

**UNPACKING THE ROLE OF ORGANIZATIONAL ACTORHOOD IN
INTERORGANIZATIONAL TRUST:
A REPLY TO “LOOKING BEHIND THE CONTINUUM: AN INSTITUTIONAL
ECONOMICS PERSPECTIVE ON SCHILKE AND LUMINEAU’S ‘HOW
ORGANIZATIONAL IS INTERORGANIZATIONAL TRUST?’”**

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We genuinely appreciate the thoughtful comments by Schultz, Valentinov, and Pies (forthcoming) on our original article (Schilke & Lumineau, forthcoming). We are pleased that they found the ideas presented in our article interesting, to the extent that it compelled them to initiate a dialogue that allows us to clarify and expand upon some key issues. Their commentary specifically addresses two points from our initial article.

First, Schultz et al. (forthcoming) propose that a “higher level of organizational actorhood helps to lower the functional burden of trust on individuals for both trustors and trustees.” The argument that follows implies that organizations have a comparative advantage over individuals when it comes to placing trust and being trusted, given their legitimacy, capacity to make credible commitments, and predictability. Overall, the argument seems to suggest that organizations are “better” trustors and trustees than individuals.

We take issue with this broad-based assumption that one-sidedly favors high organizational actorhood. In our view, the organization, as a locus of interorganizational trust, has both pros and cons compared to an individual. In fact, our discussion around “trust accuracy” in the article (pp. 39–40) directly addresses this issue. Here, we conceptualize trust accuracy as the capacity to neither misplace trust nor refrain from trusting when doing so would have been beneficial (Schilke & Huang, 2018; Yamagishi, 2001) and discuss whether organizations or individuals can be expected to be higher in trust accuracy. Our discussion makes it evident that it is not clear-cut. An argument can be made for both parties. Organizational collectives may have certain advantages over individuals, but they can also potentially exacerbate biases, be highly inertial, elicit less cognitively complex processing, and be evaluated in an overly positive light. So, an important question arises as to *when* organizations rather than individuals will facilitate more optimal trust decisions. We take this opportunity to initiate a discussion of relevant contingencies.

On the trustor side—i.e., addressing the extent to which the organization rather than

individuals should be the dominant trust decision maker—we can think of four relevant moderators of the effect of organizational actorhood on trust accuracy: *environmental dynamism*, *interorganizational exchange history*, *relationship typicality*, and *boundary spanner expertise*. Briefly, because organizational trust tends to be more rigid (as elaborated in our article), individuals may be the preferable locus of trust in highly dynamic environments in which trust adjustments may need to be made on a regular basis. When an interorganizational relationship has a long history, the organizations involved have had plenty of opportunity to learn about one another and organizational-level trust decisions will be well-informed; conversely, in the absence of an interorganizational track record, individuals may be better at making situational gut-feel decisions. Further, if the interorganizational relationship is similar in nature to the others the organization maintains, generalizations may work well, but if the nature of the relationship is more unique, then generalizing from the organizational portfolio to the focal relationship may be misleading. Individuals, on the other hand, are more sensitive to relationship-specific cues. Finally, if boundary spanners lack experience in dealing with other organizations in general or the particular partner specifically, the organization might be a better trustor.

On the trustee side—i.e., addressing the extent to which the organization rather than individuals should be the primary focus of attention in trustworthiness assessments—two relevant moderators come to mind: *partner organization stability* and *relationship scope*. If the partner organization has recently undergone significant changes, prior evaluations of that organization may now be outdated and deceptive when forming trust perceptions. Conversely, if a partner organization has shown stability in its personnel and policies over time, it might be safer to focus on the organizational level when calibrating trust. In addition, interorganizational relationships vary in scope; if the scope is narrow and involves very few organizational members, this would favor a focus on these individuals' trustworthiness, but if

many parts of the partner organization are involved, a focus on the entire organization's trustworthiness seems advisable.

Again, the important point is that it is premature to make general statements about whether the organization or individuals should ideally carry the “burden” of trust, given each party’s highly contingent capacity to produce trust decisions that are accurate.

Second, Schultz et al. (forthcoming) insist that “the organizational-level trust systemically requires both trust and distrust at the individual level” and “that interorganizational trust must be fueled by (...) individuals within organizations.” We have reservations about this one-sided perspective and, in line with our previous research (Lumineau & Schilke, 2018; Schilke, Reimann, & Cook, 2021), we propose instead that organizational-level trust is an emergent property that may arise from, but is *not reducible to*, individual-level trust and distrust dynamics. In fact, the organizational level may exhibit distinct trust-based attributes that cannot be fully explained or accounted for by individual-level factors alone. Organizational-level trust is more complex than a simple linear aggregation or average of individual-level trust and distrust. Rather, it can be viewed as an emergent phenomenon—something that arises from the interplay of individual-level dynamics, but then takes on its own unique characteristics and qualities at the level of the collective that cannot be reduced to the individuals that constitute it (Selznick, 1957). We suggest that the organizational context introduces new layers of complexity that cannot be fully explained by individual-level psychological or relational processes. While our previous work (Lumineau & Schilke, 2018; Schilke & Cook, 2013) acknowledged the possibility of a bottom-up emergence of trust from individuals to the organization, it also emphasized the relevance of top-down influences, where the organizational context shapes and informs the trust perceptions and behavior of individual organizational members.

In conclusion, we are grateful to Schultz et al. (forthcoming) for this opportunity to

revisit and elucidate key aspects of our research. At the heart of successful interorganizational relationships lies the social mechanism of trust that facilitates collaboration. We hope this dialogue fosters more research and attracts new scholars to further advance our understanding of trust in interorganizational contexts.

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