



AN EMPIRICAL STUDY ON INTERPERSONAL TRUST AMONG CROSS FUNCTIONAL TEAMS IN SUSTAINED FAMILY BUSINESSES

Anajli Gokhru

Abstract

Background: A confidence to rely on a person or willing to act on the basis of words is the outcome of interpersonal trust. Any relation will have trust as its basic foundation which will lead towards a longterm relations be it with a person, a group or an organization. The moment the person is able to put confidence in the ability and confidence on other the outcome of any objective is easily achievable. In an organization, objectives can be easily attained with the increase in performance level which is directly affected by the relationship of team members due to internalizing of the common objectives and understanding about the others.

Objective: Team effectiveness is dependent on team coordination and work. Such teams can at times suffer when the social relations of the team members is Sceptic. So, the Research is based on the established norm of Openness, Competence and Professional support. Taking into consideration Cross-functional self-managed teams at strating level.Thus, studying mix of experience and relationship dynamics in the cross functional groups.

Methods: The three factors of Openness, Competence and Professional support were studied through filling of questionnaire from 288 respondents divided in 62 teams, who are graduate with the degree of Business Administration, Working in business for more than a year and was a potential leader of an organization.

Result: When analysed the data collected through questionnaire it was made clear the Professional competence and Support, factors of inter-personal trust, play an important role for sustainability. Inter-personal trust leads exchange of expertise in the group for effective learning in the group for long-term benefit of the organization with accuracy and swiftness.

Conclusion: Interpersonal trust will lead towards appropriate behavioral and Decision styles. Thus, interpersonal trust helps team learn from each other for future development and making cross-functional teams a tool for learning and developing everyone.

Introduction

Workgroups of various sorts are the fundamental building blocks of the organization. In the traditional organization, these groups would be functional departments, like sales, engineering, or manufacturing. However, in recent years, many companies have begun to move toward a style of working that is explicitly cross-functional and built upon flatter organizational structures. Instead of the traditional functional areas and hierarchies, these companies are moving toward team-based structures, where groups of people take responsibility for a particular organizational deliverable. In some cases, these may be whole products or services; in other instances, they may be sub-products or some other element of the organization's value chain. A team based structure in organization is the new reality of the functioning structure of the organisation. The teams can be of various types may be traditional teams like functional team structures or the new team structures that act at different levels of self-managed teams or virtual teams that are considered cost-effective and productive teams. Such teams work on few basic norms that are developed on their formal and informal networks. We are talking about organizations that are small and are also in the family business for a second generation or more than that, boundary-less and knowledge sharing.Thus, it becomes imperative for us to understand that how around an informal or formal network these teams develop aspects like trust, amicability, and growth. The team as a structure is not an automatic solution for all problems that are present in organizations; organizational structures are not similar anymore, and they are diverse and based upon the need. Teams take the time to develop, and they need to share certain common values for them to to meet the same wavelength. Our paper looks on cross functional teams that are working on various problems in organisations, We have focused our research on Teams which are at starting level in the organization, and most of them are self-managed teams. Secondly these teams are part of organisations that are family owned, all of them are SMEs, thirdly these teams have at least one or two members from the family business owners who may take up leadership role in future. Moreover, we have assessed the team members on the psychometric test, that test them on communication, openness and professional support and managerial competence. In total, we have applied this test on 64 teams, consisting of 288 members in all, these teams were in the size of 5,6 or 8. There is almost no research on starting/mentoring cross functional teams in family businesses. That have members from the who are later on going to be part of running organizations. These teams are unique to study firstly it is mix of experience, secondly it has relationship dynamics that are different as one or two members are the future owners of the business, and this is one step towards their learning curves.



Literature review

We are concerned with interpersonal trust as a central characteristic of relationships that promotes effective knowledge creation and sharing in networks. There is a dearth of research on how teams are working on the initiative levels of organizations in startups and family businesses. Randell and Jaussi(2005) have pointed out that in the start team collaborations, commonality (common frame of reference) are important for organizations which need to manage more complex task and there are multiple factors which affects team members. These teams interact and become interdependent towards a common valued goal and or objective which have been assigned for specific roles or functions to be executed in the organization. It is believed that in organizational structure teams are more effective in comparison to individuals as it can bring in lot of expertise together to execute tasks, One problem of doing research with teams is that the label “team” is usually associated with an enormous variety of social and organizational forms.

Therefore, a delimitation of this domain is necessary to understand what „work teams” mean and how to select them. In this article, we adopt a contingency approach and view teams as performing organizational units (Gladstein, 1984; Hackman, 1987). Here, the “work” is the occasion for a team to come together and “to work” is the principal activity connecting members to each other and the team to its environment (Hackman, 1987). This perspective emphasizes the collective performance and the factors that determine it. Although team structures and learning are not always smooth.

Teams act as learning units in the organizations; Team members find it difficult to understand each other and trust each other if they are not clear with there goals and there roles in the team. Thus, team learning is one of the key features of any teams, and the nature of teams where the future leader is also allotted a role, the importance of learning curve becomes highly important. The team provides functional background to an individual and is also responsible for the personal growth among the people. The team gives a social identity to the members as based on how much the individual feels or identifies with the functional goals of the team, A high level of interconnection between functional objectives and the teams lead a better identity and acceptance in the team,(Randel & Jaussi,2005). The point that is associated with multiple crosses functional teams in the organization, which sometimes fail to become a high-performing, team. Research on Teams has clearly shown that functional background becomes essential for a team to look at individual related and job-related performances of the team. Whereas one side we talk about functional background based on diversity which acts as a double-edged sword and has its own limitations like increased rate of innovation or rate of change but also it may lead to increased rate of conflicts among the team members. Researchers have pointed out that team members perceive functional backgrounds in a very different manner always, and it is not necessary it may be in terms of positive association only. That is why in such teams to create personal and social identity becomes important. The Functional background Sciences(FBS) (Randel & Jaussi,2005) is a variable which has been looked upon as the variable which allows individuals by a categorical membership and the psychological manifestation of a category gives the person an identity, which may also affect the behavior of the individual as well. Identity in the team leads to acceptance and also smooth running of the team, which are necessary for the organizational level teams to have. The team member who has functional positions in the team and understands it performs better as well. At the end, team exists to provides solutions, look in new directions and also generate knowledge”s for which there is a strong requirement of the teams to have the ability to generate, acquire transmit the knowledge that are key response areas of any team. The teams that are working for the long term have few characteristics common of which one is ability to draw from knowledge of each and every individuals from the team , other is be open to experimentation and also such teams the importance of Team climate and Team communication becomes highly important.

Although scholars agree on the importance of trust in sustaining effectiveness, research on this topic has been hampered by the lack of agreement in defining this concept. Different approaches and conceptualizations have been proposed across disciplines without any effort to integrate them. One of the reasons may be the fact that trust involves simultaneously individual processes, group dynamics, and organizational or institutional contingencies (Rousseau, Stikin, Burt, &Carmerer, 1998). The acknowledgment that trust reflects a multitude of roles, functions, and levels of analysis has been a recent turning point for theory and research on this topic. Instead of accentuating the differences, researchers are starting to concentrate on common elements across perspectives to provide coherent knowledge concerning trust (e.g., Costa, 2000; Hosmer,

Interpersonal trust

Interpersonal trust is the perception you have that the other person will not intentionally or unintentionally do anything that harms your interests. It is the feeling that you can depend on that other person to meet your expectations when you are not able to control or monitor his/her behavior. Interpersonal trust always involves one person making him/herself vulnerable to another person”s behavior. Usually what you get from the expected behavior is not as valuable as what you could lose if your trust is violated. Trust is violated when you t get unexpected behavior from the trusted person.



People are not comfortable in low-trust relationships and often taken steps to remove themselves from the relationships. People who have established a high level of trust have the cohesion with which to withstand considerable external challenges, High – trust relations are enduring because they are comfortable and satisfying to both parties.

Promoting Interpersonal Trust

Interpersonal trust can be defined as “the willingness of a party to be vulnerable.” In the context of knowledge creation and sharing in informal networks, research suggests two dimensions of trust that promote knowledge creation and sharing: benevolence (“You care about me and take an interest in my well-being and goals”) and competence (“You have relevant expertise and can be depended upon to know what you are talking about”). People are likely to rely on the benevolence of a given colleague in determining the extent to which they are forthcoming about their lack of knowledge. Asking for information or advice can make a person vulnerable to another. Benevolence-based trust allows one to query a colleague in depth without fear of damage to self-esteem or reputation. Also, people must also trust that the person they turn to has sufficient expertise to offer solutions. Competence-based trust allows one to feel confident that a person sought out knows what s/he is talking about and is worth listening to and learning from. These two dimensions of trust have been shown to be important for outcomes such as peer and manager performance. They have also been shown distinct dimensions for trustworthy behavior:

Dimensions of trustworthy behavior

Our trust in the another can be grounded in our evaluation of his /her ability integrity and benevolence. That is, the more we observe these characteristics in person, our level of trust in the person is likely to grow.

Ability refers to an assessment of other’s knowledge skill or competency. This dimension recognizes that trust requires some sense that the other can perform in a manner that meets our expectations.

Integrity is the degree to which the other person adheres to principles that are acceptable to you. This dimension leads to trust based on the consistency of past actions, credibility of communication, commitment to standards of fairness, and congruence of other’s word and deed.

Benevolence is our assessment that the trusted individuals is concerned enough about our welfare to either advance our interest or at least not impede them. Honest and open communication, delegating decisions, and sharing control indication of one’s benevolence.

Although three dimensions are linked to each other, they each contribute separately to influence the level of trust in another within the relationship. However ability and integrity are likely to be most influential early in a relationship as information on one’s benevolence needs more time to emerge. The effect of benevolence will increase as the relationship between the parties get closer. The next section describes trust development in relationships more detail.

Levels of trust development

Early theories of trust described it as a one-dimensional phenomenon that simple increased or decreased magnitude and strength within a relationship. However, more recent approaches to trust suggest that trust builds along a continuum of hierarchical and sequential stages such that trust grows to higher levels, becomes stronger and more resilient and changes in character. This is the primary perspective we adopt in the reminder of these essays.

At early stages of a relationship, trust is a calculus-based level. In other words, an individual will carefully calculate how the other party is likely to behave in a given situation depending on the rewards for being trust worthy and the deterrents against entrusting worthy behavior. In this manner, rewards and punishments from the basis of control that a person has in ensuring other’s behavioral consistency. Individuals deciding to trust the other mentally contemplate the benefits of staying in the relationship and the costs of staying in relationships versus the cost of breaking the relationship. The trust will only be extended to the other till this cost benefit calculation will indicate that the continued trust will yield a net positive benefit. Over time, calculus-based trust can be built as individuals manage their reputation and assure the stability of their behavior by behaving consistently, meeting agreed to deadlines and fulfilling promises. However as the parties come to a deeper understanding of each other through repeated interactions they may become aware of shared values and goals. This allows trust to grow higher and qualitatively at different level. When trust evolves to the highest level, it is said to function as identification bases trust. At this stage trust has been built to the point that the parties have internalized each other’s desires and intentions. They understand what the other party really cares about so completely, that each party is able to act as an agent for the other.



There are team norms which are fragile. Emotional management skill becomes very important for such teams. Team effectiveness is highly dependent on how team is able to coordinate and work in an inclusive manner. However such teams can also suffer or get compromised when the social exchanges within the teams are not good. The performance levels gets reduced, if such social exchanges has led to exclusion and also negative vibes between the team members, a lack of relationship is experienced between the social relationships between team members. It has been highly dependent on secondary relationships and supplementary research.

Thus our studies looking at all the above factors look at the established norms of openness, competence and professional support as factors. We are not looking at the mentorship or the social relationship aspect of these teams as they can be only studied if we carry our content analysis of the interviews which is currently not possible within the limit time frame, although the authors are confident that they will carry out and finish the analysis by first quarter of 2016.

Research Methodology

Instrument

We have used a validated instrument for interpersonal trust and efficacy in teams, which has been earlier tested on industrial entrepreneurs and team members who become part of the start-up teams in industry. To be safe we did a pilot study with the instrument on 10 teams just to look at the nature of result and the results were well within the acceptable norm of the defined parameters as per the study and the standard deviation was well within the defined parameters as per the instrument requirement. The instrument for interpersonal trust is taken from established HRD and OD consultant for research purpose (Instrument is validated and reliable) which was also confirmed by pilot test and has been tested. The instrument is taken from prior permission from the creator and can be shared only if required (Please contact the authors for the instrument details).

Sample

The sample size is of people who are graduate with degree in business administration (BBA). This was a criteria we looked upon as the team members who have BBA degree have understanding of the concept of Team and its importance in organizations and nearly promote it as well. There was no forced size on the nature of industry in terms of financial strength but all respondents indicated that they are part of second or third generation of business and have been working in the business for more than a year. Each team had following characteristic.

1. One member who had business administration degree.
2. They have been working in the business for more than year
3. The team was in basic definition was a cross functional team and one major purpose was to give the future leader reins of learning of various functions of the organization.

Location- All these businesses that have the team members were based in Gujarat only.

Number of teams

We had in total 62 teams that responded which means had size of 5 to 8 members that are also an indication of optimal team members, we had in total 288 responses from these teams of various sizes.

Duration of study

The length of collection of the data was in between three months from May 2015 to July 2015. One of the criteria was that it is during this duration most of the people who had BBA degrees completed one year or more in their businesses and as part of the team, so we could have easily knows from their responses how they and others felt when part of such teams.

Limitations

We have done purely statistical studies; we have stucked to using descriptive statistics tool from MS Excel 2010 to give a primary analysis. We did interview team members but within the time frame it is not possible to code them and write an analysis for the same although we believe the interview analysis may bring more angles to it.

Analysis

Importance of these parameters in Teams

Openness in teams

As organizations increasingly rely on teams to generate the solutions required for sustained business success, there has been a surge in research on how these teams should be composed to foster high levels of performance (Kozlowski & Bell, 2003). Team composition research is concerned with both the dispersion (e.g., demographic, cognitive, or personality diversity) and mean levels of team member characteristics (e.g., average team ability, expertise, or personality), although most studies have focused on either one or the other (Stewart, 2006).



While diversity has been and continues to be an often-explored variable in the team literature, any positive benefits of diversity are typically seen under very narrow conditions. There are some reasons why this literature has remained largely equivocal, and one central reason appears to be the ongoing emphasis on testing the main effects of diversity. Research effort needs to move from investigating how diversity impacts team processes and performance to investigating when diversity impacts team processes and performance, thereby applying diversity as a moderator variable, not predictor variable when investigating its impact on team performance. With such diverse parameters affecting the team's performance, it is essential to understand this aspect and also test it.

Communication in Teams

Research adopting the functional perspective has offered much insight into the relationship between communication and team decision-making performance, but this literature is plagued by inconsistencies in terms of its ability to consistently identify those requisite functions deemed most important for team decision-making performance. Recent advances to this theoretical approach have begun to focus on determining the conditions under which communication might be related to team decision-making performance. In other words, other factors might be moderating the relationship between communication and team decision-making performance. Some task-based factors, such as the complexity or equivocality of the task, have been proposed as important in moderating the relationship between requisite functions and team performances. However, task complexity has not been extensively investigated empirically within the functional perspective. **Professional Support in Teams**

Teams are looked upon as units where people grow and help each other with the skill sets that each has. This is also one of the major reasons that people who have start up in business are made part of such cross-functional teams thus it leads to the development of the skills of the new joiner who will also take up leading positions in the organizations and also development of others skills like internal communication mechanisms and also little intricacies in which organizations functions. Based upon few interviews (Not coded for this paper) we also understood that these teams become like the second family and grow the learning curve of the people.

Managerial Competence/ Team competence

The teams that we have evaluated had two functions primarily in the organizations

- 1) They were cross-functional teams having the purpose of operating at multiple functions and also trying to bring out expertise/advice for various fictions.
- 2) All these teams were also first mentoring ground for future leaders of the organizations as they had at least one or two members from a family that owns the business.

Thus in both scenarios the team competence becomes important. Functions of teams are to solve the problem by sharing information and resources, resources in terms of knowledge and alsosome hours. Except the teams need to back up for each other's inabilities in one or other functions. The teams which are acting as mentoring teams in organizations have an additional role to groom the future leader with the knowledge gained from a degree may be limited to functional aspects of the business and not related to practical or execution aspects of business which may become hindrance in growth and achieving the target of such teams certain times. Thus in such team appreciation of managerial and team competence becomes important and they gain from each other. Secondly teams that exist for the long term, in this case, most of the teams are part of one aspect for more than eight months minimum had to achieve multiple targets and also hindrances as always.

Calculations

Parameters	Communication	Openness	Professional Support	Managerial Competence /Team Competence
Mean	62.16145833	67.03125	72.81770833	69.83854167
Standard Error	0.621289238	0.766622155	0.59657263	0.762516082
Median	60.5	66	71.5	71.5
Mode	66	71.5	71.5	71.5
Standard Deviation	10.54362799	13.01000938	10.12417325	12.94032702
Sample Variance	111.1680912	169.2603441	102.4988839	167.4520634
Kurtosis	0.346077918	0.126954896	0.683022952	0.129773737
Skewness	-0.146810617	0.014526319	-0.461239762	-0.229874465
Count	288	288	288	288



Calculation Analysis

We have used descriptive statistics from excel to get the primary analysis done. We have removed the anomalies that were in the data liked error by people in filling up questionnaire by looking at each sum of responses anomaly , any response which was beyond the acceptable standard deviation of the particular function the whole responses was removed which made up finally stop at 288 number of respondents.

The response is a clear indication of that teams considers professional support and team competence as one of the most important factors for the teams to sustain. Something that we bring from the interviews as well, teams are accountable to execute. Even if the team has members from the leadership, the response level for function remains same. Secondly these teams give importance to expertise or level of competence they bring to table so that teams learn from each other to execute tasks in a swift manner and with accuracy.

One of the concerns that one would have to look at the data set is that is Openness and communication not important for the teams? It is not true. As in case of any teams these two aspects of teams gets developed after certain time and after achieving some targets, same is applicable for these teams, the two aspects of teams developed gradually and when they were .

We also tested whether these qualities are interrelated to each other or stand independent of each other. Thus, we carried out correlation test for each one of them and found out that there is no

significant correlation between these norms of the teams. Thus, it is a clear indication of the team norms are independent to each other. They act independently to each others towards team functioning The correlation calculations are shown below. .

Correlations In Various Variables	
Communication vs Openness	0.295586008
Communication vs Prof Support	0.171962165
Communication Vs Team Competence	0.025710338
Openness Vs Professional Support	0.142488158
Openness VS Professional Support	0.134173925
Professional Support Vs Managerial Competence	0.16158349

Future Study

1. The study was carried out in teams which are in second or third generation businesses and also have one member from the family leadership who may lead the business, as we have not coded our interviewsthe future prospect of knowing how the dynamics of presence of the next generation leader will have on such teams is open.
2. Impact of presence of such members on team dynamics especially, does it lead to what kind of power struggle within the team is not explored.
3. The behavioral patterns and decision making of such team members and leaders can be studied further. The authors are carrying out this study further in that direction and expect to find some significant relations between the same.
4. There is a lack of research on how such teams that have been mentoring roles assigned to them function in organizations.
5. 5) These mentoring teams, can they be different from the various teams is a further study that can be taken up.

Conclusion

This research is work in progress; we believe that qualitative analysis of the interviews and further studies on decision styles and behavioral styles will bring more work outside. Nevertheless, the mentoring teams are significantly important for any organization to function. Researchers go with biases that certain structures in which a part of traditional big organizations may not apply to family businesses and SMEs, which does not stand true. Secondly people believe entrepreneurial culture means that you always learn hands on which is also not true, these mentoring cross-functional teams are clear cut example of organisations that use teams a learning ground for future leaders to learn rather than directly have hands on approach. These teams also give an opportunity for people to develop people and also may develops a replacement team as well. Such teams are essential for businesses that do not plan to grow drastically but there first aim is to sustain and to grow further. Teams can be a learning curve for everyone is one fact that clearly comes out.



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