Environmental Scanning Review: Trust in the global Environment

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Trust in the Global Environment

Organizations rely on their reputations. Favorable reputations attract highly qualified personnel, strong partnerships, and most importantly customers (Coombs, 2015, p. 12). Organizational reputations are built upon trust. Particularly in the global context, trust is critical. "Trust is the glue of the global workspace" (Germain, M. 2011, p. 31).

This environmental scanning review explores the role that trust plays in the global organizational environment. Trust can have quite nuanced definitions. In their discussion of organizational trust, Hough, Green, & Plumlee, (2015) draw on a vast array of research to define organizational trust as some level of faith that an organization will fulfill its obligation "irrespective of the ability to monitor or control that other party" (p. 47). Therefore, it is impossible to discuss trust without including some conversation regarding ethics, morality, and justice. As Werhane (1999) notes with regards to business ethics, the practices of a free enterprise political economy, which are generally unfair to workers, and thereby unjust, erode trust (p. 238).

Trust in the global organizational environment affects all stakeholders. Investors, shareholders, customers, suppliers, and employees at all levels are connected through shared trust. When working in the global environment across cultures, trust can be difficult to cultivate. Building trust in the global organizational environment has become a primary focus of organizational leaders. When trust fails, organizations fail.

The Studies

Research for this environmental scanning review was identified by applying the following search strategy: the initial search included the search string, trust + global*+ organizational environment, which yielded 284 studies. Limiting the search to only scholarly, peer reviewed studies decreased the number to 172. This list was further reduced to 166, by limiting the search to only academic journals. Scanning this list, articles that obviously did not relate were omitted. The final exclusion criteria removed any articles that either did not relate to the global or international environment, or were so specific that their findings could not be generalized to the greater population. This resulted in 27 studies.

Of the 27 studies identified from the search string and exclusion criteria, 5 studies were selected for in-depth review based on how the articles related to the overall focus of this environmental scanning review. These studies, listed below, all focused on the role of trust in the organizational context. For the rest of the studies, see the Appendix below.

Brenkert, G. G. (1998). Trust, Morality and International Business. Business Ethics Quarterly,
        8(2), 293.
Germain, M. (2011). Developing Trust in Virtual Teams. Performance Improvement Quarterly,
        24(3), 29-54.

Hough, C., Green, K., & Plumlee, G. (2015). Impact of ethics environment and organizational
        trust on employee engagement. Journal Of Legal, Ethical And Regulatory Issues, 18(3),
        45-62.
Panteli, N., & Tucker, R. (2009). Power and Trust in Global Virtual Teams. Communications Of
        The ACM, 52(12), 113-115. doi:10.1145/1610252.1610282
Werhane, P. H. (1999). Justice and Trust. Journal Of Business Ethics, 21(2/3), 237-249.

Analysis

Trust and ethics are inextricably linked (Hough, Green, & Plumlee, 2015, p. 49).
Organizations that engage in unethical behavior, either to gain a competitive advantage or cut
operational expenses, will eventually be exposed. The exposure of unethical organizational
behavior costs organizations great expense in reputational damage (p. 45/6). Organizations build
trust through reputations of ethical behavior. Werhane (1999) argues that unfair employment
practices, such as substandard wages for women and undocumented or foreign-born workers,
erode trust both internally and externally (p. 237, 246). Brenkert (1998) sees trust as a "business
virtue" and implies that trust assumes that individuals or organizations will act in an expected
manner (p. 298).

Trust is built over time. Brenkert (1998) notes that trust, unlike trustworthiness, is an
attitude developed through time that enables an individual(s) to be vulnerable to harm, with a
reasonable expectation of safety (p. 299). Panteli & Tucker (2009) found that of 18 virtual teams
working globally, those that were successful exhibited high levels of trust some of which was
built over time. Conversely, the 7 teams that were not successful exhibited little or no trust at all
(p. 113). Whether or not an organization operates internationally, consumer trust is paramount to
the success of the organization. Whether trading products or services, if stakeholders lose trust
in an organization, the organization cannot continue (Brenkert 1998, p. 315).

Virtual teams operating across geographical and cultural boundaries rely heavily on trust
(Germain, 2011, p. 31). Globalization has placed pressure on organizations to create
decentralized virtual teams. These teams, comprised of workers that are sometimes separated by
great distances, time zones and cultures, must work together on common goals. Therefore, trust
has even greater value in virtual teams (p. 31). Trust in virtual teams is a key indicator of strong
communication and job satisfaction. Teams that do not trust one another are less likely to share
information and more likely to quit (p. 32/33). When trust is damaged, it must be repaired,
regardless of how difficult the repair (Panteli, & Tucker, 2009, p. 115). Since trust is built over
time, when trust is damaged through ethical or legal scandals, "it can lead to catastrophic
outcomes" (Hough, Green, & Plumlee, 2015, p. 46).

Organizational trust leads to job satisfaction and employee engagement (Germain 2011,
p. 32; Hough et al. 2015, p. 46). Hough et al. (2015) noted a significant relationship between the

perception of organizational trust and employee engagement. The higher the level of organizational trust the more engaged the employees were (p. 49). The authors also noted that technology and globalization have shed light on organizational scandals and enabled the world to see them as they happen. This heightened level of public accountability accentuates the need for organizational trust (p. 46).

Conclusion

This environmental scanning review has shown how trust is central to the operations of organizations. Whether trust between workers from various cultures working virtually across great distances, or trust between organizations and their constituents, it is clear that trust enables individuals and groups to share positive experiences and communication. It may seem obvious that trust is important, but as Hough et al. (2015) note, even with the oversight that technology provides, there is still a lack of ethical behavior. With so much at stake, organizations must pay close attention to trust at every level of the organization if they are to build positive reputations and maintain trust.

References

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Coombs, W. T. (2015). Ongoing crisis communication: Planning, managing, and responding. Sage Publications.

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Appendix

Studies related to trust and the global organizational environment

Babiliute-Juceviciene, R., Jucevicius, G., & Krisciunas, K. (2012). Trust Development in Inter-Organizational Relations of Knowledge-Intensive Firms. *Social Sciences* (1392-0758), 78(4), 54. doi:10.5755/j01.ss.78.4.3230

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