

The Trust/Culture Conundrum: Managers' *Phronesis*, Practices, Habituses, and the Choice of Trust or Coercive Strategies

ABSTRACT. Organizational cultures have major effects on trust but findings are contradictory. Bourdieu's concepts of practice, habitus, field, and capitals, and Fox's theory of high- versus low-trust authority relations enable analysis that untangles the decisiveness of managerial choices between trust, and seductive/coercive controls, explaining emergence or disappearance of high-trust cultures. Israeli kibbutz studies found that transformational leaders change to transactional ones engendered contradictory gravities in the field and contradictory managerial choices that explained the field's mix of high- and low-trust cultures. Successful tenured leaders became coercive oligarchs, used low-moral practices and engendered some low-trust cultures, but many other local cultures remained high-trust since innovative managers with involvement habitus, practical wisdom, *phronesis*, and intangible capitals from successes, continued involvement, high-trust relations, knowledge sharing, and innovation that explained more successes. However, conservative managers with little *phronesis* made more successful careers than innovators as oligarchs' clients by market- and hierarchy-based seductive/coercive controls, low-moral politics, and abuses of intangible resources. Gradual growing dominance of conservative low-trust cultures explains both continued success and eventual failure. Untangling the field's contradictory cultures made contradictory research findings explicable. This calls for organizational culture students to study trust and leadership, while it has major implications for workplace democracy.

KEYWORDS field's gravities, high/low-trust cultures, managerial practices, managerial habituses, managerial *phronesis* (practical reasoning).

INTRODUCTION

Much organizational research now recognizes the importance of explaining trust in its broader context, beyond the characteristics of specific actors, and especially in the context of a culture. However, within any specific societal culture, the ways with which it influences organizational cultures and trust levels remain ambiguous, especially in terms of how a culture impacts trust between hierarchic ranks, which is decisive in organizational processes (Ardichvili, 2008; Deutsch, 1958; Dore, 1973; Fox, 1974; Guest, 1962; O'Mahoney, 2005; Ring & Van de Ven, 1992; Zand, 1972). Recent research has corroborated previous findings that culture has major effects on trust (Casimir et al., 2006; Huff & Kelley, 2003; Wang & Clegg, 2007), but much ambiguity has remained, as indicated by contradictory findings of organizational culture research. For instance, some authors found Japanese firms to have high-trust, consensus-based cultures (Dore, 1973; Ouchi, 1981; Rohlen, 1974; Fukuyama, 1995), while others have found their cultures to be low-trust and coercion-based (Clark, 1979; Huff & Kelley, 2003; Kamata, 1982; Mehri, 2005). For some authors collectivistic cultures enhance trust more than individualistic ones (Dore, 1973; Huang & Vliert, 2006; Ouchi, 1981; Rohlen, 1974), but others have found that the opposite is true (Huff & Kelley, 2003; Casimir et al., 2006). Rosner (1993) depicted the Israeli collectivistic kibbutz as trust-based and democratic, contrary to market- and hierarchy-based individualistic capitalist firms, but ethnographers exposed many low-trust, hierarchic, and autocratic kibbutzim (pl. of kibbutz), kibbutz factories, and inter-kibbutz federative organizations (FOs for short) (Bowes, 1979; Fadida, 1972; Kressel, 1974; Shapira, 1980, 1987, 2001, 2005, 2008; Topel, 1979).

Overcoming this ambiguity requires a new approach which explains the trust/culture conundrum using Bourdieu's (1977, 1990) concepts of practice, habitus, field, and capitals, and

Fox's (1974) theory of high-trust, high-discretion authority relations versus low-trust, low-discretion relations. Together they enable analysis that untangles the decisiveness of managerial choices between trust and seductive/coercive controls which explain continuity or change of high- and low-trust cultures. Using ethnographic material collected in kibbutzim and their FOs (federative organizations) in the last 35 years, as well as using 20 years of previous managerial experience and delving into the century-long kibbutz history, the article shows that transformational leaders became transactional (Burns, 1978) and oligarchic conservatives as they entered dysfunction phase (e.g., Hambrick & Fukutomi, 1991). This change engendered contradictory gravities of the field as low-trust practices of the encompassing culture were adopted by these leaders and their followers, and the contradictory cultural choices that resulted explained the gradual change of cultural dominance from high-trust cultures to low-trust ones. The change is explicable by prime leaders' efforts to keep offices while the field grew phenomenally. However, many kibbutz cultures remained high-trust due to their innovative managers with involvement habitus (e.g., Gobillot, 2007), practical wisdom, *phronesis* (e.g., Schweigert, 2007; Townley, 2002), and other intangible capitals deriving from successful local leadership. They preferred high-trust relations and knowledge sharing that explained successes, but their opposites with little *phronesis* made more successful careers as clients of oligarchs by using market- and hierarchy-based coercive controls, low-moral politics, and abuses of intangible resources. Gradual growing dominance of the oligarchs and their clients without complete elimination of innovators, explains both continued success for some 60 years, from the 1920s to the 1980s, and eventual recent failure. Untangling the field's contradictory cultures made both kibbutz contradictory findings and other similar contradictions in studies of the culture/trust conundrum explicable.

RESEARCH QUESTIONS AND THEORY DEVELOPMENT

Trust is a problematic concept as many authors have shown. Thus, a first step to cope with the conundrum is explaining the meaning of trust in its organizational context. Bradach and Eccles (1989) grasp trust, market, and hierarchy as three types of organizational control combinable into pluralities of forms, but many others see trust as an alternative control mechanism to hierarchy and market forces (Collinson, 2005; Deutsch, 1958; Dore, 1973; Fox, 1974; O'Mahoney, 2005; O'Toole, 1999; Ouchi, 1981; Rosner, 1993; Shapira, 1987, 2008; also below). Gouldner (1955: 160-162) shows how market forces ruin trust, and it is widely agreed that hierarchic control is inversely related to trust (Costa & Bijlsma-Frankema, 2007). High-trust authority relations are based on shared values and goals, and seeking consensus concerning means used and allocation of duties and rewards; employees are largely motivated by trust of and consent with superiors who communicate clear goals, allow them much discretion, minimize the use of seductive or coercive measures, consult them ahead of major decisions concerning them, and care for their vital interests such as tenure. This results in much sharing of information and know-how, adaptability, effectiveness, and innovation (Adler, 2001; Fukuyama, 1995; Geneen, 1984; Gillespie & Mann, 2004; Guest, 1962; McGregor, 1967; Ring & Van de Ven, 1992; Saxenian, 1994; Semler, 1993; Shapira 1995, 2001; Sieff, 1988; Zand, 1972).

Since trust tends to mutuality, high-trust relations are created by ascending trust spirals: Ego's trusting acts encourage similar ones by Other, s/he is grasped as trustworthy by Ego who then furthers trusting acts such as allowing Other more discretion and making her/him privy to sensitive information, and so on (Fox, 1974). Accordingly, Whitener et al. (1998) found that managers as principal organizational power-holders have to initiate trust relationships. Weibel's

(2007) explanation of high-trust relations by self-determination theory also points to a manager's prime role in their creation: Trust is enhanced if s/he encourages autonomy, competence, and relatedness of subordinates; they tend to internalize his/her values and become more trustworthy in his/her eyes, enhancing trust. S/he allows them more participation in organizational problem-solving, and uses two-way communication with them that furthers trust.

Mainstream Research Bypassed Studies of High-Trust Cultures

Long ago students revealed the decisiveness of trustful relations and sincere, honest communication for organizational success (Argyris, 1962; Deutsch, 1958; Guest, 1962; McGregor, 1967; Zand, 1972). Ethnographers and historians then differentiated between high- and low-trust cultures (Banfield, 1958; Dore, 1973; Fox, 1974; Ouchi, 1981; Rohlen, 1974; Shapira, 1987), business leader autobiographies corroborated the above decisiveness (Geneen, 1984; Sieff, 1988; Semler, 1993), and so did some leadership studies (Burns, 1978; Greenleaf, 1977; Graham, 1991). However, despite the recent surge of trust research, due to forty years of separation between organizational ethnography and organizational behaviorists and sociologists (Bate, 1997), the latter largely bypassed these findings, and their theories and methods remained inappropriate for the study of organizational culture dynamics (Barely & Tolbert, 1997). Hence, the cultural impact on trust level and its effect on organizational processes were often ignored, as, for instance, in knowledge and intellectual capital studies (e.g., Argot, 1999; Bontis, 2001; Buckingham & Coffman, 1999; Stam, 2005). Even some ethnographers missed trust decisiveness: Lazega (2001) noticed knowledge sharing in a law firm with reliable colleagues only (p. 95) and cited interviewees who mentioned the importance of trust (p. 159, 192), but he had neither studied trust dynamics, nor indexed trust, and not did refer to its literature.

A major reason trust literature has hardly been integrated into main organizational literature

until very recently seems to be that managers who created high-trust cultures have violated US and UK managerial conventions, while organizational sociologists and behaviorists have mostly come from these countries. By disregarding ethnographies (Bate, 1997) they missed both how low-trust cultures engendered secrecy, concealment, bluffs, subterfuges, camouflages, mismanagement, and failures (Dalton, 1959; Gouldner, 1954, 1955; Pettigrew, 1973; Roy, 1955; Shapira, 1987, 1995; Webb & Cleary, 1994), and how high-trust cultures, or at least high-trust climates, enhanced the opposite (Dore, 1973; Guest, 1962; Ouchi, 1981; Ring & Van de Ven, 1992; Saxenian, 1994). In Guest's (1962) ethnography the new manager of an American car plant succeeded by unconventional behavior that created much trust and knowledge sharing, but although Buckingham and Coffman (1999) found that the best managers among the some 80,000 studied by the Gallup Organization over 25 years did likewise and created much trust (pp. 16, 26, 38-39, 83, 171), they did not index trust, and referred neither to Guest nor to any other trust study.

Early ethnographies made it clear that managers and leaders as main power-holders are prime creators and nurturers of high-trust cultures (Banfield, 1958; Deutsch, 1958; Gouldner, 1954, 1955; Guest, 1962; Roy, 1955), but research on employee participation ignored both leadership and trust (e.g., Heller et al., 1998; Lafferty & Rosenshtein, 1993; Stryjan, 1989), communities of practice literature rarely alluded to trust relations with leaders and their cultural impact (e.g., Ackerman et al., 2003; Orr, 1996; Wenger, 1998), and social capital literature has dealt extensively with trust and knowledge sharing, but rarely with leaders' and cultures' impacts (Cohen & Prusak, 2001; Huysman & Wulf, 2004).

Worse still, even students who have referred to trust often did not connect it to leader actions, seemingly because most leadership studies have also been done in the US and the UK,

individualistic cultures which preferred powerful heroic leaders, deploring genuine empowerment of subordinates (Ciulla, 1998; Triandis, 1989). For example, in Heifetz's (1995: 88-103) Tacoma case in the US, contrary to the usual federal EPA (Environmental Protection Agency) practice of deciding for local people how their environmental problems were to be solved, the EPA head ordered its branch to help Tacoma residents solve a major problem at a series of workshops and public debates. For this successful strategy he was criticized by subordinates, other officials, and the media, all expecting him to decide and give orders. Moreover, Hardy et al. (1998: 71) point out that managerial rhetoric of trust and dialogue (e.g., Adler, 2001) may be a "façade of trust" not aimed at genuine reciprocity but rather intending to maintain power differentials.

However, large firms, including those that had originally flourished due to high-trust innovative cultures led by transformational, high-moral servant leaders (Burns, 1978; Graham, 1991; Greenleaf, 1977; Semler, 1993), are mostly impacted by low-trust economies in which market forces encourage mistrust (Korczynski, 2000). These firms are embedded in stratified social fields that give ample powers and capitals to successful tenured leaders (Bourdieu, 1977, 1984). Such leaders tend to enter a dysfunction phase within 6-11 years (Hambrick & Fukutomi, 1991), and become transactional conservatives (Burns, 1978) or even autocratic, coercive oligarchs, promoting conservative loyalists and suppressing critics and innovators who mostly leave; eventually, mostly loyalists succeed them and continue low-trust practices for more decades (Hirschman, 1970; Michels, 1959[1915]). Such practices are simpler, their impact is clearer and more immediate, and their use proves a leader's supremacy and assures his self-worth (Kipnis, 1976; Kets De Vries, 1993) to a greater extent than the long, complex, and hazardous process of leading by trust practices that require building consensus on aims, means, and

allocation of duties and rewards. Hence, only a minority of managers prefer them (Buckingham & Coffman, 1999). They are few for another reason: Many less effective managers make more successful careers than more effective ones (Luthans, 1988) by clique politics, clientelism and patronage, subterfuges, scapegoating, camouflages, and other Machiavellian abuses of intangible resources, as well as by “jumping” among firms (Dalton, 1959; Downs, 1966; Hughes, 1958; Jackall, 1988; Jay, 1969; Shapira, 1987, 2008; Stein, 2001). Subordinates use of such practices also curb trust: Their behavior signals mistrust and they discourage non-conventional managers who use trust practices such as sharing information and allowing them more discretion, by taking advantage of these managers (Shapira, 1987, 1995). Mistrust is also common in such cultures because employees detect discrepancies between policies, discourses, and practices of dishonest and insincere managers (Collinson, 2005; Maccoby, 1976), and grasp them as low-moral and selfish (Hosmer, 1995; Jackall, 1988; Stein, 2001).

Trust Gains Know-How but Cannot Assure Problem-Solving

As against these culture-dependent factors, information, knowledge, and expertise have an independent effect: A leader largely controls their flow to followers (Heifetz, 1995), but not followers' will to afford her/him with such resources at their disposal. Worse still, these resources are dispersed among many specialists, the contribution of each of whom may be decisive for her/him because today's organizational decision-making requires

...the specialized scientific and technical knowledge, the accumulated information or experience and the artistic or intuitive sense of many persons. And... further information... is assembled, analyzed and interpreted by professionals using highly technical equipment. ...[It depends] on all those whose information is relevant. Nor, human beings what they are, can it take all of the information that is offered at face value. There must, additionally, be a mechanism for testing each person's contribution for its

relevance and reliability as it is brought to bear on the decision (Galbraith, 1971: 69-70).

Neither Galbraith nor organizational knowledge literature (e.g, Argot, 1999; Easterby-Smith & Lyles, 2003; Huysman & Wulf, 2004) specify this mechanism, and even the minority of authors who alluded to trust and its role in knowledge creation, sharing, and learning, explained that trustful relations help to identify the relevance and reliability of each contribution, but missed that this is not enough. Among executives, it is often power, not expertise, which decides truth regimes (Foucault, 1980), because, *inter alia*, they lack a large part of organizational knowledge that is tacit and non-transferable (Tsoukas, 2005: Ch. 6), and have to learn large sections of it for successful decision-making, since

[t]he elements entering into all but most routine decisions are so numerous and so complex that it is impossible to control positively only more than a few. Unless the subordinate is her/himself able to supply most of the premises of decision, and to synthesize them adequately, the task of supervision becomes hopelessly burdensome (Simon, 1957: 227).

However, different subordinates often supply contradictory premises, because of different analyses and syntheses of elements and different areas of expertise, positions, interests, among others. How does an executive decide whose premises and syntheses are right, who is a genuine expert and who is an impostor (Jay, 1969; Kets De Vries, 1993)? A department manager who has advanced from within is usually knowledgeable enough, including about local tacit knowledge of its experts and their expertise to decide correctly, but not an executive in charge of many departments of whose experts, expertise, and tacit knowledge s/he is ignorant, having gained experience elsewhere, involving different knowledge (Collins & Evans, 2007; Gouldner, 1954; Shapira, 1987). Employees acquire much of their working knowledge by experience and mutual learning (Bettis & Wong, 2003; Harper, 1987; Orr, 1996; Roy, 1955), and its transferability

depends on others' experiences. An executive can acquire knowledge by involvement in employees' problem-solving, asking questions, learning their language, suggesting analyses and solutions, and exposing ignorance for them to correct. To learn to swim one must enter the water; by involvement and direct communication with employees, managers learn tacit knowledge and practical reason, what the ancient Greeks called *phronesis*; they then discern professionals from impostors, and ignore the latter (Collins & Evans, 2007; Gobillot, 2007; O'Toole, 1999; Schweigert, 2007; Shapira, 1987, 1995; Townley, 2002).

Involvement Generates Trust and Know-How, Detachment Conceals

Ignorance and Defends Authority

However, an executive has many reasons for avoiding involvement. Some are obvious, such as a lack of spare time and the danger of subordinate managers perceiving involvement as unwanted intrusion into their jurisdictions. Another reason is less obvious but decisive: Exposure of ignorance diminishes an executive's authority, and if the outcome of involvement is a failure to learn enough to solve problems, the executive's incompetence is highlighted, undermining trust in his/her leadership. Blau (1955) found that senior officers in a state bureaucracy defended professional authority by concealing ignorance from other seniors, seldom consulting them; and turned only to mediocre peers (Also: Hinds & Pfeffer, 2003; Mehri, 2005). Ethnographies of FOs, kibbutz plants, and kibbutzim, furthered Blau: Most outside managers ignorant of local knowledge and experts avoided involvement in subordinates' problem-solving to conceal ignorance and defend authority. The more ignorant they were, the more they were detached and distrusted by subordinates (Also: Collinson, 2005). Despite efforts to learn elsewhere by visiting similar plants and equipment producers, they remained largely ignorant, made major mistakes, causing failures and furthering mistrust (Shapira, 1987, 1995, 2008).

A leader may also avoid involvement for fear that it will not result in problem-solving; for instance, s/he may lack basic knowledge required for learning, such as experts' language (Collins & Evans, 2007; Shapira, 1987), while prior involvement has not brought her/him success due to employees mistrust in low-trust firms. Employees who acquired expertise by hard work and mutual learning with peers, have little incentive to share knowledge with higher-ups, unless they try to learn by involvement and ignorance exposure that signal trust and a genuine wish to solve problems for the common good (Gobillot, 2007; Guest, 1962; O'Toole, 1999; Shapira, 1987), rather than to dominate (Gouldner, 1954). But an executive who has made a good career despite ineffectiveness (Luthans, 1988) tends to continue by politics: seeking patron and clique support, using information selfishly, concealing ignorance and incompetence as loyal deputies' cover-up mistakes and failures or blame them on others, and other Machiavellian methods (Dalton, 1959; Hughes, 1958; Kets De Vries, 1993; Mehri, 2005; Shapira, 1987, 2008; Scharfstein, 1995).

Kibbutz High-Trust Cultures Enhanced Managers' Involvement, *Phronesis*, Innovation, Success, and Growth

However, a habitus of career advance by politics rather than by effectiveness is impacted by a field's or an organization's culture and practices. Kibbutz egalitarian and democratic ethos encouraged a high-trust climate in relatively small work units, called branches that consisted of 10-20 people, enhancing managerial involvement, effectiveness, and innovation (Shapira, 1980, 1995, 2001, 2008; Stryjan, 1989). Moreover, larger branches such as factories were often decentralized, giving much autonomy to departments (Shapira, 2008: 23-26). Often a manager who had started out as a worker, became proficient after 10-15 years of work and a managerial course before taking charge, and had relations of camaraderie and trust with workers in a culture that encouraged cooperation and innovation. Therefore he allowed them much discretion that led

to new solutions which he took care to implement (almost all were males). Often he was a model of commitment, worked harder than others, helped workers with urgent manual tasks, kept talented workers by offering them challenges, and solidarity was built by praising members' achievements at gatherings that he initiated such as celebrating birthdays, births etc., as well as preventing criticism of failures from hurting the status of committed workers who erred. He did not fear to nurture young team members who were plausible heirs, due to high-trust relations which made it implausible that they would seek his succession against his will, as long as he proved successful *pheronesis* (Shapira, 1980; 2008: 224-225; e.g., Dore, 1973: Ch. 9). Such managers bred efficiency, effectiveness, and profitability that enhanced their prestige and promoted them to executive offices (Shapira, 2008), quite similar to Japanese Hitachi (Dore, 1973) and Brazilian Semco (Semler, 1993).

Moreover, kibbutzim established many inter-kibbutz federative organizations (FOs) that took care of functions for which each kibbutz was too small a unit, for instance, buying inputs, marketing products, financing, dealing with authorities, education, transportation, etc. (Shapira, 2008; Stryjan, 1989). Cooperation in FOs limited competition among kibbutzim for professional achievements such as yields, efficiency, and effectiveness, enhancing trust and innovation as successful inventions proliferated rapidly among them without any economic reason for secrecy, while their socialist Zionist cause united them. Successful branch managers, aiming at furthering their sector, such as vegetable growing, established FOs that diffused innovational know-how, initiated courses in colleges to teach, research, and develop new and better production solutions, sent study delegations abroad, etc. (Niv & Bar-On, 1992). Innovative veterans coached radical young managers since the latter did not menace their superior status as prime experts and artisans. This enhanced trust and cooperative innovation among experts; such veterans even left

FO tasks for a while in high seasons to help ex-branch mates, working shoulder to shoulder with them, modeling high commitment to the kibbutz cause (Shapira, 2008: 288-296). Trust was also enhanced by managers' wearing soiled work clothes like workers, doing manual tasks, and helping problem-solving, while enhancing know-how from experience and modeling commitment (e.g., Cunha, 2002). These are major explanations of how the kibbutz became "a highly successful enterprise" which "has proven to be adaptive and highly creative" (Spiro, 1983: 4), "mastering the art of change" (Niv & Bar-On, 1992: 215), and reaching a population of 129,000, way beyond other communal societies (Brumman, 2000).

Oligarchization of the Field Suppressed Innovators, Gradually Making Low-Trust Climates and Cultures Dominant

However, creative innovation and high-trust cultures dwindled, as many kibbutzim industrialized by conforming to the contrary practices of surrounding firms such as hired labor and autocratic management (Shapira, 1980, 2001, 2008; Simons & Ingram, 1997). At first, in the 1940s, industry was marginal in kibbutz economy, but it grew to be a main income provider in the 1960s (Near, 1997; Rosner, 1971). Then status competition became intense and discernible: Autocratic plant managers wore clean clothes, abstained from shop-floor problem-solving, curtailed workers discretion, never came to help in urgent manual tasks as did agricultural branch managers, and suppressed innovators, except for innovation aimed at plant growth. Many of them became autocratic rulers, controlling finances and promoting loyalists to kibbutz management; in accord with Michels (1959[1915]) they and their loyalists appropriated privileges that elevated their status above the rank and file, causing conflicts, mistrust, and exits by believers in egalitarianism and democracy (Kressel, 1974; Shapira, 1980, 2001, 2008: Chaps. 14-16).

Low-trust relations proliferated in the field as democracy dwindled even in kibbutzim without

autocratically managed plants and hired labor (Shapira, 2008: Chaps. 12-14). The prime culprits were tenured prime leaders who headed the largest FOs; they had moved headquarters to the cities in the early 1940s, adopted low-trust practices, and had become oligarchic by centralization, castration of FO democracy, conservatism, promotion according to personal loyalty, adding privileges to themselves and their staff, and suppressing critics and innovators who mostly left (Shapira, 2005, 2008: Chaps. 4-11). Therefore critique by these leaders of plant managers' use of low-trust practices was morally void, and ignored. The leaders became transactional (Burns, 1978), violating the norm of *rotatzia* (rotation) in authority positions aimed at curbing oligarchy. They held jobs almost half a century in contrast to kibbutz managers' two-three years, and enabled loyalists either decades of office continuity or life-long continued circulation among high-level offices. This engendered huge power and capital gaps especially because other FO heads and executives followed their lead, furthering oligarchization of the field and diffusing low-trust climates from FOs and from kibbutz hired-labor factories, into the rest of it in which hitherto high-trust relations had prevailed. In most kibbutzim a few powerful FO executives with intangible capitals and status symbols such as company cars became ruling elites similar to the hired-labor industrialists; in only a few kibbutzim formation of such elites and dwindling democracies did not eliminate efforts by young innovative local managers to promote egalitarianism and high-trust democracy, because local oligarchs had been past transformational leaders and remained high-moral, and abided by democratic rules even with decisions which they totally opposed (Shapira, 2001, 2008: Chaps. 12-16).

Kibbutz chief managers reacted to *rotatzia's* early curtailing of their status and power with efforts to maintain these assets by circulating to other managerial jobs, either to FOs or to kibbutz hired-labor factories, or by establishing such FOs and factories themselves, presiding over urban

hired employees (Shapira, 2008: Ch. 6). Differences in cultural background impacted trust negatively, but more decisive were autocracy and detachment by a majority of ex-kibbutz chief managers, underscored by high-trust relations created by a few involved managers whose habitus was not of circulation but of continuous successful management (below). One reason for detachment was defending authority by minimizing risks of failure that might have prevented taking another office after finishing the present short-term one. Another reason was circulation: In the next job, the know-how a manager could learn by involvement in current one would often be unusable. But a decisive reason for detachment was the oligarchization of the field that made loyal clientelism to FO head patrons a prime strategy for successful careers as in other low-trust cultures (Dalton, 1959; Dore, 1973; Jay, 1969; Luthans, 1988; Maccoby, 1976; Stein, 2001). Short terms also enhanced mistrust (Axelrod, 1984); thus, employees “kept their cards close to their chest” anticipating that new managers would be detached, and if some of them tried to learn without exposing their own ignorance by spying and other covert efforts at obtaining information, animosity furthered distrust and secrecy (Gouldner, 1954; Shapira, 1987, 1995). Some managers opted for close, tight control and minimal subordinates’ discretion (e.g., Gouldner, 1954), also signaling distrust and causing descending trust spirals (e.g., Collinson, 2005; O’Mahoney, 2005).

Further proof of this etiology was given by a few kibbutz members who in FO offices continued their kibbutz’s culture of camaraderie, involvement, and high-trust, as their habitus was not of circulation, but rather of continuous successful management of a branch, committed to professional excellence and innovation attained by high-trust cooperative efforts (e.g., Cunha, 2002); success enabled their continuity as no member asked them to abide by *rotatzia*. Certain of their expertise as a basis for gaining know-how, they involved themselves in employees’

problem-solving efforts, not afraid that exposure of ignorance would impair their authority as they soon would learn, solve problems, and gain authority. Involvement signaled trust: They asked questions, analyzed data and concepts, integrated knowledge and suggested solutions, exposing ignorance that made them vulnerable (Shapira, 1987; e.g., Gobillot, 2007; O'Toole, 1999). This unconventional behavior among FO managers (e.g., Buckingham & Coffman, 1999) raised suspicions, but some employees helped their manager's efforts, and he in turn trusted them, delegated authority that enhanced trust and created ascending trust spirals, successes, and rapid learning as many shared their secrets. Status differences stopped interfering with flow of ideas and information (e.g., Simon, 1957: 230), furthering innovative problem-solving and successful decision-making (Shapira, 1987, 1995, 2008: 105-107).

However, while such an FO manager hoped successes would prevent *rotatzia* as it had in his previous kibbutz office, it usually led to his ousting by political maneuvering of conservative others who feared his growing power and intangible capitals. This could be done, for instance, by calling for enacting *rotatzia* in the name of egalitarianism or by other dirty tricks. Then usually a conservative loyalist of the oligarchic tenured FO head succeeded him (all were males) and often continued for long periods, like the FO head who continued as a client of a tenured kibbutz movement leader (Shapira, 1987: 40-48). This minority of involved highly trusted FO innovators and their parallels inside kibbutzim maintained the viability and adaptability of the kibbutz system for some 60 years, while, sooner or later, they "rotated" out, marginalized, turned to non-managerial careers, and/or exited (Shapira, 2008: 105-113, Ch. 12). Creative innovation dwindled and then disappeared in almost all the field as kibbutzim became more stratified, even those without hired labor (Shapira, 2005). More managers abandoned high-trust practices and enhanced rule by low-trust practices of bureaucracy and autocracy. Thus, the success and

enormous growth of the kibbutz field due to high-trust cultures that enhanced innovation, efficiency, effectiveness, and adaptability, eventually defeated itself, engendering low-trust conservatism that failed to cope with societal changes and the race for innovation, resulting in a prolonged crisis since the mid-1980s, bankruptcies of most FOs and radical downsizing of the rest, and adoption of low-trust practices by all kibbutzim, though to very different degrees (Shapira, 1995, 2001, 2008).

DISCUSSION

Tyler (2003) has asserted that shared backgrounds are a strong formative factor of trust, but my analysis shows that formally similar backgrounds may veil major differences which are captured by Bourdieu's concept of habitus, while his field concept points to forces of encompassing structures that impact local practices and habituses, and his capital concept alludes to long-term sources of stratification that breed power elites who largely control a field and shape its cultures. However, Fox's (1974) theory is essential since managers either prefer to motivate employees by seeking consent and trustful relationships, or by seductive and coercive means based on hierarchic control and market forces. Those preferring trust may fail as they have to prove trustworthiness (Collinson, 2005), while preference of seductive and coercive means surely engender low-trust cultures. My findings corroborate a long list of major works that have found high-trust climate and culture to be the secret of innovativeness and success of fields, regions, and large firms, while indicating that keeping viability and adaptability require that at least some of their local cultures remain high-trust with sincere, open communication and collaborative innovation, despite most other cultures being low-trust, conflictual, and conservative.

This assertion seemingly ignores the possible renewal of a field, region, or large firm by the

emergence of a charismatic or transformational leader, but it actually does not. First, following Barbuto (1997) and Beyer (1999), one has to distinguish between these types. Only a transformational leader is a high-moral public servant who succeeds by creating mutual trust with followers using two-way communication that leads to finding/creating innovative solutions that renew a backward organization by creating a high-trust culture (Burns, 1978; Graham, 1991; Greenleaf, 1977). In this case, minority innovative cultures are a springboard for renewal. In contrast, a charismatic leader emerges with a “magical” solution whose ingenuity is incomprehensible to followers, and whose trust is sought unilaterally; hence s/he is an autocrat who largely coerces his/her solution (Barbuto, 1997; Tucker, 1971), and may detest minority high-trust cultures but does not oppose them because s/he has to maintain a climate of cooperation among main supporters whose expertise is essential to turn the “magical” idea into a working solution (e.g, Galbraith, 1971; Geneen, 1984: 88-105). However, only ethnography may untangle that his real magic which brought about success has been the ability to create such a climate.

Gleeson and Knights’ (2008: 50) critique of leadership research as dominated by “psychological and essentialist conceptions [that] have rendered it often scientific and abstracted from the context of everyday professional practice” also points to the decisive role of ethnography that connects leadership study to concrete contexts of leader practices and renders their cultural impact explicable (Also: Carroll et al., 2008). However, the kibbutz case also indicates the decisiveness of explaining these practices in the context of the field in which leaders act. For Bourdieu and Wacquant (1992) each field has gravity that impacts its cultures; for instance, Anglo-Saxon individualistic gravity pulls the US and the UK organizational cultures to the low-trust pole. The kibbutz case points out that a field that has succeeded due to high-trust

cultures may have two gravities as a result of involvement in the encompassing low-trust culture; this involvement means that despite high-trust culture domination, the encompassing low-trust culture enabled leaders to keep their offices by Machiavellian forsaking of high-trust practices in FOs in favor of its practices (e.g., Jay, 1969; Michels, 1959[1915]; Scharfstein, 1995). These practices negated followers' beliefs, thus, the leaders had to insulate them from FOs and camouflage and/or legitimize these practices, as they did by moving FOs to the cities and turning to reverence of the dictatorial USSR (Shapira, 2008, Submitted).

Leaders' efforts to conceal and camouflage FO counter cultures and to veil this concealment from both followers and researchers who might have told them the truth, made the task of comprehending the field quite formidable, especially since the leaders successfully prevented research of FOs (Shapira, 2005, 2008). Kibbutz ethnography or even two including a kibbutz and an FO could not untangle the field's cultural dynamics since both types included both high- and low-trust local cultures; only many ethnographies in both parts of the field, delving into history, and using personal experience of leadership jobs enabled deciphering its cultural dynamics (Shapira, 2008, In press).

Cultural change commenced in the 1920s as low-trust practices appeared in FOs a decade and a half after the establishment of the first kibbutz, Degania. In the 1930s, prime leaders centralized FOs and castrated democracy, and in the early 1940s they adopted other low-trust practices. For half a century the field consisted of contrary cultures and this remained unknown until Shapira (1987) used Fox's (1974) theory. Then Bourdieu's concepts made explicable how, despite phenomenal successes, the creative innovators, whose high-trust, cooperative efforts brought these successes about, were defeated by conservative imitators of the encompassing culture. The field concept helped to explain the full significance of leaders' low-moral use of the low-trust

practices of surrounding cultures, and to discern kibbutz members' insulation from these practices and their legitimization by revering Stalin's USSR (Shapira, 2008: Ch. 10). The concepts of habitus and capitals made intelligible the careers of both types of officers and the significance of circulation and patronage by higher-ups that turned some conservative officers into local rulers of kibbutzim.

Rosner (1993) missed these facts and their significance, lacking these concepts and ethnographies, quite similar to other organizational sociologists and behaviorists (Bate, 1997). He depicted kibbutz cultures as trust-based, democratic, and egalitarian contrary to market- and hierarchy-based capitalist ones, although this was only partial truth even for the field in the 1920s. As an FO functionary himself, he knew first hand about FO low-trust practices, and in his PhD study (1971) he found similar practices in some half of kibbutz factories, but nevertheless, his analysis missed the reality of the kibbutz field's contradictory cultures, and his explanations for its major phenomena were mistaken.

My analysis makes contradictory depictions of Japanese firm cultures explicable. The hierarchic autocracy, market-based coerciveness, and low-trust practices of two Toyota departments (Kamata, 1982; Mehri, 2005) and the firm studied by Clark (1979) are clear-cut, but other authors may have found real high-trust cultures, since like the kibbutz field, high- and low-trust cultures may flourish side by side in a field, region, or large firm due to opposite leader choices. Thus, when Dore (1973) found Hitachi as high-trust and English Electric as low-trust, it was plausible that in both corporations there were also plants with opposing cultures about which Dore did not know. However, his analysis deserved publication as it led to the present kibbutz analysis, while later authors who could read Clark and Kamata, must suspect such a possibility and probe Japanese cultural variability more deeply, and not presume uniformity (e.g.,

Fukuyama, 1995).

Moreover, new managers may change cultures; in Gouldner's (1954, 1955) case a high-trust culture became low-trust, while in Guest's (1962) case the opposite occurred. This can explain conflicting findings concerning individualistic versus collectivistic societal cultures: Though the gravity of the former promotes autocracy, this does not mean that the latter always enhance democracy; in both there are both coercive, low-trust cultures and their opposites because of an array of factors, but primarily, since each leader may cope differently with challenges s/he faces (Burns, 1978; Heifetz, 1995; Poulin et al., 2008). Moreover, s/he may create high-trust climate at his headquarters (Geneen, 1984) which may not impact low-trust plant cultures. One reason may be employees' mistrust that obstructs a manager's efforts to create a high-trust culture. In Guest's (1962) case, it took the new manager three years to overcome it, while Collinson (2005) depicted a failure: Employees were cynical, perceiving managers to be 'out of touch' with organizational realities and detecting many discrepancies between their policies, discourse, and practices. They dismissed managers' definition of the company as a team and maintained the counter culture of 'us' not trusting 'them.'

Thus, leaders play a decisive role in shaping organizational cultures, but as Gleeson and Knights (2008) say, leadership research is problematic due to the dominance of psychological and essentialist conceptions. The mixing up of transformational with charismatic leadership (Barbuto, 1997; Beyer, 1999) which has marred kibbutz research (Shapira, 2008: Chaps. 9-11), is an example of the price paid by social sciences due to this dominance. The fact that this mix up continues decades after Tucker (1971) and Burns (1978) clearly depicted the two types, calls for leadership research by other social science disciplines and history (Wallerstein, 2004), that would overcome this dominance, eliminate essentialist conceptions, and better explain leadership roles

in cultural changes.

CONCLUSIONS

Habitus, field, practice, capitals, and trust are relatively culture-dependent concepts that permit an analysis of the uses and abuses of intangible resources that are less culture-dependent, information, knowledge, and expertise, in the shaping of organizational cultures by various actors, but principally by managers. These resources have critical effects on trust in authority relations that tend to remain hidden as a low-trust climate or even a low-trust culture may exist in one plant, and high-trust may exist in another plant of the same firm, region, or field. This explains conflicting findings concerning trust in various cultures and marginalization of trust literature by most organizational authors. The findings point to intricate play between trust and coercive controls, showing that trust is preferable for problem-solving, for better decision-making, for innovation, and for promotion of social aims, but market- and hierarchy-based seductive/coercive control is simpler, having a more direct and immediate impact, and conforming to dominant capitalist cultures. It is grasped as more practical in large hierarchic organizations, and usually preferred by self-serving conservatives including past innovators who have become oligarchs, by less effective managers, and by novices and outsiders with meager local practical knowledge who aim at defending supremacy and enhancing career advancement without involvement in subordinates' problem-solving and other challenging tasks that expose ignorance and incompetence. Avoidance keeps them ignorant of vital knowledge and barely able to differentiate genuine experts from impostors and mediocre employees, making their authority only formal. But this may not bar maintaining status and power by transactional leadership (Burns, 1978), secrecy, subterfuges, camouflages, clique politics, scapegoating, and other abuses

of intangible resources, either advancing careers internally by clientelism and patronage, or externally by “jumping” among firms. Such low-morality is in accordance with market- and hierarchy-based low-trust cultures in which managers achieve both minimal cooperation of subordinates and firm viability and adaptability by using seductive/coercive means.

Thus, leadership is decisive in the shaping of organizational cultures and in the level of trust among actors. This decisiveness has been missed by most ethnographers who rarely study executives (Mintzberg, 1973), usually presenting workers’ perspectives without knowing those of executives, and rarely analyzing the impacts of various contexts such as the gravity/gravities of the field/region/firm on their practices. While ethnographers often have historical perspective which most other social scientists lack (Wallerstein, 2004), this perspective has concerned only workers, not managers and their efforts to cope with problems and challenges and to muster intangible resources required for successful problem-solving and decision-making by high- and/or low-trust practices. Even conservative, ineffective managers need such resources held by subordinates; thus, for instance, they grant extra benefits to a few loyal employees who minimally trust them and supply such resources that enhance control (Shapira, 1987: Ch. 7). Therefore, untangling the impact and etiology of leaders’ practices as in the “practice turn” (Carroll et al., 2008) is right, but it must be combined with explaining managers’ choice of trust or seduction/coercion, as well as followers trust by this and other factors, such as habituses and intangible resources which can easily be used as power resources in conflicts that low-trust cultures tend to engender.

Thus, a third conclusion is that intangible resources are decisive in both managers’ and subordinates’ decisions to trust each other or to try to seduce/coerce the other party. However, intangibility makes it harder to study actors’ resources the higher their positions and the more

powerful they are, while the extent of the relevant intangible resources that higher-ups have at their disposal is most critical for trust creation and maintenance. However, despite mounting organizational knowledge studies and growing awareness among its students of the role of trust in creating and sharing knowledge, there have remained major, largely unstudied questions such as: How much do executives know of employees' tacit knowledge? How do they decide with whom to consult ahead of decisions and how much do they know about reliability and relevance of employee premises of decisions and of the sincerity of their opinions? Do they really promote sharing of critical knowledge among employees as they usually assert (Castro, 2004), and if so – how do they do it? A covert reason students ignore these questions is that their study would expose executives ignorance, diminishing their authority, which causes their opposition to such studies. Another reason is the belief in “abstracted management” as “a portable technical skill, divorced from specialized experience and knowledge about particular subjects” (Townley, 2002: 550) that fits “jumpers” among firms and detached managers. Abstraction makes it superfluous to learn an executive's knowledge of the particular specialized experience and subjects of her/his firm.

My findings support Townley's (2002) critique of “abstract management” and her call for practical reason that “is constituted through integration into a social structure and is exercised solely in relation to membership in particular community” (ibid: 568). An executive who seeks trustful relations to get subordinates' “specialized scientific and technical knowledge, accumulated information... experience... artistic or intuitive sense[s]...” and professional assembling, analyzing, and interpreting of information (Galbraith, 1971: 69-70), must be grasped as a part of their communities of practice. However, a community leader requires

“...the kind of knowledge that the ancient Greeks called *phronesis*, practical wisdom: knowing what to do and how to do it, at the right time and with the right people, with the right mix of persuasion and challenge and the right sense of what to leave unsaid and undone. ...Social situations are too complex and dynamic for formulaic application; ...leaders must see in each particular concrete situation the good that is possible and then act to realize that good... Skills and theory are important to good leadership, but the crucial knowledge for leading is knowing which facts and theories matter, when to use which skills, and who should perform the actions needed” (Schweigert, 2007: 339-340).

Executives who have *phronesis* and other kinds of organizationally relevant knowledge due to past experience and a habitus of successful involvement in subordinates’ problem-solving that enhances successful coping with challenges, are bound to invest their capitals in more such involvement (Gobillot, 2007). They tend to be high-moral and create high-trust climates which tend to become high-trust cultures for the common good, even in low-trust fields, regions, or large firms in which executives without these kinds of knowledge and a habitus of career advance by other means, prefer low-trust, arms-length relations and market- and hierarchy seductive/coercive tactics and strategies. But with time in office, even the high-moral executives will do the same if they reach the dysfunction phase (Hambrick & Fukutomi, 1991) and become transactional, oligarchic conservatives. Thus, a mechanism is required for their timely replacement since they rarely sense the need by themselves (Vancil, 1987). This may be true, for example, as too loyal deputies tell them otherwise (Hirschman, 1970).

Finally, the above processes have major implications for workplace democracy. According to Stryjan (1989), cooperatives and other democratic work organizations (DWOs), tend to fail with success and growth, due to declining creativity, which is essential for maintaining democracy and egalitarianism amid growth and success. He explained the unique success of kibbutzim as resulting from their federative structure that maintained smallness and creativity, while the FOs

solved problems requiring scale. However, without the concepts used here, his theory could not explain the terminal crisis of kibbutzim which after decades of phenomenal success, surrendered to the capitalist low-trust surrounding culture. My analysis has explained that the encompassing culture diffused into kibbutzim through FOs because of the oligarchization of tenured leaders. These leaders suppressed critical thinkers and creative innovators, suppressing the creation of new solutions required to retain high-trust cultures, like in other successful cooperatives (Stryjan, 1989) and communes (Brumman, 2000). Therefore, a major Achilles heel of DWOs is the lack of a democratic solution for the timely replacement of their initially transformational leaders who, without a replacement mechanism, become transactional oligarchs that ruin their high-trust cultures, causing failures and/or abandoning democracy.

Space prevents me from delving here into the details of my proposed solution; my principal idea is a norm that requires a simple democratic majority among a knowledgeable constituency for a leader's first and second four-year-terms, but for third and fourth terms requires exponentially higher majorities, and a fifth term becomes impossible since the exponential curve requires more than 100%. Shapira (2008: Ch. 18) concludes that if DWOs adopt such a solution, they can replace bureaucracies as the hegemonic organizational type in advanced societies and enhance their democracy, currently marred by large autocratic bureaucracies (Feenberg, 1995).

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