

Justyna Stecko¹TRUST AS AN ESSENTIAL FACTOR
BEHIND ECONOMIC DECISIONS

This article attempts to explain the notion of trust from the economic point of view. The issue of trust is treated as a hidden variable, which directly influences the level of profit generated by companies. The author interprets the survey results related to the influence of trust on economic choices made by citizens in the Podkarpatie Region, Poland.

Keywords: trust; consumer decision; survey; Poland.

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ДОВІРА ЯК ІСТОТНИЙ ФАКТОР ПРИЙНЯТТЯ
ЕКОНОМІЧНИХ РІШЕНЬ

У статті зроблено спробу пояснити явище довіри в економічній площині. Проблема довіри представлена як прихована змінна, що безпосередньо впливає на розмір прибутків компанії. Проаналізовано результати опитування щодо впливу довіри на економічні рішення мешканців Підкарпатського регіону (Польща).

Ключові слова: довіра; рішення споживача; опитування, Польща.

Рис. 2. Табл. 1. Літ. 12.

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ДОВЕРИЕ КАК СУЩЕСТВЕННЫЙ ФАКТОР В ПРИНЯТИИ
ЭКОНОМИЧЕСКИХ РЕШЕНИЙ

В статье предпринята попытка объяснить феномен доверия с экономической точки зрения. Проблема доверия представлена как скрытая переменная, непосредственно влияющая на размер прибыли компании. Проанализированы результаты опроса о влиянии доверия на экономические решения жителей Подкарпатского региона (Польша).

Ключевые слова: доверие; решение потребителя; опрос; Польша.

Introduction. This publication aims to discuss the issue of trust, which is often undervalued, with special emphasis on its economic perspective. In the contemporary world, more and more companies analyse how to reduce operating costs on the one hand, and how to develop trust of their employees and customers on the other. The reason why this is so important is because a number of people admit that they do not buy any product from or do not use services provided by companies which they do not trust. It appears that trust is a hidden variable with direct influence not only on company's performance, but also on the level of savings, and a "dividend of trust" can improve business results to a large extent.

As it turned out, BestBuy experienced an increase in work output by 35% after they permitted their employees work when, where and how they wanted to – on the condition that all their duties would be done completely. A coach at "Franklin Covey" mentions that more and more frequently the so-called economics of trust is applied, while building trust is understood as a process – that is predictable and can be expressed in a mathematical formula. There is one rule that governs it: the higher is the level of trust, the lower are operating costs and the faster is the implementation of all projects.

Literature review. World literature includes works written by many well-known authors who have focused on the issue of trust. One of them is F. Fukuyama (1995),

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according to whom societies with low level of trust are forced to pay a sort of tax on all forms of business activity, whereas communities which have adopted trust-based approach, as a traditional custom that survived, are not burdened by such tax. He also poses several crucial questions which for a long time have not attracted the interest of philosophers, sociologists, psychologists or economists. He asks not only whether trust exists, but also how it influences economic actions. Another thinker who concentrates on the issue of trust is R. Hardin. Based on extensive literature on the subject in question, he analyses common concerns that stem from a decreasing level of trust, both in other citizens and a government. The author researched various manifestations of trust and the lack of trust in public life. In his critical analysis, the researcher devotes attention to the theories of trust, based, among other things, on experimental games and survey researches (Hardin, 2009). The term trust is used by R.K. Sprenger (2009) to refer to one of the most important elements in relationships between superiors and workers, between colleagues and partners, as well as in private life. R.K. Sprenger holds the view that without trust planning effective management is impossible, and no company can increase the pace that would be enough to secure its economic future at contemporary turbulent market. What also deserves attention is a kind of a guide written by R.S. Covey (2010). As an expert on leadership, he advises how to build trust and become a reliable business partner, a good employer and leader. The author points out that trust reduces transaction costs, increases the chances of resolving disputes amicably and boosts trade. It is a sort of a bond for all organisations to make them work like well-oiled machines. Considering Polish authors, the monographs by P. Sztompka (2007) and W.M. Grudzewski et al. (2009) are worth mentioning here. The first one understands trust as the basis for social interactions and devotes close attention to the analysis of situations referred to as "atmosphere of trust" or "atmosphere of distrust". He considers trust an indispensable factor in a democratic policy and economic development, but what is even more relevant, for him it is a foundation on which safety in everyday life should be built (Sztompka, 2007). The latter publication is not only an extensive presentation of definitions and typologies of trust, based on numerous sources, but also demonstrates contemporary methods of building and managing trust (Grudzewski et al., 2009). There are also other publications, written by the author of this article, which deserve some attention, such as: "Trust and Corporate Social Responsibility" (Stecko, 2012), "Building Commitment and Trust of Value in the Modern Enterprise" (Stecko and Baran, 2014). The titles mentioned above show the author's attempt to present trust as the key concept not only in terms of private or professional spheres, but also in relation to social or political aspects, understood in general sense.

Trust and economic goods. Considerable interest in the issue of trust – which has been shown for more than a decade – is an interesting phenomenon. Trust enjoys a triumph yet again, being the centre of attention for scientists representing various fields and specialisations, such as sociologists or psychologists, but also economists and marketing specialists. It has turned out that trust is playing greater and greater role in increasing commitment and effectiveness of employees.

However, how is trust described? It seems that one can indicate at least several aspects:

- trust is interpersonal, refers to relationships among people and not among institutions;

- trust is built in interpersonal relationships;
- it is based on the assumption that the other person does not aim to deceive anyone;
- trust is a "breakable commodity" (Sztompka, 2007), it is fragile and can be easily lost;
- nobody can be forced to trust, it is an act of voluntary "confidence";
- it is a process which evolves dynamically;
- it is a positive and intensifying experience, and not a one-time phenomenon;
- trust is a response to risk;
- it is extremely valuable.

Literature offers several dozens of definitions of trust, but they differ from each other in various aspects, still refer to the common plane. When thinking of trust, we are convinced that the other person will behave in a specific and predictable manner. We believe that information given to us is not false, and a pledge concerning one's skills can be fulfilled. Most of the definitions refer to the belief in a specific behaviour of the other person. It appears that the very essence of trust is a sort of conviction that a particular person will not let us down and will keep the promise given. For the purposes of this study, we will adhere to the definition that encompasses both relational and cognitive aspects. Trust is a conviction that is subject to a subjective probability assessment, and based on such a conviction, unit (A) agrees to be dependent upon unit (B) – a person, institution, thing etc. – in a specific situation, having the sense of relative safety determined by such probability, even though negative consequences are plausible (Wierzbinski, 2009). What is of key importance about that view is that it not only encompasses interpersonal relationships, but also refers to trust in institutions, symbols, and even things, which enables such a view to be applied to economic interactions. Yet how trust is described in relation to economic behaviour? For the purposes of this paper, attention is given to the relationships of an individual consumer in the world of economic relations.

The overwhelming majority of cases on consumer behaviour are devoid of a transactional nature. Most purchases made every day are routine and unreflective acts of buying (Tyszka, 2004). They do not involve negotiating prices or even being inquisitive to get some information, but they only entail chatting about the current social situation or weather forecast. We usually tend to purchase popular brands and commodities – we buy bread in a bakery which we know very well, dairy produce in a place where we have done shopping many times before and other products which we have already tested. What occurs the most often in that respect is unconscious consumers' trust. This is slightly different when we consider purchases made after having heard our friends' opinion or when being influenced by an advertisement. Contrary to routine shopping, the latter entails a sort of reflection, but it often requires also trust placed for example in a brand. In the case of services in which we participate every day, such as those connected with water supply, electric power distribution or sewage disposal, our trust is considerably less conscious. This type of trust can be referred to as instrumental (Sztompka, 2007). We usually do not realise how crucial aspect of our life it is; when using water, we do not wonder whether it is safe to drink, and when we are boarding a bus, tram or train, we do not check driver's competency. However, taking into consideration services which are not so routine and which we

use much more seldom – for example, when we go to the dentist, hairdresser or to a garage, then what is involved is trust with a slightly higher level of consciousness.

The most of the planes mentioned above entail a kind of routine trust; there are, however, also such types of economic relationships where trust plays the key role. This is the case with purchasing durable goods or financial services. Those types of transactions are accompanied by considerably higher risks, thus not only greater control is required, but also trust – which is much more valuable. Most consumers' financial decisions about entrusting money to somebody entails – even though there are numerous legal security measures – an element of risk, and consequently, trust is required. The results of the Edelman Trust Barometer study demonstrate that since 2012 there has been a continuous increase in the global trust index, following a dramatic drop in 2008; nevertheless, financial services are still reaching the lowest level of trust among all the sectors of both worldwide and Polish economy. The least trust is placed in financial consultancy and insurance companies, with loans and other banking services being only slightly better. These results reveal that some changes, particularly in the area of financial services, are necessary.

Table 1. Types of relationships and trust, author's

Level of Importance	<i>Mean</i>	<i>S.D.</i>	<i>Rank</i>
1. Law on investment	4.84	.832	1
2. Law on enterprises	4.76	.979	2
3. Law on income tax	4.65	.954	3
4. Law on environment	4.49	.763	4
5. Law on real estate	4.45	.821	5
6. Law on security	4.39	.791	6

Other research, conducted by "On Board PR", has also given interesting results showing that trust in Polish companies is much more valued than ethics and morality. It has turned out that trust is a strategic resource, which makes it possible to reduce costs and constitutes a source of competitive advantage. Interestingly enough, it passes the strategic value test, put forward by Bratnicki (Stecko, 2011).

However, what deserves special attention is not the theoretical part of the work, but the empirical data.

Research results. The analysis of the research results on the influence of trust on economic choices made by citizens of the Podkarpace Region is a part of a greater study. For the purposes of this article only a portion of the results, was chosen.

The research was conducted using the interview method, which involved a research questionnaire prepared before. The interview was carried out among citizens of cities and villages of the Podkarpackie Province, who were chosen at random. The respondents assessed the influence of observed trust on economic choices. The research was carried out in May and June 2015. The questionnaire was given to 500 people, out of whom 477 filled in the survey forms appropriately. The research covered 55% of women and 45% of men aged between 18 and 67. They were asked 50 questions included in the questionnaire, yet due to the form and length of this article, only a part of them are used here. Already the first answers given quite surprising results.

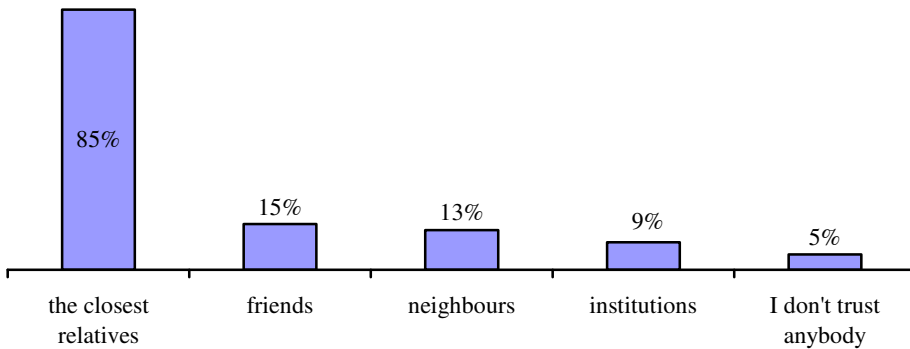


Figure 1. Who do you trust the most?, author's

As it can be observed, the respondents invariably put the greatest trust in their close relatives, whereas institutional relationships are at the very bottom of the list.

The people researched were also asked to indicate relations in which their trust was established consciously. The vast majority referred to everyday shopping and services as to the relations based on routine trust. The strongest need for security and trust was observed with regard to financial services and services connected with health (such as appointments to consult a doctor). In the case of financial institutions in Poland, a significant decrease in trust was noticed in relation to majority-owned foreign banks (Soloma, 2010). It seems to be safer to entrust money to an institution based in "your country", rather than to organisations which only invest in Poland.

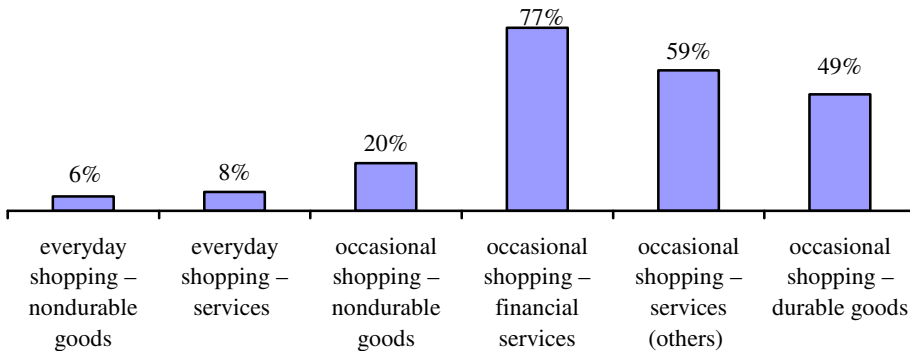


Figure 2. In which relations is your trust established consciously?, author's

The most interesting answer seems to be the one which refers to trust in specific companies and brands. Only every tenth Pole decided to spend his/her money on services or products offered by a company which he/she did not trust.

To the question "Does the trust which you have placed in a brand refer also to other products?" as many as 77% of the respondents gave affirmative answers. It appears that in the context of the research in question, yet another aspect of building trust in companies is worth mentioning. Not only customer relations build a good image of the company, but it is also the way how the company treats its employees – whether it pays attention to obeying rules, both legal and ethical ones. Apparently, there is a significant correlation between trust and corporate social responsibility. The

research carried out by the author in 2012 and related to developing trust of potential customers in companies demonstrated that aspect clearly (Stecko, 2012). The respondents put particular emphasis on the transparency of business operations, observance of employees' rights, care of local communities and charity – all of which were considered to be the actions that built trust of potential customers in companies.

It seems that businesses which want to earn trust of both existing and potential customers should also give careful attention to how employees perceive the workplace. An employee who is treated badly at work, who is often humiliated, does not contribute to a good image of the company. A satisfied employee is the best mark of a responsible employer. Rewording it differently, how customers could trust us if our employees didn't?" – as said by one co-ordinator of the project "Socially Responsible University".

As it appears, trust is a hidden variable, which directly influences not only company's performance, but also the level of its savings. If an enterprise has trust, it is less plausible that anybody will believe in negative information about it – only 25% of the respondents gave such an answer. Otherwise, an unpleasant fact disclosed to general public will be remembered and believed to be true by more than half of the recipients.

Conclusions. Economic and technical challenges compel consumers take risks, and consequently, have trust. Considering economic behaviour, which is frequently routine, trust is not always conscious, and we use resources that have been developed before. Trust in economic interactions may refer to people – and this aspect was discussed in this work, yet it can be also connected with institutions. It seems that the conclusions reached in this article can be complemented by the reflection upon the issue of building trust in institutions and people who represent them, also with respect to geographical and cultural areas.

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