

# Trust and Distrust in Organizations on the Basis of Sharing Economy

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**Abstract:** *Trust and distrust influence the operation of organizations positively and negatively. While in the national level economy a business model is spreading which prefers collective sharing, in the companies another behaviour is characteristic which preserves knowledge and information and people are estranged from each other. Our research question was if managers deal with the economics of trust and distrust and how the idea of sharing economy influences the output of companies. The survey was continued by quantitative methods on the basis of questionnaires, comparing Slovakian and Hungarian companies. The results of questionnaires were evaluated by SPSS method. A narrow part of the results will be shown in this paper.*

**Keywords:** *distrust, knowledge sharing, sharing economy, trust*

## 1. Introduction

Because of the largely accelerated conditions of every-life and environmental effects (both in personal life and in workplaces as well), companies have to prepare for continuous adaptations, changes, challenges and they have to prepare for fights in the competitive markets. In the area of sciences it is confirmed that ‘isolated wolves’ race is run, which refers to all fields of life. On the one hand, the widespread use of smart tools isolates people from each other because they prefer a communication with a tool, supported this way an idea: loneliness = lack of success. But on the other hand, smart tools open up such possibilities that motivate people to share their information and knowledge. In these conditions of duality and of a new behavioural sample, a new business model has appeared in Hungary as well which shows some good (and not really successful) solutions. This model is called ‘sharing economy’.

This popular and regulated business solution operating among relatively loose conditions, prefers to use possibilities collectively, postulates the existing trust among business partners. In opposition with the idea of this model, inside the companies anxiety for knowledge spreads among people, they retain their information, they do not want to share their information with each other. It marks a contradictory behaviour, distrust in organizations. If we pay attention to our environment and its happenings, we can realize this duality. Trust and distrust appear parallel with each other. Existence or non-existence of trust influences the operation of an organization seriously and it brings positive and/or negative results in the economic results. As authors realize this behaviour in their own organization, they have started to investigate what opinion employees have about the role of trust and distrust, its consequences, what causes its existence and the effect of trust and distrust in case of a knowledge management system operation. These process are especially in the centre of attention in the sharing economy business model which has become more and more popular in company life as well. In the next paragraph authors will illustrate the most important connections theoretically and present the first results of the started research.

## 2. Characteristics of sharing economy

The sharing economy, (collective economy) is a social and economic system which gives a possibility to use products, services, data and knowledge collectively. Users obtain resources when these goods are needed by them without buying these items. This new business model appeared in the year of 2000 to find solutions to the problems of exhausted source of power and the continuously increasing population. Today it is the most preferred economic trend [9].

The theoretical basis of a sharing economy as a business model is not a new invention. But the previous similar economic models have failed, because those systems could not sustain themselves. In the background the slogan of collective consumption operates which is based on mass, on the idle capacity. It can be characterized by belief in community and by trust in strangers. Nowadays companies want to build trust in the direction of their own company in the present environment as well (by communication, by marketing tools, etc.), but they concentrate on the production processes, knowledge, capital, power, etc. which is a contradiction. The philosophy of sharing economy aims to destroy this contradiction and to achieve this start-up companies, a multi-cultural society, young people who want to be entrepreneurs serve a suitable basis [5].

The main point of a sharing economy is that users share their idle capacity, resources (material tools, services, money) with each other:

- on-demand way (just when a consumption demand appears), usually on an IT-platform,
- trust based way, give a stressed importance to personal interactions and common experience,
- strive for sustainability [5].

The sharing economy started from the USA with a great success, but it brings craziness sooner or later in domestic circumstances as well. Its embryos can be caught yet. The characteristics of a society, the logics of operation of companies are significant from the view of successful adaptation of the model. It is a speciality of the model that it influences not only the operation of companies but it effects the organization of the life in towns and influences people's daily life as well [6]. At this point there is a big significance of trust which can turn the (at first sight) attractive model into the opposite direction which brings failure, because of distrust and of the taken risk. Namely, an economy which is based on the sharing of goods has a lot of dangers (prostitutes and addicted move to a flat which is rented by Airbnb or somebody passes his/her ZipCar car a friend who does not have a driving licence and the car will be crashed). Of course, a well-prepared model which aims a balance and its operation can bring success in business life. (There are so called trust support systems on web-sides of some suppliers, for example on e-Bay, Vatera, Facebook, YouTube, booking.com, trip advisor, etc. where costumers can fill in evaluation forms. These opinions help the following users to gather information in advance, these give a feedback to enterprises which have dissonant, no real self-estimation and this way they are able to build a collective trust.)

In the near future this business model will spread in our country as well, but we cannot estimate its sustainability at all. Consequently, the balance between trust which appears in one side during the application of this model and on the other side distrust appears, can bring unforeseeable economic results in advance.

## 3. Organizational trust

According to Davenport and Prusak [4] sharing of knowledge is an unnatural expectation because people consider their personal knowledge valuable and important. This means that accumulation of knowledge and suspicion of knowledge originating from each other, are natural. So it is very important to encourage people to share their knowledge and to build up trust. Many international surveys analyze the link between these two factors. Trust is defined in different ways, dependently on the investigated viewpoints (for example sociology, psychology, economics, etc.) The generally accepted definition is: trust is readiness to show positive attitude with others' actions [11].

Trust has been described by many in a variety of different ways, according to the angle from which it is analyzed (sociology, psychology, economics). The most widely accepted approach views trust as the willingness to be positive about the actions of others [11].

The economic – organization trust can be approached from different viewpoints:

- Trust can be an expectation, can be a belief in a fortunate outcome of an event. This expectation is produced not only on rational basis, but it can contain emotional elements as well.
- Trust is conceivable as an interpersonal relationship. In this case a mutual acceptance of vulnerability is in the middle which means that a person is ready to run the risk of a situation in which he/she becomes vulnerable in a relationship with another person, whose actions are not checked. From this viewpoint trust is interesting as its dependence on other persons, for example existence or lack of such personal features as integrity, competence, consistent behaviour, loyalty or openness.
- Trust (economic) can be formulated, as determining factor of economic transactional costs. From this viewpoint it means an expectation that another person (group, organization) will behave according its/his/her explicit and implicit obligations. It/he/she will be honest during a process of agreement, discussion and it/he/she will not make use of partners' services if It/he/she has a possibility to restart a discussion in a new environment or it/he/she does not change conditions one-sidedly.

In the commitment–trust model of Morgan and Hunt [10], the writers emphasize that commitment and trust are important transmitter variables of relationship marketing. This study focuses on the variables of knowledge sharing, and demonstrates that associates of an organization only agree to share their knowledge with others if they accept the general aims of the organization.

Boon and Holmes [2] claim that trust changes with time, as individuals become more and more comfortable in each other's company and as they recognize each other's trustworthiness and competence.

Mayer and Gavin [8] refer to trust in the practices of management and its effects on productivity.

Cook and Wall [3] differentiate between trust in the management and trust between equals. They demonstrate that the level of trust at work has a forceful effect on many phenomena of the organization such as contentment, stress, commitment to the organization, productivity and, most importantly for this survey, knowledge sharing.

Abrams & Cross & Lesser & Levin [1] says that trust leads to an increased and extensive knowledge sharing, makes the sharing process less expensive and increases the probability that the information gained from a colleague is comprehensible and of sufficient depth to be of use.

It is already evident from this short review that trust is an important topic in the work of many researchers, and its connection with knowledge sharing has been investigated for years. Although the results and fields of investigation and their objectives differ, the conclusions overlap. All surveys confirm that without trust between the affected parties, knowledge sharing remains an illusion.

Trust is fundamentally important from the view of high performance but it has a hard effect on additional organizational symptoms. Where trust is missing, people lose their self-confidence, this way people waste their time in a distrustful atmosphere instead of doing the right tasks. That is why trust can be a critical factor from the view of creating new ideas in an organization. Trust opens the door to prosperous innovation – distrustfulness nips innovation and assumption of risk in the bud [12]. If trust exists in an organization, it results in using information in a more effective way, the relationships generate a closer collaboration among employees and among employees and leaders which can be shown in a form of economic characterized data by a numerical form. It means that economy of trust in an organization is a remarkable research area.

If this is common knowledge, then it begs the following question: if this is known in theory, why does not it work in practice? Why is the management (and sometimes the employees too) repeatedly faced with unsolved

situations which, if left unattended or unresolved, make it impossible to create the pre-conditions which are the guarantee for a successful company, a knowledge management system and knowledge sharing? [7]

These questions have led to start an investigation, comparing Hungarian and Slovakian companies from the view of existing and/or lack of trust, their background, cases, economic consequences. In the next paragraph authors show a small part of this research.

## **4. Methods of quantitative research**

The research called ‘Trust in workplaces’ was organized in 2016. It was a quantitative research by questionnaires on an internet platform in Hungary and in Slovakia as well. This paper has been prepared on the basis of the Hungarian sample.

### **4.1. The Sample**

The procedure of the sample collection was the snowball method. Unfortunately, the sample is not representative but it is suitable to see the importance of the topic in organizations. There are almost two hundred answers from different companies (their characteristics are to be seen below). The research work is in progress now as well, the number of sample is increasing continuously which gives a possibility to do more punctual analysis in the future.

### **4.2. Questionnaire**

The questionnaire contained close questions and is based on nominal and metric variables by 5 grades Likert-scale. The questionnaire had three main parts. The first part contains questions about most important characteristics of organizations (size, activity, employees’ number, employment form, etc.). The second part put questions about the significance of knowledge and its role. The third part aimed to know something about trust, its role and place from the view of a knowledge management system.

### **4.3. Analysis**

The analysis of sample were by one- and more-variables statistical methods – frequency, standard deviation, averages, cross-table and ANOVA analysis. The evaluation is based on 196 answers of questionnaires.

In the next paragraph the results will be shown on the basis of following hypothesis:

#### ***Hypothesis***

The size of companies influences the existing of trust in a workplace environment.

## **5. Results of quantitative research**

As above it was mentioned, the first part of the questionnaire asked companies about their characteristics. The collected sample has the following characteristics. From the view of localization: 27,1% North-Hungarian region, 58,3% Mid-Hungarian region, 6,3% Mid-Transdanubia, 5,2% West-Transdanubia, 1-1-1% South-Transdanubia, Northern- and Southern-Lowland.

On the basis of the companies size: 41,7% big companies (with 250 employees or more), 26% middle-sized companies (50-249 employees), 19,8% small companies (9-49 employees), 12,5% micro companies. From the view of operation, companies can be characterized: 60,1% knowledge intensive, 33,7% labour intensive, the others are capital intensive companies. Readers can see that most of the investigated companies characterized themselves as knowledge intensive, independently from their size.

On the basis of ownership, the companies have 45,8% only Hungarian owners, 45,8% foreign owners, the others have a mixed ownership.

In the second part of the questionnaire authors asked some questions about knowledge, its usage, and handling and about knowledge management system building. Respondents had to sign their opinion in a 5 grades Likert-scale, where 1 meant not at all characteristic, and 5 meant absolutely characteristic. The table 1 shows the average and standard deviation of answers.

Table I. The role and significance of knowledge in the investigated organizations (average, st. deviation)

|   | N     |         | Average | St. deviation |
|---|-------|---------|---------|---------------|
|   | Valid | Missing |         |               |
| The organizational culture does not support to pay serious attention to actions of leaders.               | 196   | 0       | 1,86    | ,936          |
| Management forces this way of thinking but colleagues neglect them.                                       | 196   | 0       | 2,01    | ,946          |
| Due to lack of trust it is not a real demand.   | 196   | 0       | 2,27    | 1,192         |
| Everyday fight on the market takes away the attention and knowledge management remains in the background. | 196   | 0       | 2,28    | 1,130         |
| Knowledge and knowledge management are more important for employees than the management.                  | 196   | 0       | 2,31    | 1,059         |
| It is not expressed on the strategic level but everybody knows that it is the basic of our operation.     | 196   | 0       | 2,61    | 1,191         |
| It appears in operative tasks, broken down from the strategy.   | 196   | 0       | 3,58    | 1,063         |
| It has a stressed role in the form of strategy.   | 196   | 0       | 3,65    | 1,076         |
| We use more methods to share, to preserve and handle knowledge.   | 196   | 0       | 3,80    | 1,139         |

From the answers readers can see that companies have recognized the necessity of knowledge handling and systematization. Especially remarkable that the CEO willingness appears in the strategy, and it comes to light not only on the level of employees, but on the level of leaders as a task which has to be solved. Beyond strategy, the operation of companies demands a knowledge based attitude and it becomes a part of the culture.

Researchers have investigated the significant differences between the given opinions and the size of companies. To achieve this, ANOVA method is a well-known possibility. The analysis showed that there were not significant differences in case of one variable at all on the basis of the size of companies. It means that the participants of the research have similar ways of thinking.

As the companies expressed their opinion uniformly that knowledge approach<sup>4</sup> is characteristic not only on the leaders<sup>4</sup> level but among employees as well, a question should be put: how knowledge processes are influenced by trust?

During the research authors defined trust which is: Relatively high level of mutual understanding and fondness, when partners do not it necessary to check each other's<sup>4</sup> honesty, good intention, value and actions, because we know that the others will think and do the best things. A total understanding of the other partner. The respondents<sup>4</sup> answers can be seen in the following table 2.

Table II.. Agreement with trust definition

| Measure of agreement | N   | %     |
|----------------------|-----|-------|
| Not at all           | 8   | 4,2   |
| Maybe not            | 2   | 1,0   |
| Yes and not          | 75  | 38,5  |
| Maybe yes            | 72  | 36,5  |
| Absolute yes         | 39  | 19,8  |
| Total                | 196 | 100,0 |

According to the answers more than half of respondents can accept the definition. But the questionnaire asked what trust means in the environment of their workplaces. Some examples can be read below (Table 3).

Table III. What does mean trust in your workplace?

|  |
|--|
| 'Trust is a long road where everybody has to start, independently from reaching their aim or not. But everybody believes that they will reach their aims.'   |
| 'The other colleague realized a decision or did an action according to the best of his/her ability without any bad purposes.'  |
| 'A task is performed on time, according to the best of colleague's ability. If the leader does not have time to check it, he/she can be steady, because he/she knows that the task is ready in the same quality as it was expected.' |
| 'Low level of control, high level of individual performance, but the aims and strategy are formed on a common decision.'   |
| 'We can share our knowledge with our colleagues because we rely on them. We do not have to worry that he/she will communicate it, as his/her own knowledge. We can be sure that he/she will not dispossess acknowledgement.'         |
| 'We help the work of each other and we are not sceptical of others performance.'   |
| 'I can tell anything to my colleagues and I know that they are good-willed.'   |

The above written definitions contain respect to each other, empathy, conceding, freedom of thinking about the strategic and operative processes and collaborations in a company.

According to the results the most preferred features are respect, a positive leaders' attitude and the third is professional knowledge. Authors have investigated the Khi- square test in this case, which shows that on the basis of investigated features of companies with a different size do not have a different opinion.

The trust based relationship is very important from the view of knowledge sharing and knowledge management system building that is why to strengthen and to build it continuously is a serious requirement. This way there was a question in the questionnaire how it can be realized, how a trustful atmosphere can be built. Respondents could sign their answer in a 5-grade scale. 1 meant the least characteristic and 5 meant the most characteristic. Averages and standard deviation of the answers are shown in the table 4.

Table IV. Possibilities to build trust in an organization

|   | N     |         | Averages | St. deviation |
|---|-------|---------|----------|---------------|
|   | Valid | Missing |          |               |
| Teamwork                                    | 196   | 0       | 3,90     | 1,081         |
| Individual work                             | 196   | 0       | 3,04     | 1,045         |
| Discussion between leaders and employees    | 196   | 0       | 3,68     | 1,010         |
| Knowledge sharing                           | 196   | 0       | 3,72     | ,992          |
| Training                                    | 196   | 0       | 3,28     | 1,194         |
| Development of communication                | 196   | 0       | 3,47     | 1,169         |
| Resolve conflict situations                 | 196   | 0       | 3,50     | 1,036         |
| Situational games                           | 196   | 0       | 2,31     | 1,217         |
| Team building                               | 196   | 0       | 3,54     | 1,313         |
| Development of an evaluation system         | 196   | 0       | 2,90     | 1,310         |
| Form a suitable organizational culture      | 196   | 0       | 2,95     | 1,268         |
| Trainings to develop emotional intelligence | 196   | 0       | 2,71     | 1,329         |
| Think through the competence system         | 196   | 0       | 2,71     | 1,247         |

On the basis of the results the most characteristics are teamwork, knowledge sharing and discussion between leaders and employees. The least characteristic is the situational games. Authors have investigated if there are differences among the respondents' answers according to the size of companies. ANOVA test has shown

significant differences in case of ‘Development of an evaluation system’ and ‘sample of positive leaders’ attitude’.

Micro companies have agreed with ‘Development of an evaluation system’ mainly and middle- sized companies have agreed with it the least. Opinions of micro companies can be influenced by their low number of employees and not too complicated systems. To ‘show a positive leader’s attitude’ is supported by the big competencies mainly, but the least supported by middle-sized companies. This results can be explained by the number of employees of big companies because in case of a relatively huge employee number, calling their attention to the positive attitude can be very effective.

Authors have asked respondents’ opinion in which area trust can be perceived mainly. According to the results, trust is the strongest among colleagues in the part of finance and sale. But it is very interesting that distrust is the strongest in these two areas as well.

Consequences of existence and/or missing of trust is scarcely investigated in organizations. In the investigated sample only every 10th organization has answered that leaders in their companies deal with this problem and every second company has not dealt with this problem ever. In this case the results do not show significant differences deriving from their size.

Although most companies do not deal with consequences, they know that there are advantages of existence of a trustful atmosphere. For example, respondents have stressed the positive consequences in the area of information flow, effective work, better problem solution, etc.. Different sized companies agreed with these answers.

## 6. Summary

This paper shows a small part of results about organizational trust in workplaces on the basis of an empirical research. The hypothesis ‘The size of companies influences the existing of trust in a workplace environment’ has to be rejected on the basis of the sample. There are not significant differences among opinions of different sized companies about the effects of a trustful atmosphere. The investigation shows that companies consciously do not deal with the existence and/or lack of trust and its economic consequences, independently from the size of companies. They know the advantages of a trustful atmosphere, but they do not have any strategic or operative plans to exploit them or to generate additional advantages. Authors supposed that in case of small companies trust supported processes and functions can be operated and identified more easily than in case of bigger companies. The results of the investigation have refuted the hypothesis.

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