



The role of trust in building rural tourism micro firm network engagement: A multi-case study

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HIGHLIGHTS

- Explores social interactions and relationships that lead to trust in rural networks.
- Mutual benefit is at the core of social exchange and trust is an evolving asset.
- Personal relationships and geographic proximity shape a separatist rural identity.
- Network chair dependency for bridging and linking relationships.
- Enhances understanding of how trust is built in rural micro tourism networks.

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ABSTRACT

This study examines the role of trust in building rural tourism micro firm network engagement in three case environments in Ireland, Canada and the USA. Researchers have rarely addressed the role of trust in tourism business relationships beyond acknowledging that it is a critical factor in network relationships/exchanges. This study contributes to the existing body of knowledge by exploring the content of member interactions and relationships that lead to trust in rural micro firm tourism networks using a relationship lens underpinned by social exchange theory. Applying a longitudinal interpretivist lens in each case, findings suggest that bonding, bridging and linking interactions have profound implications for rural tourism micro firms who may not have access to a larger social system of stakeholder relationships due to their relatively isolated location. The resultant framework offers insight into the generation of trust as an evolving asset in a rural tourism micro firm network setting.

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1. Introduction

This multi-case study examines the role of trust in building rural tourism micro firm network engagement. A review of the literature reveals that there is no universally accepted definition of either the concept or the measurement of trust (Glaeser, Laibson, Scheinkman, & Soutter, 2000; Lewicki, Tomlinson, & Gillepsie, 2006; Rousseau, Sitkin, Burt, & Camerer, 1998). It is, however, helpful to comprehend the researchers' perspective in a particular study. In this paper, trust is seen as an interpersonal phenomenon (Blomqvist, 1997) where one party is willing to be placed in a

potentially vulnerable position relative to another, while possessing some knowledge of the other party that inspires trust in that individual (Luhmann, 1979). Under this mantle, trust is defined as a willingness to rely on an exchange partner (Rousseau et al., 1998) in whom one has confidence based on their words, actions, intentions, attitude, capabilities, decisions and behavior (Glaeser et al., 2000; McAllister, 1995; Morrow Jr., Hansen, & Pearson, 2004). While there are numerous perspectives, and little agreement as to what constitutes a network, Hoang and Antoncic (2003: 167) broadly define a network as 'a set of actors with some set of relationships linking them', a baseline from which this study is borne. Scott, Baggio and Cooper (2008) acknowledge tourism as an ideal context for the study of networks as they 'provide a means of conceptualizing, visualizing, and analyzing [tourism's] complex sets of relationships' (p. 3), a view that complements Hoang and Antoncic's baseline. Leveraging the relational perspective, networks are seen as social

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structures that enable tourism micro firms to build the trust required to develop a local tourism product (Lynch & Morrison, 2007, p. 43).

Linking trust and network engagement, the prevailing literature suggests that individuals enter into a network relationship based on mutual exchange to achieve benefits for unspecified obligations and that over time trust develops (Shockley-Zalabak, Ellis, & Winograd, 2000). The assumption has been that by placing rural tourism micro firms in a network, the owner-manager (OM) will willingly engage with their community, peers and professional advisers to exchange resources including advice (Ahmad, 2005; Jaouen & Lasch, 2015; van der Zee & Vanneste, 2015) in pursuit of mutual benefits. However, researchers have rarely addressed the role of trust in tourism business relationships (Czernek & Czakon, 2016), and while trust is recognized as a crucial ingredient in tourism network success (Michael, 2007), the content of interactions and relationships that lead to trust in rural tourism networks are not fully understood (Galunic, Ertug, & Gargiulo, 2012; Pesamaa & Hair Jr., 2008; Saxena, 2005, 2006). Furthermore, there is little evidence that mutual trusting relationships exist between network members, even over time (Reinl & Kelliher, 2014). While the relational element of rural micro firm network engagement has been researched in the past (for example, Czernek & Czakon, 2016; Gibson & Lynch, 2007; Hite & Hesterly, 2001; Hoang & Antoncic, 2003; Kelliher, Aylward, & Lynch, 2014; Lynch & Morrison, 2007), the interactions that build and strengthen trust within rural tourism network relationships have not been studied to date.

For the purposes of this study, a rural location is defined as a sparsely populated geographic area (of less than 1000 inhabitants) that is situated outside cities and towns interspersed by small settlements, with a tendency toward specialist economic bases (von Friedrichs Grängsjö, 2003). Many countries are predominantly rural in nature and are reliant on tourism micro firms, in the main, to facilitate economic growth, competitiveness and employment (OECD, 2006). Taking the European comparative base of no more than 10 full-time employees (EC, 2014), thereby encompassing USA and Canadian definitions (USSBA, 2015; Industry Canada, 2013), micro firms are the predominant providers of tourism services in rural regions in Ireland (Fáilte Ireland, 2015)¹, the USA (USSBA, 2015) and Canada (RFC, 2016); the three case locations under study.

The remainder of this paper is structured as follows: the authors review relevant trust, tourism micro firm and rural network literature, leading to the research question 'what is the role of trust in building rural tourism micro firm network engagement?' The paper goes on to discuss the applied interpretive case method in three locations (Ireland, USA, Canada) and presents findings based on the extracted data. The resultant framework offers insight into the generation of trust as an evolving asset in rural tourism micro firm networks, thereby extending trust and network theory and providing a visual tool of engagement to those involved in practice.

2. Theoretical underpinnings

This study takes a social exchange perspective (Blau, 1968), assuming that successful exchanges gradually build up trust on both sides (Luo, 2005). The expectation is that positive interactions build trust (Lewicki et al., 2006; Malewicki, 2005), while in the case of distrust, interactions result in negative expectations regarding another's conduct, particularly if these actions are perceived to take the form of opportunistic behavior. Trust can therefore change over

time based on past behavior – developing, building, declining and even resurfacing in long-standing relationships (Lyon, Møllering, & Saunders, 2015; Rousseau et al., 1998). This perspective corresponds with the classification proposed by Luhmann (1979) – that there is a micro-level of trust, based on the emotional bond between individuals, which is more characteristic of primary and small group relationships, such as that evidenced in rural micro firm networks. Trust can exist at both cognitive and affective levels, which can affect an individual's propensity to trust (McAllister, 1995; Morrow Jr. et al., 2004). Cognitive trust is primarily based on what an individual perceives to be a good reason to trust others (McAllister, 1995). This includes personal knowledge of the other party (Blomqvist, 1997) and an analysis of a social exchange partner's intentions, motives, capabilities and predisposition towards others (Czernek & Czakon, 2016). Affective trust is more subjective and is based on emotional bonds and attachments that an individual holds for another over time (Davidsson & Honig, 2003; Rousseau et al., 1998).

2.1. The role of trust in building rural tourism micro firm network engagement

In a rural micro firm setting, social assets rooted in the OM's network relationships include trust (Irvine & Anderson, 2004; McAreevey & McDonagh, 2011; Saxena, 2006), which forms the basis of flourishing business relationships, as well as reinforcing social norms (Townsend, Wallace, Smart, & Norman, 2016). Here, trust is regarded as a property of individuals or a characteristic of interpersonal relationships (Beugelsdijk, 2006, p. 374), while the adjectives used in context often refer to the source of trust. While trust is a critical factor in the success of small firm tourism networks (Lynch & Morrison, 2007), it is not a given in this environment and the social relations that underpin trust must be constructed through economic and cultural investment strategies oriented to the institutionalization of group relations (Portes, 1998). The assumption is that the development of trust is a process of mutual learning, exploration, testing and some negotiation (Gabarro, 1978, p. 301) that occurs over time (Morrow Jr. et al., 2004; Gulati, 1995) based on repeated interaction. Trust acts as a governance mechanism (Czernek & Czakon, 2016), and as such it is both an outcome of, and an antecedent to, successful collective action. The presence of trust does not eliminate conflict between tourism providers (Czernek & Czakon, 2016; Merinero-Rodriguez & Pulido-Fernandez, 2016), rather it increases the likelihood that members will discuss problems openly without fear of any malevolent consequences to ensure that network relationships are conducive to doing business (Heidari, Najafipour, Farzan, & Parvaresh, 2014). Furthermore, it is often under conditions of high risk and uncertainty that trust emerges, for example when an opportunity to exploit another partner's vulnerability is not acted upon (Rousseau et al., 1998).

Currall and Judge (1995) suggest that it is the level of trust between individuals that provide the linking mechanism across organizational boundaries, namely boundary role persons (Fuller-Love & Thomas, 2004). This approach is consistent with interaction models including social exchange theory where collaboration is studied in the context of a specific relationship (Currall & Judge, 1995), such as that which may exist between tourism business owners in a rural setting. Thus, the role of trust is important in this environment as relationships are influenced by the embedded understandings and practices of the OM (Kelliher et al., 2014). By considering the role of trust in building rural tourism network engagement, we are acknowledging the reality that it is not the rural networks themselves that are important but the objects and relations that flow through them (Murdoch, 2000). This notion of a

¹ Fáilte Ireland is the national tourism development authority of Ireland, whose role is to support the tourism industry.

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