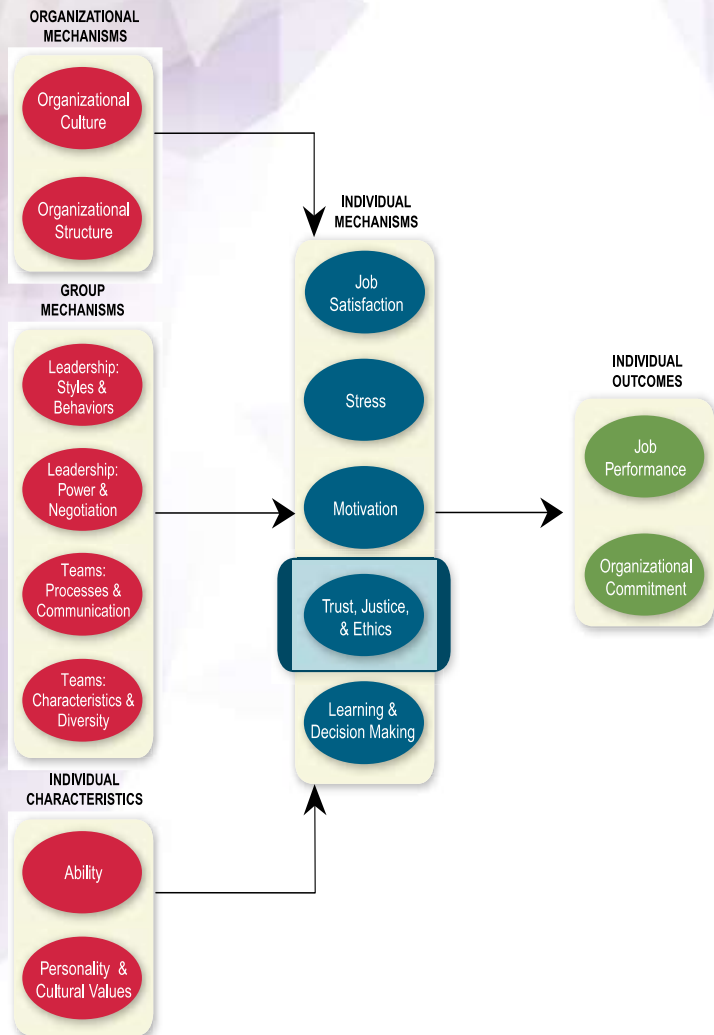




Chapter 7: Trust, Justice & Ethics

Learning Goals

- What is trust, and how does it relate to justice and ethics?
- In what three sources can trust be rooted?
- What dimensions can be used to describe the trustworthiness of an authority?
- What dimensions can be used to describe the fairness of an authority's decision making?
- How does trust affect job performance and organizational commitment?
- What steps can organizations take to become more trustworthy?

Trust, Justice, and Ethics

- ***Reputation*** reflects the prominence of its brand in the minds of the public and the perceived quality of its goods and services.
- People want to work at organizations with clean reputations
- Study: 78% of adults would rather work at a company with an excellent reputation and an average salary than at a company with a high salary and a poor reputation.
- Reputation depends on many things, but most important one is trust.

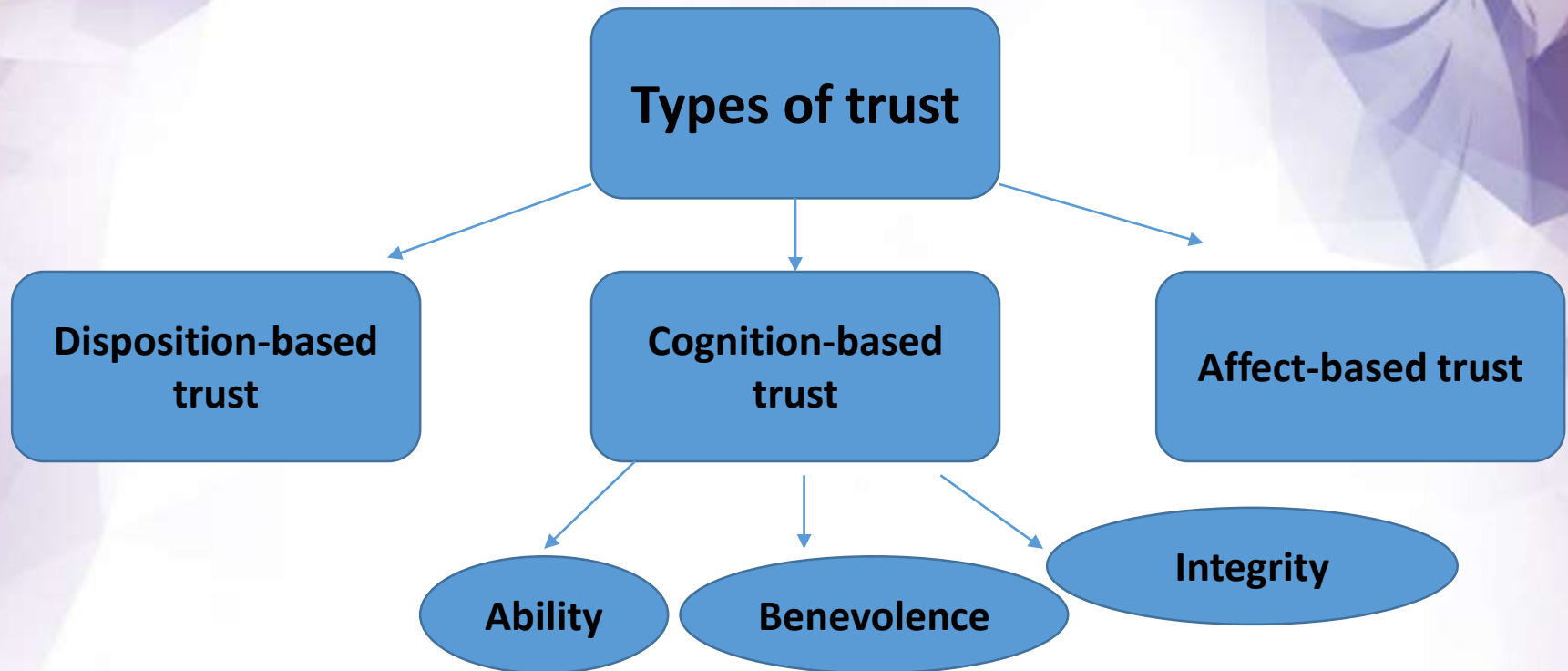
Trust, Justice, and Ethics

- ***Trust*** is defined as the willingness to be vulnerable to a trustee based on positive expectations about the authority's actions and intentions.
- ***Justice*** reflects the perceived fairness of an authority's decision making.
- ***Ethics*** reflects the degree to which the behaviors of an authority are in accordance with generally accepted moral norms.

“World’s Most Admired Companies”

Table 7-1

1. Apple	14. Wells Fargo
2. Berkshire Hathaway	15. Goldman Sachs
3. Toyota Motor	16. McDonald's
4. Google	17. IBM
5. Johnson & Johnson	18. 3M
6. Proctor & Gamble	19. Target
7. FedEx	20. J.P. Morgan Chase
8. Southwest Airlines	21. PepsiCo
9. General Electric	22. Costco Wholesale
10. Microsoft	23. Nike
11. Wal-Mart	24. Nordstrom
12. Coca-Cola	25. Exxon Mobil
13. Walt Disney	



Trust

1. ***Disposition-based trust*** means that your **personality traits** include a **general propensity** to trust others.
2. ***Cognition-based trust*** means that trust is rooted in a **rational assessment** of the authority's trustworthiness.
3. ***Affect-based trust*** means that it depends on **feelings** toward the authority that go beyond any rational assessment.

Disposition-Based Trust

- Has less to do with the authority and more to do with the trustor.
- Some trustors are high in **trust propensity** —a general expectation that the words, promises, and statements of individuals and groups can be relied upon.
 - Shaped from both genetics and environment
- Trust propensity levels are actually relatively high in the United States, especially in relation to countries in Europe and South America.

Cognition-Based Trust

- Our trust begins to be based on cognitions we've developed about the authority, as opposed to our own personality or disposition.
- ***Trustworthiness*** is defined as the characteristics or attributes of a trustee that inspire trust.
- Our understanding of that authority's "track record"
- We measure the "track record" along three dimensions:
 - Ability,
 - Benevolence, (kindness)
 - Integrity (honesty)

The Track Record

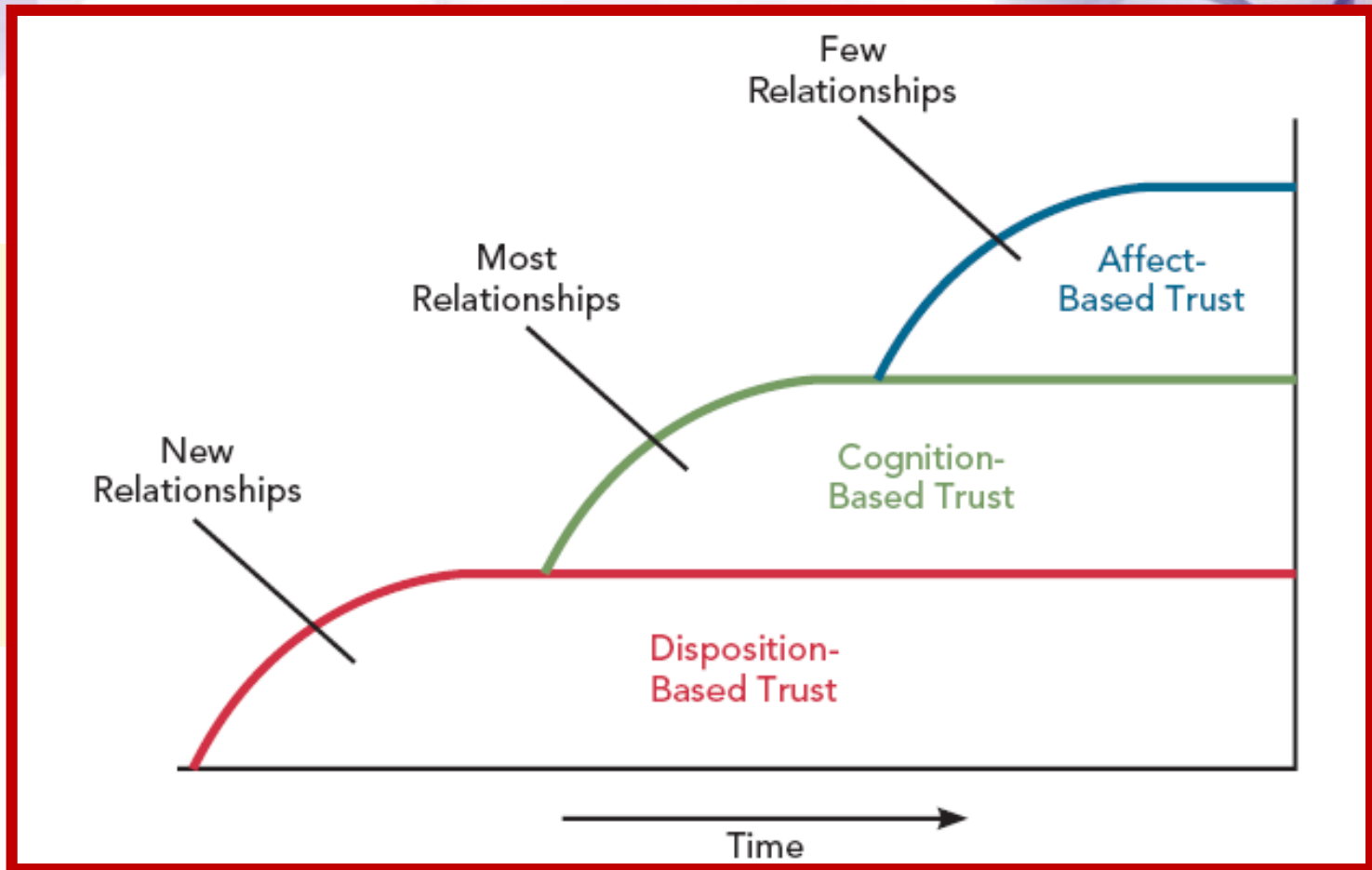
- **Ability** is defined as the **skills, competencies, and areas of expertise** that enable an authority to be successful in some specific area.
 - Doctor, lawyer
- **Benevolence** is defined as the belief that the authority **wants to do good** for the trustor, apart from any selfish or profit-centered motives.
- **Integrity** is defined as the perception that the authority adheres to **a set of values and principles** that the trustor finds acceptable.
 - “Walk the talk”

Affect-Based Trust

- Often more **emotional** than rational.
- We trust because we have feelings for the person in question; we really like them and have a fondness for them.
- Affect-based trust sometimes acts as a supplement to the types of trust discussed previously.
- An emotional bond develops, and our feelings for the trustee further increase our willingness to accept vulnerability.

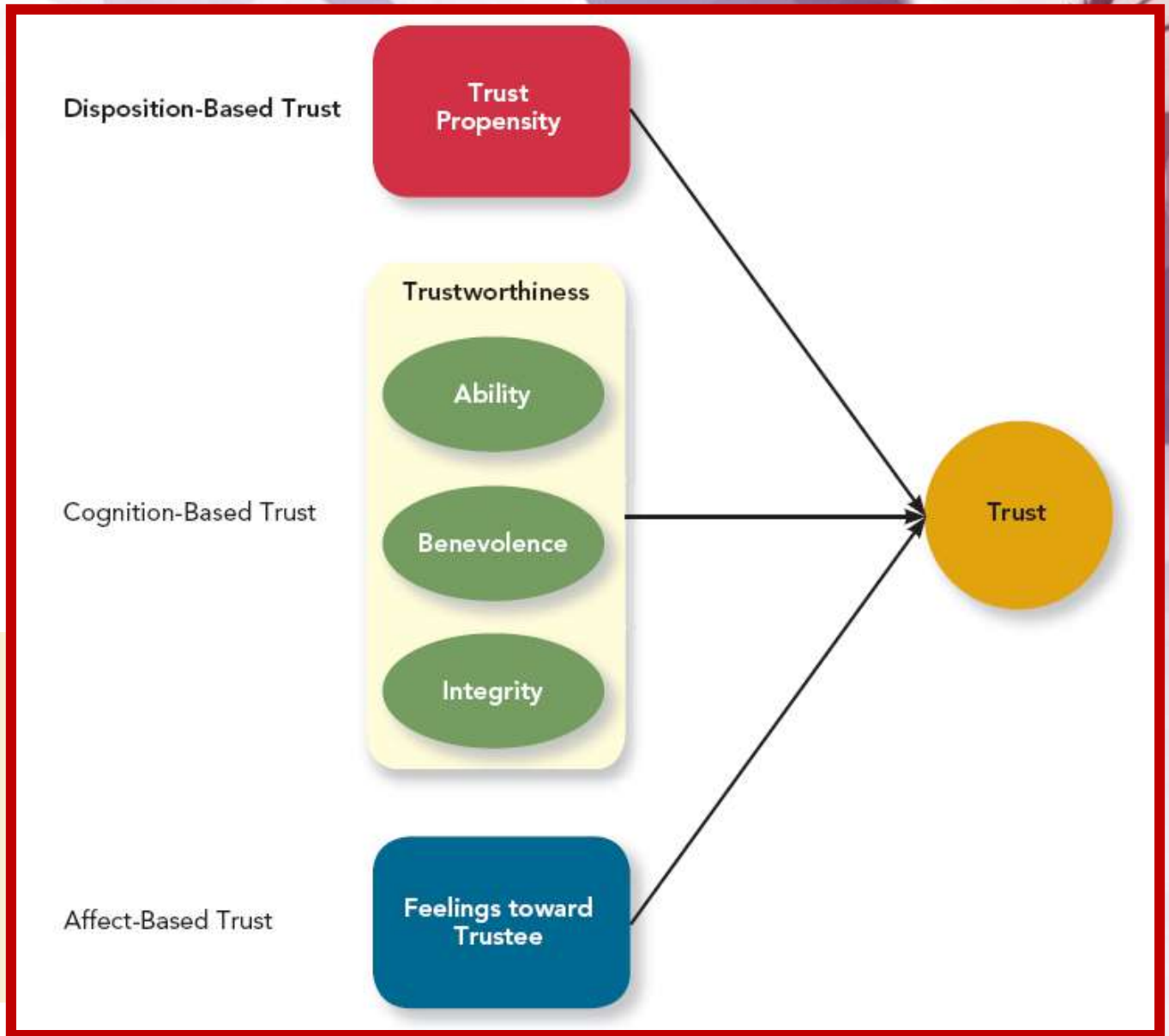
Types of Trust Over Time

Figure 7-3



Factors that Influence Trust Levels

Figure 7-1



Justice

Justice reflects the perceived fairness of an authority's decision making.

Justice

1. ***Distributive justice*** reflects the perceived fairness of decision-making **outcomes**.
 - Employees gauge distributive justice by asking whether decision outcomes, such as pay, rewards, evaluations, promotions, and work assignments, are allocated using proper norms.
2. ***Procedural justice*** reflects the perceived fairness of decision-making **processes**.
 - Fostered when authorities adhere to rules of fair process.

Procedural Justice Rules

- ***Voice*** concerns giving employees a chance to express their opinions and views during the course of decision making.
- ***Correctability*** provides employees with a chance to request an appeal when a procedure seems to have worked ineffectively.
 - Improves employees reactions to decisions.
- ***Consistency and bias suppression*** rules help ensure that procedures are neutral and objective, as opposed to biased and discriminatory.
 - Interview questions, compensation practices

Procedural Justice

Does procedural justice really matter—don't people just care about the outcomes that they receive?

- Distributive justice and procedural justice combine to influence employee reactions.
 - When outcomes are bad, procedural justice becomes enormously important.
 - Procedural justice tends to be a stronger driver of reactions to authorities than distributive justice.

Justice, Cont'd

3. *Interpersonal justice* reflects the perceived fairness of the **treatment** received by employees from authorities.

- Interpersonal justice is fostered when authorities adhere to two particular rules.
 - ***Respect rule*** pertains to whether authorities treat employees in a dignified and sincere manner.
 - ***Propriety rule*** reflects whether authorities refrain from making improper or offensive remarks.

Justice, Cont'd

4. ***Informational justice*** reflects the perceived fairness of the **communications** provided to employees from authorities.

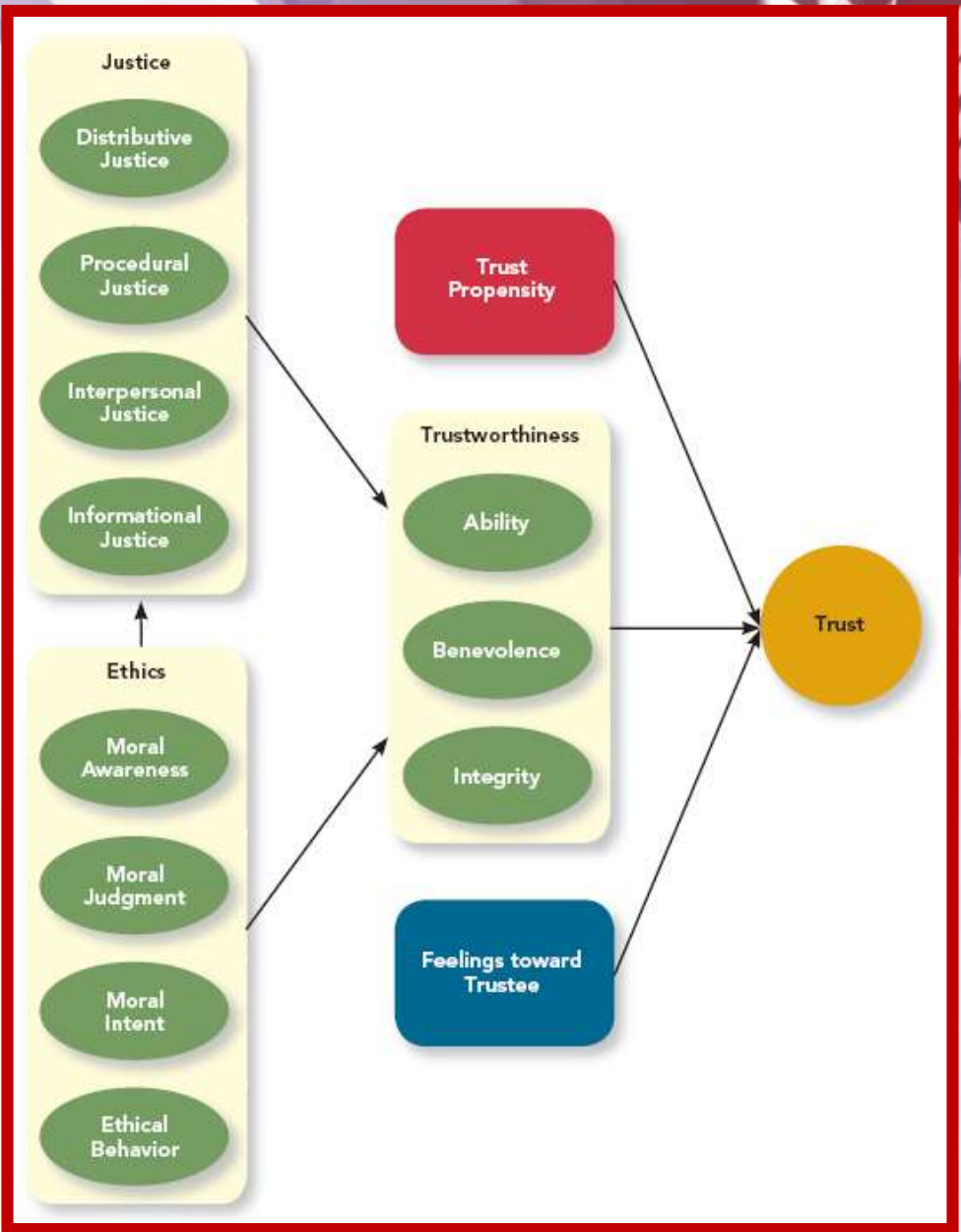
- Informational justice is fostered when authorities adhere to two particular rules.
 - The ***justification rule*** mandates that authorities explain decision-making procedures and outcomes in a comprehensive and reasonable manner.
 - The ***truthfulness rule*** requires that those communications be honest and candid.

Ethics

- ***Ethics*** reflects the degree to which the behaviors of an authority are in accordance with generally accepted moral norms.
- Research on ethics seeks to explain why people behave in a manner consistent with generally accepted norms of morality, and why they sometimes violate those norms.
 - Two primary threads
 - Prescriptive
 - Descriptive
- ***Whistle-blowing*** occurs when employees expose illegal or immoral actions by their employer.

Why Are Some Authorities More Trusted Than Others?

Figure 7-7

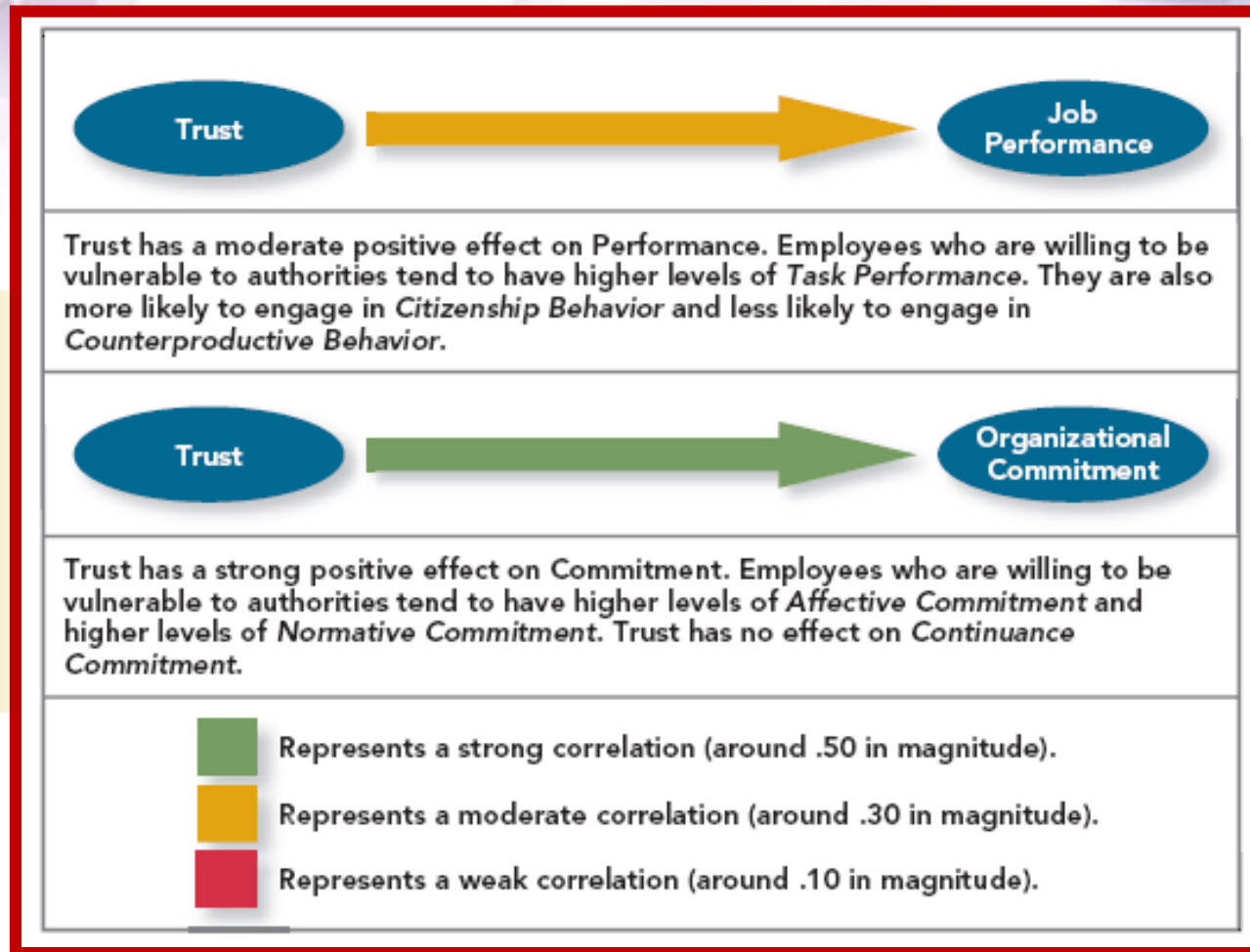


How Important Is Trust?

- Trust relates to performance because it increases an employees ***ability to focus***.
- Trust also influences citizenship behavior and counterproductive behavior because it allows employees to develop social exchange relationships instead of economic exchange relationships with their employers.
 - ***Economic exchange*** relationships that are based on narrowly defined, quid pro quo obligations that are specified in advance and have an explicit repayment schedule.
 - ***Social exchange*** relationships are based on vaguely defined obligations that are open-ended and long-term in their repayment schedule.

Effects of Trust on Performance and Commitment

Figure 7-8



Application: Social Responsibility

Corporate social responsibility is a perspective that acknowledges that the responsibility of a business encompasses the economic, legal, ethical, and citizenship expectations of society.

- A company's obligations do not end with profit maximization.
- Organizations have an obligation to do what is right, just, and fair and to avoid harm.
 - IKEA

Takeaways

- Trust is the willingness to be vulnerable to an authority based on positive expectations about the authority's actions and intentions. Justice reflects the perceived fairness of an authority's decision making and can be used to explain why employees judge some authorities as more trustworthy than others. Ethics reflects the degree to which the behaviors of an authority are in accordance with generally accepted moral norms and can be used to explain why authorities choose to act in a trustworthy manner.
- Trust can be disposition-based, meaning that one's personality includes a general propensity to trust others. Trust can also be cognition-based, meaning that it's rooted in a rational assessment of the authority's trustworthiness. Finally, trust can be affect-based, meaning that it's rooted in feelings toward the authority that go beyond any rational assessment of trustworthiness.

Takeaways, Cont'd

- Trustworthiness is judged along three dimensions. Ability reflects the skills, competencies, and areas of expertise that an authority possesses. Benevolence is the degree to which an authority wants to do good for the trustor, apart from any selfish or profit-centered motives. Integrity is the degree to which an authority adheres to a set of values and principles that the trustor finds acceptable.
- The fairness of an authority's decision making can be judged along four dimensions. Distributive justice reflects the perceived fairness of decision-making outcomes. Procedural justice reflects the perceived fairness of decision-making processes. Interpersonal justice reflects the perceived fairness of the treatment received by employees from authorities. Informational justice reflects the perceived fairness of the communications provided to employees from authorities.

Takeaways, Cont'd

- Trust has a moderate positive relationship with job performance and a strong positive relationship with organizational commitment.
- Organizations can become more trustworthy by emphasizing corporate social responsibility, a perspective that acknowledges that the responsibilities of a business encompass the economic, legal, ethical, and citizenship expectations of society.