

# DIMENSIONS OF TRUST IN INTER-ORGANISATIONAL NETWORKS

*Agnieszka Chrisidu-Budnik\**

## **Abstract**

**Background.** There has been a growing number of studies focusing on the issue of trust in inter-organisational networks. However, there are few publications which focus on the possibility of using trust as a coordination mechanism in inter-organisational networks.

**Research aims.** The main purpose of the paper is to construct and present a framework for analysing the mechanism of trust and credibility in inter-organisational networks.

**Methodology.** A critical literature review method was adopted in this paper. The method constitutes a process, a set of cognitive behaviours, as well as the product of this process.

**Key findings.** In the results from this paper, the different dimensions of trust were analysed. Relations in inter-organisational networks go beyond trust and credibility. Trust may be one of the resources which enables the process of cooperation to start. However, credibility is only one of the reasons that cooperation works within inter-organisational networks.

**Keywords:** trust, credibility, inter-organisational network, social capital.

## **INTRODUCTION**

One of the possibilities for growth and developing organisations in the private and public sectors is to create or connect the existing inter-organisational networks. Relations in inter-organisational networks are identified with the existence of trust between their participants. Trust is often mentioned as the core coordination mechanism of networks. The sole category of trust is interpreted differently in current reference books. The authors of the publications that analyse the phenomenon of trust

---

\* University of Wrocław. E-mail: [agatex@prawo.uni.wroc.pl](mailto:agatex@prawo.uni.wroc.pl)

refer to different axiological and epistemological bases. The significance of, and sometimes also the need for trust between participants in informal networks, which serve a wide variety of purposes (rarely economic ones) is automatically transferred to formal network mechanisms in the public and private sectors. These network mechanisms are created mainly to economic objectives. The transfer of financial resources is a characteristic feature of formal networks that are created in the private and public sectors, which, however, does not preclude the circulation of other resources. The main purpose of this article is to construct and present a framework for analysing the mechanisms of trust and credibility in inter-organisational networks and to show the difference between trust and credibility. The author of this paper aimed to study the role and importance of trust in formal networks that are created to reach economic objectives. The fulfilment of this goal made it possible to highlight an issue that had not been noticed by science before, i.e. that the possibilities of using trust in formalised public and private networks are limited, and revealed the basic differences between networks with reference to the logic behind the functioning of the private and public sectors. The author also tried to present the concept of trust in the context of other attitudes, such as – blind faith, distrust, etc.

## **Methodology**

A critical literature review method was adopted in this paper. This method constitutes a process, a set of cognitive activities, as well as a product of this process. In dynamic terms, it also involves a systematic and structured study of previous research endeavours and the existing body of literature that is aimed at finding answers to theoretical and practical questions. As a product, a critical literature review constitutes an analytical and synthetic description of the existing body of knowledge related to a specific scientific discipline. The essence of this method is that it refers to the available scientific literature. Therefore, ready-made scientific studies, which often represent different paradigms and viewpoints, constitute the empirical material. A critical literature review method makes it possible to generate new knowledge in two ways. Firstly, the role of science is to search for and create a specific order, regularity, structures, and patterns. Simply put, science involves theories, concepts, classifications, and typologies. If the content of the available literature on a particular subject is processed carefully

and correctly, this may lead to identifying such regularities, which are usually completely invisible at first glance, or to revising false notions that result from inertia in a system of beliefs. Secondly, since there are many publications and it is relatively easy to access them, the knowledge that is available today is public knowledge, which is, however, *de facto* still undiscovered and unused. This is especially true of dispersed knowledge, which elements belong to different scientific disciplines (this paper deals with knowledge that is part of management science, sociology, and economic analysis of law). If the elements of knowledge that are “separated” from one another become connected, then new scientific facts, which will not be based on empirical research, but on literature on a given subject, may be identified. According to the author, the use of a critical literature review method in this paper allows one to achieve at least three goals. Firstly, selected elements of the knowledge on trust and credibility that has been gained so far can be described, i.e. it is about the so-called current state of research. Secondly, the selected field of knowledge can be organised, for example, through categorisation as well as by identifying patterns, and consequently, by detecting those regularities, relations, and facts that have not been noticed, yet. This also involves identifying unexplored areas, i.e. looking for inspiration for one’s own scientific pursuits. The critical literature review method, that was adopted in this paper, was based on three stages: (1) collecting literature and choosing scientific publications, (2) processing and organising knowledge contained in selected pieces of literature on a specific subject, i.e. analysing, evaluating, and synthesizing the content, and (3) presenting research results. Trust is a concept that is used by various scientific disciplines, such as management science, law, sociology, and political science. Therefore, the literature that is referred to here includes publications from different fields of science that are essential for achieving the goal of this paper. At the same time, due to the limited length of this paper, literature on the functioning of inter-organisational networks, which is relatively well known, is not dealt with here.

## Definitions of trust

Trust is defined in multiple ways in literature. However, the multidisciplinary research has not yet succeeded in formulating a comprehensive theory of inter-organisational trust (McEvily & Tortoriello, 2011,

pp. 23–63; Sankowska, 2015, pp. 18–27). It is noted that each discipline still tends to focus on aspects of trust that are consistent with its own dominant theoretical paradigms. However, trust is now one of the most frequently used social science concepts (Das & Teng, 2004, pp. 85–116), whereas the detached accumulation of trust research has led to “a conceptual morass” (Carnevale & Wechsler, 1992, p. 473) that remains daunting after two decades of research on trust. A few key characteristics emerge from the literature. The risk inherent in trust starts when an actor opens himself to opportunistic behaviour by trusting another actor (Choudhury, 2008, p. 586). In the relationship between actors, each expects the other to behave in a trustworthy manner, refraining from opportunistic behaviour even if one has such a chance (Deakin & Michie, 1997, p. 55; Deakin, Wilkinson, 1998, p. 34). Other definitions of trust focus on willingness and more specifically on the aspect of expectation or belief. Robinson defines trust as one’s expectations or beliefs about the likelihood that another’s future actions will be beneficial, or at least not detrimental to one’s own interest (Robinson, 1996, pp. 574–599). Trust can also be recognised as a non-calculative belief in partner trustworthiness in negotiations, good-faith intention to keep commitments, and refraining from opportunism (Bromiley & Harris, 2006, p. 126). Zaheer *et al.* define inter-organisational trust as the relationship between the partner organisation and the members of a second organisation (Zaheer, McEvily & Perrone, 1988, p. 142). Additional definitions of trust have emerged from economic background. Tayler and Kramer (Tyler & Kramer, 1996, pp. 1–15) draw on Williamson’s game-theoretic definition of trust as a probabilistic estimate of future cooperation. While this definition shares evident characteristics with the aforementioned definitions, the notion of trust as a “probabilistic estimate” rather than as “reliance upon” or “willingness” links to different scholarly traditions, generates different operationalisations and points toward different interventions. Such calculative trust conceptualisations draw upon the notion of value or goal congruity, but emphasize behavioural reliability as a formative mechanism (Simons, 2002, p. 21).

### **Trust in social capital perspective**

In reference books on inter-organisational networks, trust is viewed as an essential element of network relations (Adler, 2001, p. 215). The presence of trust is widely perceived as a *sine qua non* condition for

the existence of the network (Jarillo, 1988, p. 31; Newell & Swan, 2000, p. 1287) and social capital. In sociological literature there are two schools whose representatives perceive the relation between social capital and trust differently. The first school perceives trust as the basic component of social capital; trust provides the basics for the existence and development of social capital in any organisation (Coleman, 1988, *passim*). James Coleman defines social capital as the ability to cooperate within groups of people and organisations for the implementation of common objectives. Coleman associates social capital with the following features of society: trust, standards, and relations, which often serve to facilitate trustworthy behaviours and can increase the efficiency of operation, as well as facilitate the process of coordination in the economic sphere (Coleman, 1990, p. 304). Therefore, the creation of trust between economic entities is an essential social resource without which the implementation of different economic objectives would not be possible. Francis Fukuyama defines social capital in a similar way. According to him, it is a potential based on dominant relations of trust in particular communities (Fukuyama, 1995, p. 26). However, Coleman and Fukuyama explain trust differently. Fukuyama disregards the so-called cognitive dimension of trust. According to him, trust is not based on calculations. The process of calculation excludes the creation of trust. Fukuyama promotes unconditional trust and does not take into account the situations where mistrust is justified. The author seems to perceive trust as a universal attitude. This partially enables us to understand his approach to formal control. Formal control is perceived by him as an unnecessary and even harmful factor for cooperation (Cuganesan, 2005, p. 25). According to Fukuyama, law (contracts) and economic rationality create a significant, but insufficient basis for the sustainability and development of post-industrial society; the essential bases are rooted reciprocity, moral obligations to the community, and, last but not least, trust based on routine and habit rather than on rational calculations (Fukuyama, 1995, p. 11). The second school, represented by Russell Hardin, treats trust as a purposeful stance rather than a universal one. Trust with a purposeful attitude can lead to maximizing of benefits of the contracting parties, but it is not the cornerstone of social capital. Hardin distinguishes between two types of social capital: interpersonal and institutional. Interpersonal capital in network structures can replace institutional capital (e.g. law). Institutional

capital, in fact, can be uneconomical, especially when the costs of pursuing claims before the court exceed the value of the transaction. In economic practice, institutional capital can often replace interpersonal capital. According to Hardin, trust is not a foundation of social capital; however, social capital factors which justify trust, credibility, and institutions, which strongly reinforce the credibility of various actors such as states, business organisations, and non-profit organisations, can constitute such capital. Hardin calls for the need to distinguish between two different concepts: trust and trustworthiness (credibility). "I am likely to trust you when you gave evidence of being trustworthy. And if you are trustworthy, I can cooperate with you to our mutual benefits" (Hardin, 2006, p. 3). Being trustworthy motivates us to trust and establish beneficial cooperation. Moreover, credibility is a form of social capital (interpersonal), not only for the person and institution which is reliable, but for others, who can use this credibility in order to function in various spheres of life (Hardin, 2009, p. 99). A problem which affects modern societies is not the failure of trust, but the decline of credibility and that is why we should work on re-building credibility and the ability of cooperation (Hardin, 2002, p. 29). A few articles and substantial social psychological research on attitudes have focused on credibility issues that are important to the current work. The construct of credibility has often been considered to be multidimensional, comprising the perceiver's assessment of the communicator's relevant knowledge, veracity, and good intentions toward the perceiver (McCroskey & Young, 1981, p. 24–34). Trust is reliance or confidence in a partner of cooperation. Credibility is the quality of being believable or worthy of trust. Thus credibility is an assessment of believability, or of whether a given speaker is likely to provide messages that will be reliable, guides to belief and behaviour. Credibility is actually the foundation on which all trust is built. Grameen Bank is a good example of social capital, which crucial component is not trust, but credibility. The founder of this financial institution, Mohammad Juns, a Noble Peace Prize winner, established a system in which the inhabitants of Bangladesh (mainly women) were granted small loans to start their own small businesses. The network was based on a scheme where a woman, who received a loan, warranted a loan to another woman. Social capital in this case consists of three entities: a bank (A), a woman who is the borrower and at the same time the warrantor (B) in relation to an entity (C). For the bank,

entity B must be credible, which means that B must act in useful manners  $x$  for A. In the abovementioned case, the role of B is crucial because it is B who motivates C to pay off the loan and not the bank. The amounts of the loans are so small that it is unprofitable to start institutional capital (legal action to collect the debt). Interpersonal capital becomes a substitute for institutional capital; B obliges C to meet financial obligations under the agreement. From the author's point of view, interpersonal capital plays an essential role here, its presence makes the exchange between A and C efficient, due to the action  $x$  by B. The presence of interpersonal capital reduces transactional costs, which accompany any transaction and obligation under it. The above example enables us to see the mentioned differences between Hardin, Fukuyama, and Coleman. According to the last two, trust is the most important category of social capital. For Hardin, trust may be an outcome of interpersonal capital, which is part of social capital. In current literature, Hardin has found three distinct concepts of trust, which has the same common assumption that trust is based on belief. This means that we believe that another person has good intentions towards us, as well as competences to do what is expected from him/her. The first two concepts ground the trustworthiness of the potentially trusted person in moral commitments or in the trusted person's psychological or character disposition to be a relevant person. They do not explain anything apart from tautology statements that those who trust by nature will always trust. The third concept is the encapsulated interest, which is grounded in an assumption that the potentially trusted person has an interest in maintaining a relationship with the entity which trusts; an interest that gives the potentially trusted person motivation to be trustworthy (Hardin, 2007, p. 17). This encapsulated interest is an incentive to be trustworthy, to meet obligations and the other party's expectations. The "good intentions" concept interprets from the perspective of the entity which is to be granted trust; it wants to include the interest of the entities that granted it trust in its actions. Trust and lack of trust may be rational attitudes; lack of trust means the knowledge or belief that someone's interest is different than ours and that he/she will not take into account our interest in his/her actions. Trust and lack of trust are somehow asymmetric. Their foundations, both motivational and epistemological, are asymmetric. The main differences connected to motivations stem from asymmetry of costs and benefits resulting from

successful and unsuccessful cooperation; thus they stem from the stimuli of cooperation which is connected with risk. Trust which is granted in a wrong manner causes bigger loss than a wasted opportunity based on unjustified lack of trust. The most important epistemic difference stems from the principle which assumes that our interest collides with other people's interest; consequently, even if our interest is to some extent similar with the interest of another person, we cannot expect that he/she will give precedence to our benefits before theirs. Lack of trust arises easily since it is enough that we do not have sufficient knowledge about the behaviour of the other person. Trust is difficult to build because we need to learn about the other person's exact motives (Machnikowski, 2010, p. 45). Trust, as well as social capital, has no normative value. It can be a means to attain positive but also negative goals in every human activity, including economic transactions.

## Two dimensions of trust

Trust is intangible and many-sided. When trust undergoes rational analysis, it appears to be presented as a combination of known norms and well-studied facts. However, when we analyse it, we get the impression that the analysis does not include the most important aspects of trust (Machnikowski, 2010, p. 28). One of the authors of the article *Decomposing trust and trustworthiness* describes an awkward situation she found herself in. She was in a supermarket when she realised that she had forgotten her wallet. She decided to ask the person standing behind her to borrow her \$ 20. The man she turned to did not ask further questions and settled the bill by paying it with his own card (Ashraf, Bohnet & Piankov, 2006, p. 194). The described situation and at the same time the dilemma of the participants of the situation – whether ask for granting trust or not, whether grant trust or not – became the point of departure for the explanation what is the context which the authors of the article consider crucial for explaining trust. Risk is the context – one party of the transaction (trust grantor) makes a decision which gives green light to the other party (asking for trust) to violate this situation – not fulfil the informal commitments. The emphasis put on risk as the context necessary for the opportunity to grant trust is recognized in literature (Mayer, Davis & Schoorman, 1995, p. 712) and is reflected in the cognitive dimension



of trust. Risk is gradable. With reference to the described situation, it would increase proportionally to the amount of the loan for which the woman asked. The question arises: if the woman asked for \$ 200, would the man ask any questions and grant trust by using his credit card? Therefore, the correlation between trust and the level of risk is inversely proportional. In economic transactions one will seek for a guarantee that trust will not be breached. Williamson, the godfather of transaction economics, goes as far as to tell that trust is a confusing concept because it amounts to nothing more than risk-taking. He claims that “calculative relations should be described in calculative terms, to which the language of risk is exactly suited” (Williamson, 1996, p. 485–486). In his view, the notion of trust blurs the argument, because they cause one organisation to accept the risk that the other organisation may be acting opportunistically. In his view, the notion of trust as acting in good faith (without calculation) does not add anything useful to the analysis of the situation.

The cognitive dimension of trust reflects the perception of the entity granting trust: it is based on a calculation which distinguishes between three categories of entities (people and institutions) – credible, not credible, and unknown. The cognitive dimension of trust allows for noticing the lack of connection between trust and knowledge or trust and lack of knowledge. Complete knowledge does not leave room for trust (knowledge is a substitute of trust). Lack of knowledge does not provide a basis for trust, but often triggers the mechanism of blind faith. Blind faith is a particular kind of trust; very often it is also called blind trust (Solomon & Flores, 2003, p. 64). It is illegitimate trust since it does not guarantee anything. Trust which is based on calculation, allows for risk, and assumes failure. Blind trust and calculation are antinomic terms, that is why blind faith does not take failure into account.\* Hence, blind faith and not trust is “a leap into the unknown”.

---

\* Although the attitude of blind faith is irrational, in some cases it may be a purposeful approach. This purposefulness can be found in different aspects of human activity and its sources are complex and diverse. In network relations, as well as in business blind faith is rarely found, however, it can be imagined for instance in the situation when a company is facing bankruptcy. In the public sector, blind faith by rule does not exist. The members of the public sector invest public money and therefore investment is subject to audit from various audit institutions. In Poland, e.g. Regional Chambers of Audit (*regionalne izby obrachunkowe*), hereinafter called “RIOs”, specialize in financial matters. The remit of the RIOs includes both supervision of the financial aspect of the actions of local government authorities, as well as the audit of local government bodies’ financial management and public procurement. RIOs

Only limited knowledge connected with a certain level of risk initiates the process of trust; granting trust always means taking risk.

Trust is also based on affective attitudes (McAllister, 1995, p. 24). The affective dimension of trust may or may not accompany a cognitive dimension of trust. The affective dimension is based on the existence of positive emotional bonds between the parties to an agreement. The source of trust stems from prior acquaintance and the resulting experience. Taking into account the affective dimension of trust, it enables us to notice that trust means investment. This investment may be reflected in the emotional reaction to the violation by the entity which was granted trust. The affective aspect of trust plays a specific role in creating inter-organisational networks. In order to explain the meaning of the affective basis in creating inter-organisational networks, one should systematise them at least partially. Using the criterion of the sphere in which the network is created allows to distinct private networks (created in the private sector) and public networks (created in the public sector). Taking the criterion which is formalisation in the process of network creation into consideration, it substantiates the indication of informal networks and formal networks. Lawyers, specialised in contract law, more frequently notice the validity of distinguishing these two phenomena, networks which they identify with informal relations (pure networks) and hybrids, in which logic and architecture of network relations result from a specific type of agreement (Teubner, 2002, p. 311). Hybrids are therefore mixed networks (network relations plus a specific agreement) and also at the same time formal networks, created on the basis of statutory and private law agreements. The sole name of a specific type of network, e.g. franchising, agency network, and public-private partnership (PPP) reflects their complex, mixed nature. The subjective criterion used leads to the identification of two network types. The first one is homogeneous networks, which are created only by private entities, e.g. agency network, franchising network, or only public entities, e.g. commune agreement, or commune union. The second one is heterogeneous. Its participants are public and private entities, e.g. in the form of PPP. The subjective criterion enables to notice networks created for the realisation of private objectives (these are always private networks) and networks created

---

play a similar role as woman B in the abovementioned example of Grameen Bank. RIOs give credit to the local government and therefore create institutional capital.

for the realisation of public objectives (these may be public networks, but more frequently these are private ones, e.g. a consortium on the public procurement market). The affective dimension of trust is vital for creating informal networks in public and private sectors. When it comes to creating formal networks, trust plays a relatively limited role. First of all, it stems from the fact that relations between network members are based on cooperation.\* Cooperation considerably limits or excludes trust. Secondly, the process of creating formal networks is based on credibility rather than trust. The distinction between trust and credibility is of fundamental significance. Trust is the expectation related to uncertain behaviour (risk) of a person; credibility is the feature of an entity, organisational structure or social system, and it can be the basis for trust. The decision of entity X about joining a network, e.g. a franchise, is based on the credibility of the franchisor and also on the credibility of the structure posed by a given franchising network. With reference to such understanding of credibility, the role of institutional capital – legislation – is to a large extent complementary, it supports credibility. Therefore, entity X before making the decision on joining the network is supposed to always familiarise itself with the conditions of the agreement which will form the basis for establishing network relationships. The content of an agreement and, more precisely, the level of its formalisation reflect the attitude of the franchisor towards entity X as a potential member of the franchise network. Entity X has limited possibility of manifesting its credibility, thus the franchisor is forced to grant trust to entity X or find a substitute for trust. When it comes to trust as a factor enabling cooperation, the law plays a competitive role – it replaces trust. Therefore, lack of trust does not exclude cooperation. In reference books the specificity of the agreement (as one of the dimension of formalisation) is the measure of trust between the parties to an agreement or its lack (Sztompka, 2007, p. 330). The relation between law and trust in networks created in the private sector is inversely proportional. The lower the level of trust between the members of the network, the higher the level of

---

\* Cooperation in the public sector is even more complicated in the case of homogenous networks, which are created exclusively by public entities, e.g. self-government units. Cooperation is “merely” the necessity to bring together competition and cooperation. In heterogeneous networks (public-private), cooperation is often the necessity of reconciling distinct values and different logics of functioning in both sectors. For example, high quality of service, which in the private sector leads to the acquisition of a client, in the public sector may lead to a situation when some receivers will not have access to services.

formalisation. Agreements, which contain many additional clauses (especially loyalty clause, confidential clause, and non-competition clause), reflect a low level of trust and the necessity to use law as a substitute. In the public sector the relation between trust and the level of formalisation is being limited (Chrisidu-Budnik, 2012, pp. 179–203). The affective dimension of trust has great significance while creating public formal networks – homogenous. It stems from the fact that the position of local authorities is more stable (terms of office) in comparison to the position of managers, who may be dismissed from their positions at any time. Local authorities make decisions (by way of resolutions) on creating or entering the existing network. The term of office of public authorities strengthens the importance of the affective dimension of trust. Acquaintance between local authorities and experience makes it easier to generate rational trust between public entities and it facilitates the assessment of credibility of a given local government. In private networks the relationship between credibility and trust is usually as follows: first credibility and then trust, which can develop in the course of cooperation. In public networks, which are homogenous, one may find it hard to discover such logic. The high level of formalisation of the entire procedure (resolution, agreement) which is connected with inter-organisational network creation (it is not only about specificity, but also about the quantity and stringency of operating patterns) in the public sector is not the emanation of liberty of an agreement as it is in the private sector, but the outcome of the necessity to act according to the law. The high level of formalisation of agreements, serving as basis for the creation of public networks, does not reflect lack of trust between network participants, but reflects legal constraints. The affective dimension of trust does not play a role during the process of heterogenic (public-private) network creation, because the choice of a private partner is subject to public procurement procedure. The construction of public procurement law has to eliminate the possibility of taking advantage of acquaintances, experience, and at the same time trust resulting from them as the element enabling the conclusion of an agreement. It is worth mentioning that theoretically a public procurement institution constitutes institutional capital, which supports the credibility of public organisations. Trust is the presence of both cognitive and emotional elements. Emotions deprived of a cognitive element generate blind faith rather than rational trust. The sole knowledge without the emotional dimension is a rational

calculation, not trust. Trust is a combination of these two dimensions; the exclusion of one of them limits the perception of trust (Figure 1). Taking into account the affective and cognitive dimension of trust, we can recognise four attitudes towards a potential cooperation partner; trust, lack of trust, and rational calculation are justified approaches. Blind faith is always an irrational, unreasonable approach.

Affective dimension	Exists	BLIND FAITH	TRUST
	Absence	LACK OF TRUST	RATIONAL CALCULATION
		Cognitive dimension	
		Absence	Exists

**Figure 1.** Attitudes towards partners in networked relations in the context of cognitive and affective dimensions of trust

Source: own elaboration.

### Third dimension

Lisa Bernstein, while analysing relationships of formal regulations included in agreements towards practices in trade, discovered that the so-called practices do not reflect the theory, which means that regulations included in an agreement may even contradict them (Bernstein, 2001, p. 1724). She described the functioning of a fabric exchange in Memphis where a seller weighs cotton in order to confirm that he is sending the amount specified in the agreement. The agreement also stipulates that the buyer is obliged to weight cotton at delivery in order not to have ground for filing a claim against the seller in the future. Bernstein discovered that the buyer does not verify the weigh stated by the seller and accepts it. The observed practice is the relationship based on seller's credibility and buyer's trust towards the seller. Trust facilitates the relation between the buyer and the seller because it reduces the transactional costs of agreement execution; it eliminates the necessity of double weighing of the cotton. The described case refers to the popular concept in American Trade Regulation Laws called

relational contract,\* which main representative was an American lawyer Ian Roderick Macneil (Macneil, 2001, *passim*; Chrisidu-Budnik, 2015a, pp. 53–67; 2015b, pp. 22–23). In the relational contract concept, the discrepancy between practice in trade and the formal element of the agreement is nothing unusual. A given practice in trade is the result on the long-term relationship between the entities which trust each other. At this point it is worth mentioning once more the law as a substitute for trust. When parties to an agreement cannot rely on trust they resort to the high level of formalisation of agreements. Consequently, there is another dimension of trust not mentioned before – behavioural dimension. In the behavioural approach, trusting is acting as if future uncertain, unpredictable behaviours of others were certain and predictable. However, the behavioural dimension of trust occurs only in circumstances when failure to meet expectations causes negative consequences (financial, emotional, etc.) to the other party (Lewis, Weigert, 1985, p. 969). The source of such negative consequences is institutional capital, which gives the possibility to claim damages before the court.

As long as the relations between the seller and buyer are settled (stable), there is no necessity to refer to law. However, if the buyer decides to check the seller and discovers he cheated him, than: firstly, he will not be able to determine whether trust was breached in connection to the last transaction or the seller overestimated the weight of cotton in previous transactions; secondly, it is difficult to predict how the court will act. In litigation the buyer will refer to practices in trade and probably will ask the court to investigate whether the seller delivered less cotton than he was obliged to. The seller will defend himself that the contract obliged the buyer to weight cotton at delivery. According to the seller, not weighting the cotton and not disputing the amount when delivered disables the buyer to file a complaint (Cooter & Ulen, 2009, pp. 285–286). The judgment is difficult to

---

\* Rational contracts have a permanent nature and they translate into obligations of the parties which are not part of formal agreements. Referring to Williamson's mechanism of concluding long-term agreements (where he claims that there is no possibility to construct complete agreements due to limited rationality and lack of ability to anticipate the possible behaviours of the parties to the agreement), it is assumed that in the mechanism of concluding relational contracts, the circumstances in which the agreement was concluded change and the parties should respond to these changes. Adjusting to the changes requires flexibility, and trust established in the long-term relations facilitates flexibility of operation and relying on informal resources.

predict. Adherents of rational contracts will probably claim that the court will strive to fix the relation, which is not possible. Even if the relation is maintained, it will never be based on trust, but rather on rational calculation or lack of trust (mistrust). Commitments between the parties will be formalised to a high extent and divergence between practices in trade and formal contract provision will not exist. The relation described above enables to notice another significant element of economic transactions. The seller and the buyer formalized such a simple agreement which is a sales agreement. The behavioural dimension of trust enables them to resolve the dispute before a court. If their relation was informal, the buyer and the seller would consciously deprive themselves of the possibility to use institutional capital (law) as a resource which is available to all participants of business trading. Inter-organisational networks intensify social and economic relations between market participants (public and private). The realisation of complex objectives within inter-organisational networks is one of the reasons which trigger development of agreement, which contents may be shaped by the parties under the freedom of contract. The parties of network relations formalise their cooperation for two reasons. Firstly, because of restrictions of law; a network must be formalised [it refers especially to networks created in the public sector or networks created for implementing public objectives (Public-Private Partnership)]. Secondly, the participants of network relations act rationally; they perceive formalisation as a substitutable mechanism which replaces trust or a mechanism which supports the credibility of an economic enterprise. The architecture of inter-organisational networks is becoming more and more complex. Public-Private Partnership is an example of network cooperation which is based not only on a contract but very often can lead to the creation of a new organisation (network structure), for example SPV (special purpose vehicle).\* The decision on the formalisation of network relations should be considered from the perspective of three dimensions of trust: cognitive, affective, and behavioural.

---

\* Companies which realise partnership are known in literature as SPV (special purpose vehicle) companies. A company may be created to realise the entire undertaking as well as for the purposes of only a specified stage of partnership (e.g. realising a specific building investment). Closing a network partnership in a structure serves in the case of a special purpose vehicle to increase its credibility in relations with financial institutions, but also limits the risk of opportunistic behaviour on the side of the participants of the relation, especially when trust faces problems.

## Conclusion

Relations in inter-organisational networks are much richer than trust and credibility. Trust may be one of the bases for starting risky cooperation and credibility is only one of the reasons for this collaboration to pay off (Machnikowski, 2010, p. 79). In informal networks, which activity may serve to realise specific objectives (e.g. affiliation and terrorism), including economic objectives, trust plays a special role. In formal networks the lack of trust does not exclude the possibility of starting and continuing collaboration. The parties to inter-organisational cooperation decide to formalise their relationships if there is a lack of, or limited, trust between them. In this sense, law acts as a substitute for trust. Moreover, the formalisation of cooperation within inter-organisational networks makes it possible to use legal sanctions that protect one of the cooperating parties from potential abuse by other parties. Credibility of one of the parties constitutes an essential and sometimes fundamental element which enables to explain the other party's motivation to start network collaboration and continue it. The coexistence of trust, credibility, and legal security enables to increase, probability as the collaboration grows and to a certain extent eliminate the barriers of organisation growth and development. This paper is conceptual and theoretical in nature and can provide a basis for empirical studies.

## BIBLIOGRAPHY

- Adler, P.S. (2001). Market, hierarchy, and trust: The knowledge economy and the future of capitalism. *Organization Science*, 12(2).
- Ashraf, N., Bohnet, I. & Piankov, N. (2006). Decomposing trust and trustworthiness. *Experimental Economics*, 9(3).
- Bernstein, L. (2001). Private commercial law in the cotton industry: Creating cooperation through rules, norms, and institutions. *Michigan Law Review*, 99(5).
- Bromiley, P. & Harris, J. (2006). Trust, transaction cost economics and mechanism. In: R. Bachmann, A. Zaheer (eds.), *Handbook in Trust Research*. Cheltenham, UK: Edward Elgar.
- Carnevale, D.G. & Wechsler, B. (1992). Trust in the public sector: Individual and organizational determinants. *Administration and Society*, 23(4).



- Choudhury, E. (2008). Trust in administration: An integrative approach to optimal trust. *Administration and Society*, 40(6).
- Chrisidu-Budnik, A. (2012). Sieci publicznoprawne [Public networks]. In: J. Niemczyk, E. Stańczyk-Hugiet, B. Jasiński (eds.), *Contemporary Challenges to Theory and Practice of Management*. Warszawa: C.H. Beck.
- Chrisidu-Budnik, A. (2015a). *Quid pro quo*. Zaufanie i kontrakty w sieciach międzyorganizacyjnych [Quid pro quo: Trust and contracts in interorganizational networks]. In: R. Krupski (eds.), *Strategic Management*, Wałbrzych: WWSZZiP, 32.
- Chrisidu-Budnik, A. (2015b). Tożsamość współpracy transgranicznej w perspektywie sieciowej [The identity of cross-border cooperation from a network perspective]. In: R. Kusiak-Winter, *Cross-Border Cooperation in Public Administration*. Scientific Papers of Faculty of Law, Administration and Economics. Wrocław: University of Wrocław, 70.
- Coleman, J.S. (1988). Social capital in the creation of human capital. *The American Journal of Sociology*, 94.
- Coleman, J.S. (1990). *Foundations of Social Theory*. Cambridge: Harvard University Press.
- Cook, S.K., Haradin, R. & Levi, M. (2005). *Cooperation without Trust?* New York: Russell Sage Foundation.
- Cooter, R. & Ulen, T. (2009). *Ekonomiczna analiza prawa [Economic Analysis of the Law]*. Warsaw: C.H. Beck.
- Cuganesan, S. (2005). Re-examining the role of accounting, contracts and trust in inter-organizational networks. *Journal of Law and Financial Management*, 4(1).
- Das, T.K. & Teng, B.S. (2004). The risk-based view of trust: A conceptual framework. *Journal of Business and Psychology*, 19(1).
- Deakin, S. & Michie, J. (1997). *Contract, Co-operation, and Competition: Studies in Economics, Management and Law*. Oxford: Oxford University Press.
- Deakin, S. & Wilkinson, F. (1998). Contract law and the economics of interorganizational trust. In: C.R. Lane, R. Bachmann (eds.), *Trust Within and Between Organizations: Conceptual Issues and Empirical Applications*. Oxford: Oxford University Press.
- Dirks, K.T. & Ferrin, D.L. (2001). The role of trust in organizational settings. *Organization Science*, 12(4).
- Fukuama, F. (1995). *Trust*. London: Penguin Books.
- Hardin, R. (2002). *Trust and Trustworthiness*. New York: Russell Sage Foundation.
- Hardin, R. (2006). *Trust*. Cambridge: Polity Press.
- Jarillo, J.C. (1988). On strategic networks. *Strategic Management Journal*, 9(1).

- Lewis, J.D. & Weigert, A. (1985). Trust as social reality. *Social Forces*, 63(4).
- Machnikowski, P. (2010). *Prawne instrumenty ochrony zaufania przy zawieraniu umowy* [Legal Instruments of Trust Security When Concluding an Agreement]. Wrocław: Wydawnictwo Uniwersytetu Wrocławskiego.
- Macneil, I. (2001). *The Relational Theory of Contract: Selected Works of Ian Macneil*. London: Sweet&Maxwell.
- Mayer, R.C., Davis, J.H. & Schoorman, F.D. (1995). An integrative model of organizational trust. *Academy of Management Journal*, 20(3).
- McAllister, D.J. (1995). Affect and cognition based trust as foundations for interpersonal cooperation in organizations. *Academy of Management Journal*, 38(1).
- McCroskey, J.C. & Young, T.J. (1981). Ethos and credibility: The construct and its measurement after three decades. *Central States Speech*, 32(1).
- McEvily, B. & Tortoriello, M. (2011). Measuring trust in organizational research: Review and recommendations. *Journal of Trust Research*, 1(1).
- Misztal, B.A. (1996). *Trust in Modern Societies. The Search for the Bases of Social Order*. Cambridge: Cambridge University Press.
- Newell, S. & Swan, J. (2000). Trust and inter-organizational networking. *Human Relations*, 53(10).
- Robinson, S.L. (1996). Trust and breach of the psychological contract. *Administrative Science Quarterly*, 41(4).
- Sankowska, A. (2015). *Analiza zaufania w sieciach badawczo-rozwojowych* [Analysis of Trust in Research and Development Network]. Warszawa: PWN.
- Simons, T. (2002). Behavioral integrity: The perceived alignment between managers words and deeds as a research focus. *Organization Science*, 13(1).
- Solomon, R.C. & Flores, F. (2003). *Building Trust: In Business, Politics, Relationships and Life*. Oxford: Oxford University Press.
- Sztompka, P. (2007). *Zaufanie. Fundament społeczeństwa* [Trust. The Foundation of Society]. Kraków: Znak.
- Tyler, T.R. & Kramer, R.M. (1996). Whither trust? In: R.M. Kramer, T.R. Tyler (eds.), *Trust in Organizations: Frontiers of Theory and Research*. Thousand Oaks: Sage Publications.
- Teubner, G. (2002). Constitutionalizing private governance networks. In: R. Kagan, K. Winston (eds.), *Legality and Community*. Berkeley: Berkeley Public Policy Press.
- Williamson, O.E. (1998). *The Mechanisms of Governance*. Oxford: Oxford University Press.
- Zaheer, A., McEvily, B. & Perrone, V. (1998). Does trust matter? Exploring the effects of inter-organizational and interpersonal trust on performance. *Organization Science*, 17(2), 141–159.

## WYMIARY ZAUFANIA W SIECIACH MIĘDZYORGANIZACYJNYCH

### **Abstrakt**

**Tło badań.** Pojawia się coraz więcej badań skupiających się na kwestii zaufania w sieciach międzyorganizacyjnych. Niewiele jest jednak publikacji, które koncentrują się na możliwości wykorzystania zaufania jako mechanizmu koordynacji w sieciach międzyorganizacyjnych.

**Cel badań.** Głównym celem tej pracy jest skonstruowanie i przedstawienie ram dla analizy mechanizmu zaufania i wiarygodności w sieciach międzyorganizacyjnych.

**Metodologia.** W artykule przyjęto metodę krytycznego przeglądu literatury, która stanowi proces, zbiór zachowań poznawczych, a także produkt tego procesu.

**Kluczowe wnioski.** W wynikach płynących z tej pracy zostały poddane analizie różne wymiary zaufania. Relacje w sieciach międzyorganizacyjnych wykraczają poza zaufanie i wiarygodność. Zaufanie może być jednym z zasobów, który pozwala na rozpoczęcie procesu współpracy. Jednakże wiarygodność jest jedynie jednym z powodów, dla którego współpraca działa w ramach sieci międzyorganizacyjnych.

**Słowa kluczowe:** zaufanie, wiarygodność, sieć międzyorganizacyjna, kapitał socjalny.