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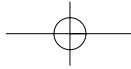
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Is interpersonal trust a necessary condition for organisational learning?

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Abstract

The organisational behaviour and management literature has devoted a lot of attention on various factors affecting organisational learning. While there has been much work done to examine trust in promoting organisational learning, there is a lack of consensus on the specific type of trust involved. The purpose of this paper is to highlight the importance of interpersonal trust in promoting organisational learning and propose a research agenda to test the extent of interpersonal trust on organisational learning. This paper contributes to the existing organisational learning literature by specifying a specific form of trust, interpersonal trust, which promotes organisational learning and proposing a future research direction. The paper is organised as follows: firstly, a common conceptualisation of organisational learning is revisited. Secondly, the existing literature on trust reviewed and salient points on how interpersonal trust enhances organisational learning discussed. Finally, a research agenda to test the extent of interpersonal trust on organisational learning is being set out.

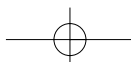
Keywords

organisational
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knowledge acquisition
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interpersonal trust

1. Background

The knowledge-based economy has brought about significant shifts in the way organisations respond to rapidly changing customer preferences and constantly shifting competition. Most organisations now endeavour to lead the market and move ahead of competition by knowing the customers and competitors better and faster. The quest for knowledge has led organisations to constantly strive to learn new trends and ideas from the market. Consequently, a new form of organisational learning capability emerges. This organisational learning capability arises when organisations are able to apply knowledge and modify their behaviours in response to rapidly changing market forces.

Trust is a variable that is often identified as having an influence on organisational learning (Davenport and Prusak 1998; Dymock 2003). While there has been much work done to examine trust in promoting organisational learning, there is a lack of consensus on the specific type of trust involved. Furthermore, few scholars have attempted to conduct empirical research that would more systematically identify those factors supporting effective organisational learning (Baker and Sinkula 1999).



Thus, there is a need to identify a specific form of trust that promotes organisational learning and set out a research agenda to achieve this.

The purpose of this paper is to highlight the importance of interpersonal trust in promoting organisational learning and propose a research agenda to test the extent of interpersonal trust on organisational learning. The paper is organised as follows: firstly, a common conceptualisation of organisational learning is revisited. Secondly, the existing literature on trust reviewed and salient points on how interpersonal trust enhances organisational learning is discussed. Finally, a research agenda to test the extent of interpersonal trust on organisational learning is proposed.

2. Organisational learning

To better understand the concept of organisational learning, it is necessary to introduce a three-stage organisational learning framework proposed by DiBella and Nevis (1998). The framework consists of three distinct knowledge processes: knowledge acquisition, knowledge dissemination and knowledge use. Knowledge acquisition is defined as the development or creation of skills, insights and relationships (DiBella and Nevis 1998). It is also how knowledge is collected. Some examples of knowledge acquisition activities include having casual conversation with competitors at trade shows and conducting regular customer visits and in-house market research.

Knowledge dissemination is defined as sharing what has been learned. It is the process by which knowledge is shared and diffused throughout the organisation (Argyris and Schon 1978). Knowledge dissemination occurs when knowledge is passed around among individuals and groups. Some examples of knowledge dissemination activities include employees informing other colleagues of plans through hallway conversations and marketing personnel scheduling regular meetings to discuss customers' future needs with departments.

Knowledge use is defined as the integration of learning so that the knowledge is broadly available and can be generalised to new situations. Knowledge use happens when knowledge is being applied to a business context. It refers to the way in which knowledge is applied by members of an organisation to better understand the area of assigned work so as to be able to make informed managerial decisions and implement changes (Maltz and Kohli 1996; Moorman 1995). When such knowledge is generated from customers and competitors, it is referred to as market knowledge in this paper. Some examples of market knowledge use activities include shaping of organisational policies, implementing new products and services, and increasing productivity through application of acquired and disseminated market knowledge.

3. Review of trust

Trust is a variable that is often identified as having an influence on knowledge acquisition and knowledge dissemination processes (Davenport and Prusak 1998; Armistead and Meakins 2002; Sveiby and Simons 2002;

Desouza and Awazu 2003; Dymock 2003). In this paper, trust, or more specifically interpersonal trust, refers to the employee's positive expectations about the supervisor's intentions and actions toward him or her in risky situations (Lewicki and Bunker 1996). Most scholars have approached the study of trust from a referent and definition perspective (Dirks and Parks 2003).

Dirks and Parks (2003) suggested that specifying the referent, that is, trust in whom is important because trust in different referent may be caused by different factors. For example, it has been found that trust in supervisors and trust in senior management were differentially related to job-focused variables like job performance and senior management related variables like organisational, respectively (Dirks and Ferrin 2002). Galford and Drapeau (2003) identified three different forms of types of trust at the workplace with respect to a referent. They are strategic trust, organisational trust and interpersonal trust. Strategic trust is referred to as the trust employees have in the people running the show to make the right strategic decisions. Organisational trust refers to the trust people have in the company itself rather than any individual. Finally, interpersonal trust is referred to the trust employees have in their own managers.

From a definition or 'content' perspective, there are various conceptualisations of trust. In general, these definitions of trust share common traits in terms of willingness to be vulnerable under conditions of risk and interdependence (Chow and Holden 1997; Huemer, von Krogh and Roos 1998; Plank, Reid and Pullins 1999; Rousseau et al. 1998). For example, trust is sometimes defined as 'a psychological state comprising the intention to accept vulnerability based upon positive expectation of the intentions or behaviors of another' (Sitkin and Roth 1993). Similarly, Mayer, Davis and Schoorman (1995) defined trust as the willingness of the trustor to be vulnerable to the actions of the trustee based on the expectation that the trustee will perform a certain action important to the trustor, irrespective of the ability to control the trustee.

Also, trust is sometimes referred to as the expectation that alleviates the fear that the supervisor will act opportunistically (Bradach and Eccles 1989). Trust is often associated with situations involving personal conflict and outcome uncertainty (Nyhan 2000). From the standpoint of risking behaviours, trust reflects a willingness of one party to accept the possibility of vulnerability on his or her part of a transaction. For trust to develop, the parties must be willing to depend on each other and take risk (Mayer, Davis and Schoorman 1995). Consequently, the need for trust only arises in a risky situation with the potential for loss (Bell, Oppenheimer and Bastien 2002). Therefore, trust encompasses not only a belief about the trustworthiness of a fellow co-worker but also the willingness to act on that belief in situations of uncertainty (McEvily, Perrone and Zaheer 2003).

Some scholars have also sought other ways of distinguishing the different types of trust. For example, McAllister (1995) proposed affective-based trust versus cognitive-based trust. The former reflects a relationship with

the other party involving care and concern about the party's welfare. The latter highlights issues of reliability, integrity or fairness of another party. Between an employee and the supervisor, this type of trust is the extent to which an employee has confidence in the supervisor's reliability and integrity (Goris, Vaught and Pettit 2003; Rich 1997).

Trust and its influence can be seen at the various level of an organisation, namely, individual, group and organisation. At the individual level, trust develops when employees first interact with someone new to the person. In the case of initial trust, McKnight, Cummings and Chervany (1998) said that it is not based on any kind of first hand knowledge of the other party, but based on an individual's disposition to trust or on organisational cues that enable one person to trust another without prior experience. This initial trust is then further developed over time. Flores and Solomon (1998) proposed that trust is a dynamic aspect of human relationships and requires interaction over time to be developed.

At the group level, trust enriches relationships, fosters cooperation and commitment (Connell, Ferres and Travaglione 2003; McAllister 1995; Zand 1997). Groups of employees work better together in an atmosphere of trust based on mutual commitment and a stable long-term relationship (Anderson and Weitz 1992). Repeated inter-group interactions build trust, which leads to the eventual sharing of knowledge (Anderson and Narus 1990). McCauley and Kuhnert (1992) mentioned that trust in the work place consists of lateral and vertical dimensions. Lateral trust refers to trust relationships between the focal employee and other co-workers. On the other hand, vertical trust refers to employee trust of the immediate supervisor, subordinates and senior management. This implies that the degree of trust may vary within organisations depending on structural relationships. Thus, an employee's degree of trust may vary between the supervisor, co-workers, subordinates and the organisation as a whole.

At the organisation level, trust influences co-ordination and control, and helps to overcome individual and organisational inadequacies (Albrecht and Travaglione 2003; Argyris 1991; Drucker 1993; Knapp 1984). This is because through greater trust, employees can perform their work with less apprehension knowing that there is tacit understanding to their actions. Without trust, employees tend to become defensive of their actions because every action needs to be justified and be backed up by factual information. This will in turn inhibit organisational learning (Costigan, Ilter and Berman 1998). McElroy (2002) suggested that trust is one of the key factors that add value in an organisation, or between organisations, by speeding the transfer of information and the development of new knowledge.

4. Interpersonal trust

While there are many types of trust, several scholars have highlighted the importance of interpersonal trust (Goris, Vaught and Pettit 2003; Nyan 2000; Rich 1997). Since employees are frequently engaged in an exchange process with his/her immediate supervisor, interpersonal trust is important to

ensure knowledge exchanges. According to Nyan (2000), interpersonal trust is stronger when supervisors and employees are confident that the other is competent and will act in a fair and ethical manner. This definition of trust in one's supervisor emphasises an employee's hope of a favourable outcome or decision from the supervisor in an uncertain and potentially bad situation. An exchange process characterises the relationship between an employee and his or her supervisor. In this process, the supervisor provides advice, praise or perhaps punishment in exchange for the employee's effort and performance. Therefore, to an employee, the supervisor is clearly an exchange partner who may or may not be trusted. Interpersonal trust then is based on the way supervisors and employees interact orally, nonverbally and in writing. One important assumption is supervisors will support legitimate actions of employees and not take advantage of employees by withholding knowledge or manipulating their actions to accomplish organisational objectives.

Interpersonal trust is an essential condition of a functioning organisation because it creates the necessary commitment and confidence in the acquisition and dissemination of knowledge (Botkin 1999; Davenport and Prusak 1998; Huemer, von Krogh and Roos 1998; Inkpen 1996; Nonaka, Toyama and Konno 2000). Since knowledge usually brings about change, an employee will only be more willing to acquire market knowledge if there is a belief that the acquired knowledge will not bring about change that may bring harm to him/her. This means that the higher the level of interpersonal trust, the greater the tendency for employees to acquire knowledge. Also, trust is derived from repeated interactions over time between the trustor and trustee. High interpersonal trust, based on previous experiences with another colleague in repeated interactions, tends to result in the decision to cooperate (Janz and Prasarnphanich 2003; Miller 1992). The decision to cooperate will lead to knowledge being disseminated among the employee.

Furthermore, because developing trust relies heavily on human relationships, the knowledge processes involved will tend to be more informal rather than structural. Informal knowledge processes allow the verification of trust and mutual understanding. Therefore, interpersonal trust is necessary for successful informal knowledge acquisition and dissemination within organisations. Consequently, interpersonal trust is conceptualised as a variable that promotes informal knowledge acquisition and dissemination. This leads to the following propositions:

- P1: Interpersonal trust is positively associated with knowledge acquisition.
P2: Interpersonal trust is positively associated with knowledge dissemination.

5. Future research

Various scholars have suggested or reported the influence of trust on organisational learning (Botkin 1999; Davenport and Prusak 1998; Huemer, von Krogh and Roos 1998). While there are many forms of trust, the author suggests a more specific form of trust, interpersonal trust, which promotes organisational learning. Future research could be conducted to

ascertain how interpersonal trust could be related to knowledge acquisition and knowledge dissemination, as they are a part of organisational learning. There has been limited research done to understand the extent interpersonal trust influences knowledge acquisition and knowledge dissemination. More empirical research should be directed to better understand its effect on organisational learning. Consequently, a future area for research could be finding an answer to the research question: *To what extent does interpersonal trust influence knowledge acquisition and dissemination as part of organisational learning?*

6. Conclusion

The organisational behaviour and management literature has devoted a lot of attention on various factors affecting organisational learning. While there has been much work done to examine trust in promoting organisational learning, there is a lack of consensus on the specific type of trust involved. This paper has identified interpersonal trust as critical to the success of organisational learning. The existing literature on trust was reviewed and the salient points on how interpersonal trust enhances organisational learning discussed. The paper contributes to the existing organisational learning literature by specifying a specific form of trust, interpersonal trust, which promotes organisational learning and proposes a research agenda to test the extent of interpersonal trust on organisational learning.

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