

Chapter 2

Trust and Management Accountants

In this literature review the concepts of trust and the complex nature of trust are discussed mainly by adopting Zucker's concepts (1986) and looking at existing definitions of trust. Additionally, the ways how trust is build and destroyed and the impact of trust on organizations are both identified.

In this context emphasis is also given on naming conventions, organizational tension and intercultural differences of trust.

2.1 Concepts of Trust

Concepts of trust are studied in various scientific fields and are also used in daily life to explain numerous behavioral patterns. Similarly in organizational science the trust construct has received attention.

Many definitions of the trust construct exist, and some of these are shown in Table 2.1.

The trust definitions appear all relevant for specific scenarios but appear to neglect to capture the broad nature of trust. There are differences in how scientists assume trust is created, whether it derives from a psychological state as Rousseau (1998) pointed out or does it come together from a cognitive estimate, which is mentioned by Coleman (1991) or Tyler (1996). Additionally, authors put different emphasis on what trust building needs. Some authors perceive vulnerability as crucial for trust building, while other authors such as Zhou (2005) and Fukuyama (1995) do not put as much emphasis on that. This shows that trust is operationalized in different ways by different authors and no universal trust definition has found acceptance amongst scientists yet.

It would appear that since the end of 1999 there has been little evidence in journals or other literature that more updated trust definitions have been developed or published. The few definitions submitted more recently also appear to be based on previously suggested concepts.

Table 2.1 Definitions of trust

Author	Definition
Rousseau et al. (1998)	“Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another”
Barney and Hansen (1994)	“Trust is the mutual confidence that no party to an exchange will exploit the vulnerability of another”
Luhman (2000)	“Trust is a way to reduce social complexities”
Fukuyama (1995)	“Trust is the expectation that arises within a community of regular, honest and cooperative behavior, based on commonly shared norms, on the part of other members of that community”
Creed and Miles (1996)	“Trust is both the specific expectation that an other’s actions will be beneficial rather than detrimental and the generalized ability to take for granted, to take under trust, a vast array of features of the social order”
Gambetta (1988)	“When we say we trust someone or that someone is trustworthy, we implicitly mean that the probability that he will perform an action that is beneficial or at least not detrimental to us is high enough for us to consider engaging in some form of cooperation with him or her”
Coleman (1991)	“An incorporation of risk into the decision of whether or not to engage in the action by acting based on estimates of the likely future behaviors of others”
Tyler and Kramer (1996)	“Trust = F(embedded predisposition to trust, characteristic similarity, experience of reciprocity)”
Boon and Holmes (1991)	“confident positive expectations about another’s motives with respect to oneself in situations entailing risk”
Zhou et al. (2005)	“Is a state in society. It generally means a binary relation between two entities: one entities confidence, belief and expectation that another entity will act or intent to act beneficially”

Hartog and Dietz stated that: “Several measures of intra-organizational trust are also available. Such a range of possible operationalizations may reflect the multi-disciplinary interest in trust, and its multi-dimensional nature” (Dietz and Hartog 2006, p. 558). However, Tyler and Kramer (1996) observed that the treatment of trust is extremely fragmented and suffers from unidimensional conceptualizations and operationalizations and this remains the case.

Trust cannot be sufficiently separated from other related constructs such as cooperation and familiarity as there is no clear trust definition and several dimensions overlap (Luhman 2000; Osterloh and Weibel 2006; Jones and George 1998).

It appears that several dimensions can be identified and appear to make a contribution within the different concepts of trust, and these are now outlined.

The failure to obtain a comprehensive conceptualisation of trust is part of the main motivators for research in this book. Therefore, in this research a most comprehensive trust measure is developed.

2.1.1 *Personal Trust*

The trust construct incorporates a minimum of two participants: a grantor who grants trust and a grantee who receives or obtains trust (Kenning 2002; Klaus 2002). In literature these are often referred to as: grantee and grantor of trust or as trustee and trustor (Coleman 1991; Sprenger 2007a; Dietz and Hartog 2006; Peters 2008; Zhou et al. 2005). Both the trustee and trustor can be people, organizations, groups, firms, associations and animals (Osterloh and Weibel 2006; Nooteboom and Six 2003; Kenning 2002; Klaus 2002; Peters 2008; Zhou et al. 2005).

The grantor grants trust to the grantee with the expectation of a certain behavior of the grantee. The reaction of the grantee can then be a trustworthy behavior or a fracturing of trust due to untrustworthy behavior. The grantee either follows the anticipated behavior or does not. When following in line with the expectation of the grantor the trust is confirmed and the trust is seen to be worthy and often honored or rewarded (Kramer and Cook 2004; Peters 2008). When the behavior is not in line the trust was unworthy and is usually not rewarded (Currall and Judge 1990; Klaus 2002; Peters 2008).

The interactions between the grantee and the grantor are defined as a trust relationship (Boon and Holmes 1991; Osterloh and Weibel 2006; Nooteboom and Six 2003; Zhou et al. 2005; Saunders et al. 2010). A trust relationship can be a one-time event where a grantor grants trust to the grantee in a single case scenario. However, this can extend to more situations and also with changing or interacting roles between trust grantor and grantee (Sprenger 2007a; Osterloh and Weibel 2006; Peters 2008). In fact, practice in commercial business organizations shows that most of the trust relationships are rarely one-off projects or single ventures and are usually more continuous and repetitive with rising expectations over time (Tomkins 2001a).

Even if in the first instance or in several instances a grantee responds to the trust grantor with untrustworthy behavior the trust relationship is not automatically terminated but often ‘hurt’, meaning that there is a general tendency that a trustor is then disappointed with the outcome of granting trust to the trustee (Klaus 2002; Nooteboom and Six 2003). Often this results in a decreased level of trust or even mistrust. Once mistrust or a certain degree of doubt is developed by the trustor, the trustor might then be less likely to grant trust to the same trustee again in future events provided that the confidence in a positive outcome cannot be recreated. This is often difficult to determine.

In practice distrust is often viewed as the opposite of trust but in sociology several renowned authors have different opinions. According to Luhman “distrust is a functional equivalent of trust, as it also decreases social complexities and enables a grantor to make decisions intuitively” (Luhman 2000, p. 93). It is more referred to as an expectation in an unfavorable outcome for the trustor but helps to predict the future. Luhman also argued that distrust is basically nothing other than a reduced level of trust or even zero trust.

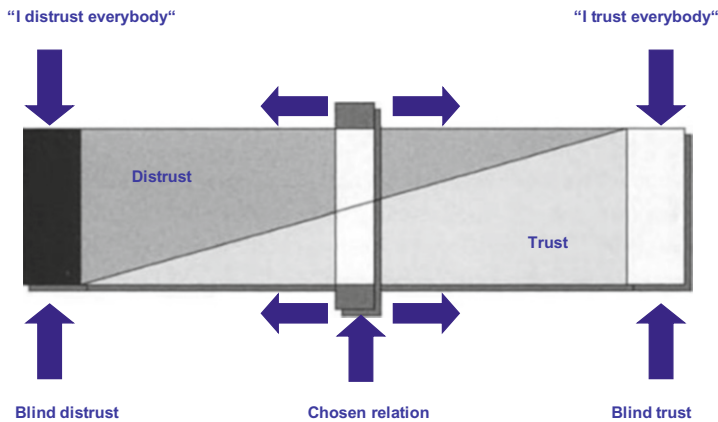


Fig. 2.1 Personal trust equilibrium (Sprenger 2007a)

Lewicki however, argues that trust and distrust can exist simultaneously in a single trust relationship and that trust and distrust are two independent constructs.

“Low distrust is not the same thing as high trust, and high distrust is not the same thing as low trust” (Lewicki and Bunker 1996, p. 444). He argued that trust and distrust exist in several facets of a single trust relationship depending upon different dimensions influencing the trust relationship.

In practice, trust tends to be rarely unlimited or blind, it is usually used for a specific situation and for a specific purpose (Sprenger 2007a). There are situations where trust or distrust is idealistically granted or denied (Fetchenhauer and Dunning 2009). However, this is less common as people usually fear opportunistic behavior and would not like to make their idealistic beliefs vulnerable to others (Sprenger 2007a; Rousseau 1998; Rotter 1990). In Fig. 2.1 Sprenger illustrates that trust is a chosen relation to others.

Sprenger argues that in psychology it is argued that a trustor who thinks about ‘totally trusting’ somebody already implicates a certain degree of distrust and doubt (Sprenger 2007a).

The decision to trust is argued in economics to be more calculative while in sociology and psychology most authors agree that it is an intuitive approach (gut feeling) and trustors are often not aware of the fact when they trust others (Sprenger 2007a; Nooteboom and Six 2003; Rotter 1990; Weber 2008; Fetchenhauer and Dunning 2009).

In literature there is however, widespread agreement about the following characteristics of the trust construct:

- Trust always requires the awareness of risks and uncertainties in the future or in decision making (Sprenger 2007a; Osterloh and Weibel 2006)

- The grantor of trust usually needs trust when he or she does not possess all necessary information about future developments and can therefore not anticipate forthcoming actions of the trust grantee (Luhman 2000; Sprenger 2007a; Bachmann 2001; Tomkins 2001a). If the grantor possesses all relevant information a trust relationship would not be necessary any more (Moorman et al. 1992). The grantor could also choose a way to obtain themselves instead of granting trust to another party. In economics this is defined as achieving objective trust rather than depending on the subjective trust of others although achieving objective trust might be uneconomic for the grantor.
- Trust is an action that involves a voluntary transfer of resources (physical, financial or intellectual) from the trustor to the trustee with no real commitment from the trustee. In languages such as German this situation is literally ingrained in daily language for example the phrase: “Jemandem Vertrauen schenken” (literally translated: to give trust as a gift to somebody) reflects this.
- A time lag exists between the extension of trust and the result of the trusting behavior (Coleman 1991).

Trust building appears to be well researched and there is agreement about the ways in which this happens in theory and in practice. The key quantitative and qualitative drivers of trust creation or trust deterioration in literature are:

- Trust can occur based on prior experiences, which are extrapolated into the future (Luhman 2000; Sprenger 2007a; Kenning 2002; Doney and Cannon 1997). This can either lead to trust or distrust.
- Trust can be created or hurt by receiving positive or negative references through trustworthy third parties (Busco et al. 2006; Bachmann 2001)
- Trust can be built or deteriorated through a positive or negative general reputation (Tyler and Kramer 1996; Kenning 2002).
- A grantor is more likely to grant trust if the cost of trust fracturing is immaterial (Coleman 1991; Moorman et al. 1992).
- A grantor is more likely to grant trust if the likelihood of success outweighs the risks involved.
- Trust can arise based on similar characteristics between trustee and trustor, where the commonality of both is perceived to be a positive indicator for confidence in making commitments (Tyler and Kramer 1996; Zucker 1986; Osterloh and Weibel 2006; Saunders et al. 2010).

2.1.2 Organizational Trust

While personal trust relations are very complex, intra-organizational relations are even more complex. In particular, tensions between intra-organizational stakeholders and complex structures are seen to be causes for the higher complexities.

Table 2.2 Process-, characteristics-, and institution-based trust (Zucker 1986)

Trust building mode	Basis	Source(s)
Process-based	Tied to past or expected exchange	Reputation, brands, gift-giving, guarantees, fairness in procedures
Characteristics-based	Tied to specific persons, ascribed to a certain subculture	Family background, ethnicity, gender
Institution-based	Tied to formal social structures	Professional or firm associations, education, banks, regulations, fairness in distribution

The complexity of modern organizations is described to require three major forms of trust: (1) Process trust, (2) abstract systems (system trust) and (3) Trust to specific individuals (personal trust) (Tan and Woodward 2005; Zucker 1986).

In organizations institutionalized trust is described as comprising three different key elements: individual and firm specific actions, intermediaries and regulations (Zucker 1986). All three mechanisms are seen to contribute to the trust levels necessary for economic exchange (Tan and Woodward 2005). However, each mechanism differs in its ability to maintain trust and the ways in which trust can be built and destroyed.

The characteristics shown in Table 2.2 were developed to take into account the main stakeholders in organizations but also in society. Personal and system trust is often granted to management accountants based on a variety of reasons. For example a business partner might be willing to lend his or her car to a management accountant because of personal trust. However, the same business partner might not trust the system function of the management accountant in the organization and might perhaps not be willing to share information. Therefore, trust in systems is quite different from personal trust as there are different determinants involved.

The forms of trust – system trust, process trust and personal trust – intermingle as pointed out by Bachmann (2001) and Busco et al. (2006). Hence, the exact distinction is often difficult to make.

2.1.2.1 Trust in Commercial Business Organizations

Creed and Miles found in 1996 that the impact of trust is different on different organizational forms.

The discussions in organizational science and beyond often relate to what organizational forms require what kind of trust level to operate efficiently and effectively (Osterloh and Weibel 2006). Within different organizations the trust levels vary (Wiewiora et al. 2010). Depending on the structure of an organization employees usually engage differently in multiple exchange relationships, benefit differently from each other and respond to each relationship with different behaviors (Wiewiora et al. 2010; Velez et al. 2008) and attitudes. This is impacted and impacts the levels of trust in an organization and the trust relationships made.

Though trust is an integral part in most organizational forms; Network or Matrix organizations require a higher degree of mutual trust than functional or hierarchical organizational forms (Kramer 1997; Sprenger 2007a). In hierarchical types the relationships tend to be more based on reliance as the distribution of power is unequal amongst stakeholders. Therefore, the relationships tend to be more formalized and structured and the possible situations where trust might be able to play a role are reduced.

Functional organizations are seen to work well with formal control while still requiring a certain degree of trust. They appear to be less dependent on trust as the relationships are predetermined by the functions of the different stakeholders. Trust plays a more integral part in cooperating with the different functions (Wiewiora et al. 2010).

In a matrix organization it seems to be costly if trust is not ingrained, empowerment and decision making does not happen on the lower or on the project level (Wiewiora et al. 2010). Centralized managerial and control functions in matrix organizations are described to be in themselves redundant, increasing administrative costs, limiting speed, resource allocations, innovation, team formation, and create loss of operating efficiency and responsiveness (Kramer 1997).

2.1.2.2 Trust in Public Organizations

According to Sprenger 2007a trust in public civil service does only play a limited role in cooperation with others. Trust always requires the freedom of choice to actually be able to make respective decisions (Kramer and Cook 2004). Most civil service departments are hierarchically organized and a lot of decisions are predetermined by formalized policies and statute that every civil servant has to adhere to. All of that leads to lower necessary trust levels (Kramer and Cook 2004). All of that can lead to the assumption that in the Public Civil Service sector trust plays a reduced role (Sprenger 2007a).

Therefore, it could be construed that “organizational culture can encourage (or discourage) trustworthy behavior through the structuring of general patterns of communication, coordination, and decision making” (Wiewiora et al. 2010, p. 4).

However, Dietz pointed out in 2002 that trust has also an influence in public organizations on the success and also mentions that:

“organizational success, by which is envisaged not just financial rewards (employee share ownership, profit-sharing or ‘gainsharing’ bonuses) but – with one eye on the public sector – other measures of organization-wide commendation (such as celebrating improved performance).” (Dietz 2002, p. 14).

Viklund in 2002 confirmed that trust plays a role in public organizations or non-commercial organizations.

“Scholars active in the field of organizational behavior have identified a large number of possible benefits of trust, for commercial as well as non-commercial organizations (for a review, see Kramer 1999).” (Viklund 2002, p. 3).

In his study where he researched five Swedish organizations he found some differences between commercial and non-commercial organizations:

“Attributes of trustworthiness and general trust scales were more successful components in explaining trust in non-commercial organizations (i.e., the Government, the Workers’ Union and the Nuclear Power Inspectorate) compared with commercial organizations (i.e., advertising firms and e-commerce firms). Moreover, trust in commercial organizations was less correlated with measures of general trust. This indicates that traditional trust research may lack important components necessary to explain trust in commercial organizations.” (Viklund 2002, p. 27).

It could be construed that trust in public organizations might be captured more easily through questionnaires than in commercial organizations as indicated by Viklund. However, this might not be necessarily true – the findings most likely represent the difference between commercial business organizations and public organizations.

Due to the homogenous reporting lines and formalized channels of information flow, which are traditionally ingrained in public organizations, civil servants might be able to trust into their system more homogenously. This is because employees of public organizations know their organization is formalized and treats everybody more or less equally while employees from private organizations can more or less only trust (predict the future) within their own network but have little information of their company as a whole or what other teams are doing. Hence, employees of commercial business organizations are more likely to report trust disparities than employees from public organizations.

2.1.2.3 Vertical and Lateral Dispersion of Organizational Trust

Also within the organizational hierarchy, trust is differently dispersed (Hartmann and Slapnicar 2009). There are authors who claim that trust in management is not behaving homogenously and tends to decline as one moves down the organizational hierarchy (Dietz and Hartog 2006). For example one study revealed that secretaries apparently trusted their bosses less than the bosses their secretaries.

However, the Society for Human Resources Management (SHRM) and Careerjournal.com came up with contradicting results in their survey. They conducted a survey finding that 70 % of employees rate their organization’s leadership as either “extremely” or “moderately” trustworthy; 11 % and 20 %, respectively, of the survey participants rate the organization’s leadership as “not at all” or “mildly trustworthy” (Rural Telecommunications 2004 from Smith 2005).

The results of this SHRM survey are not consistent with the findings from (Hasting and Potter 2004; Karl 2000; Morris 1995, all from Smith 2005). According to Smith (2005), Hasting and Potter (2004) stated that seven out of ten people distrust chief executive officers of companies. According to them the distrust originates from management’s disregard for personal integrity. Morris (1995) concludes that 56 % of employees view lack of trust as a problem in their company.

2.1.3 Trust in Intercultural Context

Trust operates differently in various national cultures, corporate cultures and sub-cultures. Hence, authors concluded that trust models have to take into account how trust operates and the models need to be adjusted accordingly (Saunders et al. 2010).

Nooteboom states “Wider cultural environment, the narrower cultural environment of a firm one works for, personal upbringing and genetic endowment. The threshold is likely to adapt as a function of experience. Trust may then be modeled as based on a perception of such” (Nooteboom and Six 2003, p. 5). Similarly, this is also mentioned more recently by another author (Reychav and Sharkie 2010).

In context of national culture authors try to shed light on trust differences. Fukuyama (1995) tries to illustrate the existence of high and low trust societies and that they have an immediate impact on the industrialisation of countries and or regions. He draws lines between South- and North- Italy and tries to empirically prove his theory. Chua researched for example, the impact of culture in cognition and affect based trust and revealed in their empirical analysis several differences between American and Chinese managers (Chua et al. 2009).

As for organizations the impact of culture in intra organizational trust relationships can be perceived to be complex (Saunders et al. 2010). Varying subcultures, “norms, values and underlying behavioral assumptions” (Doney et al. 1998, p. 602) of individuals within a national culture make the impact on organizations even more complex.

In this book national culture is not considered. The author recognizes the impact of culture on trust. Cultural dimensions such as high uncertainty avoidance and low uncertainty avoidance from Hofstede are likely to play a big role in the likelihood whether people trust another (Hofstede 2013). However, for this book the impact of culture is not considered as this would not add much news to the existing literature. Therefore, this research is purposely conducted within one main national culture. Confined to the German speaking area the studies are going to aim to investigate other relations where cultural impacts were attempted to be excluded to prevent watering of results and to get to more pure results. There are certainly limitations on this approach but could not be completely avoided due to resource constraints.

2.1.4 Trust Dimensions

Regarding the influences of trust in Management Accounting it appears that there have not been any conclusive empirical studies conducted as to what extent different attributes support to increase (or decrease) trust in the Management Accounting vs. the Business Partner trust relationship. Therefore, it is considered crucial to understand what the interacting dimensions supporting (mitigating) trust between business partners and Management Accounting and their relevant

weighting for the overall trust level are. How to measure trust is the subject of this chapter and firstly dimensions of trust are revealed and then various measures are put forward.

Trust measuring has been researched in several fields and there has been a great deal of debate as to how tangible measures of trust can be formed and applied. There are several operational measures and these are now listed:

First among these is *integrity* and is considered in the empirical studies of Dietz and Hartog in 2006. This was not considered a pertinent feature in some other research (Spreitzer and Mishra 1999) and some authors argue that integrity is a synonym for openness and honesty (Dietz and Hartog 2006; Wiewiora et al. 2010). However, authors might have neglected that Integrity also incorporates a degree of fairness (Levin et al. 2003). Fairness is not considered to be part of openness and benevolence. Therefore, integrity in this research is meant as fairness in order to defer from the other variables such as openness, being concerned, being honest and benevolence. Besides, fairness in the adherence to a set of principles suggested by the trustor is seen as important for this dimension (Mayer et al. 1995). Similarly, Levin et al. described integrity as “rules that are applied equally to individuals” (Levin et al. 2003, p. 69). Integrity also incorporates discreetness as mentioned by Mayer (1995) and Levin et al. (2003). *Benevolence* is a dimension of trust described as the willingness to support the trustor in general (Doney and Cannon 1997; Mayer et al. 1995; Zhou et al. 2005). It is often referred to in theology as a form of love or altruism (Black 2008). Kant viewed it as the primary value and argues that being benevolent to others is the most important basis for relationships. He stated that “if benevolence is not provided, all other values could turn evil and harmful for any relationship” (Kant 1785, p. 10). Levin et al. in 2002 described benevolence as being forthcoming and Mayer (1995) referred to benevolence as goodwill. Benevolence also refers to “the understanding and acceptance of the legitimacy of each other’s interest” and “which may demand a sacrifice” on the trustors or trustee’s side to increase the wellbeing of the other person (Deutsch 1973, p. 537). Levin in 2002 described benevolence-based trust as such that “[...] an individual will not intentionally harm another when given the opportunity to do so” (Levin et al. 2002, p. 2) and as “you care about me and take an interest in my wellbeing and goals” (Levin et al. 2003, p. 65).

In organizations benevolence is often provided if political environment favors the stakeholders in a trust relationship and individual opportunistic behavior (Klaus 2002) is less of a threat. But also if peers and/or management are in favor of certain individuals because they follow a similar agenda as that which they themselves want them to do. Then under these circumstances a trustor is more likely to be benevolent as it is in his or her own overall interest.

Benevolence is usually based on a common goal. It is rare that under a conflict of interest benevolence is granted by a trustor unless other factors such as reliance, degree of vulnerability or other more important agreements between a trustor and a trustee intermingle.

Another dimension is *being concerned* and this determines the degree of how much the trust relationship concerns the trustee from his individual opportunistic

standpoint. It is usually referred to as showing awareness of one's own impact on others. Being concerned is also defined as empathy. Being concerned is also the degree of how vulnerable oneself is to the wellbeing of the trustor (Weber 2008).

Competence, a further dimension, is seen in various ways by different schools of thought. In organizational science competence encompasses a combination of knowledge, skills, education, social skills and behavior used to enhance performance (Shapiro et al. 1992; Nooteboom and Six 2003; Stölzle and Otto 2003; Levin et al. 2002). More generally, competence is the state or quality of being adequately or well qualified, and having the ability to perform a specific role (Mayer et al. 1995). Hence, competence is an integral part of determining whether a trustee is able to perform a certain action or not (Levin et al. 2002). Weber suggested that social skills are part of the competence dimension and mentions that empathy is also a crucial part (Weber 2008) thus contradicting other authors who claim "being concerned" to be the right category for empathy.

In situations where competence is required a trustor might be less likely to grant trust to a trustee if he or she is incompetent and thus technically unable to perform the necessary action (Levin et al. 2002).

The dimension of *openness* refers to open mindedness and flexibility of thought. It refers also to the ability to view problems through different angles and being able to put oneself into other people's shoes (Mayer 1995). This overlaps with empathy and appears to be very difficult to distinguish from integrity and in particular with being concerned.

Reliability is defined as the degree of how reliable the trustee is. It is often reflected as to what degree a trustee is in fact going to do what he or she initially intended and signaled to the trustor (Klaus 2002; Nooteboom and Six 2003). Other authors understand reliability as the likelihood that a promise or commitment the trustee gives or makes to the trustor is eventually fulfilled (Kramer and Cook 2004; Sprenger 2007a).

Levin calls it "being consistent with word and deed" (Levin et al. 2003, p. 65).

It appears that reliability in essence is part of reliance as it helps to make outcomes reliable. For example, someone can rely on a car and on the fact that the car is technically capable but trusting a car is impossible. However, he or she can trust the employees, the organization and the workers who produced the car.

Positive expectations of the outcome, thus strongly linked to outside circumstances, which can, cannot or only partly be influenced by the trustee. This appears very context based and overlapping with reliance and power. A practical example would be if: "an employee might be confident in the ability of their supervisor to represent their work to others, but be reluctant to share personal or even work-related problems with that person" (Gillespie 2003 from Dietz and Hartog 2006, p. 562)

Positive expectations are also described as the degree of how harmonious an existing trust relation is and what the historical background is. The historical background is basically influenced by the outcome of one or several previous trust relationships (iterations). Tomkins states "trust derives from learned, usually interactive experiences" (Tomkins 2001b, p. 168). A similar comment was made by

Kramer: “Trust thickens or thins as a function of cumulative history of interaction between parties” (Kramer and Cook 2004, p. 138).

Intention, is the degree of the trustee’s intent to perform an action in the trustors favor. Positive expectations of the intentions or behavior of another (Rousseau et al. 1998; Nooteboom and Six 2003; Mayer et al. 1995) are reported to increase trust levels.

When the intentions of trustor and trustee are at a similar level, trust between trustee and trustor tends to be higher. In this situation trustee and trustor are aligned in their intent and share each other’s goals. However, this can often be difficult if the trustee is in a target conflict situation or is not convinced that the intent of the trustor is in their own personal interests. Then trust is difficult to create and other trust and reliance dimensions will probably come into play.

Formally controlled systems or an unequal distribution of power can overrule the intention dimension. For example if the trustee has no option other than to perform a desired action due to possible sanctions. Hence, the weight of the intention dimension within an effective trust relationship varies with the influence of reliance.

Second Order Determinants of Trust

Other factors can build or destroy trust. Trust can also be created “by perceived similarities between trustor and trustee enhancing benevolence to another and thereby make trust building easier” (Rotter 1990, p. 3). Beliefs in values, religion, politics and culture and being from the same gender and race influences trust building (Tan and Woodward 2005). Similarities are reported to be helpful for trust creation, therefore a trustor might trust individual trustees to different degrees based on familiarity (Nooteboom 2002; Kramer and Cook 2004).

Empirical research carried out by Garrison et al. in 2010 confirmed that a highly diverse workforce usually implicates lower trust levels than a homogenous work force. They hypothesized that “the more perceived diversity within a distributed team, the lower individual team member performance” (Garrison et al. 2010, p. 34). They tested their hypotheses on 18 global distributed teams by a quantified research approach through questionnaire and statistical evaluation. The hypothesis of a negative relationship was supported with ($\beta = -0.643$; $p < .05$).

On the contrary there could be a certain extent of falsification involved as the kind of question could make their research less valid. Garrison et al. used the term trust in their questions, which should be avoided according to the notions of Cummings and Brommiley who claim that the word “trust” should be avoided in questions as it is seen as an emotive challenge for survey participants and might distort answers (Cummings and Brommiley 1996; Wiewiora et al. 2010).

High reputation was mentioned to be helpful or detrimental if it was low for building trust (Weber 2008; Tyler and Kramer 1996; Kenning 2002). It can be assumed that reputation can only be as good or bad as the source of information. If the provider of the information about a trustee’s reliability, integrity, trustworthiness etc. is perceived as trustworthy then this information has a higher weight and increases a trustor’s confidence in the trustee.

The judgment of how good the sources are is difficult to make and usually involves a great degree of psychology or even “gut feeling”. Hence, Weber (2008) reports that the impact of reputation is very difficult to measure.

Honesty is seen to be the beginning of trust (Smith 2005). It is for example stated by Nooteboom that honesty and therefore being able to admit mistakes makes it easier to maintain a trust relationship than is the case when mistakes are hidden. If admitting to mistakes is delayed or not made the trustor is then often likely to perceive this as an opportunistic behavior on the part of the trustee (Nooteboom and Six 2003) and this leads to decreased trust levels.

Dietz and Hartog (2006) mentioned another categorization and argue that these trust dimensions can be put into different major trust groups. These groups are trust as a belief, trust as a decision and trust as an action.

Trust as a belief comprises dimensions such as benevolence, intention, and the probability of a specific outcome. These dimensions basically represent the willingness and impact of internal and or external reliance of the trustor to grant trust. Trust as a belief is seen to be the foundation of creating or entering a trust relationship. This is supported by Nooteboom who writes that “benevolence eliminates or reduces the risk for opportunistic behavior”. He also states: “Absence of opportunism is called ‘benevolence’” (Nooteboom and Six 2003, p. 6).

Trust as a decision, the second form includes: trustworthy behavior, being concerned, reliable, competent, honest, able to resist opportunism and the willingness to render oneself vulnerable. These are in fact dependent upon characteristics of the trustee. These characteristics are also substitutable in relationships of reliance or relationships where both trust and reliance exist.

The third form defined as trust action and describes the resulting action based upon the trust groups belief and decision.

However, this categorization suggested by Dietz and Hartog in 2006 appears to be insufficiently conceptualized in their work. Especially the second trust form “decision” which included behavior is not properly discriminated from the third form “action” as the trust dimension “behavior” appears to be relevant for both categories. Behavior can be the result of trust-belief and trust-decision and a trust-action but was clearly attributed to trust-decision by Dietz and Hartog in 2006.

Therefore, it could be to a certain degree assumed that Dietz merely constituted a simplification of dimensions to base his model on and thus make it operational. Thus their categorization will not be pursued in this research.

Other more recent research designs and books about trust such as the work from Busco et al. (2006), Osterloh and Weibel (2006), Sprenger (2007a, b), Tzafrir and Gur (2007), Ybarra and Turk (2009) also neglected to mention these forms of trust. This could be related to the relatively recent publication by Dietz and the different focus of these authors.

Before Dietz and Hartog, Kenning developed another way of categorizing trust dimensions into different categories in 2002. Kenning divided trust into three different fields: “cognitive trust, reputational trust and experience based trust” (Kenning 2002, pp. 14–15).

Table 2.3 Tzafrir and Dolan’s trust scale

Tzafrir and Dolan’s trust scale (2004)	
1.	Employees’ needs and desires are very important to managers
2.	I can count on my managers to help me if I have difficulties with my job
3.	Managers would not knowingly do anything to hurt the organization
4.	My managers are open and up front with me
5.	I think that the people in the organization succeed by stepping on other people
6.	Managers will keep the promises they make
7.	Managers really look out for what is important to the employees
8.	Managers have a lot of knowledge about the work that needs to be done
9.	Managers are known to be successful at the things they attempt to accomplish
10.	If I make a mistake my managers are willing to ‘forgive and forget’
11.	Managers’ actions and behaviors are not consistent
12.	Managers take actions that are consistent with their words
13.	It is best not to share information with my managers
14.	There is a lot of warmth in the relationships between the managers and workers in this organization
15.	Managers would make personal sacrifices for our group
16.	Managers express their true feelings about important issues

(Tzafrir and Gur 2007, pp. 1–20)

Whereas reputational trust and experience based trust are merely another way of categorizing trust dimensions; Cognitive trust can be partly associated with the definition of trust as belief from Dietz and Hartog in 2006.

Tzafrir and Gur (2007), by developing the work of Cummings and Brommiley (1996), tried to form a multidimensional trust measure (Table 2.3).

The following instructions prefaced the scale used to measure trust by Tzafrir and Gur.

“Think about specific core manager(s) in your organization. For each statement, write the number that best describes how much you agree or disagree with each statement, where (1) is strong disagreement and (5) is strong agreement” (Tzafrir and Gur 2007, pp. 1–20).

2.1.5 Other Trust Dimensions

Concepts of trust have been written in many different ways. Some of them have found access in research designs and others have not. The main one which appears to have been used and referenced most often is from Zucker in 1986.

Hence, it is deemed more reasonable to use Zucker’s main categorization of process, system and personal trust as main trust domains in this research. The main categorization points are then cascaded down to individual trust dimensions. A degree of falsification is involved and other aspects and conceptualizations might

not be covered but it is most unlikely and may simply be illustrated or adopted in a different way.

2.1.6 *Social Norms*

Social norms vary amongst people and commercial business organizations. Therefore it is part of the explorative element of this research to find relations between social norms and high and low trustors or preferences of trust dimensions. Specifically, there is a need to find out about prosocial and dispositional trust.

Prosocial trust: We trust because trusting others is supposed to be good and often on the basis of cultural and religious values and the belief in goodness of others, which makes a breach of trust less likely (Sprenger 2007a). Prosocial trust is also part of the benevolence construct.

Dispositional Trust: We trust because instincts tell us to trust. It might also be ingrained with our genes (McKnight et al. 1998; Nooteboom and Six 2003; Black 2008).

Both prosocial and dispositional trust help to generate control. Some social norms like ‘keeping books balanced’, ‘commitment’, ‘tit for tat’ and others also help to keep control (Wuketits 2002; Axelrod 1984). In the ‘keep the books balanced-’ strategy or norm the players are supportive to help the other if asked for the first time but then are likely to attempt to get a reward or suitable compensation later. In fact, it can be construed that this strategy is calculative in nature. According to Nooteboom this strategy evolved out of ‘Tit for tat’ (Nooteboom and Six 2003) but with the difference that the exchange does not happen immediately. “Tit-for-tat may look simple, but it is a useful formalization of the basic problems associated with lack of trust” (Bardy 2006, p. 166). In other words tit for tat might indicate basic lack of trust and where tit for tat is mostly chosen, the trust level in the network will be lower.

The other norm: commitment is less calculative and means that players are willing to help without exchange but afterwards the receiver of help is in general more benevolent to the grantor.

These norms are often used in game theory to explain players (participants) attitudes and strategies (see Fetchenhauer and Dunning 2009; Myserson 1997; Lorenz and Lazaric 1998; Klaus 2002; Berninghaus et al. 2010; Nooteboom and Six 2003; Kramer and Cook 2004; Weber 2008; Hardin 2002; Lorenz and Lazaric 1998; Dasgupta and Serageldin 2000; Wuketits 2002).

In game theory at each turn of the game each player signals, usually verbally, to the other players a certain intention – mainly a tactical or strategic move or an idea – which they want to choose and follow later. While playing the game it does not necessarily mean that the player is in fact going to follow what they said initially. There are usually conflicts of interest involved and the motives and the possible options of the different players are mostly not transparent and known to the other players. Therefore, trust becomes very important to determine the likelihood of

future events if it is mathematically not possible to predict or if time and resources prevent thorough analysis.

If a player does not concert their action with their previous announcement they might become less trustworthy for the next round of the game. Trusting or distrusting is then mainly based on past experience with the different players. Trust can be maintained or re-established by consequences for not acting as initially announced, to decrease options of players on purpose or by installing a mediator to control the situation.

Trust itself has also been researched in game theory (Dasgupta and Serageldin 2000) for example the trust honor game (Krebs 1990 from Kramer and Cook 2004).

The view taken in game theory is that only a mutual approach can lead to continuous trusting and honoring of trust provided that both players are long term oriented and do not want to end the game (relation) (Nooteboom 1996; Axelrod 1984).

Though Hardin (2002) criticized the insufficient reflection of practice of the trust represented in games theoretic approaches, Kramer did not mention the impact of reliance within this game. For example the employee might be in a weaker situation than the employer (Hardin 2002) or vice versa.

The trust honor game appears to insufficiently reflect practice as the employee might not have options other than trusting. Employees might rely on the job as the single source of income while the employer has usually several candidates to work for them.

If the latter is the case and if the employer is opportunistically motivated he or she might stop honoring trust and gain more by hiring different employees than by trying to pursue a mutual approach.

In practice however such behavior will become *word on the street* and will cause a negative reputation thus leading to fewer employees willing to work for such a superior. Lin et al. (2001) described this as “making the behavior between two people public, which increases the salience of reputation for entry to future relations” (Lin et al. 2001, p. 38). Dasgupta and Serageldin (2000) mentioned it as the “reputation effects” in game theory (Dasgupta and Serageldin 2000, p. 3), which could explain that trust facilitates economic success.

Furthermore, Nooteboom critically mentioned the “forced play and the forced partner selection” (Nooteboom and Six 2003, p. 89) and proposed a game where actors can be freely selecting partners. However, freedom of choice is also limited to some extent as described in the “search theory”. The theory states that perfect markets can easily be distorted by search costs. Search costs are incurred while searching for the best possible trade partner – in this case a superior and/or an employee. These costs include cost of information and unrecognized and unrealized opportunities (Diamond 1982).

2.2 Concepts of Management Accounting

2.2.1 *Interactions Between Management Accounting and the Trust Construct*

In commercial business organizations and public organizations in essence every individual and department, to varying degrees has ability to self-control their work and their productivity as well as trying to control others. However, there are departments which are completely dedicated towards bringing control into organizations. The classic example is: Management Accounting.

Today, a company's success can clearly be limited if informal networks and collaboration are not encouraged (Klaus 2002; Schwarz 2002; Weber and Meyer 2005; Levin et al. 2003). In particular in value and supply chains trust is an important factor (Lenz 2008). The increasing economic importance of co-operations and networks within and across organizations (Weber and Meyer 2005) is likely to lead to a pronounced need to control these relations. So they have to trust one another or find ways to increase reliance and accountability (Anthony et al. 2004).

Often, in many commercial business organizations the level of trust between Management Accounting and other partners is very low (Dyer and Singh 1998) and information is not shared due to opportunistic behaviors of individual stakeholders (Weber 2002a, 2008; Krause 2004; Reimer and Fiege 2009; Levin et al. 2002, 2003). This can be assumed to lead to an inability of management accounting to measure the efficiency and causality effects thereby causing management to make wrong or sub optimal decisions. Therefore, the traditional concepts of management accounting and steering a company is proving to be increasingly difficult.

Hence, commercial business organizations as well as public organizations have to find answers for their Management Accounting (Controlling) systems to make employees and stakeholders accountable (Anthony et al. 2004) for their contribution to the "greater good" of the organization and to set incentives to prevent opportunistic behavior (Sholihin et al. 2011). At the same time management accounting has to identify how trusted relationships can be fostered and controlled. Therefore, the management needs to decide whether to create a new form of control or to remain operating within the traditional concept of Management Accounting. Hartmann (2009) conducted one of the very rare studies about the relation of formal controlling systems and trust. He concluded "that the relationship between formality of performance evaluation and trust is different for managers in different situations" but "overall findings suggest that formality of performance evaluation system use is indeed a relevant characteristic in evoking subordinate trust" (Hartmann and Slapnicar 2009, p. 734).

Though most literature sources state that trust might have implications in Management Accounting so far only limited research has been conducted in the effects trust has in Management Accounting. Baldvinsdottir et al. in 2003

Table 2.4 Trust in accounting journals (Baldvinsdottir et al. 2003, p. 3)

	1995	1996	1997	1998	1999	2000	2001	2002	Total
Accounting, Auditing and Accountability Journal	–	–	1	–	–	–	–	1	2
Accounting Organizations and Society	–	–	1	1	1	1	1	–	5
Accounting Review	–	–	–	–	–	–	–	1	1
Contemporary Accounting Research	^a	^a	–	–	–	–	–	–	–
Journal of Accounting and Economics	–	–	–	–	–	–	–	–	–
Journal of Accounting Literature	–	–	1	–	–	–	–	^b	1
Journal of Accounting and Public Policy	–	–	–	–	–	–	–	–	–
Journal of Accounting Research	–	–	–	–	–	–	–	–	–
Journal of Management Accounting Research	–	–	1	–	–	–	–	–	1
The Journal of Finance	–	–	–	–	–	–	–	–	–
Management Accounting Research	–	–	–	–	1	–	–	–	1
Total	–	–	4	1	2	1	1	2	11

^aThe issues from 1995–1996 are missing

^bThe issues from 2002 are missing

conducted an analysis of journals where trust was at least used in the main body text. Only 11 articles were found in accounting journals over a period of 5 years (Table 2.4).

The table from Baldvinsdottir et al. is somewhat outdated for this research, and therefore, an update has been created in Table 2.5. It shows that concepts of trust have had increased coverage in several accounting journals in the recent years. This update has been done for the years 2003 until 2011. Additionally, one British dominated and one international journal was added to the selection. The big jump in 2003 might also be related to deficiencies of Baldvinsdottir's research perhaps there were already more articles published before 2003 than illustrated in Baldvinsdottir's Table 2.4.

In most journals as illustrated above in Table 2.5 trust was found in the body text but was not part of the research goal or widely discussed. Though trust concepts have been referred to in accounting literature, so far, there are only a few authors such as Vosselman and Van der Meer-Kooistra in (2008), Sholihin et al. (2011), Tan and Woodward in (2005), Schwarz in (2002), Strobel in (2002), Smith in (2005), Weber in (2005, 2008), Reimer and Fiege in (2009), Hirsch in (2002), Johansson and Baldvinsdottir in (2003), Richardson in (2009), Masquefa in (2008), Bardy in (2006), Kramer and Cook in (2004), Nitzl and Hirsch in (2013), Wennblom in (2012) and some others who paid particular attention to these relations between trust and accounting.

For example Tan and Woodward described three possible research areas: (1) Transfer Pricing, (2) Budget Setting Process and (3) Accounting Information Systems (MIS) and conducted initial literature and case study research in this field.

Table 2.5 Trust in accounting journals from 2003–2011

Source	Name of journal	2003	2004	2005	2006	2007	2008	2009	2010	2011
B	Accounting, Auditing and Accountability Journal	13	13	25	26	18	24	23	21	16
C	Accounting Organizations and Society	11	19	8	13	16	21	31	22	24
A	Accounting Review	1	11	8	6	4	17	13	17	19
D	Contemporary Accounting Research	2	5	7	5	6	6	6	10	18
C	Journal of Accounting and Economics	3	3	7	3	2	5	4	9	4
	Journal of Accounting Literature*									
C	Journal of Accounting and Public Policy	5	4	5	9	6	2	5	8	3
D	Journal of Accounting Research	7	5	6	2	6	5	9	8	6
A	Journal of Management Accounting Research	2	2	0	1	3	3	3	3	2
E	The Journal of Finance*	1	0	0	0	0	1	0	0	0
C	Management Accounting Research	8	11	7	9	4	10	8	4	13
	Total	53	73	73	74	65	94	102	102	105
C	British Accounting Review	2	7	9	8	4	9	10	13	11
C	The International Journal of Accounting	6	3	5	4	4	4	2	5	6

*Search was only possible efficiently in abstract and Title

*Search was not possible efficiently

Source

A American Accounting Association (2012), B Emerald Insight (2012), C Science Direct (2012), D Wiley (2012), E The American Finance Association (2012)

To some extent the works from Williamson in the transfer pricing discussion can have an impact within Management Accounting (Williamson 2005) but the concepts of trust and Management Accounting interaction is not named explicitly.

However, while the above authors solely described characteristics of these interactions only Weber attempted to design a model to operationalize trust in a Management Accounting organizational context.

Weber suggested incorporating the concepts of trust related controlling as part of his concept of “co-operation-controlling” (Weber et al. 2004; Weber 2008, p. 374; Weber and Meyer 2005, pp. 130–139). He argued that if trust is perceived as a major resource, Management Accounting should attempt to operationalize trust and make it measurable (Weber et al. 2004; Weber 2008). His concept of co-operation controlling originated from a “transaktionskostenökonomischer Grundlage” (transaction cost theory basis in economy) and would have to be further developed (Weber and Meyer 2005, p. 140).

Weber in particular focused on controlling the trust levels of internal as well as external suppliers. He proposed several concepts such as “advanced partner

evaluation”, “value checks”, “co-operation questionnaire”, “value balance card” etc. (Weber et al. 2004; Weber 2008, pp. 374–375).

For operationalizing these concepts he identified several trust dimensions, which he considered to be most crucial such as “reliability, competence, reputation, vulnerability and loyalty” (Weber et al. 2004) in Weber 2008, p. 377. Weber’s research method comprised a questionnaire designed to measure the trust levels but he did not test his model. He suggested a five point Likert scale and several intervals to capture data.

Wennblom in 2012 further elaborated the trust construct in relation to management accounting using mainly literature research in her thesis and added depth in the understanding that trust is fragment and must be split into different dimensions. She also modeled some of the relations of trust and management accounting but did not test her model directly on organizations (Wennblom 2012).

Nitzl and Hirsch finally attempted in 2013 to operationalize a trust measurement in a Management Accounting context using mainly a questionnaire method to test a structural equation model. They successfully added more evidence on the impact of management accountants on trust when relationships are established and long lasting. However, their questionnaire was addressed to a general audience of professionals but not focused on relationships between managers within the same organization (Nitzl and Hirsch 2013).

Levin also mentioned “accountability for trust” referring to trust control (Levin et al. 2003, p. 65) being helpful for trust creation (Anthony et al. 2004). This has further been researched by Vosselman and Van der Meer-Kooistra who focused on “interaction between control and trust building.” (Vosselman and Van der Meer-Kooistra in 2008, p. 1) in an accounting related context. Vosselman and Van der Meer-Kooistra further theorized the concept and provided more evidence. Sholihin et al. in 2011 then further researched the effect of corporate goal setting on trust to make employees more accountable and thus increasing procedural fairness.

Likewise, Schwarz proposed in 2002 the introduction of “Management Accounting Systems which put more emphasis on interaction with trust and reputation to keep up with fast moving environments in particular E-business and places where creativity is crucial to achieve business success”.

Schwarz further suggested that the creation of control through “corporate enterprise culture and clan controlling”, which are both trust based as they strongly involve trust relations. (Schwarz 2002, p. 421).

Corporate enterprise culture is understood as maintaining the same set of principles, a shared vision and a similar language, jargon and terminology within a co-operation (Levin et al. 2003; Vosselman and Van der Meer-Kooistra 2008).

Similarly, clan controlling is based on a commonly agreed set of principles but also actively controlled by the clans themselves (Schwarz 2002).

“In accounting studies, trust appears to be an important factor across organizational settings and levels of analysis, and explains the functioning of company-wide pay-for-performance systems as well as the success of inter-organizational networks (e.g., Chenhall et al. 2003; Dekker 2004; Free et al. 2008; Tomkins 2001b).” (Hartmann and Slapnicar 2009, p. 723).

Hence, it can be construed that the new Management Accounting (controlling) concepts are trust and reliance oriented.

2.2.2 Role of Management Accounting

Being in most organizations in key positions the role of management accountants in trust creation can be assumed to be important. However, the ways how management accountants are creating trust or whether they mainly depend on executives to give them power to create a trusted environment is likely not the same in all organizations. However, it can be assumed that management accountants likely have impact on trust by enforcing processes following best practice.

Management Accounting researchers do not agree on a single definition (Heidmann 2006; Bardy 2006). “In Wissenschaft und Praxis hat sich bisher keine einheitliche Controllingauffassung durchgesetzt, vielmehr werden sehr heterogene Ansätze vertreten“(In science and practice a heterogeneous definition of Management Accounting does not exist) (Goes 2003, p. 15).

One of the main goals of Management Accounting is to quantify and qualify the actual success (efficiency and effectiveness) and causality (cause and consequence) in any form of business organization (Freidank and Berens 2004; Goes 2003). It is often used to provide guidance for management to decide whether to continue or discontinue business operations and investments (Reimer and Fiege 2009; Vosselman and Van der Meer-Kooistra 2008; Goes 2003).

“Various writers have illustrated the potential of accounting for visualizing, analyzing and measuring the current state of a business, for questioning operational and managerial strategies, and for justifying new courses of action (Hopwood 1990; Ezzamel et al. 1998). In particular, there is agreement that systems of measurement and accountability have the potential for making reality calculable (and thereby making individuals accountable)” (Busco et al. 2006, p. 12)

Therefore, Management Accounting is seen as a formal control system (Vosselman and Van der Meer-Kooistra 2008; Heidmann 2006; Horngren et al. 2001).

Management accountants usually have a dual reporting relationship. As a strategic partner (Reimer and Fiege 2009) and provider of decision based financial and operational information, management accountants are responsible for managing the business team and at the same time having to report relationships and responsibilities to the corporation’s Management (Reimer and Fiege 2009).

“[...] Accounting for control is underpinned by a governance structure, which includes accounting structures that have the potential to act as safeguarding and incentivizing devices with the aim of aligning long-term interests” (Vosselman and Van der Meer-Kooistra 2008, p. 1).

Management Accounting can be defined for many organizations as a Decision Making Unit (DMU) since it incorporates most comprehensively all information about the entire organization (Horngren et al. 2001; Heidmann 2006; Chapman

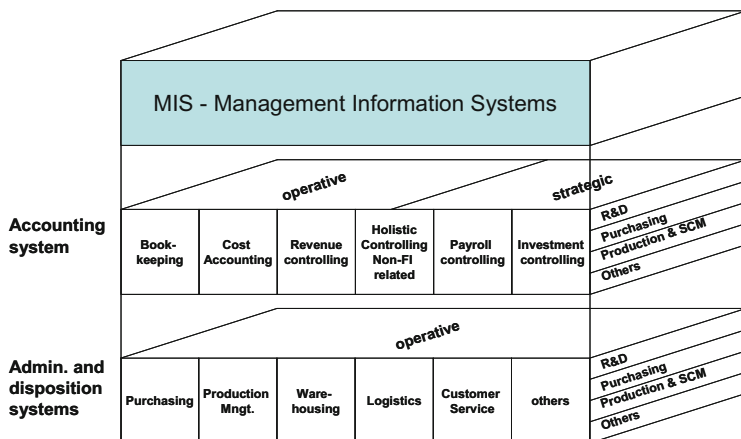


Fig. 2.2 Management information systems (Reichmann in: Hirsch 2002, p. 563)

1998). It is the department which can express the most accurate opinion of where the company as a whole is heading to (Horngren et al. 2001). In practice, controlling provides cockpit charts or Management Information System (MIS) reports comprising Key Performance Indicators (KPI) including also non-financial information to the management (Hostettler and Hermann 2004). MIS reports and Management Accounting systems are usually designed to accommodate the specific needs of organizations (Goes 2003).

“[...] Management Accounting information includes internal/external, financial/non-financial, quantitative/qualitative, and historical/future-oriented information that passed the perception and interpretation filter of Management Accounting systems” (Heidmann and Schaefer 2006, p. 46)

As for the management of companies these reports are often the only foundation they can base their tactical and strategic decisions upon. Consequently, the entire incentive system (Sholihin et al. 2011) of a company is often dependent on these reports.

The correlation between forecasts and opinions expressed by Management Accounting (controlling) and the eventual decision made by the management has been researched before (Sholihin et al. 2011) and was observed to be very close with some minor variations (Schäfer 2007; Weber 2002b; Weber and Meyer 2005). These variances were primarily caused by survey participants with different organizational structures where in some, Management Accounting was often only responsible for managing financial data but no other non-financial KPI or the actual tasks of Management Accounting were limited to checking and auditing functions.

Management information systems usually contain data from accounting as well as administrative and disposition systems on the operational and strategic side across all departments of a commercial business organization. External information about competitors, supplier etc. can usually also be found. In public organizations the information is not so detailed and comprehensive (Homann 2005) (Fig. 2.2).

Table 2.6 Definitions of management accounting

Source	Definition
Kaiser (2010) Interview, Aug 2010, 20:05	“Management Accounting in essence is decision making oriented bookkeeping. Though Management Accounting in its organizational structure, naming conventions varies from country to country and firm to firm it is clear that the actual tasks are the same in every company. The difference is that sometimes several departments make a contribution to the textbook definition of Management Accounting”
Wilson and Wai (1993), p. 15	“Managerial accounting encompasses techniques and processes that are intended to provide financial and non-financial information to people within an organization to make better decisions and thereby achieve organizational control and enhance organizational effectiveness”
Anthony (1988) from: Schwarz (2002), p. 46	“Controlling is the process by Management to influence the organizational members to execute the organizational strategies”
Heidmann and Schaefer, (2006), p. 44	“Management Accounting systems are formal systems to prepare and provide information from the internal and external environment that helps managers to monitor organizational performance”

Whilst there are multiple organizational structures of Management Accounting it seems clear that almost all commercial business organizations have one or more departments which are the key Decision Making Units (DMUs) (Horngren et al. 2001; Heidmann and Schaefer 2006) (Table 2.6).

2.2.2.1 Definition of Management Accounting in This Research

In practice the tasks are often shared and spread across different departments. There is no unified term for Financial controllers or Management Accountants. Therefore, the term Management Accountant referring the person or Management Accounting referring to the department are going to be used.

Additionally, in this research, Management Accounting is perceived to holistically control a commercial business organization or a public organization and in the context of a business partnering approach.

In this research the assumption is also made that Management Accounting incorporates non-financial information in their reporting and has a most comprehensive view across all information relevant for decision making in both commercial business organizations and public organizations.

Management Accountants in this research here are defined as supporters for decision making in form of reports or other forms to help executive management to

make decisions. They are seen to be the filter between line managers and executives and are supposed to increase efficiency and effectiveness in their organizations. In this research they are also seen to be responsible to implement as well as define together with executives the overall strategy of their organization. Management Accountants are seen to be brokers between line managers and executives to manage information channels as well as access to resources.

2.2.3 Management Accounting in Public Organizations

In public organizations the finances and Management Information systems are structured differently to those of private business organizations.

In the past the financial control in Germany and Switzerland is often based only on cash-in and cash-out (Homann 2005). The ‘Kammeralistische Buchführung’ (single-entry bookkeeping system) (Wiesener and Westermeier 2007; Homann 2005) was used by most German and Swiss authorities. Only realized gains or losses were considered in the official reporting. Additionally, there was no tax gap, USGAAP or local Gaap involved, the rules are mainly set by the lawmakers or government departments in the respective bundesland (province) or are stipulated by the constitutions of respective countries (Wiesener and Westermeier 2007).

However, in recent years a strong movement towards a reporting system similar to that of private companies can be observed and several authorities, communities and provinces have made changes to their financial reporting standards or are in the process of change.

Hence, it can be construed that decision making is still often based on a simpler set of information and reports than in commercial companies (Homann 2005). However, decisions made by public organization are often not economically motivated but driven by a high degree of political interest, lobbying and other factors including the spectrum e.g. of politicians trying to accommodate to their voters in forthcoming elections and other influences (Viklund 2002). Additionally, the financial aim of a public organization is often not to generate a financial profit but maintaining existing services or improving services with the funds available (Homann 2005).

In Germany in many cases the centralized government departments still control the payroll of all staff directly and the majority of other funds both budgetary and operationally.

2.2.4 Management Accounting: Trust Building (Deterioration)

Trust is an “elusive concept that is often difficult for managers to influence” (Levin et al. 2003, p. 64). Additionally, there are organizational tensions and conflicts of

interest which management accountants face. These tensions can be assumed to influence trust relationships.

However, following the notions of trust building in the previous findings in literature, management and Management Accounting in organizations are reckoned to be able to contribute both positively and negatively to increase (decrease) the level of trust between stakeholders within or across organizations.

An example of decreasing trust is when controlling crosses the normal business relationship boundaries of reporting and guidance and starts to curtail the scope of other actors within an organization too much. This is often related to layoffs and restructuring of a business but not often limited to the above.

Another example would be if Management Accounting tries to enforce a quantified baseline, often a forecast or budget which everybody has to adhere to but where the volatility, vulnerability and risk of mismatch of the chosen assumptions and parameters are so high that they cannot be reasonably predicted. This is particularly the case in fast moving environments such as Project Management, Consulting and Research and Development.

Management accountants could also start to become more short term oriented and this can negatively influence the overall sustainability of the business. This can be caused by either individual opportunistic behavior of management accountants, wrong incentives, and direct orders from Management or by a combination of these factors.

Cost cutting activities can often create scenarios where management accountants want to show that they can make a difference to how economically a business operates and thereby justify their own existence but this can result in neglect with regard to overall sustainability.

A bad attitude towards colleagues and the organization as a whole is reported to decrease trust levels (Sydow 1998).

Conversely Management Accounting can often naturally create trust between stakeholders such as management, internal customers and partners by giving them the instruments to manage themselves (Stölzle and Otto 2003).

Through a high level of competency, transparent reporting, being neutral and respectful to their counterparts, Management Accounting can become a perceived valuable resource for the achievement for the greater good within a company and reduce moral hazards (Dembe and Boden 2000; Lau et al. 2007; Stölzle and Otto 2003; Levin et al. 2002).

“Trust experts recommend that, particularly during hard times (layoffs, salary cuts), trust can be enhanced by such actions as providing high-quality face-to-face communication, including giving an adequate explanation for decisions, and treating employees with dignity and respect” (Kramer and Cook 2004, p. 36).

Levin et al. in 2002 suggested to bring people together face to face as it is reported to “spur the conversations that can signal an individual’s benevolence” (Levin et al. 2002, p. 7)

Being topic oriented and not accusative is seen to be a way of Management Accounting maintaining, creating or improving existing or new trust levels (Weber 2008; Levin et al. 2002). Weber also suggests involving a neutral mediator during discussions between different parties. It can be assumed that this can apply also to discussions between Management and business partners. Management accountants could then serve in a mediator role by providing financial advice and setting the boundaries for these discussions in order to safeguard profitability and sustainability.

Building a common understanding and a common goal is recommended by Levin et al. in 2002 to help increasing trust levels.

Warnock described that most employees in organizations operate based on what they think are promises but are, in fact, soft expectations that have not been clearly voiced and agreed on. When these expectations are not fulfilled the trust levels will decrease. Hence, he suggests that direct communication and what he calls agreed-to promise approaches could help fostering enhanced trust levels in an organization (Warnock 2010). Similarly, Management Accounting could pursue target, projection and budget settings in a direct and specific manner.

Levin mentioned “accountability for trust” referring to trust control (Levin et al. 2003, pp. 65, 67) to be helpful for trust creation. They identified that trust could be promoted through a way of measuring and rewarding trustworthy behaviors. Management Accounting can also adopt such an approach.

Additionally, other ways can be adopted of increasing trust. Other authors suggest that teams with good communication and interaction develop trust faster than teams with a weak rate (Jarvenpaa and Leidner 1999; Gao and Zhang 2006).

Theoretically, it could be assumed that what has been defined as ‘Control’, ‘Objective Information’ and ‘Reliance’ to describe what traditional concepts of Management Accounting partly create within an organization. Thus Management accounting is perceived to be conducive to making an organization reliable in its economic future.

Likewise, Management Accounting also creates trust while interacting with business partners and stakeholders within a business organization.

2.2.5 Organizational Tensions

Organizational tensions are usually minimal when the organization is successful in what they aim to do. When objectives are being reached, competition is not very strong and when things go well the organization tends to be harmonized. However, when markets slump, external trust in the organization deteriorates and recession has an impact on organizations – typically department leaders and individuals will try to ring-fence their domains.

This begins with measures such as cost cutting where the real struggle for resources actually begins. In this interdepartmental struggle for resources the accountants will inevitably find themselves in the center. Accountants will have to find solutions for these conflicts of interests between the line managers and also be able to illustrate these different interests to their executives so that they can make the decisions how to move forward. Hence, it can be construed that tensions can also be caused by organizational problems and not only by persons. Organizational structures create power disparities and Management Accounting is in the midst of these.

The reputation of management accountants plays a role in assessing the trustworthiness of management accountants. In companies management accountants could be perceived by line managers as being too close to shareholders or senior management. Hence, management accountants act in the interest of senior management and are perceived to be biased. On the other hand shareholders or senior managers might think the management accountants are too close to line managers and therefore do not work in their interest.

Asymmetric information (Peters 2008) often causes tensions between line managers and management accountants (Bardy 2006). In some cases the accountants cannot share information with their line managers due to formal confidentiality agreements. This can often lead to discontent and stress on the side of the line manager if revealed at a later stage and can have an uncomfortable outcome. Similarly, senior managers and executives are even more prone to facing such target conflicts.

Additionally, formal hierarchy structures, and formal policies can have an effect on trust levels. Formal structures eradicate or limit the freedom of choice and thus trust is reduced. Additionally, intra-organizational conflict of interest can be a problem for trust relations. Often these conflicts are caused and programmed by incoherent and non-holistic organizational targets.

Table 2.7 below illustrates the organizational tensions and mappings of the different stakeholders. The external stakeholders were omitted in this illustration as they are not the main part of the scope of this research.

Generally, tensions could be summarized but are not limited to the following:

The literature review addressed several items, which were part of the aims of this research already. It shed light on the role of accountants in organizations in different countries and formed a naming convention for Management Accounting. It also supported the first steps of developing a most comprehensive trust measure by showing the disparity of trust definitions and by identifying trust dimensions and concepts of trust.

Additionally, the impact of tensions and organizational differences was discussed and is going to be addressed in more detail in the following chapters.

Table 2.7 Organizational tensions

		Between management accountant and line manager	Between management accountant and executives/sr. managers	Between line managers and executives/sr. managers
1	Reputation and function	Applicable	Applicable	Applicable
2	Formally wanted asymmetric information	Applicable	Applicable	Applicable
3	Intra-organizational conflict of interest	Applicable	Applicable	Applicable
4	Formal organizational structure	Applicable	Applicable	Applicable
5	Formal and enforced policies	Applicable	Applicable	Applicable
6	Corporate culture of excessive check and controls	Applicable	Applicable	Applicable

2.3 Influences of Trust Within Organizations

In this section the impact of trust on the efficiency and effectiveness in organizations is discussed. It shows the current findings in literature in trust reducing transaction cost and improvement of control in organizations.

In the following sections the impact of transaction costs due to knowledge sharing, decision making, the influence of trust on Social Capital and the impact of control due to reduction of opportunistic behavior and empowerment are pointed out.

2.3.1 Transaction Costs

In order to understand how trust influences efficiency and effectiveness it is crucial to shed light on the cost of every transaction. This is because trust causes reduction of social complexities thus making business more efficient (Luhman 2000).

Trust reduces social complexities and decreases power distance thus making collaboration more efficient within and across teams and departments. Klaus (2002) showed that trust decreases the level of formalization of contracts and requires less investment and in practice this results in less hierarchy and increased efficiency.

Thus trust in networks allows reduced transaction costs (Williamson 1979; Bijlsma and Koopman 2003; Creed and Miles 1996) and is said to work as an economic lubricant, reducing the transaction costs associated with investments and promotes new business formation, employment and prosperity.

Tan and Woodward (2005) takes on a similar point of view and argues that “if trust is high, certain information needs (with information consisting of detailed plans, processes, objectives and results, and accompanied by sanctions for inappropriate behavior) is low” (Tan and Woodward 2005, p. 38) thus makes information sharing more efficient and less costly.

2.3.1.1 Knowledge Transfer and Sharing

Trust also influences information sharing and thereby increases the efficiency of workflows and knowledge sharing leading to better results in teamwork. It is crucial to investigate trust and knowledge sharing as it is seen as having a large impact on the performance of commercial business organizations.

Levin et al. (2003, p. 64) stated that “today more than ever, an organization’s success hinges on its ability to create and share knowledge effectively and efficiently”. Further, it has been stated that a trust relationship leads to more exchange of information between a trustee and a trustor (Tyler and Kramer 1996; Sprenger 2007a; Tomkins 2001a). Additionally, Gardner (2003) argued that trust is a key element in an individual’s decision to share knowledge.

McNeish and Mann (2010, p. 20) pointed out that. “Trust is one among several factors such as organizational culture, social processes, previous experience on knowledge sharing, and external incentives that supports knowledge sharing in organization”

The influence of trust in knowledge sharing was empirically tested by Nelson et al. in 1996. The results indicated a causal relationship – that trust acts through shared knowledge to impact group performance. Trust also allows employees to share their ideas without the risk of having these ideas subjected to ridicule (Reychav and Sharkie 2010).

Using a survey Levin et al. (2002) researched the effect competence- and benevolence-based trust has on information sharing. Their studies revealed that “knowledge exchange was more effective when the knowledge recipient assessed the source of the knowledge as both benevolent and competent” (Levin et al. 2002, p. 2).

Levin et al. also attempted to distinguish between different types of knowledge and whether the individual knowledge type affects the importance of trust in knowledge sharing. They hypothesized that when the state of knowledge is experiential, difficult to verify and/or tacit, it would involve a higher degree of competence-based than benevolence-based trust. Likewise, when knowledge is more tangible or codified exchange would be more impacted by benevolence-based trust.

Similarly, Wiewiora et al. (2010) attempted to empirically research the interaction of trust and knowledge sharing in an inter-project context of three commercial business organizations. Based on a qualitative research model they interviewed three companies and found that there were dissimilarities in the perception of trust in companies. Additionally, benevolence-based trust was seen as less important for

inter-project knowledge sharing than competence- and integrity- based trust. Wiewiora et al. (2010) also described that trust building would be more difficult when work faces strong time constraints.

In this case benevolence-based trust could be viewed as a hygiene factor as it appears that the trust dimensions such as integrity and competence based trust prevail, reliance could also play a role. So it could be assumed that the parties – though in a rather relaxed project environment – do in essence not have a real free choice other than trying to be mutually successful.

Therefore, reliance can be seen as extremely important while trust could be seen at least in part as a lubricant for information sharing and transfer.

While knowledge sharing and knowledge transfer are often used as synonyms in literature they are in fact different. “Knowledge transfer is about the ability to take action (transfer) based on knowledge, knowledge sharing about the exchange of the knowledge between two people. Sharing and combining knowledge would seem to come before transfer.” McNeish and Mann (2010, p. 19) go on to argue that this can lead to improved group processes and business decisions a point supported by Tan and Woodward (2005) and Peters (2008). From this according to Dasgupta and Serageldin (2000) a basis for action can be formed. Therefore, according to Strulik (2004) knowledge is seen as a resource also in organizational contexts, which is shaped by trust.

Trust has an impact on innovation within a commercial business organization (Bidault and Castello 2010). Knowledge sharing was mentioned as a primary source for innovations and raising ideas to colleagues and other team members. On the downside there are authors who claim that too much trust can be detrimental to innovation (Bidault and Castello 2010). Figure 5.1 illustrates Bidault’s attempt to test these relations based on a series of experiments in which 12 groups were enrolled as a sample population (Fig. 2.3).

They identified that innovations tend to increase with increased mutual trust but at a point where trust gets very high the ability to innovate starts to decline.

Bidault and Castello (2010, p. 36) stated that: “high levels of trust and mutual caring, individuals might become too accommodating, quickly accepting their partners’ ideas and thus reducing the amount of dynamic task-oriented conflict”. He assumed that “The team would then have lower creative tension, consequently reducing the partnership’s effectiveness”.

“Enhanced competitive advantage leading to faster financial development, stronger firm performance (Zaheer 1998; Pavlou 2002) from knowledge sharing has been documented by researchers such as Chow et al. (2000). For example, improvement in success from the reduction in the number of days to new product launch has been well-explored (Cooper 2001)” (McNeish and Mann 2010, p. 29).

However, as the quality and quantity of knowledge sharing cannot be measured directly (McNeish and Mann 2010) it becomes difficult to prove these relations empirically through a quantified research approach and interpretations should only be made with caution.

However, it can be construed as Homann (2005) discusses that information sharing increases and is the prerequisite for effectiveness and efficiency in a commercial business organization and public organization.

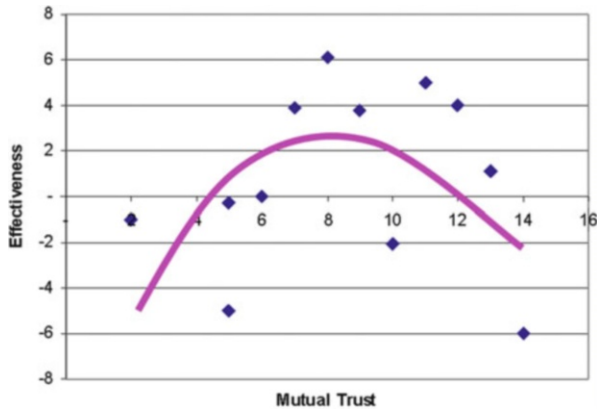


Fig. 2.3 The sweet spot of mutual trust

2.3.1.2 Decision Making

Decision making is a crucial part in organizations and is impacted by the personal and organizational trust levels. With better information at hand employees will find decision-making easier but will also lead to decisions being made with better judgment and with a higher success rate. Provision of this information is mitigated by trust and can lead to worse decision-making.

Better decision making leads to success that can be measured in factors such as increased sales and profit, and reduced transaction costs within organizations (Luhman 1979).

2.3.2 Trust and Social Capital

“Social capital has been studied by many different disciplines. It has advanced to an important concept in social science” (Torgler 2007, p. 66). Therefore, social capital is mainly viewed as a sociological concept, which researches the relations amongst stakeholders in and between different networks (Klaus 2002; Tonkiss et al. 2000; Fukuyama 1995; Coleman 1988; Dasgupta and Serageldin 2000). It is often viewed from a societal-group level or a relational level (Lin et al. 2001) but also comprises research fields such as civil engagement, social participation, and trust (Lin and Erickson 2008). However, the discrimination of these concepts and boundaries are not very clear in literature (Dasgupta and Serageldin 2000).

Social capital is seen by some as analogous with physical, financial and human capital, and it is often considered as more important than physical capital (Fukuyama 1995). It is reported to promote economic and financial benefit (Statman 2009).

Unlike physical and financial capital, social capital is intangible and comes through changes in the relations amongst persons that facilitate action. While human capital is also intangible the capital is imbedded in the person's characteristics and skills to produce action (Dasgupta and Serageldin 2000).

Therefore, social capital is described to be a relational asset and thus a collective asset (Lin et al. 2001). "Norms, trust, sanctions, authority and other structural "features" become important in sustaining social capital" (Lin et al. 2001, p. 25). Hence social capital is intertwined with trust.

"Trust and fairness are part of social capital" (Statman 2009, p. 93). "Collective assets such as trust, promote the relations and networks and enhance the utility of embedded resources, or vice versa" (Lin et al. 2001, p. 10). Therefore trust is proven to increase the willingness to undertake shared activity (McNeish and Mann 2010).

Lin and Erickson (2008) reported that normative social capital is seen as a recognition by society that if someone helps another person, he or she will be supported or helped by other people (not only by the person who has helped) in the community or society.

Thus, trust is related to getting access and to creating social capital. For example it could be assumed that a person looking for a job will be more likely to receive assistance (Gayen et al. 2010) from others due to a trustworthy relationship and/or the degree of social capital involved. Levin et al. (2002) confirmed that and stated that "recent studies have suggested that the presence of an ongoing relationship between individuals has an impact on trust" (Levin et al. 2002, p. 4).

This has also been empirically researched and validated by Torgler in 2007 who researched trust and social capital in international organizations including the United Nations.

Therefore, following these notions it can be construed that social capital impacts on and is impacted by trust.

2.3.3 Trust and Control

Vosselman and Van der Meer-Kooistra (2008) pointed out that trust and control intermingle in organizations and is often recommended by employees and management (Morris 1995) to serve as a good substitute for control because it reduces transaction costs (Sanchez et al. 2012). Most authors argue that the higher the degree of trust in an organization is the less the costs which are necessary for monitoring and maintaining other control mechanisms (Bijlsma and Koopman 2003; Cummings and Brommiley 1996; Velez et al. 2008; Gao and Zhang 2006).

This hypothesis was perceived as only partly representative of the practical situation of business organizations. As discussed before, the organizational structure or the different dispersion of lateral or vertical trust levels and social networks (Gao and Zhang 2006) can have an impact.

2.3.3.1 Empowerment

Trust helps employees to be motivated. This is reported to lead to better organizational control through control of behavior (Cadenhead and Richman 1996; Sanchez et al. 2012). Increased levels of trust and freedom encourage higher levels of self-accountability leading to more involvement in the workplace (Allensbacher 1999 in Sprenger 2007a; Anthony et al. 2004). It also promotes higher job satisfaction, organizational commitment, low neglect, loyalty, mutual learning, low employee turnover, more internal employee development, higher sales and profit (Bijlsma and Koopman 2003; Kramer and Cook 2004; Sprenger 2007a, b; Sanchez et al. 2012; Gao et al. 2012).

Increased levels of trust in organizations causes employees to take fewer sick leaves. In a study from Allensbach 54 % of the employees of the survey did not have a single day of sick leave while those with lower trust levels and less freedom in their workplace had a corresponding rate of 23 % (Allensbacher 1999 in Sprenger 2007a, pp. 144–145).

It also helps employees to become empowered and more motivated in their roles. Findings in Tzafrir's work also indicated that trust exerted a direct effect on Human Resources Management practices and organizational performance (Tzafrir and Eitam-Meilik 2005).

“Trust can help explain why individuals have been willing to follow the visions of leaders, in some case placing their fate (and sometimes lives) in the hands of leaders in contexts ranging from modern organizations to ancient armies. . .” (Kramer and Cook 2004, p. 21).

Trust as an antecedent to employee extra-role behavior was also exploratively researched in non-profit organizations by Reyhav and Sharkie (2010). Organizational trust levels were seen to be “strongly related to perceptions of management's trustworthiness. The higher the assessment of management integrity and dependability, the more likely it is that this will lead to increased extra-role behavior that will benefit the organization” (Reyhav and Sharkie 2010, p. 239).

In the study Employee Extra-role Behavior from Reyhav and Sharkie in 2010 in Fig. 5.2 the results show:

- (a) Higher participation in decision making by employees of 0.89 and
- (b) More contribution from autonomous employees 0.66 while
- (c) Intrinsic job motivation 0.4 and
- (d) The degree of sharing knowledge 0.44 were found to be weaker indicators (Fig. 2.4).

Following the principles of intrinsic motivation (Thomas 2002) it could be construed that intrinsic motivation itself cannot be influenced by empowerment or extra role behavior. Intrinsic motivation is mainly not influenced by external stimuli as it derives from the general characteristics of an individual and the general willingness to learn and perform (Deci and Ryan 1985). The model might not be valid in this regard. In fact, it could be argued that intrinsic motivation might be more a reason to trust and to increase trust levels and not so much an effect of trust.

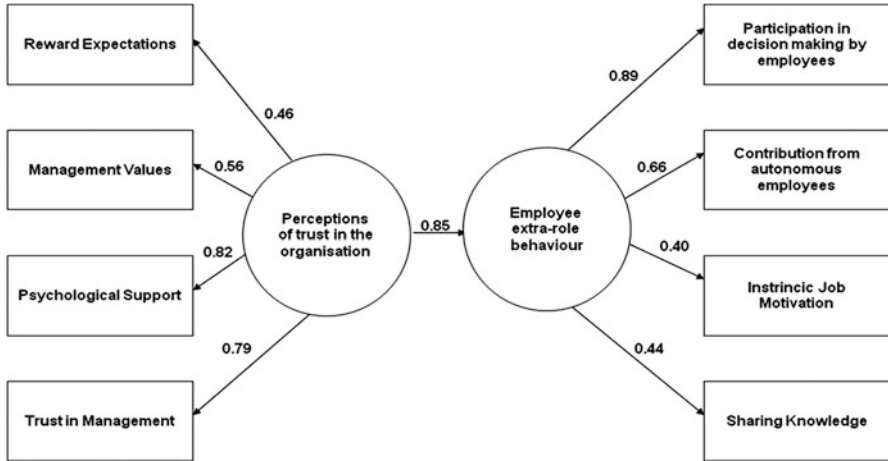


Fig. 2.4 Empowerment/extra role behavior (Reychav and Sharkie 2010, p. 230)

However, the effects of intrinsic motivation can more likely be observed if trust replaces control within an organization.

Deci et al. defined “intrinsic motivation for an activity when a person does the activity in the absence of a reward contingency or control” or as “free choice measure” (Deci and Ryan 1985, p. 34) implicating that intrinsic motivation can only turn into action if controls allow it to happen. However, trusting as a substitute for controlling infers that a trustee regards a trustor’s goal as his or her own goal. Thus the trustee’s action is also controlled. Therefore, it could be construed that the effect of intrinsic motivation based on extra role behavior was probably lower in Deci’s study. However, according to Sprenger there is a relationship between the degree of freedom and workplace satisfaction (Sprenger 2007b).

Sharing knowledge as described to be discretionary in Reychav’s research as it is not part of a formal employment contract was also seen as a weaker indicator for extra-role behavior and trust relationship (Reychav and Sharkie 2010). This could be because sharing knowledge depends on a lot more factors than purely organizational trust levels and/or empowerment. Factors such as personal trust, existing trust relationships and target conflicts might overlap.

However, Kramer and Cook (2004, p. 24) also stated that: “Almost all research to date has been based on cross-sectional designs on which the direction of causality cannot be inferred. For instance, rather than trust impacting job performance, it is possible that for some employees, higher job performance inspires increased trust in one’s leader. What are needed are experimental and longitudinal research designs that empirically test causality”

Lorenz and Lazaric view trust as having mixed outcomes. They illustrated that trust and blind trust can have positive as well as negative effects for trustors. Following his example where a company (trustor) hires a consultant (trustee) and empowers them with tasks, the effect can be detrimental for the organization in the long run (Fig. 2.5).

Example 1: Engaging a consultant to facilitate an organisational learning process

<i>Firm members' trust in consultant</i>	Trust as prerequisite	Trust as outcome	Trust as obstacle
Trust in competence	If members believe consultant is capable of helping firm, they will agree to participate	After exposure to consultant's skills members' trust in his/her competence increases	Excessive dependence on consultant can inhibit taking responsibility for own learning
Trust in intentions	If members believe consultant will not betray the firm or its members they will participate	As a result of working together, members become increasingly comfortable with goodwill and integrity of consultant	Blind trust in his/her intentions leads members not to challenge or confront consultant thereby reducing opportunities to further their own learning

Fig. 2.5 Possible outcome of trust (Lorenz and Lazaric 1998, p. 257)

2.3.3.2 Reduction of Opportunism

Trust is also suggested to reduce opportunism within an organization (Zaheer 1998; McNeish and Mann 2010). Additionally, trust can enhance fair operations in some cases (Tan and Woodward 2005).

This has in part been explained in more detail for example by McNeish who describes that: "Groups can learn as much from knowledge shared about other's failures as they can by learning about success. This requires a climate of trust that this knowledge will not be exploited by others as weakness" (McNeish and Mann 2010, p. 25).

However, while McNeish describes the need for trust he missed describing the exact cause of trust for reducing opportunism. Someone could hypothesize that the reduction of opportunism happens mainly through the overlapping of existing trust relations between a trustor and a trustee with changing roles and prospects of further individual advantage within relationships. A trustee acting opportunistically in one trust relationship is likely to face the danger of being viewed as opportunistic in all others and if not a certain underlying doubt by different trustors is at least likely to remain.

If this is true, it could also be assumed that for topics which are not so important for a trustee and/or a trustor, lower opportunistic behavior can indeed be observed. However, overall it could be construed that opportunistic behavior cannot be completely reduced when certain topics are viewed to be very important and overturning all pre-existing trust relations and future prospects of relations. Following the notions of game theory a trustee or trustor should try to operate opportunistically if there is no prospect of future continuation of cooperation.

2.4 Summary

The main findings of this literature research were information about trust dimensions, organizational tensions, impact of trust, various approaches to measure trust and differences between organizational types as well as personal trust.

These are partially related to the aims and laying the foundation for this research. However, the aims of this research are more in-depth and more specifically to shed more light on the relations of trust on organizational performance and the way Management can foster trust relations. This also aims to understand differences of organizational types and interacting impacts of populations such as executives, management accountants and line managers.

Additionally, in order to measure trust more comprehensively it is necessary adopt principles of different schools. This later supports the reliability and validity of the trust measure adopted in this research. The type of intraorganizational studies and the lack of authors having done quantitative studies on trust in relation to Management accounting in organizations dictated that a methodology had to be developed to make quantitative study possible within organizations when sample size is low.

The literature research was partially not sufficient to provide answers to all questions raised and resulted in a number of goals partially unaddressed and unanswered. There were a number of gaps in literature but not limited to the ones mentioned below:

No multidimensional trust measure could be found, which is comprehensive enough to accommodate for different schools of thought. The complex relations of social network impact on trust and management accounting is not addressed sufficiently.

Additionally, trust and management accounting are not well enough explored yet. Impact of trust on organizational performance is partially not yet explored especially taking in account the function of management accountants.

Not much literature can be found for exploring the trust construct within organizations. Most authors also forwarded qualitative approaches but not many attempted quantitative approaches likely because of lack of sample size. So it can be construed that there is a lack of quantitative approaches in literature.

Comparisons between the private and public sector has been done before but there are aspects which have not found access in the literature yet. In particular the

impact of management accounting has not received much focus and the methodology used was mainly of describing less of investigative nature.

Trust and socio-economic characteristics have not been explored very well yet. There are basic socio-economic conditions, which are assumed to relate to trust and which make trusting easier or more difficult. These relations have not been shed light on in literature sufficiently either.

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