



Inter-personal and inter-organizational trust in business relationships: An attitude–behavior–outcome model



Bahar Ashnai^{a,*}, Stephan C. Henneberg^{b,1}, Peter Naudé^{c,d,2}, Anthony Francescucci^{e,3}

^a William Paterson University, 1600 Valley Road, Wayne, NJ 07470, USA

^b Queen Mary University of London, School of Business and Management, Mile End, London E1 4NS, United Kingdom

^c University of Manchester, Booth Street West, Manchester M15 6PB, United Kingdom

^d University of Sydney Business School, Sydney, NSW, Australia

^e Ted Rogers School of Management, Ryerson University, 350 Victoria Street, Toronto, Ontario M5B 2K3, Canada

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ABSTRACT

This study contributes to understanding the role of trust in business-to-business relationships at two different levels of operation: the inter-personal and inter-organizational levels. A nomological model was built around an overall framework consisting of three main groups of business relationship characteristics: attitudes, behaviors, and outcomes. Data collected from 331 informants in the UK was used to empirically test the model. Inter-personal trust and inter-organizational trust were found to be two distinct constructs, with the results of a structural equation analysis supporting the overall model that was developed. However, one suggested effect (the negative effect of supplier's opportunistic behavior on relationship-specific investments) was not supported. Potential explanations for this finding are introduced. The research contributions and implications are also discussed.

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1. Introduction

The purpose of this study is to understand the role of trust in business-to-business (B2B) relationships, with consideration of two different levels of operation: the inter-personal and inter-organizational levels. In the current turbulent marketing environment, organizations cooperate closely within their business relationships in order to survive, a phenomenon that can be explained via lenses such as social exchange theory (Cook & Emerson, 1978), resource dependence theory (Pfeffer & Salancik, 1978), transaction cost theory (Achrol, 1997) and the resource-based view of firms (Palmatier, Dant, & Grewal, 2007). Trust is posited as an important aspect for successful business relationships (Morgan & Hunt, 1994). It is therefore crucial to gain insights into how trust affects business relationships. However, trust is a multi-dimensional construct and studying its various aspects extends our knowledge of business relationships (Fang, Palmatier, Scheer, & Li, 2008). An attitude–behavior–outcome framework of business relationships is developed in this study, which is informed particularly by social

exchange theory and transaction cost economics. The framework is extended by adding outcomes or consequences of business relationships based on the resource-based view of firms, and further developed by incorporating the other relational party's opportunistic behavior based on transaction cost economics.

In particular, the study attempts to investigate how aspects of trust (i.e., inter-personal and inter-organizational) relate to each other. Furthermore, it tests the impact of these two aspects of trust on business relationships, and in doing so examines the impact of trust on other characteristics of business relationships, as well as on the outcomes of these relationships. This study thereby contributes by developing an 'opportunistic behavior–attitudinal attributes–behavioral attributes–outcomes' framework, shedding light on how these groups of constructs play different roles in business relationships. This bridges two main perspectives in the study of business relationships, i.e., social exchange theory, including the interaction perspective, and transaction cost economics. We further contribute to the resource-based view of firms, due to its emphasis on relationship outcomes and the antecedent role of resource allocations, by providing evidence for the determinants of financial and non-financial dimensions of relationship outcomes.

In this article, we first discuss the model development and theoretical grounding. The constructs are introduced and the hypotheses developed. Research method and design are elaborated, and data analysis and findings presented. Finally, we discuss the contribution and implications.

* Corresponding author. Tel.: +1 973 720 3835.

E-mail addresses: ashnaib@wpunj.edu (B. Ashnai), s.henneberg@qmul.ac.uk (S.C. Henneberg), Peter.Naudé@mbs.ac.uk (P. Naudé), a.francescucci@ryerson.ca (A. Francescucci).

¹ Tel.: +44 207 8822706.

² Tel.: +44 161 275 7782.

³ Tel.: +1 416 979 5000x6727.

2. Model development and theoretical grounding

2.1. Nomological model structure

This study develops an *attitude–behavior–outcome framework*. In doing so it uses the extant literature of Social Exchange Theory (SET), which informs the attitude–behavior part of the developed model. Trust as the core attitudinal characteristic of the model is particularly informed by SET (Kumar, Scheer, & Steenkamp, 1995; Morgan & Hunt, 1994). We distinguish between social and inter-personal aspects in business relationships in addition to the structural and inter-organizational components (Blois, 1999; Jiang, Henneberg, & Naudé, 2011; Mouzas, Henneberg, & Naudé, 2007). Furthermore, the model is extended based on transaction cost economics (TCE) by developing an *opportunistic behavior–attitude–behavior–outcome framework* which incorporates the other party's behavior (i.e., opportunism) (Parkhe, 1993). TCE informs this research particularly in terms of the selection and incorporation of behavioral characteristics, such as relationship-specific investments (Heide & John, 1988) and information sharing (Heide & John, 1992), in that TCE emphasizes collaboration and coordination characteristics. Consideration of outcomes is grounded in the use of the Resource-Based View (RBV) perspective particularly with regard to performance, for instance financial performance (Palmatier et al., 2007) and the impact of resources (such as investments) on performance. As such, it completes the framework, as shown in the nomological model in Fig. 1.

Incorporating ideas from the transaction cost perspective and social exchange theory is a useful technique for studying business relationships. It enables a focus on particular aspects of business relationships (in the case of this study: trust) while considering several dominant aspects of inter-organizational effects (in this study: inter-personal/inter-organizational and behavioral/attitudinal effects). Scholars have taken this approach previously; examples of using these two perspectives include the early study of Heide and John (1992) which develops relational norms. It is rooted in transaction cost economics (Williamson, 1985), but incorporates ideas from social exchange theory (Thibaut & Kelley,

1959). Bucklin and Sengupta's (1993) study also bridges the two perspectives, confirming the importance of power imbalance in inter-organizational relationships (informed by the former perspective) and the significance of transaction-specific investments as a factor affecting success (informed by the latter). Similarly, Ganesan (1994) uses ideas from these perspectives, considering the reduction of costs in trusting relationships based on a transaction cost perspective (Williamson, 1975, 1981).

Many studies in business-to-business marketing and inter-organizational research opt to consider the business relationship as the unit of analysis (e.g., Jap, 1999; Morgan & Hunt, 1994; Palmatier et al., 2007). We adopt a similar approach in this study, as our purpose is to focus on business relationships and understanding the role of trust in those relationships. More specifically, the unit of analysis is the relationship between one company (the focal company) and another company (the partner company), which operates as a supplier to the focal company. The respondents, the unit of measurement, are informants at middle or senior positions in their companies who are knowledgeable about the relationship that the focal companies have with their suppliers.

2.2. Inter-personal trust, inter-organizational trust, and commitment

Based on SET, trust and commitment are inter-related and central to business-to-business marketing (Blau, 1964; Morgan & Hunt, 1994). Commitment is the variable that distinguishes social from economic exchange (Cook & Emerson, 1978). Studies on business relationships recommend distinguishing between different aspects of inter-organizational constructs (Klein, Dansereau, & Hall, 1994; Rousseau, 1985). Scholars (e.g., Zaheer, McEvily, and Perrone (1998) and Mouzas et al. (2007)) distinguish between two different notions of trust, those operating on the inter-personal and inter-organizational levels. However, many studies consider trust as a uni-dimensional construct, and there are too few studies that clarify and empirically test the different sub-constructs (Fang et al., 2008). The main source of inter-personal trust (i.e., a person or a group of persons in the focal company trusting a person or a group of

Opportunistic behavior →	Attitudinal trust constructs →	Behavioral attributes →	Relationship outcomes
<i>opportunistic behavior</i> (John, 1984; Williamson, 1975); TCE+	<i>inter-personal trust</i> (Ganesan, 1994; Kumar et al., 1995), SET+	<i>commitment</i> (Anderson & Weitz, 1992; Jap & Ganesan, 2000), SET+	<i>financial performance</i> (Palmatier et al., 2007), RBV+
	<i>inter-organizational trust</i> (Blois, 1999; Jiang et al., 2011; Mouzas et al., 2007), SET+	<i>information sharing</i> (Cannon & Homburg, 2001; Heide & John, 1992), TCE+	<i>non-economic (soft) performance</i> (Ruekert & Walker, 1987; Selnes & Sallis, 2003; Van de Ven, 1976), SET+, RBV+
		<i>relationship-specific investments</i> (Heide & John, 1990, 1992), TCE+	

TCE+: Transaction Cost Economics and Relational Norms

SET+: Social Exchange Theory and Its Following Theories (i.e. Commitment-Trust Perspective, Dependence Perspective and IMP Perspective)

RBV+: Resource-Based View and Resource Dependence Theory

Fig. 1. The nomological model and informing perspectives.

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