

# Trust Relations in Norwegian and French Organizations

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# Summary

This master thesis examines trust relations in French and Norwegian organizations. Both relations between manager- employee and between employees are studied. Our research question is:

*How will the institutional environment and management style of the organization affect trust relations?*

We assumed that trust relations will differ in the two countries, and also the institutional environment and management style of the organization. To answer our research questions and assumptions adequately, we have chosen a theoretical framework consisting of trust, management, neo intuitionism and rationality. Our research method is qualitative. We have interviewed six informants with work experience from both Norway and France. This was an important criterion, since they have qualified opinions about trust relations in French and Norwegian organizations, and are competent to make a comparison. The informants' statements combined with existing literature from the field creates the basis for our analysis.

Descriptions of work life in both countries are used to characterize the institutional environment and management style in Norway and France. These descriptions of the work life in the two countries are mainly concern cultural values, level of trust, labor legislation and the educational system. An examination of the French and Norwegian work life shows clear difference concerning these elements. We argue that this contribute to quite different management styles. We examined decision-making processes as we argue that trust relations and management style will be evident in these situations. Based on our findings, we made some specific assumptions concerning the level and form of trust relations in the two countries. These assumptions and findings are further analyzed trough transactional and transformational management and neo- institutionalism with a focus on Scott's three pillars.

Our main findings are:

The decision-making processes in Norway and France show that the processes seem to be characterized by two different forms of rationality. It seems like low inclusion of employees and a strive for full rationality in French decision making processes, are caused by a low level

of trust in the organizations. On the other hand, the decision-making processes in Norwegian organizations are characterized by limited rationality. Decision-making was described as more pragmatic, open and risk seeking, which are all factors that indicate this form for rationality. The inclusion of employees and trade union representatives in decision-making processes are important conditions for trust to establish at higher levels.

Our analysis shows that a transactional management contributes to trust relations characterized by calculus-based trust. It seems that one important condition for the development of trust – knowledge sharing - is almost absent in French organizations. The French organizations also appear to be characterized by impersonal trust. The conditions for development of trust are mainly present in the informal networks. Our analysis shows that it's especially the openness, low power distance, employee participation and work processes in Norwegian organizations that stabilizes trust relations at a knowledge-based level, and in some cases at identification- based level. These elements will also enhance a personal form for trust. The logic of transactional and transformational management not only affects trust relations between managers and employees, but also the trust relations between employees. Lastly, our analysis shows that the organization itself sometimes function as a trust builder in France. The low level of trust creates a necessity for the organization to function as a third-party guarantor. The mutual acceptance of the Model of Collaboration seems to be the third-party guarantor in Norwegian organizations. Different expectations and acceptance concerning decision-making, working hours and level of inclusion between the countries are explained by different understanding of reality, and worlds-in-common.

# Preface

In November 2013, Aftenposten posted an article saying that Norway has a high level of trust in the society. They had conducted an experiment with “lost wallets”, where 15 out of 20 wallets had been found and returned. The professors who were interviewed in the article stated that the high level of trust was also significant in the Norwegian work life, as it made processes more efficient. In contrast, countries with low levels of trust were described as quite inefficient as they need not only controllers to substitute for lack of trust, they also needed to control the controllers. The article refers to a research stating that Russia would have been at least 70 per cent richer if it had Norway’s level of trust. Trust is even referred to us Norway’s most important resource, before oil.

This made us fairly interested in the concept of trust. We were at the time also self-declared Francophiles, after staying a semester in Paris. This was all the beginning of a (sometimes) long-lasting and exciting process.

We would like to express our gratitude to those who has helped us on our journey. Jan Erik Strand has been of great help, collecting informants and putting us in touch with them. Thank you for all your help! We also wish to thank all of our informants who agreed to participate. Each and one of you have given us valuable information and interesting insights. We also wish to thank our families, who are always there when we need it and gives a helping hand. A very special thanks to our advisor Eivind Falkum, who not only guided us through the process, but also functioned as a “reserve dad” during our stay in Paris. Thank you for always being there for us, on Skype and mail, whenever we needed it. Our thesis wouldn’t have ended up as it did without you. Endless thanks! Lastly we want to thank the lovely city of Paris who put a smile on our faces every time the thesis seemed hopeless. It has been invaluable for us to write in the Parisian surroundings. What a beautiful place to be distracted from time to time!

Merci à tous!

Ingvild Vårdal Bredesen & Emilie Kristine Andreassen

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# 1 Introduction

Trust between people and its significance to society have been a subject of attention for philosophers for several centuries. Still, trust is a term which is difficult to analytically capture in an unambiguously way. Whatever definition you choose, you will lose some central dimensions to its meaning. Thus, the term trust holds ambiguous meaning (Sørhaug, 1996). It creates conditions for, and mobilizes action and cooperation. It consists of mutual expectations that have not yet been realized, which means that the expectations are keeping trust alive. It is impossible to use up trust, as the consumption of trust usually just creates more trust (Sørhaug, 1996). The descriptions of trust are both interesting and challenging.

## 1.1 Why Is Trust Important?

In recent time, the concept of trust has been studied in different various disciplines like psychology, social science, sociology, economy, anthropology and jurisprudence (Skirbekk, 2012, p. 20). In social science, trust is described as a social phenomenon, which is supposed to make work in organizations easier. This is especially true in a world with increasing uncertainty, complexity, flat hierarchies, more participative management style and increased professionalism. Trust is said to be better at controlling life in organizations than hierarchical power, or direct surveillance (Sydow, 1998, p.31).

As organizational researchers only recently became interested in trust, there is currently a lack of detailed analysis of trust processes between people within organizations. The fact that trust may differ systematically across cultures is also a field researchers barely have begun to explore (S, Zaheer, & A, Zaheer, 2006). Still, several definitions and perspectives are already established. According to Lewicki & Bunker (1996), trust is a critical success element to most business, professional and employment relationships. Trust is also central to all transaction (Dasgupta, 1988). Limerick & Cunningham argue:

*Trust lubricates the smooth, harmonious functioning of the organization by eliminating the friction and minimizing the need for bureaucratic structures that specify the behavior of participation who do not trust each other. But trust does not come naturally. It has to be carefully structured and managed (1993, pp. 95-96 ref. in Lewicki & Bunker, 1996, p. 115).*

We believe that a comparison of trust relations in different countries will bring a deeper understanding of the subject at hand. Comparison is such a natural part of analytical work that it's often taken for granted (Album, Widerberg & Hansen, 2010). After spending a semester abroad in Paris, we were both intrigued by what at first glance appeared like two countries with cultural similarities, actually turned out to be quite different in some respect. We decided to use France and Norway as basis for a comparison in our thesis, as some significant and interesting differences would be useful to analyze further to enlighten our personal observations. The fact that little comparative research exists about trust relations in organizations also inspired us to conduct the present research. Even though there is not much comparative research conducted between France and Norway, it is still clear that the countries present two quite different national typologies (Melle, 2012). Melle (2012) suggests using the terms civil society and governmentality for which nation building has been bottom-up in the former, and top down in the latter. Channels of influence from the lower classes of society and up did not exist in France, while these have been characteristic for Norwegian history and culture (Melle, 2012). What took us by surprise when learning more about France was its low level of trust. Only 19 per cent of the population seems to believe that "most people are trustworthy", compared to 74 per cent in Norway (World Values Survey, 2006). Trust relations are not straight forward, and to obtain a deeper insight we therefore want to see trust relations in French organization in the light of trust relations in Norway to know what characterize it and vice versa.

Equality has been declared as Norwegian culture's most prominent value (Kalleberg, 1992, Lindqvist, 1988, Schramm-Nielsen et al., 2004 ref. in Grenness, 2012). It is expressed in for example tax systems, education politics, wage determination procedures and recruitment action procedures. The ideal of equality is visible in every part of the society, also management (Grenness, 2012). As a result of this equality, Norwegian managers are said to have an aversion to hierarchies, strong confidence in colleagues and a consistently skepticism

towards the use of formal rules and procedures (Smith et al., 1996 ref. in Grenness, 2012). We argue that equality also facilitates for trust (Eriksen, 2012). The democratization of work life will require more equality with respect to rights and regulations. In contrast, French society is permeated with values related to elitism, hierarchism and centralistic thinking Melle (2012), which make a study of trust particularly relevant.

## 1.2 The Study's Mandate

Our research question is:

*How will the institutional environment and management style of the organization affect trust relations?*

We want to examine trust relations between both manager- employees and trust relations between the employees in French and Norwegian organizations. We have three overall assumptions:

1. We assume that trust relations will be different in French and Norwegian organizations.
2. We assume the institutional environment and management style will differ in French and Norwegian organizations.
3. Trust in its daily connotation will be of less importance in French organizations than in Norwegians.

These assumptions will be addressed implicitly throughout the thesis, without being directly referred to. Together they will lie as a foundation, and guide the discussions.

Our arguments concerning the characteristics of institutional environment and management style in France and Norway are based on an examination of the countries work life. We will examine decision-making processes in both countries. We assume that the characteristics of management style and trust relations will be most evident in these situations. Based on our literature findings and discussions with our supervisor, it appears reasonable to make specified assumptions, as given above, about potential differences in Norwegian and French work life related to both type of trust and levels of trust in the organizations. Management

theories applied will be concerned with the distinction of transactional and transformational management. Neo institutionalism will be used to investigate why certain aspects are explained as simply “the way things are done around here”.

### **1.3 The Study’s Limitations and Purposes**

We do not under any circumstances believe that this study captures a complete picture of trust relations in Norway and France. The scope of the study limits us to simply provide a glance over the phenomenon, - we simply want to shed some light on trust relations and how they may differ in different cultures. As mentioned, trust has only been under the scholars loop in recent years, especially in sociology (Luhmann, 1988) and organizational literature (Nooteboom & Six, 2003). We wish to broaden the readers understanding of the phenomenon and highlight some possible conditions that may affect these trust relations.

We realize that other theoretical approaches could have been just as appropriate as the ones we have chosen, to answer our mandate in an adequate way. An example of such is theories of power, which could have been used as a framework. It may seem reckless to not include Bourdieu’s theories of power and structuralism when writing about French organizations. Nevertheless, we have not devoted attention to his research because the scope of the thesis requires prioritizing and focus. See for example Bourdieu (1989), Nooteboom & Six (2003) and Skjøtt-Larsen & Henriksen (2012) for further reading about Bourdieu’s approaches. We have neither chosen to devote focus to the role of time or history. The historical aspect is a relevant explanatory factor when examining the characteristics of work life. It would make an interesting examination, but because of the scoop of this thesis we thought it was too comprehensive. We want to point out to the readers that the notion of time is a central aspect in trust relations. For further reading, see Lewicki & Bunker (1996). We also realize that the theories we have chosen are both comprehensive and complex, which is why we have chosen some parts and perspectives of them. Another limitation is that during the work process we discovered that many of our descriptions, particularly of France, have been rather critical. Based on our research questions, our informants have given us emotional and engaging answers that we have chosen to build our analysis on.

## 1.4 The Study's Disposal

The study starts with an introduction to our chosen theoretical frameworks. Theories of trust, management, neo intuitionism and decision-making, as well as rationality, are all included. We find it necessary to use parts of all of them, as the ability to use several approaches to one mandate may enhance the discussion, and later the conclusions. Further, in chapter 3, we will present our method and procedures. We will reflect around the working process, and point out possible shortcomings and vulnerabilities with our conducted research. Chapter 4 will give a short and concise description of what we consider the most influential aspects of work life in respectively Norway and France. We will end the chapter with a description of management style from both countries, which is based on the descriptions of the work life. In chapter 5 we present our main findings from our interviews, mainly concerned with processes of decision-making. We have tied the findings and quotes with existing literature from the decision-making field and rationality in order to enhance the statements. In the end of the chapter, we provide some assumptions on how trust relations are evident in the described decision-making. We also present a model, made to illustrate some assumptions about trust. Chapter 6 builds on the main conclusions from chapter 5, and uses theories of transactional and transformational management in order to advance the discussion. Transactional and transformational will be used as a framework to examine how management affects trust relations in organizations. The discussion will mainly be concerned with the relations between employee and managers, but we will also show the impact of employee-employee relations. Chapter 7 will maintain the discussions presented that far, and integrate it in a neo institutional framework. Scott's three pillars of institutions will be used primarily to give reason to behavior and actions. Lastly, chapter 8 will provide a summarized conclusion, with a proposal to integrate our theoretical approaches.

## 2 Theory

This chapter will provide an overview of our theoretical framework. The theories will be used in subsequent chapters to interpret our findings from our research and existing literature.

### 2.1 Trust

The question about what trust is may seem obvious (Skirbekk, 2012), but it is a complex concept to define (Kristiansen, 2012). Sørhaug (1996) enhances this complexity when he states that no matter how you define trust, you will always lose some central dimensions. It's hard to grasp it analytically in an unambiguous way (Sørhaug, 1996). Thus, the definitions of trust strongly vary among the literature, not only in general, but also within different fields of research (Zucker, 1986). The ones we have chosen to look at are primarily used in organization theories.

Some theorists suggest dividing trust in different forms. Bachmann (2003) states that the theoretical literature makes an important distinction between personal and impersonal trust. The concept of personal trust comes close to the ordinary connotation of trust. The daily proximity of workplace in organizations can be seen to develop this form for trust, through face-to-face contact between individuals. The latter concerns trust in the field of organizational relations. It is again divided in two, trust *in* systems of cultural or institutional trust, and how individuals trust each other in the *face of* the structural arrangements around them (Bachmann, 2003). System trust that exists within organizations builds on the authority attributed to the formal social positions as well as on the reliability of technical systems, standards and procedures. Institutional trust draws on institutionalized patterns of the divisions of work duties and responsibility, as well as other elements of the structural inventory of the organizations to which individual actors have to orient their expectations when interacting with one other. This kind of trust is in principle produced within the boundaries of the organization. It can thus vary greatly from organization to organization (Bachmann, 2003). In contrast, system trust is mostly a phenomenon, which originates in the external environment and reaches into the internal world of the organization. It can be



assumed that external environment also has a strong impact on the conditions under which institutional trust is generated within the organization. We will mainly be concerned with the distinction of personal and impersonal trust in our study, as we do not believe our analysis require the clear distinction of system and institutional. This would be in accordance with Guldbrandsen's (2012) thoughts, as he describes system and institutional trust as trust to the organization itself, its resources, management philosophy, the quality control systems, the employees' competence etc.

### **2.1.1 A Three-Level Model of Trust**

Other theorists look at how trust develops over time. Lewicki & Bunker (1996) wish to explore how trust is developed, sustained and repaired in professional work relationship. They present a three-level model, based on earlier work of Shapiro, Sheppard & Cheraskin (1992, ref. in Lewicki & Bunker, 1996) where trust dynamics are different at each level. Lewicki & Bunker (1996) stress this dynamic phenomenon, as trust should not be viewed as a static element. The first level of trust is called calculus-based trust. It mainly describes a relationship between managers and employees based on deterrence, where trust becomes visible in rewards and punishments. It's based on assuring consistency of behavior, people will do what they say because they are afraid of possible consequences if they don't (Lewicki & Bunker, 1996). Reputation is of specific concern; the threat that if trust is violated, one's reputation can be hurt through a network of associates and friends. Having a reputation for honesty, especially for businesspeople is a valuable asset. Lewicki & Bunker (1996) apply the game "chutes and ladders" as a metaphor to illustrate the growth of calculus-based trust. Progress is made slowly, and only a single event of inconsistency might take actors way back. Thus, trust at this level is partial and fragile (Lewicki & Bunker, 1996).

The second level of trust is called knowledge-based trust. It's grounded in predictability, that you have enough information about the other actor in order to anticipate his actions. It differs from the first level as it relies on knowledge, not deterrence (Lewicki & Bunker, 1996). The main mechanism is how predictability contributes to trust. Regular communication and courtship are key processes, as it keeps parties in constant contact with each other. You learn

about wants, preferences and approaches, and develop an ability to think alike, which again leads to predictability. Trust is not necessarily broken by inconsistent behavior, as long as that behavior is expected (Lewicki & Bunker, 1996).

The last level is called identification-based trust. It concerns how you identify with other's desires and intentions. Trust exists because you understand and appreciate each other's wants (Lewicki & Bunker, 1996). A mutual understanding is developed, which makes you able to act on another party's behalf. There is no need to monitor the other's behavior, as you are confident that your interests will be protected and shared. You will also understand what to do in order to sustain each other's trust. To commit to commonly shared values and objectives is essential, as you develop the same way of thinking, feeling and responding (Lewicki & Bunker, 1996).

## **2.2 Management Theory**

We have chosen management theory in order to explain in detail how managers operate and interact. Sørhaug (2004) states that management is permeated with constraints and oppositions, both in theory and practice. Examples of such are emotions and reason, individual and institution, and not at least power and trust. Through these characteristics, a manager seeks to accomplish something via followers and subordinates (Sørhaug, 2004). They are responsible for the delegation of tasks, responsibility, information and resources (Hagen & Trygstad, 2007). How these delegations are made will influence organizational structure, and the other way around. Management is also a pattern of authority, which arises from an organization's reality, especially the inner reality (Sørhaug, 2004). We see that concrete processes of management are complex, interactive, open, and sensitive to context (Sørhaug, 2004). They interact with other actors within an institutional framework of rules and regulations (Hagen & Trygstad, 2007). This mentioned context is not limited only to the organizations; also norms, requirements and expectations from the society will affect management (Hagen & Trygstad, 2007).

## 2.2.1 Transactional and Transformational Management

A lot of the modern literature concerning management theory is addressing the distinction between transactional and transformational management (Judge & Piccolo, 2004). In his article from 1990, Bass elaborates on his thoughts on manager and employee relationships, conceptualized and modified by James Burns' originally work (Judge & Piccolo, 2004).

Bass defines transactional management as mainly an exchange or transaction, where the manager either rewards or punishes his employees, depending on their performance. As Sørhaug (2004) points out, the transactions create a mutual dimension, but are not necessarily equal. There are three main dimensions that characterize a transactional manager, mainly contingent reward, management-by-exception – active, and management-by-exception – passive (Bass, 1990, Judge & Piccolo, 2004). Contingent reward is characterized by contracts exchange of rewards of effort, promise of reward for good performance, and recognition (Bass, 1990). Management-by-exception is, in general, about the degree to which a manager takes corrective action. The difference between active and passive lies in the timing of the manager's intervention – the active monitors behavior, search for deviation and take action before a behavior creates any harm (Avolio, 1993, ref. in Judge & Piccolo, 2004). The passive simply waits and intervenes only if standards are not met (Bass, 1990). If they are not met, managers may punish employees by threat or discipline. Bass (1990) states that transactional management, although sometimes effective, is not always sufficient. This is especially true if the manager performs management-by-exception – passive (Bass, 1990).

Transformational management is often summarized in four dimensions or characteristics (Judge & Piccolo, 2004, Bass, 1990, Warrilow, 2012 ref. in Odumeru & Ifeanyi, 2013). They are charisma or idealized influence, inspirational motivation, intellectual stimulation and individual stimulation (Judge & Piccolo, 2004). In short, the charisma or idealized influence is to what degree the manager acts in admirable ways and inspires the employees to follow. Charismatic managers appeal to their followers on an emotional level (Judge & Piccolo, 2004). Inspirational motivation is about motivating followers to share a vision, provide optimism about future goals, and provide meaning about tasks at hand (Warrilow, 2012, ref. in Odumeru & Ifeanyu, 2013, Judge & Piccolo, 2004). Intellectual stimulation is about challenging assumptions, take risks, and stimulate and encourage creativity. Managers do it

by providing a framework for their followers, to connect them to managers, the organization and projects (Warrilow, 2012, ref. in Odumeru & Ifeanyu, 2013, Judge & Piccolo 2004). The last one, individualized consideration is about seeing each follower and his needs, listen to his concerns and acts as a mentor (Judge & Piccolo, 2004).

## 2.3 Institutional Theory

To further answer our mandate in an adequate way, we have chosen an institutional theory framework. As both Scott (2008) and DiMaggio & Powell (1991) acknowledge, the theories and arguments discussed in the large field of institutionalism are strikingly diverse. There are not only differences – also similarities are resting on varied assumptions. In this jungle of theories and approaches, we have chosen to look at Scott’s three pillars of institution and neo institutionalism. We believe they suit our study, as they examine the social aspects and the “alive” in organizations (Scott, 2008). In order to make sense of those theories, we will introduce some general notions of institutionalism.

Institutionalism seeks to explain how and why people act, both in formal and informal ways (Scott, 2008)<sup>1</sup>. What is accepted as rational may also be in the informal. It is norms, values and attitudes. An actor’s action will be affected by context and the organization it is a part of; they become institutionalized (Scott, 2008). Institutionalization is a phenomenological process, where social relationships and actions are taken for granted, as well as shared cognition, which define what actions that are possible (Zucker, 1983, p. 2 ref. in DiMaggio & Powell, 1991). Scott (2008) emphasizes how institutions constrain, control and encourage behavior. It creates legal, moral and cultural boundaries, as well as empowering activities and actors. “*Institutions provide stimulus, guidelines, and resources for acting as well as prohibitions and constraints on action.*” (Scott, 2008, p. 58)

These taken-for-grantedness further explains how “*actors associate certain actions with certain situations by rules of appropriateness*” (March & Olsen, 1984, p. 741 ref. in DiMaggio &

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<sup>1</sup> We don’t find it necessary to elaborate on the historic development of institutionalism. See Scott (2008).

Powell, 1991), which is absorbed through socialization, education, on-the-job experience etc. Thus, institutionalism will help us explain why there might be differences in organizational structure and work life in Norway and France.

### **2.3.1 Neo Institutionalism**

Neo institutionalism was introduced in the 1970s. It is not clearly separated from institutionalism, but has some new insights (Scott, 2008, DiMaggio & Powell, 1991). It emphasizes cognitive patterns and meaning, and looks more closely at the field and context around the organization as well (Scott, 2008). As opposed to institutionalism, which seeks answers to why inequality is created, neo institutionalism seeks to understand why so many organizations resemble.

It is questioned whether you can properly understand individual choices and preferences without the cultural framework in which they are embedded (DiMaggio & Powell, 1991). Neo institutionalism;

*...emphasizes the ways in which action is structured and order made possible by shared systems of rules that both constrain the inclination and capacity of actors to optimize as well as privilege some groups whose interests are secured by prevailing rewards and sanctions (DiMaggio & Powell, 1991, p. 11).*

Both old and neo institutionalism are concerned with environment. But as the old tradition primarily focused on local environment, neo focuses on sectors or fields as profession or industry, or national societies. Thus, environments are more subtle in their influence – they create the lenses which actors see the world, structures, action and thought, by penetrating the organization (DiMaggio & Powell, 1991). It is the organizational form, structural components and rules that are institutionalized – not the organization as a unit.

Neo institutionalism is not as concerned with norms and values as a cognitive frame, they are more facts in which actors must take into account. According to the theory, taken-for-granted scripts, rules and classifications are what institutions are made of.

### 2.3.2 Scott: Three Pillars of institutions

In order to encompass the existing variety and achieve certain clarity, Scott proposes broad definitions of institutions. He suggests,

*“Institutions comprise regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life“*. Scott (2008, p. 56)

Scott identifies three analytic elements that comprise institutions, which have all been vital in defining them, - together they are the building blocks in institutional structure. It is possible to look at them as mutual dependent, but also separately, as they have some important differences (Scott, 2008). Scott underlines that these differences provide different explanations on how actors make choices, the extent to which actors are rational, and what rationality really is – they offer a different rationale for legitimacy, either by virtue of being legally sanctioned, morally authorized, or culturally supported (Scott, 2008).

Table 1: Pillar of Institutions

	Regulative	Normative	Cultural-cognitive
Basis of compliance	Expedience	Social obligation	Take-for-grantedness Shared understanding
Basis of order	Regulative rules	Binding Expectations	Constitutive Schemas
Mechanisms	Coercive	Normative	Mimetic
Logic	instrumentally	Appropriateness	Orthodoxy
Indicators	Rules Laws Sanctions	Certifications Accreditation	Common beliefs Shared logic of action
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible Recognisable Culturally supported

Table from Scott (200, p. 51)

In cultural-cognitive systems, routines and rules are followed simply because “that’s the way we do things around here”. Scott emphasizes that neo institutionalism is quite close to this pillar, regarding shared perceptions, language and understanding.

## 2.4 Decision-making and Rationality

Decision-making occurs in every organization, and it varies in different matters of shape, size and importance. It is a lengthy process, from intention to result, or as Schramm-Nielsen suggests – from a problem has been perceived until action has been taken to solve it (Schramm-Nielsen, 2001). It is a process with different stages, which is affected by many factors. For example, Erez (1993) looks at society and culture and how it affects decision-making. She states that cultural and societal values will affect what is the most affective in managerial practices, thus also decision-making. Erez (1993) exemplifies, stating that societies with collective cultural values probably appreciate group decisions. This will be further evident in chapter 5.

Decision-making is often presented with theories of rationality, as rationality is a way to attribute meaning to behavior (Weber ref. in Scott, 2008). *“Theorists make different assumptions regarding how actors make choices: what logics determine social action”* (Scott, 2008, p. 66). March (1994) implies that there are two different ways to study rationality. One is the old traditional way, which interprets action and behavior as pure rational choice. It might be explained as how decisions ought to happen. In more modern theories of rationality, research has been more focused on how decisions actually happen. That leads to the idea of limited rationality, as perfect rationality is impossible to achieve. It requires more than what humans can concur; we are limited by cognition, information and knowledge about future outcomes. Both March (1994) and Scott (2008) propose that ideas of rationality are difficult to integrate in a sociological perspective, as it looks at behavior purely as calculus of costs and benefits. Still, we will use March’s descriptions and divisions of the two different types of rationality as they differ as ideals. Weber actually distinguished rationality in goal and value oriented rationality, or *Zweckrationalität* and *Wertrationalität* (Scott, 2008, p. 68), in order to broaden the view and overcome the issues from an institutional perspective (Scott, 2008). The former looks at action that is rational in an instrumental and calculative sense, it focuses on means-ends connections. The latter is action that is inspired by and directed toward the realization of substantive values, social and cultural, for instance morale and normative distribution of wealth; it focuses on ends pursued (Weber, 1924/1968, p. 24 ref. in Scott, 2008, p. 68).

Also Zucker has interesting ideas of rationality in organizational theory (1986, ref. in Scott, 2008). She (1986) states that rational bureaucratic structures in organizations were created in a time where trust was difficult to attain. Organizational complexity and high amount of immigrants made closeness and cultural heterogeneity inefficient as trust builders. Rational structures with written rules, legislation and procedures were supposed to secure that people did what they were supposed to do.

## **2.5 Summarizing**

Theories have several roles to play in science (Bordens & Abbott, 2011, p. 43). We want to use these theories to create an understanding of the trust relations in the organizations in the two different countries. We also want to use these theories to create a framework for interpretations of our data from our interviews. It is on the bases of our mandate that we have chosen these theories. We want to examine decision-making processes since trust relations will be at it most evident in these situations. We find it necessary to include both management and neo institutionalism because they mutually affect and influence each other. These theories will together show how organizations affect trust relations in the two countries. Since we have chosen two countries to compare, we believe that management theories, neo institutionalism and especially Scott's three pillars can be used to adequately explain the possible differences or similarities between them. Rationality will be used as a way to attribute meaning to different forms of behavior, which we will show by examining decision-making processes.



## 3 Method

The nature of our research question made the qualitative method the most adequate choice. Trust relations are complex concepts and the qualitative method is well suited to study complex relations in social and cultural context (Grimen, 2004). In addition, we seek informants' descriptions, personal experiences and opinions about trust relations in Norwegian and French organizations, which the qualitative method is appropriate for (Grimen 2004). According to Grimen (2004), qualitative research focuses on the relationship between human actions and the different contexts these actions take place within. In this chapter, we want to reflect around our methodological choice and decisions that we have made during the process of conducting this research. The choice of work procedure, recruitment of informants, how the interviews were conducted and our experiences from this process will be discussed, followed by reflections concerning our role as researchers.

We found it most adequate to write a theoretical thesis "spiced with empiry". A combination of a theoretical and empirical approach allowed us to conduct our own small research, and anchor it in existing theory.

### 3.1 Working Together

To collaborate on such a comprehensive study can be both a challenge and a benefit. We have worked together in a previous project, which means we had some knowledge about each other's working habits and routines before we got started with this study. The most challenging part of working together was in the beginning, when we had to find a subject we both had a genuine interest in. Later, we had to obtain a mutual understanding of what was relevant and not. We have throughout the whole process worked closely together, but independently. The work process has been characterized by fruitful discussion and consulting the other party. We have always come to an agreement on different subjects, as we both have a mentality that only convincing arguments should be used to break through with opinions. Therefore, we look at our cooperation as a possibility to challenge each other and get feedback on own ideas, which have strengthened our learning as well as the quality of the

working process. We have different backgrounds from our Bachelor degrees, which has enabled us to see different connections, aspects and to supplement each other.

## **3.2 Informants**

To find our informants, we contacted Chambre de Commerce Franco- Norvégienne (the French- Norwegian Chamber of Commerce) and joined their Young Chamber Club. Through this membership we were invited to the Chambers events and had access to the contact information to both the members and the member organizations. By active networking at one of the Chamber's events, we made contact with two persons from Norwegian trade companies who helped us with getting in touch with the first informants. The process from here to locating all the informants can be characterized as a "snowball method". The snowball method means that you pick someone with the right characteristic, and through their recommendations find other subjects with the same characteristics (Gobo, 2004). Our contact persons from the Chamber's event put us in contact with people they knew, and these people put us in contact with someone they thought would be relevant. The ball started rolling and we ended up with a total of six relevant informants.

### **3.2.1 Informant Criteria**

To find relevant informants who were suitable to our study was a very important task. When we started searching for these informants, we had a few criteria they had to fulfil. Work experience from both the countries was our main criteria, because of their ability to make a qualified comparison as well as personal experiences from both countries. Another criterion was that the organization they had worked for in France was French owned. The reason for this was that we wanted to ensure that the management style and the organizational environment were affected and shaped by the work life in France, and not by foreign owners. We also decided to interview only men for practical matters. Lastly, we looked for informants that had experience from the same industry to exclude possible explanatory factors that may differ between industries. This turned out to be a great challenge. Most of our informants had work experience from the oil and gas industry in France, but their experience in Norwegian industry sectors varied more.

### 3.2.2 Our Informants

Following is a short description of background and work experiences of our informants:

*Informant 1:* Have a Master of Business and Economics. He is a project manager for connected services in a company in the automobile industry. He has worked in France since 2012. Earlier, he worked some years in Denmark for the same company, and in Norway as a controller in a pharmacy company.

*Informant 2:* He started working in Paris when the company he worked for was bought by an international French owned consulting company. He worked in France from 2002- 2006, where he was executive director for human resources. He currently works in human resources in one of Norway's biggest educational establishments.

*Informant 3:* Worked as an engineer in a French oil company from 1984-1987. From 1990-1991 he was head of department at a French laboratory. He currently works in a Norwegian oil company as a specialist reservoir technology.

*Informant 4:* Spent four years in Paris, working for a French oil company with the responsibility for North- America. He currently works for the same company as Commercial Director, stationed in Norway.

*Informant 5:* Has a PhD in engineering. He has worked for 23 years in a Norwegian oil company, where he also was in the corporate management. Started to work for a French electricity and natural gas energy Service Company in Norway. Worked in France since December 2011 where he has been Deputy CEO for 3.5 years for a subsidiary company (30 per cent Chinese owned, 70 per cent French owned) of a French oil and gas company.

*Informant 6:* He has a master in computer science and MBA from a French University. He also went to primary school in France. He has had several engagements in France, but never worked in a French organization. Since 2013, he has worked as an independent consultant, and was earlier a chairman of Boards of Directors in a Norwegian renewable company.

Informant 6 has only experience from the educational system in France. We discussed if we should interview him despite his lack of French work life experience. We decided to conduct the interview based on the recommendation and because of his valuable insight, as well as his

personal experiences of the French educational system and culture. As will be shown later, the French educational system is relevant for our discussion.

### **3.3 The Qualitative Interview**

During our first interview, we experienced that the informant didn't quite grasp what we actually were looking for. We felt that his descriptions were outside of our field. We quickly realized that we needed to ensure that the informants got a clear understanding of our research in advance of the interview. Therefore, we sent out an email prior to every interview with some questions from the interview guide that captured the essence of our subject. We had only positive experiences of doing this. Several of the informants had printed out the questions, taken notes and given the subject serious thoughts. We believe that this made the interviews more fruitful and we received a better quality of the information, since the informants had a chance to reflect in advance around the subject. They justified their arguments with concrete episodes and experiences, which they might have forgotten without time to evaluate the topics first. The first interview unintendedly became more of a test interview. In the same email sent prior to interviews, we also guaranteed the informants' anonymity, and asked for permission to tape the interview.

We were both present under all the interviews; one led the interview while the other took notes. At the end of every interview the one who took notes would ask some additional questions if considered necessary. We shared the roles between us equally; the one that had led the last interview took notes on the next interview and *vica versa*. It was also important for us to be both present at every interview in order to secure a mutual understanding of the topics discussed, and to develop a similar overall impression of the informants' descriptions. We obtained an agreement from the informants to record every interview and transcribed them after. This was very useful since we have used statements from the informants frequently in this study. Four of the interviews were done over Skype. We didn't experience any extra challenges by having the interview over Skype instead of a face-to-face interviews. Instead, it made it easier to schedule and carry out the interview. The interviews over Skype were also a bit more relaxed compared to the other interviews. This could have been because

the interview took place in an informal setting; both the informant and the two of us were at home during the Skype interview. The face-to-face interviews were conducted at the work place of the informants.

### **3.3.1 Semi-Structured Interview Guide**

We read thoroughly about our subjects before we conducted the interviews. It was important that we used the theory studied in the research processes to be able to use the interviews to obtain relevant information, , both prior and after the interviews. An interview can be done in many ways that will imply different forms of knowledge (Widerberg, 2010). We chose a semi-structured interview guide. This form for interview is maybe the most common in the qualitative method and it enables us to be flexible, both to what the informants invite to and the context (Ryen, 2002). We had certain topics we wanted every informant to elaborate on concerning both countries, namely: work life, management styles, trade unions, decision-making processes and trust. Our questions were based on the theories we had studied during our preparatory work, which shaped the interview guide in order to secure a fruitful work concerning our subject (Widerberg, 2010). We asked relatively open questions and let the informants speak freely. It was interesting to hear what the informants emphasized and considered the most important. Widerberg (2010) argues that if the researcher is able to obtain differences and broadness in the interviews, thereby specify the findings, it can increase the validity of the results. We did not emphasize on the informants as persons, but focused on their knowledge and experiences of trust relations in Norwegian and French organizations. Disengaging knowledge from the source made our study less sensitive to the informants (Widerberg 2010). We believe this could be a reason for the engagement and talkativeness of our informants.

## **3.4 Possible Pitfalls**

There are some weaknesses by using interview as a method. We want to reflect around some of the weaknesses that are the most relevant for our research design. Firstly, we transcribed every interview, but a transcription of the interview can never mirror the actual interview

(Willig, 2008, p. 27). Also, all the interviews were conducted in Norwegian, which means that all the quotes we have used, have been translated. Even though we have tried to translate the quotes as accurate as possible, it is a risk that these translations have been affected by our own understanding of the informants' statements.

Interviewing managers can involve some additional challenges. They are often people with a tight schedule so they might have few incentives to save time for an outsider (Engelstad, 2011). We believe that because we used the snowball method, the managers actually got an incentive to participate in our research as they were contacted by someone they knew. We didn't have any problems to arrange the interview after we first made contact. The informants even said we could contact them if we had more questions or concerns. Engelstad (2011) argues that in an interview situation, it's often emphasized that the interviewer has more power than the one who's being interviewed. But when interviewing a person in an elite- or top position, this relationship can be inverted; the informant is the one who holds most control in the interview position. In some of the interviews, we experienced that the informant was at the borderline between being the one with the control, and simply elaborating freely (as we hoped with the unstructured interview guide). We did not consider it to be a problem.

### **3.4.1 Validity**

We would like to reflect around parts of our study that may concern the research validity. Internal validity is the ability of research's design to test the hypothesis that it was design to test (Bordens & Abbott, 2011). We have examined trust relations in both French and Norwegian organizations, but all our informants are Norwegians. It could be that the informants' reflections concerning trust relations in France are seen from a "Norwegian perspective". The possibility of our informants having an ethnocentric perspective is therefore present. This could contribute to a bias picture of the relations in the two countries. This was important for us to have in mind when we interpreted their statements so the biased selection of subjects didn't threat the internal validity (Bordens & Abbott, 2011). It is important for us as researcher to have in mind that the social worlds of our informants have already been interpreted by them. This is defined as double hermeneutic, as we are interpreting something that has already been interpreted once (Giddens, 1984, ref. in Fangen, 2009). Also, we had some challenges concerning relevant literature. It was easy to find literature and earlier

research about Norwegian work life and management/ organizations. It was more problematic for us to collect data and literature concerning the French work life and organizations / management. As neither of us speaks French (at least not at a high enough level), and the fact that most of the relevant literature was in French, it was challenging to collect as much information compared to Norway. In order to try to balance the asymmetry in information from literature, we made the informants talk a bit more about France than Norway.

Validity also concerns whether the informants identifies with the results or not. That's not to say that research should be used as a "microphone" for certain groups, or that fronting their truth will strengthen validity (Widerberg, 2010, p. 231). We have interpreted the data from the interviews and used our own "voice" to add meaning to the informants' statement within our theoretical framework. It is important that both the researcher and the informant's voice are expressed, as possible divergence between them may be problematic. The whole point of professionals interpreting interviews, or us "adding our voice" in this thesis, is that it can add understanding to social phenomenon, and give the informants a deeper understanding of their own situation (Widerberg, 2010). We argue that being two researchers strengthen the study's validity. To be two in the work of interpreting reduces the chance for error in judgment of the informants' statements.

### **3.4.2 Reliability**

In qualitative method, the studies' reliability is ensured through the studies' credibility or trustworthiness. It is important to reflect around the choices made throughout the whole process such as used methods, documentation of data and the final result, in order to secure high level of credibility (Ryen, 2002). We argue that our work process throughout the process have strengthened the research reliability. As mentioned, we have worked closely together and argued and agreed on every decision made. We have both been present at every interview and divided the roles between us. This has made it possible for us to check and control each other through the process, and reduce the chance for methodical errors. The fact that we have transcribed every interview has also been important for the reliability. Even though one of us always took notes during the interview, the transcription made after were vital. It enabled us to check what was *actually* being said and in what relation, which made our interpretations more accurate. If the data from the interview only had been based on notes made during the

interview, the data could have been filtered, simply because you don't manage to write down everything that's being said (Ryen, 2002). Finally, the informants' descriptions and experiences concerning France and Norway were very consistent and unambiguous. This unambiguousness enhances the study's reliability.



## 4 Work Life

The disposal of this study limits our capacity to paint the complete picture of Norwegian and French work life (if that's even possible), but we want to aim this description on factors we believe have considerable influence on management style and trust relationships in Norwegian and French organizations. We argue that in the Norwegian work life the values equality and democracy are deeply rooted, while the work life in France is more characterized by elitism and class distinction.

### 4.1 Norwegian Work Life

Several international studies show the same; the Nordic countries are the countries with the highest level of trust in the world. Norway was ranked as the country with the highest level of interpersonal trust by the World Values Survey (2006). 74 per cent of the Norwegians answered “most people can be trusted” to the question “*general speaking, would you say most people can be trusted or that you have to be careful in dealing with people*” (World Values Survey, 2006). The European Research Society (den europeiske samfunnsundersøkelsen) compered the level of trust in several countries in 2002, 2008 and 2010 (ref. in Skirbekk, 2012). The Nordic countries score the highest in all studies, both to trust to people in general and to institutions in society (Skirbekk, 2012). The high level of trust has existed a long time in Norway, and according to H. Skirbekk & G. Skirbekk (2012), it has emerged from centuries of peace, stability and a relatively faire legal system. Norway is characterized by several features that have proven to have a positive correlation to trust, in particular: low economic differences, cultural homogeneity, ethnic homogeneity, low degree of corruption, absent of a dominating aristocracy and relatively open and transparent decision- and work procedures from the government. The high level of trust has been argued as being one of Norway's foremost competitive advantaged, and vital for the existence of the Model of Collaboration in Work Life (Samarbeidsmodellen), which is an important component in the Norwegian work life (Levin et al., 2012).

### 4.1.1 The Norwegian Model of Collaboration

It is claimed that the Norwegian work life is one of the most democratic in the world, with characterizations as high degree of consensus, general high level of education, low levels of conflict and strong emphasize on equality (Arbeid og Sosialdepartementet, 2010). Employees' rights to participate and co-determination are also emphasized. Focus is on both direct individual influence and representative systems, which are founded in agreements and laws in all levels of companies (Falkum et al., 2009). The institutional framework of the Model of Collaboration has been established throughout the twentieth century, and one important aspect of the model is the parties' mutual recognition of rights and obligations. The Norwegian Model of Collaboration consists of three main actors: the manager, trade union representative and the employee. The Model of Collaboration concerns the relations between these at an organizational level, and takes place in three main forms:

1. The representative co-determination from the trade union representative is *fixed by law and agreements*.
2. Cooperation between the parties is characterized by wide co-determination and direct participation, meaning everyone is included in decision-making concerning their own work and can use their voice in proper place.
3. Cooperation is expanded to concern conditions that are beyond the cooperation regulated by law and agreements (Levin et al., 2012, p. 28).

The trade unions are a fundamental principle in Norway. The Norwegian work life is highly organized. In 2001, 57 per cent of the workforce had membership in a trade union, and about 70 per cent was covered by a tariff agreement (Engelstad et al., 2003, p. 218-221 ref. in Falkum et al., 2009). The relationship between managers and trade unions consist of mutual respect, accept and cooperation. As one informant stated "*The Norwegian trade unions are more pragmatic. They understand that playing on the same team is important*" (Informant no. 4). The relationship has not always been like this. The establishment of the Basic Agreement (Hovedavtalen) in 1935 represents the entrance to a new era, where class struggle and mutual mistrust gradually were replaced by cooperation and mutual respect (Levin, 2012, p. 39). The positions and roles of the parties changed with the Basic Agreement; they now viewed the other party's rights and roles as equally important. Today, tariff agreements are at the core of regulation of the different party's relationship in the Norwegian work life. The agreements'

key position emphasizes the trade unions' position and power when it comes to the employees' right to co-determination. In the European context, it's a strong connection in the Nordic countries between trade unions and the employees' influence and co-determination. The tariff agreements are unalterable, so the individual employer has no possibility to make an agreement outside the arrangement in the agreements (Engelstad et al., 2003).

The Work Environment Act (Arbeidsmiljøloven) is the closest we come to a common law for the Norwegian work life. The Work Environment Act secures more clear and comprehensive rights to employees' participation concerning their own work situation, than any other laws or agreements in other countries (Levin et al., 2012).

As mentioned, The Work Environment, the Basic Agreement and the Model of Collaboration have resulted in a high level of influence for Norwegian employees. According to Levin et al. (2012), the literature distinguishes direct and indirect influence as influence you have of your own work space and influence you have on organizational level, as decision-making. They are hard to separate and both belong in organizational democracy, but they operate differently (Levin et al., 2012). The latter type of influence is established mainly by laws and through representatives, as a relationship between union representative and managers. The direct influence is more depending on the worker's own actions. It describes rights and obligations, from both the employer and the employee (Arbeid og Sosialdepartementet, 2010). The management has to facilitate for employee involvement, but it also requires responsibility and understanding of the work process of the employee, in order to comprehend communication, cooperation and decision-making in the work performance. It further requires an employee's engagement for learning and development (Levin et al., 2012). We argue that these mutual depending relations are vital for trust in the work space. The employees trust the management to facilitate channels of influence through involvement and communication. On the other hand, the management trusts the employee to gain knowledge and actively involve himself through the autonomous workplace. The employee is given a lot of influence through these establishments, which also requires trust between the parties.

To summarize, the democratic systems and arrangements have a great support from both management and employees. These systems are not just accepted, they are established by

regulations and law modes of operation, which make them seen as a natural premise for the Norwegian work life structure. Co-determination, participation and democratic structure of organizations are institutionalized as an accepted model for thought, word and action in the Norwegian work life. This mutual understanding of reality from both managers and employees of how organizations should be structured and operate, forms a context for work life that is special and distinctively Norwegian (Falkum et al., 2009).

#### 4.1.2 The Norwegian Education System

Another important factor that contributes to maintain the ideal of equality in society is the education system. The ideal of *enhetsskolen* is well embedded in Norwegian education system and society (OECD, 2013). The necessity of a Norwegian *enhetsskole* aroused in a time where Norway had recently gained national independence. It was a country with few large cities, scattered population, and a need to unify. In addition, Norway was an egalitarian society with strong democratic traditions and a “weak” upper class (Tønnesen, 2004, ref. in Kunnskapsdepartementet, 2006-2007). *Enhetsskolen* was supposed to be nationally unifying, socially equaling and socially reconciling, as well as to create the foundation for increasing political engagement and democratic participation (Kunnskapsdepartementet, 2006-2007)<sup>2</sup>. The idea behind *enhetsskolen* is equality and availability to all (OECD, 2013). This is true for Norwegian higher education as well, which is why economic and judicial actions, as *Statens Lånekasse*, have been implemented in the education system (Mangset, 2004). Everyone is supposed to have the same opportunities to pursue an education and a job, no matter your socioeconomic background. As we see, equality is the main focus.

The European Training Foundation (2008) has explored the transition process from education to work. They state;

*“The transition from education to work by young people is a complex process in which socioeconomic structures and institutional and policy settings in several areas interrelate. (...) [T]he outcomes of the transition process vary significantly between countries and national systems”* (The ETF, 2008).

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<sup>2</sup> Many debates have recently been raised concerning the actual success of *enhetsskolen*, but we do not find it relevant to further discuss it here. For more information: Hernes and Knudsen 1976, Bakken and Elstad 2012, both in OECD 2013.

Mangset (2004) identifies the Norwegian transition, and she states that the real career hunt starts after you get your first job. The education itself is no longer enough in Norway, you need voluntary experience, you should have international experience, and network is a huge benefit. Other job experience is also quite advantageous, as the recruitment process is more characterized by standing out from the rest and differ from the formal equality (Mangset, 2004). It is quite rare to go straight to a top job position right after ended studies (Mangset, 2004).

### 4.1.3 Cultural Dimensions

Professor Geert Hofstede (The Hofstede Centre, 2014) conducted a comprehensive study of how values in workplace are influenced by national culture. His research has extended the understanding of cross-cultural management, theory and practice, revealing that members of different societies hold divergent values concerning the nature of organizational and the interpersonal relationship within them (Fernandez, Carlson, Stepina & Nicholson, 1997). Both Norway and France was a part of Hofstede's research, and his findings on the different cultural dimension are useful for the understanding of society's values and norms which affect the work life. According to Hofstede (The Hofstede Centre, 2014), Norway is a country with low power distance and an individualistic, feminine society<sup>3</sup>.

Power distance is defined as *“the extent to which the less powerful members of an institution or organization expect and accept that power is distributed unequally”* (The Hofstede Centre, 2014). This low power distance is described by one informant who states that Norwegian organizations are: *“pretty open and democratic. It's normally easy to contact your manager, discuss issues and together find a solution”*(Informant no.3). Another informant describes the low hierarchies and how managers are concern with the employee's co-determination, and how cooperation is a topic often talked about. Norway scores eight and is thus the second most feminine society (after Sweden). Feminine societies have more “soft” values, consensus, leveling others and sympathy for the underdog, rather than masculine societies that's driven by values like competition, achievement and success (The Hofstede Centre, 2014). These

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<sup>3</sup> Hofstede later introduced other dimensions, see The Hofstede Center (2014).

feminine values representing Norway reinforce the democratic and equal assumption about Norwegian work life.

## 4.2 The Norwegian Manager

Our basis is that the work life, with the factors presented above, shapes the managers ground rules and influences their management style. The work life represents a framework that the manager must relate to. Norwegian managers must relate to the law- and system of agreements, norms and values in society that creates the context the organizations operate in. Grennes (2012) argues that if you want to understand what characterizes the “Norwegian management model”, a description of the Norwegian culture is necessary. Values and norms that differentiates a culture from another can also tell us a lot about which management qualities that are accepted and expected from the employees. As mentioned, the institutionalized systems and agreements of co-determination, participation and democratic structure of organizations have a strong influence on management and its control and practice (Falkum et al., 2009). “Management in Norwegian” is mainly about obtaining the support of their employees. The manager’s legitimacy is therefore directly linked to cooperation and the collective and individual influence of the employees. To a large extent, it’s about the managers taking advantage of the employee’s competence and capacity, which postulate dialog, reciprocal trust and an agreement on the use of the means (Falkum et al., 2009).

As described above, the high degree of trust between the different parties in the Norwegian work life, distended through daily relations between the management, trade union representative and employee, creates a considerable framework for non- hierarchal organizations. The mutual trust can make detailed work specifications superfluous and direct control unnecessary. It also allows for the employees to participate in the development and efficiency improvements in the organization (Levin et al., 2012). The informants all had similar description about the typical Norwegian manger. “*Open*” (Informant no.3, no.4), “*democratic*” (Informant no.1, no.2, no.4, no.5, no.6) and “*low distance*” (Informant no.2, no.3, no.4, no.5) were all features the informants highlighted in the interviews. These

descriptions correspond to the low power distance Hofstede's research indicates. As one informant explained:

*Norwegian managers are very including, there's a pretty flat manager structure as I sense it. They are pretty good at delegate – that is, they can work through their coworkers. We are also concerned with things like work environment, good relations and employees' co-determination (Informant no.2).*

This description is similar to Hofstede's description of Norwegian management. According to Hofstede (The Hofstede Centre, 2014), low score on the dimension power distance indicates a manager style characterized as a coaching manager, the managers facilitates and empower their employees, hierarchy for convenience only, access to superiors and equal rights. The employees also expect to be consulted (The Hofstede Centre, 2014). Katz (2007) has a similar description of the Norwegian manager and argues that the Norwegian managers are not necessarily considered superior. The managers are usually easily accessible and are expected to be a team member and manager at the same time. This is not a surprise, considering that "everyone" in the Norwegian work life is engaged in that rules and agreements are followed. Also, the system of cooperation, which the Model of Collaboration is based on, has a high degree of support and accept from all parties (Falkum et al., 2009). In addition, another informant described the Norwegian manager as pragmatic, that they are able to implement decisions relatively quick.

As mentioned, the workforce in Norway is highly educated and the respect for the employees' competence and knowledge is therefore large in Norway. According to a management study, state 80 per cent of the managers state that they have employees with higher competence than themselves (Strand, 2007, p. 503 ref. in Levin et al., 2012).

### **4.3 The French Work Life**

We believe that Anderson (2009 ref. in Melle, 2012) has an accurate point with his statement "*France is, of all European countries, the most difficult for any foreigner to write about*" (Anderson, 2009, p. 137, ref. in Melle, 2012, p. 207). According to Barsoux & Lawrence (1991), France is both different and difficult for outsiders to apprehend. It's a paradox of

equality and elitism, and of individualism and insecurity, it's the best "society- mystery" in Europe. It is with these words in mind, we'll present and describe the French work life.

In contrast to Norway, France has been described as a low- trust society (Fukuyama, 1995). According to Fukuyama (1995), in France, it is a pronounced cultural distance for informal, face-to-face relationship and it is apparent in many aspects of economic life. In France, only 19 per cent answered that "most people can be trusted" on the World Values Survey (2006).

### **4.3.1 Employee Representation**

French law does not recognize any form of co-determination (Eurofound, 2009). It can therefore be argued that French labor law contributes to maintain the high power distance. France has a complex system of employee representation at workplace level, through both unions and structures elected directly by the workforce as a whole (worker- participation.eu, 2013). In the French system, employee representation in companies occurs at three levels; trade union level, work Council level and health and safety committee level.

In membership terms, the French trade union is one of the weakest in Europe. Only eight per cent of the nation employees are members (worker- participation.eu 2013) and only five per cent in the private sector (Thompson, 1996). Historically, there have been five main rival union confederations, competing for membership. The main confederations are the CGT, CFDT, FO, CFTC and CFE-CGC, which primarily represent professionals and managerial employees. But despite their weakness in terms of membership, French trade unions have been able to mobilize their members for mass action and have a strong support in elections for employees' representative (worker- participation.eu, 2013). The unions have been criticized for being unable to attempt new solutions and adapt to new situations; they are more concerned with defending their own interests than those of the workers as a whole (this is a real problem since only eight per cent of the French workers are members). The unions' overreliance on strike and mass demonstration have also been criticized, implicating the trade unions difficulty in developing new, more efficient ways to participate in the dialogue



between the employer, employees and the state (Thompson, 1996). This criticism has been shared by some of our informants, one stating:

*My impression of the trade unions is that they are quite selfish, they only think of their own good. They have no problems with paralysing the whole country by going on strike. This goes for all the trade unions, and they use demonstrations and strike very often, and then on the expense of the whole country (Informant no.1).*

The other level of employee representations is the work council. But the consultation rights of the work council are limited. There is a general requirement that the managers should consult the work council in advance before a planned change with a significantly affect. The consultation does not mean that the work council has to agree before any planned changes are implemented; it is simply an opportunity for the work council views to be heard (worker-participation.eu 2013).

French regulation and representation are described as special examples of unionization and agreement coverage (avtaledekning) in European context (Arbeid og Sosialdepartementet, 2010). As mentioned, the membership in trade unions is very low, but the level of work conflict is very high. An individual right to strike without specific consultations might be the answer to this. The French systems are therefore in large contrast to the Norwegian, where there is an obligation of peace between the major negotiations (hovedforhandlingene) (Arbeid og Sosialdepartementet, 2010). Even though the percentage of membership in unions is very low, over 90 per cent of the French workforce is covered by generalized collective agreements (Arbeid og Sosialdepartementet, 2010), which contributes to the worker's rights. But they are not grounded by law in the same way as participation in Norway, which could help explain the high level of conflict and low degree of trust.

### **4.3.2 Cultural Dimensions**

Hofstede's study indicates that French society is characterized by fairly high power distance (The Hofstede Centre, 2014). This is in accordance with our literature findings, and our informants' descriptions, of a French elitist culture. The great hierarchy in French organization was also highlighted by our informants; one even pointed to the fact that the employees expected this practice. *"If you work on the floor, you work on the floor. Nothing*

*more is expected*” (Informant no.6). Hofstede argues that children in France are raised emotionally dependent, to a degree, on their parents, and that this dependency is transferred to teachers and later on to superiors. French society is therefore a society where a fair degree of inequality is accepted (The Hofstede Centre, 2014). The power distance is described by our informant:

*Many of the French managers keep a sever distance from the people working for them. They endure the hierarchies. They would only eat lunch with people at the same level as them or higher, and to be seen with one that works for you, is not a good thing for the manager* (Informant no.4).

The cultural dimension “uncertainty avoidance” concerns the fact that the future can never be known. While Norway scores 50, and therefore doesn’t indicate a preference on this dimension, France scores 86, which indicates high uncertainty avoidance. This suggest that the French feel threatened by unknown situations, which is illustrated with strong needs for laws, rules and regulations. They also have a need to possess all necessary information before a meeting or negotiations (The Hofstede Centre, 2014), an interesting aspect we will look closer at later in this study.

France is a somewhat feminine culture, with a score at 43. France is relatively more masculine than Norway, but its famous welfare system (*securité sociale*), which includes 35 hours working week, focus on quality of life and five weeks holidays, indicate feminine characteristics. With a score of 71, is France characterized as an individualistic society.

### **4.3.3 Education System**

The French education system is, not surprisingly, mirrored in features of French society and history (F. Orivel & E. Orivel 1998). F. Orivel & E. Orivel (1998) define the system as centralized, state-orientated and unified, as well as free and egalitarian. They highlight that even though it is egalitarian, it is not necessarily equitable. It is more an egalitarian tradition, which resulted from the French Revolution (F. Orivel & E. Orivel 1998). The Revolution succeeded in entitling the same rights for all students, regardless of socioeconomic background. This form for equality is more formal, as those who face specific obstacles do

not deserve specific or adjusted treatments. This has led to debate concerning the actual functioning of the system, as students from high economic backgrounds tend to monopolize the best tracks in the education system (F. Orivel & E. Orivel 1998). According to Mangset (2004), Bourdieu has a possible explanation to this. He believes that the school system values knowledge, language and the cultural capital of so-called elite kids, making them more successful in school.

Intellect is characterized as high-premium feature of the French society, which also infiltrates the education system. An example is how management studies just recently gained status in France, as it traditionally was associated with business and wealth, not intelligence. The education's roles are limited to transmit knowledge and train the intellect, not to develop the full individual (Barsoux & Lawrence, 1991). The curriculum also bears traces of this, with its emphasis on logic, mathematics and Cartesianism. It could be discussed whether this emphasis on pure knowledge, prior to know-how, is profitable in a managerial context.

As mentioned, French society is characterized by a unitary elite. According to Barsoux & Lawrence (1991), what both unify and justify the elite are the common educational experiences at Grandes Ecoles. The students have been shaped by the predominant values and by the competition to gain admission to them. Most executive positions in France are filled with graduates from Grandes Ecoles or universities. One informant said he knew companies that would only hire people from the top five schools. Another informant said; *"It's an elitist culture. The management team at top level all comes from the same school. They have close relations, while it's a wide distance between managers and the employees"* (Informant no.2). It can even be claimed that the managerial elite in France is selected by the age of fifteen. Certain students are enabled to attend prestigious schools, which gives access to brilliant careers, through a selective process (Derr, Roussillon & Bournois, 2002). One of our informants, who has been a student in the French education, describes his experience:

*The French school system wants to create winners, selfish winners. The school system doesn't emphasize working in teams, and doesn't have a focus on "making others better". This pervades the whole system. The new qualified always aim to show that they are better than others* (Informant no.6).

The French work hierarchy does not work in the sense that new employees should begin at the bottom. The long tradition of elites and status in the education system has outbalanced it, and it is common to fit right into a manager position (Mangset, 2004, F. Orivel & E. Orivel, 1998). The Grandes Ecoles seem to contribute too, and emphasize, the high power distance in France. One informant stated that people from Grandes Ecoles expected – even demanded - to be treated differently because of the hierarchy in the school system. Another described how the school contributed to the creation of an elitist society; *“you will get paid by what school you come from. Even though you do the same job, a person from the Grandes Ecoles can demand a higher salary than others”* (Informant no.1).

## 4.4 The French Manager

As for Norway, also French managers are shaped and adjusted by the context described above. The long-standing traditions of elitism and class distinction, introduced early in the French school system, seem to endure throughout education and recruitment process, into organizations. We argue that the aspects that have used to describe French work life, such as elitism and power distance, in addition to complicated understanding of trade unions, are all reasons that could help explain the low levels of trust. It will also give implications of how a manager should behave. An informant states; *“Firstly, there’s much more hierarchy [in France]. It naturally affects a manager in that way that managers are expected to be skilled and know more than his subordinates”*(Informant no.3). He goes on, saying that there are expectations in the organizations that managers function as elites, and that there is big distance between managers and subordinates. They all usually come from Grandes Ecoles, as both literature (Barsoux & Lawrence, 1991) and our informants emphasize. The values at these Grandes Ecoles, such as networking, intelligence and Cartesianism help promote a management style that is described.

The term *cadre* is one that has no equivalent in other languages. Basically, it corresponds to “managers” in English, though with rather different legal and sociological connotations. Just as managers must manage, so the *cadre* is there to *encadrer*. The fact that the French term was borrowed from the military circles is not without significance (Barsoux & Lawrence,

1991). When we interviewed our informants, they emphasized the strong hierarchies and how that was reflected in the management style of French managers. From an institutional perspective, this management style comes natural considering the description above. The educational system maintains and reinforces the high power distance described by Hofstede. In France, superiors behave as superior beings, and subordinates accept and expect this, conscious about their own lower level in the national hierarchy but also of the honor of their class (Hofstede, 1993, p. 84). According to Hofstede (1993), the French doesn't think in terms of managers versus non-managers but in terms of cadres versus non- cadres: one becomes a cadre by attending the right school and one remains as such forever.

## 4.5 Summary and Assumptions

The descriptions of French and Norwegian societies portray two work lives with wide differences, concerning cultural values, labor legislation and educational system. We have argued that these factors together affect the style of managers. These descriptions of the French and Norwegian work life and management style constitute our basis for the further analysis. We want to conclude with a presentation of the most important characteristic of Norway and France:

	Norway	France
Interpersonal trust level in society	High	Low
Labor law	Individual rights and employee representation	Employee representation
Trade unions	Characterized by mutual understanding, respect and cooperation	Low union membership, overreliance on strike, opposition
Co-determination by law	Yes	No

Hofstede's cultural dimensions	Low power distance, neutral relationship to uncertainty, individualistic, feminine	High power distance, high uncertainty avoidance, individualistic, feminine
Education focus	Equality	Elitist
Society	Egalitarian	Elitist
Management style	Democratic, open, involving	Cadre, power distance, "Superior skills"

4.1 Summarizing table

This table is based on both literature and our informants' descriptions. The most obvious differences would be the dimensions that are grounded in law, such as co-determination and labor law. Even though we argue that they are all vital in defining work life in France and Norway, some of them will be more emphasized in the study.

In the next chapter, we will use these descriptions of the French and Norwegian work life and management style to further analyze trust relations in organizations. In order to find out how management style affects trust, we will examine decision-making processes in both Norway and France, as we argue that it is in these situations both the style of the manager and its effect on trust relations will be highly visible.

## 5 Decision-making Process

Through last chapter, we were able to elaborate on the management styles in France and Norway. As our descriptions illustrate, the management styles differ, almost close to the opposite. This is especially true in the employee - manager relation. We have already assumed that these distinct differences in management style, embedded in quite different surroundings, leads to different types of trust relations. As we assumed, the trust relations and management style will be highly evident in a decision making process. We want to examine how decision making processes unfold and, maybe more importantly, who's included and excluded in the process at the different stages. Fredrickson (1986) suggests that organizational structures have great implication for decision-making. Internal patterns of relationships, how authority is distributed and how communication takes place, are factors that constitute an organization's structure, which again is vital for how decisions-making unfold. As our previous chapters have revealed, patterns of relationships, types of trust and authority greatly differ between Norway and France. We expect that the differences in level of trust in Norway and France will be reflected in decision-making processes.

Even though none of the informants have worked together in the same companies, they still shared a resembling view of the different processes, both in France and in Norway. The descriptions were mainly concerned with who's involved, in addition to the actual process. A decision making process consist of several steps, from an issue is on the agenda to its solutions are implemented. Based on our interviews, we want to highlight how things get on the agenda, the preparatory work (emphasizing how and who's included) and how the decision is actually made. In the conclusion of this chapter, we will use Lewicki and Bunker's (1996) model of trust to present some further more specific assumptions about trust relations in Norway and France. We expect Erez (1993) to be right in that societal and cultural values will be visible in decision-making processes. The assumption will lay the basis for discussions and analysis to come.

## 5.1 How to Influence the Agenda

Norwegian employees have several formal channels secured by the law- and system of agreements to help them get their issues on the current agenda. Both the concept of direct participation and representative systems are channels that secure the employees' involvement in decision-making and everyday organizational life. These formal channels have support from all the parties in the Model of Collaboration (Levin et al., 2012). The high level of involvement is also confirmed by our informants, as we have shown in chapter four, they have describe the Norwegian managers as “open”, “democratic” and ”low distance”. The low power distance from Hofstede's research also explains the employees' access to influence the agenda setting. As in Norway, the representative systems in France are supposed to be a way for the employees to get issues on the agenda for decision-making. But when the informants described the agenda setting in French organization, they stressed the importance of informal networks. The informal networks seem to work as an alternative entrance to get their issues on the agenda. Considering the low support French trade unions have, and their difficulties to cooperate with the managers, it may be rational to seek other entrances. As one informant stated:

*If you got a “no” on an issue, it was a severe lobbyism to get the issue back on the agenda- you had to push the right buttons, talk to the right people and spend time on this. It was one time we had a case that they said no to, but after a year we got a yes. I learned the importance of talking to people and just meet them regularly even though you didn't have anything specific to talk to them about. It was just to keep the contact. That was extremely important. In Norway you just eat with the same people every day (Informant no. 4).*

Another informant had a similar description about how he made sure to keep in contact with certain people just to keep those connections warm. As the single employees have difficulties in getting their issue on the agenda through the formal channel, informal networks can be used as a backdoor. Another informant highlighted that the informal networks is often created between people with the same background. Grandes Ecoles is often what they have in common. Like our informant stated:

*...a lot of [the managers] come from the same environment, have gone to the same school and share similar backgrounds. They say “tu” instead of “vous” to each other, and they trust each other based on their mutual background. I don't know how to explain it, but the trust is more predetermined (Informant no. 2).*



The fact that trust seems predetermine is interesting. According to theory, trust may be built on resembles. These resembles can be for instance be same social background, education, experiences and so on (Ekman, 2004). Ekman (2004) argues that “hidden action”, which in our case is informal networking, happens when there’s low trust between manager and employee. This hidden action happens without the manager knowing. The importance of lobbyism in French organization can therefore indicate low level of trust in the organization, especially in the employer- employee relation. In the same way, with more extensive resemblance and equality, the same argument may also indicate a higher level of trust in employer- employee relations in Norwegian organizations. We do not state that informal networking doesn’t occur in Norway, but the extent and influence of the informal networks seem to be more important in France. The Model of Collaboration secures a high level of involvement, which makes the informal networks as a way to put issues on the agenda superfluous.

The Grandes Ecoles were certainly a recurring topic which all of our informants had experience with. *“People expect to be treated by school systems and hierarchy. They can demand a different treatment. The school system likes to create winners. Selfish winners. There is not much “play each other good” (Informant no.6).*

## **5.2 The Process**

Katz (2007) recognizes Norwegian decision-making style as a group process where consensus is established, and where all members get to voice their opinion. Participation in decision-making processes is regulated by procedures that build on the fundamental values of democracy; equality and freedom (Hagen & Trygstad, 2007). There is a mutual understanding from all the parties in the Model of Collaboration that employees’ participation in decision making is a natural part of the process. Direct participation, altered in the Work Environment Act, ensures the employees’ rights to influence their own work situation. When asked to consider the level of this form of influence, the Norwegian workforce scores 4,4 on a scale from 1-5, which is a high score (Falkum et al., 2009).

One informant described the Norwegian decision-making process:

*(...) In Norway, you have a process that starts from the bottom where you discuss, then you work your way up in the hierarchy and share some information along the way, so when you come to the top and the CEO, he knows the case well, he trusts that there has been quality assurance all the way among the different disciplines on different levels. Where findings and defects have been closed. It will be so much easier to make a decision, he trusts that the system functions (Informant no.5).*

Another informant states:

*Norway is probably more democratic [than France], more straight to the point, we run straight further after something is decided. In France, top managers make a decision. Not a lot discussion concerning it, you just follow the manager. In Norway, there's more discussion in the process itself (Informant no. 4).*

It seems like the managers in Norway have trust in their employees' work. This is an important aspect of the systems of employee participation. The trust is duplex: As the employees are enjoying a high level of participation, the managers trust the employees to do their best, to constantly gain knowledge about the organization and purposes. He needs to be sure that they are on the same page and working towards the same goals - he needs to trust them. At the same level, the employees trust the managers to facilitate channels of involvement. According to Falkum & Bygdås (2012), Norwegian managers share their portion of decision power with employees to a greater extent than any other country. It regulates the relationship between employee and manager, where the needs of accept and trust is mutual depending (Falkum & Bygdås, 2012). As we can imagine, an authoritarian or paternalistic management style would be a bad fit in the Norwegian decision-making style.

It also seems like the employees in Norwegian organization are able to discuss and challenge their bosses. Norwegian managers are described to be more fearless than the French: *"Norwegians [employees] can challenge their bosses, and it's not always the case that the boss is right"* (Informant no.1). This is a reminder of the flatter structure the Norwegian employees enjoy. The distance between manager and employee is shorter. Another informant mentions the high level of education in Norway is important. He believes that Norwegian managers tend to look at their subordinates as "knowledge associates" (kunnskapsmedarbeidere) (Informant, no. 2) rather than actually subordinates. That would

also be a valid explanation as to why level of employee participation in decision-making is so high. Their presence and skills are actually wanted, not only required by law. Also Grenness (2012) states that Norwegian managers have as much faith in their subordinates as in their colleagues when it comes to decision-making. As the informants explain, discussions concerning both the process and the actual last decision is more likely to be questioned by lower levels of managers in Norway than in France. Norwegians might consider discussions at lower levels in the organization more fruitful, and thus more important than French. Several minds think better than one. The system of Grandes Ecoles, hierarchy, networking and status in France seems to give a mode of operation that contradicts this view.

*(...) there was always high degree of loyalty to the final decision [in France]. I've seen a lot more tendencies to rematches here in Norway. It's very open, you raise your hand and ask a question. This leads to more discussion rounds. Not like that in France" (Informant no. 2).*

It seems like in France, only the top managers get to raise questions.

As our informants describe, the decisions in French organizations are, in contrast to Norwegian, often taken at the top of the hierarchy. It seems quite centralized. Schramm-Nielsen (2001) explains how French middle managers are responsible for locating all possible alternatives in a decision-making process, before top managers later select one of them. One of our informants described how he wasn't involved or got no information of the process:

*I laid the groundwork, it got sent right into a mill, and I wasn't informed...well I wasn't involved in anything. I see in my organization in Norway today, we include the new and young ones a lot more. (...) They were happy with you [in France] as long as you delivered precise work. (...) I got a lot from above. It was obviously a system with a lot of bureaucracy and reporting that existed above me (Informant no. 3).*

One informant highlights that decision-making in France and Norway also has some similar features, for example the system in itself. The process from intention to result, or as Schramm-Nielsen (2001) says, from a perception of problem to actions to solve it, lingers in terms of quality assurance and delegation of tasks. But according to the same informant, French employees hold an insecurity, which has a major impact on the process:

*“In France, it’s the same system, they run the same quality assurance that they are supposed to. But the workers get unsecure, trying to guess what the boss wants, it leads to no cooperation, it’s more a battle over who knows the most. It creates the weirdest requirements to do the job over again, which makes it tough down the hierarchy. There is no trust between the different subsections. There are a lot of arms and legs in the final phase. (...) when you think you have done your part, and then actually everything starts”*(Informant no. 2).

As mentioned, French middle managers present their results to the superiors, who make the final decision (Schramm-Nielsen, 2001). A special feature of the hierarchical relations in French organizations is that middle managers are completely depending on their manager for recognition and promotion. It means that the subordinates would want to make a spotless impression and not make any mistakes. This includes having considered every possible alternative in a decision-making process. This is consistent with what our informants have expressed, describing a fear culture where you perform your outmost to not make any mistakes. One informant said that if he made one mistake, he felt like he had to do the next 4 tasks absolutely perfect in order to make up for the one mistake made. Another informant said that his fellow colleagues seem to have an absolute fear for both making mistakes and their bosses.

One informant stated: *“The French system is like this because of great differences between classes in society. We’re better at taking care of each other in Norway”*(Informant no. 3). He continues to describe France as quite elitist, where the old tradition of class separation still is functioning. Authority in organizations seems to be accepted somehow, and as many informants stated, managers enjoy a great deal of respect. It seems like a part of it can be explained by societal norms, as acceptance of authority, which again leads to more passive employees and strict management.

Several informants describe the French decision-making process as quite detailed with a lot of reporting and bureaucracy. *“Everything I did had to be right. It couldn’t even be a misplaced comma. Everything I wrote, every report, account and so on had to be brilliant. I spent so much time on these things because I knew how important it was”* (Informant no. 4).

One of our informants believes it's because the top managers want full control, as every decision can be traced back to names. The fear of making mistakes or lose face becomes evident again. Schramm-Nielsen (2001) supports this, saying that French managers have an extremely tight control, which will compensate for possible lack of commitment to a decision. Another informant stated:

*I think it's traced back to a fear for the bosses; you don't try to challenge them. Some of the bosses, especially at the headquarter, have an attitude like "we're God, we know better than everyone else". (...) The communication is very top down. (...) In Norway, you are free to say whatever you want, they are more careful here. At the same time, it's very tedious. When you're doing stuff, you discuss a lot, it takes a lot of time to make a precise decision. A lot of analysis (Informant no. 1).*

In a French decision-making process, after a superior has made the final decision, lower level subordinates are the ones to implement it. Schramm-Nielsen (2001) argues that the different phases described, where middle managers lay the groundwork, top managers making a decision, and lower level subordinates implementing it, seems to work in a French context where superiors are the ones who have the most information.

A fear for the bosses, as mentioned, recurs in the interviews. Several informants explain how discussions, questioning or opposing the managers is none-existing in French organizations. *"If a person doesn't agree with [the top manager making a decision], he would be really tough if he said anything"* (Informant no. 4).

A French manager seems to always be right, and subordinates have no place in suggesting otherwise. He is expected to be clever, and know more than his employees, especially if he is from a Grandes Ecoles. The status they obtain is unlike anything in Norway. One of our informants confidently stated that he knew several managers in his department that shouldn't be managers. They were simply just there still because they were protected by their status and network. This indicates a strong hierarchy, quite top-down, where channels of influence are one-way. This is opposed to the mentioned flatter structures in Norway, which also becomes evident in decision-making, as everyone is included. Lower level managers in Norway are also allowed to a large extent to make decisions without requiring further approval from managers higher in the chain (Katz, 2007).

### 5.3 Rationality and Decision-making

According to March (1994), full rationality is the type of rationality that is most used in describing decision-making. The idea requires knowledge of all possible alternatives and full information. It is usually used to describe actions that have desirable outcomes. This all seems to be consistent with a French decision-making style. One informant said: “*You are afraid of making a decision that turns out to be wrong. You spend so much time collecting all sort of information* (Informant no. 1)”. Schramm-Nielsen (2001) describes French decision-making process as characterized by how middle managers will try to find all possible solutions or alternatives to evaluate. One informant stated that it’s “*very French*” (Informant no. 3) that everything should be perfect, while another informant emphasized that the Frenchmen are always concerned about what the truth is.

As March (1994) implies, it is impossible to act with full rationality, both in theory and practice, as humans are limited by cognition. In addition, we cannot predict the future and know for sure if the alternative we choose is actually the “best” one. Still, the French seem to strive for a maximizing decision-making process, using a lot of resources on reports and controlling. The French managers aim to avoid uncertainty as much as they can. In Hofstede’s dimension of uncertainty avoidance, France scores 86, which implies that the French do not like risks. Rather, they seem to prefer complete knowledge of everything. These obsessions of always have complete and correct information before you make a decision, in addition to low risk-taking indicate low trust in the process of decision making. If everything is completely rational and calculated, the need for trust is less vital. When you take on a risk, the level of trust grows with it, with the opposite also being true. You don’t *have to* trust people around you if everything is known and certain, or if the degree of control is maximized in one way or another. As one informant puts it “*For me, control is a sign of lower level of trust. If they don’t see you at work, they will have a hard time thinking you sit home and work*”(Informant no. 2). According to these informants, decision-making in France functions because of their structure, hierarchy and the informal networks. They function as a substitute to a lack of trust and openness. Many things are solved “off the record”, by the coffee bar or in the hallway.

We do not argue that “*it’s zero trust in the decision making process in France*” (Informant no. 5) as one of our informants did, but the structure of the process, the limited access to participate in the decision making and the need for all the information at hand before a decision is made all indicate a process based on low level of trust. Bachmann (2003) states that if you have all information at hand, trust becomes superfluous. This is consistent with the descriptions of French organizations as information seeking and with low trust.

In contrast, Norwegian decision-making style seems to be accepting a limited rationality. They choose an alternative that is satisfying enough, an alternative that exceeds certain criteria or targets. It doesn’t mean that they are not as thorough as the French, but they do not necessarily have to locate every alternative. Norway scores 50 on Hofstede’s uncertainty avoidance dimension, which indicates that Norwegians do allow some risk (The Hofstede Centre, 2014). Also Katz (2007) recognizes Norwegians as moderate risk-takers. All of this indicates a higher level of trust in Norwegian decision-making process compared to France. The decision-makers trust their subordinates to have done a good job, and rely on their skills, which is why they are included in a much higher degree than French subordinates. This also eases the process, as the managers don’t have to start all over again when the process is supposed to be done. It could explain why our informants called Norwegian decision-making as more pragmatic, as they start to implement right away after a decision is made.

March (1994) presents some modifications concerning risk and assumptions of rational choice. One of them is addressing the issue of knowledge – “*what is assumed about the information decision makers have about the state of world and about other actors?*” (March, 1994, p.7). Concerning France, it is tempting to state that the decision-makers, the top managers, have a negative view about their subordinates. They are not involved, only the people on top should make decisions, as the subordinates do not share the same level of intelligence as them. March (1994) also describes how roles in hierarchies develop. He says that top-level executives tend to internalize the role as the decision-maker, as he is often doing it. In the end, there’s no question concerning who is in charge of the final decision.

## 5.4 Summary

As mentioned, the trust relations and management style in organizations are at its most evident in decision-making processes. As a conclusion, it seems the decision making process in France is characterized by low level of trust, while the Norwegian decision process is characterized by a high level of trust. The trust level in the decision making process is visible in both the manager- employee relation and employer- employer relation. We have portrayed and discussed the different statements our informants have made concerning these processes. Our main findings are summarized in a table:

	Norway	France
Decision-making style	Pragmatic, open, including	Closed, top managers make final decisions, want a lot of information
Employee participation	Grounded by law	Limited
Entrance to decision-making	Formal channels	Informal networks
Risk avoidance	Medium	High
Rationality	Limited rationality	Full rationality

5.1 Summarizing table

## 5.5 A Model of Trust

Trust is described in many types and forms in the literature. We wish to elaborate on this chapter's conclusion to get a more accurate understanding of the trust relations in France and Norway. To obtain this knowledge, we want to examine the level of trust and type of trust the relations in France and Norway are characterized of. We have therefore created a model where we have integrated the distinction between personal and impersonal trust together with the three- level trust model presented by Lewicki & Bunker (1996). Our assumptions about the correlations between level and form of trust in our model are based on the theoretical literature from the field and the descriptions from our informants.



	Personal trust	Impersonal trust
Calculus-based trust	Low	High
Knowledge-based trust	Medium	Medium
Identification-based trust	High	Low

5.2 Trust model

The relations between personal trust and impersonal trust may be seen as continuum where they hold the opposite ends. We recognize that actual trust relations never will be at one end of the continuum, actors will always be somewhere in between. Still we argue that some trust relations will be dominated by personal trust while other trust relations of impersonal trust. This trust model illustrates our assumptions of how different levels of trust correlates with the form of trust, and the other way around. Example, in an organization where the trust relations are said to be at level three, identification-based trust, we assume that the trust relations in the organization will mainly take form of personal trust. In organizations where the trust relations are impersonal, we assume that the organization is at level one, which is calculus-based trust. At the second level of Lewicki & Bunker's (1996) trust model, we assume that both forms for trust are likely to occur. Some organizations may be at level two, with trust relations characterized by an impersonal form for trust, while other organization may have a clear trace of personal form for trust. Which form for trust that is apparent at this level, can be less evident compared to the other two levels. In Lewicki & Bunker's (1996) model, the time aspect is relevant for trust to develop to a higher level. As mentioned, we don't emphasize the time aspect in our study. We want to examine certain conditions that influence both form and level of trust. We assume that both management style and institutional environment will be decisive in shaping these conditions.

## 5.6 Assumptions

One of our assumptions is that trust relations in French organizations will be based on impersonal trust. In organizational context where highly generalized and powerful rules exist, individuals will find it more easy do develop this form of trust. Impersonal trust may, as we will elaborate on in a subsequent chapter, take form as system and institutionalized trust (Bachmann, 2003). For the same reason, we assume that trust relations in Norwegian organization will be based on personal trust.

We present our assumptions that we will base our further analysis on:

- The trust-relations in French organizations are at level one; calculus-based trust
- The trust relations in Norwegian organizations are at level two and three; knowledge - and identification- based trust
- Calculus- based trust will mainly take form as impersonal trust
- Knowledge- based trust will, to a certain degree, take form as personal trust, while
- Identification- based trust will mainly take form as personal trust

## 6 How Management Affect Trust

In the last chapter we made specific assumptions concerning the level of trust in French and Norwegian organizations. We believe management can be used to explain the differences in trust, both between managers and employees and between employees. The way management is exercised can have a significant impact on the development of trust in the organizations (Hartog, 2003). Sørhaug (1996) describes transactional and transformational as typologies for social logics and argues that these logics denotes the managers' manner of operation. In practice, manner of operation will always involve both forms, but which of the logics that dominates will vary. The transactional manager operates within established rules and frameworks, while the transformational manager changes these frameworks that these exchanges take place within. Transformational management is more than to exercise an "old work horse" that is shaped on a hierarchical organization. It's about managing through or be influential through values, and have strong focus on handling relations. Transactional management can be argued to exist of elements of Weber's goal oriented rationality, while the transformational management logic is similar to Weber's value rationality. With the former, it is always possible in some way to calculate what behavior is the most beneficial, while value rationality is about what kind of goals you want, which are always substantial evaluations (Sørhaug, 2004).

In the literature, the transformational management is often contrasted to transactional management. As we have examined in the last two chapters, the French and Norwegian management style differs significantly. We argue that the French managers have a logic dominated by transactional management, while Norwegian managers' logic is dominated by transformational management. We argue that the transactional manager will contribute to calculus-based trust, and limit trust relations in French organization to develop further to the next levels of trust. The transactional management will also contribute to a larger extent of impersonal trust rather than personal trust in French organizations. The transformational manager on the other hand, will promote trust relations at knowledge-based level, and in some cases at the identification-based level. We also argue that trust in Norwegian organizations will be more of a personal form for trust. We also want to examine how trust relations

between manager- employee affects trust relations between employees under these logics of management.

## **6.1 Transactional Management**

Bass (1990) defines transactional management as mainly an exchange or transaction, where the manager either rewards or punishes his employees, depending on their performance. The fundamental idea in an exchange model is that participants enter voluntarily in the exchange relationship, which is regulated by systems of rules (March, 1994). As Sørhaug (2004) describes it, transactional management takes place within a horizon or a given language of rules, preferences and values. Each participant brings resources into the relationship. These resources includes things as money, property, competence, knowledge, information and access to others (March, 1994). As described, the French managers demand precise and accurate work from their employees. It's not much room in the terms of trade to make mistakes in this relationship, as we have described in the previous chapter. The French employees devote their time and competence to the manager, in return for recognition and promotion. In the transactional management both parties have something to gain and something to loose, which we will elaborate on in this chapter

### **6.1.1 Control and Trust**

One aspect of trust that has been frequently discussed in the literature is the relationship between trust and control (Sørhaug, 1996, Backmann, 2003). There are two opposing perspective on this relationship; trust and control as complements, or substitutes:

1. In the complement view, control and trust may coexist. One may trust each other because of the existing control mechanisms in the organization.
2. In the substitute view, the presence of control is said to cease the need for trust as the control render the present of the risk to minimal. Another argument is that you can't say you trust another when you impose control as well (Dietz, Giellespie & Chao, 2010).

The strong hierarchies and formal regulations in French organizations sustain and specify the control mechanisms transactional management takes place in. The hierarchies and formal

regulations lay the ground rules for the transactions and clarify the expectations, sanctions and rewards in the transactional relationship between the manager and employee. In transactional management the control is present, but it's interesting to examine if it will work as complement or as substitute for trust in French organization. The complement view is similar to Russel Hardin's view of trust (Hardin, 1996, ref. in Wright, 2009). According to Hardin, if people are trustworthy, they will do what other actors want them to do. Hardin believes that trustworthiness can be increased by social contracts and sanctions because he aligns being trustworthy with doing what the trustor wants. Since contracts and regulations make it more likely that the trustee will behave as the trustor wants, trustworthiness is increased by these means (Hardin, 1996, ref. in Wright 2009). Hardin's view simplifies trustworthiness to the point that trustworthiness is simply compliance. Fukuyama (1995) also argues that hierarchies are necessary because not all people within a community can be relied upon to live by tacit ethical rules alone. A small number of people may search for ways to undermine or exploit others in the organization. Fukuyama (1995) points to the fact that some people tend to be free riders, willing to benefit from membership in the group while contributing as little as possible to the common cause. Hierarchy is necessary because you can't expect everybody to do their fair share. Our informants on the other hand, seem to think that these control systems exist because of the lack and even non-existing trust in French organizations. As one informant said "*Things work in this organization without trust because of the structures, hierarchies and the informal networks*"(Informant no. 5). The substitute view was also supported by another informant who stated that the control systems in France indicted absence of trust.

We agree with the complement view and argue that the control mechanism in French organizations creates the framework the transactional management takes place within. It does not indicate absent of trust, but instead a simple form for trust, namely calculus-based trust. In calculus-based trust, behavior control is a central aspect (Lewicki & Bunker, 1996, p.120). In transactional relationship, the employees calculate if their actions are worth the rewards or sanctions that their actions may result in. If the benefits of their behavior are higher than the effort, it will be a rational behavior to act in accordance with the transactional relationship. The calculus-based trust relations could therefore be said to be goal oriented rational, in the way the employees calculate which behavior is the most beneficial. These control

mechanisms for behavior are made to ensure that the employees do what the manager wants, which is to be trustworthy by compliance.

### **6.1.2 Deterrence and Trust**

The contract and regulations that support the transactional management must be designed to make it more desirable to fulfill the exchange, rather than to be a free rider and deal with the possible sanctions. The transactional relationship will create a basis for trust relationship at the lowest level of our trust model, which is calculus-based trust. Lewicki & Bunker's (1996) calculus-based trust builds on Shapiro, Sheppard and Cheraskin (1992. ref. in Lewicki & Bunker, 1996) deterrence-based trust. The deterrence-based trust is grounded in the fear of punishment for violating the trust and in the rewards of preserving the trust. It is based on a calculation of the effort and cost to sustain the transactional relationship compared to the outcomes of the relationship (Lewicki & Bunker, 1996, p.119). Our statements from our informants describe trust characterized by deterrence- based trust in French organizations. As mentioned, it seems like there is a sort of fear culture in French organizations at the lower and middle levels in the organization. People are afraid of doing mistakes because there's not much room for the employees to make mistakes, "*If you do one mistake, you have to get it right four times before the one mistake is forgotten*" (Informant no. 4). In this exchange relationship, if the employees' performances don't meet the expectations of the managers, a consequence is doubt and mistrust. As the informant described, trust in the French organizations must be created, and it must be recreated all the time. One informant said that he always spent so much time on writing every report correct, because he knew the consequences if he didn't:

*It's an enormous focus on quality in French organizations (...) It is high demands for quality in everything you do, and if you deliver something where the quality isn't optimal, they would start question if you have control over your work. If you don't have control over something simple as spelling correct, then they would start questioning the content too* (Informant no. 4).

The employees know that if a mistake is done, it will affect your position and relation to your manager. A suitable description was made from one informant on how "*Trust in French organizations is performance oriented and knowledge oriented*" (Informant no. 2).

### 6.1.3 Reputation and Trust

The difference between Lewicki & Bunker's calculus-based trust and Shapiro, Sheppard and Cheraskin's deterrence-based trust is that the former is often ensured by "reward" of being trustworthy and the "threat" that if the trust is violated, one's reputation can be hurt (Lewicki & Bunker, 1996, p.120). Calculus-based trust includes the aspect of reputation. If A violates the trust of B, B can quickly let it be known in the formal and informal network that A can be seen as an untrustworthy person. In business relations, a professional reputation of the other actor can be served as a "hostage" (Lewicki & Bunker, 1996, p. 120). One informant describes how you are in trouble if you get a bad reputation and how easily people talk behind each other's back:

*The French people are horrible at talking behind other peoples back. If you get a bad reputation in, say a meeting, then you are on deep water. That is really serious. And you have to work hard to get your head over water again, and clear your name (Informant no. 4).*

Another informant describes how one mistake can affect your reputation:

*I felt that many people were afraid. They were afraid of doing mistakes and get a bad reputation. Everything you do is supposed to be right, and it's supposed to be done right the first time you do it. I think the French people are suffering under this form for mentality (Informant no.1).*

To get a bad reputation means weaken position in the transactional relationship. Dasgupta (1988, p.56) argues that trust is based on reputation. You don't trust a person to do something merely because he says he will do so. You trust him because, knowing what you know of his disposition, his information, his ability option and their consequences, you expect him to *choose* to do so. Sørhaug (1996) argues that if you are seen or used by people with a higher competence than yourself, your competence accumulates. In all bureaucracies, vertical visibility is important. It's important to get attention and trust from people higher up in the hierarchy. Horizontal visibility is of importance too, but it's always a vital competition in the organization for vertical visibility. One informant told how he was going crazy over some French employees who always tried to show the manager in meetings that he had some information; *"It was almost like a kinder garden. Often in meetings, people just said something only to show the managers that he knew that"* (Informant no. 4). This visibility can

also be called respect, reputation or a *name*. A reputation or a name gives social credit or right to trust. A person without a name must therefore find a person that is big enough to share their name (Sørhaug, 1996). Sørhaug (1996) says that transactional relationships can be developed to a form of patron- client- relationship. The patron may also boost their name through their client's capability. This form of relationship consists of a form for exchange. The manager rewards the employee with recognition and enables the employee to climb the ladders in the hierarchy if the employee fulfils its part of the agreement. The employee shows their manager or patron dedication, respect and loyalty and let their work shine upon the manager. When exchange relationship is based on terms of trade which makes it beneficial to behave in a trustworthy way, it will be rational to maintain the patron- client relations. If one of the parties gets a bad reputation, it will affect the other party in this relationship. The client may no longer be linked to a patron with a big enough name to share, while the patron may lose their confidence in their client competence and capability. Since calculus-based trust is fragile (Lewicki and Bunker, 1996, p.121), a bad reputation may result in elimination of trust.

#### **6.1.4 Information as Power**

In an exchange, or a transactional relationship, each individual seeks to improve his or her position by trading with other individuals. Power in an exchange model comes from controlling resources desired by others (March, 1994). Resources the employee may possess are knowledge and information. This knowledge or information can be used to strengthen your position in the transactional relationship, making yourself more valuable for the manager. It seems that a consequence of this transactional relationship in French organizations is that employees seem less willing to share knowledge and information with other employees. One informant told that he had a rough start in the company because he didn't get much help from the other employees, "*they didn't want to give me something for free*" (Informant no.1). This is not surprising, considering sharing information involves giving up power by sharing your resources. You make yourself vulnerable in the exchange relationship when sharing information with others. Making yourself vulnerable means that you take a risk, and one risk may be that you reduce your vertical visibility. You can't predict if the other party will act opportunistic. Neither economic nor behavioral theories are optimistic about trust existing in relationship where one party is vulnerable of the power of the other (Hardy, Phillips & Lawrence, 1998,p. 83). As one informant said "*In France, I feel*



*that people hold their cards close to the chest, you hold on to information, because it gives an opportunity to influence”*(Informant no. 1). Since the relationship between the transactional manager and the employee is based on sanctions and rewards, vertical visibility is even more important. One informant stated *“The employees are very concerned about taking credit and honor for the work they have done. You don’t want to give anything free to the other employees”*(Informant no. 6).

The French manager’s logic of transactional management reinforces the masculine values in the organization. Even though, Hofstede characterizes France as a relative feminine country, which is mainly because of the country’s welfare system. The relationship between employees is more characterized by competition, achievement, strive for success and being the best in your field (The Hofstede Centre, 2014). They hold on to the resources they possess to increase the vertical visibility to harvest rewards and avoid sanctions. These masculine values have a clear link to the values of the French education system. The masculine values and the transactional management limit the development of trust relations to the higher levels of the trust, because the people in the organization hold the cards close to their chest. When the relationships in the organization are based on this form of power, impersonal trust relations are likely to occur. When impersonal trust is present in the relationship, the parties have fewer incentives to develop personal trust in (Bachmann, 2003, p.70). Building of personal trust takes an effort and it may be an easier option to use the resources you possess instead. Withhold of information also decreases the possibilities for trust relations to involve. The premises for trust relations to knowledge- based and identification- based level are non-existing when people withhold information.

### **6.1.5 Informal Networks and Trust**

As discussed above, most trust relations in transactional management are established at a calculus-based level and have an impersonal form. But, this does not mean that all relations in French organizations are of this form of character. As we described in the previous chapter, there are a lot of informal networks in French organizations. Through these informal networks the employees can influence decision making processes, but to do this they must have the

right connections. As one informant described it *“it’s important to know the right people and have the right information. You have to play with the right hand”*(Informant no. 2). We argue that the trust in these informal networks may develop to a knowledge-based level, because it is in these networks employees share information with others. As mentioned, the informal networks are often formed by people with similar background, and the trust seems predetermined in these relations as one of our informants described it. Individuals that shared norms, values and socialized experiences are likely to hold a common understanding and set of expectations that’s required to establish and maintaining trust at knowledge-based level (Ferrin & Gillespie, 2010, p.19). The trust builds on familiarity from common experiences and values from their time at the Grandes Ecoles, augmented by one informant who said *”for those that haven’t attended the right school it’s hard to get into these networks”* (Informant no.5). This familiarity may also be the cause of trust relations of a more personal form. The personal trust will encourage more information sharing between the employees since you understand and know each other, since the predictability, created through knowledge and personal trust, reduces the risk of information sharing. When you know someone, it’s easier to predict their behavior. It’s easier to expect and evaluate if the co- worker will behave opportunistic, and potentially use the information given to promote himself on your expense.

## **6.2 Transformational Management**

We argue that transformational management will promote a higher level of trust than calculus-based trust. The transformational managers build their relationships with their employees on more than exchange. The literature on transformational management differ somewhat on the specific behavior they associate with transformational management, but all of them share a common perspective that effective managers transform or change the basic values, beliefs, and attitudes of followers, that’s make them willing to perform beyond the minimum levels specified by the organization (Podsakoff, MacKenzi Moorman & Fetter, 1990). In transformational management, the employees do A or B, because the employees share the same values as the manager (Sørhaug, 2004). From a value oriented rational view, actions in accordance to the shared values are rational behavior. The flat structures in the organization make mobilization of values an important resource for the management. Clear

values can compensate for the “fuzzy” and flexible organizational boundaries and patterns of tasks (Sørhaug, 2004, p.255).

The relationships in transformational management are managed by trust, while the transactional relationship is managed by the terms of trade. We argue that the transformational managers therefore will contribute to trust relations at higher levels than calculus-based trust, and even identification-based trust may occur in some relations in the organization. As described, the transformational manager can be summarized in four dimensions; idealized influence, inspirational motivation, intellectual and individual stimulation (Judge & Piccolo, 2004). We argue that these dimensions contain similar characteristics as the legitimacy of the Norwegian manager. As mentioned, the Norwegian manager legitimacy is depended on support from the employees and trade unions representative. The managers’ legitimacy is about the managers’ ability to give praise, pass on information, influence and motivate the employees to come with new ideas (Falkum et al., 2009). In Norwegian organizations, the managers are dependent on acceptance and support for a decision to be implemented, and this acceptance needs to come from both the employees and trade union representatives. One informant described how he first got to know and focused on building trust with the trade union representatives and Health and Safety Officer (Verneombudet) almost before the management team he was a part of, because “*it’s extremely important to have a good trust relationship with them*” (Informant no. 5). Thus, the whole organization’s results depend significantly on the manager’s legitimacy within the organization. The accordance between the organization’s results and the manager’s intentions are an expression of power (Falkum et al., 2009). Under transactional management, the one who holds the resources that the other party wants, possess the power. In a more democratic work life like Norway, the acceptance and support from the employees are a necessity for the managers’ exert of power (Falkum, 2008, p.104 ref. in Falkum et al, 2009).

### **6.2.1 Idealized Influence and Inspirational Motivation**

The two dimensions, idealized influence and inspirational motivation, concern the ways the manager acts i) to make the employees follow and ii) to motivate their employees to share and

work for the organization's goal and vision (Judge & Piccolo, 2004). To be able to influence and motivate the employees, the manager needs to be able to communicate, and through own behavior set an example and promote the right values the employees should engage in. As portrayed in chapter five, our informants characterized the Norwegian manager as being open and democratic, and emphasized that the employees can challenge their managers. As one informant stated:

*As a manager, you have to behave in a way that ensures trust with the people you work with. The opposite will mean that you won't be able to do your job. With trust you get openness, and openness is a precondition for trust. When you have openness you bring out peoples' opinions and you can create the best product (Informant no. 2).*

Communication is an important aspect of both the inspirational motivation and idealized influence dimension. Through open dialogue with both the employees and trade unions representative, the manager can encourage a culture where the employees can express their opinions and have an open dialogue with their managers. *"Openness isn't just about telling, it's about to dare to say what you mean and that it won't lead to bad consequences for you after. That's maybe the most important"* (Informant no.5). This is an important aspect of the environment that the transformational manager creates. The statement stresses the contrast of the environment of the transactional manager, where we have described that the relationship between employee and managers is to a large extent built on fear. Trust is closely related to the experience of stability, safety and predictability in the work situation (Schieffloe, 2013, p.266), and one way the transformational manager can create an environment that welcomes the opinions of the employees is to act in accordance with the Model of Collaboration. The manager can create an area where all the three parties, employees, trade unions representatives, and manager, can express their opinions. As described in the last chapter, inclusion of the employees and trade unions representatives are the norm rather than the exception in Norwegian organizations. These interactions between the parties, through close cooperation and dialogue, create closeness between the parties. For trust relations to develop from a calculus-based level to knowledge-based level it needs a form for closeness in the relationship: if the relationship always stays at an "arm-length", the parties may not move past a calculus-based trust (Lewicki & Bunker, 1996). This is in accordance with one of our informants who stated; *"closeness creates trust"* (Informant no.2). We argue that openness and inclusion between the three parties will not only stabilize trust, but also enhance trust. As

we will discuss in this chapter, the trust relations will be established at knowledge-based level, and in some cases at identification-based level.

We have already described that the transformational manager articulate certain values with their employees that they come to share (Sørhaug, 2004). According to Bass (1990), the employees look up to the transformational manager and identify with the manager. Since identification-based trust is based on identification with the other's desires and intentions (Lewicki & Bunker, 1996, p.122), a transformational manager can create trust relations in the organization at the identification-based level. To engage the employees and make them work towards the organization's goals, the manager has to take advantage of employee participation and representative systems. Employee participation is a fundamental value in the Norwegian work life. In Norwegian work life, the manager's legitimacy is directly linked to the collective and individual influence of the employees. Participation and co-determination of the employees will strength the managers ability to realize his or hers' intentions, and with that the mangers power (Falkum et al., 2009). The exclusion of employee participation in decision-making process can be considered as an irrational action that may likely demolish the managers' legitimacy and decision-making power.

In Norway, the strong anchoring of employee participation in decision-making processes will greatly affect the employees' commitment to the organization. Through participation and involvement in the decision-making processes, the employees are empowered and can attribute to the direction the organization is going. It is a clear and positive correlation between co-determination, cooperation and influence of employees, and the will to participate and contribute to change in the organizations in Norway (Falkum et al., 2009). The empowerment of the employees through these systems in decision-making processes may make the employees feel responsible for the outcome and therefore willing to go the extra mile. This empowerment can lead to increased meaning of the employees' everyday work. When their work therefore feels more meaningful are the employees more likely to commit to the organization's goals and ambitions. Many of the same activities that build and strengthen calculus-based and knowledge-based trust also serve to identification-based trust. But identification-based trust demands some additional activities. Creation of mutual goals and

committing to commonly shared values are two of them (Lewicki & Bunker, 1996). Thus, the integrated system of employee participation creates an understanding and gives the employees knowledge of the organizations as a whole. Trust can exist at identification-based level since the parties effectively understand and appreciate the other's wants; this mutual understanding is developed to a point where they can effectively act for each other (Lewicki & Bunker, 1996, p.130).

The work processes in Norway are characterized by teamwork and cooperation. As one informant described the work process in Norway:

*We are here in Norway used to team building. We have from early on learned to play each other better (...). What characterizes the processes are cooperation and that we help others to perform. We use other as resources and trust that others have competence too (Informant no.6).*

According to Hartog (2003), trust influences the employees' behavior towards groups and teams in the organization, and how willing they are to put an effort in these groups. Working in teams means an interdependence of co-workers, and this interdependence makes it more likely that the employees in Norway share information and knowledge to a larger extent than co-workers in French organizations. One informant made an interesting comparison about France and Norway. Similar to what we have discussed above, the informant described his experiences about how the French employees thought that knowledge is power, and how they could position themselves, and how they are more likely to win "the race" if they don't share this information. The informant described next how Norwegian employees front their career:

*In the Norwegian work life, to share knowledge and ensure that the work is being done through sharing knowledge is considered more valuable for the organization. And it will be noticed if to reach results and get through tough processes, are through cooperation and sharing knowledge (...) this will give you more opportunities in your career, than if you keep your knowledge to yourself (Informant no.5).*

This statement illustrates our point on how information and knowledge are not in the same way a source of power as in French organizations. In Norwegian organizations the knowledge and information are more collectively based and a source for the team to reach their own and the organization's goals. When team members trust their managers, they might feel more

comfortable with sharing their knowledge, without fear and suspicion. As discussed about the informal networks in French organizations, sharing knowledge may lead to trust relations at the knowledge- based level that will increase the predictability of peoples' behavior. The predetermined trust in the French informal networks, based on, for instance, the same background from the Grandes Ecoles, is established more generally in the Norwegian organizations. As described, Norway has a high level of trust, and this is indubitable a competitive advantaged (Levin et al., 2012). This high level of trust makes it also easier to develop both a form for personal trust and higher levels of trust similar to the informal networks in French organizations. The work processes in Norwegian organizations, characterized by cooperation and teamwork, enhance the development of personal trust since they share information and frequently interact with each other.

### **6.2.2 Individual and Intellectual Stimulation**

One important aspect of individual stimulation is individual adjustment to every employee in the work situation. In the Norwegian work life, individual adjustment of the employee is a fundamental principle. Individual adjustment is secured in law and agreements, but also through different arrangement in the work life. The Work Environment Act makes the manager responsible for, and obligated to, organize and adjust the work for individual employee based on their age, competence and other preconditions (Trygstad & Bråten, 2011). For the manager to be able to make adjustment for the employees, the manager needs to have knowledge about the individual. The managers in Norway are obligated to have some knowledge about certain condition, but to create individual stimulation the manager may need to go beyond these obligations. In organizations that act in accordance with the legislation, agreements and arrangements will exchange important information and knowledge between the employee and manager.

Individual adjustment based on the employees' competence will motivate the employees. The Norwegian work processes are knowledge based, with a comprehensive use of technology and highly competent employees (Levin et al., 2012). According to Sørhaug (2004), the managers' challenge is to transform the employees' knowledge to competence, that is to say,

to translate the knowledge to be used to concrete tasks. This can only be done properly if the manager has the relevant information about the employee's knowledge. The openness in the organizations as discussed above is an important precondition that has to be established if the managers want the employees to elaborate on their strengths and weaknesses. Openness is thus important for the manager's capability to stimulate the employee, both individually and intellectually. The Norwegian manager has reputedly been described as democratic by our informants. But to be a successful democratic manager, you need to take advantage of the total competence in the organizations (Levin et al., 2012). This confirmed by one of our informants, stating *"In Norway, it will be an unwise thing not to treat the employees as associate of knowledge"*(Informant, no. 2). The inclusion of the employees in decision-making processes is one of the main ways the manager can use the employees' competence. Involvement and wide participation make it possible for "everyone" in the organization to contribute to development and innovation (Levin et al., 2012). 80 per cent of the Norwegian managers in a management research stated that their employees had a better competence than themselves (Strand, 2007, p. 503, ref. in Levin et al., 2012). This recognition indicates a high level of trust in the employees' competence, which enables flexibility and promotes egalitarian structures. In Norway, the manager *"wants to play on the team with the employees and belong in the group"*(Informant, no. 3). Hofstede makes a similar description of the manager- employee relationship in Norway when he says that power is decentralized and that the managers count on the experiences of their employees, while the employees count on being consulted (The Hofstede Centre, 2014).

For the organization to be innovative, you have to have employees that engage and involve, and take initiative. Autonomy and initiative are maybe the most important characteristics of the Norwegian work life, because it creates the foundation for innovation and development (Levin et al., 2012). To succeed with this, the discussions above about creating a culture where the employees can participate and express their opinion are critical component for innovation and development. The manager needs to believe and trust the employees' capabilities, because employee participation consists of an element of risk. Employee participation means a step out in the unknown (Levin et al., 2012, p.188), so the relations between the manager and the employee need to contain trust. As mentioned, managers need to have a certain amount of information about the employee to be able to stimulate the employee



individually and intellectually. Individualized considerations ensure the exchange of information about needs and wants, expectations and other elements that knowledge-based trust depends on (Hartog, 2003, p.130).

### **6.3 Trust Relations Between Employees**

We have mainly looked at the effect transactional management and transformational management has on trust relations between managers and employees. But what about the trust relations between the employees? Based on our discussion, it seems like the trust relations between employees in French organizations are substantially less developed than in Norwegian organizations. The logic of transactional management can be said to be the reason for this. When information is a resource for power, and people hold their cards close to the chest, the foundation for trust development to knowledge- or identification- based trust are absent. The information to predict the co- worker behavior is not existing, thus to trust others in the organization is connected with risk. The competition and strive for vertical visibility may suggest that people will use their resources to gain benefits on the cost of others. Since the employees can't predict the other employees' behavior, that is, to calculate their behavior, it will be irrational to trust the other employee. The bi- effect of transformational manager is not only trust between employees and manager, but also between the employees. But, as discusses above, this may not count for all the relations between the employees. It's likely that the trust relations in the informal networks can develop to knowledge- based level of trust, because of the information sharing and their common background. These trust relations in the informal networks in French organizations may be more similar to the ones between the employees in Norwegian organizations, at least compared to the trust relations between employees in the formal networks in French organizations. The environment in Norwegian organizations is characterized by openness and information flow; the right conditions are at place for the development of trust. And furthermore, the short power distance, and cooperative work processes create a large degree of closeness between the organizations members.

## 6.4 Concluding Remarks

We have in this chapter examined how the two logics of transactional- and transformational management affect trust relations in the organizations, mainly between manager- employee relations but also the relations between employees. As a conclusion, we have found support for our assumptions through the theoretical framework, but also cases of variance.

We assumed that trust relations in French organizations are more strongly characterized by a calculus-based trust and impersonal trust compared to Norwegian organizations. We also assumed that transactional management will contribute to strengthening this form and level of trust, and even limit a further development to a higher level. From our findings in interviews with Norwegian employees and managers with work experience from France and Norway, and from relevant literature, we conclude from our discussion that the assumptions to a large extent are supported. The terms of trade contribute to calculative behavior of the parties, and create a constant competition for vertical visibility and self-promotion to strengthen the own position in the relationship. Failure will lead to sanctions, while good work will be rewarded. French employees appear more afraid of doing mistakes and to obtain a bad reputation that will weaken their position in the exchange relationship. As a consequence, the employees hold on to their resources by not sharing information, which eliminate the foundation for trust relations to develop to higher levels. In addition to this, the control mechanism which the transactional relationship is based on, will also contribute to an impersonal form of trust. Since the control mechanism ensures trust relations based on compliance (with the right control mechanism, the rational behavior is to act in accordance with the transactions), the parties don't have incentives to do the effort it takes to develop a personal form of trust. The low level of trust between the managers and employees in French organizations leads to a low level of trust between employees. We argue that it is in the informal networks the conditions for trust at knowledge-based level exist, because of the information sharing. The trust relations in these networks are likely to be of a more personal form rather than impersonal.

We assumed that trust relations in Norwegian organizations will be at the knowledge-based level and in some cases at the identifications-based level. The more the Norwegian transformational manager will contribute to trust relations at these levels and even enhance trust through the manager's legitimacy, in conformity with the four dimensions of

transformational management. Our interview findings and subsequent discussion indicate that it's especially the openness, low power distance, employee participation, and work and decision processes in the organizations that stabilize trust relations. Through employee participation, the employees come to share the organization's values and obtain an understanding of the organizations as a whole, which promote trust at the second and third level of the trust model. These factors will also contribute to personal trust relations. The high level of trust between the managers and employees facilitates a high level of trust between employees as well, because the right conditions are in place for this development.

# 7 An Institutional Framework

Many of our informants seemed to have shared views of how different processes are carried out in France and Norway. Both decision-making, trust relations and management style were described alike, and explained as to simply “the way it happens” around there, without further questioning. They all seem to share worlds-in-common where certain things are accepted. In order for us to explain how this could be, and why different levels of trust seem not only expected but also accepted, we have chosen an institutional framework. It allows us to look at the organizations with “living lenses”, not something “dead” as Berger & Luckmann (1967, p. 75 ref. in Scott 2008, p. 49) have stated.

*“Institutionalization involves the processes by which social processes, obligations, or actualities come to take on a rulelike status in social thought and action”* (Meyer & Rowan, 1977, p. 341).

## 7.1 Institutionalism and Trust

Bachmann (2003) reflects on how trust and new institutionalism integrate. He elaborates on how someone makes a choice to have positive assumptions about another actor. In other words, a trustor places positive assumptions of a trustee’s future behavior. The trustor communicates this selection, and signals that he is ready to make generous and favorable decisions, even though he has limited knowledge of the other actor’s true motives. When he invests trust, he also bears a certain amount of risk, as he cannot know the trustee’s future behavior. Bachmann makes an interesting point, stating that trust will never be built on complete information. This was mentioned in chapter five. If complete information were available, trust itself would not be necessary (Bachmann, 2003). But the amount of available knowledge, possible risk or profit and investment of trust are all tied together. Thus, Bachmann (2003) states, it’s reasonable to believe that all social actors make a rough calculation based on the three mentioned factors. These calculations may look different, depending on context.

We argue that the calculations are different in Norway and France simply because the actual available knowledge, the considered risk and the way trust is invested all differ. Chapter five emphasized how channels of information are more unidirectional in France and more open in Norway. This has again been tied to different styles of management. In France, the hierarchical structures and extensive elitism have led to an implicit autocracy where the manager holds all information. Whatever knowledge other employees may have is considered valuable and as an object of trade, or something you keep to yourself for own personal gaining - either to climb the ladder of recognition, or to keep others from doing it. An informant states, *“information is somehow power, and they [the French] are capable to hold on to it and seek it”* (Informant no.2). In Norway, low power distance and flat organizational structure seem to have led to a significant closeness between managers and employees. These institutional features lead to trust development, not only between manager and employee, but also between employee and employee. *“We are more used to team building in Norway. We learn how to play each other good early, it’s also evident in the school system”* (Informant no.6). Information is seen as necessary to keep every employee on board, in order for them to share overall organizational goals and values. Knowledge between employees is considered valuable to share; it will help cooperation and teamwork. It is not kept for personal gaining. Thus, we assume that the information sharing, communication and other features of the organizational structures are closely related to the trust relations. It is more out in the open.

Risk consideration has also been explained in this study, with help from Hofstede. There are several factors indicating that France wants to avoid every possible risk, as they seek every possible solution in decision-making and managers are quite detailed. The general low level of trust presented by World Values Survey (2006) also indicates low risk seeking, as the two terms relate. If you do not invest trust, you don’t have anything to risk either. To emphasize a rather rational thinking is also a way of reducing risk, as the logic of rationality is supposed to catch and even reduce or eliminate this risk. According to Hofstede, Norwegians are moderate risk seekers, which is also indicated by a more pragmatic decision-making and autonomy to employees (The Hofstede Centre, 2014). The higher level of general trust also leads to more risk. These differences lead to different kinds of calculating when an actor decides whether to invest trust. We have already stated in the end of chapter five that France has a calculus-based

trust. Thus, according to the Lewicki & Bunker's (1996) three-level model and Bachmann (2003), Norwegians also perform some sort of calculations, even though we argue that they are located at knowledge or even identification based trust. We see that the reasoning and calculating have quite different preconditions in Norway and France.

This is where institutionalism enters. When social actors mentally calculate, what are the good reasons to decide to invest trust? Bachman follows Luhmann's arguments (1979, ref. in Bachmann, 2003) about norms to answer the question. When actors are operating in an environment with clear and reliable norms, a trustor usually finds good reasons to trust another actor, who is also familiar with the norms. The potential sanctions are to remain latent; they should not be used to threat or even be considered – it should be sufficient that they are accepted. These legal norms exist in the institutional environment of organizations. In the actual structures of organizations, social rules are incorporated. They appear as distribution of responsibilities, patterns of division of work, and agreements on work duties, as well as conflict resolutions and other practices. These rules constitute internal structural frameworks of the organization, which help to channel behavior. In the same way as legal norms, social rules entail a normative dimension of sanctions, which should not be activated to be functional. When the rules are well functioning, members again find good reasons to believe that the risk of investing trust in other actors of the same organization is relatively low, as future behavior can be predicted (Bachmann, 2003, p. 61).

### **7.1.1 Worlds-in-Common**

The social rules' most vital function is to provide a shared cultural and social framework of meaning, in addition to a common set of interpretation categories. This will again lead to worlds-in-common, which is what several of our informants described. It could be interpreted almost as expectations. According to Bachmann (2003) these worlds-in-common play an eminent role in trust building in organization. They (the worlds-in-common) are naturally present in both Norway and France, but also they operate in quite different ways. In Norway, people from all levels in the organization are expected to be included equally. The flat organizational structures and low power distance are illustrations of this. In France, interestingly enough, every employee from all levels of the organization seems to accept an unequal distribution of inclusion. The French world-in-common operates with hierarchy and

high power distance. Trade unions, managers, employees and representatives are all sharing the same understanding of reality, where different roles include different significance. This could help explain why French employees accept a low inclusion. One of our informants simply stated, “*they are used to it*”(Informant no.2), when we asked how the French employees coped with this. It’s internalized. The rules, norms and latent sanctions and a common understanding of reality are all characteristics that lead to these worlds-in-common, where everyone acknowledges and accepts the characteristics. It could also explain the different levels of trust, as the characteristics lead to an understanding of how things are done. This will be elaborated in a subsequent section under Scott’s (2008) cultural-cognitive pillar.

### **7.1.2 Third Party Guarantor of Trust**

Bachmann & Inkpen (2007) give several examples to when institutions are decisive for building trust. They state that trust usually has been explained at micro-level, where two or more actors interact. In this tradition, institutions’ role has not been acknowledged with any form of influence. Bachmann & Inkpen (2007) seek to examine when and how institutions are actually shaping processes of trust. In this study we have earlier separated personal and impersonal trust. Bachmann & Inkpen (2007) do the same, and suggest that personal trust is consisted with more attitudes, while impersonal trust, or institutional, is based on a trustor making a decision to trust. They emphasize that it is not the original notion of trust *in* institutions, where institutions become objects, but rather trust that individual or collective actors develop with reference to specific institutions (Bachmann & Inkpen, 2007, p. 3). We argue that this type of trust is consistent with what our informants have shared about French organizations. This is in contrast to the more personal trust in Norway, with features such as high level of trust in the society and emphasis on equality between actors. As we have elaborated on several times, Bachmann (2003) states that with complete information, which is what French organizations seem to seek, trust is superfluous. In addition, low score on general trust from World Values Survey, high risk avoidance, a desire of full information coverage in decision-making and powerful hierarchy all indicates that French organizations function with impersonal trust. As Bachmann & Inkpen (2007) state, there can never be no trust in organizations either. What we argue is that the institutions surrounding the actors’ behavior primarily function as a sort of third-party trust guarantor. Zucker (1986) is one of several who

elaborate on third-party guarantor in trust processes. She states that if actors do not have enough information about each other, a third party could provide knowledge, which would “secure” the trust building. This third party does not have to be an actual person. In fact, Bachmann & Inkpen (2007) argue that institutions might serve better, especially in cases where the trust involves impersonal structures. Institutions would then both facilitate and encourage trustworthy behavior between actors (Zucker, 1986 ref. in Bachmann & Inkpen, 2007). This is possible as the institutional structures provide the earlier mentioned world-in-common, shared knowledge and familiarity. Actors trust each other because these institutional arrangements help predict future behavior.

In their article, Bachmann & Inkpen (2007) give several examples to when institutions are not only facilitating, but actually creating trust. One of them is called swift trust, and describes situations when it is inappropriate in terms of effort, time and energy to try to establish personal trust. It appears to be consistent with French organizations, as they seem to find it inappropriate to develop personal trust. Our informants state that fellow colleagues don’t get involved personally; they keep their social distance. Personal life and work are kept very separate, which could help explain why personal trust in organizations is quite low. It can also explain why the French has not reached a knowledge-based trust level, as it requires that information and knowledge be shared with each other. As we have elaborated on earlier, French employees seem to keep knowledge and information to themselves as objects of trade. But as Bachmann & Inkpen (2007) emphasize, there can never be zero trust in any transaction either, a minimum of trust is always required in any kind of interaction. In this context that would be what we have already described as calculus-based, and what Bachmann & Inkpen (2007) call contract based. Instead of spending time on deciding to invest trust or not, the French can fall back on institutional risk absorption. It is the institution that creates trust – the third-party is an institutional safeguard (Zucker, 1986, ref. in Bachmann & Inkpen, 2007).

In Norway, the third-party guarantor comes in different shapes. We argue that while institutions substitutes for lacking trust in France, the third-party in Norway is more invisible as the level of trust is high. Levin et al. (2012) say that for example employees’ autonomy and high level of responsibility is traditionally something that “everyone” has looked upon as



natural. The Norwegian Model of Collaboration in Work Life, with union representatives, employers and employees, is so institutionalized that it also functions as a safeguard. The mutual acceptance and recognition from all parties helps predict future behavior. The close cooperation and interdependence will create an environment for trust to stabilize.

## **7.2 Applying Scott's pillars**

Bachmann's (2003) theoretical approach to understand trust in organizations, with norms and rules, is inspired by certain aspects developed within the framework of neo institutionalism. Also Bachmann & Inkpen (2007) emphasize how neo institutionalism has an increased interest in forms of trust, which is not inclusively focused on interaction processes between social actors. As mentioned in chapter 3, Scott's (2008) three pillars of institutions seek to explain why people act the way they do, and how and why they are legalized. They are ways to analyze structure and behavior. We argue that both Norwegian and French organizations are relatively stable social systems. According to Scott, we observe practices in stable social systems that is constituted of and empowered because they are taken for granted, normative approved and supported by authority power (Scott, 2008). Institutions should not be examined with only one of the pillars, as they are all more or less active. They are interrelated, and define institutions together – they explain why institutions function the way they do. Still, one of them will be the more dominant.

### **7.2.1 The Regulative Pillar**

The first pillar is mainly concerned with laws and rules. Some are created by individuals who hope they will advance their interests; other laws are formally grounded by law. They can establish ideological standpoints, as well as moral and ethical judgments as generally applicable. Individuals also seek to conform these laws and rules because they want to avoid possible sanctions, or because they seek rewards (Scott, 2008).

The information our informants have given us about French organizations indicate that these mainly comply with this pillar. The trust, as mentioned earlier, can be described as calculus-

based, with monitoring, rewards and control. This suits well with a regulative pillar perspective. Some of the aspects of transactional management, as mentioned in chapter six, could also be said to be dominated by the regulative pillar. The management style and its characteristics based on exchange have a predictability aspect. The regulative pillar wish to explore how institutions constrain and regularize behavior (Scott, 2008). As discussed, the managers, who executes an authorized coercive power based on exchange, enjoys a considerable amount of respect. *“It’s interesting to observe, you get enormous respect. In the beginning no one even dared to come into my office without knocking and bowing, it was like they had to make an appointment for all kinds of chitchatting”* (Informant no.5). The transactional management could be said to be decisive in the constraining and regularizing of behavior, as this quote describes the high amount of respect. It fits with what the pillar calls informal rules. In French organizations, employee’s superiors are the ones who can give recognition and possible advancements. This was further explained in chapter six about transactional management. The status the managers entail as a consequence of the informal rules also leads to a one-way channeled influence. What the manager wants doesn’t require any further jurisdiction, as he’s sitting on all the power. *“When we decide to drain the swamp, we don’t ask for permission from the frogs”* (A quote from a senior manager in Barsoux & Lawrence, 1991).

The underlying logic of this pillar is instrumental, which makes it attractive to rational and economic theorists. It also fits a French perspective, and especially the education system, which adores rational values like logic, intellect, math and Cartesianism. According to Scott (2008), feelings of fear are likely to occur if actors are not able to fully comprehend the social rules within this pillar. This is consistent with descriptions of French organizations, and the fear culture. Also the decision-making processes which we have elaborated on earlier, seems to match with the instrumental logic. Lastly, it seems to facilitate a more impersonal trust, which is consistent with calculus-based trust.

We argue that in Norway, the factors that constitute the regulative pillar, such as the Work Environment Act, the Basic Agreement and other agreements, are more implicitly, but equally

important affecting trust. Also the Model of Collaboration was mentioned by several informants as a powerful formal law:

*The Model of Collaboration is very important. It plays an extremely central role. In relation to authority, companies and union representatives. That collaboration is not just something on a piece of paper, it actually works. In Norwegian collaboration is it extremely important. (...) It's about having trust. Trust is a very important concept in Norwegian collaboration I think (Informant no.5).*

Falkum et al. (2009) show that more than 90 per cent of employers and employees in Norwegian work life recognize the labor laws and basic agreements. The system of collaboration is highly supported, and highly accepted. Despite that, not a lot of people have much knowledge of the different agreements (Falkum et al., 2009). It could be discussed if it so because the labor regulations are so institutionalized in the work life that they are taken for given even by unorganized employers and employees. Collective agreements and rights are taken for granted. Again as Bachmann (2003) states, if you actively use laws as sanctions, the rules would lose its legitimacy and importance, and the trust would decrease. Hence, it could be argued that the high level of personal trust in Norway makes formal laws and rules more of a foundation, as a facilitating role of trust relations and work life in general. It is easy to imagine that a more contract or calculus-based trust is more impersonal. Expectations of influence and possibility to affect your own work space, which is grounded by law, are institutionalized features of Norwegian employees (Falkum et al., 2009). There is a low level of monitoring and sanctioning, as level of personal trust is high. Managers in Norwegian organizations have power, but it is shared with employees and the organization in a higher degree than any other country (Falkum & Bygdås, 2012). It is through systems, arrangements and democratically grounded laws (Falkum et al., 2009).

### **7.2.2 The Normative Pillar**

The normative pillar is concerned with norms and values. It emphasizes how some organizational values are applicable to the entire organization, while some values and norms apply to selected groups. It is also concerned with roles and expectations. The actors will

internalize an external pressure of expectations, which again will construct a moral monitoring of them. Thus, legitimacy is morally governed (Scott, 2008).

After conducting our interviews, we found that the development of roles has been mostly evident in French organizations, especially the informal roles. The status and *reputation* of coming from a *Grandes Ecoles* has been inevitable for us to elaborate on. The normative pillar helps us describe how their legitimacy is accepted. Our informants said that managers coming from *Grandes Ecoles* are entitled higher salaries than other managers performing the same tasks. So the exact same position can lead to different salaries, depending on your school. An interesting aspect of the *Grandes Ecoles*' status is that it is legitimized and accepted - not only by the managers themselves, but also by others who didn't attend them. The status of *Grandes Ecoles* provides a cultural league that is appreciated and considered necessary among every level of society (Barsoux & Lawrence, 1991). A manager's reputation, which is also institutionalized, is emphasized in the calculus-based trust. As that kind of trust is based on trusting other actors to do what they are supposed to do, their reputation is at stake if they don't. We have earlier elaborated on how the informal networks are functioning in France. A bad reputation would spread like a fire in these networks. At the same time, these informal networks or structures are also very protective. As mentioned, an informant stated that he knew several managers in his department that shouldn't have leading roles, but who kept their positions simply because they were protected by their fellow *Grandes Ecoles* colleagues. The *Grandes Ecoles* unifies an elite in French organizations, where the virile values are networking, dominance, hierarchy and decisiveness (Barsoux & Lawrence, 1991, Mangset, 2004).

Both the formal and the informal structures based on values are flatter in Norway. As an informant states "*But [in France], the hierarchy and the fact that you are afraid of sharing information and knowledge...it slows down the trust-creating collaboration which is present in Norwegian work life*". The role expectations are quite distinct. As mentioned, "everyone" shares the view of the Model of Collaboration's importance, and "everyone" is expecting equality in organizational life. People from every level should be included, and the manager's role is to facilitate and involve.

*Norwegian managers are very including, there's a pretty flat manager structure as I sense it. They are pretty good at delegate – that is, they can work through their*

*coworkers. We are also concerned with things like work environment, good relations and employees' co-determination (Informant no.2).*

Sejersted (1997 ref. in Hagen & Trygstad, 2007) suggests that the law of jante (Janteloven) which is well embedded in Norwegian society, has restricted what Norwegians approve as their managers. The law includes statements such as “you’re not to think you’re anything special”, “you’re not to think you know more than we do” and “you’re not to think that you can teach us anything” (Store Norske Leksikon, 2005-2007). A manager who thinks more of himself than his subordinates would not be well accepted in Norwegian organizations. As we elaborated in chapter five, decision-making has to go through the entire organization, with discussion and dialog. A decision cannot be made inclusively by the manager. Pure commando, strong hierarchies, or authoritative or paternalistic management would not be a match with the Norwegian values such as openness, transparency and closeness (Sejersted, 1997, p. 45, ref in. Hagen & Trygstad, 2007, p. 35, Falkum & Bygdås, 2012).

This is in strong contrast to French expectations, where the hierarchies lead to a completely different, but shared understanding of roles. *“With the different levels you know where you belong, and it is being demonstrated very clearly. You are at different levels in the hierarchy It is not natural with near contact between the levels”* (Informant no.3).

A very interesting aspect between Norway and France is how they both value equality (Mangset, 2004). It infiltrates both societies, but the perceptions of the term are quite different. Mangset (2004) suggests that the French type of equality is more formal. As long as everyone has the some opportunities, “equality” is functioning. This is evident in for example education, where free universities are supposed to give every student the same opportunities to become whatever they want. In the end, only your own skills should decide where you get a job, and later end up in the hierarchy. This might help explain why even people who didn’t attend a Grandes Ecoles support the uneven distribution of status, in favor to those who actually went. It’s considered right by the society that the students with highest competence and intelligence are assigned the highest position, as they have the best qualifications (Mangset, 2004). It’s an equality based on chance equality (Mangset, 2004), which approves a strong organizational hierarchy by the entire society. In strong contrast, Norwegian equality is more egalitarian. Norwegians doesn’t seem to approve that competence should result in more power or privileges than justified by the position in the organization, since it is low

accept for social inequality (Mangset, 2004). This is also evident in the Norwegian education system, where concept of adjusted teaching is embedded (Utdanningsdirektoratet, 2014). The idea is to meet every student at his or her level, and give him or her acceptable challenges. This way, every student is included and the personal level of skills will not crucial. This is in accordance with our informants' descriptions of low power distance, flat organizational structures and closeness. It will again lead to a more personal trust. Also Levin et al. (2012) supports Mangset's (2004) thoughts. He states that a fundamental aspect of the Norwegian work life is the moderate meaning of formal authority. The Norwegian ideal of equality diminishes the desires associated with hierarchies, especially the ones that are characterized by great diversions in influence and salaries. In Norwegian work life there is usually not doubt who the manager is, but the authority is carried with a certain discretion (Levin et al., 2012, p. 194).

### **7.2.3 The Cultural-Cognitive Pillar**

This pillar is concerned with a shared conception, which constitutes social reality and creates the frames through which meaning is made. It takes a closer look at what we often take for granted. *“Mediating between the external world of stimuli and the response of the individual organism is a collection of internalized symbolic representations of the world”* (Scott, 2008, p. 57). It concerns the meaning we attribute to symbols, gestures and signs in our surroundings. The internal interpretive processes of the world are shaped by an external cultural framework. It is the culture that creates mental patterns for thought, emotions and action (Scott, 2008). It leads to a state of mind that causes us to say “that’s just the way things are done around here”. We discussed this earlier in this chapter, under general theories of neo institutionalism, as the cultural-cognitive pillar shares many of the same aspects (Scott, 2008).

An interesting description shared by several of our informants was working hours in both France and Norway. In France, there seems to be a general understanding that you do not leave work earlier than your superior. It doesn't matter if you are finished with your tasks, you simply don't leave; that is not how things are done around there.

*It's the aspect of time, where you have very long days, they work much more than in*

*Norway. There are kind of these rules, you are not supposed to leave before your boss and if you leave before 6, you will be looked upon as a “draft dodger”, or that you don’t take the work seriously (Informant no.1).*

The informant states that they are more concerned with being present, than the work.

In Norway on the other hand, people have a more flexible attitude related to daily working hours. *“Norwegians are more likely to shovel away work, a bit more “skippertak”. To do as much as possible within a short period of time. It works for us”*. Norwegians value their leisure time, and try to be effective at work in order to leave earlier. A more flexible work life therefore tends to create an acceptance that, as long as you do what you are supposed to do the number of hours spent has secondary importance (within reason of course) *“In Norway it’s more like it’s the time you’re efficient that matters. It’s ok if you arrive at work at 7 am and then leave early, because you did what you were supposed to and used the working time”* (Informant no.6). The managers have trust in their subordinates to not leave before their work is done, as he trusts them to share his visions. This is consistent with an identification-based trust, which is based on identification with other’s desires and intentions (Lewicki & Bunker, 1996). The managers and employees come to truly understand each other, which could mean that an employee would never leave unfinished work. It also fits with a transformational management, where the manager is concerned with influencing his subordinates. This was further explained in chapter six.

## **7.3 Rationality**

Weber defined rationality in our theory chapter as how to attribute meaning to your actions and behavior. These meanings can have different content, depending on the environmental surroundings and cultural/societal expectations. This is an explanation to why decision-making and trust relations differ between France and Norway. It’s more rational, that is - it’s more meaningful - to behave in accordance with calculus-based trust in France. The environment is permeated with an impersonal trust. It doesn’t make any sense to try to develop personal relations in such an environment, and it might be difficult to build trust based on knowledge, when no knowledge is shared. In the same way, this type of behavior would have no meaning in a Norwegian organization. The surroundings are infiltrated with

expectations of personal trust, which is also evident in the organizations. We argue that when you operate in an environment with high trust, it is also easier to advance to knowledge-based and identification-based trust. They both rest on assumptions that you have to have knowledge about the other actor in order to truly understand and identify them. This leads to a predictability, which also makes it easier to invest trust. Actors get to see and learn about each other in different contexts, in order to be even better at predicting behavior.

Earlier in our study we have suggested to describe French organizations as full rational seeking, and Norwegian organizations as more calculative, but in acceptance of bounded rationality. In his article, Redmond (2004) introduces a third type of rationality, namely institutional rationality. He states that it requires two ways of thinking or rationale; one that produce rule-following behavior and one that produce purpose-seeking behavior. These are also consistent with Weber's goal oriented and value oriented rationalities, described in chapter three. Cognitive efforts are involved with the assumptions of institutional rationality. Redmond (2004) states that behavior that is pre-described doesn't really require that much cognitive effort. This is in line with our earlier descriptions of French organizations as full rationality seeking. We do not state that the French do not appreciate cognitive thinking; rather we argue that the French seek predictability, compliance, low risk and full rationality. This leads to a sort of organizational life where following the set institutional rules (rationales) becomes more vital than cognitive effort. Hence the trust relations are calculus-based, you trust each other to follow the rules and do what you have said you will. This is also consistent with the description of personal and impersonal trust. It is easily done to assume that a trust of more personal grounds would require a bigger cognitive effort. This is all linked to cultural-cognitive pillar in that the way that: *"human thinking and acting are governed by rules which have, by a process of selection, evolved in the context of society"* (Ehrlich 2000, ref. in Redmond, 2004, p. 176). The cultural and societal surroundings are what lead to the specific form of rationality, and then trust relations.

On the other side, the type of rationality that includes more planning needs more cognitive effort, as purpose seeking can be demanding (Redmond, 2004). If the purposes of several actors have to be considered, in contrast to a situation of overall general rule following, one



can easily imagine a more challenging rationality. We argue that Norwegian organizational life is not necessarily characterized by diverging purposes, but rather the fact that every individual are to be united and considered in terms of decision-making. This is embedded in laws and regulation in the societal surroundings, such as the Work Environment Act. They are all to be acknowledged, as transformational management requires, and every individual functions in different ways. Redmond (2004) also says that it is possible to converse effort with this rationality by learning from others and their experiences, and to work together. This is consistent with what our informants have shared about Norwegian work life. It is costly to go through every new situation by yourself. We let Redmond summarize this sections: “.

*“Because we have inherited institutionally rational minds we are predisposed to create and to depend on an enormous range and variety of institutions, which collectively constitute the “great flywheel of society””* (Redmond, 2004, p. 186).

## 7.4 Summarizing Comments

To summarize, we argue that the regulative pillar is the most dominant in French organizations, with both formal and informal rules. In Norway, the cultural-cognitive and normative seem to have more dominance. These conclusions are based on the previous analysis, and what our informants have shared as simply their expectations. If aspects from the regulative pillar had been more dominant in Norwegian organizations, it wouldn't have been consistent with the employees' expectations of work life. It would be harder for them to predict wants, as well as future behavior, from their colleagues. In the same way, French employees could have been insecure if a manager all of the sudden operated with closeness and expected them to chitchat. The worlds-in-common in respectively France and Norway provides expectations of future behavior, and societal values help accepting them. Even though the two countries operate with different types of trust, respectively calculus-based and identification-based, it still provides a predictability in both countries that facilitates behavior. It also guides managers. It could be discussed if France would have less trust if the regulative pillar was less dominant, as the society and culture could be said to support its existing dominance. We do argue that the regulative pillar is more dominant and fits better with the society, which leads to the highest possible amount of trust for the French. Trust and predictability are connected. In the same way, aspects from the normative and cultural-

cognitive pillar are a better fit for Norwegian organizations, where norms and rules such as equality and inclusion infiltrate the society.

# 8 Conclusion

Throughout this study, we have examined trust relations in French and Norwegian organizations in order to answer our research question. In this chapter, we will conclude by presenting summarizing comments. We will also suggest to integrate the theoretical approaches. The assumptions made in the introduction were:

1. We assume that trust relations will be different in French and Norwegian organizations.
2. We assume the institutional environment and management style will differ in French and Norwegian organizations.
3. Trust in its daily connotation will be of less importance in French organizations than in Norwegian's.

All of the assumptions were to a large extent verified. We have shown that trust relations are quite different in French and Norwegian organizations. We have identified an impersonal and calculus-based trust in French organizations, which mainly fits with Scott's regulative pillar. In Norway, personal and knowledge-based – even identification-based – trust has been identified, which mainly seems to be in accordance with the normative and cultural-cognitive pillar. We have argued that transactional management style creates conditions for an impersonal trust, while transformational facilitates for a more personal trust. As a conclusion, an organization's institutional environment and management style will affect both the level and form of trust. This is evident through for example decision-making processes.

## 8.1 Summarizing Our Main Findings

We have highlighted elements of neo institutionalism and transactional and transformational management, which have proven to create certain conditions that affect trust relations. General theories of rationality and interviews concerning decision-making have illustrated how these relations can appear, and how actors attribute logic to it. Descriptions of French and Norwegian work life, mainly based on laws, education and culture, have been used to explain the different management styles. Based on our examination, it seems that the form

and level of trust differs in French and Norwegian organizations. We want to start this chapter by presenting the study's main findings within each theoretical framework.

Our findings of decision-making processes in Norway and France show that the processes seem to be characterized by two different forms of rationality. Based on our informants' statements as well as existing literature, it can be argued that the constant strive for full rationality in French decision making processes is caused by a low level of trust in the organizations, since complete information would make trust superfluous (Bachmann, 2003, p. 60). On the other hand, the decision-making processes in Norwegian organizations are characterized by limited rationality. Decision-making was described as more pragmatic, open and risk seeking, which are all factors that indicate this form for rationality. The inclusion of employees and trade union representatives in decision-making processes are important conditions for trust to establish at higher levels.

The theories of transformational and transactional management were used to illustrate how management and trust are related. The theoretical framework emphasizes two different types of logics that captured some central aspects respectively of the French and Norwegian managers. Our analysis show that a transactional management contributes to trust relations characterized by calculus- based trust, which support our assumptions. The exchange relationship, based on sanctions and rewards, promotes a behavior where promoting oneself seems to be the rational thing to do. Knowledge as an object of exchange is seen as an important resource to power, and you might weaken your position in the relationship by sharing knowledge. Because of this, one important condition for the development of trust – knowledge sharing - is rare. Trust is simplified to compliance; one may trust each other because of the existing control mechanism. For this reason, we argue that the trust relations in French organizations have a form of impersonal trust. Managers and employees have few incentives to invest in the effort of developing a personal form for trust. This is not necessarily the case for the entire organization, - it seems like the trust relations in the informal networks are more developed. Information sharing and predetermined trust are conditions that facilitates to even higher levels of trust. We assumed that in Norwegian organizations, trust relations would take more of a personal form. It's likely to be established at knowledge-based level, and in some cases at identification- based level. Our analysis shows that it's especially the openness, low power distance, employee participation and work

processes in the organization that stabilizes trust relations at these levels. The integrated system of employee participation creates an understanding of the organizations as a whole and contributes to shared values and goals, which have to be in place for trust to develop to identification-based level. This will also enhance a personal form for trust. Our analysis shows that the transactional and transformational management, not only shape the trust relations between managers and employee, but also between employees.

The use of neo institutional theory and Scott's three pillars illustrated how different institutional aspects dominate in respectively French and Norwegian organizations. We have argued that in France, regulations, possible sanctions and informal roles are the most dominating factors when it comes to regulating and constraining behavior. This is consistent with Scott's regulative pillar. We have also argued that it leads to a calculus-based and impersonal trust. The factors from the regulative pillar are less directly decisive in Norwegian organizations, where laws like the Model of Collaboration and the Work Environment Act function more as a foundation for trust. Employee participation helps to keep the entire organization on board, with shared norms and values. High level of trust, flat organizational structure and closeness between managers and employees lead to a world-in-common where expectations of inclusion is high. In France, there seems to be both expected and accepted that top executives and managers from Grandes Ecoles constitute an elite with a lot of power. This reality is supported by societal values, where an instinctive elite to perform important tasks are seen as a necessity.

## **8.2 Integrating the Theoretical Frameworks**

The theoretical frameworks were chosen to illuminate our assumptions from several perspectives. However, it is also possible to integrate them in one discussion, as they share some basic similarities. Trust relations are obviously not depending on only management style or only institutions, and a true understanding of them cannot be explained simply by studying decision-making. The chosen theories have complemented each other, and we argue that it is possible to obtain a deeper understanding by integrating them. For example, management style is in constant interaction with the institutional frameworks. Not only are they mutual dependent, but they also sustain and enhance one another. They also promote and

restrict which behavior that is considered rational. As Sørhaug (1996, p. 48) states, the manager administrates and express the organizations legitimacy, power and resources. The manager regulates the organization's inner and outer limits, meaning the relationship between departments, positions and between formal and informal organizing (Sørhaug 1996, p.45). We see that an integrated perspective facilitates for a more complete understanding.

### **8.2.1 A last Illustration to Our Point**

To verify this interdependent relationship of theories, we will envision a French manager being placed in a Norwegian organization, and discuss possible outcomes. A French manager with a transactional logic is likely to meet challenges in a democratic, low power distance organization. The most likely exclusion of employees in decision-making processes would not be accepted, either by the Norwegian employees, or the trade unions representatives. Exclusion would be in opposition to Norwegian employees' expectations and norms – it would even break the laws concerning employee participation. Since power in Norwegian organizations is to a large extent shared with the employees, an exclusion of the employees wouldn't be sustainable. The managers' legitimacy in Norway is based on the support of the employees; it's likely that the French management style would lead to loss of legitimacy. In other words, in the institutional environment in Norwegian organizations, maintenance of French management style wouldn't be rational.

As a possible result, transactional management supported by the regulative pillar can lead to mistrust in Norwegian organizations. Further, transactional management doesn't encourage closeness and equality, which are values well embedded in Norwegian society, and thus in organizations. The French manager and the Norwegian employees wouldn't share a world-in-common, where norms and rules would be agreed upon and followed, without being sanctioned. Each other's behaviors would be anchored in completely different rationalities. A French manager's action would make sense for him, but it might be comprehended as unpredictable by Norwegian employees. A management style characterized by control, power and elitism is likely to be challenged by the Norwegian Model of Collaboration. The Model of Collaboration is based on reciprocity and cooperation between all three parties, and the French management syle could disrupt this harmony. The Norwegian employees' rationality would be created in a completely different institutional environment than a French manager.

They would accept and expect different behavior from each other, which would limit trust development.

### **8.3 Reciprocity?**

An element that implicitly recurs in all of our theories is the concept of reciprocity. In sociology the term refers to an intermediate between self-interest and altruism (Noteboom & Six, 2003). Putnam (2000, p. 134, ref. in Noteboom & Six, 2003) suggests to characterize this as a short-term altruism for long-term self-interest. We argue that it could be seen in management theories, as employees and managers are in a mutual dependent relationship. They have to acknowledge each other in one way or another, either as simply based on exchange or as equal associates in an organization. Reciprocity will strengthen and produce trust (Sørhaug 2004). In the same way, a low degree of trust would break the rules of reciprocity.

Generalized trust, which we have located in Norway, creates a basis for reciprocity. It is visualized in the different laws and agreements in Norway, and in transformational management. The Norwegian Model of Collaboration facilitates for reciprocal trust between the included parts. The notion of employee's direct participation in the model also encourages reciprocity. The employees have to actively gain knowledge, and the manager has to facilitate for participation. The parts are mutually depending on each other's actions. Reciprocity is not found to the same degree in France, due to lacking channels of influence in organizations for employees and low degree of participation in decision-making. Also, a provision of information based on trust, which is seen in transformational management, open decision-making processes and Norwegian institutions, can start a positive dynamic of trust (Noteboom, 2003). It could be argued that the French organizations are characterized by a more one-way dimension rather than reciprocity, which seems to be supported by the elitist value in society. In addition, the French decision-making process has shown to not be filled with much reciprocity as employees are not included or informed. On the other hand, transactional management is based on an exchange, which could be discussed as reciprocity as both parties gain something. Also, Gouldner (1954 ref. in Vos & Wielers, 2003) states that

reciprocity can be present in all institutionalized sectors, even the most rationalized. Still, Vos & Wielers (2003) state that people who are involved in a relationship based on reciprocity doesn't have a calculative attitude towards outcomes of the relationship. Also, actors engaged in a reciprocal relationship expect from each other that they respond to each other's needs (Vos & Wielers, 2003, p. 85). Thus, French organizations function the way they do, as the predictability of other actor's future behavior are institutionalized and regulated by the transactional relationship.

The notion of reciprocity got our attention after we integrated our theories. It could be used to explain and investigate our findings in a new way. The integration of the theories also creates wonders and assumptions that could lay foundation for future research.



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All sources that have been used in this master thesis are given.

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# Appendix A

## Intervjuguide

Understreke at vi er studenter fra UiO som skriver masteroppgave i Organisasjon ledelse og arbeid. Vi skriver om norske ledes utfordringer i møte/samarbeid med andre kulturer, og har da valgt å se nærmere på norske ledere i fransk kontekst, altså bedrifter. Vi er spesielt opptatt av ulike former for tillit og hvordan dette skapes og vedvares.

Hva er vi ute etter – vi er ute etter beskrivelser, opplevelser, historier, eksempler.

NB til oss selv: spør fortløpende om konkrete eksempler.

### Del 1 – standardspørsmål

1. Hvem vedkommende er; rolle i organisasjonen, hvor lang fartstid, både i Norge, Frankrike og i ulike organisasjoner etc.
2. Hvilket ledernivå?
3. Alder, og hvor lenge har du arbeidet i Norge? Frankrike i lederstilling?
4. Hvor lenge har du jobbet i nåværende organisasjon?
5. Hvorfor dro du til Frankrike? (Om det var eget ønske).

### Del 2 – det større bildet

6. Kan du kort fortelle om din oppfatning av norsk lederstil og arbeidsliv?

(Hvis treigt, prøve komme inn på hva vi vet fra teorien. "Vår hypotese er at" det er bygget på kort distanse mellom ansatte og ledere, tillit, konsensus, medbestemmelse, etc)

7. Kan du fortelle litt om din oppfatning av fransk lederstil? Fransk organisasjonsliv? Fransk organisasjonsstruktur?

- sosiale relasjoner på jobb

8. Har du opplevd noen konkrete forskjeller i å jobbe i en fransk organisasjon, fra en norsk?
10. Hva er din oppfatning av fagforeningene? Hvilken rolle spiller tillitsvalgt i franske organisasjoner?
11. Hvordan foregår eventuelle forhandlinger?
12. Kan du fortelle om beslutningsprosesser i franske organisasjoner. Hvem er inkludert? Hva vektlegges?
13. Etter en beslutning er tatt, hvordan blir den gjennomført? Kommunisert, oppfølging, styring?
14. Hva opplever du som den største forskjellen mellom norsk og fransk arbeidsliv? Er dette også den største utfordringen?
15. Hva oppfatter du som de største forskjellene mellom ledelse på norsk og ledelse på fransk?
16. Har du opplevd noen språkbarrierer?

### **Del 3 – det konkrete om tillit**

17. Hvis du tenker på tillit i organisasjoner. Hva betyr det for deg?
18. Hva mener du skaper og opprettholder tillit i franske organisasjoner?
19. Hva mener du skaper og opprettholder tillit i norske organisasjoner?
20. Hvor “ligger” tilliten i franske organisasjoner?

21. Har du opplevd tilfeller av mistillit. Hva forårsaket dette? Hva ble gjort for skape tillit?

22. Hvordan bygges tillitsrelasjoner opp og virker i henholdsvis norsk og fransk arbeidsliv

### **Avslutningsvis**

Er det noe du vil legge til? Noe du tror vi har godt av å vite?