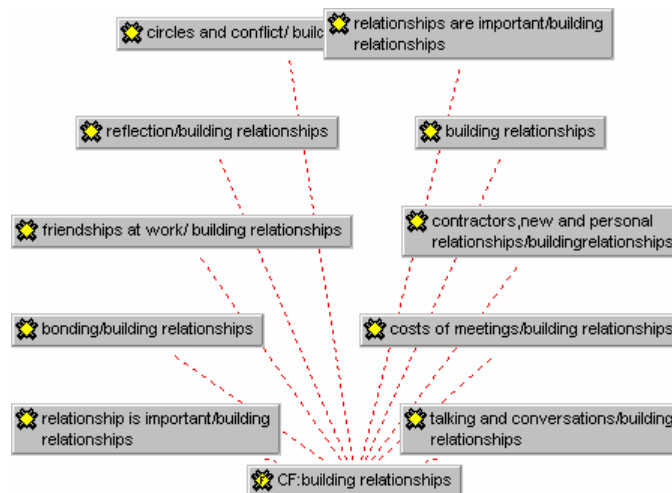**Figure 4**. Communication/consultation

Figure 5. Building Relationships
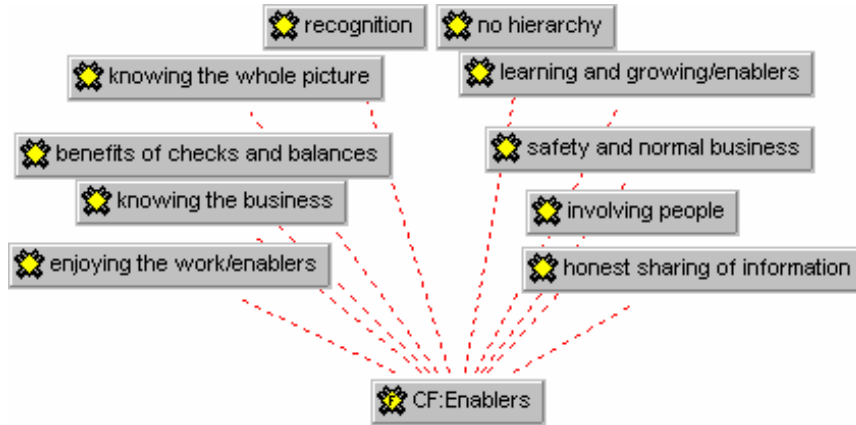
Figure 6. Enablers

Figure 7. Trust