Where does inter-firm trust come from?

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 maximizing 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

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

Preposition 2 Individual action is embedded in the social structure.

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

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.

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

Hypothesis 3: Process uncertainty is 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 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.

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 through 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's 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).

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