

Between trust and mistrust – a case study of organizational change in two manufacturing firms

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Abstract

Trust is important in change processes. But change creates uncertainty, and established patterns of trust will be challenged. Organizations are sites of asymmetric power relations and management is typically the most powerful part. In large organizations, trust cannot solely rely on interpersonal relations. Trust obtains an institutional character that is embedded in the organizational culture. The role of trust in change processes has been studied in an intervention project in two manufacturing firms: A machine works and a print shop. The project was aimed at improvement of the quality of work. The intervention lasted two years. Qualitative data in the form of interviews, observations, and written documentation was collected. Both firms had to fight organizational and economic difficulties during the intervention project. The machine works achieved some improvements during the quality of works project whereas no improvements took place in the print shop. The difference in the results indicates the importance of trust for organizational change. In the machine works the management succeeded in launching actions which was interpreted as trustworthy, thereby stopping a beginning decline in trust. But the management failed in the print shop where management and employees got stuck in a stalemate of distrust. The case observations indicate that the employees in the absence of personal relations to the management constantly make interpretations in order to discover motives explaining the management's actions. Seemingly inferior management acts might be ascribed large symbolic meaning. If the employees interpret the management actions as respectful and legitimate, trust can be sustained or strengthened. If they interpret the actions as illegitimate and not beneficial for the common good, trust will most likely be lost.

1. Introduction

The need for change seems to be imperative for most contemporary organizations. It affects both private and public organizations and has many change drivers. Besides traditional factors such as growing competition and limited access to resources, public opinion is also an important change driver. Organizations and their managers need to demonstrate their ability to develop the organization in order to fulfil the perceived demands of the times. This is a necessity in order to sustain the public trust in the organization. Looking inside the organization, change depends on human resources. Human beings need to change what they are doing and what the organization as a whole is doing. In this process, trust becomes a key concept. Change processes rarely achieve the expected outcome in a distrustful environment. At the same time, distrust is also a negative factor for the quality of work. Job satisfaction and health are likely to suffer in organizations with low trust (Dirks and Ferrin 2002;2003). The literature on organizational trust is extensive (See

overviews in Nooteboom, 2003; Möllering 2006) but the question of the role of trust in organizational change is seldom addressed. This question is the subject of this paper.

A common definition of trust is: “the mutual confidence that the other party to an exchange will not exploit one’s vulnerabilities” (Sabel 1992, p. 225). This definition implies a difference in power as the trustee has the possibility of exploiting the trustor’s vulnerabilities. This is in particular the case in the intra-organizational context as there will be a permanent power disparity between the management and the employees. The management is by far the most powerful actor controlling several forms of power (among others formal power, resources, rewards, framing of meaning and problems) (Bolman and Deal 2003, p. 183-201). Power is distributed unequally but it is important to note that all individuals and groups have a share of power (Lukes 1974). Even the lowest ranking employees have possibilities to influence what is going on and perhaps especially oppose to the management initiatives. Therefore, change is also a political process where the result is formed by the influence from actors with more or less different interest (Pfeffer 1981). Generally, it is not possible for the management to coerce changes without considering employee interest. Trust becomes important for change processes in order to avoid conflicts and achieve the expected outcome. But it is not only important during change processes. If power has been used unjustly or the management has steamrollered all opposition, future cooperation might suffer damage that might harm the productivity in the years to come.

The employees’ trust in the management is essential because the management is the powerful party who most often initiating change, but the management’s trust in the employees is similarly important in order to develop mutual trust (Six 2005). There is an extensive literature on management, leadership, and trust (See for example Whitener et al. 1998; Dirks and Ferrin 2002; Hartog 2003; Dirks 2006) but the question of power, especially inequality and differences in interest, is rarely subjected to analysis or it is put in another context as for example Bachmann (2003) who discusses power and trust as means of coordination in organizations.

One of the particularities of trust is that it cannot be controlled by the party who wants to be trusted. It is solely up to the trustor to bestow trust in the trustee. The possibility for the management is therefore to attempt to influence trust by behaving trustworthy such as suggested by Whitener et al (1998). Trust encouraging behavioural categories are: behavioural consistency, behavioural integrity, delegation of control, communication, and demonstration of concern. Such behavioural categories refer to the development of trust in the interpersonal relations, but apart from first line managers, the personal contact between employees and senior managers are often limited. This is especially the case when the organization and the management hierarchy grow larger. Therefore, there is a need for other categories to understand how trust can be furthered when close interpersonal contact is not the dominant form of interaction.

Mayer et al (1995) suggest broader categories: Integrity, competence and benevolence. These categories are not necessarily dependent on the personal contact between the management and the employees. They are interpreting management behaviour and initiatives as signals of motives, and trust or distrust may develop relatively independent of the personal contacts. Trust then moves out of the scope of personal behaviour. Bachman (2003) proposes two other forms of trust: System trust and institutional trust. Systems trust is the trust an individual has in the functioning and the reliability of impersonal social structures. The idea of systems trust (See also Luhmann 1979; Giddens 1990) is increasingly important for modern life with a large number of systems which everybody depends on but does not have any personal knowledge of how work. Organizations use

numerous systems among other technical systems which both the management and the employee have to trust in the daily operations in order to perform their work. Institutional trust is based on impersonal social rules consisting of shared meanings and normative rules in the organization. The trustor expects other persons as well as the organization to follow these rules. Institutional trust is important as it keeps the organization working without having to make the employees obedient by implementing bureaucratic rules which are enforced and controlled by the management. Trust is therefore also considered to be one of the key elements in organizational social capital defined as the ability of the organization to work for the common good (Putnam 1993; Adler and Kwon 2002).

Institutional trust has close relations to organizational culture. It can be conceived as collective phenomena or shared understandings that frame how the employees interpret what is right and wrong and to make sense of events that are not commonplace. Organizational culture is flexible and dynamic, and it includes elements which are shared by almost the whole organization and which are specific to groups that can be said to be subcultures in the organization. Based on a combination of Schein (1992) and symbolic organization theory of organizational culture, Hatch (P. 200-240, 1997) describes a model of cultural dynamic where four elements in the organizational culture are interrelated: assumptions, values, artifacts, and symbols. The model suggests that shared assumptions are manifested in espoused values that, over time, leads to the realization of cultural artefacts. Some of these artefacts are bestowed with symbolic value and become symbols through interpretation processes that are guided by the shared assumptions. The decision to trust or mistrust is framed by the organizational culture and it is made on basis of interpretative schemes. The same actions can be conceived completely different depending on historically developed sets of assumptions and values. If the management decides to do away with the yearly Christmas present, it can be interpreted as a symbol of “sound management” in the light of a pressed economy if the employees have high trust in the management. But it can also become a symbol of “disrespect” if the employees do not trust the management’s economic motives. Even though the management and the employees often share important elements of the culture, they will also constitute groups with their own interest and with their specific subculture. As most employees have limited personal experience with top management, they can be expected to rely on institutional trust rather than interpersonal trust, and interpretations of the top management behaviour (an artefact) will be made which can become a symbol of what is going on, be ascribed a positive or a negative value, and used to reinforce or, more rarely, change the fundamental assumptions of the organization.

Change will often be a threat to the stability of trust relations. As task, structures, and processes change uncertainty will develop, and limited experience will be available whether benevolent actions can be expected. The result is an intensification of the interpretative activities based on the organizational culture. All parties will look at events and actions of other parties. People will be very attentive towards malevolent and opportunistic behaviour. This will especially be the case for the employees who see the management as the most powerful actor and most often also the initiator of change. Dirks (2006) points out that managers face a higher level of scrutiny because the employees are outcome dependent on their actions, and Kim et al (2004) imply that a breach in the integrity is likely to have a strong, negative impact on trust, and it is especially in such situations that management will be subjected to scrutiny. Actions that are interpreted as opportunistic behaviour or unfair treatment would reduce trust and be prone to development of mistrust. Working the other way round, employee actions that are based on their mistrust towards the management may result in mistrust from the management towards the employees. That would be the case when employees act as a collective. In that case, they amplify their power and they (and their

representatives such as shop stewards) will be subjected to the same type of scrutiny from the management. The two parties may be locked in a reciprocally reinforcing process.

This paper addresses the role of trust in asymmetric power settings in relation to organizational change. The profound role of trust has been studied in an action research project aimed at improving the quality of work. We try to answer two main questions: How trust and power interrelate in the change process? And what are the possibilities for maintaining trust during the change process?

2. Case study design and methods

The project took place from mid 2004 to early 2007 in two manufacturing firms: a machine works and a print shop. The purpose of the project was to study the possibilities for improving of the quality of work¹. The firms were recruited to the project through the labour market organizations (employers and unions) as they suggested the firms and made the initial contact. In cooperation with the shop stewards, the researchers and the management made a written agreement about participation in the project. In this agreement the firms committed themselves to undertake changes in order to improve the quality of work. The point of departure for change should be establishment of a joint management-employee steering committee and preparation of an action plan for change. The researchers promised to organize a questionnaire survey to map the working conditions and the psychosocial factors, to participate in the interpretation of the results, and to give feed back to the steering committee during the implementation of the action plan. Parallel to the attempts to improve the quality of work both firms were involved in large change programs in order to overcome various structural and economic difficulties.

The researchers studied the two firms and collected qualitative data for a period of a little more than two years. Initially, a baseline study of the situation before the intervention was carried out. It included a workshop on the history of each firm and extensive interviews with management at all levels, shop stewards, safety representatives and employees. Key actors were interviewed individually whereas employees were interviewed in groups with 2-4 persons. The interviews were semi-structural based on an interview guide (Kvale 1996), and the individual interviews lasted on average one hour and the group interviews one and a half hour. Most interviews were summarized directly by student assistants and recorded for later reference. A few of the interviews were transcribed. In Machine Works 18 persons were interviewed and additional 10 persons participated in a history workshop. In Print Shop 11 persons were interviewed and 8 persons participated in the history workshop. During the two years follow-up period the researchers participated in steering group meetings and selected activities. Observation notes were made from all encounters with the firms. Interviews were conducted two times during the period. During the intervention period, 17 persons were interviewed in Machine Works after the same guidelines as in the baseline study. The interview persons were selected due to involvement in the intervention period. In Print Shop, observations at meetings and occasional interviews with informants were used as sources. After the two years intervention period, a follow-up study was made. The interviews followed the same procedure as in the baseline study. At this time, 19 persons were interviewed in Machine Works and 11 in Print Shop based on a new interview guideline focusing on the results of interventions.

¹ The study is part of a larger research project aimed of identifying ways to improve the quality of work. See www.best-project.dk

Documents from the firms were also collected including minutes of meetings, balance sheets, consultancy reports etc.

The interview guide covered a large number of topics including the history of the firm, strategy, change activities, relations between the management and the employees, social relations, employee participation, quality of work and psychosocial factors (such as demands, control, social support, meaning). For key persons, the guide was adapted to their position in the firm. It was essential to ask for events and stories in order to illustrate for instance management-employee relations rather than asking for the opinion of the interviewed persons. This was the case for the interviews during the observation period and the final follow-up interviews. The interviews were not designed to uncover trust. The issue appeared to be important during the follow-up study and was included in the interview guide for the follow-up study.

A baseline questionnaire survey was carried out in the beginning of the project and repeated again after the two years observation period. The questionnaire is based on the Copenhagen Psychosocial Questionnaire (COPSOQ) (Kristensen et al. 2005). The feed back of results was part of the intervention method in order to initiate the development of an action plan and subsequent changes. The results from the surveys are not analysed in this paper.

The point of departure for the analysis of the qualitative data is key events which happened during the project. The development of these events has been followed in interviews, observations, and documents. Both the general organizational development related to the crisis situation and the quality of work project activities have been included in the analysis. Emphasis has been put on the involved participants' interpretation of the events and especially whether they expressed negative or positive opinions and whether these opinions could be related to trust or mistrust.

The case analysis is divided into two sections, one for each company. The analysis uses elements of storytelling and comparison in order to convey and draw forth the essence of the qualitative understandings of the case studies (Stake 2000). Each case analysis starts with a description of the firm including a description of the general organizational development within the last 5-10 years. The descriptions emphasise developments that have had a considerable impact on the baseline situation in the company at the start of the project in relation to the quality of work and trust relations. Subsequently, there is a description of the activities related to the quality of work project and related developments. The sections end with an analysis of the development in trust based on events in the companies and the interviewed persons' interpretation of these events. The role of the actor is considered to be of significance, and concepts from organizational culture (artefacts, values, symbols, assumptions) are used to explain how the actors interpret and ascribe meaning to these events (Hatch 1997). Subsequently, the cases are discussed in comparison with specific focus on differences in trust dynamics.

3. The Machine Works

The Machines Works was founded in 1981 by four entrepreneurs who took over a small, bankrupt company. It is located at two addresses in the countryside outside a medium-sized provincial town in Denmark. For 20 years, it was marked by a steady growth from approximately 20 employees until a peak in 2001 with 200 employees. The business developed with three legs: customer designed large machines in a niche market, accessories to the same kind of machines, and contract work for its large metal working machines. After the millennium a crisis evolved. The entrepreneurs

were getting older and found it difficult to manage the large enterprise, the market for the large machines was saturated in Europe, the size of the firm required introduction of formalized procedures, and investments in machines and buildings were pending. In 2003 the balance sheet was, for the first time ever, in red and for the first time it was also decided to lay off workers and the number of employees was reduced to 180.

A number of changes were subsequently implemented in order to overcome the crisis. The entrepreneurs decided to start a succession. A professional executive director was employed. A new, external production manager replaced one of the owners. A professional chairman was invited to chair the board of directors, and he was, together with the new executive director and a new sales director, invited to join the ownership with a minority part of the shares. The company structure was altered by introducing a holding company owning buildings and equipment. One of the reasons for this structure was that the employees are not represented in the holding company whereas they were secured one third of the seats in the board of directors in the original limited company. Finally a strategy for a global expansion was adopted. Sales departments were established in a number of countries around the world, and a small accessories manufacturing company in USA was acquired.

The new strategy took off with mixed results. Both the management and the employees state that trouble rapidly emerged on the internal lines. The first attempt with a new executive director failed after a few months, and a new one was appointed and picked from the internal ranks as he was the former manager for the accessories department. The new production manager was met with resistance from the workers and the first line managers. They were used to have one of the entrepreneurs as a production manager. The interviewed persons told that the old manager had a patriarchal leadership style with an in-depth knowledge of almost every aspect of the production, a personal knowledge of all the employees, and at the same time demonstrating strong decision power and the ability to express personal recognition. He had left the position as production manager for a more loosely defined position as consultant when the researcher first visited the firm but he was still referred to with veneration by the staff. The employees mentioned among others the way he demonstrated care by driving to town to pick up pizzas for everybody during busy overtime work in the weekend or driving workers back home in a snowstorm after overtime. The new production manager saw his task as introducing formalized procedures in a top down approach. He only lasted for half a year, and before he was fired the firm had the first strike ever followed by two mediation meetings in the labour court. He had left the job four month before the researcher visited the firm for the first time but the stories told about him were numerous. The subsequent development proved that the position as production manager turned out to be difficult to fill. The logistics manager was promoted to production manager but a replacement for the logistics task was not found, and in practice he continued to manage both positions. A little more than a year later he asked to be released from the production manager task. Afterwards a new, external production manager was hired but he was also fired after a couple of months. At the end of the project the position was shared between a division manager covering production facilities, logistics, and design departments for large machines and a shop foreman who was appointed as coordinator for all workshops.

The globalization strategy turned out with strong results in terms of increasing sales, especially of the large machines, but the American subsidiary continued to have negative results and drew heavy on the resources of the parent company. This situation led to a conflict in the board of directors just before the end of the project, and the chairman and the sales director withdrew from their positions and the ownership of shares. The reasons were not directly disclosed to the researcher but it had to do with the loss in the American subsidiary.

The quality of work project

The executive director explained that he decided to join the project due to the uncertain situation with the succession, the economic crisis and the globalization strategy. Therefore, he felt a need to mobilize the human resources and hoped that an improvement of the quality of work could act as a mean for that purpose. A steering group was established consisting of the executive director, the production manager, the senior shop steward, the safety representative and the secretary. The latter partly acted as representative for the white collar workers.

The results from the questionnaire survey and the baseline interviews were presented for a group of managers and employees representatives. The results indicated several problems among others regarding the quality of leadership, influence on the work, role clarity and role conflicts which came as a surprise especially to management. At the feed back meeting, it was decided that the department managers should inform their staff about the results. Some of the workshop foremen expressed hesitation as they had never chaired a staff meeting before. This hesitation was later repeated, and the information plan was changed to a brief meeting in the canteen where the director informed about the results of the survey. The written reports was also placed on the intranet which all staff had access to but blue collar workers had only access to one or two computers in the workshops.

The steering group decided to make an action plan with few activities. They explained that they were afraid of raising too high expectations among the employees by outlining a large number of improvement which they did not feel certain about when and how to implement. Therefore, the group decided to take one step at a time and follow up with more activities as the first ones were accomplished.

The first activity targeted role uncertainty and conflict, and the main measure was to improve the quality of personal development interviews which each employee was supposed to have with the first line manager once a year. Such interviews were rarely held among blue collar workers and were reported to be of low quality. A new frame for the interview was prepared, a test was carried out supervised by the production manager and the senior shop steward, and a training course for supervisors was organized. The blue collar workers who participated in the test gave positive feed back mainly ascribed to the fact that the production manager and the shop steward participated. The training course turned out to be a failure. It was announced shortly in advance, and the first line managers explained that they felt the course was a critic of their leadership style and they were forced to participate. The first session ended up with a heated discussion with the trainers, and one manager walked out and subsequently reported sick. The remaining part of the course was abandoned.

The steering group also had discussions about the team organization and regular staff meetings in all departments. None of these activities were realized. Everybody seemed uncertain about how to start the project on team organization, and the Director felt that meetings would be too expensive and suggested that the staff should pay half the meeting time by using off-hours. That was rejected by the shop stewards. Meanwhile the first line managers who received poor marks in the survey were gradually replaced. One left for early retirement, one left the firm for another position, and two others were moved to planning functions without direct personnel management. The managers who replaced them were younger. In the interviews, they told that they aimed at a more

participatory leadership style, and interviews with the employees confirmed the change in leadership. This development took place over time and without a public discussion.

The members of the steering group experienced that the employees developed a negative feeling towards the project. They saw the project as a symbol of a top management who did not pay serious attention to human resources and who held back on money as soon as it came to employee needs. In the end the director felt compelled to officially abandon the project and replace it with a new project with the expressive title: 'Licence to action'. This project received much more management attention. A young dynamic project manager was appointed, a large project group with 15 participants was formed, external consultants were hired (they were supported by a public grant), and a series of seminars and meetings were organized. Once more the director voiced the idea of partly using off-hours for some of the activities but it was strongly rejected in the project group, and he finally conceded to the strong opposition. The project was established in the resource planning system, and all time spent was registered as a cost on the project.

The project had the implementation of firm values as the main goal. The board of directors had decided that the firm should have five values: trustworthiness, respect, engagement, collaboration and development. A campaign with posters was launched to make the values more visible, and at the same time seminars for all employees were organized. At the seminars the employees were asked to express any existing problems with fulfilling the values and suggest ideas to further the implementation of the values. After the seminars, more campaigns were launched with information boards about the project, flyers with values, and specific campaign weeks for each of the five values.

Gradually the 'Licence action project' resulted in changes. Some of these were organized locally in the departments such as better housekeeping, painting of walls and conflict resolution. Others were for the company as a whole. The most important one was the implementation of regular staff meetings in all departments.

Two changes important to the employees were also implemented although not directly initiated by the projects. A number of new advanced metal working machines were acquired, and the structure was changed. The firm was reorganized into two divisions; one for the large machines and one for accessories. All metal working workshops were included in the division for large machines which gave them a clear affiliation to the core activities of the firm. At the same time the market for especially large machines developed favourably and the staff was increased to more than 210 employees. But other changes which the employees were asking for were still pending: The construction of new additional premises which would solve space problems and unify the firm at one address, implementation of team organization, and the appointment of a human resource officer.

At the conclusion of the project in early 2007 the employees generally expressed positive feelings towards the project and the general development of the firm during the last two years. But many also had critical reflections on the many meetings compared to the implementation of real life changes. Especially the delay of the construction project was criticised. Most interviewed persons both employees and first line and middle managers expressed reservation and uncertainty towards the globalization strategy

The trust process

The researcher did not have any direct experience of the situation as when the Machine Works was directly managed by the four entrepreneur, but stories told by the employees and the first line managers clearly indicate a high level of trust. Even though these stories might be coloured by a longing for the good old days, there seems to be evidence to support this assessment. The employees had experienced 20 years of continued growth, and they had a personal knowledge of at least some of the owner-managers mainly the production manager. This interpersonal level relation gave the possibility to experience the general components in trust: Integrity, competence and benevolence. In addition institutional trust had also developed. Norms and values had gradually been developed and even though they were not clearly expressed as the later board decision on firm values, they were well known. It was clear to everybody that the production manager was the one who took the decisions in the workshop. It was also clear how one ought to talk to him. At the same time everybody felt certain that he would recognize a well done job or help solving a difficult problem. Stories were told which symbolized the norms and values. Having the owners working in the firm everyday became a symbol of the institutional trust as the employees interpreted this as “the owners do work for the common good of the firm” even though they as owners had the possibility to draw out profit or sell to another party. It was directly expressed at the history workshop:

“Beforehand when the owners were in the firm every day there was a greater feeling of community, and it was easier to make decisions. Beforehand everybody knew each other. Everything is formalized nowadays. Beforehand, the management shared the profit with the employees when the firm did well, it was in the form of contributions to sports activities, parties and the like. That doesn’t happen anymore.”

The situation had changed radically at the time of the project start. The firm had grown bigger with less personal contact, the management was replaced, and the future was uncertain. The employees were very attentive to the management behaviour: Which kind of signals did they display? Could they be trusted to secure the future for the firm? The interpersonal trust was weakened due to an executive director with whom most of the employees did not have regular personal contact, and the personal contact to the production manager was soon changed to mistrust as his actions were interpreted in a negative way. At the same time, his top-down approach that was not combined with expressions of concern and recognition was considered as malevolent behaviour.

The institutional trust was also weakened due to the new ownership structure. It was not clear whether the owner now wanted to work for the common good of the firm or they mainly took an opportunistic interest in drawing out profit as fast as possible. The negative interpretation was supported by a number of observations by the employees such as the reluctance towards new investments in machines and premises, establishment of the holding company, and the strategy for internationalization with acquisition of the subsidiary in USA, and a new focus on the accessories business which most of the employees considered to be a less important part of the firm as production of new machines and contract work generated the most jobs. The uncertainty was strengthened by the personality of the executive director. He tended to express ambiguous signals by on one hand talking about human resources and values and on the other hand about minor cost savings and lack of performance. His behaviour could, in this respect, be interpreted as a symbol for uncertainty felt by the employees.

A few examples of events and statements can illustrate how a tendency among the employees to make negative interpretation developed so it reduced trust. The first example took place in 2006 - the year of the 25th anniversary. The firm used to have a party in the beginning of the New Year.

They decided to cancel that party due to a plan of making a bigger party at the anniversary in September. During the interviews, the employees expressed a clear negative interpretation of the decision. They considered it a symbol of how the new management was stingy and used the opportunity to save a few pence on behalf of the employees. The limited information about the quality of work survey was made up to a story about the management who did not like the survey results and therefore wanted to suppress the discussion. Finally the limited action plan and few visible results from the quality of work project were taken as a symbol of a management who talked about human resources in the firm but in reality did not care and wanted to avoid any costs which could benefit the employees.

Before the 'Licence to action'-project in early 2006 the trust in management was at an unprecedented low level. It has partly changed after the 'License to action'-project. There are several reasons for that. The management undertook a number of actions which opened for more positive interpretations. One important point was the decision to spend money on the project which counter balanced the experience from the quality of work project. This impression was enhanced by finally organizing the staff meetings which the employees had long asked for. But also the more general decisions such as purchase of new advanced machines reinforced the institutional trust. The interpersonal trust was increased due to new young first line managers who displayed trustworthy behaviour. An important improvement of the interpersonal trust was the new structure with most of the employees placed in the large machine division. This division was headed by a most trusted manager. He had displayed the competence to sell and construct the large machines in practice, and he was trusted to be benevolent and not opportunistic. At the same time, he gave higher priority to staff meetings by participating personally together with the first line manager in each of the departments.

4. The Print Shop

Print Shop has around 100 employees and a 100-year history. Many employees have been in the company for 10 to 30 years. The company has a history of strong union influence. In the 1990's, one of the shop stewards was technical director. Print Shop is owned by a large, international magazine publisher. The publishing company is owned by descendants of the founder.

The current production facilities were established as a result of a merger of two separate print shops owned by the same publishing company. The printing machines were completely renewed, only a few of the old bookbinding machines were retained. The staff was reduced from around 400 employees to 200 employees in a process which the employee representatives describe as painful but also as fair and respectful. The employees were involved in the implementation of the downsizing process, and the employees got a fair treatment. They were granted a severance pay on par with the retirement pension in the so-called "social agreement" included in the local collective agreement. According to both managers and employee representatives, the worker collective was very strong at the time, and the descendants of the owners of the publishing company acted according to high standards of social responsibility. The design of the new production facilities were based on strong codetermination.

Within the first year in the new production facilities, Print Shop had productivity problems related to the merger. It was difficult to integrate the employees from the two previous locations, but more importantly, it was very difficult to get the new printing machines to work properly. Often, the production was stalled for long periods, and the magazines had to be printed in external print shops.

The scrap percent was very high and several tons of paper was wasted. In 2002, the top management was fired. An experienced manager from another part of the corporation was temporarily employed as director, and a team of external consultants were brought in. Some cutbacks of benefits and the social agreements were effectuated.

At the same time, at the corporate level the ownership changed. A fourth generation of the descendants of the founder took over. According to the employees and the managers, this changed the corporate leadership from social responsibility to a more direct focus on profitability in the corporation as such. As a consequence of the problems and the new ownership, Print Shop was separated from the publishing company as a subsidiary company. A new director was appointed. He got two years to re-establish a stable production and to create a surplus that could be legitimated as competitive based on benchmarking with other print shops in the industry.

After some time, the company was further reduced to around 120 employees. The reductions were negotiated with the employee representatives, and they were very dissatisfied. They felt that it was not possible to run the machines properly with so few people. However, the director argued that other print shops did so. Some of the employees voluntarily chose early retirement. The reductions also included many middle managers. The director annulled all previously negotiated agreements and renegotiated work agreements and benefits at a new and lower level (fewer breaks, longer working hours, night shifts, etc.). The “social agreement” was annulled as well. The workers brought this to the labour court based on the claim that it effectively took away a “pension” that they had earned for years. However, they did not win the trial. Afterwards, some settlement was reached at a much lower level than previously. Another management initiative was to reduce the number of safety representatives and shop stewards as well as the number of meetings in general.

In 2004, on their own initiative, the employee representatives made a survey of the psychosocial working environment based on the COPSQ questionnaire. It showed a very negative picture. This was discussed in the joint works council, but no actions were taken.

The quality of work project

In 2005, the director and the employees agreed to join the research project. The specific aim was to improve the working conditions. The contacts to the company were established through the shop steward who had carried out the survey. The director was contacted and he expressed an interest in improving the quality of work. The project was accepted by the joint safety committee and the joint works council. A project steering group was formed with the two most influential shop stewards and one experienced safety representative, the director and two production managers. One of the production managers had been in the company for 35 years, whereas the other had been hired from the director’s previous workplace.

After the baseline analysis, the results from the interviews and the survey were presented for the employees and the managers from the safety committee and the works council. The results confirmed the negative picture from the previous survey conducted by the employees. The Print Shop had problems in almost all dimensions: demands, work organization, interpersonal relations and leadership, job satisfaction and insecurity at work, and health and well-being. The measurements were both below the national mean values for all workers and for comparable job functions. Also questions about trust and respect scored very low. One of the senior researchers told the participants that he had never seen such a bad a result. Normally, he would suggest building on the strong areas, but in this case he suggested that the company somehow had to start from scratch

in a sort of collective bootstrap process, agreeing that something had to be done. During the subsequent debate, the researcher observed that the majority of the discussions between the employee representatives and the managers ended up in mutual accusations about who was to blame for the situation. Some of the middle managers were critical towards the survey method. They argued that if the situation was as bad as the survey results indicated, they would expect people would have quit already. No agreements on actions could be reached. It was decided that the steering group should continue the work based on written suggestions from each of the meeting participants.

The steering group met eight times during the two years the intervention lasted. At the first meeting, the employees presented a six page list of suggestions for improvements. There were no written suggestions from the managers, but at the meeting the director introduced a leadership training programme. The discussions were quite antagonistic during most of the process. They could only upon a few of the suggestions. One was a proposal to improve continuous maintenance of the machines. This project was decided upon, but it was never accomplished. Another project was the development of an education plan for bookbinders. This was partially accomplished.

The steering group was never able to agree on an action plan. It took seven months before the results of the survey were officially reported back to all employees. The steering group was reluctant to do so, before substantial initiatives were agreed upon. However, this never really happened, and at some point after 6 months the group felt a pressure to make some sort of official dissemination of the survey results. Many of the discussions in the steering group revolved around how to build trust and how to improve the communication. However, often discussions ended in mutual accusations and blame. The researchers pointed this out to the company and suggested that the managers and the shop stewards should engage in a process to improve the dialogue by hiring an external consultant.

In the middle of the intervention period, the director suggested that they should hire a consultancy company with some experience from other print shops. The purpose was to engage the employees in a process to improve communication and stress handling. The consultant presented a proposal for the steering group. The proposal was rejected by the employees. Later, at the end of the project, talks with groups of bookbinders about working conditions were initiated with some success. This created a positive atmosphere and some hope for improvement among the workers. However, shortly after, around ten more printers were fired. This time the shop stewards were not involved in the selection process and this provoked a (yet another) wild cat strike.

The trust process

As in Machine Works, the researcher did not have any experience with the period before the owners changed the structure of the company and the new director took over. However, stories from employees and experienced managers depict a period of relatively high trust. But it was also a period with conflicts between the management and a strong worker collective. Also in this case the stories might be coloured by a longing for the good old times, but there are also evidence to support this. The management style of the previous owners was characterized by social commitment. This is supported by the existence of the artefact “the social agreement” and the previous benefits. The involvement of the workers in the change processes during the transformation from two print shops into one can be considered another artefact that illustrates that codetermination was a value. However, there are also other stories about the old times. The strong workers’ collective made it difficult for managers to make “necessary” top-down changes. The workers had a lot of influence

on the working processes, but also a lot of slack and drinking at the workplace. It was possible to surpass middle managers and to get support from the top manager or even from the owner, if the shop stewards disapproved of certain decisions. Such stories raise the questions whether the old systems was based on trust and respect or whether it was based on a different power balance between a strong workers' collective and the socially committed owners – or both. From the interviews it is clear that the old owners and the “social agreement” are interpreted as symbols of respect for the workers and their quality of work. It is also clear that the workers interpret the high degree of codetermination as a symbol of respect and trust in their capabilities – something that has now been lost.

The workers describe a process where trust and respect were lost, whereas the new director describes a process where it became possible for the managers to lead the company. Despite this discrepancy between the two antagonistic positions, we will use the history as an illustration of how distrust developed from a setting of relatively high trust. The problems with the new production facilities and the new machines seem to have initiated a negative trust spiral. At some point, the corporate management lost confidence that the strong coalition of workers and the managers at the Print Shop were able to solve the problems. First, the old owners tried to bring in an external director from the corporate group but without the desired success. Second, with the change to the new owners with an increased focus on profitability, Print Shop was made an independent profit centre in order to make the economic contribution clearer. According to the employees, this division into sections was interpreted as a fundamental expression of distrust and disrespect for their work to make the new production facility work. In their own account, they had worked their butts out to make the production run despite of the problems with the machines. Many employees felt that the problems were essentially created by the machine manufacturer but the employees were to blame. The subsequent rationalizations and reductions in benefits were interpreted in the light of this “betrayal”.

An incidence that occurred just around the time when the research project started is an example of the “disrespect” that was felt by the employees. At the end of the year, the employee in the publishing company owning the Print Shop received a relatively large Christmas bonus because of the good financial result. There had been a long tradition of profit-sharing. But because the Print Shop was now a subsidiary and because they had made a relatively small profit, the employees only received two Christmas ducks. The Print Shop employees felt extremely offended by this. One reason was that they still felt they were part of the publishing company, another that they had many connections to old colleagues, and also because they felt they had contributed to the good result by working hard to bring the magazines on the streets. And ironically, a press release stated that the good results in Print Shop contributed to the results of the publishing company. The Christmas ducks got a huge symbolic value. The annulment of the “social agreement” was also a powerful symbol. Several employees expressed that they had endured some of the hardship of the transition period because they had had an expectation of a large “pension” and suddenly their “bright” future was taken from them by the new director/owners.

Another example illustrates how the institutional trust process was negatively affected by the spiral of distrust. One of the fourth generation owners appeared a lot in the magazines with stories about high society and adventure travels. The employees in Print Shop interpreted this as a complete lack of concern for their working life and wellbeing. As they saw it, the new owners were only interested in profits to fund their escapades. The social responsibility of the old owners was completely gone. Now the owners did not care, they just ripped the profits. In another cultural setting with another

history of changing power relations, the employees might have been proud to see the adventurous owner figuring in (and selling) the groups' magazines. This also affected the trust in the director. To illustrate this, we can point to the differences in the interpretation of the actions of the current director and the temporary directors who were brought in by the corporate management to make Print Shop profitable again. Similar to the current director he made staff and benefit reductions. But interestingly, the employees talked about him with some veneration. He symbolized the old owners and the old corporate social responsibility, whereas the new director was interpreted as a representative of the new, dispassionate and profit seeking corporate leadership. We asked the employees whether they did not appreciate that the new director had "rescued" the company by making it profitable again. They did not appreciate this. First, the employees felt that they had made the company profitable again by working hard, not the director. Second, the employees still felt that the division between the publisher and Print Shop was artificial and so were the economic transfer agreements. Third, the employee representatives referred to the experience with the director's prior management of other print shops. They claimed that he made them profitable in the short term but at the same time ran them down with a low quality of work and limited maintenance. They claimed that he had left the print shops before the consequences of his mismanagement were realized.

Print Shop embarked on the research project with the official intention to improve the psychosocial wellbeing of the employees through improvements in the job quality. As described, the results of the survey showed very low levels in almost all dimensions both compared to the national mean and to similar job categories. We inquired further into some of the middle managers' lack of trust in the survey results expressed as "why do the workers stay if the working conditions are so bad". In informal conversations, the managers said that they suspected that the strong workers collective used the survey in a collective action by exaggerating the negative answers. At the same time, the experienced employees gave several reasons for why they did not just quit. Many had been in the company for 10-30 years. They had long lasting relations to the colleagues. Furthermore, even though the job market is positive in Denmark, it would be difficult to find a similar job in another printing company because they were either in another part of the country, the job would be based on a different technology that they were not trained to, or the job would be less challenging. They also feared that their reputation as resistant workers would work against them in job interviews, because they assumed that the directors told tales about them to other employers in the relatively small industry. Finally, they thought that Print Shop was their workplace and not the relatively new director's workplace. Therefore, it would be more 'just' if he was forced to leave – especially because they felt that he and the new owners were the main reason for the workers hardship and for the continued problems in the production.

On the other side, the new director expressed that he was on a "mission" to save the workplace. He felt that even after a lot of the benefits had been cut away the workplace was one of the best in the industry, that they had one of the most secure positions because they had a guaranteed customer and that the employees should appreciate if the workplace was not sold off. He interpreted the codetermination customs of the old days as a complete lack of trust in the middle managers and conceives it as a period where it was completely impossible to lead Print Shop. He felt that it was his task to establish 'leadership' and the shop stewards had to adjust to this new management style. To him the joint shop steward was a symbol of the financial disaster of Print Shop. He experienced, when he initiated change in the company, that the only thing he met was distrust and resistance. He tried to make the situation transparent to the employees and the staff reductions more 'just' by benchmarking with other print shops. However, the employees interpreted these benchmarks as "we

have to be as lousy as the others” and “it is not just to compare us with the others because we make a high-quality product. And we are an integrated part of the publishing company”. The employees argued that if the publishing company still wanted corporate spirit, high quality magazines, and commitment during special events, Print Shop should not be the same as other print shops. This illustrated two completely different interpretations of the same artefact “benchmarks”.

When the research project started, the researchers were not aware of the extent of the mutual distrust in the company culture. The meagre results from the initiated activities made to improve the quality of work can be ascribed to the culture of distrust. We have selected one exchange of meanings to illustrate why the meetings in the steering group have been fruitless. One of the shop stewards proclaimed that the director could not be trusted and that he hated the employee representatives. The director admitted that he did not like the employee democracy as it was, but that he did not hate the representatives. He also asked the shop steward whether he had ever lied or broken any promises. She agreed that he had not broken any new promises, but that this was irrelevant. He could not be trusted because he was the ‘director’. During another conversation she compared his reign with Hitler’s government. After such accusations the director usually stayed calm.

Both the managers and the shop stewards distrusted each others motives, looked for possible benefits for the other party and therefore tended to oppose their proposals. The director saw most of the employee initiatives as a way to retain employees or to employ more former colleagues. The shop steward interpreted most as the manager’s suggests as ways to undermine the power of the workers collective. An example is the director’s suggestion to engage a consultancy company. The employees rejected it for several reasons: first, it came from the director, therefore it could not be trusted, the program included individual talks with employees which the shop stewards felt would split the workers, and they did not get positive feedback when they checked up on the references through workers in another print shop.

Towards the end of the project, the director and the most influential shop steward had an informal meeting with the single purpose to establish a better working relation. However, the firing of ten printers at the end of the project was very badly received by the employees. Reasons given by the employees were that they had lost old friends and colleagues; another was that they did not feel that the work could be performed properly, often they would only be together with one inexperienced colleague, but most importantly, they felt that the dismissals were politically motivated. The director had got rid of people who had been critical towards the management. So, at the end of the research project, both parties were still in a deadlock in which they seemed to confirm each other in distrustful interpretations without any real possibilities of change. During the intervention, there had been several wild cat strikes. Most had been related to the workers’ feelings of unjust treatment, for example the workers went on strike after a middle manager allegedly harassed an employee. They also went on strike when ten printers were fired at the end of the project. According to the employees the strikes were the only way to illustrate the magnitude of their “hardship”. According to the director, the strikes were an expression of the workers resilience towards legitimate management. In particular, he used an example, where the workers went on strike to influence the upcoming collective agreement negotiations. The Printers Union selected Print Shop as the first place to strike. The strike, however, came just after an unproductive week coursed by problems with the printing machines. The director interpreted the strike as direct harassment, because the union could have selected any other print shop in the industry to make the statement.

5. Comparison of two cases

A comparison of the two cases emphasizes trust and distrust as fundamental concepts for organizational change. In both cases the future was uncertain and trust was challenged. In the Machine Works, the succession and the economic crisis made the future of the firm uncertain. The management's handling of the quality of work project was received with negative interpretations, and the trustful culture came under further pressure. The challenge was met by the managing director who took strong actions in order to counter this situation such as abandoning the first project and starting a new one on new conditions. This action was interpreted as a benevolent action and in a symbolic way a move back towards the old trustful culture. In the Print Shop, the history of down-sizing and the change in the ownership structure questioned the future and created strong conflicts. The resulting distrustful culture prevented any real change in spite of both parties' interest in changing the poor social relations. The costs for both parties were heavy. The management did not get the expected outcome from change initiatives and had to use additional resources for coercive methods and subsequent control, and the employees experienced low quality of work and poor health conditions.

In both cases, the directors became symbols of the employer as an institution, and their personal behaviour is interpreted as a symbol of the employer institution. It is obvious to the employees that the owners have the power to close, sell, or seriously downsize, and they constantly seem to gaze at all behavioural artefacts from the directors, big or small, to make interpretations. They are especially sensitive towards any act that can be interpreted as illegitimate. For the employees, management legitimacy is achieved by working for the common good of the company and through the acceptance of the employees' interest as legitimate. In change situations, the employees are therefore in the outset likely to have low trust in management because they are suspicious of the management motives, and the low trust may easily develop into mistrust. When that happens, as in the Print Shop, even the most rational reasoning from management is interpreted as unjust or illegitimate in the mistrust scheme, and the employees may end up defending positions which by themselves can be a threat to the survival of the firm. Similarly, the management did not trust the worker representatives and did not believe that their representation was legitimate. It became crucial for both parties to prove that they were right. The director of the Print Shop continued to squeeze staff until it may end up as undermanned, because he does not trust the arguments put forward by the employees. The employees on their side tried to prove that the printing machines could not operate at a high quality level with the actual number of printers, thereby making the production less flexible and more costly than necessary.

In the Machine Shop the trend from low trust towards mistrust came to a halt when the director recognized the concern of the employees. The most important direct artefact was the acceptance of meetings inside normal working hours. By doing that it became possible to have a situation with low trust in the director as a person but a re-formation of a higher level of institutionalized trust in the company.

The meetings between the management and the employees in Print Shop slowly increased and the quality of the dialogue showed some progress during the intervention process. This was mentioned as one of the few positive developments initiated by the quality of works project. The occurrence of strikes can be interpreted as a result of the limited possibility for dialogue in everyday life but it can also be understood as 'illegitimate' power politics by the employees resisting the director's 'illegitimate' power politics.

In Print Shop, the leadership training program was not interpreted as a positive attempt to improve conditions. One important reason could be that the middle managers who had a leadership style which regularly offended the employees and who lacked the ability to show concern (Whitener et al 1998) could continue in the same style whereas this type of leadership style led to a replacement in Machine Works. Furthermore, in Machine Works, they had a middle manager as a go between the director and the employees with high interpersonal trust but no one played the same role in Print Shop.

It is probably also important to distinguish between low trust and mistrust (Six 2005). The Machine Works could be interpreted as a case with diminishing trust during the crisis period. The actions undertaken by the management seem to have stopped this development and the trust may be growing again. It is different with Print Shop. It is clearly marked by distrust which creates a deadlock. Even though both parties realize the problems and from their own perspective take initiatives to remedy the problems, the mistrust is so strong that the other party interprets any initiative as opportunistic behaviour and the intended trust building action ends up reinforcing the vicious circle of mistrust. The experience from the Print Shop also confirms that it is impossible to control interpretations and the resulting trust of such interpretation.

6. Conclusion

The two cases illustrate the importance of trust in organizational change, and they also point to the importance of power inequality. Change creates uncertainty about the future, and the employees will look for assurance for positive prospects. At the same time, change is questions old values and norms, and change events will be interpreted as symbols which may either confirm the old values or be a sign of the departure from the old values. The management is the powerful actor who initiates change, and the employees know that the management, especially on behalf of a distant and impersonal owner, has the power to implement actions which are contrary to what could be termed the common good such as selling or even closing the company. The employees will especially look at the managements actions in order to get assurance that they are still working for the common good. They will also tend to be suspicious (Kim et al. 2004;Dirks 2006) and look towards the possibility for opportunistic conduct. At the same time, the top management will both be judged on the personal level and as a symbol of the institution. Personal behaviour in the small scale may therefore develop into stories that symbolize illegitimacy and thereby confirm distrust in management goals.

It is therefore important in organizational change to work with trust. A reduction in trust or even development of mistrust will have high costs for all parties in the organization. It is of course not possible for anyone to control trust development but the knowledge of the trust mechanisms may open a scope for actions which have the possibility of building trust and at the same time avoid actions which are ambiguous and can be interpreted as opportunistic.

For both parties, but especially for the management as the most powerful actor, it is important to be aware of actions which can be interpreted as opportunistic and malevolent. The symbolic attribution to actions with relatively minor implications such as cancelling traditional parties and gifts may have consequences far beyond the action itself. The important point is for both parties to make clear that they accept the agenda of the other party as being legitimate.

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