

Theory of the Degree of Trust – the Challenge in the Economic World

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Abstracts: *Each company has to reopen different new methods and means in order to maintain high degree of competitive power on the market. The theory of trust developed by the author on the ground of his observations of many years on the market and formed respectively in theory and laws and practices to be applied in the contemporary life of every company, acting on the market have been presented. The theory give every company concrete decisions to reach a better competitive power on the market in the globalization.*

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I. THE THEORY OF DEGREE OF TRUST

The theory of degree of trust is the new paradigm in the economic science and therefore in the practice in the economic world. The degree of trust is the most important thing in the human relationships. And since it is an universal qualitative category of his, how far the elements in a system act in one direction, under one reasonable content. The degree of trust is the most important thing also for the interrelations consumer-product. This is a leading start in the behavior of the consumer towards an eventual purchase of the product. The degree of trust is important for: the family interrelations, the interpersonal relations, the relations between the staff of a company, the official relations, the economic relations, the social relations and the political relations, the relations customer-seller, the relations investor-party, the relations product-customer, the relations producer-dealer, the relation dealer to dealer and etc.

Along with the notion “necessity” and/or “need” in all of the analyses in the microeconomics the notion “degree of trust” however is to be also include, because the relations product-consumer are not unidirectional. Not available is not only the direction from the consumer towards the product of every suppositions listed above. Available is also the direction from the product to the consumer, from the popularity of the product in the consumer, whether the customer has used it, whether he had received information on its usefulness by third persons, whether he had received information on this whether the product is of better quality and effectiveness compared with the same ones or the similar ones of the rivals. This information may be included only by means of the notion “degree of trust” and the mechanism “theory of the degree of trust”. Only the notion “degree of trust” determines the quality category of the reaction, the result, the relation of the product towards the consumer. In some interrelations the direction of influence is available both from one party to the other, as well by the second to the first one.

According to a theory of the cardinal usefulness, the welfare usefulness may be quantitatively measured. On the other hand the ordinal school supposes that the usefulness is not quantitatively measurable, but it possesses a degree of comparison.

All these preferences do not analyze and do not take into consideration the degree of trust of the consumer, when he had already used the product at least once and his relation to it or his expected degree of trust to a product not yet used, when advertising information or the degree of trust to the product expected is available – when the latter has been recommended by a consumer having used it already. Here come also the respective decisions. If the recommendation has been made by a friend, by a close person, by a person met by chance, i.e. another consumer or by a consumer to whom our person is hostile.

The degree of trust represents the feed back of the consumer's contact with the product, the result of their interaction and its interrelations. This is due both to the direct feed back, when the consumer has already used this product, or indirect feed back, when

the consumer receives the opinion, the standpoint of a third person about the concrete product. Depending on the degree of trust to the third person a definite degree of trust is transferred hypothetically by the third person to the customer in question. The degree of trust reflects the result of satisfaction of the customer's needs at his interaction with the concrete product. It has to be noted that only the needs but also the degree of trust has become a base of the motivation theories. The motivation theories have to be supplemented by the affects of the theory of degree of trust.

To every need available the respective trust of the buyer to the concrete product has to be considered. If according to the Murray's theory [1] every need is characterized by two parameters – direction and strength, the strengths may be measured with the “degree of trust” to the respective product.

The degree of trust must be included in an enlargement of the Maslow's design [2]. The needs are changing and depend on the “degree of trust” to the concrete product of need. A better design of behavior of the people at their actions will be made in this way. In the fairness theory the perception of the justice may be replaced very well by the “degree of trust” which notion reflects qualitatively better the relations between people.

The theory of the trust is the corner stone being able to unite the fairness theory of J. Sm. Adams [3.] and the Expectation theory according to Victor Wroom. The degree of trust is this which is able and which defines best the concrete expectation of the people for the result or of this how far will be fulfilled the aims and how attractive will be the result itself for the man [4].

The degree of trust is a dynamic process, a phenomenon, a system, an information mediator between the different objects either man-man or man-product. We won't treat the TRUST AS A PROCESS, THE TRUST AS A SYSTEM, THE TRUST AS A PSYCHOLOGICAL NOTION, THE COGNITIVE SIDE OF THE TRUST, because this is not the purpose of this statement.

According to the explanatory dictionary the trust is in force mainly for the people, it is in force also for the animals. The trust is a qualitative and quantitative category also for the interrelations consumer – product.

THE LAW OF THE DEGREE OF TRUST says: THE DEGREE OF TRUST IS A DYNAMIC, AN QUANTITATIVE SYSTEM, A PROCESS, which is measurable, of which depends the behavior between the subjects, either juridical or physical persons, as well in between as in the interrelations with different products, goods, services and etc., of which the demand of concrete product and services, of a defined contact depends.[5].

Between two systems exists also a concrete behavior, on the base and depending on the degree of trust. Under systems we understand physical, juridical persons, a group of people, subjects, products, goods, services. Quantified methods to rise the trust between two systems exist, also concrete measures and instruments to reach it. Mathematical dependency exist for this: how many time and means and respective behavior have to be spent in one hand by the systems, in order to return a definite degree of trust between two systems, to reach some value of the degree of trust. Concrete about the sales different subjects do on the market, exist a system to rise the trust in every stage, measures to rise the trust, measures to lower the trust, instruments to measure the trust, measures to rise the trust in the sales, measures to rise the trust to concrete products in the product policy, measures to rise the trust in the sale policy, measures to rise the trust in the prices of concrete products in the price policy of the company, measures to rise the trust in the communication policy.

The author has developed a complete theory for the degree of trust bent through different priorities of the different types of logic – modal, probable. The apparatus of the theory for the degree of trust has been treated depending on the theory of the opportunities, the theory of the probabilities, the theory of the modality, theory of the conflicts and accidents, the theory of the self-organization, the theory of the motives and motivation. Further down several examples for degree of trust shall be given.

The degree of trust between patient and doctor varies between 75 and 100%. The degree of trust between pupil and teacher varies between 65 and 100%. The degree of trust between long-years partners varies between 85 and 100 %. The degree of trust between stranger is 0 – 5 %. The degree of trust between stranger, still associated through a third person is equal to the degree of trust between every one of the strangers to the known associating person, reduced by 10 to 35 %.

Usefulness of the measurement, control in the management of the degree of trust leads to useful and successful contacts. The degree of trust is already used and tested for its usefulness product – for instance soap powder – it is between 85 and 95 %. Low degree of trust to a product having proved a negative influence on a given system may be restored only with the use of four time mire measures and steps to rise the trust.

The degree of trust is important at: sales, product policy, sale policy, price policy, communication policy, in the international business, in every kind of negotiations both in business negotiations, state negotiations, party negotiations, syndical negotiations, negotiations to gain any elections – of a company, parliamentary, municipal and other ones. When the degree of trust falls under a definite critical level, every effort to be made to rise the degree of trust shall not lead to a positive result.

Norions – critical degree of trust.

A free interval for the degree of trust is the interval at which is available a decrease of the degree of trust from a given value inside in this interval, on the basis of a concrete action, thus every four actions to be done with the purpose to rise the degree of trust, may rise this result. Not less than four times of the efforts to be done for rise a given trust, may erase an action which has provoked the degree of trust to a definite level. If the decrease is under a critical level, nothing could restore back the trust.

II. BASIC PRINCIPLES OF THE WORLD ECONOMY AND THE THEORY OF DEGREE OF TRUST

The European economy requires parallel unity of competition and cooperation between the companies. The companies in the globalization should create, build and make advantages. The companies should influence the structure of the industry and to restructuring it. Most important is the operative efficiency and the high degree of trust to the clients to the products and services. The operative efficiency means improve the efficiency of the operatined made by the companies. The standarts in the business are going higher and higher, the companies are closer to each other in the quality of the offered products. Therefore the benefit strategy is to be different to other companies and “to make it different”. [6]

All the purposes of the companies are to increase the profit, to be persistency in the increasing the market part, to be persistency in the winning the trust of the clients. It is important to search the development of the branch, to forecasting its steps, its dynamics, to be better in the management of the market situation. It is more important to influence the development of the industry. It should be an active impact of the development and the future tendencies of the appropriate industries, to influence the future tendencies, interests of development of the appropriate company. Who influences the development, tendencies, perspectives in a branch will be the leader. Who will win the trust to the clients in its products, will win in the competition. Therefore is very important to make a strategy of increasing the degree of trust to the clients in the products offered by the companies.

INNOVATIONS AND TECHNOLOGIES, THE KNOWLEDGE MANAGEMENT AND THE DEGREE OF TRUST – THE NEW PARADIGM

The World economy and the economic world lays and requires the development of the innovations. The innovations are the competitive advantages of the appropriate company, nation and etc. The innovation strategy should be researched. The innovation should be a step before the competition. The development of the technologies requires the

choice of a right innovation strategy of using the innovations. Therefore the companies should use the technology that gives an advantage for the competition. The knowledge and the management of the innovation is the most sustainable component of the development of a company. Japan is an example for that.

The future will be assign of the new paradigm – management of knowledge, net structure, dimensions of the company, degree of trust to the offered products, given strategy in the global net [6].

THE SMALL COMPANIES AND THEIR POWER “THINK LOCALLY, ACT GLOBAL, INCREASE THE SCALE, INCREASE THE DEGREE OF TRUST”

The competitive advantage expresses in the speedy of action. The speedy of using the innovations in the right time in the right definitive market give competitive advantage. Who will cause the speedy action? These are the small structures, the small companies. The small companies are these which create the movement and the development in the global economy. The small companies are the source of globally, of the prosperity. The most important criteria of the prosperity of a company is its dimension in the global net. Those companies that can secure their dimension in the world net they will be sources of the competitive advantage. In this moment 50 percent of the American export is made from companies with personal to 20 employees. Alone the creating the dimension and increasing the dimension of the company in the global net is not enough to the success of each company. The company shall find the way to increase, to develop, to manage the degree of trust to the company and to the offered products from the company from the customers. Je most big is the dimension of the company in the global net so much is its competitive advantage to the competitors of the company.

THE COMPETITION AND THE COOPERATION IN WORLD AND THE DEGREE OF TRUST

The World Economic World inflicts fierce resistance and competition. It is caused from the new rules, new possibilities created by the global net. The global net inflicts and creation of new system for management of the [7].

The role of the Europe will be bigger and bigger. The role of the Europe companies in the field of innovations and new technologies will increase. From other size the principle of cooperation will increase between the companies. To the competition between the companies the cooperation between the companies will increase. There are many proofs of such cooperation between competitive companies. But whose manage the degree of trust to the customers in the process of increasing; managing of the degree of trust will be the leader in the position and in the dimension of the market part.

THE NEW AND THE OLD INDUSTRIES IN ASIA THE INTEGRATION PROCESS IN THE WORLD AND THE DEGREE OF TRUST TO THEM

The industries which will assign the development of 21 century are the following seven industries: microelectronics and micro-mechanics, biotechnology, production of new materials, telecommunication, robotics, computers and the software, such as the aviation and the high speed trains. We should mention also these industries that shall develop as the new energy sources, the energy from vacuum, the energy from antigravitation, energy from torsion fields, the energy from machivics [8]. The management of knowledge, generation of new knowledge, increasing the quality of the knowledge will cause the high effectiveness of the new industries. Behind the new industries the using of the new products is not possible without the increasing of the degree of trust to the products to the customers.

III. THE FUTURE – INDUSTRY OF TRUST

The Integration process in the World Economy requires transformation of the industry to industry of trust, degree of trust, increasing of the degree of trust by the client. Each company that win the trust quickly the trust by the clients that company will win the

competition Each company shall create the new competitive area. This can be reached with new competitive behavior to win the trust by the customer. The degree is the most important in the human relations, because it is universal quantitative category. The degree of trust is the most important for the relations consumer – product. This is the basic in the behavior of the consumer in the process of buying the product.

The Europe Economic World and the Globalization require transformation of the industry towards industry of the trust, of the degree of trust, of rise of the degree of trust of the customer. Which company gains more quickly and for a longer time the trust of the customer, it gains also the battle in the competition. Every company has to re-create and to create then a new competitive area. This may be realized only with a new competitive behavior to gain the trust of the customer.

And since it is a universal qualitative category of this how far in a system the elements act in one direction, under a reasonable content. The degree of trust is the most important also for the interrelation consumer-product. This is a leading start in the behavior of the consumer towards an eventual purchase of the product. [9].

The notion “trust” represents already a definite industry – using, creation, increase, management. Thus who manages best the degree of trust; he manages best his business in a long-term plan. For his part he ensures to it the respective local and global priorities. Since the “degree of trust” is a fact for the human beings and it is available in very state globally, the procedures, the ways of management if this trust are the same for the human race. They do not depend on the people’s psychology, on the respective region, country, state, continent. The “Degree of trust” is a universal category, characterizing the human race in its interrelations and in the society. Creating the respective technology to rise the degree of trust to a given product, to retain this trust, to develop this trust by means of creation and to impose new products, mew interrelations, a concrete company has already no problem in acting globally with the same instrument of the company’s policy. Which company imposes this policy, it ensure s for itself long-term priorities towards the competition in global scale.

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The report is reviewed.