



Where does inter-firm trust come from?

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1 INTRODUCTION

Aim

This research aims at understanding the manifestation of inter-firm trust in a given activity sector

Definition of trust

The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespectively of the ability to monitor or control the other party (Mayer et al., 1995: 712)

The gap in the literature

The current debate points out the importance of trust for maximising inter-firm collaboration; however there would appear to be limited understanding on how to take an individual attitude to the inter-firm level

Applicability

The construction sector. Inter-firm trust is regarded as the way forward to address the low levels of trust, collaboration and innovation

2 ADDRESSING THE GAPS

Scholars do not distinguish between trust and trustworthiness

Extant research on trust focuses either on individual or firm- elements

Get it right!

Towards a theory-based model

Proposition 1 a) Trust is an individual-based attitude; b) trustworthiness refers to trustworthy behaviours/actions

Proposition 2 Individual action is embedded in the social structure

Proposition 3 Governance structure offers a perspective on the firm's willingness to be vulnerable to other firms

4 CONTRIBUTION

Definition - *inter-firm trust results from the combination of individual and firm-elements converging towards an adjusted value perspective leading to (or not) trustworthy behaviours during inter-firm interactions.*

Inter-firm trust depends on both the individual's disposition to trust and the firm's course action (e.g., integrity though compliance with contracts) with other firms

Both individual and firm-elements act as 'drivers' of the level of trust over time.

5 IMPLICATIONS

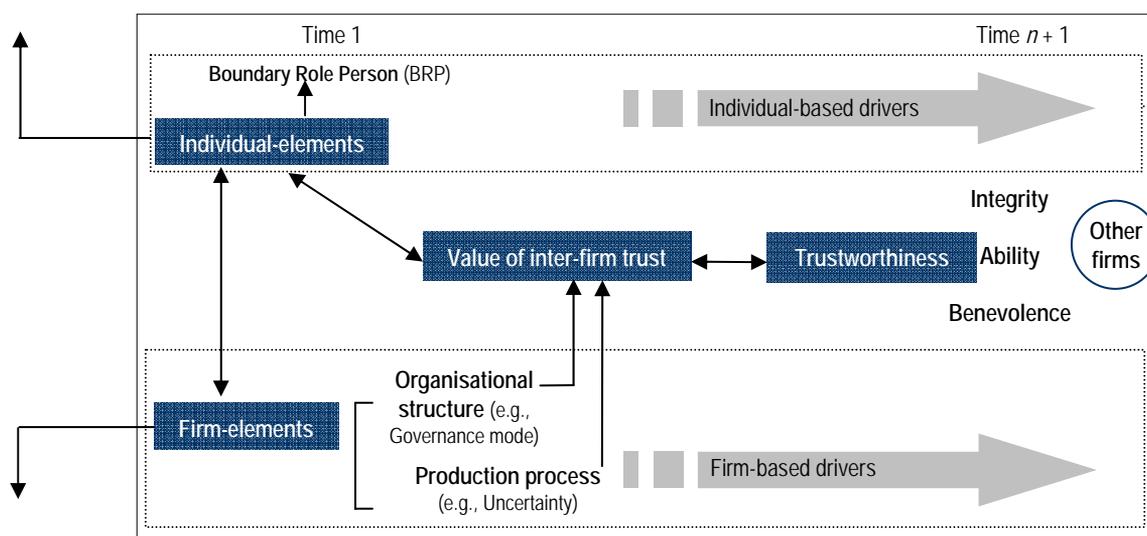
Individuals can trust; although firms can only choose to operate in trustworthy ways.

Inter-firm trust (or lack of) is a combination of individual's predisposition, firm' strategy and sector's way of operating.

This model suggests that (the lack of) inter-firm trust is also an outcome of the sector's contracting practices (e.g., *sum lump*) which might harm the spread of trust-based collaboration (e.g. partnering).

3 BRIDGING THE GAPS IN INTER-FIRM TRUST RESEARCH

Hypothesis 1: BRP's willingness to trust other people influences positively the value attached to trust



Trust changes over time!

Drivers are factors influencing the change in the level of inter-firm trust over time

Hypothesis 2: The probability of less formal governance modes (a) and the perception of resources uniqueness (b) are positively related to the value attached to trust in inter-firm collaboration.

Hypothesis 4: The overall value attached to trust in inter-firm ties is positively related to the exhibit of trustworthiness in inter-firm interaction.

Hypothesis 3: Process uncertainty is positively related to the value attached to trust in inter-firm collaboration.

Hypothesis 5: Inter-firm trust dynamics on individual-elements and firm-elements occur at a different pace, such that, individual-elements have a faster pace than firm-elements.