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Conflict and Trust: Partners in Developing Organizations

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Abstract:
Conflict and trust have typically been considered if not opposites at least incompatible. However, recent studies have suggested that managing conflict cooperatively can strengthen trust. This paper argues that this research helps us understand and appreciate trust’s critical role and how it can be fostered. The paper defines trust as expectations that another will promote one’s goals. Trust is critical for strengthening perceived cooperative goals and mutually beneficial interaction. Partners can develop their trust as they deal with the many conflicts they confront in groups, organizations, and alliances. Partners, even when they are from diverse cultures, can use managing conflict cooperatively knowledge to form a common platform to guide their collaboration to promote their trust and productivity.
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Abstract

Conflict and trust have typically been considered if not opposites at least incompatible. However, recent studies have suggested that managing conflict cooperatively can strengthen trust. This paper argues that this research helps us understand and appreciate trust’s critical role and how it can be fostered. The paper defines trust as expectations that another will promote one’s goals. Trust is critical for strengthening perceived cooperative goals and mutually beneficial interaction. Partners can develop their trust as they deal with the many conflicts they confront in groups, organizations, and alliances. Partners, even when they are from diverse cultures, can use managing conflict cooperatively knowledge to form a common platform to guide their collaboration to promote their trust and productivity.
Conflict and Trust: Partners in Developing Organizations

Trust is increasingly documented as not only facilitating employee wellbeing and commitment but as essential for effective leadership, teamwork, and alliances. Studies including meta-analyses have found that trust promotes job performance and citizenship behavior (Colquitt, Scott, & LePine, 2007; Dirks & Ferrin, 2002; Lau & Lam, 2008). Strategic management theorists have proposed that trusting relationships are a fundamental competitive advantage for they support the collaboration needed for organizations to innovate and respond to the changing marketplace (Barney, 2001; Lavie, 2006).

Developing trusting relationships, though, is challenging, especially when people are from different cultures. This paper proposes that conflict, typically believed to be an impediment to trust, can enhance trust, when it is constructively managed, even between people of different status, companies, and countries.

Managing conflict constructively is more than one way to strengthen trust; it is necessary to have long-term trusting relationships. Inevitably, partners will have opposing views, issues to bargain, and misunderstandings. Groups must contend with, among other issues, conflicts over such task issues as the effective and fair distribution of work and the best ways to accomplish their goals (Jehn, 1995) as well as relational issues such as social loafing and personal hostility (Wageman, 1995). Within organizations, teams conflict as they try to negotiate resources and influence top management (Eisenhardt & Bourgeois, 1988). These conflicts cannot simply be ignored, wished away, or hoped that they do not affect
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trust. This paper argues that when these conflicts are managed constructively, they strengthen trust; when managed ineffectively, they weaken trust. There is no realistic alternative to conflict management to maintain and build trust.

Trust is often considered central to the positive face of organizations whereas conflict is part of its negative face. However, recent studies suggest that managing conflict for mutually benefit very much contributes to trust and high quality relationships (Chen & Tjosvold, 2007; Hempel, Zhang, & Tjosvold, 2009; Tjosvold, 1999). Understanding the value of conflict for trust development challenges us to refine our thinking both about conflict and about trust. This paper explores confusions with our understandings of conflict and trust and their relationship and shows how conflict and trust can be valuable partners to develop high quality, productive relationships.

Globalization has intensified the reality that employees who are culturally diverse must work together on a daily basis. Our own recent research has focused on China. Foreign firms have been attracted to China’s growing, potentially huge market but also by its production capabilities. To capture these advantages, foreign firms have established subsidiaries and joint ventures (Buvik & Gronhaug, 2000; Hitt, Lee, & Yucel, 2002; Lane, Salk, & Lyles, 2001). But to lower costs, improve quality, and participate in China’s growing marketplace, these subsidiaries and ventures must recruit and retain local employees and in other ways developing effective collaboration between Chinese and Westerners (Chen, Tjosvold, & Peng, 2007). We need a common understanding of how diverse people can develop trust so that they can collaborate effectively.
This paper argues that managing conflict cooperatively, that is, for mutual benefit, is a powerful way to develop trust defined as the expectation that the other will facilitate one’s own goals. Trusting expectations are critical for partners to believe that their goals are positively related and for their interacting to promote each other’s goals. This mutual goal facilitation in turn is the foundation for high quality, productive relationships, and more specifically, for developing the positive attitudes and perceptions often associated with trust.

To make this argument, we first review research that directly tests and supports that conflict, when cooperatively managed, contributes significantly to trust. The second section uses this research to help define trust as the expectation that the other will promote one’s goals and suspicion as the expectation of goal frustration. The third part shows how to use our understanding of conflict and trust to help culturally diverse people develop trust.

The Value of Trust

Managers and researchers are coming to agree on the value of trust and high quality interpersonal relationships more generally. Dirks (2000, 1999) found that trust facilitated team coordination and performance whereas distrust led team members to focus on their individual performance. Trust appears to be particularly useful for diverse teams where members belong to different departments and organizations (Aulakh, Kotabe, & Sahay, 1996; Krishnan, Martin, & Noorderhaven, 2006; Kumar, 1996).
Ferrin & Gillespie (2009) has recently argued that there is no doubting the evidence that trust matters. The level of trust within listed companies has been shown to predict to financial performance and stock valuations (Filbeck & Preece, 2003).

Indeed, conflict research identifies an important dynamic by which trust has valuable effects, namely, trust promotes cooperative, integrative discussions and negotiation where protagonists develop mutually beneficial solutions (Jehn & Mannix, 2001; Kimmel, Pruitt, Magenau, Konar-Goldband, & Carnevale, 1980; Lindskold & Han, 1988; Peterson & Behfar, 2003; Rao & Schmidt, 1998; Simons & Peterson, 2000). Trust has been closely related to developing cooperative goals more generally (Deutsch, 1962; Williams, 2001).

Managing Conflict to Develop Trust

Although there is increasing agreement on the value of trusting, high quality interpersonal relationships, there is less research on how to build trust in our organizations (Ferrin & Gillespie, 2009). Researchers have traditionally thought that conflict and trust are highly related, but negatively so. Studies, using both qualitative (Barker, 1993) and longitudinal quantitative (Langfred, 2007) methods, have found that conflict within teams can reduce trust. A meta-analysis has convincingly showed that to the extent team members have relationship conflict that involves feelings of hostility and suspicion, they are unproductive and dissatisfied (De Dreu & Weigart, 2003).
However, recent studies support that conflict, when constructively managed, fosters trust (Chen & Tjosvold, 2007; Hemphel, et al, 2009; Tjosvold, 1999). These studies assume that it is not so much the degree or kind of conflict that directly affects trust as it is how conflicts are considered and dealt with. The way partners approach conflict with each other is an important basis upon which they decide whether they can trust each other (Beersma & De Dreu, 1999). This section argues that managing conflict cooperatively for mutual benefit is a practical, powerful way to develop, maintain, and strengthen trust.

Our studies have used Deutsch's (1980, 1973) theory of cooperation and competition to identify major approaches to managing conflict. Social psychological research has documented that whether protagonists emphasize cooperative or competitive goals very much alters the dynamics and outcomes of conflict (Deutsch, 1990, 1980; Johnson & Johnson, 2005; Tjosvold, 2007).

In approaching a conflict, protagonists can emphasize their cooperative interests where they seek to promote each other’s goals. They view conflict as a mutual problem and try to develop a common solution. Studies document that then they discuss opposing positions open-mindedly, try to integrate their ideas, and work for a mutually acceptable and beneficially solutions; these actions in turn result in high-quality solutions to problems and productive work (Deutsch, 1973; Tjosvold, 2007, 1998).

People in conflict can also emphasize their competitive interests where they seek their goals at the expense of the other. They tend to view the conflict as a win-lose struggle. The emphasis on competitive interests leads to tough, closed-
minded discussions that undermine quality solutions and relationships. Consequently, people fail to use their conflicts to solve difficulties and improve their joint work.

Specifically, managers in the Hong Kong parent company and new product specialists in Canada who developed cooperative links were able to discuss their opposing views openly and thereby developed trusting relationships despite their cultural differences and geographic separation (Tjosvold, 1999). Managers from Shanghai, China, were interviewed about specific times that they had conflicts with their Western superior (Chen & Tjosvold, 2007). Results supported the theorizing that managing conflict for mutual benefit developed trust and high quality relationships as well as commitment to the company. However, a competitive, trying to win approach to conflict or avoiding conflict undermined trust, quality relationships, and commitment.

Results from over 100 organizations in China support the theorizing that how teams manage conflict with each other affects within team conflict management and trust (Hempel, Zhang, & Tjosvold, 2009). Specifically, teams that approached their conflicts cooperatively with other teams in the organization were able to manage their own internal conflicts cooperatively. This cooperative approach to their internal conflicts in turn strengthened their trust with their team members. These results provide direct evidence that managing conflict cooperatively contributes to trusting relationships whereas competitive and avoiding approaches frustrate trust.
Conflicts provide important opportunities to develop or undermine trusting, productive relationships. Conflicts expose interpersonal and task difficulties and can develop the motivation and be the means by which they are considered and dealt with (De Dreu & Van de Vliert, 1997). Studies suggest that managing conflicts cooperatively even about relational issues such as anger can strengthen relationship bonds (Tjosvold, 2002; Tjosvold & Su, 2007). Research from many perspectives also indicates that open conflicts such as voicing minority views and heterogeneity of perspectives improve team problem solving (Tjosvold, 2007; Peterson & Nemeth, 1996). The skilled, cooperative discussion of conflicts can stimulate creative, motivated work that accomplishes common tasks as well as strengthens interpersonal relationships and teamwork (Tjosvold, 2008, 1998). Results indicate that the way in which partners approach and deal with their conflicts critically affects the outcomes of conflict, including trust.

Defining Conflict and Trust

Despite research findings, the idea that conflict and its management can contribute to trust is not widely accepted, indeed, seems contrary to the main currents of organizational behavior research. This section argues that influential definitions of conflict and trust contribute to the conclusion that trust and conflict are inimical.

This section argues that defining conflict as opposing interests and incompatible goals and defining trust as multi-dimensional have contributed to the thinking that conflict is negative, trust is positive, and therefore the two are
incompatible. Understanding that conflicts are not necessarily competitive and occur within cooperative contexts helps us understand how effectively managed conflict can strengthen trust.

**Distinguishing Conflict and Competition**

Conflict has been defined as perceived divergence of interests where goals and aspirations cannot be achieved simultaneously (Lewicki, Saunders, and Minton, 1997; Rubin, Pruitt, and Kim, 1994). Defining conflict as opposing interests confounds conflict with competition defined as incompatible goals.

This paper uses Deutsch’s (1973) definition of conflict as incompatible activities; one person's actions interfere, obstruct or in some way get in the way of another's. Conflict occurs when one person’s ideas, information, expectations, and preferences are incompatible with those of another as they seek an agreement. People discuss the pros and cons of various decisions and actions.

Conflict should be clearly distinguished from competition defined as incompatible goals. Otherwise it is unclear whether theorized effects of conflict are due to competition or to conflict. Research reviewed above indicates that this confusion very much frustrates our understanding and managing of conflict.

**Issues with Multi-Dimensional Trust**

Researchers have proposed various definitions of trust. Much as conflict researchers (DeDreu, 2009), they have concluded that trust is multi-dimensional. This section argues that, in addition to reinforcing the thinking that trust is
positive and the opposite of conflict, these general definitions make it difficult to understand trust dynamically: How is trust developed and have its effects and how does conflict affect the development of trust?

Ferrin, Bligh, and Kohles (2008) summarized that researchers have defined trust in various ways: perceived ability, perceived integrity, positive and confident expectations, a willingness to accept vulnerability, and trusting actions. Mayer, Davis and Schoorman (1995) argued that trust involves ability, benevolence, and integrity. People trust others when they consider them to have capabilities and characteristics needed to implement their commitments, have a positive intention toward the trusting person, and are committed to principles of fairness and honesty. Trust also involves risk-taking as these expectations may not be fulfilled.

According to McAllister (1995), affect-based trust is characterized by high emotional involvement and feelings of genuine caring and concern for each other’s welfare. For example, people trust others as they know they will respond constructively and caringly when they share their problems. Cognition-based trust involves perceptions that the other person is responsible, reliable, and competent, such as beliefs that people approach their jobs with professionalism and dedication.

Researchers have used one or more of these definitions of trust in their empirical studies (Ferrin, et al, 2008). Ferrin & Gillespie (2009) recently concluded that the best approach is to consider trust as a family of concepts rather than impose a definition. However, without agreement on the nature of trust,
accumulating evidence is difficult as it is unclear what aspects of trust are having the effects observed.

Particularly relevant for this paper is that it is difficult to understand how trust, defined in terms of several dimensions, operates dynamically. Traditional definitions even suggest that trust is a relatively stable set of positive attitudes and perceptions, but we need to know how to develop trust and the positive attitudes and perceived abilities associated with trust.

Trust as Expectations of Promotive Interaction

Researchers have begun to focus on trust as involving expectations and reliance on others and accepting vulnerability (Ferrin, et al, 2008; Mayer, et al, 1995). Rousseau et al. (1998) argued that trust occurs when people are willing to accept vulnerability because they have positive expectations of the trusted.

This paper defines trust as having expectations that the other will facilitate one’s goals (Deutsch, 1962). This definition restricts trust to “one thing”; it is not necessary to include vulnerability in defining trust as trust occurs when people are vulnerable in the sense that they are dependent on others; we do not expect others to promote our goals unless we believe that they can influence these goals. Trust occurs when we are dependent and therefore vulnerable: The other can chose to help or frustrate our goals, or in behavioral terms, can increase or decrease our costs and benefits (Thibuat & Kelley, 1959; Tjosvold & Wu, 2009). Trust may have greater impact the more dependent and vulnerable people feel, that is, the
more they believe that the other can affect their goals (costs and benefits); however, this issue should be studied, not assumed in the definition.

*The Dynamics between Conflict and Trust*

Defining trust as expectations of goal facilitation trust helps our understanding of why the cooperative management of conflict can be a powerful catalyst for trust. As protagonists seek to resolve their incompatible activities for mutual benefit, they are demonstrating concretely that they are acting to promote the goals of the other. They are seeking to resolve the conflict so that to the extent possible the other achieves his or her goals. They are giving their partners evidence that they can be trusted, that is, that they can be relied upon to promote their goals. They are signaling to each other that they share a common sense of belonging and identity and can all share in their joint success. This sense that all partners can succeed together helps promote trust because partners know that they can rely upon each other to work for mutual benefit.

A competitive, win-lose approach to conflict, on the other hand, communicates suspicion. Partners are seeking to promote their own goals at the expense of the other. They are seen as acting to the disadvantage of the others to advance their personal aspirations. They are providing evidence that they can be expected to frustrate other’s goals, not promote them, and thereby develop suspicion.

*The Contributions of Expectations*
This section describes how trusting and suspicious expectations very much affect how productive and enhancing interaction and relationships are. Deutsch (1973) argued that goal interdependence very much influences interaction and interaction in turn very much affects outcomes. Meta-analyses of research support the theorizing that whether people believe their goals are cooperatively or competitively related very much affects how they interact and this interaction in turn affects the quality of relationships, social support, self-esteem, and productivity (Johnson & Johnson, 2005; 1989; Johnson, Maruyama, Johnson, Nelson, & Skon, 1981; Stanne, Johnson, & Johnson, 1999). Mutually beneficial interaction is the critical link between cooperative goal interdependence and its constructive outcomes. Trust is vital to develop this interaction.

How people understand their goals are related, not the actual state of affairs, drives their interaction. Believing their goals are positively related is a sound basis upon which to trust others to facilitate one’s goals. With cooperative goals, people help others reach theirs goals as they pursue their own goals. Deutsch (1973) proposed that a beneficent cycle consists of the mutually reinforcing elements of cooperative goals, mutually beneficial interaction, and the outcomes of strong relationships and productivity. The more the mutually beneficial interaction and constructive outcomes, the stronger the perceived cooperative goals.

This reasoning helps understand how trust is typically associated with positive perceptions and attitudes (Mayer, et al, 1995; McAllister, 1995). As trust facilitates mutually beneficial interaction, partners are likely to positively value
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those who are facilitating their goals, resulting in positive affect and perceptions (Deutsch, 1973).

However, this reinforcing spiral is not inevitable. Researchers have concluded on the basis of experimental studies that cooperative interaction can be difficult to maintain (Kelley & Stahlenski, 1970; Komorita & Parks, 1995). Observers have identified significant challenges to maintaining cooperative systems, whether they be project teams, worker cooperatives, kibbutz, alliances, or organizations, (Hackman, 1990; Tajfel, 1981). Despite common tasks, shared identity, and espoused common goals, people often end up withdrawing, even competing. Trust is vital to develop and maintain mutually beneficial interaction and perception of cooperative goals.

With initially cooperative goals, partners can have their trust disconfirmed and their suspicion developed. As they collaborate, partners want to have their trusting expectations and their beliefs that their goals are cooperatively related confirmed. If others fail to communicate that they aim to facilitate the other’s goals, people are likely to reduce their trust and come to doubt that their goals are cooperatively related (Deutsch, 1973). Reduced mutually enhancing interaction and suspicion that can in turn develop a reinforcing negative cycle of competitive goals, suspicion, frustrating interaction, and fragmented relationships.

As research already summarized indicates, managing conflict in competitive, win-lose ways undermines trust as people have evidence that the other is not trying to facilitate their goals, indeed, is trying to frustrate them. This experience results in the belief that goals are negatively related and suspicion, and
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these in turn undermine relationships and productivity. The next section proposes how knowledge about conflict management can be applied to strengthen trust, even across cultural boundaries.

Managing Conflict Cooperatively to Develop Trust across Cultures

Increasingly people from diverse cultures need to develop trust as they are collaborating in the global marketplace. Cross-cultural researchers have recently argued that diverse people need frameworks to overcome obstacles to work together productively (Bond, 2003; Smith, 2003). This section argues that a cooperative, compared to a competitive and an avoiding, approach to managing conflict is a common foundation that diverse people can use to strengthen trust even when they have unequal status.

Chinese Employees and Foreign Managers

“Bu da bu xiang sh” (no discord, no concord)

Traditional Chinese saying

Our studies have focused on relationships between Chinese employees and Western managers. In a direct test of how conflict affects trust across cultures, 111 managers from Shanghai, China, were interviewed about specific times that they had conflicts with their Western superior (Chen & Tjosvold, 2007). Results supported the theorizing that managing conflict for mutual benefit developed high quality relationships and trust as well as commitment to the company. However, a competitive, trying to win approach to conflict or avoiding conflict undermined
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trust, quality relationships, and commitment. Studies have also found that the
open, cooperative discussion of differences strengthen productive collaboration
and relationships between Japanese managers and Chinese employees (Liu,
Tjosvold, & Wong, 2004; Tjosvold, Sasaki, & Moy, 1998). Experimental findings
also support that cooperative goals and openness promote effective decision-
making between Chinese people and foreign managers (Chen, Tjosvold, & Wu,
2008).

Developing a Common Approach Together

Foreign managers and Chinese employees can agree to use the cooperative
approach to conflict as common, powerful framework for how they are going to
disagree to strengthen their trust and improve their performance. Together they
commit themselves and learn how to communicate that they believe their goals
are cooperatively related, that they expect to facilitate each other’s goals, and they
want to develop mutually beneficial solutions to conflicts. They train together to
confront their differences directly and to speak their mind freely; they stop
defending their own views long enough to ask each other for more information
and arguments. They show their intention to maintain their cooperative
relationship and understand each other by putting themselves into each other’s
shoes. They indicate that they want to resolve the conflict for mutual benefit.
They realize that their goal is to strengthen cooperative relationships and help
each other get what each other really needs and values, and not to try to win and
outdo each other.
Foreign managers and Chinese employees can develop ways of managing conflict cooperatively that are appropriate and effective for them. Then they are able to express their diversity and use their conflicts to develop trust and solve problems. The cooperative approach to conflict strengthens their trust, appreciation of their diversity, and performance.

Conclusions

Research is needed to develop and document further the major argument of this paper: Trust is usefully defined as expectations that another will promote one’s goals, is critical for strengthening perceive cooperative goals and mutually beneficial interaction, and that managing conflict cooperatively is a powerful way to develop, maintain, and strengthen trust.

However, trust may not always be constructive. Trusting others with cooperative goals leaves one vulnerable as others might not facilitate goals but to trust in competition exposes one to harm as people can be expected to pursue their own goals at the expense of the trustor’s goals. Indeed, experiments suggest that people are willing to continue to exploit others who are unconditionally trusting (Deutsch, 1973; Komorita & Parks, 1995); gullible people can suffer at the hands of competitors.

Research is also needed to explore suspicion, defined as the expectation of goal frustration, not simply as the opposite of trust or as measured by low levels of trust. Whereas suspicion can solidify competition and mutual frustration, the framework developed here indicates when suspicion can be appropriate and
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useful. Suspicion might be rational whereas trust is inappropriate when people believe that their goals are negatively related. In competition, expecting facilitative behavior is not reasonable.

More generally, the framework developed here indicates that people must be appropriately trusting and suspicious depending on the situation. Trusting those who believe they have cooperative goals is likely to induce trust and mutually beneficial interaction. Suspicion is likely to induce mutually frustrating behavior but can protect the self from exploitation. However, feeling suspected can be very upsetting and disruptive (Dirks & Skarlicki, 2009). Evidence also suggests that being predisposed to suspicion leads to social alienation, low levels of productivity, and psychological pathologies (Kessler, & McLeod, 1985; Tjosvold, & Huang, Johnson, & Johnson, 2008).

Conflict is a double-edge sword. The framework developed here underlines the critical role of trust in developing the different faces of conflict. Trust can solidify perceived cooperative goals and mutually beneficial conflict management that strengthens relationships and productivity. However, suspicion induces the competitive approach to conflict and in turn is fostered by it in a mutually destructive cycle.

Trust and suspicion are becoming ever more important research and practical issues as people are increasingly asked to work in teams, join forces with other organizations, and network with people from different regions and cultures.
Research reviewed here reinforces the common understanding that trust is valuable, indeed, necessary for people to work together productively; however, suspicion is not only possible but can be prudent in competitive situations.

Considerable research has indicated that trust facilitates integrative negotiations. Less accepted is the paper’s central proposal that conflict, when managed cooperatively, is a powerful, practical way to strengthen trust. Trust can be continuously developed as partners deal with the inevitable frustrations and opposing views when they commit to managing their conflicts cooperatively for mutual benefit.
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