

THE DYNAMICS OF TRUST

After a clarification of the notion of trust, this article gives an analysis of its foundations and the role of openness and communication in the building, breakdown and repair of trust.

by Bart Nooteboom

The notion of trust is rich and slippery, and evokes much misunderstanding that needs to be set right. What is trust, who may be trusted, in what aspect of behaviour, and on what basis? A first definition of trust might be: "I am vulnerable to the actions of another but I believe that no significant harm will be done."

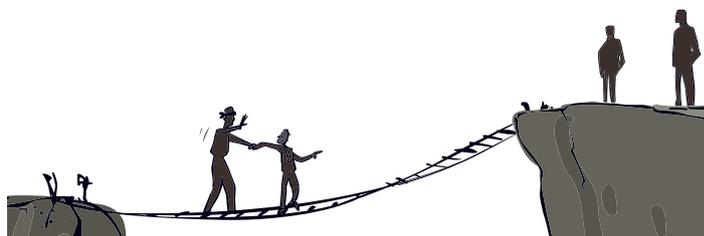
Who is the trustee, the one trusted? One can trust individuals, organisations, institutions and systems. For example, in the financial crisis distrust concerning banking may concern individual bankers, banks and their policies, supervisory institutions (such as central banks), or financial and labour markets. One may trust people one is dealing with, but this is not enough, because whether they can honour commitments depends on their position and role in the organisation. One can trust an organisation, e.g. on the basis of its reputation, but this does not by itself ensure that one can trust the people one is dealing with. That depends on the procedures of supervision, control, reporting and culture of the

firm. Whether an organisation can honour its commitments depends on external pressures of competition and the state of the economy.

What is it in people that one can trust? One can trust the competence of the trustee, in other words its technical ability to honour commitments, and/or its intentions: in other words, its will and commitment to act according to the best of its competence. Intentional trust may be further separated into trust in commitment/attention and trust in fairness: in other words, absence of cheating. When there is lack of competence, one will act differently from when there is lack of commitment or opportunism and cheating. Things can go wrong for a variety of reasons: a mishap or accident no one could have foreseen and prevented, lack of competence, lack of attention, lack of commitment, or opportunism. Often, one does not know which is the case. In other words, there is 'causal ambiguity'. In particular, it is the opportunist who will claim a mishap as the cause. This causal ambiguity has important implications for communication, as I will discuss later.

FOUNDATIONS OF TRUST What is the basis of trust? Trust may be based on feelings and emotions of fear, self-confidence, friendship, loyalty, justice, morality, view of society, view of man, etc., related to character, experience and culture. Trust can also be rational, based on information (for example on reputation) and evaluation of the likely level of trustworthiness. Mostly it is based on some combination of feeling and reflection.

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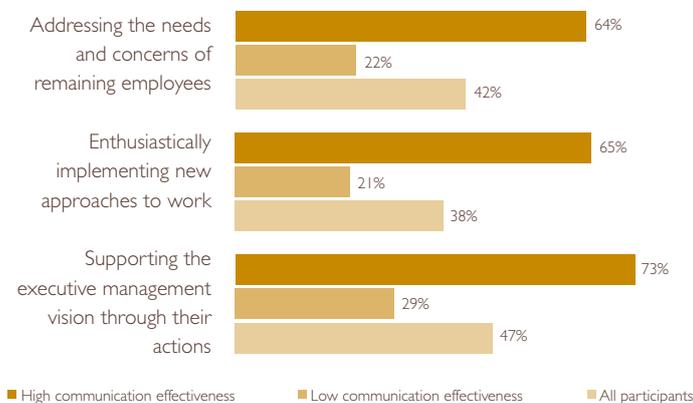
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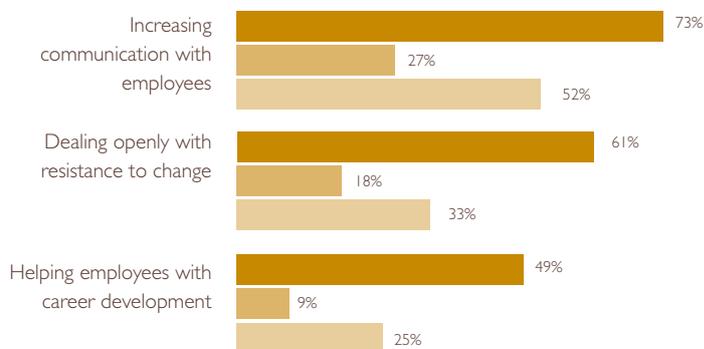
HR management company Watson Wyatt have released their latest report, *Capitalising on Effective Communication: How Courage, Innovation and Discipline Drive Business Results in Challenging Times*. Data from 328 organisations representing five million employees was collected in mid 2009 from across the globe, giving a comprehensive picture of the ways in which companies are (or are not) effectively communicating to their employees during the recent economic upheavals. The role of leaders and managers were especially highlighted; the study found that managers

in high-performing organisations are much more effective at implementing change and supporting the organisation's vision (below left), with 65 per cent actively implementing new approaches through management training, as opposed to under a third of low-effectiveness communicators. Only 33 per cent stated that their managers were effective at dealing openly with resistance to change, with highly effective companies more than three times as likely to do so than less-effective firms (below right). *Taken from Watson Wyatt 2009/2010 Communication ROI Study Report*

Highly effective communicators help managers address employee needs and concerns



Managers in high-effectiveness companies increase communication with employees



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COMMENTARY

A sticky situation for Toyota's public relations

To what extent can the scope of a large company be an obstacle to the efficiency of its communication function? PR pundits have been united in their criticisms of Toyota's crisis management; a two billion dollars global recall amidst safety fears over sticking accelerator pedals has resulted in a fall from grace of the world's preeminent car manufacturer. The company has been judged for not appearing to accept complete responsibility for the current state of affairs, and for not presenting company president Akio Toyoda as a visible figurehead responding to the criticisms. The dribs and drabs of statements in reaction to each separate incident have even earned a rare rebuke from the Japanese government, as transport minister Seiji Maehara said Toyota's response to the issue of Prius brakes "lacked customer focus." After a protracted period of silence, Toyoda finally held a press conference on Friday the 5th, an event summed up by the UK's Guardian newspaper as "a case study in the subtle difference between an apology and an admission of culpability." Meanwhile, an open letter signed by the company's US president was published in major



papers. These small steps speak of a global organisation unsure of which move to make, perhaps a byproduct of its unwieldy dimensions. Toyota's expansion has come at the cost of its venerable devotion to safety, and similarly its PR management has struggled to keep up. But it appears that an imminent congressional hearing has jolted Toyota into action: the Wall Street Journal reports that Toyota is assembling "a crisis team of lobbyists, lawyers and public relations specialists" in Washington DC. Competitors and critics alike will look with interest to see whether this is enough to stall the descent into the quagmire of bad press.

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PERSONNEL



Caroline Mille-Langlois
(VP, Corporate Communications)
Institution: PSA Peugeot Citroën
Start: March 01



France: Caroline Mille-Langlois to join PSA Peugeot Citroën

CAROLINE MILLE-LANGLOIS will join PSA Peugeot Citroën as vice president of corporate communications following the departure of Liliane Lacourt, who is retiring after 20 years with the Group. Mille-Langlois will report to Philippe Varin, chairman of the managing board. Formerly executive VP, corporate communications and brand at France Telecom Orange, Mille-Langlois has worked with Rhône-Poulenc, Total, Alcatel and France Telecom.



Susanne Wegerhoff
(VP, Communications)
Institution: Opel
Start: February 01



Germany: Wegerhoff new VP of communications at Opel

Opel has appointed SUSANNE WEGERHOFF as vice president of communications. Wegerhoff will report to CEO Nick Reilly. In this new role, she will be responsible for all Opel corporate, product and brand communications activities in Europe. Wegerhoff was previously the head of corporate communications at German Rail Group in 2004, and led their investor relations and financial communications as of 2006.



Dóra Somlyai
(VP, Corporate Communications)
Institution: MOL
Start: January 01



Hungary: Somlyai promoted to head comms at MOL

DORA SOMLYAI – who has been the Hungarian communications director of the Central European integrated oil and gas group MOL since 2007 – is the new vice president of corporate communications. Her new position covers the continuous development of the group's public relations, as well as internal communications, marketing communications, brand development and selected corporate affairs.

EVENTS

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Learn from the Coca-Cola Company how to revolutionise your traditional PR strategies to adapt to the online world, and take advantage of the opportunity to network with experienced social media users and novices alike.

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24.02.2010 What Makes Different Media Professionals Tick?

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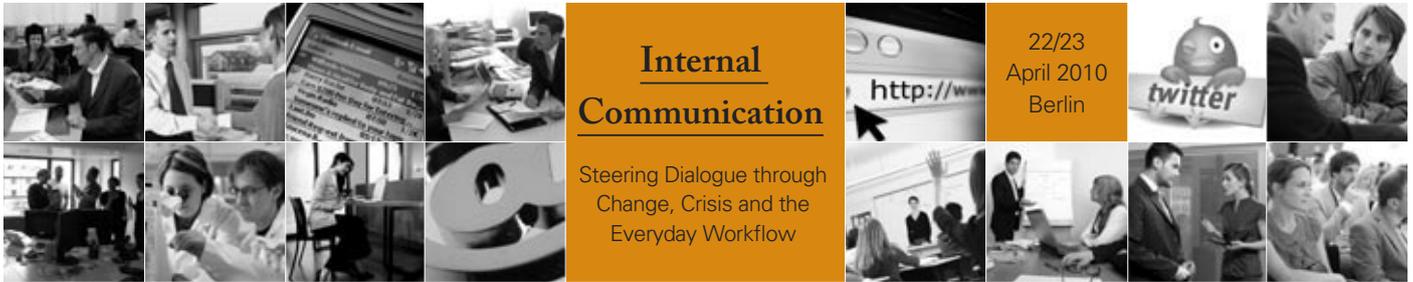


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