Intercultural Knowledge Flows in Edge Organizations: Trust as an Enabler

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Defining Trust

- Trust is the willingness to make decisions which will be costly if another party does not fulfill its obligation.
- Trust as a choice decision
- Contextualist approach: A trusts B about X
- Behavioral measures
Why Trust?

Research has documented the myriad benefits of trust to organizations

Why Trust?

“Essential for stable social relationships” (Blau, 1964: 64).
Why Trust?

- Reduced transaction costs within organizations
  (Williamson 1993, Granovetter 1985, Uzzi 1997)

- Increased spontaneous sociability among organizational members
  (Fukuyama 1995)

- Appropriate (i.e., adaptive) forms of deference to organizational authorities
  (Arrow 1974, Tyler 1994)

Intragroup Trust
Why Trust?

Trust is especially important in Edge Organizations...
Edge Organizations

- Shared awareness
- Decision-making is everyone’s job
- Self-synchronization
- Information-sharing
- Emergent leadership
- Information flows horizontally
- Organizational processes dynamic and concurrent
### Edge Organizations

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**What is Required?**
## Edge Organizations

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- Decision-making is everyone’s job
- Information flows horizontally
- Organizational processes dynamic and concurrent
- Heavy reliance on constant, real-time information flow, interactions, and exchanges
Edge Organizations

What are the implications?

Heavy reliance on constant, real-time information flow, interactions, and exchanges
Trust is Required

Trust is especially important in Edge Organizations...

As the number of exchanges increases, so does the importance of trust
(Zucker 1986).

Heavy reliance on constant, real-time information flow, interactions, and exchanges
Trust is Required

Heavy reliance on constant, real-time information flow, interactions, and exchanges
Today’s Presentation

- **Yr. 1: Develop Theory of Trust in Edge Org’s**
  - Multi-level: Interpersonal, Organizational, and Institutional
  - Draw from sociological, social psychological, organizational, economic, and political science literatures.
  - Conceptualize how relevant organizational considerations interrelate.
How Does Trust Develop?

- Over time
- Between similar individuals
Developing Trust… Over Time

- Trust has largely been viewed in the literature as a history-dependent process (e.g., Lindskold 1978).

- Individuals’ judgments about others are anchored in part on *a priori* expectations about others’ behavior, and these expectations change in response to experiences that subsequently validates or discredits them (e.g., Boyle & Bonacich 1970).
Developing Trust…
Because You are Like Me

- “Similarity breeds connection” (McPherson et al, 2001)
- Similar individuals are more likely to form ties.
- Ties between nonsimilar individuals also tend to dissolve at a higher rate. This results in the formation of niches, or localized positions, within a social circle.
The Problem

Trust requires time or similarity…
The Problem

Trust requires time or similarity…

… Which are often lacking in Edge Organizations.
The Problem

- On one hand...
  - Edge Organizations rely on constant, real-time interactions and exchanges...
  - **Which require more trust.**
- But on the other hand...
  - Because of the dynamic nature of Edge Organizations, temporary and/or diverse groups are likely to form...
  - **... Which make trusting more difficult.**
Moreover…

- Uncertain, unstable security landscape
- Non-traditional enemies
- Unclear boundaries
- Increasingly complex military operations
- High velocity environment
Research Shows…

- Stable environments: Trust acquires a taken-for-granted quality (Fine & Holyfield 1996)

- Unstable environments: Uncertainty tends to trigger distrust (Kramer 2001).
Questions

- Does trust exist in dynamic environments, such as Edge Organizations?
- If so, what is the form of trust (e.g., swift trust)?
- What are the antecedents, correlates, and consequences of the presence or absence of that trust?
- Under what conditions is trust more likely to develop?
- What organizational substitutes can we create?
The Challenge

- Understand the conditions under which trust can develop in Edge Organizations
- Find alternative ways to generate trust
Directions

- Artificial creation of history through short term deliverables
- Increased salience of common organizational identity
- Reciprocal, not negotiated, exchanges
- Conflicting interests and their alignment
- Conflicting institutional backgrounds and the creation of a common institution
Contributions: Theory

- Multi-level theory of trust
- Understand nature of trust in dynamic systems, instant (swift) trust
- Explore institutional clashes and the creation of new institutions
- Investigate the relationship between trust and institutions
Contributions: Practice

Propose ways in which swift trust can be generated and maintained,
as well as institutional mechanisms that can replace trust when conditions make its creation impossible.
Our Work: Year 2

- **Year 2**: Edge Application and testing.
  - Data collection and hypothesis testing
  - Multi-method:
    - Field—Interviews, surveys
    - Experimental manipulations—computational models, laboratory experiments