

---

# THE SIGNIFICANCE AND ROLE OF TRUST IN AN ORGANIZATION WITHIN THE PROCESSES OF COMMUNICATION AND CONTROL

Jure KOVAČ, Manca JESENKO  
Faculty of Organizational Sciences, Kranj

UDK: 65.012.45  
Izvorni znanstveni rad

Primljeno: 28. 4. 2008.

Today, studying trust within society is a very current topic. The significance and role, which trust plays in the post-industrial society is multi-layered. Without a doubt, trust within different institutions and trust amongst individual institutions has been at the forefront in recent time. Often the level of trust individual institutions enjoy depends on the success and efficiency of their operations. In the paper, the authors have exposed the significance and role that trust plays within organizations. The level of trust within an organization is very important for each individual who is a member of some organization. In the paper, the authors have shown the results of the empirical research on the correlation between the levels of trust within a certain organization and the impact on the form of supervision and communication in implementing tasks. They established that the greater the levels of trust within an organization, less formalized forms of delegating tasks are required and the level of informal communication is greater. These stated facts increase the efficiency of the management processes and with this the success of the organization as a whole.

Keywords: trust, organization, control, formalization, communication

✉ Jure Kovač, University of Maribor, Faculty of Organizational Sciences Kranj, Kidričeva cesta 55a, 4000 Kranj, Slovenia.  
E-mail: jure.kovac@fov.uni-mb.si

## **INTRODUCTION**

---

We typically link trust to personal expectations or convictions about the anticipated behaviour of an individual or group. It is therefore understandable that researching trust had been generally confined to the study of trust on an intra-personal level. Psychologists and particularly social psychologists have defined trust in widely differing terms. For example, Erikson (1963) makes the connection between the development of an individual's trust and his experience in childhood. Meanwhile, Deutsch (1973) and the sociologist James Coleman (1990) define an individual's trust as a subjective rational decision. Other sociologists, such as Luhmann (1988) and Giddens (1990), have tried to define trust through a structural-theoretical concept that combines rational and emotional processes with cognitive and affective elements (Staehle, 1999, 410).

Trust on personal and social levels has long been the subject of numerous discussions and of significant interest to many various professionals and individual writers throughout history. Nowadays, trust is researched on personal, social, economic and organizational levels.

According to Nooteboom, trust on a personal level is of "intrinsic value, as a dimension of relations that is valued for itself, as part of a broader notion of well-being to the quality of life." (Nooteboom, 2002, 2). On a social level, works such as Putnam, (Making Democracy Work, 1993), Francis Fukuyama (Trust: The Social Virtues and the Creation of Prosperity, 1995), Cook Karen S. ed. (Trust in Society, 2001), Hardin Russell (Trust and Trustworthiness, 2002), have placed trust – as a functional dimension of a society's operation – at the centre of interest for various professionals exploring social processes. At the economic level, Transaction Cost theorists have made the exploration of trust a central issue.

In the past decade, there has been a considerable increase in interest to research trust on the organizational level. As Kramer and Cook note, the research of trust on an organizational level is carried out "primarily on the three levels". "The first major theme has been its constructive effect in reducing transaction costs within organizations. Second, the role trust plays in spontaneous sociability among organizational members has been explored. Third, of how trust facilitates appropriate forms of deference to organizational authorities" (Kramer and Cook, 2004, 2).

## **RESEARCHING THE SIGNIFICANCE OF TRUST IN ORGANIZATIONS**

---

Research into the role and significance of trust in connection with an organization is not a novelty. In a relationship with an organization, trust is related through elements such as power, control and other limitations, including statutory and

DRUŠ. ISTRAŽ. ZAGREB  
GOD. 19 (2010),  
BR. 1-2 (105-106),  
STR. 259-277

KOVAČ, J., JESENKO, M.:  
THE SIGNIFICANCE...

hierarchical authority. Studies in this field provide the following forms of trust established within an organization: trust based on intimidation (this produces very fragile relations); trust based on expertise; and trust emerging from the overlapping of interests. The types of trust between members of an organization certainly depend on individual factors in individual situation (Robbins and DeCenzo, 2001, 368; Schweer and Thies, 2003).

One will look in vain trying to find in the expert literature a uniform view of the role and importance of trust in an organization. Individual representatives of the different "schools" have vastly differing views on the role and importance of trust. Kramer and Cook (2004, 2) have noted that research on organizational trust addresses three main issues. The first has been the constructive effect of trust in reducing transaction costs within organizations. Second, the role trust plays in spontaneous sociability among organizational members has been explored. Third, there has been an appreciation of how trust facilitates appropriate forms of deference to organizational authorities.

Similarly, and as far back as 1986, Knut Bleicher presented the concept of the "organization of trust". In this model, the author develops and describes properties that he thinks an organization must have in order to put this concept into practice (Bleicher, 1991, 72). In recent times, researching the role and importance of trust has been given fresh impetus (Nooteboom, 2002, 2). Authors such as Barney and Hansen (1994), as well as Fukuyama (1995) define the role of trust in much broader terms. They believe that trust can be a source of competitive advantage for a particular organization. Trust can therefore be placed among factors that affect the success and efficiency of an organization.

In various researches, for instance by the author Andersen, we can trace the presentation of extensiveness of the process of trust between superiors and their subordinates (Andersen, 2005, 402). In his article Andersen exposes the connection between the activity of superiors and the trust of their subordinates. From his findings it results that superiors gain the trust of their subordinates by their activity, and the level of trust between superiors and their subordinates differs with regard to hierarchic level in an organization.

The field of researching the role of trust between superiors and their subordinates has been the subject of numerous studies across different disciplines, such as, organizational psychology, management, public administration, etc. Transformational and charismatic leaders build trust in their followers (Kirkpatrick and Locke, 1996; Podsakoff et al., 1990). Trust is a crucial element of the consideration dimension of effective leadership behaviour (Fleishman and Harris, 1962) and leader-

-member exchange behaviour (Schriesheim et al., 1999). Other studies show that promoting trust can be an important factor in leader effectiveness (Bass, 1990; Hogan et al., 1994). (Dirks and Skarlicki, 2004, 22).

Most of the existing studies point out that the process of building trust between superiors and their subordinates lies in the hands of superiors. Hence, in their research Dirks and Ferrin (2002) have discerned "substantial relationships between perceptions of leadership actions, including transformational leadership ( $r=.72$ ), interactional justice ( $r=.65$ ), participative decision making ( $r=.46$ ), and failure to meet expectations of subordinates ( $r=.40$ ), as well as others. In short, trust in leadership appears to be associated with a well-established set of leadership actions and behaviours (Dirks and Skarlicki, 2004, 33).

Researchers have shown that managers' efforts to build trust comprise key mechanisms for enhancing organizational effectiveness (Barney and Hansen, 1994). From the ideas represented above, it can be concluded that trust in superiors has many advantages for individuals as well as organizations. Building trust between superiors and subordinates is extremely important for the successful and effective operation of an organization.

Based on the research by Whitner et al. (1998, 513) the following factors contribute the most to increasing trust between superiors and subordinates:

- behavioural consistency
- behavioural integrity
- delegation and control
- communication
- demonstration of concern.

We can expose delegating, controlling and the process of communication as important elements in the management process (Bass, 1990). This is why we especially focused on the stated factors within the management process for the continuation of our research.

## RESEARCHING

---

### Introduction

The authors have been performing research into the significance of trust in contemporary society, with a special emphasis on researching trust in organizations, for several years. The first surveys carried out in the year 2004 were oriented towards researching the level of trust within organizations in Slovenia in general and the differences between the levels of trust at individual organizational levels in companies (Kovač and Jesenko, 2004). In 2006 we concluded the empirical research with the title "Why subordinates trust their managers: a com-

DRUŠ. ISTRAŽ. ZAGREB  
GOD. 19 (2010),  
BR. 1-2 (105-106),  
STR. 259-277

KOVAČ, J., JESENKO, M.:  
THE SIGNIFICANCE...

parative study of a Swedish and Slovenian company" (Kovač et al., 2006). In the stated research we established important differences between the levels of trust in a Slovenian and Swedish company, which originate in the differences within the cultures and environments.

In 2005 we carried out new research with the desire to deepen understanding of the impact and significance of trust within the organization with a special emphasis on delegating, communicating and supervising – as important elements in the management process. Here we originated from the theoretical concept of the author Bleicher "organization of trust" (Bleicher, 1991, 72), findings from the authors Whitener et al. (1998) about the behavioural factors of managers, which contribute towards forming a higher degree of trust within an organization and the extensiveness of the relationship between superiors and subordinates and the significance of trust in the management process (Zeffane and Connell, 2003).

This article presents the results of our survey in the year 2005 which included researching trust in organizations from the viewpoint of the connection between trust and the level of formalized management coordination processes. The questionnaire comprised 20 questions, which were divided into four sections related to the studied dimensions. In total 88 organizations from Slovenia were involved in the survey. The basic objective of our survey was to examine the relationship between the level of trust and the level of formalization of the delegation of tasks, communication and control in an organization.

## Hypotheses and the sample structure

### Hypotheses

The survey was based on a presumption that managers apply a greater or a lesser degree of formalization instruments in coordination processes. Managers may include both formal as well as non-formal forms in processes of delegation of tasks, communication and control.

For the theoretical baseline we proceeded from research findings of the authors (Bleicher, 1991; Whitener et al., 1998; Zeffane and Connell, 2003). In studying the correlation of trust with the areas of: communicating, delegating, and controlling we leaned towards the findings of authors (Zand, 1977; Korsgaard and Roberson, 1995; Das and Teng, 1998; Schweer and Thies, 2003; Neubauer and Rosemann, 2006) who have established a correlation between the level of trust and the communication, supervision process and the impact on less structured forms of coordination. Due to space constraints, we will only present here a selection of results from the empirical research. We focused on three dimensions within organizations: the mode of delegating tasks, the type of commu-

nication within an organization, and the mode of control implementation.

Based on theoretical findings we made three working hypotheses that served as the basis of data analysis. We presumed the following hypotheses:

H1: In organizations with higher levels of trust, the level of formalization expressed with directives in written form is lower.

H2: Management in organizations with higher levels of trust uses more elements of non-formal communication.

H3: In organizations with higher degree of control, the level of trust is lower.

To verify the above hypothesis we designed a questionnaire, which could measure the studied dimensions (trust, delegation of tasks, mode of communication and degree of control). The dimensions were measured indirectly in the questionnaire.

Trust within an organization is reflected at various levels of its operation. In order to obtain the most integral conception of trust in an organization as a whole, the level of trust was measured at various levels. Respondents thus assessed trust in the organization in general, among top managers, between superiors and their subordinates, between organizational units and between co-workers. The other three dimensions (delegation of tasks, communication and control) were determined from the viewpoint of their formal and non-formal elements. The elements considered at each dimension are listed in chapters with data analysis.

### **The sample**

We designed our research in order to get an insight into the relationships between trust and previously mentioned formal and non-formal elements of management coordination processes.

We gathered the data with the help of (employed) senior students of our faculty, and the sample is thus not representative from the view of Slovenian population of active organizations. Nevertheless, the sample described below can give us information on the relationships among studied phenomena.

The sample included 60% of respondents from joint-stock companies or limited liability companies, and 34% from institutions or public administrations. The relative majority are from the retail and service sectors (35%), 16% come from the industrial sector, 25% are employed in education or healthcare and 9% in state or local administration.

As evident from Table 1, one-quarter of the respondents are managers, just under one third heads of departments or sections, 40% heads of divisions or groups, with only 5% of

specialists or officials. More than half the respondents (55%) work in companies with less than 100 employees.

TABLE 1  
Sample structure

	%
Position in the organization	
Manager	24
Head of department/section	31
Head of division	27
Head of group	13
Specialist	3
Official	2
Number of employees in the company	
<100	55
100 – 499	16
500 – 999	10
1000 – 5000	15
>5000	3
Sex	
Men	52
Women	48
Age	
Less than 35	27
Between 35 and 50	52
Over 50	21
Education	
Secondary	13
Vocational college	26
Higher	46
Master's degree, doctorate	16

The sample includes about the same proportion of men (52%) and women (48%). More than half of all respondents are aged between 35 and 50, 27% were younger than 35 and one fifth older than 50. The majority have vocational college diplomas (26%) or university degrees (46%).

The reliability of analyzed constructs measured using the Kaiser-Meyer-Olkin measure was above 0.60 for all constructs, which could be interpreted as within tolerance (Sharma, 1996).

### **Level of trust and correlation with delegating tasks and form of communication**

Trust within an organization was measured by direct questions about the respondents' assessment of the level of trust at different organizational levels. The results suggest (Figure 1) that only a few respondents at any level assess the level of trust as very high. Most assessed trust at all the levels as high or medium, with a few labelling it as low or very low.

The relative majority of respondents believe that trust is the highest among top managers and among co-workers, while

somewhat lower levels of trust have been recorded between the individual organizational units, and between superiors and their subordinates.

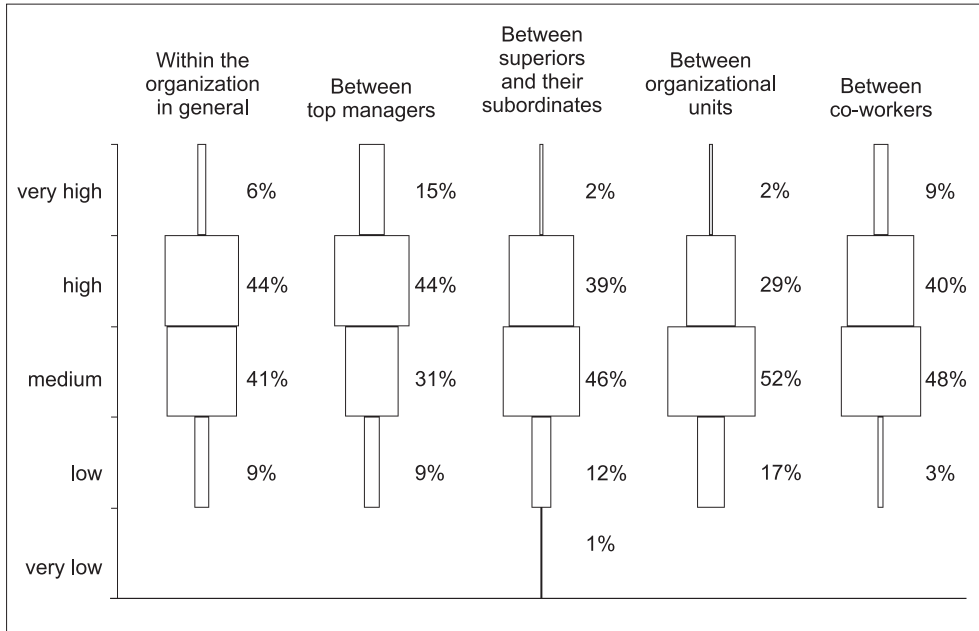


FIGURE 1  
Presentation of results referring to questions about the level of trust in the organization

While above, trust is presented from the viewpoint of individual organizational levels, we can presume that common trust within the organization is a multi-dimensional and inter-correlated phenomenon reflected at particular operational levels of an organization. The assumption can be confirmed by the correlation analysis between the assessed levels of trust at individual organizational levels, which shows that there is an actual inter-correlation of trust at individual levels (Table 2).

	Within the organization in general	Between top managers	Between superiors and their subordinates	Between organizational units	Between co-workers
Within the organization in general	1.000	0.672	0.645	0.476	0.250
Between top managers	0.672	1.000	0.496	0.435	0.150
Between superiors and their subordinates	0.645	0.496	1.000	0.402	0.370
Between organizational units	0.476	0.435	0.402	1.000	0.212
Between co-workers	0.250	0.150	0.370	0.212	1.000

TABLE 2  
Correlation matrix between the assessed levels of trust at individual organizational levels

With the purpose of establishing how trust at individual organizational levels is reflected in the common trust of the organization we applied the principal component analysis. Principal component analysis enables us to express the information comprised in measured elements of trust at individual levels with fewer number of new variables expressed as



linear combination of original variables. The information of original variables is reduced in such a way, that new variables explain the maximum variability in the data.

Table 3 shows eigenvalues and percentage of explained variance of each of the five possible principal components. With regard to the explained variance of other principal components it is evident that there is a considerable deviation of the first principal component, which explains the major part of the total variance in the data (the first principal component explains almost 54% of the total variance). The principal component analysis thus evidently shows that trust measured at various organizational levels can be expressed with a single principal component. In this manner we designed the common measure of trust in the organization, which was also our purpose.

TABLE 3  
 Total Variance  
 Explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	2.690	53.794	53.794
2	937	18.730	72.524
3	635	12.698	85.222
4	455	9.108	94.330
5	283	5.670	100.000

Linear combination defining the values of the first principal component or the so-called common measure of trust (CMT) is expressed in the form:

$$CMT = 0.325x_1 + 0.289x_2 + 0.300x_3 + 0.257x_4 + 0.165x_5 \quad (1)$$

(where  $CMT$  = common measure of trust,  $x_1$  = trust within organization in general,  $x_2$  = trust between top managers,  $x_3$  = trust between superiors and their subordinates,  $x_4$  = trust between organizational units,  $x_5$  = trust between co-workers). From (1) it is obvious that all elements constituting the common measure of trust are also in positive correlation with it, which means: the higher the trust at individual organizational levels is, the higher the common measure of trust is. In addition to that, formula (1) tells us that trust within the organization contributes the most to the common measure of trust and the least to the trust among co-workers.

For further analyses, on the basis of formula (1) we calculated the values of standardized common measure of trust for each respondent and divided respondents into two groups: the group with negative and the group with positive measure of trust (CMT). As the measure of trust was previously standardized, it means that we obtained groups with above average and below average level of trust. In other words, the first

group assesses trust within the organization lower and the second group higher.

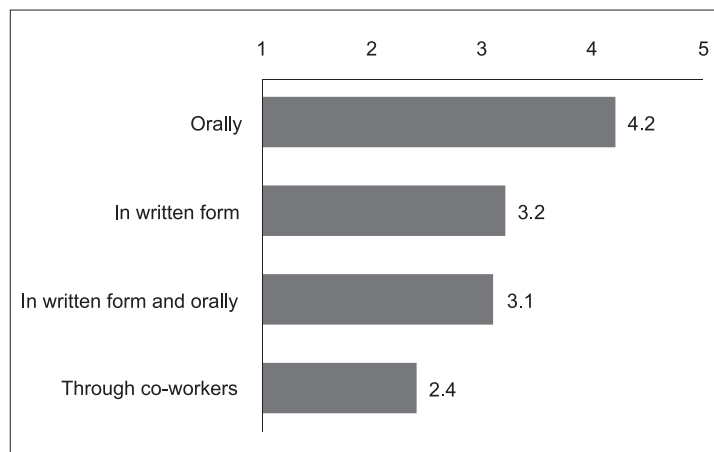
### Level of trust in connection with delegation of tasks, mode of communication and control implementation

In further analyses we first wanted to find out if at particular elements of delegation of tasks, mode of communication and control implementation there are any statistically significant differences between groups with lower and higher assessed trust. For this purpose, we compared the averages of two independent samples with t-test. We ascertained that significant differences appear at some elements of the delegation of tasks and mode of communication, whereas at various modes of control implementation no statistically significant differences were found.

*Delegation of tasks.* At the mode of delegation of tasks, the respondents were offered four possibilities for which they stated how often these are applied in their organization. On the scale from 1 (never) to 5 (always) they indicated how often tasks are delegated only in written form, through coworkers, in written form and orally simultaneously, and only orally.

Figure 2 shows that in organizations subject to the survey the tasks are most frequently delegated orally and the least frequently through co-workers.

FIGURE 2  
Average frequency  
of delegation of tasks



From Table 4 it is evident that between groups with lower and higher trust differences appear in the frequency of simultaneous written and oral delegation of tasks ( $p=0.065$ ). In organizations with lower assessed trust, simultaneous written and oral delegation of tasks are more frequent ( $(\bar{x}_1-\bar{x}_2)>0$ ), and these organizations with lower trust delegate tasks only orally less frequently than organizations with higher trust ( $(\bar{x}_1-\bar{x}_2)<0$ ).

➔ TABLE 4  
T-test for Equality of Means between groups with lower and higher trust for forms of delegating tasks

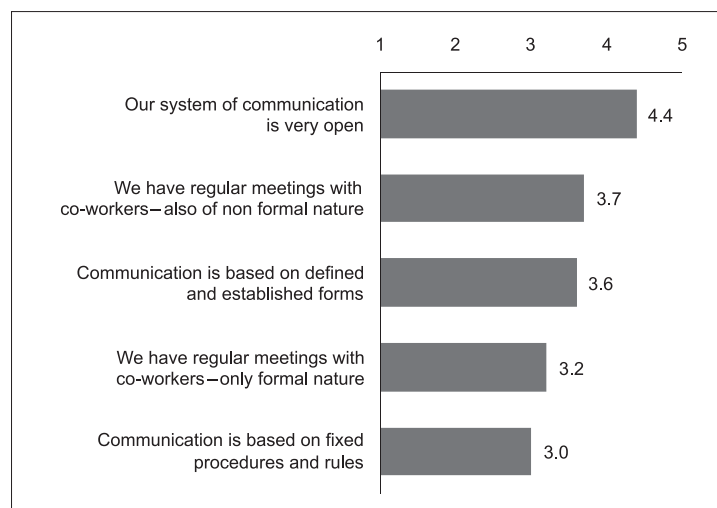
	t	Degrees of freedom (df)	2-tailed significance level (p)	$\bar{x}_1 - \bar{x}_2^{(*)}$
In written form	1.020	80	0.311	0.252
Orally	-1.779	80	0.079	-0.335
Through co-workers	-0.249	80	0.804	-0.054
In written form and orally	1.871	79	0.065	0.421

(\*)  $\bar{x}_1$  = average for group with lower trust,  $\bar{x}_2$  = average for group with higher trust

*Communication.* Communication in organizations was measured on the five-degree scale (1 – I do not agree at all, ..., 5 – I completely agree) on the basis of statements: *we have regular meetings with co-workers but discuss only formal topics, communication is based on fixed procedures and rules, we have regular meetings with co-workers and discuss also non-formal topics, communication is based on defined and established forms, our communication system is very open (superiors are always accessible to subordinates).*

Figure 3 shows that respondents most agree with the statement that their system of communication is open. Next is agreement with the statements that they have regular meetings with co-workers and also discuss non-formal topics and that communication is based on defined and established forms. The lowest level of agreement can be noticed in response to statements that they have regular meetings with co-workers but discuss only formal topics and that communication is based on fixed procedures and rules.

➔ FIGURE 3  
Average agreement with statements about the mode of communication within organizations<sup>(\*)</sup>



(\*) For presentation purposes the titles of individual elements of communication in Figure 2 are given in shortened version.

TABLE 5  
T-test for Equality of Means between groups with lower and higher trust for different modes of communication

From Table 5 it is evident that statistically significant differences in various modes of communication appear between the group with lower and the group with higher trust at statements "communication is based on defined and established forms" ( $p=0.012$ ) and "our communication system is very open" ( $p=0.009$ ).

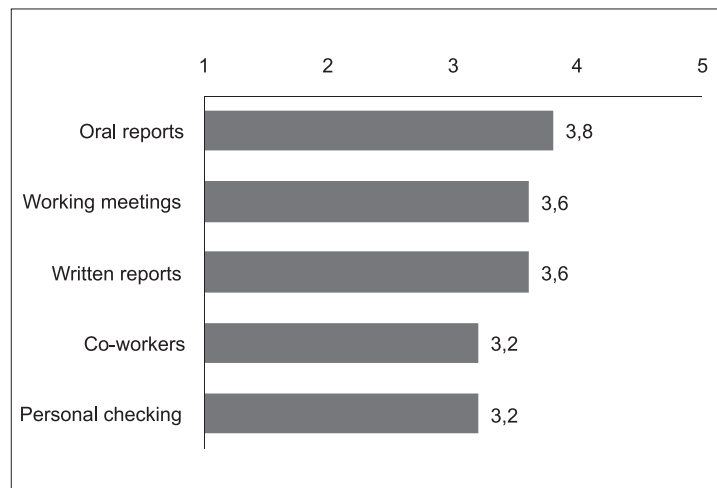
	t	Degrees of freedom (df)	2-tailed significance level (p)	$\bar{x}_1 - \bar{x}_2^{(*)}$
We have regular meetings with co-workers – only formal nature	-0.522	80	0.603	-0.114
Communication is based on fixed procedures and rules	0.117	80	0.907	0.025
We have regular meetings with co-workers – also of non-formal nature	0.473	80	0.638	0.105
Communication is based on defined and established forms	-2.578	79	0.012	-0.504
Our system of communication is very open	-2.681	80	0.009	-0.445

(\*)  $\bar{x}_1$ =average for group with lower trust,  $\bar{x}_2$ =average for group with higher trust

*Control.* Control implementation in organizations was measured on the basis of frequency of implementing five different modes of control. Respondents were asked to mark using the five-degree scale (where 1 – never, ..., 5 – always) how often control in their organization is implemented through oral reports, working meetings, co-workers, written reports and personal checking.

Figure 4 shows that on average, control in organizations is the most frequently implemented through oral reports and the least frequently through personal checking.

FIGURE 4  
Average frequency of particular mode of control implementation



No statistically significant differences can be noticed between the groups with lower and higher trust (Table 6).

TABLE 6  
T-test for Equality of Means between groups with lower and higher trust for control implementation

	t	Degrees of freedom (df)	2-tailed significance level (p)	$\bar{x}_1 - \bar{x}_2^{(*)}$
Oral reports	-1.220	79	0.226	-0.202
Working meetings	-0.569	77	0.571	-0.112
Co-workers	1.263	79	0.210	0.252
Written reports	0.793	79	0.430	0.187
Personal checking	1.252	78	0.214	0.285

(\*)  $\bar{x}_1$ =average for group with lower trust,  $\bar{x}_2$ =average for group with higher trust

### Influence of formal and non-formal approach to delegation of tasks, communication and control on the trust

Based on the analyses presented in the previous chapter, we found that at some elements of delegation of tasks and communication statistically significant differences appear between the group with lower and the group with higher trust. This means that there is a difference between these two groups with respect to delegation of tasks and communication at various levels. However, analyses of this type do not reveal what is the influence of a formal and non-formal approach to delegation of tasks, communication and control on trust within organizations.

The influence of formal and non-formal approach in the managers' coordination processes was studied using the logistic regression method. The method was chosen because we presumed that practising formal or non-formal approach is similar in organizations with similar level of trust (low/high). On the other hand, the advantage of logistic regression is that no assumptions about the distribution of independent variables are needed. From a mathematical point of view, logistic regression is also very flexible and simple to use.

The logistic regression model can be expressed as

$$P(Y_i=1|x_i) = \pi(x_i) = \frac{e^{g(x_i)}}{1 + e^{g(x_i)}} \quad (2)$$

where  $g(x_i) = x_i^T \beta$  and  $x_i^T = (x_{0i}, x_{1i}, \dots, x_{pi})$  is a vector of  $(p+1)$  independent variables for  $i$ -th unit, and  $x_{0i} = 1$ . The dependent variable  $Y$  can take values 0 and 1, and in the concrete case the value  $y_i = 0$  represents a unit with lower level of trust, and the value  $y_i = 1$  a unit with higher level of trust.

In our case, independent variables were determined as levels of formal and non-formal approach to the modes of delegation of tasks, communication and control implementation,

which were estimated as values of factors of performed factor analysis.

The factor analysis (by applying the method Principal axis factoring and Varimax rotation) at all three studied dimensions showed a distinct delimitation between formal and non-formal approach of a particular dimension (Table 7).

	Factor	
	1	2
Delegation of tasks		
In written form and orally	.785	-.043
In written form	.675	-.365
Orally	-.041	.718
Through co-workers	-.160	.321
Communication		
Communication is based on fixed procedures and rules	.848	-.174
We have regular meetings with co-workers – only formal nature	.658	-.166
Communication is based on defined and introduced forms	.510	.142
Our system of communication is very open	.123	.764
We have regular meetings with co-workers – also of non-formal nature	-.235	.380
Control		
Working meetings	.775	.030
Written reports	.524	.045
Personal checking	-.115	.746
Co-workers	.059	.462
Oral reports	.064	.276

TABLE 7  
Rotated factor  
loadings matrices

Independent variables applied in the logistic regression model were thus the following: X1 – formal delegation of tasks; X2 – non-formal delegation of tasks; X3 – formal communication; X4 – non-formal communication; X5 – formal control implementation; X6 – non-formal control implementation.

The results of the performed logistic regression, presented in Table 8, show that at significance level  $p < 0.1$  trust is statistically significantly influenced by formal delegation of tasks, formal and non-formal mode of communication and non-formal implementation of control. Other variables do not have the same statistically significant influence on trust.

Based on the values of estimated statistically significant parameters, we can say that trust is positively influenced by any mode of communication within the organization, although a non-formal mode of communication represents a much higher influence than formal communication mode. On the other hand, a formal mode of task delegation and non-formal control implementation exercise negative influence on trust. It is not surprising that a non-formal mode of control implementation had a negative influence on trust, as employees probably un-

TABLE 8  
Estimated parameters  
of the logistic regres-  
sion model and their  
statistics

derstand it as greater personal pressure, as in the case of formal control implementation.

We can say that higher trust is conditioned by lower levels of formalization expressed with directives in written form, higher level of communication, in particular non-formal communication, and lower degree of control within the organization. We can thus confirm the working hypotheses set at the beginning.

Variable	B	S.E.	Wald	df	Sig. (p)	exp (B)
X1	-.918	.500	3.369	1	.066	.399
X2	.459	.497	.852	1	.356	1.582
X3	.940	.460	4.179	1	.041	2.560
X4	1.740	.642	7.356	1	.007	5.697
X5	-.145	.406	.128	1	.721	.865
X6	-1.141	.555	4.220	1	.040	.320
Constant	.040	.338	.014	1	.907	1.041

Hosmer-Lemeshov  $\hat{C}$  with  $df=8$  has  $p=0.375$ , which means that the model is suitable for the data.

## CONCLUSION

In contemporary society trust appears as illustrated by many studies, on the level of individuals as well as on the level of social systems. In the broadest sense trust can be defined as positive expectation that our partner through words, actions or decisions will not act opportunistically – self-seeking – irrespective of possibilities or opportunities. However we do not believe that trust is unconditional and unlimited. There are of course certain limitations imposed on organizations and individuals by the environment as to the perception and interpretation of trust.

On the level of social systems, researching of trust in organizations is exposed. Numerous published research papers have concluded that the level of trust within an organization has a great impact on the efficiency of the organization. Above all, the level of trust between managers and their subordinates significantly defines the efficiency of the coordinating process. The role and importance of trust within the organization is to a large extent connected with factors formulating formalization and control elements in coordination processes.

The results of empirical research show the ascertained correlation between the level of trust within an organization and the mode of delegation of tasks to be performed, form of communication and perception of operations of an organization. In organizations with high levels of expressed trust non-formalized forms of task delegating, communication and perception or understanding of organization operating are pre-

DRUŠ. ISTRAŽ. ZAGREB  
GOD. 19 (2010),  
BR. 1-2 (105-106),  
STR. 259-277

KOVAČ, J., JESENKO, M.:  
THE SIGNIFICANCE...

valent. On the contrary, in organizations with low levels of expressed trust, formalized forms of delegation of tasks, communication and comprehension of operations of an organization are exposed. Those findings confirm the published findings of other authors (Bleicher, 1991; Whitener et al., 1998; Zefane and Connell, 2003).

The presented findings from the empirical research have certain implications for managers in different organizations. As a result, we can confirm that by developing a higher level of trust within organizations managers can reduce the formalizing forms and supervising elements within the processes of delegating and implementing tasks. To a great extent this contributes to greater efficiency in implementing tasks and to greater employee satisfaction as well.

In the area of developing trust theories we can establish the confirmation of individual theoretical concepts on the positive impact of the level of trust on the management process within an organization. At the same time, the established results represent a motivation for further research of the correlation between the level of trust within the entire process and management style, and organizational dimensions such as organizational culture for example.

## REFERENCES

---

- Andersen, A. J. (2005), Trust in managers: a study of why Swedish subordinates trust their managers, *Business Ethics – A European Review*, 14 (4): 392-404.
- Barney, J. B. and Hansen, M. H. (1994.), Trustworthiness as a source of competitive advantage, *Strategic Management Journal*, 15 (Winter): 175-190.
- Bass, B. M. (1990), *Bass & Stogdill's handbook of leadership*. New York: Free Press.
- Bijlsam-Frankie, K. and Klein Wolthuis, R. (2005), *Trust under Pressure*, Cheltenham: Edward Elgar Publishing.
- Bleicher, K. (1991), *Organisation*. Wiesbaden: Gabler.
- Certo, C. S. (1999), *Modern Management*. New Jersey: Prentice Hall.
- Coleman, J. S. (1990), *Foundations of social theory*. Cambridge: Harvard University Press.
- Cook, K. S. (Ed.) (2001), *Trust in society*. New York: Russell Sage Foundation.
- Das, T. K. and Teng, B. S. (1998), Between trust and control, Developing confidence in partner cooperation in alliances, *Academy of Management Review*, 23 (3): 491-512.
- Dessler, G. (2001), *Management*. New Jersey: Prentice Hall.
- Deutsch, K. (1973), *The resolution of conflict*. London: New Haven.
- Dirks, K. T. and Ferrin, D. L. (2002), Trust and leadership, Meta-analytic findings and implications for organizational research, *Journal of Applied Psychology*, 87 (4): 611-628.



DRUŠ. ISTRAŽ. ZAGREB  
GOD. 19 (2010),  
BR. 1-2 (105-106),  
STR. 259-277

KOVAČ, J., JESENKO, M.:  
THE SIGNIFICANCE...

- Dirks, K. T. and Skarlicki, D. P. (2004), *Trust in leaders: Existing research and emerging issues*. In: Kramer, R. M. and Cook, K. S. (Eds.), *Trust and distrust in organizations*. New York, Russell Sage.
- Erikson, E. H. (1963), *Childhood and Society*. New York: W. W. Norton & Co.
- Fleishman, E. A. and Harris, E. F. (1962), Patterns of leadership behavior related to employee grievances and turnover, *Personnel Psychology*, 15 (1): 43-56.
- Fukuyama, F. (1995), *Trust. The social virtues and the creation of prosperity*. New York: Free Press.
- Giddens, A. (1990), *The consequences of modernity*. Cambridge: Polity Press.
- Hardin, R. (2002), *Trust and trustworthiness*. New York: Russell Sage.
- Holborn, M. and Haralambos, M. (1999), *Sociologija*. Ljubljana: DZS.
- Hogan, R., Curphy, G. J. and Hogan, J. (1994), What we know about leadership. Effectiveness and personality, *American Psychologist*, 49 (6): 439-504.
- Khalil, E. L. (2003), *Trust*. Cheltenham: Edward Elgar Publishing.
- Kirkpatrick, S. A. and Locke, E. A. (1996), Direct and indirect effects of three core charismatic leadership components on performance and attitudes, *Journal of Applied Psychology*, 81 (2): 36-51.
- Kovač, J. and Jesenko, M. (2004), The level of trust in companies in Slovenia. In: Jaškova, M. (Ed.), *ECON '04: (selected research papers)*, (Research works proceedings, Vol. 11, pp. 155-160). Ostrava: Technical University of Ostrava, Faculty of Economics.
- Kovač, J., Andersen, J. and Jesenko, J. (1996), *Why subordinates trust their managers: a comparative study of a Swedish and Slovenian company*, text not yet published.
- Korsgaard, M. A. and Roberson, L. (1995), Procedural justice in performance evaluation, *Journal of Management*, 21 (3): 657-699.
- Kramer, R. M. and Cook, K. S. (Eds.) (2004), *Trust and distrust in organizations*. New York: Russell Sage.
- Luhmann, N. (1988.), Familiarity, confidence and trust: problems and alternatives. In: D. Gambetta (Ed.), *Trust: Making and breaking co-operative relations* (pp. 213-237). Oxford, Basil Blackwell.
- Neubauer, W., Rosemann, B. (2006), *Führung, Macht und Vertrauen in Organisation*. Stuttgart: Verlag W. Kohlhammer.
- Nooteboom, B. (2002), *Trust*. Cheltenham: Edward Elgar Publishing.
- Nooteboom, B. and Six, F. (2003), *The Trust Process in Organisations*. Cheltenham: Edward Elgar Publishing.
- Ortmann, G., Sydow, J. and Turk, K. (1997), *Theorien der Organisation*. Opladen: Westdeutscher Verlag.
- Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H. and Fetter, R. (1990), Transformational leader behaviors and their effects on followers trust in leader, satisfaction, and organizational citizenship behaviors, *Leadership Quarterly*, 2 (1): 701-716.
- Putnam, R. D. (1993), *Making democracy work: Civic traditions in modern Italy*. Princeton, New York: Princeton University Press.

DRUŠ. ISTRAŽ. ZAGREB  
GOD. 19 (2010),  
BR. 1-2 (105-106),  
STR. 259-277

KOVAČ, J., JESENKO, M.:  
THE SIGNIFICANCE...

Robbins, S. P. and DeCenzo, D. A. (2001), *Management*. New Jersey: Prentice Hall.

Rosenstiel, L. von (2000), *Grundlagen der Organisationspsychologie*. Stuttgart: Schäffer-Poeschel Verlag.

Schriesheim, C. A., Castro, S. and Cogliser, C. C. (1999), Leader-member exchange (LMX) research: A comprehensive review of theory, measurement, and data-analytic procedures, *Leadership Quarterly*, 10 (1): 63-113.

Schweer, M. and Thies, B. (2003), *Vertrauen als Organisationsprinzip*. Bern: Hans Huber Verlag.

Sharma, S. (1996), *Applied Multivariate Techniques*. New Jersey: John Wiley and Sons.

Staehele, W. (1999), *Management*. Munich: Verlag Franz Vahlen.

Willemyns, M., Gallois, C. and Callas, V. J. (2003), Trust me, I'm your boss: Trust and power in supervisor-supervisee communication, *The International Journal of Human Resource Management*, 14 (1): 117-127.

Whitener, E. M., Brodt, S. E., Korsgaard, M. A. and Werner, J. M. (1998), Managers as initiators of trust: an exchange relationship framework for understanding managerial trustworthy behavior, *Academy of Management Review*, 23 (3): 513-530.

Zand, D. E. (1977), Vertrauen und Problemlösungsverhalten von Managern. In: Lück, H. E. (Ed.), *Mitleid, Vertrauen, Verantwortung*, Ergebnisse der Erforschung prosozialen Verhaltens, Stuttgart.

Zeffane, R. and Connell, J. (2003), Trust and HRM in the new millennium, *International Journal of Human Resource Management*, 14 (1): 3-11.

## Značenje i uloga povjerenja u organizaciji u procesima komuniciranja i nadzora

Jure KOVAČ, Manca JESENKO  
Fakultet organizacijskih znanosti, Kranj

Danas je proučavanje povjerenja u društvu vrlo aktualna tema. Značenje i uloga koju ima povjerenje u postindustrijskim društvima jest višeslojno. Nema dvojbe, danas je u žarištu povjerenje u razne institucije te povjerenje između raznih institucija. Od stupnja povjerenja što ga gaje razne institucije često ovisi uspješnost i učinkovitost njihova djelovanja. Autori su u prilogu naglasili značenje i ulogu povjerenja u organizacijama. Za svakoga pojedinca koji je član neke organizacije stupanj povjerenja u organizaciji vrlo je važan. Autori su u članku prikazali rezultate empirijskoga proučavanja povezanosti između stupnja povjerenja koje postoji u pojedinoj organizaciji i utjecaja na oblik nadzora te komuniciranje u izvođenju radnih zadataka. Utvrdili su da

DRUŠ. ISTRAŽ. ZAGREB  
GOD. 19 (2010),  
BR. 1-2 (105-106),  
STR. 259-277

KOVAČ, J., JESENKO, M.:  
THE SIGNIFICANCE...

što je veći stupanj povjerenja u organizaciji, to je potrebno manje formaliziranih oblika delegiranja zadataka i viši je stupanj neformalnoga komuniciranja. Navedene činjenice povećavaju učinkovitost procesa vođenja, a time i uspješnost organizacije kao cjeline.

Ključne riječi: povjerenje, organizacija, kontrola, formalizacija, komunikacija

## Die Bedeutung und Rolle von Vertrauen bei der Organisation im Rahmen von Kommunikations- und Kontrollprozessen

Jure KOVAČ, Manca JESENKO  
Fakultät für Organisationswissenschaften, Kranj

Zu den äußerst aktuellen Themen unserer Zeit gehört das in der Gesellschaft herrschende Vertrauen. Die Bedeutung und Rolle, die dem Vertrauen in den postindustriellen Gesellschaften zukommen, sind mehrschichtig. In letzter Zeit stehen das Vertrauen in verschiedene staatliche Einrichtungen sowie das Vertrauen verschiedener Einrichtungen untereinander im Fokus. Häufig hängen Erfolg und Effizienz des eigenen Wirkens davon ab, wie groß das Vertrauen ist, das zwischen besagten Institutionen herrscht, so die Autoren des Beitrags mit Nachdruck. Für jeden Einzelnen, der Mitglied einer Organisation sei, sei das Vertrauen, das er in diese Organisation setze, von wesentlicher Bedeutung. Der Artikel präsentiert die Ergebnisse einer empirischen Untersuchung über den Bezug zwischen der Intensität des in einer bestimmten Einrichtung herrschenden Vertrauens und der Art, wie sich dies auf Kontrollvorgänge und die Kommunikation bei der Abwicklung von Arbeitsaufgaben auswirkt. Es konnte festgestellt werden, dass mit der Intensität des Vertrauens in besagte Einrichtung die Zahl formalisierter Aufgabendelegierungen sinkt und die informelle Kommunikation ausgeprägter ist. Durch die angeführten Umstände wird die Leitung einer Einrichtung effizienter und ihr Wirken umso erfolgreicher.

Schlüsselbegriffe: Vertrauen, Einrichtung, Kontrollvorgänge, Formalisierung, Kommunikation