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Chapter 3

Organizational Trust as a Conflict Management Tool in Contemporary Work Organizations

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Abstract

Conflict between management and employees or among employees is an irresistible phenomenon in contemporary work organizations. Evidences gathered from past and present studies revealed that a lot of conflict situations have occurred in work organizations which have significantly impacted organizational performance and its survival in recent times. Consequently, several conventional strategies and techniques have been deployed to constructively manage conflict situation in work organization however, realities show that managing conflict in work organizations remain a challenge to managers in today’s world of work. This is partly due to the fact that conflict arises from different sources; hence it is inimical to subscribes to the idea of one-size-fit-all approach to management of conflict. Based on this momentum, this chapter examines organizational trust as a conflict management tool in contemporary work organizations using an explanatory design and a basic review of literature. The chapter therefore explains the concept of organizational conflict vis-a-vis organizational trust within the context of work organization. It also discusses factors causing conflict situation. It examines the importance of trust and factors responsible for the development of trust in organizations. The chapter further examines some theories of trust and also develops a framework for dealing with conflict in work organization.

Keywords: conflict, development, management, organizational performance, trust

1. Introduction

Until recently, organizational trust has been one of the under-researched concepts in scholarly investigations [1–3]. The primary reasons for this underdevelopment has noted by [1] is lack of unified definition of trust, conceptual clarity between risk and trust, trust and its precursor outcomes on one hand and the challenge of analytical vagueness and insufficient information on the trust party and the party to be trusted on the other hand. With all these conceptual issues
woven around the term, available evidence shows that the field of organizational trust is still very fallow and it requires extensive exploration for its essentiality in fostering productive work performance and competitiveness in the private and public organizations [4]. It is also very essential factor for promoting cooperative behavior among employees [5], sales and profits margins as well as employee retention in organizations [6]. Similarly, organizational trust has been recognized to be a crucial component of conflict management process in work organizations [7, 8]. This is essential because no organization can achieve cooperation between management and employees or among employees or even succeed without the availability of trust.

With this in mind, it is important to simulate interests in promoting the knowledge and understanding of the use of organizational trust as a conflict management tool in contemporary work organizations. This chapter therefore examines the concept of conflict situation within the context of work relations. It discusses the concept of organizational trust and the determinant factors for building trust in an organization. The chapter also explains the Lewicki and Bunker model of interpersonal trust to show the stages of organizational trust. It examines some theoretical perspectives of trust in an organization. The chapter further develops an Organizational Trust and Conflict Management Framework (OTCMF) for effective conflict management in work organizations.

2. What is organizational conflict?

The term organizational conflict can be defined as any phenomenon that depicts disagreement within or among individuals or group working together in an organization over means or ends; or in an attempt to establish their views in preference to others. It can also be referred to as a feeling of displeasure or misunderstanding between people at workplace which stemmed from uncontrolled workplace exigencies such as unclearly defined roles, assignments or tasks, organizational structure, sharing of resources, role dependency, communication gap, poor remuneration or compensation scheme, job insecurity, differences in managerial styles, organizational change and so on. Flowing from the mainstream of definition of organizational conflict, three distinct views have emerged. These include; traditional view, human relation view and interactionist view. The traditional view considers organizational conflict as a negative occurrence, violence or destruction that has devastating impact on organizational performance and effectiveness. The human relation view perceives organizational conflict as a natural event that may enhance organization performance and effectiveness; if it is effectively managed. While the interactionist view believes that organizational conflict is not only positive or negative force but is an essential part of organizational life-circle.

Regardless of the view, that organizational conflict is perceived, the way it is managed determines the effect it will have on an organization. This suggests that organizational conflict should be effectively and efficiently managed. For instance, see [9] in their study revealed that the effects of organizational conflict can either be negative or positive. It can be negative in terms of psychological responses (i.e. inattentiveness to other things, lack of interest in work, job dissatisfaction, work anxiety, frustration and alienation from other), behavioral responses
(i.e. excessive smoking, alcoholism, aggression towards others, work sabotage, decrease communication, resisting influence attempts) and physiological responses (health and physical challenges). Also, it can be positive in terms of personal initiative, innovation, motivation, shared opinions, effective communication and understanding of work place problems.

Moreover, a better understanding of the causes of organizational conflict will help in adopting suitable strategies or mechanisms to resolve it. Some researchers such as [10–14] have mostly classified the causes of organizational conflict under three categories which include; task conflict, interpersonal conflict and procedural conflict. Task conflict occurs when an employee is unclear about what is expected of him/her to perform, or how to perform the assigned task, task interdependent and/or when the task given to employees working in a group is not clearly defined by the supervisor. Interpersonal conflict arises when there is proliferation of ideas, or interests between individuals working together, scarce resources, lack of corporation, personality clash or interference over whom to be the first to complete a specific task. While, procedural conflict occurs as a result of bureaucratic bottle neck or disagreement over the procedures to be followed in achieving the set organizational targets or goals. In otherwise, management of organizational conflict cannot be handled with the impression of one-size-fit-all approach.

In fact, within the spectrum of managing organizational conflict, there are difference approaches that have been developed by management experts such as; structural approach (i.e. change procedures of work, organization of work systems, physical layout or add more resources to resolve the disagreement between the conflicting parties), interpersonal approach (i.e. withdrawal, third-party intervention, smoothing, win-lose method, neutrality, bargaining or problem solving method) in handling workplace disagreements and disputes [15–18]. Apart from these approaches, organizational trust has been identified as a conflict resolution technique. This is partly to the fact that when there is conflict in an organization, there will be lack of cooperation, dissatisfaction, dishonestly and counter-productive behaviors which will invariably hinder the process of resolving the conflict for improve organizational behavior and performance. Thus, organizational trust is seen as a tool for conflict management in work organizations.

3. What is organizational trust?

Trust has been variously defined by several authors in the field of management and organizational behavior. According to [1], trust is the willingness of one party (let say party A) to be susceptible to the action of party B based on the expectation that party B will carry out important action that will benefit both parties irrespective of the ability of party A to control or coordinate the action of party B. To put it differently, trust can be defined as a psychological condition in which one party holds a positive attitude towards the other party about their relationships and/or the expectation of the outcomes of such relationships [19, 20]; leadership style, work activities as well as organization itself [8]. Trust can therefore be examined on personal, social, economic and organizational levels. Within organizational level, organizational trust can be described as a situation where employees and employers operate with strong feeling, confidence or belief that they are one-party and that none of them will exploit the vulnerabilities or
weaknesses of the other in meeting the organizational goals or to work against each other interests in the workplace [21]. It can be said that the presence of trust in organization raises the bar of cooperative behavior between employees and employers [5]; or co-workers which invariably reduces differences over the distribution and utilization of scarce resources in the organization. Hence, organizational trust is an essential tool for managing organizational conflict.

3.1. The importance of trust in an organization

Organizational trust is an essential factor of all relationships (formal and informal) that exist within an organization [22]. It is an indispensable component that sustains and defines the nature of employee-employer relationships and organizational effectiveness [23, 24]. It also has significant effects on communication, work behaviors, job performance, satisfaction, organizational commitment and strategy for solving organizational issues [24, 25]. Moreover, trust in an organization fastens friendships [26]; eases bargaining and negotiation process [27]; decreases transaction costs in inter firm exchanges [28]; and even eliminates international political conflicts [29]. It enables employee’s retention, collaboration, and exchange of innovation as well as lessening of risk factors involve in taking an action or working cooperatively in achieving organizational goal [23, 30, 31]. For instance, empirical studies conducted on the importance of trust showed that when people find themselves in an atmosphere that trust is present, they feel secure, share their ideas and express their feelings with others in the process of working together for a common goal [24, 30, 31]. More so, organizational trust promotes employees’ participation, coordination, delegation and supervision of responsibility in an organization. It breeds employees’ transparency and accountability to the management of an organization. Finally, it facilitates maintenance of good organizational culture, interpersonal relationship and harmonious co-existence in an organization.

3.2. Factors responsible for the development of organizational trust in an organization

According to [31], managers or employers need to build trust in every organization but most employers or managers in today’s organizations are faced with the challenge of how to develop trust between employees and employers or among employees [31]. In this regard, an attempt is made here to identify some factors that can bring about trust in an organization. These factors are:

1. **Shared Values**: Organizational trust can be achieved by implementing policies and practices that increases competitiveness of an organization while simultaneously advancing the economic and social condition in the communities in which it operates.

2. **Openness**: The extent to which people who works in organization share accurate, reliable, and complete information in line with what, how, when and where operations or work activities are taken places or to be performed promote trust among the employees and management of the organization.

3. **Autonomy**: The degree to which individual employee is allowed to carry out his/her duties efficiently and effectively without any form of interference from within and outside the organization. This contributes to the level of trust in the organization.
4. **Organizational Culture**: The pattern of shared values, norms, behavior and beliefs that employees adopted as a means of fulfilling work demands and expectations. This significantly determines the nature of trust in an organization.

5. **Organizational Justice**: The rate at which employees are fairly treated by the management on issues relating to the terms and working conditions (safety, compensation, promotion and welfare incentives) in an organization. This facilitate mutual understanding and employee’s positive view about the organization.

6. **Organizational Loyalty**: The level of consistency and reliability in managerial style, participatory decision making and execution of collective agreement among the employees and the management will enhance mutual understanding in an organization.

7. **Job Satisfaction**: The amount of happiness, pleasure and contentment which employees derived from doing their jobs or working with others within the organizational climate or environment contributes to the level of trust in an organization.

3.3. **Clarification of concepts concerning organizational trust**

A brief description or meaning of some terms that are used in the present discourse is necessary at this point for proper understanding of different aspects of organizational trust.

- **Ability to keep promises**: This is the willingness of a party to fulfill certain action, agreement, or promises in order to foster cordial relationship with other party [32].

- **Benevolence**: This is the extent to which a party is believed to want to do good to the other party due to some specific attachments and not because of egocentric profit motive [33].

- **Cooperation**: This is a process whereby a party work in support of the other party based on the thinking or probability that the corroborations of both parties will produce expected or desirable benefits [32].

- **Confidence**: This is a kind of believe in the words and actions of an individual or a group assign to perform certain task or action in favor of other group or individuals [33].

- **Integrity**: This is the perception that both parties (trustor and trustee) adheres to a set of principles that are mutually agreed upon or finds acceptable [33].

- **Predictability**: This is a situation in which party estimate the behavior or action of the other party in order to reduce uncertainty that may arise from the behavior [32].

- **Risk taking**: This is the willingness of a party to be vulnerable or assume risk situation based on the relationship with other party [32, 33].

To further expand our understanding of the development of trust in an organization, we will examine Lewicki and Bunker Model of Interpersonal Trust.

3.4. **The Lewicki and Bunker model of interpersonal trust**

In order to further understand the level of trust in an organization, [33] model of interpersonal was examined in this section. Lewicki & Bunker’s model of interpersonal trust advanced the
view that trust is sequentially achieved at three different levels where, once trust has been established at one level, it moves to the next level [32]. According to [33], these three levels of trust are calculus-based; knowledge-based; and identification-based. At the calculus-based level, parties fear punishment, but also anticipate the rewards from preserving trust; in other words, trust is based on the calculation of costs and benefits. In this stage, if the benefits are more than the costs then the parties tend to show trust to each other. At the knowledge-based level, trust develops over time from permanent contact or interaction between two or more parties. This second level of trust is attained between two or more parties when there is sufficient information about each party’s behavior. Hence, knowledge-based trust depends on acceptance of each party behavior and ability to predict behavior of each other rather than deterrence [33]. At the identification-based level, trust is ‘inherent on identification with each other’s desires and intentions’ [33]. At this stage, parties know each other so well and they may anticipate the reactions of each other; thus, they can act for the one another (Figure 1).

Arising from the illustration above, it can be observed that each stage of trust depends on another and that the higher stage depicts an expectation that a trust relationship will continue in the future. Also, each stage triggers the next stage through action characteristically of its nature. For instance, calculus-based trust is driven by the need to gather information about the other party in order to make a realistic decision on how to act or relate with each other. This information afterwards serves as the foundation for knowledge-based trust. When knowledge based trust is eventually construct parties continuously strive to learn about each other behavior, intention and motivation. As this learning process increases, so does the identification of one party with the other party advances. More so, when identification with each other becomes the source of relationship between two or more parties, transition from knowledge-based trust to identification-based trust has occurred.

Figure 1. Stages of trust development in an organization adapted from Lewicki and Bunker [32] and Lewicki et al. [3] with modification.
Furthermore, the model of interpersonal trust believes that the transition from one stage to another is a reflection of paradigm shift. For example, the transition from knowledge-based trust to identification-based trust is activated by a shift ‘from extending one’s knowledge about the other to a more personal identification with the other’ [32]. This explanation suggests that in order to build trust in a potential partner, one must first establish his/her trustworthiness (and, in the case of organizations, the trustworthiness of translates from superiors to single subordinate and, at the end, of the whole workers). Satisfying this condition is very important, however, it is not a complete way of securing or granting one’s trust. Basically, in work organizations trust must be built on a chain of personal characteristics (such as loyalty, predictability, accessibility, availability, integrity, consistency of behavior, openness, competence, fairness, benevolence, the ability to keep promises) of the other parties [1, 34].

Within work relations, managers or superior staffs perform significant role in determining the level of trust and the precise behaviors within given departments. This essentially so because managers or superior staffs begin most vertical exchanges and the degree of trust or mistrust that is perceived in their actions could be reciprocated by the subordinates [35]. More so, workplace compensation and control systems which are key determinants of trust or mistrust within departments or organization as a whole are designed by the managers. As fact, evidence abound that managers control the stream of certain types of information and the chances to disseminate or not to disseminate information in certain ways within the organization [36, 37]. Also, the arrangements of strategy, structure, and internal mechanisms to form the overall operating logic and resource allocation and governance tools of the organization are primarily designed by managers [38]. All of these conditions invariable influence the level of trust between or across organizational levels or units.

4. Theoretical perspectives

Literature has shown that there are numerous theoretical approaches on organizational trust [32, 39, 40]. Out of the theories that have been developed by scholars to facilitate better understanding of organizational trust, three main approaches (contract failure theory in economics, the concept of trust in cognitive sociology, and the study of social capital) are paraphrased in this section.

4.1. Contract failure perspective of organizational trust

Among the most influential theoretical perspectives for understanding organizational trust is the economic theory of contract failure (TCF). Theory of contract failure was strategically built on the assumption that trust is very important in satisfying contractual obligations by the actors in work organizations. TCF shares the same theoretical soundness with rational choice by emphasizing the fact that employees and employers are actors who are motivated by their own self-interests, and the benefits they are likely to derive from working together for the production of goods and services [41, 42]. The working together of these actors contributes to the growth of market economies and reduction of societal uncertainty. TCF sees trust as the engine that sustains harmonious relationship, team work and partnership among the actors (employees and
employers) in work relations [43]. Sustaining teamwork, collaboration and harmonious relationship in work relations inevitably reduce workplace disputes and counter-productive behaviors which significantly lead to successful attainment of organizational goals and objectives. On the other hand, TCF identifies that in a situation where there is a breach of contract between the actors of work organization, there is likely to be disagreement, distrust and counter-productive behavior that may degenerates to conflict situation between the actors [43]. Thus, conflict situation occur in work organization due to contract failure and lack of trust between the actors.

4.2. Cognitive sociology perspective of organizational trust

The cognitive sociology perspective of organizational trust takes a different dimension from that of economic theory of contract failure. Cognitive sociology perspective (CSP) focuses on social and psychological perspectives of trust. CSP believes that trust is socially constructed and is fundamentally built on the level of motivation or kind of behavior display by actors in work relations or organizations. It is a theory that assumes that workplace actors (employees and employers) practically interact with, delegate responsibilities to or rely on the behavior of one another so as to achieve predetermined goals. More so, CSP postulates that trust emanates from constant and predictable human behavior, social environment, and social situations. The main tenets of CSP are as follows; in work organizations, actors depend on trust for necessary interaction, delegation and cooperation. As a matter of necessity, actors take for granted the actions of others and rely on normative infrastructures in performing the contractual duties or organizational activities. The reliance on normative infrastructures by the actors as a tool in dealing with each other stimulates organizational trust [44]. As such, [45] opined that there are three types of trusts which include Characteristic-based trust (this is trust tied to a person, depending on socio-demographic characteristics), process-based trust (this is a trust tied to previous or recent exchanges in reputation or gift exchanges between individuals), and institutionally-based trust (this is a trust based on institutions such as certifications, form characteristics, or legal constraints). Furthermore, CSP premised that organizational trust is a functional substitute to rational calculation that actors may adopt in the process of lessening social complexity. This is so because studies have shown that when there is trust in an organization, social interactions and activities occur on a simple and confident basis but in the absence of organizational trust, the fear of future contingency or social complexity influence work relations and behavior of actors in meeting organizational goal [46–49]. Organizational trust implies the social properties (roles, rules and relationships) of an organization [50]. The properties which make it possible for cooperative behavior to exist among workplace actors, across varying cadres, time and space which lend them systemic form [47]. So trust exist in work organization through cognitive process that imbibe in workplace actors with the capacity to do what ordinarily they would not have been willing to do in achieving organizational goal.

4.3. Social capital perspective of organizational trust

Social capital perspective (SCP) of organizational trust was derived from the work of Pieere Bourdieu, James Coleman and Robert Putnam [51, 52]. It emphasizes the stimulating combination of sociology and economics insights in understanding social relationships in work organization. The term social capital has been accorded with diverse definitions by authors.
yet majority of the definitions described the term as networks of social relationships that bind people and organizations together for achieving desirable socio-economic benefits. These networks of social relationships are realized from constant social interaction to attain short and long term socio-economic benefits over time. For instance, Lyda Hanifan sees social capital as tangible assets such as goodwill, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit. In another view, social capital is described as the links, shared values and understandings that enable individuals and groups in a particular social setting to trust each other and so work together for productive benefits. Based on this premises, social capital theorists see trust as a very important part of social capital. For example, [53] argues that a system of mutual trust is an important form of social capital on which future obligations and expectations may be based. Also, [54] regards trust as a source of social capital that sustains economic dynamism and governmental performance while [55] (1998) perceives trust as a key facet in the relational dimension of social capital. Social capital perspective therefore emphasized the importance of trust in ensuring harmonious relationships between workplace actors. It also postulates that organizations that operate with trust, shared norms and cooperation instead of hierarchy or hierarchically defined carrots and sticks, formal monitoring and economic incentives, encourage the adoption and effectiveness of flexible or high-performance work practices [56]. This postulation is based on the fact that trust reinforce norms of reciprocity, reduce the volume of energy lost to doubt, unresolved issues, and associated uncertainty anxiety that otherwise often results in blame, gossip, resentment, frustration and conflict. It also reduces the time spent in the process of collective agreement enforcement and compliance in work organizations [55].

5. Organizational trust and organizational conflict: a framework of consequential relationship

Based on the evidences gathered from empirical studies conducted by scholars on organizational conflict and its management revealed that there is a connection between organizational trust and organizational conflict. This connection can best be described as consequential. It is consequential because lack or low level of trust among employees and employer can stimulate mixed feelings or lack of cooperation in an organization which may result in organizational conflict. For example, it is widely assumed that relationship between two or more individuals is sustained based on trust. This assumption is equally applicable to workplace relationships. That is, when there is lack or low level of trust in an organization there is disagreement and conflict situation in the organization [7, 8]. This is so because when there is lack of trust, there is lack of corporation and when there is absence of cooperation between employees and management, there will be conflict in the organization. While on the other hand, when there is trust or high level of trust in an organization; employees are more likely to avoid conflict situation [7, 8] by ensuring that they give the counterpart the benefit of doubt on issues that may generate conflict rather than jumping to conclusions [8]. To further explicate on the nexus between organizational trust and organizational conflict, the diagram below is presented (Figure 2).
Furthermore, lack of cooperation will significantly lead to disagreement or misunderstanding over task performance which may result in inter-personality clashes or power struggle among the employees and management that may escalate to organizational conflict. However, one outstanding mechanism for neutralizing conflict in an organization is through organizational trust. This is essentially so because organizational trust produces cooperation, openness, transparency, accuracy, clarity of issues, avoidance of disputes, agreeableness and risk taking in an organization. To buttress this assertion, [57, 58] argued that organizational trust transmits to openness and accuracy in communication and employees who trust each other know that their colleagues will provide them accurate, reliable, and complete information. Consequently, employees who trust one another are more willing to incur the risk of
addressing potential issues in order to resolve conflicts in the open before negative effects emerge [39]. Moreover, if employees and management trust one another, they would be more likely to accept open agreements and less likely to infer hidden agendas when conflict occurs in the organization [58]. This condition will create conducive and favorable atmosphere for thrashing out differences and misunderstanding between the management and the employees. This assumption dramatically shows that when parties (management and employees) to a conflict do not have trust in one another, they are exposed to interpreting uncertain behaviors and actions in others negatively and likely to infer that relationship conflict is a possible reason for the behaviors [59]. To this end, organizational trust is a critical factor in resolving conflict situations in work organization. Even when conflict arises between the employees and/or management, organizational trust will help the conflicting parties to know the level of trust existing between them (employees and management), the intention to manage the conflict productively and the willingness to keep agreement with good faith in order to achieve harmonious co-existence.

6. Conclusion

This chapter dwelled on analysis of organizational trust as a conflict management tool in contemporary work organizations from various perspectives. The introduction of the chapter was followed by discussions of substantive issues such as meaning of organizational conflict, organizational trust, importance of trust and factors responsible for the development of trust in organization. Some theories of trust were also examined. Moreover, the chapter also developed a framework for dealing with conflict in work organization. The issue addressed in this chapter suggests the role of trust in managing organizational conflict. Virtually all the situations which tend to spring up disagreement between employees and employers can be mitigated when there is positive organizational trust. As such, employees and management in various organizations must learn to cooperate with each other based on trust as a strategic approach to management of conflict for collective benefits of all. The presence of high level of trust and cooperation between employees and employers will encourage openness, transparency, and confidence, better understanding of workplace issues, friendliness, and risk taking which are very essential tools for achieving harmonious relationship in work organization. In conclusion, it is suggested that a study in the area of intra-group conflict management and its impact on organizational performance in medium and large organizations should be carried out by future researchers in order to enrich the body of knowledge on the management of conflict in contemporary work organizations.

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