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BUSINESS-TO-BUSINESS  
RELATIONSHIPS**

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ADVANCES IN BUSINESS MARKETING & PURCHASING  
VOLUME 26

# **NEW INSIGHTS ON TRUST IN BUSINESS-TO-BUSINESS RELATIONSHIPS: A MULTI-PERSPECTIVE APPROACH**

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# SERIES EDITOR FOREWORD

## FOCUSING ON CASE OUTCOMES RATHER THAN VARIABLE RELATIONSHIPS

*Arch G. Woodside, Coastal Carolina University, Conway, USA*

This 2019 volume in the *Advances in Business Marketing & Purchasing* (ABMP) book series focuses on theoretical, empirical, and practical issues of trust. The papers in this ABMP volume contribute to the literature of business-to-business (B-to-B) relationship marketing by advancing knowledge, insights, and tools for understanding trust in B-to-B relationships and for learning how high trust versus distrust impact decisions. The papers in this volume embrace the theoretical stance that deep understanding of trust follows from examining the antecedents, mechanism, and outcomes of trust in specific contexts. Context research relating to trust includes cross-industries examination of advanced, emerging, and developing markets, culture, types of offerings, duration, and the stages of relationships (as well as additional dimensions) as antecedence conditions that two, three, or more persons engaging in communicating, acting, and assessing interpersonal and inter-organizational relationships. The benefits to the reader include a new appreciation of contextual influences and the mechanism of trust's impacts on decisions affecting two or more individuals/organizations in relationship marketing.

Brown, Crosno, and Tong (2019) define trust as the belief that one's channel partner can be relied on to fulfill its obligations and to behave in a benevolent manner. Rousseau, Sitkin, Burt, and Camerer (1998, p. 395) define "Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another." Morgan and Hunt (1994, p. 23) "conceptualize [high] trust as existing when one party has confidence in an exchange partner's reliability and integrity." This definition parallels that of Moorman, Deshpandé, and Zaltman (1993, p. 82) as "Trust is defined as a willingness to rely on an exchange partner in whom one has confidence." Morgan and Hunt (1994) emphasize that both definitions draw on Rotter's (1967, p. 651) classic view that trust is "a generalized expectancy held by an individual that the word of another [...] can be relied on."

The intention of this forward to the volume is to indicate a number of inherent weaknesses in the current dominate logic in constructing and testing theory relating to trust in marketing relationships as well as how to overcome these weaknesses. The inherent weaknesses in research on trust in relationship marketing occurs in almost all the theoretical and empirical studies in the discipline and includes the most cited study (i.e., Morgan & Hunt, 1994) and the more recent study by Brown et al. (2019). The inherent weaknesses arise because of

applying symmetric theory and empirical tests relating to trust. For example, here are a few of the 12 hypotheses ( $H_i$ ) proposed by [Morgan and Hunt \(1994\)](#).

*H4.* There is a positive relationship between shared values and trust.

*H5.* There is a positive relationship between communication and trust.

*H6.* There is a negative relationship between opportunistic behavior and trust.

*H10.* There is a positive relationship between trust and relationship commitment.

If [Morgan and Hunt \(1994\)](#) had proposed that the data in their study included different cases showing high trust and having both a negative and positive relationship with high scores among cases for the second variable in each of these four hypotheses, they would have found that a cross-tabulation of cases segmented into quintiles for each variable would support this perspective. Proposing and demonstrating symmetric directional relationships – as these four hypotheses propose – offers a shallow view of the causes and/or consequences of high trust. Moving away from symmetric theory construction and analysis is necessary to advance useful and accurate theory and empirical research of trust in relationship marketing.

The same observation holds for the study of antecedents, mechanism, and outcomes of distrust. An asymmetric stance is necessary because the causes, mechanisms, and consequences of distrust are likely to be dramatically different from those of high trust. Consequently, cases in a dataset will be observable where high distrust is associated with cases having high and low shared values – as well as cases with high and low scores with each of the other three variables in *H5*, *H6*, and *H10*, respectively, in [Morgan and Hunt's \(1994\)](#) study. The issue of whether or not an overall relationship between  $X$  (e.g., trust as a dependent or independent variable) and  $Y$  (e.g., shared values, relationship commitment, or any other variable) is positive, negative, or close to zero has no importance. Beyond the conclusion made by the American Statistical Association (2016) that, “By itself, a p-value does not provide a good measure of evidence regarding a model or hypothesis” ([Wasserstein & Lazar, 2016](#), p. 132) and the general conclusion that null hypothesis significance tests (NHST) is a corrupt research practice ([Hubbard, 2016](#)), the more relevant issue is when, not if, high (or low) trust is an ingredient in one or more complex antecedent configurations that consistently indicate cases having a specific outcome condition of interest. One should Ask, for what circumstances do cases with high trust contribute to cases resulting in high relationship commitment? Also, one should ask, for what circumstances do cases with high trust contribute to cases resulting in low relationship commitment? These two questions can and should be asked for distrust in the process of constructing and testing hypotheses. Thus, a “four-corner analysis” ([Woodside, Nagy, & Megehee, 2018](#)) is possible to theorize and test empirically.

Though widely practiced, the reporting of correlations and standardized partial regression coefficients (i.e., betas) in meta-analyses and accompanying significance

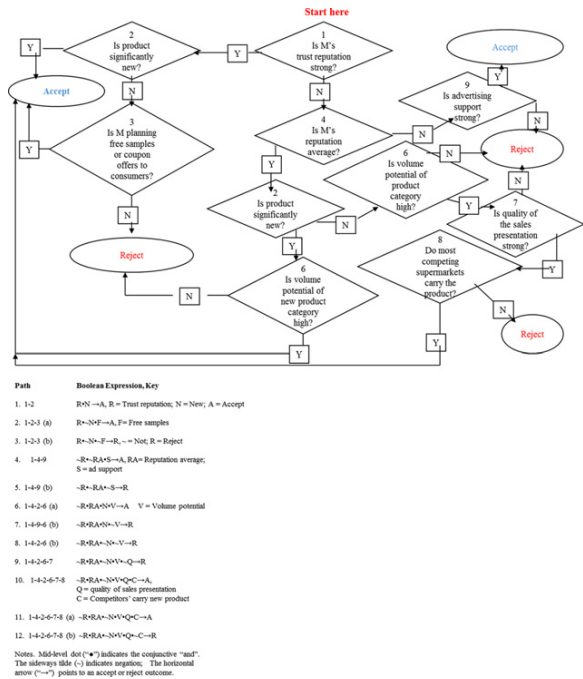
tests ( $p$ -values) represent scant substance. Such research focuses on reporting the relative sizes of effect of each variable along with whether or not the effect size is different from zero. In reality, an influence for a condition can occur or be irrelevant no matter whether the correlation is in a two-variable relationship or the  $b$ -coefficient in a multiple regression analysis. The issue of substance lies inside the study of causal configurations of complex antecedent conditions that indicate a simple or complex outcome condition of interest. Again, telling that trust has a correlation with relationship commitment equal to 0.70 ( $p < 0.001$ ) is not very informative given that high trust alone does not indicate consistency that high relationship commitment has occurred. Also, a researcher can expect – and should no longer ignore – anomaly cases that occur even when relationships empirically indicate a high effect size with high statistical significance. Discretizing by segmenting cases by quintiles or deciles and cross-tabulating almost always results in about 10 percent of the cases being classifiable as anomalies – even with the correlation between the two variables indicates a high effect size. While dichotomizing is never a good idea (cf. Cohen, 1983), discretizing by quintiles and building screens (McCampbell, 1998) or building screens by writing “fuzzy” statements via calibrating using 100 membership points for conditions (Ragin, 2008) rather than using continuous variables and symmetric tests is nearly always a better idea. Asking and answering the question – is there a positive relationship between trust and shared values – is bad science practice, along with asking similar symmetric directional questions for other variables. Good science practice includes asking under what circumstances do cases with high (low) trust indicate cases having high (low) shared values. Theory construction and empirical testing on trust in relationship marketing needs to shift from asking and answering variable relationship questions to asking and answering asymmetric case outcome questions.

The figure illustrates an example application of asymmetric case-based outcome theorizing and testing about trust in B-to-B relationship marketing. This study's context is regarding managing relationships and purchase decisions by supermarkets buying committees and their suppliers of manufactured frequently purchased consumer brands (MFPBs). It is noted from the Figure that neither high trust nor the negation of high trust alone is sufficient for indicating accept or reject on a new product that a manufacturer brings to the supermarket buying committee. Actions/decisions in B-to-B relationship marketing depend upon configurations of complex antecedent conditions. Rather than demonstrating the rather obvious positive relationship between trust and acceptance, the empirical model in the figure does ask whether high trust leads to rejection for some cases. If yes, what are the circumstances when high trust indicates rejection? Also, the empirical model in the figure demonstrates that distrust leads to acceptance in some cases. If yes, this seeming anomaly begs the question – under what circumstances does distrust and accept occur?

“An anomaly is a fact that doesn't fit received wisdom [...] an anomaly marks an opportunity to learn something very valuable. In science, anomalies are the frontier, where the action is” (Rumelt, 2011, pp. 247–248). Most studies in behavioral sciences and the subdisciplines of business/management (e.g., accounting, finance, marketing, organizational behavior, and strategy) ignore

anomalies in their testing of directionality of relationships (i.e., increases in  $X$  associates with increases in  $Y$ ). These studies also fail to examine specific outcomes (e.g., firms with top-quintile profitability) and the antecedents to these outcomes – they focus on reporting precision in the directionality of relationships (e.g.,  $p < 0.05$ ) rather than constructing algorithms (i.e., screens) that accurately and consistently predict the occurrence of a given outcome.

This discussion supports two conclusions. First, the study of symmetrical variable-directional relationships and the reporting of small-to-large effect sizes with null hypothesis significance tests (NHST, e.g.,  $r^2 = 0.64$ ,  $p < 0.001$  for trust and acceptance) offers meager substance (for additional supporting details for this conclusion see Armstrong (2012) and Ziliak & McCloskey, 2008, 2009). This conclusion also applies to meta-analyses summarizing statistical effect sizes. Second, nowadays, researchers have tools available to enable them to shift from bad to good science practices by moving away from the study of symmetric variable-directional relationships and the use of NHST to study asymmetric screens (i.e., heuristics) to indicate specific outcomes consistently via somewhat precise outcome tests (SPOT).



An Ethnographic Decision Process Model of Supermarket Committee Buying Decisions about a Manufacturer’s (M’s) New Product Offering. *Source:* Adapted from Montgomery (1975) with new expressions of causal mechanism. *Notes:* Mid-level dot (●) indicates the conjunction “and”. The sideways tilde (¬) indicates negation. The horizontal arrow (→) points to an accept or reject outcome.

The seventh paper elaborates on this asymmetric theory construction and empirical testing perspective for consistent outcome forecasting using screens and SPOT in great detail. The bottomline suggestion is to enjoy reading this volume in the ABMP series and consider embracing the perspective of shifting from the now pervasive perspective of theory construction and testing of symmetric directional variable relationships via NHST and effect sizes to asymmetric outcome configurational screens via somewhat precise outcome testing (SPOT) (Woodside, 2018).

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# TRUST IN BUYER—SUPPLIER RELATIONSHIPS: EVIDENCE FROM ADVANCED, EMERGING, AND DEVELOPING MARKETS

Houcine Akrouit

## ABSTRACT

*Trust is a crucial element in business exchanges. Trust has been the subject of considerable research. Most prior studies are insensitive to context studies. However, the advent of the extended enterprise with the disintegration of production and innovation processes, the digitalization of interactions, and the increased competition in global markets, among other factors, fundamentally alter the contexts of buyer—supplier relationships. New enriched perspectives and adapted approaches of trust in B-to-B settings are necessary.*

*This volume addresses new issues showing evidence from advanced, emerging, and developing markets by applying different theoretical and methodological perspectives. The findings lead to identifying consistencies, richness, and distinctiveness of antecedents, processes, and consequences of trust in various B-to-B contexts. It provides suggestions for future research and new levers and guidance for managers to build successful business relationships.*

**Keywords:** B-to-B relationships credence goods; culture; digital markets; high involvement; industrial services; trust

Trust is more than just making nice. Trust plays a crucial role in all societies. *The Economist* (August, 2016) highlights that “even the most trivial commercial transactions rely on small acts of trust” and that more complex partnerships, impelled in particular by globalization and extended enterprise, require more

trust to succeed and broadly spur economic activity. Trust is the subject of many business-to-business (B-to-B) studies in marketing. However, despite its apparent value, the concept remains largely under-researched, so it is worthy of deeper analysis (Akrouit & Diallo, 2017; Gundlach & Cannon, 2010) and better understanding (Lilien, 2015). Examining the conditions that give rise to trust development, maintenance, and erosion is necessary, as is studying various forms of trust (e.g., calculative, cognitive, institutional, and affective). The associations and mechanisms between interpersonal trust and inter-organizational trust in inter-firm relationships and how trust at one level of analysis affects and is affected by trust at other levels of analysis also require deep investigation (Fang, Palmatier, Scheer, & Li, 2008). The intercultural perspective of trust in B-to-B contexts has received little attention to date. Yet, trust is perceived differently from culture to culture (Saunders, Skinner, & Lewicki, 2010). More broadly, trust links in various contexts need examination, including business networks and intercultural and challenging contexts. Also, despite the consensus that trust changes over time, the antecedents and stages of building and maintaining trust are not well understood. Finally, given that 94 percent of B-to-B buyers conduct online research at some point in the buying process (Accenture Study, 2014), cultivating trust with the new technologies of B-to-B electronic commerce is paramount for high sale effectiveness.

This issue of the book series, *Advances in Business Marketing and Purchasing* includes five selected papers on trust in B-to-B contexts from various theoretical, methodological, and contextual perspectives. These five papers address interesting and relevant questions from diverse international locations (emerging, developing, and developed countries) and provide important managerial implications and suggestions for future research. The selected papers fulfill researchers' calls for methodological pluralism in trust research by considering epistemologies beyond positivism (Isaeva, Bachmann, Bristow, & Saunders, 2015). They offer a variety of methodologies and complementary themes that contribute to a better understanding of the subtleties and multifaceted nature of trust and trust-related management.

Paper 2, "A Global Examination of Cognitive Trust in Business-to-Business Relationships" by Sandra S. Graça and James M. Barry, investigates the determinants and outcomes of cognitive trust during the expansion phase in buyer–supplier relationships across three cultural contexts with distinct scores on Hofstede's (2001) dimensions: the United States, China, and Brazil. The paper shows the central role of trust in building social capital and shaping business relationships in all studied cultural contexts. The authors found trust to influence the exchange of confidential communication and increase commitment between partners in all three countries. However, dissimilarities exist between the developed and emerging countries. In the United States, conflict resolution, communication frequency, and social bond in building buyer–supplier relationships appear paramount, thus increasing cooperation between partners. However, in China, social bond was found to play a much greater role in building trust, which in turn increases cooperation only to the extent that it secures committed relationships. In Brazil, the results show that conflict resolution is the



most important factor in building trust. Conflict resolution also mediates the relationship between communication frequency and trust and drives cooperation positively.

Within the context of electronic markets, new technologies – under specific conditions – have been shown to encourage cooperation and contribute to trust building (*The Economist*, August 2016). From this perspective, Paper 3, “A Model to Enhance the Perceived Trustworthiness of Small and Medium Enterprises Selling Natural Essential Oils through e-Marketplaces” by Nozibele Gcora, Pardon Blessings Maoneke, and Naomi Isabirye, investigates the factors that influence initial trust and pave the way for future trust for sellers on e-marketplaces in South Africa. By using a qualitative research methodology and adopting a multiple-case study approach, the authors focused on small- and medium-sized enterprises (SMEs) that produce natural essential oils in South Africa. The data were used to develop a model of trust for sellers of natural essential oils in e-marketplaces. This proposed model recommends trust factors that should be considered during the entry, personal, and exit phases of the uncertainty reduction theory (URT). The model identifies common and unique trust factors that relate specifically to businesses trading natural essential oils on e-marketplaces. The study found that some SMEs face challenges in creating an effective model for selling agricultural produce on e-marketplaces. Hence, they often resort to face-to-face interaction for product inspection, especially when dealing with first-time buyers. However, this study presented measures put in place by other SMEs to suggest how such challenges could be addressed. Nevertheless, a lack of trust in technology remains a cause for concern for some SMEs selling natural essential oils.

In the same context of e-marketplaces, Paper 4, “Enhancing Electronic Markets for Industrial Services by Trust Features” by Wolfgang Bauer, Jürgen Dorn, and Ivan Pryakhin, focuses on the study of online trust signals used by buyers to assess providers’ trustworthiness in the context of industrial services in Austria. The main research objective was to propose a basis for a digital tool to help buyers assess provider’s trustworthiness by providing a “standardized trustworthiness signal description” and “trust functionalities.” The authors mixed different methods, including a case study, expert interviews, and a quantitative method following the guidelines of the design science paradigm.

They proposed a useful tool for trustworthiness assessment to enhance e-markets for industrial services. The level of trust in a service provider is an important decision factor when buying industrial services. The outcome uncertainties of services, individuality, and asymmetric information between the buyer and seller are reasons why the evaluation of trust is a key component in service trading. Consequently, searching for potential new suppliers involves examining these suppliers’ trustworthiness. Additionally, the importance of online marketplaces has increased for searching suppliers in a global environment, so there is a need to support trust evaluation by describing trust signals. Note that the two articles captured similarities in the phenomenon studied (e-trust) despite the different countries of study (Austria vs South Africa). Could this indicate that

global buyers' behaviors are converging in the B-to-B sectors under the influence of technology?

Paper 5, "Interpersonal and Inter-organizational Trust in High Involvement Customer–Supplier Relationships: Antecedents, Consequences, and Moderators" by Houcine Akrouit and Antonella La Rocca, examines how inter-organizational and interpersonal trust are created and how these trust levels can be balanced to create positive outcomes in high involvement customer–supplier relationships. Using theoretical analysis and conceptual development, the paper proposes a framework highlighting different drivers and moderators of the two trust levels. This integrative framework emphasizes the antecedents of interpersonal and inter-organizational trust (competence, honesty, and benevolence vs transparency and foreseeing conflicts) and the role of relational signaling as a moderator for catalyzing the "leap of faith," as well as the articulation of trust level bases and outcomes. The paper contributes to the discussion on the drivers of trust and the need to use relational signaling to create and maintain effective trust at the interpersonal and inter-organizational levels. In contrast to most of the existing literature, the paper argues that interpersonal trust does not necessarily develop into inter-organizational trust. Studying the antecedents and consequences of trust in the context of high involvement relationships adds new insights to the understanding of customer–supplier relationships.

Paper 6, "Trust in Relationships with Agri-food Distribution" by Laila Ouhna, explores loyalty strategies used by agri-food industries to maintain distributors. In this paper, Ouhna investigates the trust dimensions (benevolence and credibility) that affect loyalty (behavioral and attitudinal) in the agri-food industry. Using structural equation modeling, the paper demonstrates the importance of benevolence in relationships between Moroccan agri-food industries and their distributors. The results explain that the development of customer loyalty is influenced by the development of benevolence in relationships with distributors, especially for attitudinal loyalty.

Paper 7, "Window to New Research Approaches: How using Simon's Scissors Cuts Perplexity in Strategy Theory, Research, and Practice," by Gábor Nagy, Carol M. Megehee, and Arch G. Woodside, supports the reader's quest for new theory, tools, and skills to capture the complexity in examining the causes and outcomes of high trust and distrust in B-to-B relationships. Nagy, Megehee, and Woodside suggest focusing on configurations of complex antecedent and outcome conditions that identify outcome conditions (such as high trust) to offer deeper and more insightful theory and empirical findings than focusing on theory construction and testing focusing on relationships among variables.

The selected papers facilitate exploring new and relevant issues of trust in contexts with high uncertainty about unmet expectations, high stakes, and high interdependence relationships. In all these situations, buyers experience high vulnerability, making them fertile ground for the development of trust (Ping Li, 2012). We are far from exhausting the topic of trust, but this volume makes an incremental step toward better understanding trust in B-to-B relationships and hope that this book inspires studies in other contexts and research fields.

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# A GLOBAL EXAMINATION OF COGNITIVE TRUST IN BUSINESS-TO- BUSINESS RELATIONSHIPS

Sandra S. Graça and James M. Barry

## ABSTRACT

*This study investigates the antecedents and outcomes of cognitive trust during the expansion phase in buyer–supplier relationships. It takes a global approach and examines cultural nuances between developed nation and emerging market firms by including participants from the United States, China, and Brazil. The results demonstrate the importance of trust in building social capital and the central role which trust plays in shaping business relationships in all studied cultural contexts. There are similarities and differences across countries. Results support relationship marketing theory by demonstrating the importance of conflict resolution, communication frequency, and social bond in building buyer–supplier relationships in the United States, which in turn increase cooperation between partners. Results also indicate that in China, social bond plays a much greater role in building trust, which in turn increases cooperation only to the extent that it serves as a mechanism to secure committed relationships. In Brazil, results show that conflict resolution is the most important factor in building trust. It also mediates the relationship between communication frequency and trust, as well as drives cooperation positively. Overall, trust is found to influence exchange of confidential communication and increases commitment between partners in all three countries.*

**Keywords:** Cognitive trust; commitment; relationship marketing; communication; cooperation; conflict resolution and social bond

## INTRODUCTION

Considerable research is devoted to the subject of trust in relationship marketing. Since the mid-1980s, an extensive body of literature has revealed its antecedents and pervasive influence on selling, brand relationships, and multinational partnership performance. But despite the vast research stream devoted to trust, the multifaceted influence in global buyer–supplier settings has led to a renewed interest in the subject. In particular, scholars are increasingly focusing their research efforts on the trust-building process concomitant with the advancement of relationships. This has led to more robust examinations of trust as it progresses from the early exploration to the expansion and maintenance phases of a relationship (Akrou & Diallo, 2017; Dowell, Morrison, & Heffernan, 2015). Relationship marketing researchers recognize that this multistage development of trust requires closer scrutiny of its calculative, cognitive, and affective dimensions (Claro & Claro, 2008; Davies & Prince, 2005; Johnson & Grayson, 2005). Consequently, a resurgence of research has emerged in search of generalized frameworks for capturing the intricacies of this evolving trust-building process.

Complicating this framework development are the contextual subtleties related to a buyer's *public* or *generalized* trust dispositions. Specifically, trust research in emerging market literature (Graça, Barry, & Doney, 2017; Lee, Tang, Yip, & Sharma, 2017) and cross-cultural marketing (Barry & Doney, 2011; Bjørnskov, 2007; Borit, Vanhée, & Olsen, 2014; Chua, 2012; Doney, Cannon, & Mullen, 1998; Lai, Singh, Alshwer, & Shaffer, 2014; Roy, Balaji, Soutar, Lassar, & Roy, 2018) suggests that the considerations made by buyers in assessing supplier trustworthiness are largely influenced by the generalized trust dispositions inherent in their cultural or institutional surroundings. Consequently, the qualification of a globally relevant framework for examining the trust-building process should consider the moderating influences of national culture. Of particular relevance to suppliers is the manner in which cultural dissimilarities with their buyers can thwart their efforts to advance overseas relationships. Should suppliers underestimate the buyer's criteria for trustworthy validations, for example, opportunities may be missed in the expansion phase of a relationship lifecycle.

The research findings in this study confirm that the trust expectations held by buyers vary widely across national cultures. Such proclivities likely influence the buyer safeguards used to mitigate the risk of supplier exploitation. This, in turn, will likely temper the importance placed by buyers on various trust antecedents. In particular, our study confirms that the socializing aspects of certain national cultures have much to do with a buyer's scrutiny of relational bonds in assessing supplier trustworthiness. Moreover, a buyer's culturally conditioned tolerance for ambiguity will likely shape its sensitivity to a supplier's conflict management style as an indicator of trustworthiness.