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The complexity of trust in business collaborations

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ABSTRACT

Research on trust in business collaborations is generally founded on the premises that: a) cognitive trust is initially defined within contractual procedures; b) positive experiences lead to adjustments in contractual and/or informal arrangements, and c) cognitive trust is eventually supplanted by affective trust. This dynamic, process view of trust fails to capture the impact of trust experiences in external collaborations on trust emergence in a focal collaboration, and the complexity of trust co-evolution as each actor interprets and responds to the other's communication, behaviour and action. A complexity conceptualisation of trust as a self-organising, adaptive phenomenon can help us better understand the way trust develops. Through engaging with complexity theories as metaphors to enrich trust theory, trust is described as 'self-organising' as new cognitive, interpretive schema are evoked, and 'adapting' in response to trust experiences external to the collaboration. A complexity perspective evokes a new field of research questions and rich methodological opportunities.

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CHINESE ABSTRACT

业务协作方面的研究一般基于以下前提：1）认知信任最初规定在合同程序中;2）积极体验带来合同和（或）非正式安排的调整；3）认知信任最终被情感信任取代。这种动态流程视图未能捕捉到外部重点合作产生信任的体验影响，也未能捕捉到随着个人理解并回应对方的交流和行动而产生共同的信任增进时的复杂性。作为一种自发组织的适应现象，复杂的信任概念可以帮助我们更好地理解信任发展的方式。信任理论通过添加复杂性隐喻得到丰富，信任被描述为新认知的"自我组织"，解释模式被诱发，并且响应了外部协作的信任体验"适配"。复杂性角度的分析开启了有关研究问题和大量方法论机会的新领域。

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1. Introduction

In both goods and service industries, companies have recognised the important benefits of transitioning from a transaction and/or service management focus to co-creating value through collaboration. Service-dominant (S-D) logic with its emphasis on superior value co-creation "replace (ing) superior value provision as the cornerstone business strategy" (Karpen et al., 2012, p. 21) has only recently been posited as a foundation marketing theory in a B2C context (Gummesson et al., 2010). However, research on collaborations to build value and performance in B2B contexts has been evident in the literature for over fifty years, particularly the research of the Industrial Marketing and Purchasing Group (IMP Group) examining the complexity and dynamics of business relationships. Although the Interaction Model developed by the IMP group in the 1970s did not specify trust formally (Metcalf et al., 1992), elements contained in the model such as information exchange, social exchange and co-operation are founded on trust (Wilson, 1995). Recognising that trust between organisations exists in the collective and individual behaviours of managers towards other organisations, we examine trust between organisations, through drawing on both interpersonal and inter-organisational trust literature (Huang and Wilkinson, 2013, 2014).

Research on trust in the marketing literature emerged in the 1990s (Anderson and Narus, 1984; Ganesan, 1994; Morgan and Hunt, 1994; Smith and Barclay, 1997; Zaheer et al., 1998) and in the B2B context became embedded in the relationship marketing literature through sales management and channel management literatures (Raimondo, 2000). Research on trust has continued to build in marketing, management, sociology and operations management knowledge domains (for example, Coulter and Coulter, 2002; Gounaris and Venetis, 2002; Pillutla et al., 2003; Weber et al., 2005; Zhang and Huxham, 2007; N'Goala, 2010; Sánchez et al., 2010; Bachmann and Inkpen, 2011; Zur et al., 2012;

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Swift and Hwang, 2013). Our purpose is not to review this diverse body of knowledge, but capture the dominant underlying theoretical perspective.

Our first objective is to examine the robustness of a dynamic, process theory of trust drawn from this literature in a context where: "value co-creation is shaped by social forces, is reproduced in social structures, actors learn and change their roles within dynamic service systems" (Edvardsson et al., 2011, p. 327). As trust is an ambiguous and complex phenomenon, integrating "psychological processes, group dynamics and macro-level organisational arrangements" (Seppänen et al., 2007, p. 257), we argue that a dynamic, process theory of trust is insufficient to capture the emergence of trust in business collaborations for three important reasons:

1. each actor's communication, behaviour and action have the potential to create adjustments in the other's perception of trust in a collaboration;
2. an actor's interpretation of the other's communication, behaviour and action has the potential to create changes in their business relationship strategy (which defines the extent and nature of trust in collaborations) and relationship management capability, leading to changes in trust behaviour in the focal collaboration and in collaborations external to the focal collaboration; and
3. each actor's trust experiences in collaborations which are external to their focal collaboration (exogenous collaborations) can influence, positively or negatively, individual dispositional trust and business relationship strategies, and subsequently affect the trusting behaviour of each participating actor in a focal (endogenous) collaboration.

To help us better understand the way trust develops, our second objective is to conceptualise trust as an emergent phenomenon through engaging with theories of complexity. Complexity theories have increasingly been applied as metaphors for understanding the emergence of phenomena in social and business contexts, particularly, networks, leadership and innovation (Boisot and Child, 1999; Jarratt et al., 2007; Morel and Ramanujam, 1999; Stanley, 2009). Here we are using the term 'theory' to mean "an attempt to bind together in a systematic fashion the knowledge … of some particular aspect of the world of experience" (Honderich, 1995).

Through a review of the extant literature across multiple knowledge domains, we describe a dynamic, process theory of trust and assess the ability of this dynamic theory to explain trust emergence. To address the limitations identified through this analysis, a complexity theoretical explanation of trust is proposed and illustrated with examples from agent-based model simulations of trust and a longitudinal case study of a regional network in which data were captured through ethnographic and case study methodologies. Conceptualising trust as new value is co-created is inherently compatible with theories of complexity, as both focus on the dynamism of interactive systems and emergence (Edvardsson et al., 2011; Kramer, 1999; Vargo and Lusch, 2004).

2. Trust as a central element of collaborative behaviour

In the 1970s Macneil observed that, in contrast to a stream of discrete transactions, interactions between organisations displayed relational patterns, in which opportunism was resisted and operational and relational flexibility facilitated adjustment as new environments evolved (Jarratt, 2004; Macneil, 1978, 1980). Further, Macneil argued that even the process of planning future exchanges eroded the discreteness through introducing 'trust' that future exchanges will take place.

The literature has developed around conceptualisations of trust as a psychological phenomenon (i.e. a state of mind) and as an institution-based phenomenon existing within an advanced socio-economic system (Lewicki et al., 2006). In individuals, the decision to trust is based on complex neurological processes, and willingness to trust strangers is an outcome of biological and cultural evolutionary processes (Fichman, 2003). Dimoka (2010) determined that trust is associated with different areas of the brain, noting that expectation of a reward activates the caudate nucleus and putamen areas, uncertainty activates the orbitofrontal cortex, while co-operative intentions activate the anterior paracingulate cortex. Benevolence (i.e. concern for another's welfare) was associated with the emotional areas (limbic system) and found to influence the cognitive evaluation of economic and social rewards.

Rousseau et al. (1998 p. 395) defined trust as: "*the intentions to accept vulnerability based upon positive expectations of the intention or behaviour of another*". Trust is inextricably linked to situations characterised by uncertainty and the risk of dependence (Kramer, 1999). Risk arises as a consequence of the lack of knowledge about future value performance, the intangible nature of value, and another's motives, skills and potential actions (Coulter and Coulter, 2003; Huynh et al., 2006; Kramer, 1999; McKnight et al., 1998). Uncertainty occurs as a consequence of a client organisation's belief that a provider collaborator may behave in a way that will impact negatively on them (Fichman, 2003).

The role of trust as a central element of collaborative behaviour is evidenced in a large body of work. This work includes research on manufacturer–distributor and buyer–seller relationships by Anderson (Anderson and Narus, 1984, 1990; Anderson and Weitz, 1992; Anderson et al., 1994) and Häkansson and Ford (2002), Morgan and Hunt's (1994) commitment-trust theory in relationship marketing, the role of trust in successful exchange relationships (Dwyer et al., 1987; Moorman et al., 1993), and interrogation of relationship quality as trust, commitment and satisfaction (Walter et al., 2003).

The cooperative aspects of economic behaviour were described in the literature as early as the 1960s (Alderson, 1965). Value creation through collaboration was specifically addressed by Walter et al.'s (2001) whose research identified the direct functions of collaborative relationships as profit, volume and cost-efficiency. Chesbrough (2006) added further to the field of collaborative innovation explaining 'Open Innovation" and the role of knowledge brokers.

Consistent with some forms of Chesbrough's (2006) Open Innovation, S-D logic speaks of relationships in which value is co-created through the integration of resources, particularly operant resources (skills, knowledge, competencies and capabilities), which are located in both client and provider (Vargo and Lusch, 2008). In-depth knowledge of the skills and capabilities of client organisations and personal relationships developed by boundary spanning personnel provide the foundation for instigating value-creating collaborations (Payne et al., 2008, p. 86). Once this knowledge has been acquired, the integration of operand (economic, physical and/or natural resources) and operant resources in co-creating value is likely to occur (Edvardsson et al., 2011; Vargo and Lusch, 2004).

The literature places trust centrally in this collaborative context as skills and knowledge of client organisations and providers are integrated to facilitate value co-creation (Karpen et al., 2012; Sánchez et al., 2010). Both client organisation and provider accept vulnerability, taking a 'leap of faith' as they depend on the other to act benevolently. The social structure and organisational systems of collaborative activity (i.e. the web of interacting social forces defined by the nature of their interacting roles – Edvardsson et al., 2011, p. 330) support the co-creation of value. Cognitive trust and affective trust are established through assessing performance against calculated expectations (calculative trust), and trusting actions such as sharing ideas, discussing issues openly and constructively, developing emotional bonds and offering caring advice (Huang and Wilkinson, 2014; Parayitam and Dooley, 2009; Webber, 2008).