

## Cheap Talk: “Team Factors and Management Practices Influence on Team Trust”

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**Abstract:** Team trust has been cited as a contributing factor towards team performance. This paper looks at the antecedents of team trust and to what extent they influence team trust. The antecedents of team trust are team factors like team autonomy, team stability and team member experience; and the management practices are top management involvement and management support. The results demonstrated that team factors and management practices influence team trust individually. The key findings are that management variables contribute above the team variables to team trust, but top management support is insufficient as compared to having top management involvement.

**Keywords:** team trust; team factors; management practices; top management involvement

**JEL Classification:** M14; M54

### 1. Introduction

Wickramasinghe and Widyaratne (2012) noted that team trust is important at ensuring that a team shares its knowledge and information for the success of an organisation. Team trust is important for organisational performance (Erdem, et al., 2003). Previous studies had looked at team trust from communication (Daim, 2012; Diallo, 2005) and competence (Stahl et al., 2011) perspectives, but have not examined team factors combined with management practices.

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There are many team factors that influence team trust, i.e. to have common language, understanding, familiarity, formal and informal communication, interpersonal relationships, team stability, team autonomy, power, team member experience, level of authority, etc. (Rajagopal, 1994; Rajagopal & Ananya Rajagopal, 2006; Zárraga-Oberty & De Saá-Pérez, 2006; Harris & Moran, 1999). Nonetheless, in this paper, we will only focus on team stability, team autonomy and team member experience. On the other hand, management practices consist of top management support and top management involvement. The research questions are 1) does team factor influence team trust? 2) does top management influence team trust? ; and 3) does top management practices influence beyond team factors on team trust?

## **2. Conceptual Model and Hypotheses**

We hypothesized on two key areas: team factors and top management practices influence team trust. For team factors, we believed that team experience, team autonomy and team stability will positively influence team trust. For top management practices, we asserted that top management involvement and top management support will also influence team trust. This study attempted to determine the specific influence of top management practices while controlling for team-related factors on overall team trust.

## **3. Team Factors' Influences on Team Trust**

The team factors that have been shown in previous studies to influence team trust include team experience, team autonomy and team stability (Rajagopal & Rajagopal, 2006; Hisrich et al., 2010; Weick & Roberts 1993; Jones & Jones, 2011; Lynn & Akgun's 2012). Team members should have adequate skills and experience prior to involving in a project. The required skills include technical (Hisrich et al., 2010), marketing and manufacturing skills. Experience of team members may come from their experiences of developing and launching similar products (Hisrich et al., 2010), assignments within the company or working in several different functional areas such as engineering, manufacturing or marketing. Such shared experiences have been suggested to facilitate the development of trust (Mayer et al, 1995, Rajagopal & Ananya Rajagopal, 2006). Individuals on a team who have worked together previously may increase team trust as the shared prior work experience enables tacit coordination between individuals (Weick & Roberts, 1993, Aman and Nicholson, 2009). Members who have worked together before are better able to accurately locate knowledge in a group, effectively share the knowledge they possess, and then use this knowledge to reach a desired outcome (Liang et al. 1995; Reagans et al. 2005). In her study of auditor teams, Rose (2007)

suggested to the importance of team member experience and how it could improve team trust.

In addition to team experience, team autonomy had also been cited by the prior research to impact team outcome. Higher team autonomy level contributes to reduction in absenteeism or recorded sick leave (Jones & Jones, 2011; Rafferty, Ball & Aiken, 2001). Seung-Bum Yang & Sang Ok Chop (2009) illustrated that team autonomy is important at enhancing team performance. According to Rolfsen & Langeland (2012), team autonomy is an important contributor to achieving successful maintenance improvement. Their study also showed that team autonomy will contribute towards total productive maintenance directly and indirectly via technical and the normative dimensions. Tata (2000) emphasized that it is important for managers to know the level of team autonomy suitable to their companies.

In addition to team experience and team autonomy, team stability is also a contributing factor. Adler (2003) stated that team stability is reflected through the member's loyalty to the organization, which in turn is reflected in the years of working in the organization and having team stability. This leads towards an increase in team trust. Instability in a workplace can influence the knowledge flow as well as disrupting teamwork. Borghans, terWeel & Weinberg (2011) argued that people are most productive in jobs that match their style. The returns to interpersonal interactions reflected through enhanced team stability are found to be consistent with the assignment model. Lynn & Akgun's (2012) research illustrated that team stability can assist new product development, as well as improve team learning and the probability of success in a stable environment.

Therefore, we hypothesize the following:

**H1: Team factors positively influence team trust**

More specifically.

H1a: Team member experience influences team trust.

H1b: Team autonomy influences team trust.

H1c: Team stability influences team trust.

#### **4. Top Management Practices Impacting Team Trust**

The top management practices that have been shown in the prior research to impact trust include, top management involvement and top management support (Wickramasinghe & Widyaratne, 2012; Lynn, 1998; Druskat & Pescosolido, 2006).

While there is a dearth of empirical research on the impact of Top management involvement on team trust, there are several anecdotal studies asserting a positive influence of top management involvement on team trust. For example in a study on the development of the IBM PC, due to the active involvement of the company's CEO, Frank Cary, who personally conducted the project review meetings, the team believed that the company was behind and supportive of the team (e.g., Lynn & Akgün 2001; Lynn 1998). Cary's involvement had allowed the team to "break" a variety of policies at IBM. Without Cary's intimate involvement and support, the team would likely not have felt empowered to do so without the fear of being fired.

Conversely, the lack of top management involvement and support was one of the primary reasons that the IBM PC Jr. failed. While the PC Jr. was a powerful, versatile home computer, top management did not actively participate in the project due to a conflict. Top IBM executives were having second thoughts about selling a home / game computer, and company executives were concerned about being perceived as a home computer company. After all, they were International "Business" Machines; not International "Home" Machines. As David O'Connor, who took over from Sydnes as the PS Jr.'s System Manager, recalls (Lynn 1998):

*There were some guys at the top of the corporation who really believed that they didn't want the IBM logo in the retail or consumer distribution channel at the time. [They said] 'IBM is not a consumer company. They are a business company. They sell to professionals and businesses and large corporation and this home computer stuff is not for us.' The instant there was any problem with the program, it gave those who felt IBM should not be in that market reason to suggest that we delay the program.*

Midway into the PC Jr. Program, top management changed the rules. They required the PC Jr. to be fully compatible with the PC but not too powerful (so as not to cannibalize the low-end of the PC market); and be geared toward both home and business markets. The net result was that team members became frustrated and mistrusted that the direction was correct and would not undergo more changes. As a result, the overall project leader (Bill Sydnes) left. His leaving created a void that was difficult to fill (Lynn, 1998). His leaving combined with the changes, delayed the project, altered its target market and reduced its technical capabilities. Needless to say, the product failed.

In addition to top management involvement, according to Wickramasinghe and Widyaratne (2012), another important factor that influences team trust is a team leader's support and knowledge sharing. Based on Jackson, Farndale, Kakabadse (2003), team trust will be strong if top management provides support for both the project and team members. Druskat and Pescosolido (2006), noted that interpersonal understanding, caring behavior, creating an optimistic environment and open communications are the elements of top management support. Team trust

would be positively associated by top management support. According to Bijlsmaand van de Bunt (2003) monitoring is one of the factors in top management support, so it is able to produce strong belief among team members. A manager's support is especially relevant in two areas of improving individual performance and in resolving problems with others. Help and guidance in improving individual performance are seen as signs of caring.

Therefore, we hypothesize the following:

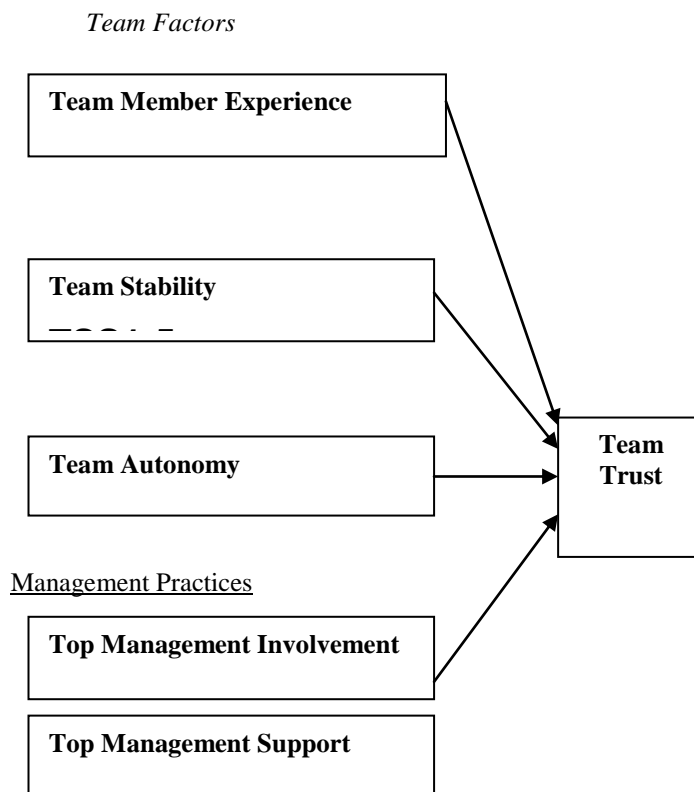
**H2: Top Management Practices Will Positively Influence Team Trust.**

More specifically

H2a: Top management involvement influences team trust.

H2b: Top management support influences team trust.

Based on our literature review, the authors have developed the conceptual model shown in Figure 1.



**Figure 1. Conceptual Model: Antecedents of Team Trust**

## **5. Data Collection and Sample Description**

To test our hypotheses, an open-ended questionnaire was developed based on previous research. The questionnaire was tested, redefined and improved. The survey was conducted in the northeast region of the U.S. Respondents in a variety of technology-based companies were selected to participate in this study. In each company, the contact person was primarily product/project managers, team leaders, or top project members. The respondents were predominately product/project managers (product/project managers 34.9%, team leaders (26.4%), or top project members as respondents (14.2%). The remainder included presidents, vice presidents or others. The anonymity of the respondents increased the motivation of informants to cooperate without bias.

A total of 81.3% of the contact persons returned the questionnaires. The high response rate was due to the collected data being a part of an executive graduate management program's exercise in identifying the companies' contacts who were intimately involved in a new product launched into the marketplace. The composition of the respondents represented the following industries: telecommunication (34 projects, 16.0%), machinery manufacturing (22 projects, 10.4%), equipment and materials (6 projects, 2.8%), chemical manufacturing (15 projects, 7.1%), food manufacturing (8 projects, 3.8%), pharmaceutical (5 projects, 2.4%), government or defense (48 projects, 22.6%), computer software (12 projects, 5.7%), information services (56 projects, 26.4%), and consumer product (4 projects, 1.9%), and pet care (2 projects, 0.9%).

Meanwhile, 40.4 % of the sample involved a new technology, 36.4% of the sample involved several new technologies, and 9.1% of the sample involved non-proved or non-existing technologies. The median team size was 12 people (the average team size was 24 people and S.D. was 40, the mode was 8). Most projects were from large companies. 63.5% of the projects were from companies earning annual income over 500 million dollars. Additionally, 27.8% of the projects were from companies employing 500-5000 people, and 48.8% projects were from companies employing over 5000 people.

## **6. Results and Analysis**

The authors conducted a hierarchical regression analysis. The first step was to enter the team factors against the team's trust variable. Next, the management practices variables were entered. There were some missing values which were replaced with mean values.

The authors used a two-tailed data collection and analysis approach. Table 1 demonstrates the descriptive statistics and reliability test results. Cronbach's alpha

values were used to assess the reliability of the three dependent variables. Table 1 illustrates the Cronbach's alpha values for team factors and management practices on team trust. The Cronbach's alpha ranged from 0.672 to 0.944. All the independent variable's Cronbach's alpha values were above the required reliability value of 0.70 (Nunnally, 1978) for all the team factors except for team autonomy (0.677) and dependent variable, team trust (0.672). However, these variables were newly entered into the study of team phenomenon; they remained to provide more complex explanation since the correlation coefficients were significant; hence, suggesting further analysis is possible. The correlation values between the five variables are also shown in Table 1, whereby all the antecedents are related to team trust ( $p < 0.05000$ ).

**Table 1. Descriptive Statistics and Reliability**

|                            | Means | ST D  | Team Trust | Team Member Experience | Team Autonomy | Team Stability | Top Management Support | Top Management Involvement |
|----------------------------|-------|-------|------------|------------------------|---------------|----------------|------------------------|----------------------------|
| Team Trust                 | 7.90  | 2.00  | (0.67)     | 0.28**                 | 0.36**        | 0.37**         | 0.33**                 | 0.25**                     |
| Team Member Experience     | 6.79  | 2.06  |            | (.76)                  | 0.27**        | 0.29**         | 0.34**                 | 0.35**                     |
| Team Autonomy              | 6.57  | 2.23  |            |                        | (.68)         | 0.35**         | 0.60**                 | 0.33**                     |
| Team Stability             | 6.85  | 2.774 |            |                        |               | (.84)          | 0.28**                 | 0.31**                     |
| Top Management Support     | 6.76  | 2.17  |            |                        |               |                | (0.94)                 | 0.69**                     |
| Top Management Involvement | 5.08  | 2.79  |            |                        |               |                |                        | (0.93)                     |

The number in Parenthesis is the Cronbach's alpha.

\*\* Pearson Correlation is significant at the 0.01 level (2-tailed).

To test the hypotheses, we proceed with multiple regressions. The results of multiple regression indicated a significant relationship between team factors and team trust. Management practices were also found to influence team trust, but mere

top management support is insufficient, it needs to have greater top management involvement.

Results (See Table 2.) show that all team factors are significantly related to team trust. The multiple correlation between the three team variables and team trust was .378 ( $p < .001$ ) and all three variables had significant regression coefficients. These results supported hypothesis 1 and hypotheses 1a, 1b, and 1c.

The second regression model included all team factors and the two management practices variables. The results showed a significant increase the multiple correlation ( $p < .01$ ) when the two management variables were included supporting hypothesis 2. The coefficients for the two management variables showed a significant coefficient for top management involvement ( $p < .01$ ), but a non-significant coefficient for management support. Thus, hypothesis 2a was supported, but hypothesis 2b was not supported.

**Table 2. Multiple Regression Model**

| Model                      | Beta | T      | Sig. |
|----------------------------|------|--------|------|
| (Constant)                 |      | 27.364 | .000 |
| 1 Team Autonomy            | .189 | 5.619  | .000 |
| Team Member Experience     | .122 | 3.692  | .000 |
| Team Stability             | .191 | 5.670  | .000 |
| (Constant)                 |      | 18.922 | .000 |
| 2 Team Autonomy            | .156 | 4.154  | .000 |
| Team Member Experience     | .101 | 3.004  | .003 |
| Team Stability             | .182 | 5.420  | .000 |
| Top Management Involvement | .096 | 2.948  | .003 |
| Top Management Support     | .053 | 1.394  | .164 |

*Dependent Variable Team Trust.*

## 7. Discussion

Based on the previous sections' results, it is evident that the team factors such as team experience, team autonomy and team stability, significantly influence the dependent variable, team trust. Top management practices especially top management involvement is particularly important to team trust, but top management support is not as important. One way to explain this is "Talk is Cheap!". The top management can say that new products or programs are important, but their actions speak louder than words. Mere top management support is insufficient, active participation is important for creating team trust.



Theoretically, this study extends the understanding of team trust and the factors influencing team trust. Specifically this study supported the study by Wickramasinghe and Widyaratne (2012) who indicated that team trust is important at ensuring team shares its knowledge and information for the success of an organisation. At the same time, this study added that top management involvement is equally important at ensuring the successful development of new product as it could improve team trust.

Practically, the results of this study can be used as guide for top management in the selection process of team members. By understanding the factors that could improve team trust, appropriate actions such as the selection of team members for selective project and managerial support could be arranged in the way that team members have some background skills and experience on the related project.

## **8. Limitations and Future Research**

Based on the above discussions, the results demonstrated that while team factors significantly influence team trust, when management practices were added, management variables contribute above the team variables. Nevertheless, while top management support is important, the most significant change is brought by top management involvement. In short, everyone can talk, but let's get involved to get the results!

Research was based on a variety of technology-based companies. Future research could include various sectors of the economy. An interesting study could also be done on various agencies, i.e. government, non-government agencies, private and voluntary organisations.

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