Trust Mode Structure and Its Evolutionary Mechanism in

Entrepreneurial Teams

Jingsong Deng[1], Qi Su[1], Karen Yuan Wang [2]
[1] School of Business, Sun Yat-sen University, China
[2] School of Management, University of Technology, Sydney, Australia
dengjs@mail.sysu.edu.cn

Abstract: This paper examines the structure of trust modes and its evolution in entrepreneurial team. Four types of trust modes are distinguished according to interaction behavior among team members. The structure of each trust modes are then identified, with the evolution of trust structures analyzed. It is argued that there are more motivation interaction in the first stage, more cognition interaction in the second stage, and more emotion interaction in the third stage. In order to know the reasons for trust structure evolution, this paper further discusses the contextual factors affecting the evolution of trust structure and their effect mechanism.

Keywords: trust structure, entrepreneurial team, trust development

1. INTRODUCTION

Team entrepreneurship has occupied a great proportion in new ventures. A qualitative study of 33 successful high technology companies in Boston, San Francisco, and Milwaukee found that 23 of them were founded by teams [1]. In a survey of 237 microcomputer software entrepreneurs, Teach, et al reported that "only 68 followed the mythology of the individual entrepreneur, and over two thirds of the firms had two or more principals . . ." [2]. The study of entrepreneurial teams has attracted scholarly attention from researchers and entrepreneurs.

While the frequency of dissolution or partial breakup among venture teams soon after start-up is not documented, but informed opinion suggests that these outcomes are common [3]. Only two of 12 venture teams studied by Chandler and Hanks (1998) remained intact five years after founding. As the venture develops, a "falling out" among team members—"when partners grow to dislike, distrust, and even hate one another"--may threaten the company's survival. [4] The quality of interpersonal processes within venture partnerships has been associated with the perceived success of the venture. [5]

Turnover is a very common phenomenon in entrepreneurial teams. Among the 25 fastest-growing small companies identified by Inc. magazine in 1983, almost half of the founding teams had not survived their companies' first five years. Cooper and Daily summarize other studies of turnover among founding teams; all showed high turnover. [6] Therefore, Stability and trust in a venture's founding team over time is thought to contribute to its success. [7]

Moreover, the level and the structure of trust will evolve as the parties interact. A more complete understanding of trust would come from consideration of its evolution within relationship. During the evolution process, there are some critical factors that can maintain or destroy trust relationship. The question is in what way these factors affect the evolution of trust.

2. BACKGROUND

In order to find out the evolution process, it is necessary to first to distinguish the types of trust modes. With regard to the types of trust modes, from psychological point of view, Levis divided it into cognition-based trust and affect-based trust from social cognition theory, similar sorting is also seen in   McAllister's research.[8] Zucker's schema on the other hand, includes process-based trust, characteristic-based trust and institution-based trust. In entrepreneurial teams, interactive behavior among members is a major factor that leads to the evolution of trust. Furthermore, calculus-based trust, knowledge-based trust, and identification-based trust are identified based on social exchange theory.[9] By this sorting, the characteristics of trust in different stages are distinguished clearly. However, in the special situation of entrepreneurial team, the way of team member's interaction and their behavior are not clear, so the transformation of trust type from one stage to another cannot be interpreted completely. Different behavior modes will bring about different trust modes and team members' interactive behavior in different trust modes should be analyzed so as to better understand the evolution of trust.

Cummings and Bromiley found that trust formation behavior in organizations has 3 dimensions: keeping promise, honest negotiation, and fair treatment.[10]. It can be deduced that team members' interaction are based on the above behaviors. Since team members may care for different behaviors in different scenario, the trust structure will be presented as different modes. Some behaviors will take a large proportion in the trust interaction, thus the trust mode will have similar characteristics as the dominated behaviors. Nevertheless, Cummings and Bromiley did not identified types of trust modes according to these behaviors, so the structure and the evolution of different trust mode remain not clear, and the evolution of different trust modes cannot be interpreted completely.

According to Cummings and Bromiley's findings, the above trust behaviors are made up of three factors: emotion factors, cognition factors, and motivation factors. First, the experience of trust include emotion, Barber also found that trust was built on expectations with emotion.[10] When these expectation was broken up, team members will experience strong feelings. Second, cognition factor of trust is team members' perception of each others' character and behavior. There are full of cognition in the development of trust interaction. For example, the cognitions of other members' ability, benevolence and integrity. Third, the motivation factor of trust is the purpose and the intention of trust behavior. Cummings and Bromiley further point out that there were 4 motivations for trust.

3. CONCEPTUAL FRAMEWORK

Based on the review of the previous literature, we concentrate on the trust structure and its development process in entrepreneurial team. There are three major issues to be addressed in my research. The first one is to identify the process modes of trust in entrepreneurial team. The second one is to identify the factor structure of all process modes and their development. Third, the author expects to analysis the mechanism of contextual factor which affect entrepreneurial team trust in all stages.

The framework we propose on trust process is diagrammaticly demonstrated in Figure 1. The trust processes in entrepreneurial team include motivational, emotional and cognitive interactions. As is indicated in Figure 1, the members of entrepreneurial team are both trustor and trustee at the same time. They establish and develop trust through motivational process mode, emotional process mode and cognitive process mode.
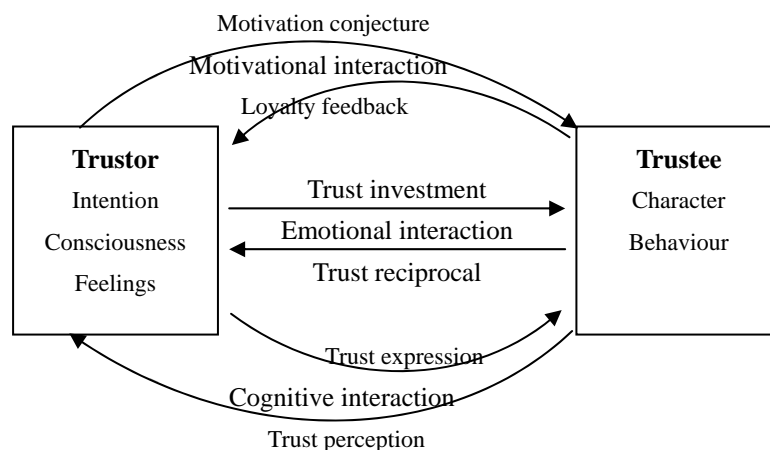
Figure 1   Model of trust interaction process in entrepreneurial team

The trust structure of each trust process modes include two kinds of factors: the character (ability and integrity) and behavior (behavior that is beneficial to the team or to the trustor himself) of trustees'. The conceptual framework can be presented in the following table:

Table 1   The conceptual framework of trust process modes and trust structure

Factor structure / Process modes	trustees' character		trustees' behavior	
	ability	integrity	Beneficial to the trustor	Beneficial to the team
Trustor's motivation Modes	The motivation process lays particular stress on ability or integrity		The motivation process lays particular stress on behaviors beneficial to the trustor or the team	
Trustor's cognitive modes	The cognitive process lays particular stress on ability or integrity		The cognitive process lays particular stress on behaviors beneficial to the trustor or the team	
Trustor's emotional Modes	The emotional process lays particular stress on ability or integrity		The emotional process lays particular stress on behaviors beneficial to the trustor or the team	

Therefore the trust process in entrepreneurial team can be described through identifying three processes: the motivation process in which the trustor expects that the trustee possesses the characters or the behaviors, such as loyalty, promise and fairness; the cognitive process in which the trustor perceives the trustee s' characters and behaviors; and the emotional process in which the trustor likes or dislikes the trustees' character and behaviors.

4.   PROPOSITIONS

The first issue is about the trust modes in entrepreneurial team. We propose that team members will expect and care for different behaviors in different scenarios. And such behaviors will dominate trust interaction in the scenario. Therefore, the trust modes can be divided according to the character of different kinds of behavior interaction. Since the behavior modes are different, trust structure will present different modes in their interaction. Due to different team stages, team roles, ownerships, familiarity, and experience, team members will have different

expectations in their interaction, thus, the trust behavior modes will be different. For instance, when team members have more simulated experience, they will perceive more identity and show more openness to each other. Their interactive behavior will thus be dominated by emotion. In other kinds of entrepreneurial teams, team members may expect to motivate others or invest on others, and such behavior will dominate the trust mode. Therefore, the first proposition can be summarized as follows.

Proposition 1: Trust modes in entrepreneurial team are mainly behavioral modes by the major interaction behavior, such as motivation, emotion, or cognition.

The second issue is about the factor structure modeling which constitute trust modes, and the evolution of the trust modes at each stage. Before analyzing the critical characteristic and evolution of each trust modes, we first need to identify the factor structure model. The effects of emotion interaction, cognition interaction and motivation interaction were different at specific stages. For instance, in the beginning of a new venture, team members only expect each other's ablity. When the new venture getting some success, maybe some members will expect more compensation and respect for their achievements, these behaviors will make other members concentrate on their integrity and their beneficial behavior to the team. The other members will be sensitive to the excessive behaviors, thus the structure of trust will change accordingly. It can be inferred from above analysis that the trust modes in entrepreneurial team will evolve dynamically. We may get to know what cause the trust evolution by comparing the structure of every trust mode at each stage.

Proposition 2: Each of the trust modes will evolve dynamically through laying particular stress on ability or integrity, and laying particular stress on behaviors beneficial to the trustor or the team.

In Lewicki & Bunker'(1996) study, they point to three stages of trust development: starting with a very rational form called calculus-based trust, moving to a less calculating form called knowledge-based trust, and finally developing into identification based trust where values converge. Drawing upon this viewpoint, we may propose that individuals have more motivation and intention in the calculus-based trust, more cognition process in the knowledge-based trust, and more emotional interaction with each other in the identification-based trust.

Proposition 3: There are more motivation interaction in the structure of each trust mode at the first stage, more cognition interaction at the second stage, and more emotion interaction at the third stage.

The third issue is concerned with the effect mechanism of the contextual factors on trust in entrepreneurial teams. In order to avoid the risk of trust destroying, we need to know the factors causing the trust destroy and the factors' effect mechanism. Several factors that affect the process by which trust evolves have been explored in the existing literature. For example, Whitener and Brodt found that the factors affecting trust come from three aspects, i.e. organizational factor, interact factor and individual factor. And these factors will display as several behaviors, i.e. consistent behavior, integrity behavior, communication, and so on. Interpersonal relationship among team members, norms, familiarity, atmosphere of fairness, and conflict management are also likely to support the development of trust and affect new ventures' success.[7] Nevertheless, more research is needed in order to understand the exact ways. While the trust interaction in each trust modes will concentrate on different factors, we propose that different contextual factors will make more contribution to different trust modes. Thus,

Proposition 4: Organizational factors will do more effect on motivation modes, interact factors will do more effect on emotion modes, and individual factors will do more effect on cognition modes.

5. CONCLUSIONS AND DISCUSSIONS

In this article, we have tried to classify trust modes in entrepreneur teams from the interactive perspective. In so doing, it is hoped that the trust development process in entrepreneur teams can be clearly described, and the trust modes in a variety of entrepreneur teams are summarized.

We have also examined the evolution of the trust structure of each trust mode. It is found that the factors of

trust modes will change according to team stages. In previous studies, trust structure is usually considered static. The existing research has attempted to explain what the structure is. However, as illustrated in this article, trust structure is dynamic and its evolutionary process can be described. With the time dimension added into the research of trust structure, as demonstrated in present study, trust structure can be better understood.

In addition, through analyzing the contextual factors that affect trust, we have found out the reasons why trust evolves, and what critical factors cause trust to evolve. Trust evolution is fundamental in the study of trust management. In future research, measures for trust management can be put forward according to the evolution of different trust modes.

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