Trust: the Foundation and Dynamics of Innovation

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We need trust when uncertain. When innovating, uncertainty is high. If we were certain about conditions, conduct, and outcomes; trust would become irrelevant. If we were absolutely certain about things, trust would be absolutely unnecessary. Innovation is never absolutely certain.

Trust is confronted by the lack of information which creates the risk of vulnerability. Concurrently trust is seldom completely uninformed. This dynamic tension between the vulnerable lack of information and the information available is where trust resides. Often it is quite difficult to calculate either side of the equation and makes levels of trust and trustworthiness ambiguous. This is where we come in.

First we ought to define innovation. Innovation can be defined as *exploitation.* Innovation as exploitation is found where design logic, principles, architecture, meanings, tasks and roles are upheld while making changes to reduce deviation from the system. Organizations utilize exploitation for enhancing what they already have and often for short term survival. We often find this in manufacturing processes. In systems terms the focus here is on negative feedback loops.

Innovation can also be defined as *exploration* Innovation as exploration means breaking through limits, creating ambiguity of meanings and roles, loosening or changing principles and architecture. This is often done for long term viability. Exploration in systems terms follows positive feedback loops.

Organizations that find a dynamic equilibrium between exploitation and exploration, and know when to reinforce each appropriately will be successful. It is difficult, however necessary, to combine the two in one organization. Note that each requires different mentalities and culture. Trust is required to ensure innovation that is both exploitive and exploratory.

There are two primary and mutual reinforcing reasons for trust in innovation: 1) Innovation is fraught with uncertainty. Dealing with uncertainty requires trust; and 2) Innovation is a social activity, it is not done in isolation. Collaboration allows all stakeholders to benefit. Collaboration requires trust.

When reviewing a few models of trust and innovation, common themes are revealed. Byrd (2003) juxtaposes risk and creativity which result in innovation. The appropriate amount of risk – which includes trust – combined with creativity establishes the necessary elements in which innovation emerges.

Cognitive distance and ability to collaborate are dimensions that Nooteboom et al. (1997) suggested are necessary for innovation. Analysis and propensity to trust are elements that when found in the appropriate levels Covey (2006) labeled ‘Smart Trust’ which is found in innovation.

Interesting to note that trust resonates through innovation. Trust which requires high levels of reflection, cognitive objectivity, and emotional subjectivity are also found in innovation. Perhaps we can say that an organization needs to ensure that risk is minimized and innovation is maximized through trust.