WHO DO YOU TRUST?

What do we mean by a personal trust relation?

• What do we imply by saying “That person is very trustworthy”?
• How important is risk-taking in any trust relation?
• How is trust between two people created?
• When don’t we trust someone to ...tell the truth ...keep a promise ...keep a secret ...deliver the goods?
• What is betrayal of trust? What are its consequences?
• What can you do to overcome initial distrust? To mend a broken trust relation?
• Is trust always embedded in a specific dyadic network tie or can trust generalize (e.g., a reputation for trustworthiness)?
YOUR TRUSTING RELATIONS

Identify up to five people to whom you could go for advice on important personal matters. Whom would you trust for accurate, reliable advice on:

- taking a sociology course?
- making a blind date?
- evaluating a sorority pledge?
- purchasing a used auto?
- finding a new physician?
- finding a good job or graduate school?

What makes each person trustworthy for that specific purpose?

Shared cultural understandings? Similar social statuses? Expert knowledge? Sentimental attachments? Other?

Strong or weak ties: Are all your trust relations also close friends or are some trusted persons only acquaintances?
A TRUST EXERCISE

How much do you trust your classmates?

This exercise involves building a trust relationship under conditions of uncertainty. Half the class leaves the room while the instructor explains the procedures to the others. The students who left then return & the exercise begins.

All participants must use only nonverbal communication!

After the exercise ends, we’ll discuss feelings and ideas about trust, comfort, anxiety, control, empowerment, and so on, that may have arisen.

IMPORTANT: If you feel uncomfortable about participating, you are under no obligation. Just observe the exercise and discuss what you see.
INTERORGANIZATIONAL TRUST

Does organizational trust differ from personal trust?

Many business relations involve repeated exchanges among the same sets of organizations

TRUST between orgs decreases their transaction costs

Trust reduces org’l temptations to opportunism
(Williamson “self-interest seeking with guile”)

• Potential partner incompetence, deception & fraud
  (Internet services & info)

• But impossible to screen all options, write contracts, buy insurance covering all possible risks (moral hazards)

• Orgs seek flexibility to adjust contractual agreements if unforeseen events occur (“Acts of God”)
TWO TYPES OF CORPORATE TRUST

Which types of corporate trust forge the strongest ties?
Can corporations trust or only their human agents?

**Business risk:** objective confidence in a partner’s predictable behavior; how dependable is a deal?

**Psychological trust:** subjective confidence in the partner’s goodwill regarding our interests

Trust relations form foundation of alliance networks

“Familiarity breeds trust”: repeated escalating transactions as partners grow to trust one another

Moving from legal equity contracts ("hostage-taking") to informal handshake deals (NYC better dress SFN)
REPUTATIONS

Who steals my purse steals trash…
But he that filches from me my good name
Robs me of that which not enriches him,
And makes me poor indeed.

Shakespeare Othello III, iii, 155

Org’l reputation public opinion on generalized trustworthiness – for quality, reliability, expertise, community spirit etc

Using networks to create & destroy reputations:

- Third parties spread information which vets another’s competency and dependability
- Malicious gossip spreads false & damaging information

Complex systems increasing rely on trusted assessors (e.g., notary publics) and reputation agents (paid professional advice-givers) to provide reputational info

Example: critics give unbiased reviews of restaurants, travel, movie, books, records

- Why do we distrust reviewers who “get comped” by the producers?
- Why greater trust when critics make incognito (anonymous) reviews?
INVESTING IN SOCIAL CAPITAL

Social capital is increasingly important in high-performance systems: social relations are valuable resources for both individual and collective action. Social capital is embedded in specific relationships that are the jointly owned property of both parties.

Core Proposition: Parallel to financial and human capital, persons and organizations that possess more social capital can better perform their tasks and achieve their goals.

Two basic forms of social capital:

Network closure with strong ties: tight-knit teams need solidarity among all members (soldiers, sailors, police, firefighters).

Network extension with weak ties: innovation projects requiring pooled information from diverse sources (R&D strategic alliances).
MENTORING or NETWORKING?

**MENTORING**
- Strong, intense emotional ties
- Long duration
- Small size, dense
- Isolated groups, few bridges
- Gender, race homogeneous
- Power inequalities
- Impacted, redundant information

**NETWORKING**
- Weak, low-intensity ties
- Short duration
- Large size, diffuse
- Numerous bridges
- Heterogeneous mix
- Peer relations
- Access to new info, career opportunities
Working Girl

How can women & minorities best get ahead in climbing corporate career ladders?

Watch scenes from 1987 Working Girl, starring Melanie Griffith, Sigourney Weaver, Harrison Ford

- What examples of mentoring and networking do you see?
- How did Tess McGill’s dependency on her mentor Kathryn Parker almost prove fatal to her chances of moving from secretary to manager?
- What does this film reveal about the importance of trust, networks, & alliances in corporate relationships?
NETWORK INVESTMENTS

To get ahead in a competitive organizational career, you should develop skills at making social capital investments.

“Profit” is generated by high rates of return on social capital -- benefits derived via your network contacts.

Your personal location within a workplace’s complete network holds the key to a high return on your investment.

Become a network player by developing contacts that can improve your odds of gaining two kinds of network benefits:

(1) **Information benefits** -- access, early timing, referrals to job opportunities

   Create a large, diverse (non-redundant) network of trusted contacts.

(2) **Control benefits** -- manipulate your network’s structural holes

   Find gaps between non-redundant contacts that you can exploit in negotiations.
   Holes are entrepreneurial opportunities to play one party against another.
   Become a broker who can connect the holes between clusters of actors.
STRUCTURAL HOLES

- Learn how to identify holes between structural positions
- Make network ties that bridge across clusters
- Gain power by brokering information & resource flows

The case study ("Mentor v. Network") describes two situations involving social capital concepts. Write a brief analysis of the pros & cons of each employee’s strategy for career advancement.