

Is control expressed distrust?

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Introduction

Although a number of scholars have focused on business interactions for some time, increased understanding of its dimensions is still regarded as a prime task (Ford and Håkansson 2006). Within as well as outside the IMP domain, trust is often portrayed as one of the more important relational traits explaining the nature of the interactions taking place. IMP research, with its strong emphasis on interpersonal and informal relationships, tend to regard institutional arrangements of various kinds as possible indications of distrust. That is, whereas an IMP argument is that trust can substitute for different institutionalised control and monitoring activities, the classical transaction cost and principal agent argument is the opposite, i.e. that institutionalised mechanism substitute for trust.

The link between trust and distrust has received attention in various streams of research (such as social psychology, sociology, organisational behaviour), but it has not been an explicit issue in IMP reasoning to a great extent. In general, the dominating view so far has been that trust and distrust are seen as opposite and exclusive phenomena. Others (e.g. Lewicki et al 1998) argue that relationships are so complex and multifaceted that we need to consider the possibility of simultaneous trust and distrust. Yet, the mainstream view today seems to be that (a) actors either trust or distrust; (b) no trust equals distrust, and (c) controls essentially are done in order to cope with distrustful relationships.

This paper presents a comparative case study based on relationships between a Norwegian multinational corporation and two of its subsidiaries. One subsidiary is placed in a seemingly high trust-low control context, the other subsidiary in what appears to be a high control-low trust setting. The research questions are if control is expressed distrust and if the absence of trust the same as distrust? The paper's purpose is thereby to consider the nature of interactions in terms of trust/distrust and to regard the use of controls in maintaining or building trust/distrust respectively.

The paper begins with a brief presentation of the research method and case selection, and continues thereafter with the case presentations. Before the discussion a literature review on trust, distrust and control appears.

Research methodology

The association between trust, distrust and control is multifaceted, and there are few empirical studies focusing on the two concepts jointly. A qualitative approach is regarded as suitable under these circumstances. Cases and particularly longitudinal studies provide for rich and complex descriptions including nuances of the studied phenomena.

Case studies are also beneficial for the understanding of phenomena in real life contexts (Yin 2003), and the advantage of studying several cases is commonly given (e.g. Eisenhard, 1989). Therefore a comparative case study design has been applied.

The chosen cases and the context are regarded as particularly interesting when studying issues of trust and distrust. Whereas Norway (and Scandinavia in general) usually is characterized by high trust on the societal level as well as between and inside

organisations (i.e. 'flat' organisational hierarchies, participatory decision making and openness), recent research indicates that trust is low in Latin America in general and in Chile in particular. Likewise, it is occasionally claimed that Chilean companies are lagging behind in their efforts to overcome distrust (Rodriguez et al, 2005; Koljatic and Silva, 2005). These arguments indicate significant disadvantages for Chilean competitiveness as well as challenges for multinational corporations (MNCs) having overseas subsidiaries in Chile.

In 1884 A/S H. Koppernæs & Sønner was established in Norway by Mr. Hans Koppernæs. The firm focused on fisheries, hunt, trade of ship accessories and export of sealskin and fish. This was the main business all the way up to the 1930's, when the production of fish oil and fishmeal started. With a coastline of 4,600 km, Chile has one of the largest and rapidly growing fishing industries in the world, and in 2000 the group also acquired a fishmeal and oil producer in Chile. Today the group consists of the following companies:

- Tingstad AS - Fasteners, Tools, Bits & Pcs., Supply Chain Solutions
- Brude Safety AS - Safety Solutions
- Vedde AS - Fishmeal, Fish-oil (Norway)
- Lota Protein SA - Fishmeal, Fish-oil (Chile)

The emphasis is consequently on Koppernæs' relations to Vedde and Lota Protein.

In line with the advice stressed by Yin (2003), Eisenhardt (1989), and Stake (2000), data for this study was collected from a variety of sources. Between 2003 and 2006 21 interviews with 12 individuals were conducted. Nine interviews were done in Chile, and 12 in Norway (see appendix 1). All interviews were recorded and transcribed. In addition to these semi-structured, face-to-face in depth interviews with corporate HQ and subsidiary managers, press articles as well as company documents have been used. Moreover, five days have been spent in different locations studying the actual work practices.

Of fundamental importance are the inductive insights interpreted from the empirical data. The analytical process is therefore captured by the notions of abduction and systematic combining (cf. Dubois and Gadde, 2002) with particular interest in the interplay between the theoretical concepts and the cases that successively emerge over time. The study's validity, or credibility, has been addressed in a number of ways. The use of multiple respondents is seen as an advantage in qualitative, interpretative research traditions. Creative use of member checking is one of the most important forms of validation of qualitative research (Lincoln and Guba, 1985). This implies that the researcher discusses 'findings' with informants and peers. Informal feed back sessions and discussions have been made possible by interviewing key managers up to four times.

MNC-subsiary interactions

Before turning to Koppernæs' relationships to Vedde and Lota Protein respectively, the production of fishmeal and fish-oil is briefly described.

Fishmeal and fish oil production

Fishmeal is a light brown flour or meal produced by cooking, pressing, drying and milling fresh raw fish and fish trimmings. World-wide annual production from about 400 dedicated fishmeal plants is about 6.3 million tonnes of fishmeal and 1 million tonnes of oil from about 33 million tonnes of whole fish and trimmings. The main producing countries in 2005 were Peru, Chile, China, Thailand, USA, Japan and Denmark (see www.gafta.com).

High quality fishmeal is recognized by animal nutritionists as an excellent source of protein, energy, minerals and vitamins. Fishmeal can be made from almost any type of fish but is generally manufactured from high oil fish commonly referred to as 'industrial fish.' Such species as herring, menhaden, anchovy, pilchard, sardines and mackerel fall into this category. Approximately 90% of the world fishmeal production is from these high oil species.

Fishmeal is made by cooking, pressing, drying and grinding the fish (see figure 1).

Insert figure 1 about here

During cooking, the fish move through a long, steam-jacketed, screw conveyor cylinder. Cooking coagulates the proteins and is a critical process responsible for sterilizing the product and preparing it for liquor (a mixture of oil, water and protein) removal. Once cooked, the liquor is removed by pressing. The solid residue that remains after pressing is called 'presscake.' The liquor is centrifuged to remove the oil. This oil is often further refined before being transported to storage tanks. Prior to storage, it is essential to add an antioxidant. The antioxidant will stabilize the oil so that oxygen will not cause damage during storage. The stored oil must not come into contact with air, heat or light in order for its quality to be maintained until it can be incorporated into feeds for fish, poultry, pets or other uses. In all production the meal must be dried so that the moisture content is low enough to allow the meal to be stored and transported without mold or bacterial growth. If over drying occurs, the meal can be scorched and the nutritional value of the meal will be adversely affected. Drying can be either direct or indirect. Direct drying is the most rapid and requires very hot air to be passed over the meal as it is rapidly tumbled in a cylindrical drum. Indirect drying requires a steam-jacketed cylinder or a cylinder containing steam-heated discs which tumble the meal at temperatures lower than 70 degrees C. for 10-20 minutes. Advantages with this technique are better nutritional quality of the fish meal as well as improved feed conversion and better relative growth of the fish.

The Koppernæs -Vedde relationship

The influence that Koppernæs' relationship to Vedde has on its relationship to Lota Protein is a typical network effect and visible in two important ways. In 2002 the owners decided to transfer technology from Norway to Chile including an expansion of the

Chilean plant with a focus on low temperature (LT) technology. Lota Protein is today the only plant in Chile which offers this high quality product.

A more long term and organisational change is also visible in the headquarters' ambitions to transform the Chilean subsidiaries way of working. The Vedde and Lota Protein plants are, after the introduction of LT drying, very similar in terms of process technology and also quite similar in terms of plant design. The two units way of working is however different (see table 1).

Insert table 1 about here

Vedde is seen by the owner and the CEO as extremely dynamic and flexible organization with an unusual sense for efficiency and value creation. The group CEO illustrates this by stressing how employees readily come up with suggestions for how to cut man hours or otherwise reduce 'slack' in the operations. The operators are competent and flexible in terms of taking on different kinds of work assignments.

Comments from the group CEO and the Norwegian plant manager indicate an expressed willingness to trust, both between the group HQ and the subsidiary as well as within the plant: *"The Koppernæs family gives this plant (i.e Vedde) an enormous trust in taking care of itself"*. The leadership style *"is very much based on showing trust and providing freedom to employees. There is little interference"*.

Trust appears to be present in different ways within the Norwegian plant. For instance, the plant manager informs that since 1999 there has been no formal documentation concerning salary negotiations between him and the union, *"salary negotiations last year lasted five minutes. But of course then you need to trust one another"*. Indeed, most agreements are verbal. In comparison with the Chilean plant, the levels of controls are in general significantly lower. The Norwegian organization accepts and talks about problems openly; there is willingness within the organisation to participate in decision making, and to take on responsibility.

There is also a strong feeling of 'ownership' among the employees towards the firm, and an interest in its development. One manager illustrates this by describing how employees who have been away for a while (for instance after vacation) first 'must' stop by the plant to see how the operations are going, before they finally return to their homes.

The leadership approach at Vedde can to a fair extent be described as 'servant leadership'. There is a pronounced awareness in the administration about which ones are 'doing the job' (i.e. the plant operators), and that the most important managerial function is to support the operators in their work. As an illustration, the plant manager stresses that *"if someone needs help with something administrative, say help with something towards the county office, then I will make a call for him, if someone thinks he is bad a typewriting, I will write a letter for him. You need to get under the skin of the employees"*.

The low hierarchical structure is visualised by the factory manager who, for different reasons, is impossible to distinguish from any of the process operators. He is dressed in the same blue collar outfit as the operators and is usually never to be found in his office, but always out in the plant focusing on the actual production. The plant is organised in three shifts per work day and the plant manager informs that *“I attend all shift turns. There is not really a need for it, but I started doing at and.....It makes me calmer (laughter). It may well be the case that I irritate people by being here so much. But I try to not interfere with their concrete activities; it is more what has happened during the shift, that kind of information. I just need to calm myself (laughter).*

As to the employees, their level of knowledge is high. According to the plant manager: *“People do not place themselves in boxes, saying I’m not to deal with this or that. They see the entire picture, and that is explained by the fact that we are so few employees”*. Their level of identification with the firm is also pronounced, as illustrated by the need to keep updated about the production process: *“it is YOUR working place. Many have been here for 20-25 years.....And I think people like it here, there is a lot of freedom in the job”*.

The Norwegian managers recall that they needed several years to improve the Norwegian unit’s way of working, and they are clear that time is a key issue also in Chile. In order to improve flexibility and decision making the ambition with the Norwegian plant has been to *“make things simple”* That implies *“delegation as far down in the organisation as possible”*. The Norwegian managers are acknowledging that Norway and Chile represent two different contexts and the ambition is not to regard Vedde as an exact blueprint for the desired changes at Lota Protein. The Norwegian plant’s way of working is nevertheless an inspiration for the current changes.

The Koppernæs - Lota Protein relationship

Lota Protein outperforms Vedde when it comes to maintenance in general, although there has not been any concrete influence on Vedde’s way of working in this respect. But the Chilean subsidiary struggles when it comes to a number of other issues. A representative quote is that *“Chileans do not trust one another at all. So they build very much control in their system. And the tendency then becomes that there are too many policemen. Who shall control the controller? I think we have some of these problems (i.e. at Lota Protein).”*

The levels of controls are significantly higher at Lota Protein. A Norwegian manager describes how a Chilean manager who visited the Norwegian plant for a year was ‘shocked’ over how little they control at Vedde; *“how few analyses we make, compared with the extreme care in logging all results at all times at Lota Protein where they perform all kinds of analyses, measures each shift, and make fancy diagrams and presentations”*. In general, Vedde runs analyses once per shift, whereas analyses on an hourly basis are performed at the Chilean subsidiary.

Lota Protein is differently organized than Vedde, being characterised by a more hierarchical organisation structure where problems traditionally not have been openly

discussed. Instead efforts are often made in order to 'cover up' and hope that no one will find out about the situation at hand, or, at least, that it will be impossible to identify anyone as personally responsible for the problem. Lota Protein needs app. 40% more personnel to run the plant in comparison with the Norwegian sister unit.

There are a number of explanations behind the differences identified. At Lota Protein there are indications of a lower propensity to trust. There is a belief that Chilean managers would not trust their workers enough to let them operate like they do at Vedde. The traditional leadership approached has been based on control, and as was indicated in the previous section, controls have been an important part of the working routines at Lota Protein. A Norwegian manager asked a Chilean colleague "*what do you do with this documentation, who cares? And then what he said was that much of this (i.e. the analyses) was to be able to back log and blame an individual if something incorrect had been done. That becomes totally wrong for us. We are not chasing people*". While the Norwegian manager stresses that there is not one operator in his plant who is afraid that he will 'get him', the Chilean approach explains the interest in trying to cover eventual errors to avoid negative consequences.

Moreover, from a Norwegian standpoint it seems as if Chilean managers do not dare to delegate decision making authority. At the Lota Protein plant the previous owner managed the factory in "*a very Chilean way*", i.e. he took all the decision himself and had a good second in command that executed his decisions.

Another opinion related to control is that Chilean workers are used to having a boss who looks over their shoulders. A Chilean worker can function very well as an operator, "*if someone is there to hold his ears*". *Otherwise he normally works less good*". The reason for this is believed to be a combination of less work pride and traditions. The Chilean mentality demands a 'pressure' to make things work, but may also create an unfortunate and self-reinforcing cycle where managers are used to control and employees are used to be controlled. Similarly, the workers are used to listen to decisions that others have made, but not used to take on responsibility and to see decisions through. The managerial reluctance is partly explained by the level of education and competence in work related tasks. As an illustration, the process operators at Vedde are seen as having the same technical competence as the shift foremen at Lota Protein. Accordingly, tradition, mentality and the level of education and hence competence in performing work tasks are given as explanations for the situation. There is little day to day learning; employees lacking in education and competence and managers not tolerating employee initiatives and possible mistakes.

The issues at hand concern trust building, knowledge issues, delegation of responsibility and decision making authority. The Norwegian owner invests considerable time in the organisational change operation. He travels to Chile four times per year, and usually stays for two weeks at the time, with the basic intention "*to build trust between individuals*". It is also acknowledged within the Chilean organisation that a change is needed, focusing on a mental change at the managerial level. According to one Norwegian manager who visited the Chilean plant during the technical change: "*I talked to the employees in Chile,*

and found them to be reasonably able men, when they get the freedom and responsibility to do their work. They have a very good maintenance staff....., very good. And the process operators-I thought they were fine people. But it is, ...but I cannot judge.....it is a leadership issue. I cannot see why it should be that difficult to work more like here, to give them more responsibility". One Chilean manager explicitly stresses how he now has started to try trust more in his subordinates. The results have been promising, but time is needed both for the managers who must learn to trust, and the employees who are not used to make decisions and accept responsibility.

The Norwegian managers are working closely with the Chilean subsidiary managers in designing the appropriate actions to take. It is seen as essential that the Chilean managers identify with the changes and retain their authority. This implies, for instance, that the Norwegian managers involve the Chileans in the preparation of the changes to a greater extent than they would have done in Norway.

Trust and distrust-a review

Of central interest for this study is of course how to characterise the interactions at Vedde and Lota Protein in terms of trust, distrust and the use of control. In order to link such an argumentation to existing research, the following review addresses different approaches to trust and distrust, and links the two issues to control. The first section regards work that finds trust and distrust to be opposite mechanisms. Thereafter, arguments separating the two concepts are presented.

Trust and distrust exist in a single bipolar relationship

The traditional view is that trust and distrust exist at opposite ends of a single continuum (e.g. Rotter 1971), i.e. distrust is conventionally seen as the opposite of trust.

An increasingly accepted definition of trust is Rousseau's et al's (1998; 395) argument that it is "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another." Likewise, Mayer et al's (1995) model of trustors evaluating the integrity (overall ethical attitude); benevolence (goodwill) and competence of trustee's, has been well received in the trust literature. In this model the authors' chose to regard trust and distrust as the opposite ends of the same continuum (Schoorman et al 2007). This is consistent with dictionary definitions-for example, Webster's defines distrust as "the lack or absence of trust" and Random House as "to have no trust in." This view relates to arguments suggesting that distrust concerns the expectation that capable and responsible behaviour from certain individuals will not be forthcoming (Barber 1983). Whereas trust explains cooperative strategy, distrust leads to noncooperative approaches (e.g. Axelrod 1984; Coleman 1990).

Trust and distrust are separate constructs

Another stream of research proposes that trust and distrust are separate but linked dimensions (e.g. Lewicki et al 1998). A main reason behind this view is that "relationships are multifaceted or multiplex" (Lewicki et al 1998: 442), and that there is a need for a model that allows for both trust and distrust to exist in the same relationship.

This implies that trust and distrust are not opposite ends of a single continuum, an argument in line with Luhmann (1979) who suggests that trust and distrust are distinct mechanisms for managing complexity. Lewicki et al (1998) suggest that trust and distrust can be defined in reciprocal terms, but that they still are separate and distinct constructs. That is, low distrust is not the same as high trust, and high distrust is not the same as low trust. The opposite of trust is therefore not distrust.

Building on this argumentation Lewicki et al (1998) define trust in terms of confident positive expectations regarding another's conduct, and distrust in terms of confident negative expectations regarding another's conduct. That implies that distrust involves an expectation of intended harm from the other, a view in line with Luhmann (1979) who sees distrust as a positive expectation of injurious action. In other words, both trust and distrust involve movements towards certainty: trust concerning expectations hoped for and distrust concerning expectations of matters feared. Sitkin and Roth (1993) represent a further step away from the bipolar view when arguing that trust is violated when expectations about context specific task reliability are not met. If the non-fulfilled expectation is seen as an isolated even, possibly due to environmental circumstances, individual trust will remain. Distrust on the other hand, has to do with incongruent values. In such a situation, when fundamental values are not shared, an individual may be perceived as untrustworthy in a more 'global' sense.

Trust and distrust linked to control

Dictionary descriptions of control point at the ability to exercise restraint or direction over someone, or to be in a situation under the regulation, domination, or command of another (www.dictionary.com, www.merriam-webster.com/dictionary/control). A central issue in this paper is if control is expressed distrust? Arguably, this is the view which is implicit or explicit in much trust research, also among scholars trying to make a clearer distinction between trust and distrust. For instance, according to Lewicki et al (1998) distrust is manifested in social constraints such as monitoring mechanisms and regulatory controls that represent practical responses by concerned and attentive trustors facing expected threats. This implies that distrust can be institutionalised in specialised roles such as quality control inspectors or auditors (who may only do their job although they do not necessarily personally distrust others); in positions such as first line supervisors; or through sanctions of various kinds.

This line of thinking reasons with research viewing trust and control as substitutes. One opinion is that trust can substitute control, i.e. trust is viewed as an efficient governance mechanism in itself, which can reduce control and monitoring costs for risk taking economic agents (e.g. Gulati, 1995; Reve, 1990). A recent empirical study by Woolthuis et al (2005) also indicates that trust successfully can substitute contracts. Implicit in this approach is often that more formal control results in less trust, or that the very presence of control is an indication of insufficient trust or even distrust. Similarly, the absence of formal contractual agreements is occasionally taken as a proxy for trust (as is the case in certain IMP research). Researchers also argue that control can substitute trust. For instance, Oakes (1990) stresses that it is not necessary to trust if surveillance over a

partner's conduct can be exercised, or that trust loses its potency if it is possible to monitor the other's actions before carrying out one's own action (Dasgupta, 1988).

Another stream of research views formal contracts and relational governance functions to be complements to trust (Poppo and Zenger, 2002). Ness and Haugland's (2005) findings do not support the proposition that formal control mechanisms undermine the level of trust, and consequently argue that trust and control can coexist and jointly contribute to the development of a relationship. That control may foster trust is in line with this reasoning (e.g. Das and Teng, 1998). The basic argument is that control sets up the formal rules and standardized procedures that build the foundations for trust to develop. Child and Möllering (2003) argue that such a foundation is critical for trust building in uncertain environments.

Discussion

In line with the complex and multidimensional nature of relationships portrayed in IMP research, there are examples of trust as well as distrust in the cases. As to trust, it seems justified to argue that this is an issue regarded as important for the multinational headquarter. There is a high propensity to trust and an expressed feeling of being trusted from the Norwegian subsidiary's point of view. There is high trust between the HQ and the Norwegian subsidiary, as well as within the subsidiary. We regard this high trust as being similar to low (or virtually nonexistent) distrust.

The change ambitions taking place at the Chilean subsidiary are also to a significant extent rooted in trust issues. The MNC headquarter trusts the Chilean subsidiary in terms of technological performance and maintenance, but, arguably, believes they need assistance in changing the organisation's culture. Whether there is distrust or not depends on the definition employed.

If distrust is defined as involving an expectation of intended harm from the other, or as a positive expectation of injurious action, we would have to go back to the days when controls were made in order to attach blame and search for guilt, to provide one indication. Likewise, the opinion that Chilean employees lack in capability and well as motivation (if not a managerial pressure is provided) suggests a distrustful situation. However, in terms of the current change effort, it seems misleading to claim distrust from this definition of the concept. If distrust concerns the expectation that capable and responsible behaviour from certain individuals will not be forthcoming, which is a 'softer' view, we would argue that there are elements of distrust between the MNC HQ and the subsidiary as well as within the subsidiary.

There are also situations which are characterised by the absence of both notions, conditions which previous research tend to disregard. That is, the cases illustrate the presence of both trust and distrust, but *both* phenomena are also absent at times. Consider a recent development between the Chilean subsidiary manager and one of his middle managers. The middle manager has worked for some year in the firm, beginning as manager for the warehouse, and then successively taking over the firm's entire logistics processes. Thereafter he was given the opportunity to take on responsibility for sales. The

middle manager recalls how the subsidiary manager kept coming to his office ‘all the time’ after he received his new assignment, asking how things were going, if estimated sales would be achieved, basically controlling everything that concerned sales. According to the traditional trust-distrust dichotomy, the senior manager’s control of his middle manager would be taken as an indication of distrust.

In this situation, the actors had previous knowledge of one another. The senior manager had learnt over time that the middle manager had the competence, integrity and benevolence to manage the warehouse and later on the logistics operations (i.e. trust being domain specific). However, he knew substantially less about if he managed sales. The significant increase in control that took place was a control of the middle managers competence in a new area. His integrity and benevolence were never questioned. It would be inaccurate to say that he distrusted him in the sense that he was expecting harmful or irresponsible behaviour. There was an absence of trust and distrust alike.

The illustration indicates that control can favour the establishment of trust, an argument in accordance with research stressing that trust is only possible in a familiar world, it has to be learnt and reinforced through ongoing interactions and discussions (Luhmann, 1979; Powell, 1996). Control can be part of the learning and familiarization processes that trust needs, i.e. an actor may choose to implement specific controls to increase learning about another actor (Inkpen and Currall, 2004; Li et al, 2006). Trust, control and knowledge can go hand in hand and require the existence of one another, but this seems to depend on the purpose with the controls. The traditional use of controls to maintain a hierarchical power position, to correct, command and use the information to punish undesirable behaviour does not seem to build trust. Controls performed with an ambition to enhance relationship learning may help to build trust. For instance, the unusually intense presence of the Norwegian plant manager at Vedde is not primarily rooted in distrust but in a very high interest in the production process and how the plant is performing. Controls activities at Vedde have for some time been performed with an ambition to learn and improve, whereas the previous control regime at Lota Protein was conducted in order to distribute blame and divide guilt.

We argue that the traditional view regards relationship too simplistically when placing trust and distrust as opposites on a single continuum. Likewise, we disagree with the idea that if there is no trust then there is distrust (see table 3).

Insert table 2 about here

To illustrate, consider the notions of love and hate. In a personal relationship, is the absence of love the same as hate? We suggest that the answer is no. Although we (i.e. the authors of this paper) respect and appreciate our colleagues for their skills and ambitions, it would be incorrect to claim that we love them. But that does not mean that we hate them, which would be an equally incorrect statement. There is a space between with a set of alternatives. The expression ‘I don’t love you anymore’ is per se not the same as

implying 'I therefore hate you'. I can be indifferent for instance, or still admire and appreciate you. Likewise, the expression 'I don't trust you' actually does not have to mean that therefore 'I distrust you'. It can simply mean that 'I don't know you'. In this light it seems, conceptually speaking, unreasonable that the absence of trust is the same as distrust, or that one 'must' trust everyone that is not distrusted. An individual's 'no trust' in another may lead to interactions rooted in, say, gambling, hoping, or action based in faith or confidence. Luhmann (1979) suggests that hope disregards contingency, whereas trust does not. Deutsch (1960) points out that we are gambling if the likelihood of a negative outcome greatly surpasses the likelihood of a positive outcome. Confidence, for Giddens (1990), is a more taken for granted attitude than trust is, and faith (according to Hart 1988), requires no evidence whereas a trusting expectation is tolerant of uncertainty and risk and based on some 'evidence'. This 'evidence' comes from familiarity (Luhmann 1979; Gulati 1995) and some degree of knowledge.

Consequences for trust building

In the introduction is claimed that one subsidiary is placed in what *seems* to be a high trust-low control context, whereas the other subsidiary exists in what *appears* to be a high control-low trust setting.

It does seem plausible to suggest that there is more trust at Vedde than at Lota Protein, and that the use of controls at Vedde essentially fosters trust. But are the higher levels of control taking place at Lota Protein indications of distrust as such? Historically, controls have been performed in such a way that they have undermined the development of trust. Today there is a growing awareness that controls performed with an ambition to learn, guide and improve are more likely to be part of a successful trust building strategy. Moreover, there are environmental risks to be controlled for, and there are relational risks, and it is for relational risk as opposed to environmental risk that trust is particularly important (cf. Krishnan, Martin, and Noorderhaven, 2006). Environmental issues must also be addressed when regarding the level of control. Lota Protein controls more, but they are also forced to do so. For instance, Chilean law demands that one operator must be controlling the cooker at all times. This is not required in Norway. Vedde's production is stored in silos, whereas Lota Protein's are placed in big bags. The silo system used by Vedde is more flexible in that it allows the firms to adjust for different qualities further on in the production process. However, Lota Protein needs more regular controls in order to not pack bags with the wrong quality, because when a bag has been filled then there are no options but to redo part of the process. Moreover, fish meal production is based on a reasonably complex process which depends on controls irrespective of the level or quality of trust (an argument which of course is valid for both subsidiaries). For instance, Lota Protein has applied a system of sampling and on line certification performed by an independent international surveyor (www.gcl.cl) who performs chemical and microbiological analyses of the entire production. The firm has also implemented quality assurance programs according to Chilean and EU authorities. Such activities build and sustain trust, at least when performed correctly. Consequently, to take control and monitoring activities as general indications of distrust seems incorrect.

The situation at Lota Protein is, overall, better characterised by an absence of trust than by distrust. That is, the reason for 'low trust' is not only due to the threat of opportunistic behaviour, but also due to the fact that managers are not used to trust, and employees are not used to be trusted. But that does not automatically lead to distrust.

Controls and monitoring activities can thus be central tools when building trust. Our view differs from previous research. Whereas Schoorman et al (2007) find the approach of trusting and verifying to be inconsistent and a proof that trust does not exist (hence distrust), Lewicki et al (1998) promote the idea of simultaneous trust and verification. Our illustration adds to this by stressing verification activities under the absence of trust (which does not equal distrust). In this respect we argue that it is important to consider the purpose of control or verification activities (cf. Huemer and Felzensztein 2007).

Conclusions

The following propositions conclude the paper:

- *The absence of trust is not (necessarily) distrust. The absence of distrust is not (necessarily) trust.* Relationships are indeed multifaceted and complex, and they may simultaneously embed trust as well distrust. However, we propose that the literature on (inter)organisational relationships need to address situations where both trust and distrust are absent as well.
- *Control does not (necessarily) have to be expressed distrust.* Controls may actually be an effective way of building trust. Control may also be an effective way of creating or maintaining distrust, but it can also confirm one's suspicion. It would be misleading to universally regard trust as good and distrust as bad, however. The key issue here is that neither trust nor distrust should be assumed. For instance, classical transaction cost reasoning and its emphasis on opportunism essentially assumes distrust, whereas Ring and Van de Ven (1992) propose an alternative approach where trustworthiness is assumed. Our point is that actors should engage in relationship learning, which partly is likely to be based on control and monitoring activities. That is, through heedful and unprejudiced interactions actors set out to learn more about one another.
- *Trust building strategies are likely to vary depending on the presence and/or absence of trust/distrust.* If the situation is indeed characterised by one actor's intended desire to do harm, it can be questioned of trust can be built at all. If the relationship continues it is likely that controls will continuously substitute for trust, i.e. risks may be coped with (at a cost) but the freedom of 'the other' will always be restricted within the limits given by different control and monitoring activities. If there 'simply' is an absence of trust and distrust, controls may transform from justified substitutes during a learning phase to become productive complements to trust. The managerial issue at hand is not to abandon controls but to consider their purpose.

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Figure 1. The production process (source www.lotaprotein.cl)

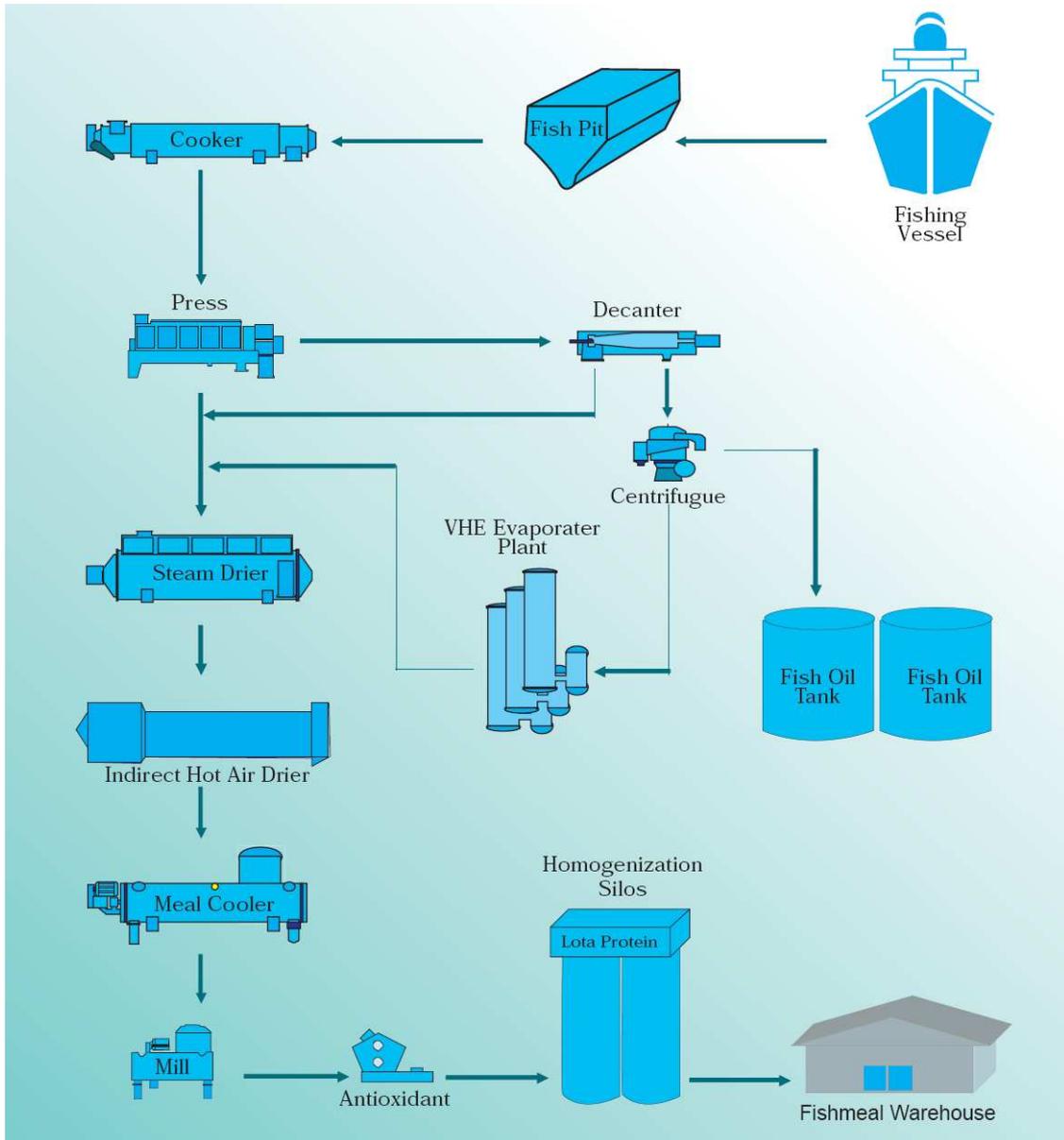


Table 1. Interaction setting in the subsidiaries

Issue/Firm	Vedde	Lota Protein
<i>Level of trust</i>	High	Lower
<i>Level of control</i>	Low	High
<i>Efficiency</i>	High	Lower
<i>Flexibility</i>	High	Lower
<i>Attitude towards problems</i>	Solve & learn	Hide & forget
<i>Identification with the firm</i>	High	Lower
<i>Decision making willingness</i>	High	Lower
<i>Decision making authority</i>	Distributed	Concentrated
<i>Leadership approach</i>	Servant leadership	Controllers
<i>Level of knowledge</i>		
<i>About process technology</i>	High	High (managerial level) Lower (operators)
<i>About work related tasks</i>	High	Lower
<i>About the Koppernæs group</i>	Higher	Low

Table 2. Interactive dimensions regarding trust/distrust/no trust

	Established definitions	Relational implications
Distrust	<p>Webster's: "the lack or absence of trust"</p> <p>Random House: "to have no trust in."</p>	<p>Strict interpretation: If trust is not perfect (something is lacking) then I distrust.</p> <p>Relaxed interpretation: No trust equals distrust.</p> <p>Consequently, if I do not trust, then I distrust</p>
Trust	<p>If we accept that trust and distrust are opposite ends of the same continuum (like the traditional view does, as represented by e.g. Schoorman et al 2007, we can consequently define trust accordingly: "the lack or absence of distrust" "to have no distrust in."</p>	<p>Strict interpretation: If my distrust is not complete (something is lacking) then I may actually trust.</p> <p>Relaxed interpretation: No distrust equals trust.</p> <p>Consequently, where there is no distrust there is trust.</p>
Alternatives to trust and distrust	<p>No trust (i.e. an absence of trust not equalling distrust)</p> <p>Hope</p> <p>Gambling</p> <p>Confidence</p> <p>Faith</p>	<p>I don't know you. Need to engage in relationships learning</p> <p>Acting but disregarding contingency</p> <p>Interacting even if the likelihood of a negative outcome greatly surpasses the likelihood of a positive outcome.</p> <p>Acting as if taking outcomes for granted.</p> <p>Acting without any evidence</p>

Appendix 1.

Conducted interviews

Koppernæs group

Norway 2003

- Owner and president
- CEO

Norway 2004

- Owner & president

Chile 2005

- Owner & president

Chile 2006

- Owner & president

Lota Protein

Chile 2004

- Project engineer
- Sales manager
- Technical manager

Chile 2005

- CEO Chile

Chile 2006

- CEO Chile
- Sales manager
- Project manager

Vedde

Norway 2003

- Purchasing and quality manager

Norway 2004

- Purchasing and quality manager (three interviews)
- Plant manager
- Shift foreman
- Quay foreman
- Operator
- Adm. support staff