Chapter II

Trust Building as a Management Strategy

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ABSTRACT

This chapter explores trust as a management strategy by applying Henry Mintzberg’s idea of strategy thinking as seeing. Trust building has been described by paying attention to trust building process, trust principles, and trust imperatives. Strategic thinking has been divided into elements and trust building has been included into these elements. The author discusses what it means to see trust ahead, behind, above, below, beside, beyond, and through in organizations. She states that trust is a strongly situational phenomenon and related to the organization’s past and present where also such issues as tacit organizational knowledge and organizational culture have impacts. On one hand the chapter contributes to the existing literature on strategy development. On the other hand it should be of interest for practitioners because trust building as a management strategy is also a very practical issue.
INTRODUCTION

The managers of various organizations in both the public and private sectors face today a challenging and difficult situation. In the circumstances where they should be able to add to their organizations’ performance, the environment of the organizations is no longer as predictable as it used to be. Instead, uncertainty and complexity have considerably increased. In the unpredictable world the dependence both between individuals and between organizations has grown, as well. In these circumstances, management has turned into a more difficult and also a more critical task where old power-based relations must be replaced with new types of relationships. Many authors (see e.g., Kouzes & Posner, 1993; Kouzes & Posner, 1995; Harisalo & Miettinen, 1995; Fukuyama, 1995; Lane, 1998; Sydow, 1996; Ciancutti & Steding, 2000) argue that trust constitutes a solid basis for these new types of relationships. Lane (1998) even emphasizes that the variety of exchange relationships and the new business environment cannot be handled without the presence of interpersonal and/or inter-organizational trust.

The role of trust has been studied in the area of management for a while. During recent years it has become a rather popular area both in intra- and inter-organizational relationships. Many researchers have paid attention to the impact of trust both on the success and well-being of organizations. Trust has been, for example, supposed to add to the performance and foster a capacity for action, increase learning, reduce complexity and uncertainty, enhance collaboration and co-operation, and uncover innovative solutions (see e.g., Shaw, 1997; Hardy, Phillips & Lawrence, 1998; Lane, 1998; Iivonen & Huotari, 2000; Scott, 2000; Nooteboom, 2002). Emerging interest in knowledge management (KM) both in theory and in practice has also emphasized the need to study trust in the context of management because knowledge creation and sharing — two critical aspects of KM — demand at least a certain amount of trust (Iivonen & Huotari, 2000; McInerney, 2002; Huotari & Iivonen, 2004). Because of all the benefits of trust, it should be included in the strategic thinking of managers.

In this chapter I will consider what it means to include trust in the strategic thinking of managers. My aim is to divide strategic thinking into elements and include trust in each of these elements. My overall purpose is to give managers conceptual tools to understand and use trust in their everyday life to support their organizations. Although the benefits of trust have been repeated many times in the literature, the topic, “how to build trust in practice,” is still underestimated. My chapter will meet this challenge.
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