

Towards a more social perspective of network management: An action research study on trust and commitment

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Abstract

This paper focuses on network management. We highlight the social perspective of network management and present an action research study on creating, maintaining and restoring trust and commitment in a network. Through theoretical review and empirical findings, we discuss how trust can be divided into initial and evolved trust, what are the dynamics of and between trust and commitment, and through what kind of mechanisms trust and commitment can be influenced.

Keywords: network management, social networks, trust, commitment, action research

Introduction

Networks are one of three general governance modes — along with markets and hierarchies — that govern social life (Thompson et al 1995). A network may be defined as a group of autonomous actors that have repeated, enduring relations in order to achieve some stated or un-stated objective(s), while lacking a legitimate authority that resolves disputes that may arise among actors (Podolny & Page 1998). In their ideal form network relationships are coordinated through trust-based relations.

Commitment is related to trust, and together, as the key mediators they enable cooperation between organizations (Morgan & Hunt 1994; Hunt & Morgan 1994b). Researchers have looked at trust from different perspectives: economic and social trust (Miettinen et al 2006), sociological and psychological foundations of trust (McEvily et al 2003), interpersonal and inter-organizational trust (Gulati 1995, Laaksonen et al 2008), initial and evolved trust, and contractual, competence or goodwill based trust (Laaksonen et al 2008).

Research on trust has been mainly conceptual and quantitative (Möllering et al 2004). This paper contributes to the research on trust in inter-organizational settings through qualitative action research. Action research as data collection method brings researchers to the source of understanding the social practices inside organizations, or in a network in this case. In this study, this method allowed the researchers to test and develop the concept of network management, and more specifically trust and commitment, as mediating mechanisms in networked service development.

This paper starts with a brief theoretical review. In the methodology part the research process and action research as a research method are presented. Theoretical and methodological parts are followed by empirical findings. Finally, we present our conclusions, research limitations, and future research suggestions.

Theoretical background

Network management theory

A network is a group of autonomous actors that have repeated, enduring, trust-based relations in order to achieve some stated or un-stated objective(s) (Podolny and Page 1998). The management of a network is about improving the effectiveness and efficiency of the network relationships. Improving these has been argued to require four types of managerial activity in networks (Tsoukas 1994; Agranoff & McGuire 2001; McGuire 2002; Järvensivu & Nykänen 2008): *Framing* mutual plans, goals, and visions; *activating* the patterns of actors, resources, and activities that are needed; *mobilizing* the actors through building trust and commitment; and *synthesizing* the network by controlling that everything goes as planned.

Building trust and commitment, or mobilizing, is one of the key functions of network management. The focus of this paper is on how actors can create trust and on the relationship between trust and commitment in health and social care networks. In the remainder of the paper the other three management functions – framing, activating and synthesizing – will not be dealt with explicitly. However, it is important to notice that they are linked to trust and commitment. For instance, framing is not effective among actors that do not trust each other or are not committed to collaborate (McEvily et al 2003). Likewise, some level of initial trust is required in order to negotiate joint activating and synthesizing of a network. And vice versa, the successful collaborative framing, activating, and synthesizing among networked actors can support a virtuous cycle of trust and commitment building.

Trust and commitment in inter-organizational setting

Understanding of trust and its role in organizational setting has been fragmented (McEvily et al 2003), but some general characteristics of trust can be identified and implemented to inter-organizational cooperation. Firstly, trust is a shared belief that actors in a certain relationship have similar and compatible interests (Laaksonen et al 2008). Secondly, trusting actors make a conscious decision to depend on each other (Zand 1972; Inkpen & Curral 2004), and thirdly, actors accept certain amount of uncertainty since the actors can never fully know each other or predict actions (Laaksonen et al 2008). Fourthly, trusting actors are vulnerable to other actors' behavior and dependent on others' goodwill. All in all, trust can be defined as a social mechanism that reduces transactions costs in relationships (Ring & Van Den Ven 1992), and in a wider perspective, as a mechanism for reduction of social complexity (Luhmann 2000).

In the literature on trust acceptance of uncertainty is often defined as risk. Risk and trust are closely related concepts, and several researchers have studied the relationship between them (Inkpen & Curral 2004; Mayer et al 1995). Trusting actors are aware of this risk, and some level of risk has to be always taken to engage in social action. However, not everything need to be risked, and similarly, trust is not always involved in risk-taking behavior. (Mayer et al 1995) The amounts of trust and risk vary according to the task and situation at hand, and on the other person or actor (Zand 1972).

In an environment where there is lack of trust, actors avoid things that would expose them to others, thus also commitment is hindered. Zand (1979) has described the ways lack of trust appears in cooperation. An actor who does not trust another actor conceals and distorts relevant information from the actor and avoids stating and disguising facts, ideas, and conclusions. The information

passed is low in accuracy, comprehensiveness, and timeliness. The feeling of not being trusted leads to rejecting influence of others and simultaneously, to an attempt to control others. Lack of trust appears as suspiciousness and introversion and increases the likelihood of misunderstandings and misinterpretation.

In this paper the concepts of initial and evolved trust (Laaksonen et al 2008; Inkpen & Currall 2004) are adopted to capture the creation of trust over time, through repeated ties (Gulati 1995), impact of social events, managerial actions, and third party involvement on trust. Also, trust is seen as something that evolves over time between actors (Inkpen & Currall 2004; McEvily et al 2003), either increases or decreases the likelihood of commitment in joint activities (Håkansson & Snehota 1995), has an affect on the effectiveness of inter-organizational service development, and is a mechanism that reduces social complexity in inter-organizational service development (Luhmann 2000).

The effects of trust and commitment

Shared history and experience base is the ground for evolved trust and mutual commitment (Mayer et al 1995). At the beginning of a relationship trust (initial trust) and collaborative objectives create the climate for, and shapes interaction between the partners, while in evolved relationships learning and trust (evolved trust) co-evolve. Furthermore, trust is supported or created through learning from the other partner. (Inkpen & Currall 2004; Laaksonen et al 2008). Doz (1996) argues that willingness to learn about the other actor can be seen as commitment.

Also, as the relationship evolves, actors start adjusting their collaborative processes. Möllering et al (2004) use the terms structuring and mobilizing to illustrate how trust shapes organizations and their collaboration processes (organizing of co-operations). Trust allows stable and enduring interactions, and it motivates actors to contribute, combine, and coordinate their resources in a way that benefits both actors. Accordingly, trust has a role in increasing knowledge transfer and speeding the circulation of knowledge.

Relying on trust as a binding mechanism in a relationship has some direct benefits (Gulati 1995). Firstly, it enables actors in a partnership to adapt together to changing environments. Secondly, it saves money and effort in searching for new partners. Thirdly, it enables actors to achieve openness and competitiveness (Möllering et al 2004). Fourthly, it protects actors from negative effects of mistrust (Zand 1972). These negative effects appear as increased social uncertainty through misunderstandings, misinterpretations, concealed information, and renunciation of common goals and values. Mistrust also has a negative effect on commitment. In a situation where there is lack of trust or low initial trust between two particular actors, a common third party can act as a mediator and enable the two actors to create trust between them.

Trust and commitment can be seen as mediating factors for cooperation in inter-organizational setting. Usually, commitment is seen to follow trust. Hence, as trust increases, so does the willingness to take risk and commit to collaboration increases. (Inkpen & Currall 2004) Commitment can be defined as individual's willingness to accept organizations, or networks, goals and values, and willingness to cooperate with others to accomplish these goals. As trust, also commitment grows over time (Dwyer et al 1987; Hunt & Morgan 1994a).

There are factors that either prohibit or enable the creation and success of trust and commitment. The use of power has been noted to prohibit actors from developing mutual commitment (Inkpen &

Currall 2004), and opportunistic behavior to decrease both trust and commitment. The cost of terminating a relationship increases willingness to create commitment and trust between actors, as do potential relationship benefits increase trust and commitment. Shared values increase the likelihood of success in creation of trust and commitment. Communication is an enabler of both trust and commitment. (Hunt and Morgan 1994b) On the other hand, communication has been seen as the direct benefit of communication (McEvily et al 2003)

Methodology

The research has progressed in two phases. The first phase of the research (2006-2008) consisted of a conceptual framing of network management. The goal was to find out the typical characteristics, benefits and challenges of a network as well as how they can be managed. This study included two simultaneous and interrelated research tasks: (1) literature review and theoretical conceptualization and (2) a multiple-case study resting on interview and documentary data. The literature review was based on key word search on two academic search engines, EBSCO and ProQuest. Terms such as "business networks", "interorganizational relationships", and "network management" were used in different forms and combinations. The multiple-case study proceeded concurrently with the literature review.

The key product of the first research phase was a theoretical framework of network management, including network management defined through the four required management functions: framing, activating, mobilizing, and synthesizing. The results of the literature review and the multiple-case study are reported in more detail in another paper (reference will be provided in the final paper). These findings were important for two reasons. Firstly, network management was now defined through a fairly simple theoretical model of four basic functions. This conceptualization is powerful, as it can be quite easily conveyed to the practicing manager. Secondly, there was an agenda for further research, since it had become evident that the basic functions need to be adapted case-by-case. Thus, given the basic network management functions, a second phase was planned for studying network management in order to get closer to the actual practice of network management through the methodology of action research.

The second phase of the research (2008-2009) has been qualitative in nature and conducted as action research. The field of action research is diversified, but action research is always seen as dynamic, cyclical, suffused with certain amount of uncertainty, and a process of development with limited duration. Outcome of action research is always chance, which entails revealing subconscious ways of action, social structures and traditions, and power relations. (McNiff 1995; Morton 1999) The ultimate goal of action research is to generalize the results and methods to the used theory, and finally to test and modify theory through action. Theory is the grounds for practical choices in action research (Gummesson 1991), thus relationship to theories of social networks and network management has been revisited from the beginning of the research process. As all social action, also action research is always embedded with a risk (Morton 1999), but in action research the risk is taken into account and consciously prepared for.

Based on acquired paradigms and pre-understanding the action researcher adopts the role of a change agent. Researcher develops an understanding of decisions at hand, and uses this understanding together with chosen theories to change the process actors (the network that is being changed and the researchers who are changing the network) are involved in. The role of an action

researcher includes two sides: researcher and consultant. The consultancy role is visible to the network and includes the actions done together with the network to help the network change. The researcher role is more in the background of the “action” since it includes relating to theories for new ideas and to revisit earlier models or frameworks (Cummesson 1991). The most important part of this researcher role, and the one that distinguishes the researcher from a consultant, is documenting the research findings to academic audience.

In this study the researchers adopted the roles of network coordinators and managers. The researchers took the roles of a network manager and a network specialist in workshops organized by the researchers. By adapting these roles, the researchers were able to use themselves as “quinea-pigs” for network management. By experiencing the challenges of this networking process the researchers were ultimately able to define events that are likely to decrease or reset evolved trust back to the level of initial trust, and develop network management conceptualizations by introducing mechanisms for creating, maintaining, and increasing evolved trust.

Empirical findings - Case: Home care and disabled care networking process

Introduction to background and initial situation

The Espoo elderly home care (HC) and disabled care (DC) network is a newly started collaboration between two units that are functionally separated from each other. The two units treat partially the same customers: some elderly people over 65 may be disabled, and some become disabled just before they turn 65. Problems arise when the two units try to decide whose clients these patients really are, or, in other words, which of the two units bears the costs of treating these patients. The initial trust between these two organizations was low, nevertheless existing. The low level of trust was come forth in lack of communication, seemingly different goals in customer care, and insufficient information flow between the actors. At the beginning of the action research intervention, the social ties between the employees from different units as well as coordination between the units were largely dysfunctional.

Events influencing trust and commitment

Since the initial trust was low, the start of the networking process required extra efforts from the researchers as third party and from the home care unit as the initiator of the networking process. The HC unit approached the DC unit very humbly. The role of the researchers as a mediating third party included encouragement and mental support as well as practical assistance in presenting the idea of the network process. The means for collaboration were workshops held monthly. The role of the networking workshops in this process is to open communication, provide an arena for learning about each other, and through communication and learning create trust and commitment to joint service production for common patients.

The initiative to start the networking process was successful and first networking workshop was held shortly after the mutual agreement of starting the process. The first workshop showed that the invitation for cooperation was successful. Unexpectedly, the HC unit showed some lack of commitment by showing up late. The manager of this unit reacted to this by apologizing and reassuring that this will never again happen. Making oneself vulnerable and opening conversation about a negative issue proved that the manager and the rest of the HC unit will be committed to this networking process. Showing up late could also be interpreted as lack of trust towards the researchers as experts, and the researchers were aware of that possibility. The network members did

then attend the next couple of workshops well and came on time. However, eventually the commitment to participate and the trust to the researchers' as well as network members' ability influence and make an impact on the service production processes started to erode.

Lack of trust towards the researchers and their expertise was expressed at the early phase of the process. Both of the parties seemed to have grown a doubt whether the workshops would have an impact. This doubt was redirected towards the researchers. In other words, frustration towards the pace of process decreased trust, and required revisiting the idea of the workshops again. This translates to recreation of the shared values and goals, and restating the mutual benefits of networking process. In this network these conversations restored the level of trust and again increased the commitment.

The craving for results in the development of substance in care services raised up concerns like "these workshops are never useful, we get nothing concrete out of them." From networking perspective the results were very good at this point, but it seemed difficult for the participants to comprehend that. At this point, the group of these developers had learned about each other, started to form a shared vision about the development of mutual services, and clearly had increased the level of trust from initial trust. Not having clear understanding of the reasons for and the possible outcomes of the networking process, the actors lost some of their commitment and trust toward the workshops as toward the researchers. The initial, although low, trust however kept the actors participating in the workshops, and disclosing and negotiating the purpose and results of the networking process, raised the level of trust.

Even if the actors were committed to participate in the workshops and deliver in the group work sessions, there were difficulties to get them understand the importance of working also in-between the workshops, not only at the workshops. They were not committed to working to realize the potential of the workshops. In practice, trust and commitment in some parts of the collaboration can be in place, while totally absent in some other parts. This means that the overall level of trust is not high enough and commitment is somewhat superficial.

The feedback and evidence of the lowered level of trust and commitment made the researchers re-evaluate the structure of the workshops. There should be more room for "mingling" and free conversation since they are the elements for learning about each other, which develops trust and commitment. Coffee breaks, as means for informal communication, proved to be very important occasions for networking. The most important and successful parts of the workshops in terms of trust and commitment building were the ending conversations where groups presented their work and the participants commented on others suggestions. The comments were supportive and given in a light of new information and perspective. The increase in trust became evident in actors' openness and willingness to share their opinions in these discussion sessions.

The participants in the workshops were not used to group work methods, and felt uncomfortable in the early workshops. The participants did not trust their own ability to this kind of development work in inter-organizational small groups. The participants were asking quite a lot of advice from the researchers. The researchers however knowingly refrained from too detailed instructions, since collective creativeness to solve own problems is an important joint function in a network. As a method, group work also requires leaving one's comfort zone and opening oneself to others. There is a risk that a person who does not trust tries to avoid. In a workshop it is easy to identify these

persons since they are not participating in the discussion. Some opt themselves entirely out of the group work, some do not participate in the discussions, but are eager to give other orders and remind them about the schedule. In the situations where an individual participant shows low level of trust, the researchers placed more attention to this participant by asking questions and encouraging participation. Gradually this seemed to start working; the participants solved the issues on their own and created their own solutions. Joint problem-solving increased participants togetherness, which again showed as increased trust and commitment. Encouraging and listening to the actors increases their mobilization.

Resource pressures from outside the network in form of lack of time, effort, and support have an impact on the level of commitment that each participant is able to engage in the network. The actors have their hands full with their everyday work responsibilities, which deprive the effort and commitment to the networking and development process. "Could not leave work" is the most often heard excuse for absence in the workshops. An important mechanism for raising the level of commitment of the actors is emphasizing their role in getting others to commit to the networking. Another key mechanism is showing how R&D work *is* the solution for becoming more effective and efficient at their everyday work. A commitment into the networking workshops is an investment into more effective and efficient working processes.

Signs of low trust and/or commitment

The levels of trust and commitment have fluctuated, and mostly in unforeseen situations. Sometimes there are clear signs of low trust and commitment in the workshops. Action research has allowed the researcher to react to these situations immediately. For example, the physical place of a workshop can increase discomfort so much that it has an effect on commitment. In a dysfunctional location, the actors are present but not committed to contribute to the discussions. In a spacious location, they demonstrate their low commitment by choosing a place as far away as possible from the researchers. The workshop participants' freedom to choose their seating has been a good indicator of the evolution of trust. At the beginning the units sat among themselves, but gradually they started to mix voluntarily, which can be interpreted as increasing trust between the organizations. Thus, it is proposed that giving room to the participants to take responsibility themselves, i.e. empowering the actors, can be used to mobilize a network.

Another clear sign of low commitment has been the return rate of individual assignments to be made in-between the workshops. At the beginning of the networking process only a few assignments were returned. The actors were committed to participate in the workshops, but everything extra was beyond this commitment. This came as a surprise to the researchers, and required returning to the theories of business and social networks to be solved. The commitment to individual assignments was attempted to be created by accentuating the role of these assignments as the means to inform others about the development work and receive feedback for the created ideas. Communication is seen as an enabler of trust; therefore participants were assigned to contact those who were absent. Also, the assignment was given to a group, not to individuals, and the group autonomously shared and divided the responsibilities of this assignment. Instructions to the assignment included a short introduction about how important it is to take responsibility, and how open conversation between the participants increases commitment. The return rate of this exercise was a little disappointing, but all the contacted actors did attend the following workshop. The feedback from them was that they felt important when they were contacted and persuaded to come to the next workshop; their commitment had increased. This exercise included a danger that those

that were contacted would have been put a blame on for being absent. The researchers had to trust the participants that there were able to avoid blaming anyone. Clearly, this assignment increased trust among the networking process participants.

The previously described assignment and its effect on commitment respond to another visible sign of low commitment, namely decreased participation rate among actors in the workshops. This is closely related to coming in late and leaving early. The number of participants in the workshops started to decline quite steadily after couple of first workshops. In addition, employee turnover for the two units, and especially the DC unit, is high and there were replacements for those who had left in almost every workshop. The other participants seemed to be used to this and their level of trust or commitment did not seem to be affected too much by this. The researchers on the other hand felt pressure in trying to commit the new participant to the workshops and the networking process in general. At the beginning this required lot of effort from the researchers, but later the established participants started to take responsibility in this integration. They started to feel empowered which really seems to be one of the cornerstones of commitment building. This empowerment was achieved through open communication and stressing out the importance of commitment in networking.

Conclusions

This study provides a couple of key conclusions about the dynamics and complexity of building trust and commitment in networks. Action research as the research method enabled the researchers to submerge theory of trust and commitment into practice in the chosen context of social and health care service production. Being part of the networking process provided a possibility to create and test network management mechanisms that are suitable for creating, maintaining, and restoring trust and commitment to the levels that are needed for effective cooperation.

Based on the theoretical and empirical findings two sides of trust seem relevant to the study of network management functions: the level of trust and the division of trust into initial and evolved. As a conclusion of this research it is suggested that evolved trust is needed for commitment. What is the level of required trust that enables commitment remains out of this research, but should be studied in the future.

What this study shows about trust and commitment is that creation of trust and commitment is a continuous effort. Furthermore, the level of trust can decrease for several, often unforeseen and seemingly remote, reasons. Whether this drop in trust breaks off collaboration or not seem to depend on initial trust. In case there has been initial trust, negative events regress the trust back to initial trust. In a situation of non-existent initial trust a negative event is more likely to disrupt the cooperation or at least requires extensive managerial effort.

Different network management mechanisms have to be used continuously to both maintain and retain the level of trust and commitment that is dependent on the level of trust. There are numerous mechanisms that managers can apply, as our study shows. However, these mechanisms can be used only to build evolved trust; the creation of initial trust is beyond network management in a sense that initial trust is the level of trust before the start of networking.

One network management related conclusion from the study is that network management cannot

be reduced to a simple set of particular network management functions and mechanisms. It is important to notice that networking is also always a social process entailing actors' social relationships. The application of a particular network management mechanism is bounded by the social setting in which the mechanism is used.

This paper includes an analysis of one case. We have eight similar ones on-going. As this research proceeds, the analysis will be deepened by the analysis of the other seven cases. This research will provide deeper understanding of the dynamics between network management mechanisms and the levels of trust and commitment. Through this research we seek to provide a typology of events that decrease or exterminate trust and commitment between networking actors, and what kind of trust and commitment building mechanisms can be used therein.

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