

## TRUST AS AN ELEMENT OF SOCIAL CAPITAL AND FACTOR OF ECONOMIC GROWTH

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**Purpose:** Organizations nowadays are increasingly using a nondisclosure agreement to protect against the dissemination of certain information by employees. However, such methods have not always been successful, especially since a pandemic. Therefore, the aim of the article is to present the main trust factors. Identification of trust-building factors in the organization in order to increase efficiency and reduce indirect costs, as well as conduct theoretical analysis on this topic.

**Design/methodology/approach:** The synthesis method and the analytical and comparative concept of building staff motivation were used. The theoretical analysis in the text is based on research that can be found in Polish, English and Russian literature.

**Findings:** The article shows that by engaging the right disciplines it become possible to achieve absolute trust, which in turn serves as the key to effective work.

**Research limitations/implications:** Building an atmosphere of trust begins with ways of learning, sharing information and knowledge while meeting the needs of the trusted person. Therefore, in future research on trust in the area of management, it is necessary to take into account the point of view of the related disciplines mentioned in the article.

**Social implications:** A conscious desire to build organizational trust leads to an increase in work efficiency and a decrease in corrupt practices. Ultimately, this will lead to increased meaning of trust in business.

**Originality/value:** A model of trust levels and their impact on work performance has been developed. The article can be used by the management as a guide to creating employee motivation systems.

**Keywords:** employee career development, trust in an organization, factors of trust, cooperation.

## **1. Introduction - the phenomenon of trust and its social functions**

Intellectual and social aspects are important in communication between stakeholders in the context of economic globalization, both in terms of quantitative and qualitative indicators. Currently, the elements of soft management have a significant impact on the productive potential of the organization, whether it be traditional or virtual organizational culture. According to sociologists and psychologists, formative integration consists of various links and elements of the human factor, such as culture, worldview or habits (Green, 2000; Vopel, 1999). The main direction of the "global economy" is the principles of functioning of the organization in the field of economics on an international scale, including trends in the development and regulation of processes occurring in the market. Among the 114 existing definitions of globalization, 25 explanation emphasize the importance of integration and intensification (Al-Rodhan, 2006). Currently, the definition of integration in a broad sense refers to the process of combining several separate objects into one whole, while intensification means the expansion and development of production, which uses the most effective methods (Oxford Dictionaries, 2006, p. 4). The implementation of both definitions relies on the correct design and management of the way of communication that creates a certain level of trust. Therefore, it can be stated that trust is one of the concepts relating to the conditions of the functioning of a market economy and can be treated as a factor of economic development.

Contemporary Management Science considers trust as a key factor of social capital that permeates human life, both individual and social (Shaw, 1997). According to authors in the field of management and sociology, distrust of the organization leads to constant optimization of current operational processes (Laloux, 2014).

If one considers the government as a large organization, distrust between government and citizens could lead to the creation of artificial systems, for instance the purpose of cheating in the calculation of taxes, obtaining certain social security or financial fraud, as well as the loss of educated people in a broad sense. Regarding commercial organizations, the consequences of mutual distrust can lead to employee rotation, financial losses when providing valuable information to third parties, low productivity and lack of motivation of employees. This kind of clutter requires additional control, time and financial resources. Trust between an employee and employers consists in building a system of relations through the use of soft elements of management that influence the organizational culture (Sztompka, 2007).

The concept of culture has different definitions depending on the direction of the scientific discipline. To form an atmosphere of trust in organizational culture, definitions from the fields of philosophy, sociology and psychology are more suitable.

From a sociological point of view, the universal cultural elements defined by Smelser N. are based on understanding the interlocutor and his interrelationships, creating values and acting in accordance with the relevant principles of culture (1998). In turn, philosophy connects culture with the upbringing and education of a person, interpreting it as a means by which it is possible to achieving an appropriate humanistic ideal of a universal human personality. (Sztompka, 2007). At that time, the discipline of psychology argues that trust is a factor in mental health and the basis for building personal relationships, makes the group cohesive, makes cooperation more interesting and productive (Vopel, 1999). Taking into account the above definitions, it is possible to identify the basic elements that create trust, which include mutual understanding, the creation of common values and principles, as well as the humanity that arise through upbringing and education. The level of trust in the organization depends on the evolutionary development of these elements.

## **2. Features and factors of trust in the organization**

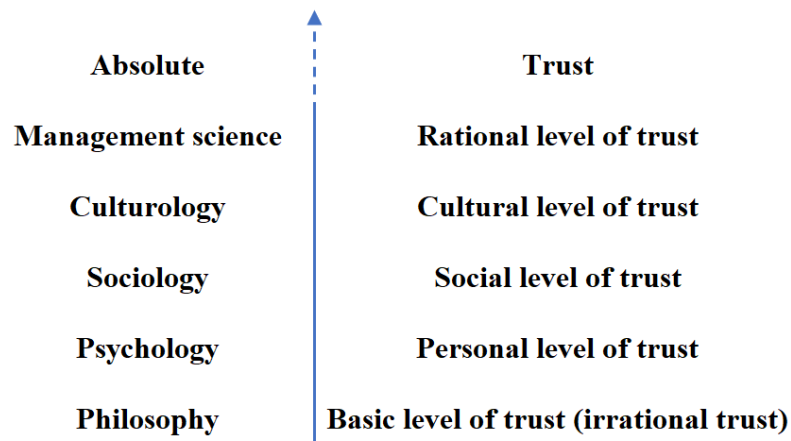
Authors of various scientific disciplines provide different definitions of the concept of trust. In management science, Shaw R. refers to the definition that trust is comfort, which measured by the ability of another person (Covey, 2020). This definition is also confirmed by Sztompka P., who interprets trust as a mechanism for transforming a set of individual subjective opinions into one objective idea (2007). Management science emphasizes the importance of trust in the economy, which acts as a risk reduction factor and simultaneously as an increase in the efficiency of the enterprise.

Nowadays, there are several methods for calculating the optimal degree of trust, measured over time and financial resources. Considering that trust largely determines the final cost and effectiveness of organizational activities, it is essential to properly estimate its level in order to be able to manage it during the change process.

Giddens A. connects the concept of trust with time and space, defining it as a compensatory mechanism in the process of interaction. According to the author, there is trust in abstract systems and individualized personal relationships (2015). In this case, the trust can act as an intermediary, namely anonymously, when there are no relations between objects, for instance, between depositor and banker, citizen and government, buyer and producer of goods. In the second case, trust has a pronounced focus, in which the parties know each other personally, an example is the relationship between the employee and the employer. The chain of links of this reasoning indicates that the circle of trust includes not only interpersonal relations, but also political and economic relations that extend to institutions and organizations. Here one can refer to Giddens' concept, which states that trust in abstract systems has an important role in a society consisting of personified relationships of individuals (2015).

In J. Coleman's theory of exchange, trust has both rational and irrational characteristics (1994). Endress M., on the other hand, divided groups into reflexive and hidden (2013). In both cases, the first definition refers to the assessment of risk, namely, deliberate actions that involve the reasonable waiver of the control and verification functions of one person in order to maximize the benefit for another person.

The phenomenon of trust has a general concept, consisting of common goals, regardless of the various definitions of scientific disciplines. Based on the presented interpretations of trust, they can therefore be classified as shown in Figure 1.



**Figure 1.** Phenomena of trust by scientific discipline.

Source: Own elaboration.

**Basic level of trust (irrational trust).** Basic trust is one of the initial levels and is a certain system of knowledge about the environment. Covey S. compares trust with individual inner confidence (2020). The basic level includes unconscious ideas about the natural sciences and knowledge of religion, which is the result of the direct action of individuals (Shirazi, TSzy, Konfutsiy, Khayyam, 2017).

**Personal level of trust.** Personal or personified trust emerges in the process of waiting for social action, depending on the role of the individual. This level is closely connected with the psychological aspect, namely the formation and change of behavior, character, worldview of a person, which are based on consciousness, subconscious and unconscious personality (Freyd, 2015).

**Social level of trust.** The social level includes public or vertical trust defined by Sztompka P. According to his interpretation, such trust arises at different levels of the hierarchy, where one of the partners acts as an empowerment (2007).

**Rational level of trust.** The rational level is an activity based on financial gain. In such a relationship, one of the parties transfers transactions to the other party for the purpose of obtaining benefits, where the end result is measured in monetary terms. In this regard, an important critical aspect is the amount of the possible benefit (Coleman, 1994).

**Cultural level of trust.** In this context, trust is based on ethical values, which include the principles of religion, education, and moral consensus. At the level of cultural trust, mutual understanding occurs in the form of verbal communication (White, 2005).

The authors of the theory and practice of management science believe that the lack of moral qualities neutralizes the value of a professional function, which consists in special knowledge and skills. The mechanism of interaction and connection of these features and functions constitutes the sphere of information and communication (Seiwert, 1989). According to many authors, the criterion and methods for assessing the level of trust were developed on the basis of the presented phenomenon of trust. This means that the creation of absolute trust is impossible without taking into account the concepts of each phenomenon, since they are closely related both in content and in time.

The methodology for determining the level of trust in an organization developed by R.B. Shaw is perceived according to the criteria of efficiency, decency and concern for employees. The author applied a practical method implemented with the assistance of quantitative questionnaires reflecting the trust of employees in the organization (1997). The goal of an investigation was to determine the relative value of the researching criteria for creating a balanced complex, taking into account their proportional relationship. Research by Covey S. on identifying the level of trust was accomplished in public and individual relations in the United States, in which indicators of individual attitudes, namely dishonesty towards oneself, ranged from 52 to 75%.

According to the author, trust at the individual level is the main factor on which the social, institutional and organizational spheres of trust depend.

**Table 1.**  
*Identification of the level of trust*

Country and year of the research	Trust Scope	Percentage
USA (2005)	Media	22%
	Political parties	8%
	Government	27%
	Corporations	12%
UK (2011)	Personal trust among US residents	33%
	Personal trust among the people of Latin America	23%
	Personal trust among the people of Africa	18%
	Scandinavians (Denmark, Sweden, Norway)	68%
	Dutch	60%

Source: Own elaboration based on the literature by Covey S. (2012).

Sztompka considers that communication and information exchange between people allows building democracy in an organization where trust is the foundation. Considering Sztompka's term, one can assume that the indicator of the existing democracy is a significator of the level of trust. The 2007 Democracy Index shows that Scandinavian countries have a high level of democracy, namely Denmark -9.22, Sweden -9.03 and Norway 9.87 on a scale of 1 to 10, which confirms the results of Covey's research presented in Table 1. The conclusion of comparing

Sztompka's theory with Covey's research can be interpreted using Maslow's pyramid, that is, the more a person possess comfort and freedom, the more chances he has to achieve an absolute level of trust. This assumption was explained on the basis of Maslow's pyramid.

**Table 2.**

*Factors of Maslow's pyramid of needs*

Hierarchy of Needs	Features
Physiological needs	Satisfying the needs of homeostatic functions
Security and Safety Needs	The need for order, law and stability in the power structure of society
Emotional need	Emotional needs involve the exchange of positive feelings, which creates partnership in society, and its absence can lead to disorientation.
Esteem Needs	Satisfaction of the need for self-esteem evokes pride in self-confidence, dignity, ability and adequacy, as well as an understanding of one's own usefulness to others.
Cognitive needs	Ability to obtain and access information, acquire and share knowledge
Aesthetic needs	Satisfaction of volitional and cognitive needs to achieve harmony
Self-Actualization Needs	The tendency to self-realization in accordance with one's own potential.

Source: Own elaboration based on the literature A. Maslow, 2014.

Based on the author's point of view, the next one cannot be achieved without satisfying the previous need. However, it is worth noting that the satisfaction of all the above needs depends on the subject and on the various items that have been explained in the phenomenon of trust. This means that the creation of an atmosphere of trust depends not only on the employee and the employer, but also on the institution, as well as on the structure and policies of the authorities.

### 3. The principles of building trust in the organization

Trust is the basis for creating personal and business relationships that visually form a two-sided vector line, where on the one hand there is a confidant, and on the other - a partner. The vector variables within the article are the employer and employees, including subordinates.

The identification of principles for building an atmosphere of trust is concluded by considering the factors of each member of the organization. Referring to Maslow's pyramid presented above, the following participants can be conditionally distinguished:

1. Employees - individual factors.
2. Employer - internal factors.
3. Government - external factors.

The individual factors of employees can be determined based on the spiral model of Covey S., influencing the building of an atmosphere of trust in the organization (2006). According to the author, the possession of the necessary skills, namely knowledge, ability and desire to learn, allows to create a flexible structure in the organization, in which mutual trust is created.

According to Covey, the main employee factors that can determine the presence and relative level of trust in the organization are:

1. proactive skills,
2. the ability to perform work in accordance with the purpose, mission and vision of the organization (in the long-term goals),
3. the ability to prioritize,
4. resource management skills,
5. the presence of an empathic understanding of the surrounding situation,
6. the ability to work and create synergies,
7. continuous improvement (balanced self-renewal of intellectual, socio-emotional and spiritual factors).

The presented factors are closely related to the culture of behavior and lifestyle, which refer to the level of personal and cultural trust. If one considers that the employee is responsible for all or part of the seven factors, then there is a willingness to trust the organization.

The process of trust management between the employee and the employer is reflected in behavior and actions in the following aspects:

- informational - designate access to information regardless of the position and value of documents,
- decision making - ensuring that personnel make decisions and take responsibility,
- make plans - participation, regardless of the structural and organizational unit, budgeting, organizational and production plan, including strategic,
- management model - providing choice for the performance of responsibilities and lack of control over the process of performing work.

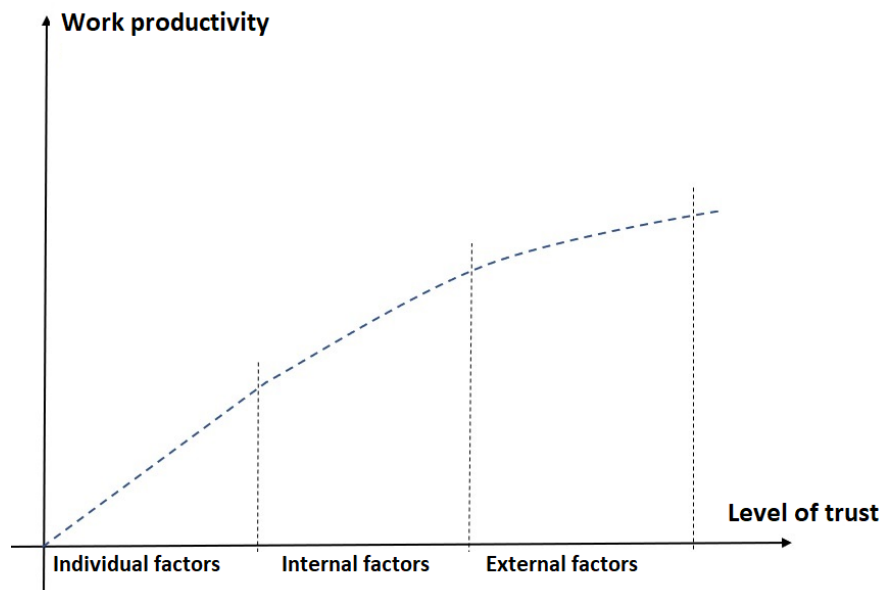
The establishment of trust and mistrust are the result of the influence of individual, internal and external factors. Factors of internal trust are largely determined by objective conditions, such as:

- strategic views of the leader or founder of the organization (mission, vision and purpose),
- organization management model (organizational culture and ethics, structure, methods of motivation as well as processes and systems),
- management methods of individual managers,
- perception and reaction of subordinates to the above methods (tools) and management.

External factors can be attributed to the overall political and economic structure of the government, including unemployment, inflation, and welfare, which directly affect people.

Returning to Maslow's pyramid, the presence of satisfaction of the need for security allows to develop on an emotional and intellectual level, which has an impact on work performance.

Thus, it is possible to illustrate the model of the influence trust level on the efficiency of work, presented in Figure 2.



**Figure 2.** Model of the impact of the level of trust on work performance.

Source: Own elaboration.

Referring to the phenomenon of trust from a scientific point of view, it can be argued that the more factors are present in this phenomenon, the faster an atmosphere of trust can be created in an organization. It should be noted that the formation of an atmosphere of trust in the organization depends on the balanced development of individual, internal and external factors. This means that possessing a separate factor will not be as effective without an internal factor, since all factors are interdependent. These factors are closely related to each other, which in the process of work serves as a means of support.

#### 4. Employee motivation through the trust

The significance of motivation in contemporary management is important, since the success of an organization directly depends on the self-fulfillment of each employee. Organizations use different types of motivational management models based on American and Japanese value systems such as individualism, rationalism, and collectivism.

It is assumed that an organization with an atmosphere of mutual trust has a combined model of motivation, namely rationalism and collectivism (Semler, 2007). This kind of combined model of motivation engenders to the possibility of self-fulfillment and career growth of an individual employee, regardless of professional experience and position. In addition, this model of motivation is the interaction between the employer and the employee.

The essence of motivation is to create a comprehensive organization with a synergistic effect without a hierarchical structure. This means that the effective use of each employee is aimed at the sustainable development of employees and the organization.



In such an organization, lower-level employees perform or participate in the same key tasks of the organization on an equal basis with managers. As that time managers perform routine tasks, namely self-organization of negotiations, scanning and copying of documents, which are performed by secretaries in hierarchically structured organizations. Today, one of these organizations is the "Semko Company". The founder of the company notes that a significant advantage of changing the management system is saving time, improving the skills of lower-level employees, which in turn creates a reserve of labor resources to eliminate staff turnover.

Demonstrating trust on the part of an employee has two functions, namely character and competence. Character implies traits at the cultural level of trust, that is, motives, intentions towards people. Competencies include skills as well as professional results and achievements.

According to Mority A., trust is based on experience, competence and reliability (1996). The concept of experience was interpreted as awareness and rational decision-making that does not have negative consequences for the environment. Reliability was attributed to stability and sustainability, while competence was explained as professionalism in terms of both specialist knowledge and communication skills.

## 5. Conclusions

According to the considered theoretical aspects, it can be seen that trust should be considered as a kind of cyclical process that develops evenly as the next cycle passes. The process of trust begins at a basic level, when a person trusts himself and the world, then the people around him, after all the trust transformer to a new, personal level. Thus, each subsequent cycle will accompany a person in the direction of intellectual and emotional development.

The importance of controlling the level of trust and identifying problems, as well as the possibility of professional optimization in the management of the organization, become key factors in the company's activities. Checking distrust takes time, and each element of control, in turn, demotivates the employee.

At present, trust is considered as an element of the economic concept that has real conditions in the functioning of the market and as a factor in economic development. From a managerial point of view, trust contributes to improving communication skills, investment attractiveness and increasing the working capital of enterprises, as well as reduces the costs associated with the need for control.

Therefore, researching the factors influencing trust and formation of an appropriate atmosphere is important for the development of the effectiveness of personnel and the organization's activities.

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