

MASTER

Trust in business relationships between Dutch and Vietnamese companies

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**Trust in business relationships
between Dutch and Vietnamese
companies**

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31 May 2007

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Management summary

Since 1990, Vietnam has achieved both rapid growth and low inflation. In the past twenty years there has been a reorientation of trade, but reforms have not come to an end yet; Vietnam is still adopting market economy mechanisms and integrating into the world economy, with the recent WTO assessment in November 2006 as proof of this ongoing integration. Then why does FDI inflow not pick up and why does intense collaboration fail to occur between The Netherlands and Vietnam?

It is of interest to take a closer look at the connection between trust and collaboration between The Netherlands and Vietnam. In order to analyze this situation in more detail the following problem was formulated:

“How do problems of trust affect the collaboration and the level of trade/investment between Dutch and Vietnamese companies, and in what way can the emergence of trust be facilitated by managers and policymakers in this relationship?”

With respect to this Nooteboom (2002) gives a definition that is in our opinion the clearest combination of the key elements that a definition of trust should contain:

Trust is “a disposition towards trusting behaviour that is behaviour with limited safeguards, accepting vulnerability, based on the expectation that this risk is limited”

A conceptual model was developed resulting from an extensive literature review. The model shows important elements that influence the emergence of trust: Propensity to trust, trustworthiness and the perceived risk or the stakes. Furthermore two important mechanisms arose that have an influence on the emergence of trust and was looked at in more detail in this research:

- A positive correlation between trust and information and a positive relationship between the ability to communicate and the level of perceived trust exist.
- Historical residue or cultural heritage; it is also a part of the propensity of trust but plays an important role in this research because focus is put upon the relationship between Dutch and Vietnamese companies, which makes cultural issues very important.

In order to get a quick idea of the current situation with regard to business between Dutch and Vietnamese companies, expert interviews were held. These expert interviews revealed many differences between Dutch and Vietnamese people and companies,

cultural differences but also differences in business ethics. Two surveys, one for Dutch managers and one for Vietnamese managers, were conducted in order to gather data to test the hypotheses that were set up as a result of the literature review and the expert interviews.

Problems of trust affect the collaboration and level of investment between Dutch and Vietnamese companies in a way that the whole process of doing business between Dutch and Vietnamese companies can stagnate when problems of trust exist between these two companies. It can even result in a 'bad reputation' of Vietnamese companies with adverse affects like low levels of investment and withdrawal of business and projects.

We propose the following action points, for policymakers and for managers doing business in Vietnam or intending to do business in Vietnam. The results of this research suggest that the proposed actions can help facilitate the emergence of trust between Dutch and Vietnamese companies.

Action points for policymakers:

- Inform Dutch companies about the rules and regulations that they will have to work with.
- Make sure that Dutch companies stay up-to-date on the changes that are made in policies and regulation, for instance using a newsletter.
- Create opportunities for companies to meet each other. Not only Dutch companies with potential Vietnamese business partners, but also Dutch companies with each other in order for them to form a tight network.
- Solving problems with regard to corruption should always be on the agenda, awareness about the seriousness of this problem must be created on a national level.

Action points for managers:

- Have patience, building a stable business relationship with a (potential) Vietnamese business partner takes a lot of time and effort. Try to look at the situation from both the Vietnamese and the Dutch side.
- Create a network of common contacts with the (potential) Vietnamese business partner.
- Inform yourself properly about what kind of differences in non-verbal expressions can appear between you and your (potential) Vietnamese business partner.
- Mainly use immediate modes of communication, like face-to-face communication and communication through telephone, when communicating with the (potential) Vietnamese business partner.
- Managers with experience in doing business should share their experiences with others as much as possible. It is important that new companies are informed about cultural differences that are present and about the differences in business ethics that they will have to deal with.
- Prepare meetings with the (potential) Vietnamese business partner; make sure you are aware of what the differences are in business ethics, like the fact that the Vietnamese have a different idea of when something is a deal. This way you can stay ahead of misunderstandings.
- Take into consideration that Vietnamese people cannot lose face and that this mindset will influence the behaviour of the (potential) Vietnamese business partner.
- Take into consideration that a strong sense of hierarchy exists within many Vietnamese companies. Subtly try to find out which person is authorised to do what and try to use this knowledge to your advantage.
- Find out whether the potential Vietnamese business partner sufficiently masters the English language, if not make sure an interpreter is available.

Preface

This report is not just the product of nine months of work, in a way it is the product of my student days. With this project I conclude my time as a student at Eindhoven University of Technology and with it I will attain my Master of Science title (Ir.) for 'Technology and Society'.

The literature review and preparation for this research was done in The Netherlands, but the main data collection part was done during my internship at the Consulate General of the Netherlands in Ho Chi Minh City in Vietnam.

The main target group of this report is the group of managers of companies that do business or intend to do business in Vietnam, but this report is also very interesting for people that are involved in policy making and stimulation of cooperation between Dutch and Vietnamese companies.

Because I conducted a large part of this research at the Consulate, I had the unique opportunity to take a peek inside many different companies, both Dutch and Vietnamese and it is a pity that I cannot write down everything that I have learned in the four and a half months that I was there.

I would like to thank everyone at the consulate for a wonderful time that I have had and Mr. van Zeeland in particular for giving this amazing experience. It was very inspiring to be able to have a look at how a consulate works and to be a part of an environment that is so involved in improving and promoting trade between The Netherlands and Vietnam. Also I would like to thank Mr. Son for putting up with my questions and giving me so much information.

And of course on the Dutch side I would like to express gratitude to my supervisors Uwe Matzat and Gerrit Rooks. Uwe, even though immediate communication works best for us, you have shown an unbelievable reaction speed when it comes to replying to my emails, which kept me on the right course even from the other side of the world!

Finally I would like to thank my parents for their patience and Ceryl, Denise, Lies, Ing, Ken, Ing and Lieke for their advice, comments, help and distraction when I needed it!

Hopefully this report will not overshadow the opportunities, but will give insight into the interesting challenges that a company has to deal with when doing business in Vietnam.

Claire Groosman

Maassluis, May 2007.

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1 Introduction

In the 1980s Vietnam made the transition from a centrally planned economy to a market economy. This obviously is a long term process and after the introduction of a comprehensive set of structural adjustment and stabilisation measures in 1989, the economic turnaround became clearer (Riedel 1997). But the overall level of trade was still low in comparison to other countries in Southeast Asia (Jenkins 2004).

Since 1990, Vietnam has achieved both rapid growth and low inflation (Riedel 1997). In that time there was also a reorientation of trade, with the East Asian economies becoming the country's main trading partners. The increased openness of the Vietnamese economy is partly a reflection of the policies that were introduced to liberalize trade and promote foreign investment and the ending of the trade embargoes that limited trade during the 1980s (Jenkins 2004). But reforms have not come to an end yet; Vietnam is still adopting market economy mechanisms and integrating into the world economy (World Bank 2006), with the recent WTO assessment in November 2006 as proof of this ongoing integration.

In the past 20 years the inflow of foreign direct investment (FDI) has grown, probably as a reaction to the above mentioned opening of the market and trade liberalization, but still Vietnam's FDI flows are minor in comparison to other Asian countries (UNCTAD 2005). A report from AT Kearney has not positioned Vietnam in the top 25 of FDI confidence index (AT Kearney 2004). On the other hand many see Vietnam as an interesting investment opportunity for Western businesses (Ralston, 1999). But for some reason, when looking closer at these investments from Western businesses and FDI inflow figures, this interest is not confirmed. Also the people involved in stimulating trade between Vietnam and The Netherlands feel that the trade relations are not up to their full potential (Villers 1999, McDougall 2005). Why not? Why does FDI inflow not pick up and why does intense collaboration fail to occur between The Netherlands and Vietnam.

A lack of natural resources or an undereducated population does not seem to cause this problem; also the changes that Vietnam made with respect to market liberalization, would only encourage investments in this country (Ralston 1999; Riedel 1997). Therefore the reason must lie somewhere else. Fear of theft of intellectual property and the lack of available legal and regulatory structures seem to be a large problem (Ralston 1999). When it concerns economic transactions, more and more focus is put upon the importance of trust in relationships. Considering the fact that trust-related problems

appear to be important in this situation, it is of interest to take a closer look at the connection between trust and trade and collaboration between The Netherlands and Vietnam. One could think of the relationship between a Dutch company and a Vietnamese one, but others must also be taken into consideration, like policymakers, regulatory authorities and others influenced by or benefiting from the collaboration. In his article Madhok (1995) shows the importance of trust in joint venture relationships. Not only in the case of joint ventures, but also in other relationships, trust is suggested to be one of the key factors.

A concise definition of trust is given by Coleman (1990): "Trust is initiating an exchange before you know how the other person will reciprocate." The person who initiates the exchange takes a risk of losing his/her investment when the other party in the exchange does not honour the trust. This can be illustrated with the following. Consider you are the manager of a Dutch software developing company. It is getting too expensive to have your source code written somewhere in Europe, because the European educated programmers are asking a sky-high salary. You are thinking about setting up a development location in Vietnam, because you know that there is a company there that is able to deliver high quality, value and speed for a lower price. The risk is that when you outsource your research and development that the knowledge about the program would come in hands of the Vietnamese. You run the risk that they just copy everything and sell it to other parties outside the contract. How can you make sure that the trust that you give to the other party, the Vietnamese, will be honoured? Can trust emerge in this relationship, in other words how do you make sure that you feel confident to take the risk and how do you make sure that when you give this trust that the Vietnamese company does not abuse it. Is saving money by doing business in Vietnam worth this risk?

Taking all of the above into consideration, it is of great interest to have a closer look at whether problems of trust are affecting the level of Dutch investment in Vietnam, and to what extent the development of trust in the relationship between The Netherlands and Vietnam can be promoted. In order to analyse this situation in more detail the following problem was formulated:

"How do problems of trust affect the collaboration and the level of trade/investment between Dutch and Vietnamese companies, and in what way can the emergence of trust be facilitated by managers and policymakers in this relationship?"

This report consists of literature and desk research, but after doing that work in the Netherlands, part of the research was conducted in Ho Chi Minh City, Vietnam. During an internship at the Netherlands Consulate General in HCMC it was possible to collect the needed information through expert interviews and the distribution and collection of 136 Dutch surveys and 93 Vietnamese surveys.

In this report an answer will be given to the above stated research question. It will be represented in this report which steps have been taken to be able to answer the main research question and the experiences that arose while taking these steps. In this report first of all a clear view was created of what trust is, how it is structured and how trust emerges this can be found in Chapter 2: Literature review and theoretical framework, theory on these issues that have been discussed in various literature sources will be reviewed. Chapter 2 also contains a summary of the expert interviews, which serves as an addition to the information that was gathered from literature. The literature and the expert interviews resulted in the set up of the main hypotheses; these can be found in paragraph 2.7. In Chapter 3: Methodology, an overview is made of the research methods used throughout this research, it will be clarified how this research was set up and executed. In Chapter 4: Results, the analysis of the data that was performed is covered; it is reviewed whether or not the hypotheses are supported or not. In the final Chapter 5: Conclusions and discussion, the research question will be answered and feedback will be given on the hypotheses and the literature that was discussed earlier. Also an evaluation of the research will be made and finally suggestions for further research will be given.

2 Literature review and theoretical framework

2.1 Introduction

Trust is often a very abstract and sometimes an incomprehensible concept. Besides the fact that we cannot grasp trust, it is something that is very important and present in many different areas of everyday human interactions.

Imagine that you go on the internet to buy a book from an online bookstore. You fill in the form and then fill in your credit card number in order to pay for the book. You have paid for the book, but you have not received the book yet, you trust that after a couple of days you will find a package with the book in it on your doorstep. This situation shows how you put trust in the online bookstore that they will send the book after having received the payment. The bookstore could easily take the money and never send the book. As soon as the money is transferred, the choice is in the hands of the bookstore to either honour or abuse the trust that was given to them by the customer.

A same situation can occur when two companies decide to do business together. One company, for instance a shipbuilding company, decides to outsource some of its activities to another company. The shipbuilding company lets a company specialized in building motors take care of the motor in the ship. In order to make a motor that suits the ship perfectly the company manufacturing the motor needs specified information about the ship and its construction. This information is provided by the shipbuilder in trust, but if the information falls into the wrong hands it could result in the shipbuilder's loss of business. The shipbuilder trusts the motor builder not to abuse the information that is given to him and accordingly the motor builder then has a choice to either honour or abuse the trust.

These are just a few situations that can occur where trust is involved. In order to get a more clear perspective on what trust exactly is the following section will describe a definition that will be used throughout the research. After defining trust clearly, it is explained how many different authors have placed trust in some sort of structuring, following the mechanisms that precede the creation of trust will be explained, from which a theoretical conceptual model will be extracted that is used as a base for the research. All of the above is part of the literature review; the information that was gathered from the literature was used to set up expert interviews with managers from Dutch and Vietnamese companies, these interviews will be represented in Trust: a viewpoint of

people doing business in Vietnam. The expert interviews were used to quickly get a large amount of information on the situation at hand. The literature review and the findings from the expert interviews resulted in a set of hypotheses, which can be found in the paragraph Hypotheses of this chapter. The hypotheses focus mainly on the effect of communication on the emergence of trust.

2.2 Definition of trust

Many authors that wrote about trust have started out their research or publications with a definition. In the table that can be found in Appendix A: Definitions of trust (Das & Teng, 2004) an overview was given of these different definitions. In this subsection a broad overview is given of the different lines of thought that have analysed the concept of trust over the years. This is done in order to produce one clear view of the matter that is applicable to this research. In the table it is shown that different authors have different styles of defining a concept. Some definitions are really short, like Luhmann (1979) McKnight, Cummings and Chervany (1998) and Zucker (1986) who just see trust as a set of expectations. Some authors do not even mention a real definition, like Ring (1996) and Scott (1980). Others try to involve all the different aspects that involve the concept making it more like an explanation than a definition, like Cummings and Bromiley (1996), Gabarro (1978), Schlenker, Helm and Tedeschi (1973) and Sheppard and Tuchinsky (1996). In some cases we do not think the definition has a good place in a general and clarifying theory on trust, because they are either too specified to a certain situation or have left, in my opinion, important aspects out of the definition, these include the definitions of Craswell (1993), Dasgupta (1988) and Michalos (1990).

When looking at the content of all the definitions you see that some authors stress the importance of two aspects: competence and some sort of feeling of obligation that the trustee has, Barber (1983), Deutsch (1960) mention both, but Sitkin and Roth (1993) only involve the competence aspect. Some definitions represent the author's clear assumption that the trustee will have the tendency to act opportunistically, like Bradach and Eccles (1989) and Madhok (1995).

In a lot of cases the definition involves just a very clear and simple statement that trust involves confidence or some expectation about the other person's actions, like Barney and Hansen (1994), Bhattacharya, Devinney and Pillutla (1998), Boon and Holmes (1991), Curral and Judge (1995), Gambetta (1988), Hagen and Choe (1998), Hosmer (1995), Kee and Knox (1970), Lewicki, McAllister and Bies (1998), Mayer, Davis and

Schoorman (1995), McAllister (1995), Moorman, Zaltman and Deshpande (1992), Rotter (1967), Sabel (1993). In these definitions it often becomes clear that the trustor deals with a certain amount of risk in the relationship.

Nootboom (2002) defines trust as an expectation concerning the behaviour of others. He adds that trust entails risk, in the sense of a possibility that expectations will not be met. He makes a distinction between trusting behaviour and trust (underlying disposition). He then defines trust as “a disposition towards trusting behaviour that is behaviour with limited safeguards, accepting vulnerability, based on the expectation that this risk is limited”. This definition that Nootboom gives is comparable to a large number of definitions in the table in the appendices that are mentioned in the last part of the table’s summary.

Deutsch (1962) states that trusting behaviour are the actions that increases one’s vulnerability to another who’s behaviour is not under one’s control in a specific type of situation, a situation in which the loss one suffers if the other (the trustee) abuses that vulnerability is greater than the gain one receives if the other does not abuse that vulnerability. This statement of what trust is, is more precise than the earlier stated ‘definition’ given by Deutsch (1960) that can be found in the definitions table.

In the ‘Foundations of Social Theory’, Coleman (1990) elaborates on relations of trust. He states that “time asymmetries in delivery introduces risk into a unilateral action or transaction for the party or parties who must invest resources before receiving a return. The incorporation of risk into a decision of whether or not to engage in the action can be treated under a general heading that can be described by the single word trust.”

Snijders (1996) defines trust according to the "Trust Game" (see Figure 1 - The Trust Game).

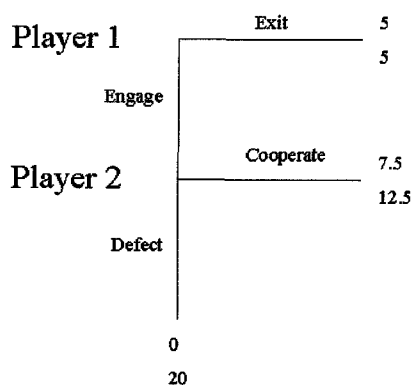


Figure 1 - The Trust Game (Snijders, 1996)

Looking at Figure 1, suppose you have a choice between two options, [Exit] the status quo and [Engage] running the risk of ending up in one of two situations. If you choose [Engage] you can end up in a situation that you prefer to the status quo, but it is also possible to end up in a situation you do not prefer to the status quo. Furthermore, assume that the situation you will end up in is under control of another conscious actor and that given this other actor's disposition or preferences it is not unlikely that you will end up in the situation where you are worse off than the status quo. Snijders (1996) then defines "I trust that other actor" as choosing option [Engage] before you know the other actor's behaviour.

All these definitions by different authors are used to clarify the same thing: trust. When you look closely at all the definitions and statements of trust it becomes clear that two elements repeatedly appear in most of the definitions and form the key elements of what we think a definition of trust should contain:

- The expectation or perception of the trusting party
- The aspect of a party placing oneself in a vulnerable position or at some risk towards another party

With respect to this Nootboom (2002) gives a definition that is in our opinion the clearest combination of the above mentioned important elements. The definition of trust used in the continuation of the research will be the following:

Trust is "a disposition towards trusting behaviour that is behaviour with limited safeguards, accepting vulnerability, based on the expectation that this risk is limited" (Nootboom 2002).

2.3 Structuring of trust

Next to having a clear definition it is also necessary to get a better view on who is involved in the trust relation and how trust is structured.

Coleman (1990) gives a very clear description of what the whole system of trust looks like. He says that in a trust relation there are, at minimum, two parties: the trustor (the trusting party) and the trustee (the party that is to be trusted). It is assumed that both parties have the aim of satisfying their interests, whatever those might be. The potential trustor's decision is nearly always problematic. The trustee also has a choice between keeping and breaking the trust. The trustee may stand to gain in the short run by breaking the trust, but loses in the long run by never again being trusted by that trustor

and other trustors in the future. The placement of trust allows an action on the part of the trustee that would not have been possible otherwise, it involves putting resources in the hands of parties who will use them to their own benefit, to the trustor's benefit, or both. If the trustee is trustworthy, the person who places the trust is better off than if the trust was not placed, whereas if the trustee is not trustworthy, the trustor is worse off than if the trust was not placed. The action of placing trust involves the trustor's voluntary placing resources at the disposal of another party, without any real commitment from the other party. Finally it is stated that every situation involving trust has to do with future actions on the part of the trustee.

According to Coleman (1990) the decision for the placement of trust (trusting behaviour) depends on the following equation:

Decision: yes, if $p/1-p > L/G$
 indifferent, if $p/1-p = L/G$
 no, if $p/1-p < L/G$

Where, p = chance of receiving gain (the probability that the trustee is trustworthy), L = potential loss (if the trustee is untrustworthy), G = potential gain (if the trustee is trustworthy).

Often the amount to be lost is well known. The potential benefits or gains from placing trust are also sometimes well known, however the amount to be gained is less well known than the amount to be lost. Often the least well known of the three quantities (p , L and G) is the probability that the trustee is trustworthy (p). In this case information will have the effect of changing one's estimate of the probability of gain. The probability that the trustee will keep the trust depends greatly on the possible gain and possible loss. The amount of possible gain and possible loss also should affect the extent of the search for additional information. It is important to consider that the trustee may have something to gain from being trusted in the future. Coleman states that a close community among potential trustors leads to greater trustworthiness. A trustor must make a decision about whether to place trust in a potential trustee; there is a chance of forgone benefits if he fails to place trust and the potential trustee proves to be trustworthy. The trustee in turn wants to keep the trust if it is to his long-term benefit to do so, but to break it if it is not. The trustor must use the information, and perhaps search for more information and revise his view over time, as in an adaptive control system. Beyond all this, however it is to the trustor's interest to create social structures in

which it is to the potential trustee's interest to be trustworthy, rather than untrustworthy (Coleman 1990).

Nooteboom (2002) writes about the importance and the nature of trust, which according to him arises from the unpredictability, or radical uncertainty, of human behaviour. He states that trust can be calculative, but most inevitably goes beyond calculation to be a wager on behavioural options, that are unknowable. He states that a distinction must be made between objects, people, organisations, institutions and socio-economic systems as objects of trust. These objects of trust act on the information they have, but the objects of trust know that they do not have all the relevant information. Very important here is that a distinction is made between trust, on the part of the trustor, and trustworthiness, on the side of the trustee. It must also be taken into account that behaviour and experience in specific relations have effects on the trust that one has in a system. Nooteboom (2002) suggests a system where trustors, trustees, limits or conditions of trust, stakes involved, sources of trustworthiness and mental, psychological sources of trust play a key role.

Different authors have used different ways to structure trust or to break it up in more conceivable pieces. Zucker (1986) structures trust production in three modes: process-based, characteristic-based, and institutional-based trust production. In process-based trust production trust is tied to past or expected exchange such as reputation or gift-exchange. In characteristic-based trust production trust is tied to a person, depending on characteristics such as family background or ethnicity. Institutional-base trust production refers to trust that is tied to formal societal structures, depending on individual or firm-specific attributes or on intermediary mechanisms. Zucker explains that the three modes are not evolutionary. And that they depend on concrete circumstances under which exchange typically takes place in a social system; they are strongly affected by long-term processes, and hence do not change rapidly.

Shapiro et al. (1992) determine three bases of trust: First of all there is deterrence-based trust, which exists when the potential costs of discontinuing the relationship or the likelihood of retributive action outweighs the short-term advantage of acting in a distrustful way. Secondly they identify knowledge-based trust which is trust that occurs when we predict that another party will behave cooperatively. And finally there is Identification-based trust, which assumes that one party has fully internalized the other's preferences. They believe that it is possible to create and sustain trust, leading to significant benefits for business relationships. They recognize that the simultaneous

existence of all three bases of trust may be infrequent or costly, and the requirement for them all to be present severely restricts the number of occasions managers can use a handshake as the basis for an agreement (Shapiro et al. 1992)

McAllister (1995) makes a clear distinction between affect and cognition based interpersonal trust. He states success of past interaction, the extent of social similarity and organisational context considerations as cognition based factors and a positive level of citizenship behaviour and frequency of interaction as affect based factors.

All these authors have structured trust in a certain way. This is an important aspect of getting an idea of how trust works. Because in this research we will not be looking at what kind of trust we are dealing with, but at how trust emerges it is important to focus on just the elements that affect the emergence of trust, which we identify here as:

- The trustor
- The trustee
- External factors

2.4 Mechanisms for the creation of trust

Defining and structuring trust, as has been done in the previous subsections, is important to see that trust is not a stand alone concept. Trust functions in a system, where certain factors trigger the emergence of mechanisms, which in turn result in the creation of trust. This research focuses on what mechanisms occur and what the environment looks like in which trust emerges.

A model developed by Mayer (1995) (Figure 2) was designed to focus on trust in an organizational setting involving two specific parties: a trustor and a trustee. The model explicitly encompasses factors about both the trustor and the trustee. He explains that one factor that will affect the trust one party has for another involves traits of the trustor. Some parties are more likely to trust than others. He calls this *the propensity to trust*, which is proposed to be a stable within-party factor that will affect the likelihood the party will trust. People with different developmental experiences, personality types and cultural backgrounds vary in their propensity to trust (e.g. Hofstede, 1980). Mayer states that 'the higher the trustor's propensity to trust, the higher the trust for a trustee prior to availability of information about the trustee'.

Mayer (1995) also claims that to understand why a given party will have a greater or lesser amount of trust for another party one has to consider the attributes of the trustee, *the trustworthiness* of the trustee. He states that the variables that help build the

foundation for the development of trust are ability, benevolence and integrity. Ability is that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain. The domain of the ability is specific because the trustee may be highly competent in some technical area, affording that person trust on tasks related to that area. Benevolence is the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive. Benevolence suggests that the trustee has some specific attachment to the trustor. Integrity is explained to be the trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable. Such issues as the consistency of the party's past actions, credible communications about the trustee from other parties, belief that the trustee has a strong sense of justice, and the extent to which the party's actions are congruent with his or her words all affect the degree to which the party is judged to have integrity. Ability, benevolence, and integrity are important to trust, and each may vary independently from one another, but only in so far that they are separable.

Mayer proposes that 'trust for a trustee will be a function of the trustee's perceived ability, benevolence, and integrity and of the trustor's propensity to trust. When ability, benevolence, and integrity are all perceived to be high, the trustee would be deemed quite trustworthy. However, trustworthiness should be thought of as a continuum, rather than the trustee being either trustworthy or not trustworthy. Each of the three factors can vary along a continuum.

The proposed model can explain trust before any relationship between two parties has developed. As a relationship begins to develop, the trustor may be able to obtain data on the trustee's integrity through third-party sources and observation, with little direct interaction. Because there is little information about the trustee's benevolence towards the trustor, Mayer suggests that integrity will be important to the formation of trust early in the relationship. As the relationship develops, interactions with the trustee allow the trustor to gain insights about the trustee's benevolence, and the relative impact of benevolence on trust will grow. Thus the development of the relationship is likely to alter the relative importance of the factors of trustworthiness.

It is argued that risk is an essential component of a model of trust. There is a fundamental difference between trust and trusting behaviour which lies between a willingness to assume risk and actually assuming risk (Mayer 1995). Trust will lead to risk taking in a relationship. Assessing the risk in a situation involves consideration of the context, such as weighing the likelihood of both positive and negative outcomes that

might occur. The stakes in the situation will affect the interpretation of the risk involved; this issue was mentioned before when referring to Coleman (1990). Mayer proposes that the level of trust is related to the level of perceived risk in a situation. If the level of trust surpasses the threshold of perceived risk, then the trustor will engage in the risk taking in relationship. If the level of perceived risk is greater than the level of trust, the trustor will not engage in the risk taking in relationship. Whether or not a perceived risk will be taken by the trustor is influenced by both the amount of trust for the trustee and by the perceived risk inherent in the behaviour.

The trustor's perception and interpretation of the context of the relationship will affect both the need for trust and the evaluation of trustworthiness. The level of trust will evolve as the parties interact. The model incorporates the dynamic nature of trust. Mayer proposes that the outcome of the trusting behaviour will influence trust indirectly through the perceptions of ability, benevolence, and integrity at the next interaction.

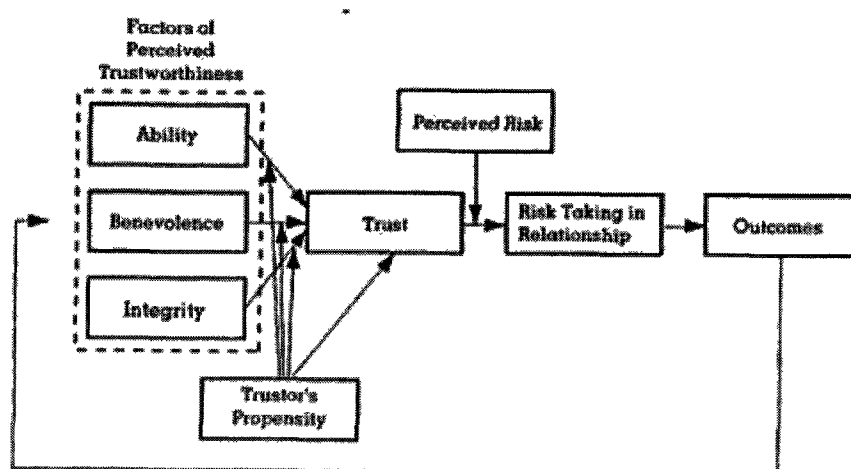


Figure 2 - Proposed model of trust (Mayer 1995)

In a paper by Fisman and Khanna (1999), they use the term 'historical residue' to refer to the part of trust that is a consequence of historical experiences. In general economists assume trust to be a direct result of the traditional economic assumptions of rational utility-maximization. Fisman and Khanna state that it is commonly accepted that there must be some degree of 'generalized morality' operating that discourages opportunistic behaviour.

In terms of personal relations, the types of trust given by Shapiro et al. (1992) are consistent with much of recent literature. They include the following types of trust: Deterrence-based trust, which is based on the threat of punishment if consistent

behaviour is not maintained (rational trust); Knowledge-based trust, which occurs when each party has enough information about the other to accurately predict the other's behaviour; Identification-based trust, which results when each party has fully internalized the other's preferences, so that one party may serve as the other's agent, with the other being confident that her interests will be fully protected.

These sources of trust will each be affected by the institutional environment in which they operate. Fisman and Khanna (1999) provide brief descriptions of some dominant models of information and cooperation in the social sciences as they pertain to the ideas of trust outlined above. The first two categories reviewed below explicitly model the trust-information relationship; the last category emphasizes trust as a consequence of historical processes.

With deterrence-based trust it is intuitive that, if players are less able to monitor the actions of others, there will be less cooperation. This theory predicts a positive correlation between trust and information. For knowledge-based trust it is straightforward that better information flows imply greater trust, as both of these types of trust rely on learning about others' behaviour and preferences. There is some experimental evidence that knowing others' preferences can help coordination. Experimental economists have also reported the robust finding that preplay communication leads to greater cooperation. The situation becomes more complicated when we move away from a simple model of dyadic relations. In their work on third-party gossip, Burt and Knez (1996) suggest that trust is increasing in the frequency of interaction between two parties involved.

The theories that suggest a positive correlation between trust and information flows are not always specific about the mechanism by which the information flows occur. Some theoretical reasoning (Bolton, 1991; Roth, 1995) suggests that face-to-face communication allows parties to understand and emphasize with one another, which affects the utility each places on the other's outcome and contributes to the building of trust.

Given the findings of Valley et al. (1998) that the medium of communication affects trust formation, Fisman and Khanna (1999) feel that it is important to be sensitive to the distinction between one-way and two-way information flows in the estimations below. The theoretical reasoning and experimental evidence suggest that the act of information exchange through two-way communication media is more likely to be the source of an

information-trust correlation than is information exchange through one-way communication media.

Ability to communicate is only a part of the communally enforced cooperation that may be considered 'trust'. In larger, urban communities, social ties may be too diffuse to effectively blacken a cheater's reputation through word-of-mouth communication. Research suggests that phone usage is complementary to urbanization, i.e., telephones are a more dominant means of communication in urban areas. If this were the case, the marginal effect of phones on trust would be expected to be affected by the level of urbanization.

The results of the research done by Fisman and Khanna strongly suggest a positive relationship between ability to communicate and level of perceived trust. The robust positive correlation between 'trust' and a measure of two-way communication is consistent with the predictions of most of the theories discussed above. Several theories proposed by economists and sociologists predict a positive relationship between trust and information flows, this is confirmed by Fisman and Khanna.

'Generalized morality' deals with the simple intuition that the average level of trust should be independent of information flows. Fukuyama (1995) has argued that trust is the result of shared values that allow individuals to subordinate their interests to those of larger groups, and that these shared values are the result of historically determined cultural heritage. This and the propensity to behave non-opportunistically, have little to do with the availability of information.

Both the theoretical and empirical literature suggests the presence of a cultural component to trust. Huntington (1996) lists six basic cultures – Western, Orthodox, Sinic, Hindu, African, and Latin American, as a means of grouping similar countries. The summary statistics suggest that the mean trust level in Western countries is higher than that in any of the other culture categories. A different proxy for the cultural component of trust comes from Putman (1993), who argues that trust is a habit formed during generations of 'horizontal networks of association'. Fisman and Khanna take the percentage of the population belonging to a hierarchical religion as an 'exogenous' measure of generalized trust.

In this subsection some important issues emerged. It was proved in earlier research that these issues have proven to be of influence to the emergence of trust and will be taken into account in the rest of the research:

- Propensity to trust; a stable within-party factor that will affect the likelihood the trustor will trust. People with different developmental experiences, personality types and cultural backgrounds vary in their propensity to trust. 'The higher the trustor's propensity to trust, the higher the trust for a trustee prior to availability of information about the trustee'.
- Trustworthiness; attributes of the trustee that affect the amount of trust given by the trustor, which are ability, benevolence and integrity.
- Perceived risk or the stakes that are involved in giving trust.
- A positive correlation between trust and information and a positive relationship between the ability to communicate and the level of perceived trust
- Historical residue/ cultural heritage; mentioned before as part of the propensity of trust but plays an important role in this research because we focus upon the relationship between Dutch and Vietnamese companies, which makes cultural issues very important.

2.5 Conceptual model of trust

The theory given in the previous subsection gives a clear view of how different authors show that several processes facilitate the emergence of trust. With these processes and a more general picture that is made by defining and structuring trust, trust is placed in a bigger picture. It becomes clear that when looking at trust it does not just involve party A and party B, because in most cases other aspects influence the decision of both party A and party B. It would be too simplified to state just the actions of the two parties involved. Especially when looking at how the emergence of trust can be facilitated, it is important to look at the different aspects that are the reason that certain mechanisms will occur. The presence of these mechanisms will in turn affect the level of trust in a relationship. Out of the literature four elements arise that are of influence to the emergence of trust: the trustor, the trustee, external factors in the relationship and the stakes involved. In turn the trustor is dependent of its propensity to trust, this is a concept introduced by Mayer (1995). The trustor's propensity to trust are things like the trustor's personality, developmental experience and cultural factors that influence whether or not the trustor will have a tendency to trust, relatively independent of the amount of information that is provided to the trustor. Whether or not the trustee is trustworthy depends on several factors, which are here called the sources of trustworthiness which Mayer (1995) defines to be ability, benevolence and integrity of the trustee.

Next to the trustor and the trustee certain external factors and the stakes involved influence the level of trust. One can think of the availability of a suitable legal system as an external factor and the amount of money involved in a transaction or possible punishments when abusing the trust as stakes involved, these stakes were mentioned before by both Coleman (1990) and Mayer (1995).

These four elements affect the level of trust and influence the mechanisms that cause the emergence of trust. Obviously trust will lead to certain outcomes, which will affect future trust relations. In Figure 3, below, a model of trust was set up in order to be able to look at trust from a broader, more complete perspective.

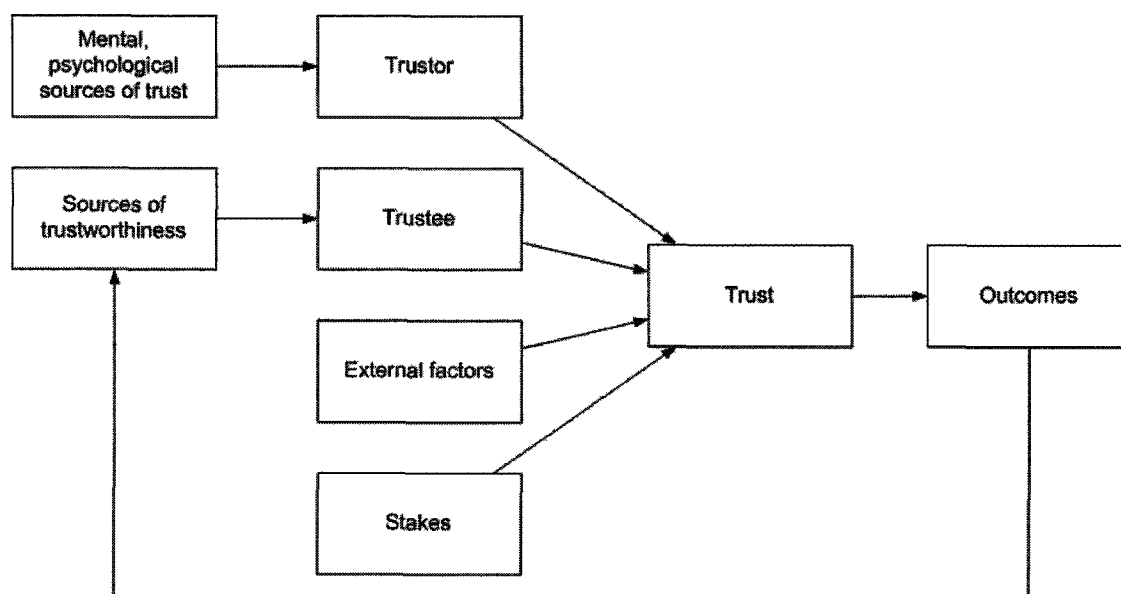


Figure 3 - Situation of trust

Looking at what actually happens with these four elements that precede trust and why they result in trust (or not), the question “why does trust emerge?” arises. A closer look was taken at a certain mechanism that affects the emergence of trust.

In the previous paragraph it becomes clear that in several theoretical sources the availability of information on the different aspects represented in Figure 3 is a recurring element and seems to be of great importance. The ability to communicate and the way in which this communication takes place also seem to be part of the mechanism that affects the emergence of trust.

The following relates to this availability of information. It seems that the trustor tends to trust the trustee when he can predict (or thinks he can predict) the actions made by the

trustee. Because when the trustor has some idea of what the trustee will do, the trustor can judge whether those actions of the trustee will be beneficial to the situation that the trustor is in. But it often appears not to be so simple, like Madhok (1995) remarks "a trustful relationship does not just happen. It evolves gradually over time through repeated successful interaction and had to be carefully nurtured through various forms of hard and soft commitments".

As mentioned before the results of the research done by Fisman and Khanna strongly suggest a positive relationship between ability to communicate and level of perceived trust, next to that we suggest that the ability of the trustor to predict the behaviour of the trustee is strongly affected by the way the information is communicated. From this theoretical review not only emerges the importance of communicating information within the model, but it also stresses that the trustworthiness of the trustee and cultural components make the emergence of trust such a complex matter. These theoretical views have been taken into consideration when setting up the hypotheses.

2.6 Trust: a viewpoint of people doing business in Vietnam

2.6.1 Introduction

The expert interviews that were held when first arriving in Ho Chi Minh City were used to get a quick and general idea of what the current situation between Dutch and Vietnamese companies looks like. The 'experts' that were interviewed were asked about their experiences with how business is conducted between Dutch and Vietnamese companies, what the problems are that companies deal with and how the emergence of trust affects the relationship between Dutch and Vietnamese companies.

These interviews were mostly conducted among Dutch business people who are experienced in doing business with Vietnamese companies. Two of the experts were managers of Dutch companies that are currently active in Vietnam. One of the interviews was with the chairman of the Dutch Business Association who has experience in doing business in Vietnam for 16 years. One interview was with a Dutch businessman who has been active in Dutch-Vietnamese business in the past and whose primary activity now is to advise Vietnamese businesses. Next to that, an interview was conducted with a Vietnamese businessman who was raised and educated in The Netherlands, but has now started a company in the south of Vietnam and has extensive contact with Dutch businesses and government. He plays an important and interesting matchmaking role

between Dutch and Vietnamese organizations. Finally also two interviews were conducted with people from the Vietnamese side, one with the economic officer at the Dutch Consulate General and one with a manager of a Vietnamese company that has a very international focus of doing business.

First of all the expert interviews were conducted in order to gather useful information about how problems of trust influence the relationship between Dutch and Vietnamese companies. But these interviews were also very useful to get a clear general picture on doing business with Vietnamese companies and how to proceed with the rest of the research. We must emphasize the fact that this information is from a limited number of people, it cannot be assumed that the statements made are the general opinion of the Dutch or the Vietnamese business people, but it gives us a good idea of how business is conducted.

One thing that becomes very clear is that in Vietnam building trust is seen as the basis of all relationships. Trust in Vietnam is a very important aspect in everyday life; this is because all contact in Vietnam is based on relationships. The following illustrates this: "Business emerges from the fact that people know each other". To be more precise this means that often contact is made through another party that knows both companies and people within the company. After that it is important to get to know the other party, learn from them, build a relationship with them, following this often there is a visit and after that the final decision whether or not to cooperate with one another might be made.

2.6.2 Manners and customs

When dealing with the communication between two companies it is of great importance, in order to be able to understand each other, to look at the differences in the business cultures of the two companies. Vietnamese companies only have been on the world market for a very short time; this can result in the fact that they have limited knowledge and experience in doing business on the international market. This results in a difference in level of development between the Dutch and the Vietnamese economy and therefore between Dutch and Vietnamese companies.

These differences cause problems in communication between Dutch and Vietnamese companies and these communication problems are suggested to have a negative effect on the emergence of trust. When looking at the differences in Dutch and Vietnamese business culture you see that the Vietnamese show risk avoiding behaviour and in meetings image forming is more common than the forming of judgments or decisions

For a Vietnamese company an agreement is not valid until a down payment is made or the agreement has officially been put on paper. Where it appears that the Dutch treat the whole process of building a relationship very lightly. It seems to be that Dutch people trust really easily, even sometimes someone's word can be enough.

Something that is mentioned several times is the fact that differences in the conception of when something is a deal. Dutch business people take the fact that the other party has the intention to do business as a confirmation that there will be a deal in the future, they will quickly take the other party's word for it. A Dutch person might even consider a handshake to be a legitimate way of sealing a deal, in contrast to what the Vietnamese might think. The Vietnamese business people consider a deal to be sealed when a contract is signed or when part of the payment has been done. This difference in the way of doing business is of great influence to the way people communicate and this difference in understanding about when something is a deal can lead to big misunderstandings, and misunderstandings are not beneficial to the emergence of trust between Dutch and Vietnamese companies. Sometimes a Dutch company can even see this behaviour of the Vietnamese company as a lack of trust

2.6.3 Culture

In this research a special interest is taken in the relationship between Dutch and Vietnamese companies. It seems obvious that cultural issues will have an effect on this relationship. It is suggested by Doney et al. (1998) that culture is an attribute that develops within any identity group enduring over time. They signal a growing need to understand how culture and trust interact. In Mayer's model (1995) he proposes that cultural backgrounds are of influence to the trustor's propensity to trust. The extent to which these cultural issues affect this relationship and the relationship between Dutch and Vietnamese companies is unknown.

A very crucial aspect of the Vietnamese is that they always try to keep the peace, a good atmosphere is really important for the Vietnamese; they try to create this situation at almost all cost. This is related to the fact that a Vietnamese person cannot lose one's face. An example of this behaviour is that even though something goes wrong in a business transaction, the Vietnamese party cannot reveal the fact that something went wrong, or that they do not understand part of the agreement, because that would mean losing face, instead they just say nothing and hope that everything will be solved by itself.

This is in great contrast with how Dutch people act. Dutch people, both in everyday life and in business, are blunt and to the point and expect their partners to have the same attitude. Deals can be made, but when something goes wrong on the side of the partner, the Dutch expect that the other party will inform them about this. With this openness they can look for solutions to their common problem together. Experts claim that the Vietnamese companies appreciate this openness and honesty of the Dutch.

Dutch companies that have the intention of doing business in Vietnam need to identify with the culture and take enough time to build a relationship and make sure that the Vietnamese partner understands what their position is and provide insight in their actions.

The Vietnamese think that the Dutch are very reliable, especially when it concerns keeping appointments. But it is thought that Dutch companies lack the patience to do business, the following illustrates this: "I experience that they (the Dutch) are often not well prepared to meet with the Vietnamese partner, they often do not have specific plans of what they want to do."

Even though the Vietnamese experience the openness and honesty of the Dutch as very pleasant, it is not something they can do themselves. Of course there are some exceptions to the rule, but in general these differences are something that both the Vietnamese and the Dutch should be informed about and some people will be able to deal with them better than others.

Hierarchy has an important aspect in everyday Vietnamese life; therefore it has a strong influence on company life as well. In addressing someone it is taken into consideration whether someone is older or younger, the position that person has within the company or even the length of a relationship. When the way of addressing a peer is not considered proper, this can have a negative effect on the development of the relationship between two companies. This hierarchy causes a situation where people cannot make decisions without verifying the decision with someone higher in rank.

There is also a difference in how the Vietnamese and the Dutch deal with time. The Dutch are prone to want to get a deal done as quickly as possible. The Vietnamese rather take more time. It can be insulting to a Vietnamese company when they are approached in the to-the-point way of communicating that Dutch companies tend to use. Vietnamese companies stress on the fact that it is important to them to take time to invest in building a relationship with another company.

It seems to be the case that the longer the duration of the relationship between a Dutch and a Vietnamese company, makes the trust between them grow and the relationship becomes more stable.

An issue that is related to time is the fact that Vietnamese companies focus on short-term company policy. It seems normal that when a company has to struggle to stay up and running does not have the time or the resources to be able to afford any long-term strategies. Whereas Dutch companies, that are well established in the Netherlands and who have decided to see what their opportunities are on the Vietnamese market are more focussed on a long term-strategy. This results in a strong difference in point of view between Dutch and Vietnamese companies.

These are only a few of the cultural differences between Dutch and Vietnamese companies and the extent of the differences also depends on how conservative or traditional the Vietnamese company is. Unfortunately it is beyond the scope of the research to go into this any further

2.6.4 Rules and regulations

An interesting aspect of Vietnamese society is the regulatory aspects that influence a company's movements. In the expert interviews it becomes clear that companies, both Vietnamese and Dutch have to deal with problems regarding the Vietnamese regulatory system. Complex customs procedures (import/export), large amounts of paperwork and bureaucracy, corruption and the lack of transparency of the legal system (the laws can be interpreted in different ways), cause many problems for both Vietnamese and Dutch companies; it not only influences their day to day activities, but it also affects the way the companies treat each other. A lot of control points and audits are demanded, partly because of the fear of corruption; this in turn can cause a lack of trust with the partner company.

2.6.5 Practical issues

Something that is a recurring aspect is the problems with language between the Vietnamese and the Dutch companies. Dutch business people assume that the Vietnamese should be able to speak English, but many Vietnamese still have problems with mastering the English language. In addition to that often reply from Vietnamese side, after making the first contact, takes too long a time. This is often caused by problems with e-mail and fax, which also causes communication difficulties. Because of

the differences in language and the fact that most Vietnamese have problems expressing themselves in English a situation might arise where one party might think that something completely different has been agreed upon than what the other party thinks. Vietnamese also do not seem to like to do business through information over the internet or through using email, they prefer communication via handwritten letters or faxes, physical documentation have their preference over electronic documentation. Meetings can be in Vietnamese when it concerns local partners and every arrangement has to be put in writing, fax or letter. Again whether or not this is a normal way of conducting business depends heavily on how conservative or official a company is. Some companies state that all communication goes through email conversation, most of the time this is the case with companies who do a lot of business with international companies.

Finally there is the difference in body language, which is a concept that is difficult to grasp. These differences in body language and non-verbal expressions can have a large effect on how the people react to each other in a conversation, but it is something that is not very obvious, therefore it is difficult to detect and hard to determine whether or not it is of influence to the emergence of trust between two people.

2.6.6 Effects of trust issues

According to experts, problems of trust affect the collaboration and the level of trade/investment between Dutch and Vietnamese companies in a way that the whole process of doing business can stagnate because of it. Next to that it often happens that when business did not go as planned, because maybe the company did not deliver what was agreed upon, this is not openly communicated by the Vietnamese partner. This is seen as an abuse of trust with the result that the company will not do business with that partner again, and maybe even consider not doing business with similar companies because of it.

2.6.7 Suggestions for solutions from practice

In the expert interviews also some suggestions for solutions arose. Getting rid of the corruption is seen as one of the major solutions to untrusting behaviour of the Vietnamese, because then people do not have to take precautions against possible disadvantages for themselves or their company. But this is something that is much easier said than done, it will take many years, generations have to pass, before a

problem like that can really be taken out of so many aspects of business life in Vietnam. From the Dutch perspective a safe policy can be to only do business with companies that act professionally and make sure that they are not corrupt, this can be established by only doing business with companies that have a lot of experience with doing business with international companies and have a commercial way of doing business.

Establishing a good reputation within the Vietnamese business network and having relations with important and influential people can make doing business easier for a Dutch company. Building up a good history with a company, but also when a company has done good business before with another company, this will be of positive influence to the emergence of trust with a new company.

It is important for a Dutch company to not give an arrogant attitude, because when they do not adapt to the way things go in Vietnam, they will not succeed. It is crucial to always look at the situation from both the Dutch as well as the Vietnamese point of view. Many experts suggested that the Vietnamese companies should play a more active role in the international market, trying to get used to how things are done when dealing with companies from other countries. It is also important that the Vietnamese improve their English and improve their management and organisational skills, their communication systems and their timing.

In these expert interviews many differences between Dutch and Vietnamese people and companies came to light, differences in cultural aspects but also differences in business ethics.

There are three recurring issues that are put forward by the experts in the interviews:

- The importance for Vietnamese people not to lose face and the strong effects this has on the way the Vietnamese do business.
- The difference between Dutch and Vietnamese business ethics about when something is a deal and the misunderstanding that this can lead to.
- Problems with rules and regulation in Vietnam and the existence of corruption.

2.7 Hypotheses

2.7.1 Introduction

The results of the research done by Fisman and Khanna (1999) strongly suggest a positive relationship between ability to communicate and level of perceived trust. But

when dealing with the emergence of trust it often appears not to be so simple, like Madhok (1995) remarks “a trustful relationship does not just happen. It evolves gradually over time through repeated successful interaction and had to be carefully nurtured through various forms of hard and soft commitments”. This is also the case when we look at how trust emerges between Dutch and Vietnamese companies. In this section we will deal with several aspects that possibly influence the emergence of trust.

As we see that a relationship evolves over time, I suggest that this growth of the relationship occurs in two phases: the initial phase and the deepening phase. The initial phase is where the first contact is made and the first impression is given by both parties. When you have a closer look at the initial contact between Dutch and Vietnamese companies, differences can be seen in how the two parties approach the contact. When considering trust in the initial phase of the relationship it is said by experts (Anonymous expert interviews, 2006) that Vietnamese do not trust the other party straight after the first contact, where as the Dutch companies seem to take this initial phase more lightly. Developing trust from the Vietnamese side takes a lot of time and is not established by just sending one extensive email. This information from the expert interviews makes a statement about the fact that trust emergence might be different for Vietnamese and Dutch companies. In literature it is also suggested that trust is influenced by cultural heritage (Fukuyama, 1995; Mayer, 1995; Huntington, 1996), this results in the following hypothesis:

- Hypothesis 1. Emergence of trust in the initial contact phase occurs quicker with Dutch companies than it does with Vietnamese companies.

The deepening phase is where the relationship is further developed; often in this phase official agreements are made, like contracts or other arrangements. In order to get more insight into the deepening phase it is important to find out more about the process that influences the emergence of trust in the relationship between Dutch and Vietnamese companies. It was determined that the process of communicating information between two parties is of great importance here.

2.7.2 Communication

2.7.2.1 Introduction

The availability of information is not enough for trust to emerge; it is also of importance how this information is transferred. As Gambetta (1988) states it “even if people have

perfectly adequate motives for cooperation they still need to know about each other and to trust each other”.

Trust emerges through the process of communication; therefore differences in how the communication takes place between two companies affect this process. According to experts (Anonymous expert interviews, 2006) and literature there are several aspects that influence the communication process.

2.7.2.2 Language

The lack of knowledge of any other language than Vietnamese is of disturbance to the communication process between Vietnamese and Dutch companies. Sometimes when the English language is used as means of communication Vietnamese do not understand what is said, or in some cases feign not to understand in order not to lose face. With the use of an interpreter to a certain extent it is guaranteed that both parties understand what is said and the communication between the Dutch and the Vietnamese company might be better. When the communication between two parties is better, it is suggested that the Dutch company can better predict what the Vietnamese company's behaviour will be. It is expected that when the Dutch company can better predict the actions of the Vietnamese company that it is more likely that trust will emerge.

Hypothesis 2. When an interpreter is used it is more likely that the Dutch company will trust the Vietnamese company, than when no interpreter is used

2.7.2.3 Non-verbal expressions

When two people meet and talk not just the words that one person brings across to the other person makes the conversation, also non-verbal expressions cause for the conversation to have extra meaning. This is something that differs across countries and cultures. You do not always realise that when you make a movement with your hand that means one thing to you, that it can mean something completely different to someone else. There are many different non-verbal expressions that differ in Dutch communication and in Vietnamese communication. The proper awareness and use of these non-verbal expressions is of great importance to the understanding between two people, when a Dutch company understands the Vietnamese company better, it is suggested that the Dutch company can better predict what the Vietnamese company's behaviour will be. It is expected that when the Dutch company can better predict the actions of the Vietnamese company that it is more likely that trust will emerge, and vice versa.

Below some examples are given of these non-verbal expressions that differ in Dutch communication from Vietnamese communication.

The use of direct eye-contact and mode of greeting seems to differ when it concerns Dutch and Vietnamese people, where Dutch people are very open with eye-contact and greeting, it is for Vietnamese people more respectful to not make direct eye-contact and be humble when greeting someone. Also the communication style, like smiling whilst talking is really normal for Vietnamese people, but the Dutch might think that when someone continuously smiles he or she might have something to hide. Finally giving gifts is very usual in Vietnam but it is not in The Netherlands.

These differences will influence the emergence of trust between Dutch and the Vietnamese companies.

- Hypothesis 3. When there are differences in non-verbal expressions between Dutch and Vietnamese companies **it is less likely that the Dutch company will trust** the Vietnamese company, than when there are no differences with this respect.
- Hypothesis 4. When there are differences in non-verbal expressions between Dutch and Vietnamese companies it is **less likely that the Vietnamese company will trust** the Dutch company, than when there are no differences with this respect.

2.7.2.4 Mode of communication

Valey et al. (1998) suggest that “the mode of communication in a negotiation affects both the efficiency of outcomes and the distribution of available surplus”. This suggests that the mode of communication of information influences the way that the trustor can predict the behaviour of the trustee and therefore influences the emergence of trust the trustor has in the trustee.

A distinction is made between three different dimensions of communication:

- A: Immediate vs. Delayed
- B: Two-way vs. One-way
- C: Direct vs. Indirect

When it concerns immediate communication between two people, both actors in the conversation can react immediately to what the other actor says, opposed to delayed communication, like letter-writing, where the reaction of the other party will have a delay. With two-way and one-way communication it is meant that the information flow is possible from either two directions, like letter writing, or one direction, like television. With direct and indirect communication a distinction is made between whether the

communication is between two people or whether intermediation is done by a third person or institution.

It is suggested in literature (Bolton, 1991; Roth, 1995; Valley et al., 1998; Fisman and Khanna, 1999) but also in the expert interview (Anonymous interviews, 2006) that when two companies use immediate, two-way and direct communication modes both in the initial and the deepening phase it will have a more positive effect on the emergence of trust than when these communication modes are not used.

- Hypothesis 5. When more immediate modes of communication are used during both the initial and the deepening phase it is more likely that the Dutch company will trust the Vietnamese company, than when no immediate communication is used.
- Hypothesis 6. When more two-way modes of communication are used during both the initial and the deepening phase it is more likely that the Dutch company will trust the Vietnamese company, than when no two-way communication is used.
- Hypothesis 7. When more direct modes of communication are used during both the initial and the deepening phase it is more likely that the Dutch company will trust the Vietnamese company, than when no direct communication is used.

In the expert interviews it was mentioned that in Vietnam the fact that the two parties are introduced by someone else that knows both parties is a very common situation and in most cases preferred way of getting two companies together, this is not a necessity in Dutch communication. It is believed that introduction through a third-party is beneficial to the emergence of trust with a Vietnamese company

- Hypothesis 8. When communication through a third party is used in the introduction it is more likely that the Vietnamese company will trust the Dutch company, than when no third party is used.

2.7.2.5 ICT use

In the last few years large changes have occurred in the way people communicate. Through ICT it has become easier for Dutch companies to get information on a Vietnamese company or get in touch with possible Vietnamese partners. It is interesting to have a look at the effect this technology has on the emergence of trust between Dutch and Vietnamese companies.

It is suggested that up until now a majority of the Vietnamese companies prefer having all communication with either letters or fax. Electronic communication is not seen as official and often the systems cannot be depended upon when it comes to reliable

exchange of information. Some Vietnamese companies who have more experience with doing business with international companies have no problems with using ICT and electronic communication as the main and official way of doing business.

We suggest that because ICT makes it easier for a Dutch company to get information on and approach a Vietnamese company, this makes the communication between the two companies easier too. When the communication between two parties is better, it is suggested that the Dutch company can better predict what the Vietnamese company's behaviour will be. It is expected that when the Dutch company can better predict the actions of the Vietnamese company that it is more likely that trust will emerge.

Hypothesis 9. When ICT is used for communication between two companies it is more likely that the Dutch company will trust the Vietnamese company, than when no ICT is used.

2.7.2.6 Experience and knowledge

In 1986 the Vietnamese market was opened up, so Vietnam has only been on the international market for a relatively short period. This causes some a lack of experience in dealing and communicating with companies from other countries and cultures. It is suggested that knowledge on how to communicate with international companies needs to develop more in Vietnam. As mentioned before, it was also observed that to a large extent within Vietnamese companies there appears to be a lack of knowledge and experience on newer communication media, like e-mail. Therefore using these media is not as common for Vietnamese companies as it is for Dutch companies, which influences the ease of communication between two companies. When the Dutch company uses e-mail as an official communication medium and the Vietnamese company still uses handwritten letters this causes discrepancy in the communication between the two companies.

It is suggested that when a company has more knowledge and experience in doing business with other companies and other business cultures, the better they will be able to communicate with a possible Dutch partner. When the communication between two parties is better, it is suggested that the Dutch company can better predict what the Vietnamese company's behaviour will be. It is expected that when the Dutch company can better predict the actions of the Vietnamese company that it is more likely that trust will emerge.

Hypothesis 10. When Vietnamese company has more knowledge and experience in doing business with other companies and cultures it is more likely that the Dutch company will trust the Vietnamese company, than when the Vietnamese company has no previous knowledge or experience

2.7.3 External influences

Rooks, et al. (2000), examine the effects of the social context of economic exchange on the governance of transactions in buyer-supplier relations between firms. They state that together with transaction characteristics, social embeddedness shapes trust problems in economic exchange and how firms mitigate such trust problems through contractual planning. With social embeddedness they mean that transactions are embedded in a sequence of transactions between firms, in networks of relations between firms or embedded in social institutions, like norms and laws. Rooks, et al. (2000) assume that firms are concerned mainly with their own interests. They attend to the dilemma why companies trust so easily and use contractual planning to such a low degree. They suggest that selecting firms with an established reputation can diminish risk. Firms can also use extra-legal sanctions. In many cases, buyers and sellers have often known each other for a long time. They help each other by exchanging information about other firms and markets. Firms usually want to continue existing relationships, and for this reason non-co-operative behaviour is avoided. Firms risk being exploited by other firms. This induces them to incur costs in the processes of searching for trustworthy business partners, negotiating, drawing contracts and enforcing contracts (Eggertsson 1990).

Embeddedness of transactions provides firms with extra opportunities for managing these transactions. Rooks, et al. (2000) focus on the effects of social embeddedness on the management of transactions. In reality these trust problems are mostly double-sided: both buyer and seller have incentives for breaking agreements. Buyers can solve the problem by making contracts as complete as possible, but this is costly and often inefficient. More efficient solutions to the trust problem are feasible via the social embeddedness of transactions.

The study performed by Rooks et al. aims at what the effects are of temporal embeddedness, network embeddedness and institutional embeddedness, next to 'economic' characteristics of a transaction, on management effort.

The management of a transaction aims at diminishing the likelihood of such problems and reducing damage should problems arise. Here they focus on the buyer's effort

involved in the contractual planning of a transaction. They suggest contractual planning and trust as alternative arrangements for transactions. Contractual planning provides safeguards against problems such as opportunism, but is costly. Therefore, trust will be an attractive substitute for costly contractual planning if the likelihood of problems or of damage from problems is small, or if social embeddedness provides non-contractual safeguards

The results of the experiment support the notion that while managing a transaction, purchase managers take not only economic characteristics into account, but also the social characteristics of a transaction. In this study two types of social embeddedness have been distinguished. Structural embeddedness in social relations covers temporal and network embeddedness, and can be distinguished from institutional embeddedness. In general, the more a transaction is embedded, the less effort will be invested into the management of that transaction.

Here we are not concerned with transactions as such but with relationships between companies, we suggest that this theory on embeddedness will also be true for trust in relationships between companies. When a company is embedded in some network of other companies, it will be easier for a company to trust another company. It is suggested here that when the companies involved are more embedded in a network of common contacts that it is more likely that the Dutch company will trust the Vietnamese company

- Hypothesis 11. When the Vietnamese and the Dutch companies involved in the relationship are embedded in a network of common contacts it is more likely that the Dutch company will trust the Vietnamese company, than when they are not embedded in a network of common contacts.

Summarising, this results in the following hypotheses:

1	Emergence of trust in the initial contact phase occurs quicker with Dutch companies than it does with Vietnamese companies.
2	When an interpreter is used it is more likely that the Dutch company will trust the Vietnamese company, than when no interpreter is used
3	When there are differences in non-verbal expressions between Dutch and Vietnamese companies it is less likely that the Dutch company will trust the Vietnamese company, than when there are no differences with this respect.
4	When there are differences in non-verbal expressions between Dutch and Vietnamese companies it is less likely that the Vietnamese company will trust the Dutch company, than when there are no differences with this respect.
5	When immediate modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company, than when no immediate communication is used.
6	When two-way modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company, than when no two-way communication is used.
7	When direct modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company, than when no direct communication is used
8	When communication through a third party is used in the introduction it is more likely that the Vietnamese company will trust the Dutch company, than when no third party is used
9	When ICT is used for communication between two companies it is more likely that the Dutch company will trust the Vietnamese company, than when no ICT is used.
10	When Vietnamese company has more knowledge and experience in doing business with other companies and cultures it is more likely that the Dutch company will trust the Vietnamese company, than when the Vietnamese company has no previous knowledge or experience
11	When the Vietnamese and the Dutch companies involved in the relationship are embedded in a network of common contacts it is more likely that the Dutch company will trust the Vietnamese company, than when they are not embedded in a network of common contacts

Table 1 - Hypotheses

3 Methodology and study design

3.1 Introduction

In the following chapter it will be clarified what methods of research are used throughout this research and how these methods are applied to be able to answer the main research question. Next to the main research question several hypotheses were formulated, how these are tested will be shown in this chapter too.

3.2 Methodological characterization of the research

In order to analyse whether trust is affecting the level of Dutch investment in Vietnam, and to what extent the emergence of trust can be facilitated by managers and policymakers in the trade relationship between The Netherlands and Vietnam the project is conducted in two steps.

The first phase focuses more on exploratory methods of research where it was analysed in detail whether trust is important in the relationship between Dutch and Vietnamese companies. The fact that trust affects the level of Dutch investment was suggested by theory on the development of trust. Next to that the importance of problems of trust as a barrier for business activities were examined further by means of expert interviews with people closely involved in the promoting of business and trade between The Netherlands and Vietnam and managers of companies involved in this business relationship.

Secondly more confirmatory research methods were applied in order to determine how the emergence of trust can be facilitated by managers and policymakers. In order to structure this confirmation hypotheses were formulated and tested by means of survey questionnaires and a few in-depth interviews.

3.3 Research methods

3.3.1 Introduction

Next to information that was gathered from literature this research also references to statistical data and data from Vietnamese and Dutch research institutes. This desk research was done unstructured, this means that it was not known in advance what information had to be looked for, it was done to get a better idea of Vietnam and Ho Chi Minh City in general and the economic situation in particular. Sources like the EVD,

VCCI, ITPC, The institute for economic research in HCMC and data from the General Statistics office were used. The EVD is an agency from the Dutch ministry of economic that facilitates in the stimulation of international ventures and international cooperation. They have done a lot of work together with the Dutch Consulate General to improve and stimulate the level of trade between The Netherlands and Vietnam. The VCCI is the Vietnam Chamber of Commerce and Industry; they do a lot of work in cooperation with the ITPC, which is the Investment and Trade Promotion Centre. They both provide information and promotion material for foreign investors and they also provide a lot of economical information on Vietnam in general and Ho Chi Minh City in particular. The General Statistics Office is located all over Vietnam and provides a lot of statistical information about Vietnam and Ho Chi Minh City, the main data that was used in this research can be found in the yearly enterprise survey which gives a statistical overview of the enterprises that are active in Vietnam.

3.3.2 Surveys

It was chosen to use surveys to get information from a large number of people. Hypotheses were set up in order to be able to test the assumptions made through the literature review, the desk research and the expert interviews. From the literature review it was stated that trust is a double-sided concept, as Gambetta (1988) puts it: "It is necessary not only to trust others before acting cooperatively, but also to believe that one is trusted by others". Even though most of the hypotheses cover the Dutch side, a few hypotheses were aimed at getting some clarification from the Vietnamese point of view.

Through systematic questioning the data was collected, in this case the main part of the survey contained questions concerning the respondents experience with doing business with either their Vietnamese or their Dutch business partner.

3.3.3 Vignettes

For the Dutch companies it was decided to use vignettes as an addition to the survey. This addition was chosen because it is interesting to know how a Dutch company would act in a general situation and not in particular how they acted in the specific situation that they were in.

A vignette is a short description of, in this case, a situation that contains information that is considered relevant and that is presented to the respondents to obtain a judgement

about that situation. Much more than for example a survey on real transactions, a vignette design allows the researcher to abstract from problems due to the endogeneity of transaction and embedded characteristics (Rooks et al., 2000). Here the vignettes were set up to represent the process of companies getting together with the intention to do business with each other.

The vignettes were presented to the respondents, the managers were asked to make a judgement about what they would do in the presented situation. From this vignette research information was retrieved about what is important for Dutch companies to be able to trust their Vietnamese relations.

The vignettes were set up to be realistic, in order to be able to consider the validity and reliability of the judgements. To make sure that the vignettes were realistic, they were reviewed by the economic officer at the Dutch Consulate General, next to that it was advised to make the vignette as short as possible to keep the respondents attention.

By varying the variables of the vignette characteristics, multiple vignettes were created. One variable of each vignette characteristic is put on the vignette. The population of vignettes, the total number of unique vignettes, thus consists of all possible combinations of the different categories of the different characteristics. In this case there were three variables. As can be seen in Table 4 the variables are initial phase trust development, interpretation and contracting. These three variables resulted in 16 different vignettes. The real vignettes can be found in Appendix D: Scenarios. To each survey one vignette was added, so each respondent reviewed one vignette. To be able to assure that bias (whether conscious or unconscious) is avoided and that predictive factors, known and unknown are balanced among the respondents the surveys were randomly assigned to the group of Dutch companies. In addition, randomization provides a valid basis for statistical tests of significance, which is an advantage for the overall validity of the research.

3.3.4 In-depth interviews

There were quite a few respondents of the survey given to the Dutch managers who stated not to have any partnership with a Vietnamese company. Because the survey was focussed mainly on the experience with a Vietnamese partner, not a lot of information was retrieved from these companies without a Vietnamese partner. In order to get some additional information on why these companies choose not to engage in a partnership with a Vietnamese company, three of these managers were interviewed on this subject.

3.4 Data collection

Both to the Dutch and the Vietnamese company representative an email was sent with an introduction to the research and a request to complete the survey. The online survey was distributed to the respondents through a link in the email. The Dutch surveys were distributed to the respondents, a week later the survey was sent to additional respondents that were provided by the Economic Officer of the Consulate General after the first batch was already sent. Three reminders were sent. The Vietnamese surveys were distributed a little bit later and two reminders were sent. After all the emails to both the Dutch and the Vietnamese companies the response rate was still very low. From the Vietnamese companies hardly anyone had responded yet, therefore all the companies that had not completed the survey by then were called personally to remind them about the survey.

3.5 Population

The survey questionnaires were made in two versions, one for the Dutch companies that are doing business in Vietnam and one for the Vietnamese companies known to have or have had contact with Dutch companies or organizations. The information on these companies was provided by the Netherlands Consulate General in Ho Chi Minh City, Vietnam. The surveys were conducted among a large number of people, in this case managers from Dutch and Vietnamese companies. 136 Dutch companies were approached and 95 Vietnamese companies. The amount of information that was asked in the surveys required people on management level to answer the questions. The position of the respondents varies from different manager positions (sales, finance, regional) to owner or director. 62 Dutch companies completed the survey; this results in a 46% response rate on the Dutch side. Only 23 Vietnamese companies completed the survey, this results in a 24% response rate on the Vietnamese side. It was predicted by the economic officer at the consulate that the Vietnamese companies would not reply to a survey. Next to that there was the lack of (correct) email addresses that caused a problem in reaching these Vietnamese companies. Nevertheless by contacting the companies directly through telephone many managers were reminded of the survey, which resulted in the positive development towards the current response rate

3.6 Operationalization

The hypotheses have been formulated as a result of the earlier mentioned conceptual model and the information that was acquired from the expert interviews. These hypotheses are the basis of the setup for the survey. From the hypotheses the following independent variables were derived for the Dutch survey: partner information, trust development in initial phase, contracting, embeddedness, communication modes, interpretation, non-verbal expressions, and ICT use. And the following independent variables were derived for the Vietnamese survey: Partner information, third-party introduction, trust development in initial phase, embeddedness, non-verbal expressions, ICT use. The measurement of the dependent variable Trust was done by measuring how much was invested in the relationship in both surveys.

In the two tables below (Table 2 and Table 3) it can be seen how these independent variables were made operational. Appendix B and Appendix C contain the survey as it was presented to the respondents.

Next to the independent variables we want to measure the dependent variable 'Trust'. To be able to use Trust as a dependent variable in the statistical analysis, three variables were chosen that were combined to be used as the 'Trust' variable. These variables are the amount of money that was invested in the business relationship (MoneyInvested), the amount of time that was invested in the business relationship (TimeInvested) and the amount of knowledge and information that was shared with the business partner (KnowledgeInformationShared). Because quite a few of the respondents refrained from filling in information about the money they invested, it was chosen to just use TimeInvested and KnowledgeInformationShared to calculate 'Trust'. To make sure that these variables can be combined they need to correlate with each other. With a correlation coefficient of .142 on Vietnamese side and a very strong correlation of .706 on Dutch side it is safe to say that we can combine the variables 'TimeInvested' and 'KnowledgeInformationShared' to measure the dependent variable 'Trust'.

When using the data that were obtained from the scenarios, a similar procedure was used to measure the amount of 'Trust' (here 'ScenarioTrust'). Considering the fact that here the respondents did not refrain from answering the question on how much money they would invest, all three variables (ScenInvestMoney, ScenInvestTime and ScenShareKnowledgeInformation) were added to obtain the dependent variable 'ScenarioTrust'. Here too the reliability of the scale was checked, by means of checking

whether the three variables correlate with each other. The correlation between the variables ScenInvestMoney and ScenInvestTime is 0,522, between ScenInvestMoney and ScenShareKnowledgeInformation is 0,725 and between ScenInvestTime and ScenShareKnowledgeInformation is 0,655. These are all strong correlations, therefore it safe to say that they are measuring the same construct, in this case 'ScenTrust'.

Variables	Items	Scale	Questions
Company information	Name	open	Company name:
	Respondent's information	open	Respondent's name and function:
	# Employees	4 point adjective rating scale	How many employees does your company have in Vietnam?
	Yearly turnover	6 point adjective rating scale	What is the yearly turnover of your company in Vietnam?
	Doing business in Vietnam since	year	Since when has your company been doing business in Vietnam?
	Sector	open/list of alternatives	What sector is your company active in?
Information on the partner(s)	# Partners	yes/no (Yes, how many? No, why not?)	Does your company have/ did you in the past have business relations with Dutch partners?
	Name	open	What is the name of the partner company?
Third-party introduction	Core competence	list of alternatives	What is the sector that the partner company is active in?
	introduction	list of alternatives	How were you and your Dutch partner company introduced to each other?
Trust development in initial phase	Used comm. mode in initial phase	list of alternatives	What way of communication was used when your company first got in contact with the Dutch partner?
	# Contact moments in initial phase	3 point adjective rating scale	How many times did you have contact with the Dutch partner company in this initial phase?
	Activities done in initial phase	list of alternatives	What kind of activities did you undertake in the initial phase with the Dutch partner company?
	Time before trust emerges	5 point adjective rating scale	After how much time would you say that you started to consider investing (time and money) seriously in this business relationship?
Embeddedness	# of common contacts	5 point adjective rating scale	How many common friends, acquaintances or business contact do you have with your Dutch partner?
The relationship	Duration of the relationship	year	Since when have you been in contact with this partner?
	Amount invested in the relationship	5 point adjective rating scale	How much was invested in the business relationship with this Dutch partner? How much time was invested in the business relationship with this Dutch partner?
Non-verbal expressions	Presence of differences	yes/no	How much knowledge and information did you share with this Dutch partner?
		5 point adjective rating scale	Do you notice any non-verbal signals when communicating with the Dutch business partner? Do you feel that there are differences between you and your Dutch business partner in non-verbal expressions with respect to social interaction with your Dutch partner? Things that are experienced outside of the conversation for instance when being introduced or non-verbal expressions after the conversation, when you meet the partner on another occasion.
ICT use	Email use	5 point adjective rating scale	How much does your company use email?
	Visiting websites	5 point adjective rating scale	How much does your company use the internet to get information?

Table 2 - Operationalization Vietnamese survey

Trust in business relations between Dutch and Vietnamese companies by Claire Groosman

Variables	Items	Scale	Questions
Company information	Name	open	Company name:
	Respondents information	open	Respondents name and function:
	# Employees	4 point adjective rating scale	How many employees does your company have in Vietnam?
	Yearly turnover	6 point adjective rating scale	What is the yearly turnover of your company in Vietnam?
	Doing business in Vietnam since	year	Since when has your company been doing business in Vietnam?
	Sector	open/list of alternatives	What sector is your company active in?
Information on the partner	# Partners	yes/no	Does your company have / did you in the past have business relations with Vietnamese partners?
	Name	open	What is the name of the partner company?
	Core competence	list of alternatives	What is the sector that the partner company is active in?
Embeddedness	Previous international activities	3 point adjective rating scale	Did the partner company have any previous experience with doing business internationally?
	# of common contacts	5 point adjective rating scale	How many common friends, acquaintances or business contact do you have with your Vietnamese partner?
Development of trust in initial phase	Used comm. mode in initial phase	list of alternatives	What way of communication was used when your company first got in contact with the partner?
	# Contact moments in initial phase	3 point adjective rating scale	How many times did you have contact with the partner company in this initial phase?
	Activities done in initial phase	list of alternatives	What kind of activities did you undertake in the initial phase with the partner company?
	Time before trust emerges	5 point adjective rating scale	After how much time would you say that you started to consider investing (time and money) seriously in this business relationship?
	effect of third party introduction	scenario	
Communication modes	Use in deepening phase	list of alternatives	What way of communication did you use throughout the building of the relationship with the Vietnamese partner?
	Continuation of relationship	yes/no	After the period that you first got in contact with this company, did your company want to continue contact with this Vietnamese business partner? After the period that you first got in contact with this company, did the Vietnamese company want to continue contact with your company?
		yes/no	Did your company and the Vietnamese business partner intensify the business relationship after the period that you first got in contact?
	Development of relationship	5 point adjective rating scale open	When you stated above that the business relationship continued, please indicate how well the business relationship further developed after the period that you first got in contact Please explain in more detail how the business relationship developed
Interpretation	Use of interpreter	4 point adjective rating scale	Did you use an interpreter when you meet with a Vietnamese partner?
	Trust because of interpreter	scenario	
Non-verbal expressions	Presence of differences	yes/no	Do you notice any non-verbal signals when communicating with the Dutch business partner?
		5 point adjective rating scale	Do you feel that there are differences between you and your Dutch business partner in non-verbal expressions with respect to social interaction with your Dutch partner? Things that are experienced outside of the conversation for instance when being introduced or non-verbal expressions after the conversation, when you meet the partner on another occasion.
ICT use	Email use	5 point adjective rating scale	How much does your company use email?
	Visiting websites	5 point adjective rating scale	How much does your company use the internet to get information?
	Congruency	4 point adjective rating scale	Does your Vietnamese partner use email?
The relationship	Duration of the relationship	year	Since when have you been in contact with this partner?
	Amount invested in the relationship	5 point adjective rating scale	How much was invested in the business relationship with this partner? How much time was invested in the business relationship with this Vietnamese partner? How much knowledge and information did you share with this Dutch partner?
	Detail of the contract	5 point adjective rating scale	How detailed is the contract that you signed?
	Initiative	4 alternatives	Who took the lead in the contract negotiations?
Contracting	Trust development	scenario	

Table 3 - Operationalization Dutch survey

Initial phase trust development	
0	You find out about and contact possible Vietnamese partners yourself.
1	A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows.
Interpretation	
0	During the meeting you speak English with the potential Vietnamese partner, no interpreter is used.
1	For the meeting an interpreter was arranged in order to make sure that everyone understands what is said.
Contracting	
0	It was chosen not to use a contract, you will take each others word for it that everything will be delivered and paid in time and that everything will be produced the way it was agreed upon.
1	Some general agreements are put on paper and signed by both parties.
2	A contract of normal detail is drawn up and signed by both parties.
3	The Vietnamese company wants to draw up a very detailed contract with small things it it that you might not have thought of before to put it in a contract, in the end a very detailed contract is signed by both parties.

Table 4 - Description of Vignette Characteristics

The independent variable "Communication modes" needs some more explanation. In the survey the Dutch respondents twice state what kind of communication mode they have used when communicating with their Vietnamese business partner. First they select the communication modes that were used in the initial phase and later on they select the communication modes in the developing phase. To be able to make one usable variable from those answers, three dummy variables were set up in order to measure whether direct, two-way and immediate modes of communication were used that were described earlier in section 2.7.2.4. Table 5 below shows a list of the different communication modes that fall within each dimension.

	Immediate/Delayed	Two-way/One-way	Direct/Indirect
Business association			X
Common acquaintance			X
Consulate			X
Email	X	X	X
Face-to-face	X	X	X
Fair			X
Fax	X	X	X
Fellow countrymen			X
Flyer	X	X	X
Friends/Family			X
Internet	X	X	X
Letter writing	X	X	X
Matchmaking			X
Newspaper	X	X	X
Radio ad	X	X	X
Telephone	X	X	X
TV	X	X	X

Table 5 - Ascribing dimensions to different communication modes

Finally the construction of the independent variable ICTUse must be explained, this variable measures the level use for email and internet, so to calculate this variable, the

two variables 'EmailUse' and InternetUse were added, the result is the level of ICT used by the respondent.

3.7 Data analysis

In order to test the hypotheses several methods of analysis were used. Hypotheses 1, 2 and 5 to 7 were tested through the use one or more Student T-tests. Hypotheses 3 and 9 to 11 were tested by means of using a Pearson's R Correlation. To be able to explore the predictive ability of the independent variables upon the level of trust multiple regression was used. To be able to perform these tests several assumptions must be made about the data (Pallant, 2005). For all tests it is important that the data must be independent of one another and that scores on each variable should be normally distributed. Assuming that the respondents had no contact with each other and individually filled in the survey, it can be assumed that our observations are independent. Due to the relatively small number of respondents, the relationships tend to be less significant. Instead of the usual significance level of 5%, here it was chosen to use a significance level of 10%.

For the dataset of Dutch respondents $n=62$, next to the fact that a normal distribution can be assumed for more than 30 respondent, when plotting our dependent variable "Trust" in a histogram scores appear to be normally distributed. Because for the Vietnamese respondents $n=23$, the dependent variable "Trust" needs to be checked for normality. When controlling the dependent variable 'Trust' for normality it was shown in the plot that the assumption of normality cannot hold. When it comes to testing hypotheses 4 and 8, non parametric measured must be used, for H4 a Spearman's Rank Order Correlation is used and for H8 the Mann Whitney Test is used.

For determining the strength of the relation between two variables a method was used that was developed by Cohen (1977). He suggests an interpretation of the strength of the relationship between the two variables, where a correlation coefficient higher than 0,10 suggests correlation between the two variables. Cohen (1977) refers to this when he mentions that "many relationships pursued in "soft" behavioural science are in the order of magnitude of 0,10".

For the regression analysis it is important to check an additional assumption. It was checked whether the variables were not showing any possibility of multicollinearity, but both the Tolerance values (above 0,10) and the VIF values (below 10) do not suggest this.

4 Results

4.1 Introduction

The main aim of requesting Dutch and Vietnamese companies to complete the surveys was to gather data that can be used to test the hypotheses stated below.

1	Emergence of trust in the initial contact phase occurs quicker with Dutch companies than it does with Vietnamese companies.
2	When an interpreter is used it is more likely that the Dutch company will trust the Vietnamese company, than when no interpreter is used
3	When there are differences in non-verbal expressions between Dutch and Vietnamese companies it is less likely that the Dutch company will trust the Vietnamese company, than when there are no differences with this respect.
4	When there are differences in non-verbal expressions between Dutch and Vietnamese companies it is less likely that the Vietnamese company will trust the Dutch company, than when there are no differences with this respect.
5	When immediate modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company, than when no immediate communication is used.
6	When two-way modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company, than when no two-way communication is used.
7	When direct modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company, than when no direct communication is used.
8	When communication through a third party is used in the introduction it is more likely that the Vietnamese company will trust the Dutch company, than when no third party is used
9	When ICT is used for communication between two companies it is more likely that the Dutch company will trust the Vietnamese company, than when no ICT is used.
10	When Vietnamese company has more knowledge and experience in doing business with other companies and cultures it is more likely that the Dutch company will trust the Vietnamese company, than when the Vietnamese company has no previous knowledge or experience
11	When the Vietnamese and the Dutch companies involved in the relationship are embedded in a network of common contacts it is more likely that the Dutch company will trust the Vietnamese company, than when they are not embedded in a network of common contacts.

Table 6 – Hypotheses

In the following chapter the hypotheses were tested using the analysis of the data retrieved from the two surveys.

4.2 Descriptive findings

4.2.1 Dutch companies

As mentioned before people in management positions at Dutch companies that are active in Vietnam have been asked to complete a survey about their activities and experiences with Vietnamese companies. The age of the respondents of the Dutch

survey varies from 29 to 65 years old, with a mean of 45 years. A large majority of the respondents is male (93,5%), only 6,5% is female. Interesting is that in the total Dutch employed population, 54,6% is male and 45,4% is female (CBS, 2007), so our respondents are not a very average representation of Dutch employed population. This percentage can be related to the fact that for this survey the respondents are managers of Dutch companies that are active outside of The Netherlands. It is suggested that in The Netherlands there are not many women active in high management functions; this is emphasized when looking at Dutch management positions abroad.

The companies and organizations that the Dutch respondents represent are doing business in Vietnam (Table 7), the oldest company started its business in 1980, the youngest is still intending to start up officially in Vietnam and expects to be up and running by 2008.

	N	Minimum	Maximum
BusinessSince	62	1980	2008

Table 7 - Business since (NL)

Next to information on the respondents themselves, some general information about their company was asked. Figure 4 shows that the number of employees in Vietnam of the Dutch companies is well distributed over the different categories. The majority of the companies can be put in the “small” company category (<50 employees, 53,2%)

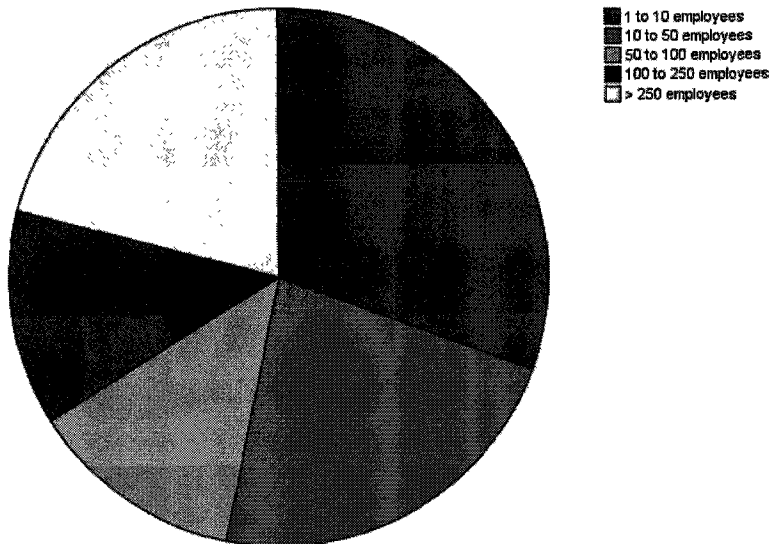


Figure 4 – Employees (NL) N=62

Most of the respondents from the Dutch survey (49,2%) state to have an international turnover of more than 25 million USD (Figure 5), but a lot of the respondents (43,1%) state that their turnover in Vietnam is less than 1 million USD (Figure 6).

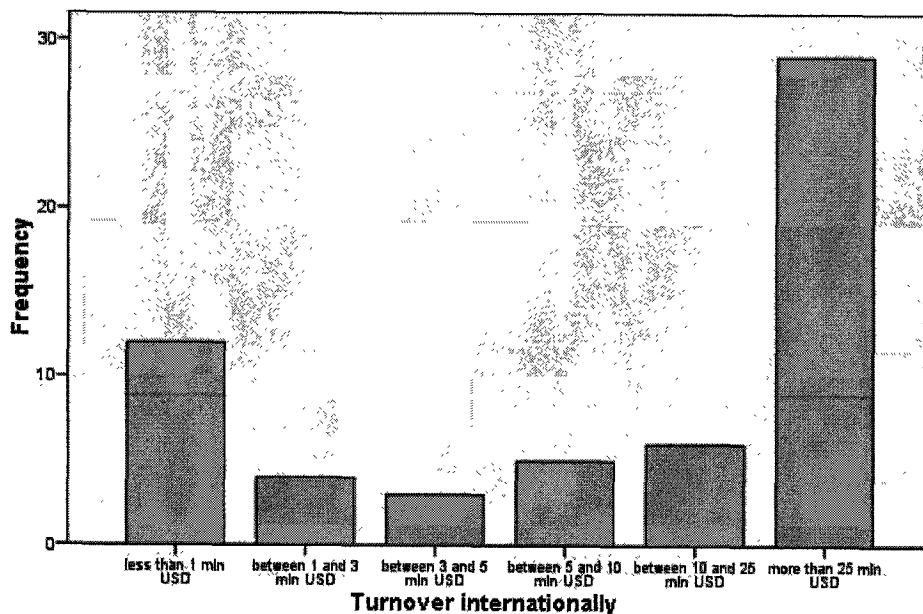


Figure 5 - Turnover international (NL)

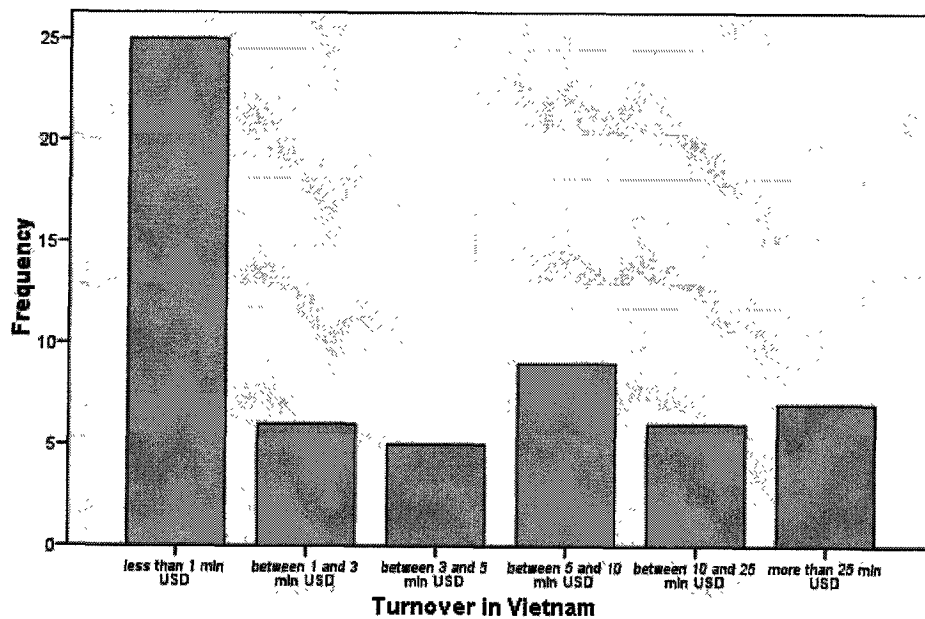


Figure 6 - Turnover in Vietnam (NL)

The sectors that are represented in this group of Dutch companies are: Agro (Agricultural sector), Construction and Infrastructure, Chemistry, Consumer goods and

Retail, Education, Energy and Water supply, Environment, Foods and Allied products, Home and Project furnishing, ICT, Machinery, Medical, Metalworking, Services, Synthetics, Tourism and Recreation, Transportation, Transport and Logistics and Wastewater treatment. More than 65% of all the sectors are represented in this dataset. Agro, Food and Allied products and the Services sector are represented the most.

Not all Dutch companies that were approached for this survey turned out to have a Vietnamese business partner, to be exact 35,5% does not have a Vietnamese business partner and 64,5% does. It was suggested that when a Dutch company sells or produces something in Vietnam that that would require a local partner, but this turned out to not be the case. This means that the data that deal with doing business with a Vietnamese partner might have quite some missing values. It was not expected that there would be so many Dutch companies that do not have a Vietnamese partner, which means that this was not anticipated in the survey. There was the opportunity to ask some companies why they did not have a Vietnamese partner (In-depth interviews, 2007). Companies answered that they did not need a Vietnamese partner. Some years ago there were restrictions for non-Vietnamese companies on what they could and could not do in the Vietnamese market. A 100% foreign-owned company was not possible, but the Vietnamese government has been changing this policy and now it is possible in a number of sectors to set up a 100% foreign owned company. A Vietnamese business partner is no longer a requirement. A lot of companies still see that having a Vietnamese business partner has its benefits. A Vietnamese company knows how things are done in Vietnam, they speak the language and certain procedures, like with government organizations, might be dealt with more smoothly and quickly. Finding a suitable Vietnamese business partner takes a lot of time and effort, so companies that think they have enough experience with doing business in Vietnam might decide not to do business via a local partner. Often this decision is made because of unpleasant previous experiences with Vietnamese companies, or because a bad reputation that Vietnamese companies have, concerning corruption and trustworthiness. Another reason why a company does not have a local partner is because the policy of the mother company demands it this way. This is often related to whether it is a knowledge-intensive business that the company is in; the mother company might not want to expose company information to local companies. Companies state that an advantage of not having a Vietnamese business partner is that they remain independent; they can make their own decisions.

When looking closely at what kind of companies the Dutch respondents do business with, it can be seen that the partner companies also represent more than 65% of the sectors, where Agro (the agricultural sector) has the largest representation. The companies that do have a Vietnamese business partners have had this contact varying from 1989 until very recently, this year.

35,1% of the Dutch respondents stated that they considered investing after less than 3 months (Table 8), quite a few of the respondents also said to start consider investing between 3 and 6 months (21,6%) and between 6 months and 1 year (21,6%).

With regard to the measurement of 'Trust', the respondents were asked how much money they invested (Table 9), how much time they invested in the relationship (Table 10) and how much knowledge and information they shared with the Vietnamese business partner (Table 11). As mentioned earlier in the section on operationalization a lot of the Dutch respondents (51,6%) refrained from filling in the question about how much money they had invested in the relationship with the Vietnamese business partner. Taking this into consideration, 50% of the Dutch respondents revealed to have invested less than 50.000 USD and 30% of them invested between 50.000 and 300.000 USD. A majority of the respondents filled in to have invested a medium amount of time (52,6%) and shared a medium amount of knowledge and information (50%)

		Frequency	Valid Percent
Valid	less than 3 months	13	35,1
	between 3 and 6 months	8	21,6
	between 6 months and 1 year	8	21,6
	between 1 and 2 years	2	5,4
	more than 2 years	6	16,2
	Total	37	100
Missing	System	25	
Total		62	

Table 8 - Consider investing (NL)

		Frequency	Valid Percent
Valid	less than 50.000 USD	15	50,0
	between 50.000 and 300.000 USD	9	30,0
	between 500.000 and 2 mln USD	4	13,3
	more than 2 mln USD	2	6,7
	Total	30	100
Missing	System	32	
Total		62	

Table 9 - Money invested in the business relationship (NL)

	Frequency	Valid Percent
Valid no time was invested	1	2,6
a small amount of time was invested	4	10,5
a medium amount of time was invested	20	52,6
a large amount of time was invested	8	21,1
a very large amount of time was invested	5	13,2
Total	38	100
Missing System	24	
Total	62	

Table 10 - Time invested in the business relationship (NL)

	Frequency	Valid Percent
Valid a small amount of knowledge and information was shared	6	15,8
a medium amount of knowledge and information was shared	19	50,0
a large amount of knowledge and information was shared	11	28,9
a very large amount of knowledge and information was shared	2	5,3
Total	38	100
Missing System	24	
Total	62	

Table 11 - Knowledge and information shared with the business partner (NL)

A large majority of the Dutch respondents (77,5%) states to have had more than two contact moments with their Vietnamese business partner in the initial phase. They mostly use face to face communication in this phase, but contact through telephone, email and common acquaintances is very popular too. Among the activities that they have done regularly in this phase are meetings, dinners and lunches. It was not only asked whether the relationship continued after the initial phase but also how well the business relationship further developed. 54,1% of the respondents stated that the relationship developed 'Good' after this initial phase.

Throughout the building of the relationship again face to face communication is the most preferred mode of communication, followed by email and telephone, letter writing is also done and some people mentioned common acquaintance, business associations and friend or family, so even in the building of the relationship third party communication is done.

Dutch companies in Vietnam deal with the fact that their (potential) business partner speaks another language than they do, generally English is used as a common language in business, but there is also the possibility of using an interpreter (Table 12). 48,7% of the respondents stated not to use interpretation, 51,3% stated to sometimes or always using an interpreter.

		Frequency	Valid Percent
Valid	No interpreter is used	19	48,7
	Sometimes an interpreter is used	7	17,9
	Yes always and the Vietnamese partner provided the interpreter	4	10,3
	Yes always and we provided the interpreter	9	23,1
	Total	39	100
Missing	System	23	
	Total	62	

Table 12 - Use of an interpreter

When informing about differences in non-verbal expressions with respect to social interaction a majority of the Dutch respondents said to feel that there are differences between them and their Vietnamese business partner (Figure 7). 30,6% of the respondents said to feel minor differences and 47,2% said to feel some differences.

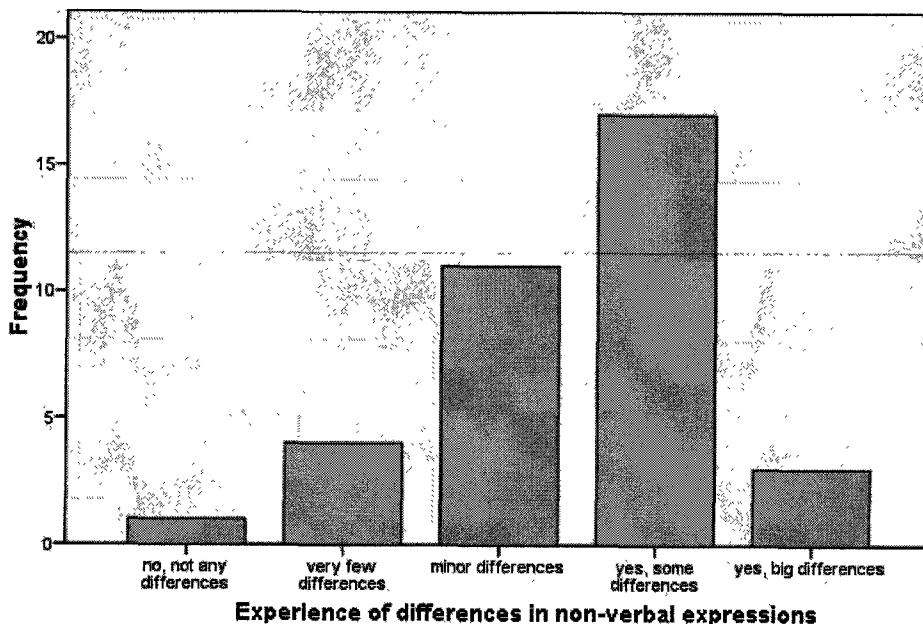


Figure 7 - Differences in non-verbal interaction (NL)

The respondents were also asked to say something about their use of ICT. This was measured by asking how often the companies use email for communication (Figure 8) and how much internet they use for gathering information (Figure 9). None of the Dutch companies chose one of the extreme answers, being only using email or internet or only using other/traditional ways of communicating or gathering information. The majority of the respondents state to use both. But when the respondents were asked about the use of email by their Vietnamese business partners (Figure 10), the majority states that their Vietnamese business partner only uses a small amount of email.

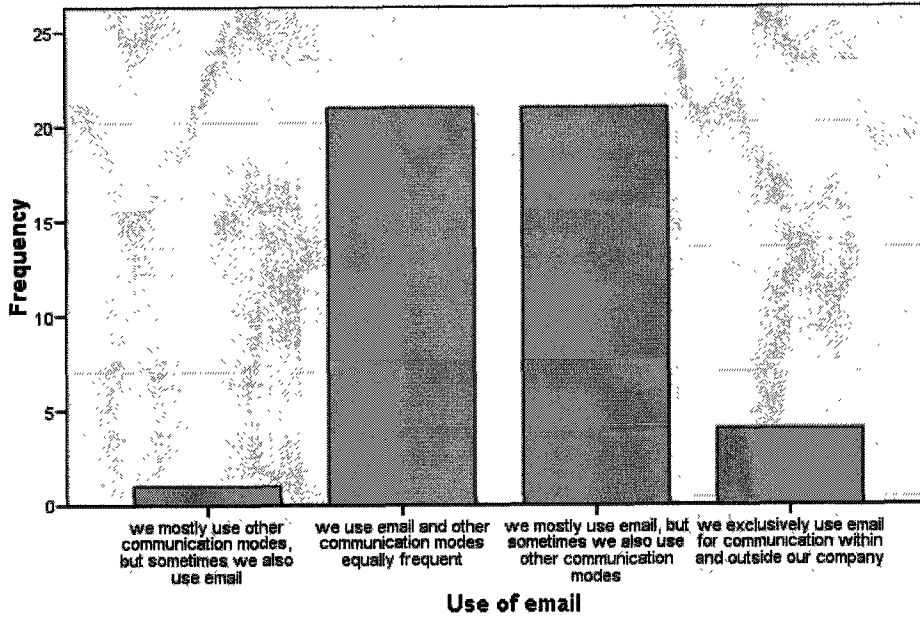


Figure 8 - Use of email by Dutch companies

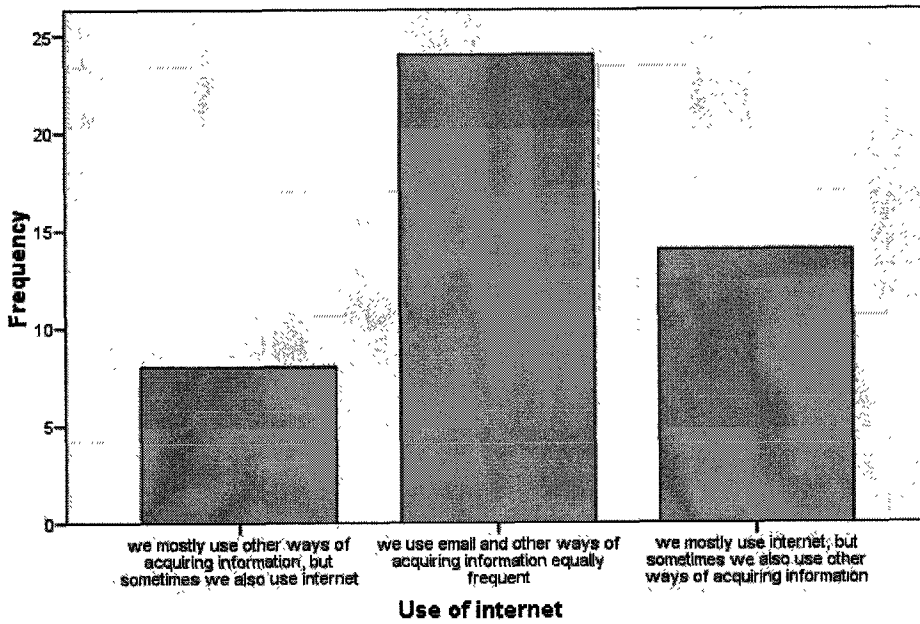


Figure 9 - Use of internet by Dutch companies

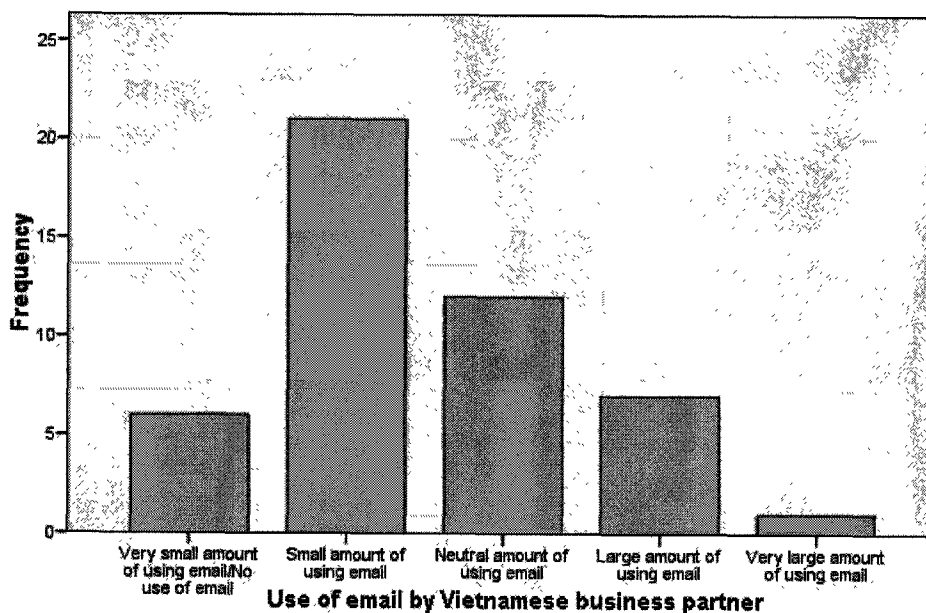


Figure 10 - Use of email by Vietnamese business partner

Different companies have a different levels of experience, not only in doing business in general, but nowadays also with doing business internationally. Having had contact or cooperation with people and companies from other countries and cultures affects the way a company does business. The Dutch respondents of this survey were asked about their Vietnamese business partners experience with doing business internationally (Table 13). The majority of the Dutch respondents stated that their Vietnamese business partners (66,7%) previously had business partners from other countries than Vietnam. Only 10,3% had a business partner without any experience.

	Frequency	Percent	Valid Percent
No, they have no previous experience	4	6,5	10,3
Valid Yes, the Vietnamese partner has previously contacted companies from other countries than Vietnam	9	14,5	23,1
Valid Yes, the Vietnamese partner has previously had partners from other countries than Vietnam	26	41,9	66,7
Total	39	62,9	100
Missing System	23	37,1	
Total	62	100	

Table 13 - Experience in doing business internationally by Vietnamese partner

To be able to say something about whether or not the Dutch and the Vietnamese companies are active in the same network of people or companies it is important to have information on how many common friends, acquaintances and business contacts a

company has. As can be seen very clearly in the bar chart below (Figure 11) the Dutch companies mostly answered in the higher categories, they stated they have more than one common contact with their Vietnamese business partner. A majority (36,6%) answered to have more than 10 common contacts.

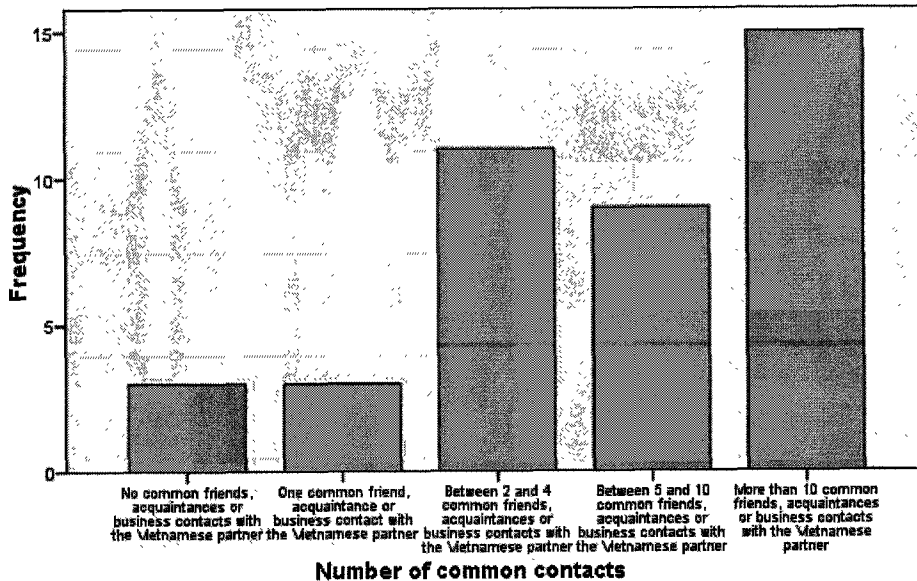


Figure 11 - Number of common friends, acquaintances or business relations (NL)

Finally at the end of the survey a short scenario was read by the Dutch respondents. This part of the survey was set up not to get information on the respondents' experience with Vietnamese business partners, but to get to know a bit more about the disposition of the respondent.

Reviewing the situation that was put in front of them 35,6% of the Dutch companies would invest money (Figure 12), 55,6% of them would invest some time in the relationship (Figure 13) and 44,4% would share some of their knowledge and information with the proposed Vietnamese partner (Figure 14).

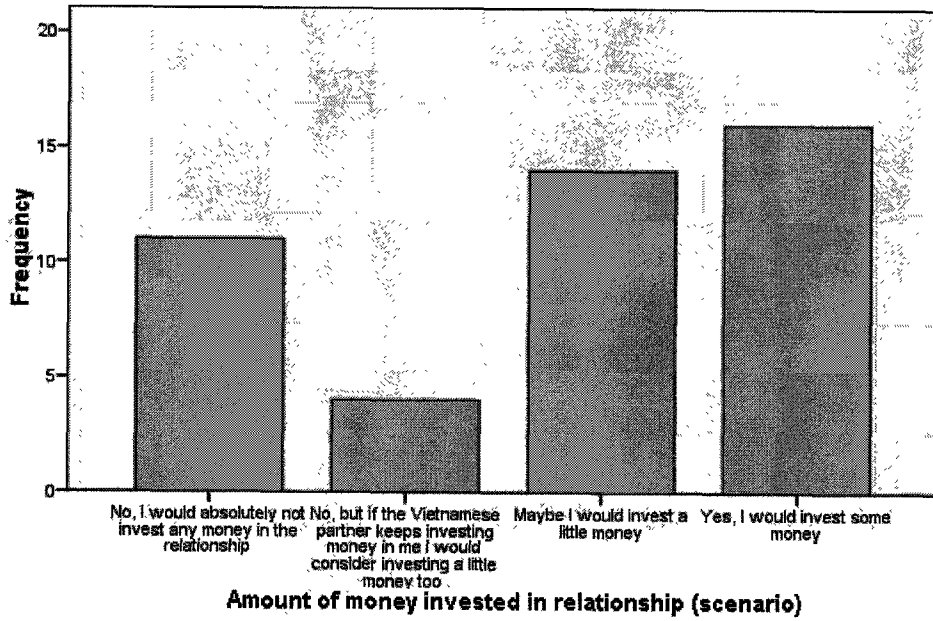


Figure 12 - Amount of money invested (Scenario)

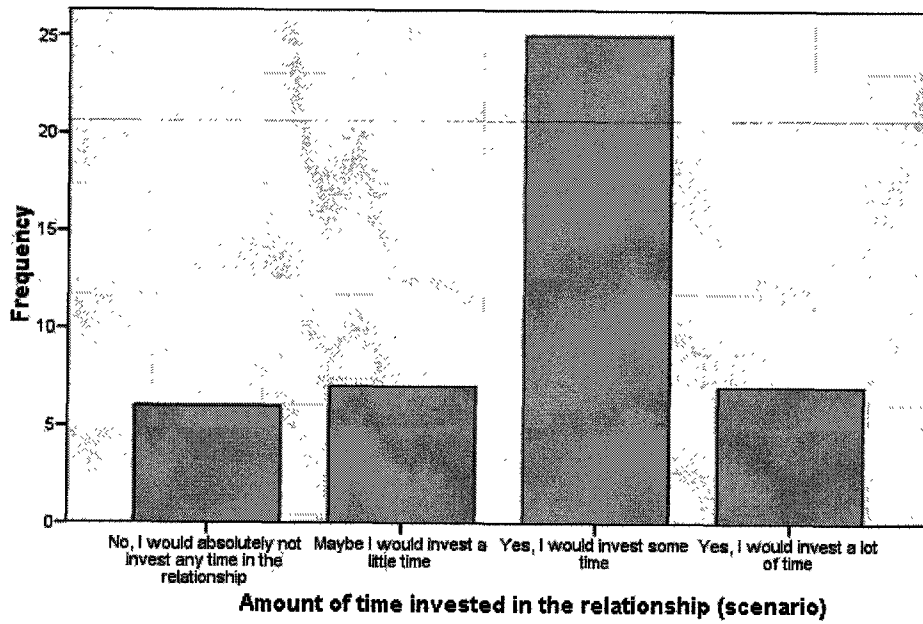


Figure 13 - Amount of time invested (Scenario)

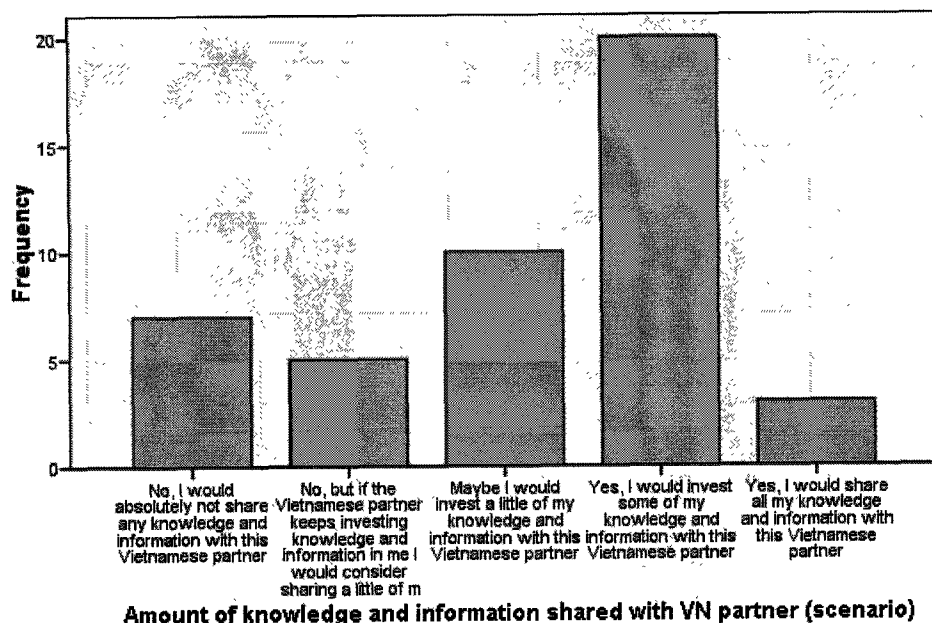


Figure 14 - Knowledge and information shared (Scenario)

To give a general view of what kind of people our Dutch respondents are and what kind of companies they represent, it can be said that the Dutch respondents are mostly males. Their companies are large international companies with a relatively small turnover in Vietnam. Quite few companies have chosen not to take their chances with a Vietnamese business partner, several reasons are given like the fact that they do not need a partner, they want to keep their independence or it is the policy of the mother company. Overall face to face communication is the preferred mode of communication and often no interpreter was used when communicating with the Vietnamese business partner. Many of the Dutch respondents claim to have many common contacts with their Vietnamese business partner. In addition to that the Dutch companies generally were not very keen on answering questions about how much money they invested in the business relationship and many of the companies stated to have invested a medium amount of time and shared a medium amount of knowledge and information with their Vietnamese business partner.

4.2.2 The Vietnamese companies

A smaller survey was presented to the Vietnamese companies. The number of respondents on the Vietnamese side was smaller than on Dutch side. The age of the Vietnamese respondents varies from 29 to 60 with a mean of 43. 60,9% of the

respondents is male and 39,1% female. On average 33,47% the employees are female at state owned enterprises and 38,67% of the employees of non state owned enterprises are female (General Statistics Office, 2007). So the group of Vietnamese respondents contains a little bit more women than the average number of women in a Vietnamese company.

The number of years that these companies and organizations have been doing business varies a lot too (Table 14), the oldest institution started in 1925 and the youngest institutes and companies started in 2005.

	N	Minimum	Maximum
BusinessSince	22	1925	2005

Table 14 - Business since (VN)

When looking at some general information on the Vietnamese companies that these respondents represent it can be seen that most of the Vietnamese companies (39,1%) that filled in the survey were large companies or organizations with more than 250 employees (Figure 15). But when looking at the turnover of the companies internationally, a majority of the respondents (55,6%) state to be in the 'less than 1 million USD turnover' category (Figure 16). In the domestic market the answers are a little bit more spread out, but still a large number of respondents is positioned in the 'less than 1 million USD' (38,1%) and '1 to 3 million USD' (23,8%) categories (Figure 17). This is typical maybe for Vietnam, because Vietnamese companies in general tend to have a lot more personnel than companies do in The Netherlands.

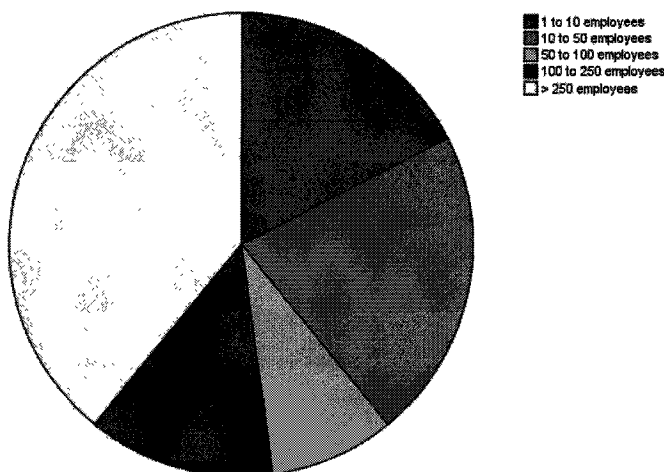


Figure 15 - Employees (VN), N=23

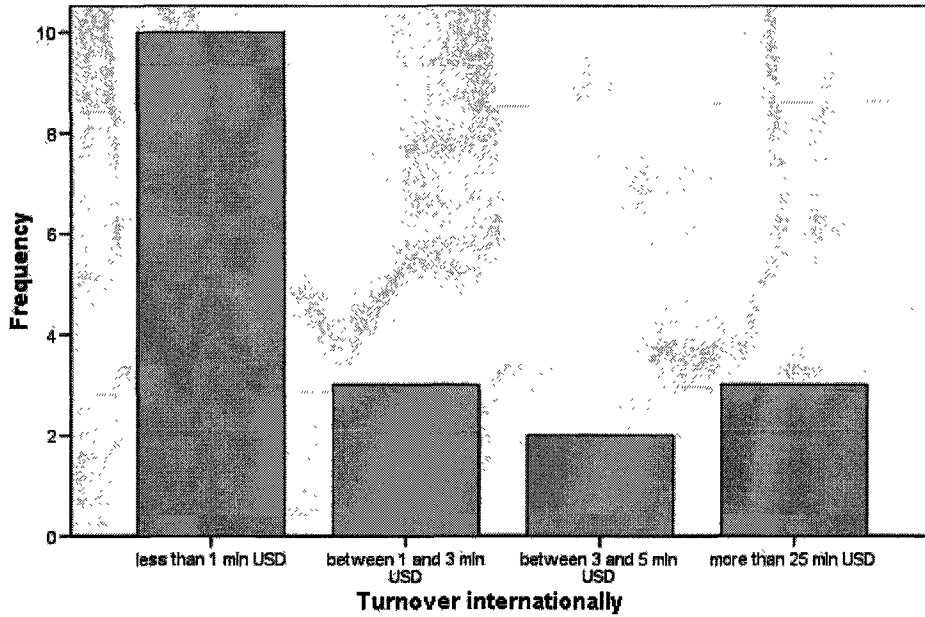


Figure 16 - Turnover internationally (VN)

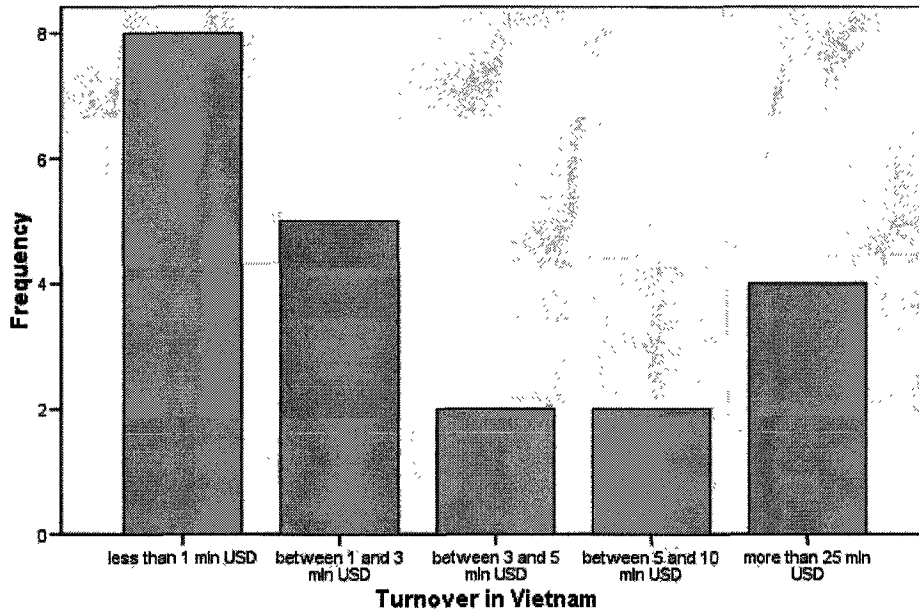


Figure 17 - Turnover in Vietnam (VN)

The respondents do not represent all given sectors, only 7 sectors are represented, being Agro, Construction and Infrastructure, Chemistry, Energy and Water supply, Foods and allied products, (Semi)government and the Services sector.

The companies were selected because of the fact that they had some relationship with Dutch companies or organizations. It was expected that the majority of the respondents

would answer that they have or had a Dutch business partner, but still 21,7% of the respondents claimed not to have a Dutch business partner, this can be caused by the fact that quite a few companies or organizations in the list only showed interest in Dutch companies, but up until now never did any business with them, or that they appeared in the list because they attended some event that was organized to get Dutch and Vietnamese companies in contact with each other.

Most of the Vietnamese respondents that claimed not to have a business partner did not state what the reason was. Reasons that were given were that possible Dutch partners had other interests than they had and the fact that the respondent did cooperate with a Dutch institute, but had no business relationship.

The other questions in the survey all dealt with the cooperation between the Vietnamese respondents with its Dutch business partner. As 5 respondents claimed not to have a Dutch business partner, the rest of the data will have some missing values.

The contact that the Vietnamese companies have with Dutch business partners varies in starting year from 1993 until 2005.

The partner companies also do not represent all possible sectors, only 8 sectors are represented, being Agro, Construction and Infrastructure, Chemistry, Energy and Water supply, Foods and allied products, Machinery, Services and the Waste water sector, where Agro again has the largest representation with 17,4%.

When looking closely at the Vietnamese behavior with respect to considering investing money and time in the relationship with their Dutch partners both the category 'less than 3 months' and 'more than 2 years' were filled in by 29,4% of the respondents (Table 15). Vietnamese companies either take a very short or a very long time before they decide to invest money or time in a business relationship with a Dutch company.

		Frequency	Valid Percent
Valid	less than 3 months	5	29,4
	between 3 and 6 months	3	17,6
	between 6 months and 1 year	2	11,8
	between 1 and 2 years	2	11,8
	more than 2 years	5	29,4
	Total	17	100
Missing	System	6	
	Total	23	

Table 15 - Consider investing (VN)

For some reason the Vietnamese respondents, like the Dutch respondents, also chose not to answer the question about how much money they had invested in the relationship

with the Dutch business partner, almost half of the Vietnamese respondents did not answer this question. Of the people that did fill in the question a majority said to have invested less than 50.000USD in the relationship (Table 16).

The answers about investing time and sharing knowledge and information might have been a lot less confidential because here most of the Vietnamese companies that had experience with Dutch business partners answered. Many respondents (43,8%) invested a medium amount of time in the relationship (Table 17) and for sharing of knowledge and information there is a small majority (41,2%) sharing a large amount of knowledge and information (Table 18). No one filled in one of the extreme category, being 'no knowledge and information was shared' and 'a very large amount of knowledge and information was shared'.

	Frequency	Valid Percent
Valid less than 50.000 USD	7	58,3
between 50.000 and 300.000 USD	2	16,7
more than 2 mln USD	3	25,0
Total	12	100
Missing System	11	
Total	23	

Table 16 - Money invested (VN)

	Frequency	Valid Percent
Valid no time was invested	1	6,3
a small amount of time was invested	3	18,8
a medium amount of time was invested	7	43,8
a large amount of time was invested	4	25,0
a very large amount of time was invested	1	6,3
Total	16	100
Missing System	7	
Total	23	

Table 17 - Time invested (VN)

	Frequency	Valid Percent
Valid a small amount of knowledge and information was shared	5	29,4
a medium amount of knowledge and information was shared	5	29,4
a large amount of knowledge and information was shared	7	41,2
Total	17	100
Missing System	6	
Total	23	

Table 18 - Knowledge and information shared (VN)

Time is not the only factor before trust can emerge and companies start considering investing, it is also what the two parties do in that time that influences the start up of the business relationship. A large majority (77,8%) of the Vietnamese respondents stated to have more than 2 times that they had contact with the Dutch business partner during the moment that the first acquaintance was made.

It was asked what kind of communication mode they used when they first got in contact with their Dutch business partner. Some modes of communication were never used by any of our respondents, like contact through fellow countrymen or newspaper, television and radio advertisements. A majority (56,5%) state to have contacted their Dutch business partner through email. Also the embassy or consulate, fax and telephone are popular modes of communication when getting in contact with the Dutch business partner when the first acquaintance is made.

When it comes to activities that are done in the initial phase of the relationship meetings are a very popular way of interacting with their Dutch business partners. With 56,5% meetings have a large majority, followed by telephone calls with 30,4%.

When asking the Vietnamese companies whether they felt that there were differences between them and their Dutch business partner in non-verbal expressions with respect to social interaction, the answers were very mixed (Figure 18). 21,7% said not to experience any differences, but the other categories follow very closely.

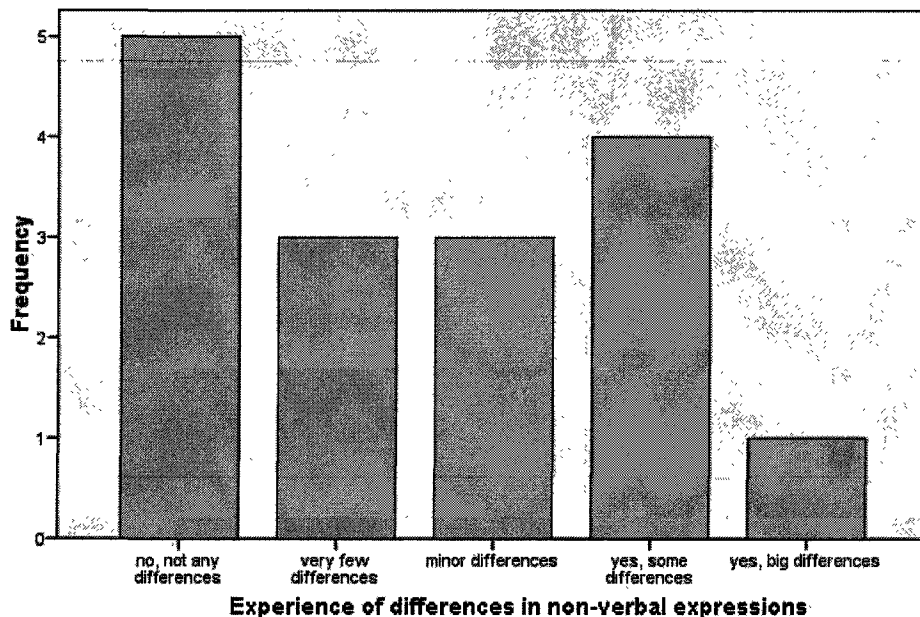


Figure 18 - Differences in non-verbal interaction (VN)

Most of the contact between the Vietnamese companies and their Dutch business partner was established by the Dutch company directly contacting them (55,6% of the respondents that answered that question). Only 16,7% got in contact with their Dutch business partner through third party introduction (Table 19).

		Frequency	Valid Percent
Valid	I contacted the potential Dutch partner directly	5	27,8
	The Dutch company contacted me directly	10	55,6
	We were introduced to each other by someone else	3	16,7
	Total	18	100
Missing	System	5	
Total		23	

Table 19 - Introduction to Dutch business partner

When the Vietnamese respondents were asked about their email use they never filled in the category 'we exclusively use other communication modes for communication within and outside our company and not email', that is why it is not mentioned in Figure 19. The Vietnamese respondents state that they use email as a mode of communication, but in most cases it is not the main mode of communication the largest number of respondents state that they still use other communication modes equally frequent as email (44,4%), followed by people mostly using email, but also using other communication modes (33,3%). It is remarkable that in the expert interviews it was mentioned several times that the Vietnamese prefer written communication over electronic communication, but the data here does not confirm this. It is possible that the respondents here represent a progressive part of the Vietnamese companies.

The use of internet has the same popularity as can be seen with email use. The category 'we exclusively use other ways of acquiring information and not the internet' was never filled in. The majority of the respondents (55,6%) filled in that they use internet and other ways of acquiring information equally frequent, followed by respondents mostly using internet but also using other ways (27,8%)

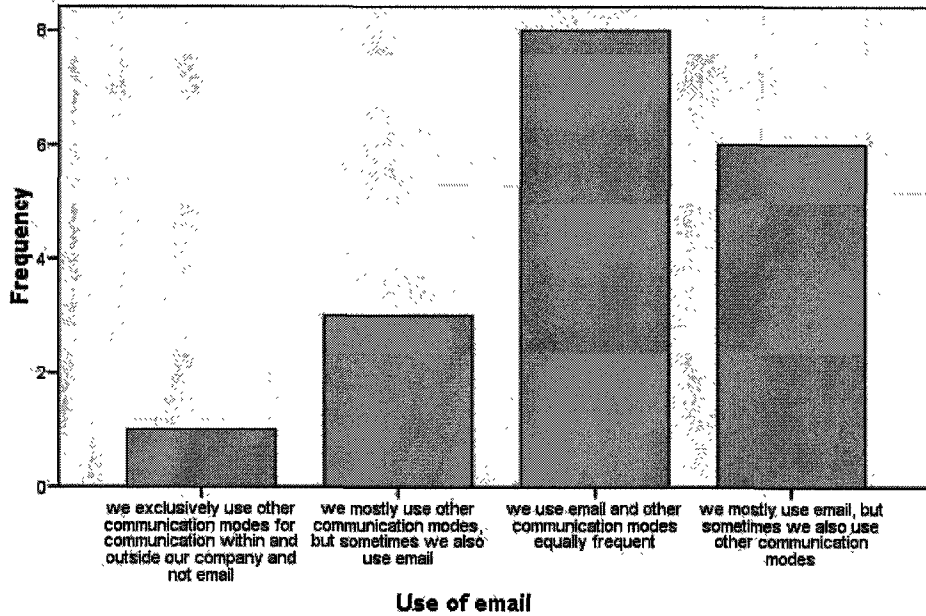


Figure 19 - Use of email (VN)

Figure 20 shows that a large majority of the Vietnamese companies state that they have more than 10 common friends, acquaintances or business contacts with their Dutch partner (64,7%).

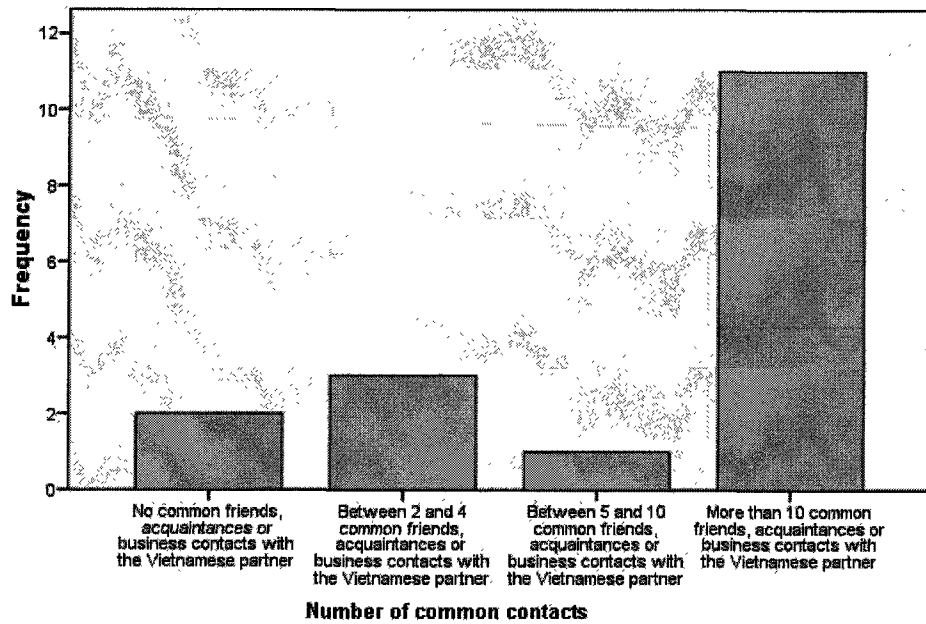


Figure 20 - Number of common friends, acquaintances or business relations (VN)

To make some general statements on the Vietnamese respondents it can be said that they represent a more equal distribution of males and females than the Dutch respondents. The companies that they represent on average have a very large number of employees but a low turnover, both internationally and in Vietnam. The Vietnamese respondents state that they either need a short or a very long time before deciding to invest money or time in the business relationship with the Dutch partner. Similar to the Dutch respondents they have invested a small amount of money and a medium amount of time in the relationship; they also shared a medium amount of knowledge and information with their Dutch business partners. The introduction with their Dutch partner is often done through direct contact initiated by the Dutch company. Similar to the Dutch respondent, our Vietnamese respondents state to have many common contacts with their Dutch business partner.

4.3 Testing the hypotheses

4.3.1 Initial phase trust development

In order to determine whether the emergence of trust in the initial phase occurs quicker with Dutch companies than with Vietnamese companies (H1) a T-test was used. The independent variable is the nationality of the company/respondent and the dependent variable is the score where the respondents have filled in after how much time they seriously considered investing (time or money) in the business relationship (ConsiderInvesting). Table 20 shows the result of this test. The group of Dutch companies has $n=37$ and the group of Vietnamese companies has $n=17$. Considering that the Sig. (2-tailed) value is 0,284, which is more than 0,10, this means that there is no significant difference between the two groups. When there is no difference between the two groups, the Dutch companies do not consider investing quicker than the Vietnamese companies. Therefore H1 does not find any support, i.e. there is no support to suggest that the emergence of trust in the initial phase occurs quicker with Dutch companies than it does with Vietnamese companies.

		N	Mean	Sig. (2-tailed)
ConsiderInvesting	Dutch company	37	1,46	0,284
	Vietnamese company	17	1,94	

Table 20 - T-test ConsiderInvesting

4.3.2 Interpreter use

To be able to say something about the effect of the use of an interpreter on the emergence of trust (H2), two T-tests were conducted. One T-test was used to compare the means of the level of trust between Dutch companies not using an interpreter and companies that are using an interpreter, here the independent variable is the use of an interpreter (InterpreterUseX) and the dependent variable is the calculated variable 'Trust'. The second T-test was conducted with the data that was collected from the scenarios; using the variations in the scenarios as the independent variables and the answers on how much money, time and knowledge and information the respondents would invest and share as the dependent variable 'ScenarioTrust'.

Table 21 shows a Sig. value of 0,267, this is larger than our significance level of 0,10, so we can assume that there is no significant difference between the level of trust in the group that has used and interpreter and the group not using an interpreter. This would suggest that there is no support for H2

Table 22 shows a Sig. value of 0,023, which is smaller than 0,10. This value suggests that there is a significant difference between the group using an interpreter and the group not using an interpreter. Because the mean value for 'trust' is higher for the group that is using an interpreter this would suggest that there is support for H2.

We observe here that the scenario situation gives enough support for H2, but the real experience of the respondents suggests no significant difference. An expert mentioned (In-depth interviews, 2007) the fact that they would not do business with companies that need to use an interpreter, because it shows a lack of professionalism in their point of view. By having a look at the relationship between the use of an interpreter (InterpreterUse) and the development of the relationship (HowWellDeveloped), but no correlation between those two could be found. The expert's remark therefore finds no support. It is possible that if there is a problem with language that the use of an interpreter would benefit the emergence of trust, but that the respondents here that did not use an interpreter just did not have any language problems with their business partner. And thus did not need an interpreter. This might be an explanation for the discrepancy in the data.

		N	Mean	Sig (2-tailed)
Trust	Interpreter	19	4,26	0,267
	No interpreter	19	4,84	

Table 21 - T-test for use of interpreter

		N	Mean	Sig. (2-tailed)
ScenarioTrust	Interpreter	21	7,62	0,023
	No interpreter	24	5,58	

Table 22 - T-test use interpreter (Scenario)

4.3.3 Non-verbal expressions

When we take a look at the negative Pearson correlation coefficient in the first row of Table 30, the independent variable that measures how much the respondents feel that there are differences in non-verbal expressions between them and their Vietnamese business partner (NonVerbalInteraction) correlates negatively with the dependent variable 'Trust' ($r=-0,222$). The sig. value is 0,096, which is smaller than 0,10, this means we can assume there is significant support for H3, i.e., when there are differences in non-verbal expressions it is less likely that the Dutch company will trust the Vietnamese company, than when there are no differences with this respect.

As mentioned in chapter 3 for testing the hypotheses that relate to data on Vietnamese companies we need to use non-parametric statistics because the dependent variable 'Trust' has no normal distribution.

Observing how the independent variable that measures how much the Vietnamese respondents feel that there are differences in non-verbal expressions between them and their Dutch business partner (NonVerbalInteraction), relates to the dependent variable 'Trust' we take a look at Table 23. The Spearman's ρ is only 0,002 which is too small to suggest any correlation between the variables, so no support can be found for H4, i.e., there is no significant proof that when there are differences in non-verbal expressions it is less likely that the Vietnamese company will trust Dutch company, than when there are no differences with this respect.

Spearman's rho	Trust	Sig. (1-tailed)	N
NonVerbalInteraction	0,002	0,497	16

Table 23 - Spearman's Rank Order Correlation for the variable NonVerbalInteraction

4.3.4 Communication modes

To be able to determine whether certain communication modes have an effect on the emergence of trust with Dutch companies, several t-test were conducted. The independent variable that measures whether direct modes of communication were used, when communicating with their Vietnamese business partner (Immediate) and the dependent variable being the level of trust given by the Dutch companies (Trust). The

sig. value shown in Table 24 is much smaller than 0,10, which means that there is a significant difference between the mean scores on Trust for each of the two groups. Because the mean score for Trust is higher for the group of respondents that have used immediate communication, there is significant support for H5, i.e., when immediate modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company than when no immediate communication is used.

		N	Mean	Sig. (2-tailed)
Trust	Immediate communication	35	4,69	0,000
	No immediate communication	3	3,00	

Table 24 - t-test immediate communication modes

The tables Table 25 and Table 26 show that the observations for these communication modes are exactly the same, therefore for these t-tests we measure the effect of the use of both communication modes at the simultaneously

The independent variable that measures whether two-way and direct modes of communication were used, when communicating with their Vietnamese business partner (Two-way, Direct) and the dependent variable being the level of trust given by the Dutch companies (Trust). The sig. value shown in Table 25 and Table 26 is higher than 0,10, which means that there is no significant difference between the mean scores on Trust for each of the two groups. There is no significant support for H6 and 7, i.e., there is no significant proof that when two way and direct modes of communication are used it is more likely that the Dutch company will trust the Vietnamese company than when they are not used.

		N	Mean	Sig. (2-tailed)
Trust	Two way communication	30	4,73	0,178
	No two way communication	8	3,88	

Table 25 - t-test two-way communication modes

		N	Mean	Sig. (2-tailed)
Trust	Direct communication	30	4,73	0,178
	No direct communication	8	3,88	

Table 26 - t-test direct communication modes

In the scenario it was tested whether direct or indirect communication had an effect on the level of trust given by the Dutch companies. It must be mentioned that here it concerns the communication in the initial phase of the relationship. In Table 27 the sig. value is 0,494, which is higher than 0,10, with this we can conclude that there is no significant difference between the two groups (one using direct communication and the other using indirect communication). Here too no significant support can be found for H7.

		N	Mean	Sig. (2-tailed)
ScenarioTrust	Direct	24	6,83	0,494
	Indirect	21	6,19	

Table 27 - T-test between direct and indirect modes of communication (Scenario)

4.3.5 Third-party introduction

To determine whether the use of third party introduction makes it more likely that a Vietnamese company will trust a Dutch company than when more direct forms of introduction are used (H8) the non parametric Mann-Whitney U test was performed. In Table 29 the Z value is -0,492 with a significance level of 0,623, which is higher than 0,10 so the result is not significant. It can be says here that there is no statistically significant difference between the trust level of the group Vietnamese companies that used third-party introduction and the group using direct introduction. H8 therefore can not be supported, i.e. there is no significant proof that the use of third-party introduction makes it more likely that Vietnamese companies will trust Dutch companies more than when direct introduction has taken place.

Ranks	IntroductionAdjusted	N
Trust	Direct	13
	Third-party	3
	Total	16

Table 28 - Mann-Whitney test (descriptives)

Test Statistics	
Z	-0,492
Asymp. Sig. (2-tailed)	0,623

Table 29 - Mann-Whitney test statistics

4.3.6 ICT use

Looking at the relation between the independent variable that measures ICTUse and Trust (Table 30), $r=-0,073$, this is a negative relation and we do not detect any correlation between the two variables. This does not support H9, i.e., there is no significant proof that when ICT is used for communication between two companies that it is more likely that Dutch companies will trust Vietnamese companies, than when no ICT is used.

4.3.7 Knowledge and experience

For H10 something similar can be said as has been done in the previous subsection. When looking at the correlation between the level of knowledge and experience of the

Vietnamese business partner (ExperiencePartner) and the level of Trust given by the Dutch company, you see a negative relation in Table 30 (-0,022) which does not support H10, i.e. there is no significant proof that when the Vietnamese business partner has more knowledge and experience in doing business with other companies and cultures it is more likely that the Dutch company will trust the Vietnamese company, than when the Vietnamese partner has no previous knowledge or experience.

4.3.8 Embeddedness

We observe the correlation coefficient for the correlation between the well known dependent variable trust (Trust) and the independent variable that measures the number of common friends, acquaintances, or business contacts that the Dutch respondents have (Common) in the last row of Table 30. We see that $r=0,374$, which suggests a correlation between the two variables. The sig. value is 0,011 so there is significant support for H11, i.e., it can be said that when a Dutch company claims to have many common friends, acquaintances or business relations with its Vietnamese business partner, that it is more likely that the Dutch company will trust the Vietnamese company, than when they have fewer common friends, acquaintances or business relations.

Pearson Correlation	Trust	Sig. (1-tailed)	N
NonVerbalInteraction	-0,222	0,096	36
ICTUse	-0,073	0,335	37
ExperiencePartner	-0,022	0,450	35
Common	0,374	0,011	37

Table 30 - Correlations with dependent variable 'Trust'

4.3.9 Multiple regression

In order to explore the relative contribution of each of the independent variables to the level of trust (dependent variable) that is given by the Dutch companies multiple regression analysis was used.

The small sample size of the Vietnamese companies did not allow it to subject the related independent variables to such an analysis, For the Vietnamese companies the correlation analysis will have to suffice. Only the variables related to the Dutch companies were put into the multiple regression analysis.

The regression analysis was performed only on the variables that proved to correlate with the dependent variable 'Trust'. The model holds the variable that measures the number of common friends, acquaintances, or business contacts that the Dutch respondents have (Common), the variable that measures how much the respondents

feel that there are differences in non-verbal expressions between them and their Vietnamese business partner (NonVerballInteraction) and the variable that measures whether more direct or more indirect modes of communication were used, when communicating with their Vietnamese business partner (ImmediateDelayedTotal).

To determine the contribution of each independent variable, the β coefficients are evaluated (Table 31). Considering the sig. values we see that Common and NonVerballInteraction are clearly significant and the sig. value of ImmediateDelayed is just a little higher than 0,10. So the first two variables make a statistically significant contribution. In order of importance they are: Common ($\beta = 0,430$) and NonVerballInteraction ($\beta = -0,345$).

Coefficients (Dependent Variable: Trust)	Standardized Coefficients (β)	Sig.
(Constant)		0,000
Common	0,430	0,010
NonVerballInteraction	-0,345	0,037
ImmediateDelayed	0,207	0,191

Table 31 - Regression analysis (Coefficients) N=34

5 Conclusions and discussion

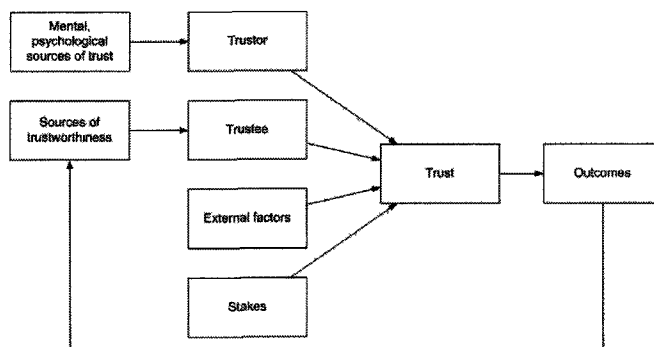
5.1 Considerations when doing business in Vietnam

The aim of this research is to take a closer look at whether problems of trust are affecting the level of Dutch investment in Vietnam, and to what extent the development of trust in the relationship between The Netherlands and Vietnam can be promoted. In order to analyse this situation in more detail the following problem is formulated:

“How do problems of trust affect the collaboration and the level of trade/investment between Dutch and Vietnamese companies, and in what way can the emergence of trust be facilitated by managers and policymakers in this relationship?”

Problems of trust affect the collaboration and level of investment between Dutch and Vietnamese companies in several ways. On a company to company level we have seen that the whole process of doing business between Dutch and Vietnamese companies can stagnate when problems of trust exist between these two companies. On an overall level this can become a larger problem when Dutch companies with bad experiences decide to discontinue doing business in Vietnam or with Vietnamese companies. Bad experiences among Dutch companies can even result in a ‘bad reputation’ of Vietnamese companies, which will not do the level of Dutch investment in Vietnam any good. From the expert and in-depth interviews it can be concluded that to some extent this ‘bad reputation’ is already following Vietnamese companies, with adverse affects like low levels of investment and even withdrawal of business and projects.

As we have seen in the conceptual model that was developed from a theoretical point of view, the emergence of trust can be influenced by many elements.



A change in one of the elements in the model (trustor, trustee, external factors and stakes) might be able to cause an increase or reduction of trust in a relationship. To give an example: this means that if the Vietnamese partner does not openly communicate when something goes wrong and the Dutch company finds out, this affects the trustworthiness of the trustee (the Vietnamese company). Because the Vietnamese company seems less trustworthy to the Dutch company now, in the future this Dutch company may decide not to do business with this Vietnamese company again.

Observing the conceptual model this would mean that any positive development in any element of the model would cause an increase in trust. In this research we took a closer look at the changes in this model caused by communication between the trustor and the trustee. The effect of embeddedness of the Dutch company in a network of common contacts with their Vietnamese business partner on the level of trust and whether Vietnamese companies take a longer time to trust their business partner than Dutch companies do, were taken into consideration too.

We propose the following action points, for policymakers and for managers doing business in Vietnam or intending to do business in Vietnam. The results of this research suggest that the actions can help facilitate the emergence of trust between Dutch and Vietnamese companies.

Action points for policymakers:

- Inform Dutch companies about the rules and regulations that they will have to work with.
- Make sure that Dutch companies stay up-to-date on the changes that are made in policies and regulation, for instance using a newsletter.
- Create opportunities for companies to meet each other. Not only Dutch companies with potential Vietnamese business partners, but also Dutch companies with each other in order for them to form a tight network.
- Solving problems with regard to corruption should always be on the agenda, awareness about the seriousness of this problem must be created on a national level.

Action points for managers:

- Have patience, building a stable business relationship with a (potential) Vietnamese business partner takes a lot of time and effort. Try to look at the situation from both the Vietnamese and the Dutch side.
- Create a network of common contacts with the (potential) Vietnamese business partner.
- Inform yourself properly about what kind of differences in non-verbal expressions can appear between you and your (potential) Vietnamese business partner.
- Mainly use immediate modes of communication, like face-to-face communication and communication through telephone, when communicating with the (potential) Vietnamese business partner.
- Managers with experience in doing business should share their experiences with others as much as possible. It is important that new companies are informed about cultural differences that are present and about the differences in business ethics that they will have to deal with.
- Prepare meetings with the (potential) Vietnamese business partner; make sure you are aware of what the differences are in business ethics, like the fact that the Vietnamese have a different idea of when something is a deal. This way you can stay ahead of misunderstandings.
- Take into consideration that Vietnamese people cannot lose their face and that this mindset will influence the behaviour of the (potential) Vietnamese business partner.
- Take into consideration that a strong sense of hierarchy exists within many Vietnamese companies. Subtly try to find out which person is authorised to do what and try to use this knowledge to your advantage.
- Find out whether the potential Vietnamese business partner sufficiently masters the English language; if not make sure an interpreter is available.

5.2 Discussion and evaluation

This research has given a clear theoretical overview of how trust between companies can emerge, in addition to the theory a practical light was shed upon the problem of trust that influence the relationship between Dutch and Vietnamese companies. All this information, both theoretical and practical, was used to focus on several assumptions and these assumptions were tested with data that were retrieved from surveys conducted both from Vietnamese and Dutch companies. This appears to be sound structure to be able to make some clear conclusions.

Unfortunately only three of the eleven hypotheses found convincing support. Although the response rate to the survey was average and even quite high for the Dutch company survey, the absolute number of observations was quite low, which made it difficult to statistically support many of the hypotheses, especially with regard to the Vietnamese data. With more observations it can be possible to make more confident statements about the hypotheses, which now do not find significant support. With respect to the Dutch completed surveys it would have been hard to try to raise the number of observations, because there just are not a lot of Dutch companies with experience in doing business in Vietnam. The Vietnamese response rate could have been higher when they were contacted through telephone directly, many of the e-mail addresses were not correct, which made it difficult to contact the right person.

The fact that no support was found for quite a few of the hypotheses does not mean that the assumptions made after the literature review and the expert interview are not true, with more observations they might find support. The fact that no support was found for H1 makes us look at the statements that are made in the expert interviews from a different perspective. The Dutch might think that they trust very easily, but this does not reflect in their investment behaviour and even though that the Vietnamese are cautious, they do state that they invest a fair bit, which would suggest more trusting behaviour than they show the Dutch companies. The lack of support for H2 can be explained by the fact that some Vietnamese companies master the English language very well and they just do not need interpretation, so it can be said that an interpreter can be good for the emergence of trust when the Vietnamese business partner's English is not good enough to do without.

No support for H4 might be due to the fact that the Vietnamese companies are doing business in a familiar environment, so they will notice the differences in non-verbal expressions but they might not be affected by it as much as the Dutch companies. Many

experts stated that third-party introduction is of great importance to the Vietnamese, the lack of support for these assumptions can mean that third-party introduction is not as important as the experts claim. It can also be caused by the fact that this assumption is true for more traditional or conservative Vietnamese companies and that our respondents are more progressive, this might also be related to the fact that they already have contact with a foreign, i.e., Dutch company.

Most of the hypotheses were derived from the idea that when the Dutch company can better predict the actions of the Vietnamese company that it is more likely that trust will emerge. It is hard to say whether this theory can hold when many of the hypotheses do not find support, because the hypotheses that did find significant support were based on this same theory. Looking back it would be safer to say that the lack of information or the withholding of information, whether that happens through lack of communication or confusion because of cultural differences, causes a decrease in trust with the trustor.

Because the research works with a sound combination of theory and experiences from practice a very large amount of information was collected that added information to the statements that were analysed. The results from the surveys in combination with the additional information will help managers and policymakers to facilitate in the emergence of trust between Dutch and Vietnamese companies.

When it is needed to do a similar research but in another country it is possible to take the same steps that have been made in this research. It will no longer be needed to do such a extensive literature review, insights can be used from this report, but the other steps that were conducted in this research can be made in order to get a clear view of aspects that managers and policymakers should take into consideration in order to facilitate the emergence of trust in that specific country.

5.3 Suggestions for further research

Much of the additional information that was gathered could be a challenge for further academic research; one can zoom into other aspects of the conceptual model and research in detail the mechanisms that affect these aspects.

In addition to that this research has shed a light upon subject that could be interesting for further research.

- Cultural:** Getting to know more about why Vietnamese cannot lose face. It would also be interesting to have a look at solving problems concerning the differences between Dutch and Vietnamese in when something is a deal.
- Economical:** Because Vietnamese companies have only been on the world market for such a short time many issues with regard to the Vietnamese market are still to be discovered, like sector research. It would be possible to have a look at the differences between markets that are open for foreign companies to enter and those sectors that are still being protected by Vietnamese government. That way policymakers can get an idea of what will happen when all sectors are opened up.
- Regulatory:** As mentioned before solving problems concerning corruption is a huge subject. Research can be done on what the most important problem areas are with respect to corruption and possible solutions on policy level to the problems.

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Appendices

Appendix A: Definitions of trust (Das & Teng, 2004)

Authors	Definitions of Trust
Deutsch (1960)	"To trust another person to produce a beneficial event X (or to suspect that another person will produce a harmful event Y) an individual must have confidence that the other individual has the ability and intention to produce it" (p.125)
Rotter (1967)	Trust "as an expectancy held by an individual or a group that the word, promise, verbal or written statement of another individual or group can be relied upon" (p. 651)
Kee and Knox (1970)	"Subjective trust and suspicion can be defined in terms of P's certainty or uncertainty about O's trustworthiness" (p. 359)
Schlenker, Helm, and Tedeschi (1973)	"[I]nterpersonal trust may be defined as a reliance upon information received from another person about uncertain environmental states and their accompanying outcomes in a risky situation" (p. 419)
Gabarro (1978)	"Trust has been defined or operationalized in the literature in many different ways including the level of openness that exists between two people, the degree to which one person feels assured that another will not take malevolent or arbitrary actions, and the extent to which one person can expect predictability in the other's behaviour in terms of what is 'normally' expected of a person acting in good faith" (p. 294)
Luhmann (1979)	Trust is "confidence in one's expectations" (p. 4)

Scott (1980)	"[I]nterpersonal trust as a two-factor variable: one being a broad-based stable factor, the second being a situational influenced factor" (p. 810)
Barber (1983)	Trust "as expectation of the persistence of the moral social order, ... The first ... as the expectation of technically competent role performance ... The second meaning of trust ... concerns expectations of fiduciary obligation and responsibility, that is, the expectation that some others in our social relationships have moral obligations and responsibility to demonstrate a special concern for other's interests above their own" (p. 14).
Zucker (1986)	"From a sociological perspective, trust is defined as a set of expectations shared by all those involved in an exchange" (p. 54)
Dasgupta (1988)	"I am using the word 'trust' in the sense of correct expectations about the actions of other people that have a bearing on one's own choice of action when that action must be chosen before one can monitor the actions of those others" (p. 51)
Gambetta (1988)	"[T]rust ... is a particular level of the subjective probability with which an agent assesses that another agent or group of agents will perform a particular action" (p. 217)
Bradach and Eccles (1989)	"Trust is a type of expectation that alleviates the fear that one's exchange partner will act opportunistically" (p. 104)
Michalos (1990)	"[T]rust as a relatively informed attitude or propensity to allow oneself and perhaps others to be vulnerable to harm in the interest of some perceived greater good" (p. 619)
Boon and Holmes (1991)	"[T]rust as a state involving confident positive expectations about another's motives with respect

to oneself in situations entailing risk" (p. 194)

Moorman, Zaltman, and Deshpande (1992)	Trust "as a willingness to rely on an exchange partner in whom one has confidence" (p. 315)
Craswell (1993)	"(1) 'X loaned some money to Y. What might explain X's act of trust?' (2) 'X loaned some money to Y because he trusted her'. In the first example, 'trust' is used merely to label the behaviour for which an explanation is being sought. In the second, 'trust' is put forward as an explanation of that behaviour" (p. 487)
Sabel (1993)	"Trust, the mutual confidence that no party to an exchange will exploit the other's vulnerability ..." (p.1133)
Sitkin and Roth (1993)	Trust refers to "belief in a person's competence to perform a specific task under specific circumstances" (p. 373)
Barney and Hansen (1994)	"[T]rust is the mutual confidence that one's vulnerability will not be exploited in an exchange" (p. 177)
Currall and Judge (1995)	Trust as "an individual's behavioural reliance on another person under a condition of risk" (p. 153)
Hosmer (1995)	"Trust is the reliance by one person, group, or firm upon a voluntarily accepted duty on the part of another person, group, or firm to recognize and protect the rights and interests of all others engaged in a joint endeavour or economic exchange". (p. 393)
Madhok (1995)	"[T]rust is the perceived likelihood of the other not behaving in a self-interested manner" (p. 120)
Mayer, Davis, and Schoorman (1995)	Trust is "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, irrespective of the ability to monitor or control that other party" (p. 712)
McAllister (1995)	"[I]nterpersonal trust as the extent to which a person is confident in, and willing to act on the basis of, the words, actions, and decisions of another" (p. 25)
Cummings and Bromiley (1996)	"Trust will be defined as an individual's belief or a common belief among a group of individuals that another individual or group (a) makes good-faith efforts to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available" (p. 303)
Ring (1996)	"[T]wo distinct forms of trust can be observed in economic exchanges: fragile and resilient trust" (p. 150).
Sheppard and Tuchinsky (1996)	"You can trust those with whom you have a business relationship when three conditions hold: (a) They risk losing too much if they cheat, (b) you can predict your partners well and thus can protect against their cheating, and (c) your partners have adopted your preferences" (p. 143)
Bhattacharya, Devinney, and Pillutla (1998)	"Trust is an expectancy of positive (or nonnegative) outcomes that one can receive based on the expected action of another party in an interaction characterized by uncertainty" (p. 462)
Hagen and Choe (1998)	Trust "is the expectation that the promise of another can be relied on and that, in unforeseen circumstances, the other will act in a spirit of cooperation with the trustor" (pp. 589--590)

Lewicki, McAllister, and Bies (1998)	Trust is “confident positive expectations regarding another’s conduct” (p. 439)
McKnight, Cummings, and Chervany (1998)	Trust means that “one believes in, and is willing to depend on, another party” (p. 474)

Appendix B: Survey questionnaire Dutch companies

For master thesis research about the emergence of trust between Dutch and Vietnamese companies.

Ho Chi Minh City, January/February 2007

Please return this survey before the end of February to:

c.e.groosman@student.tue.nl

or

Consulate General of the Netherlands

Saigon Tower

29 Le Duan Blvd., District 1

Ho Chi Minh City, Vietnam

Company name:

Respondents name:

Respondents function:

Man

Woman

Age of the respondent:years

The results of this survey will be used for research as stated before. Do you insist on the results being treated confidentially?

No

Yes

1. How many employees does your company have in Vietnam?

1 to 10 employees

11 to 50 employees

51 to 100 employees

101 to 250 employees

more than 250 employees

2a. What is the yearly turnover of your company in internationally?

- less than 1 mln USD
- between 1 and 3 mln USD
- between 3 and 5 mln USD
- between 5 and 10 mln USD
- between 10 and 25 mln USD
- more than 25 mln USD

2b. What is the yearly turnover of your company in Vietnam?

- less than 1 mln USD
- between 1 and 3 mln USD
- between 3 and 5 mln USD
- between 5 and 10 mln USD
- between 10 and 25 mln USD
- more than 25 mln USD

3. Since which year has your company been doing business in Vietnam?

Since

4. What sector is your company active in? (Please check all that apply.)

- Agro
- Arts, culture and media
- Biotechnology
- Construction an infrastructure
- Chemistry
- Clothing and textile
- Consumer goods and retail trade
- Defence materials
- Education
- Electronics
- Energy and water supply
- Environment
- Foods and allied products

- Forestry and wood industry
- (Semi-)government
- Graphics and paper industry
- Home and project furnishing
- ICT
- Machinery
- Medical sector
- Metalworking
- Mining and petrochemistry
- Packaging
- Service industries
- Synthetics industry
- Tourism, recreation, hotel and catering
- Transportation
- Transport and logistics
- Waste water treatment

5. Does your company have / did you in the past have business relations with Vietnamese partners?

- Yes
- No

6. What is the name of the partner company? (In the case of more than one Vietnamese, please select the company that you approached most recently for building up a business relation. It does not matter whether the approach was successful or not.)

.....

7. What is the sector that the partner company is active in? (Please check all that apply.)

- Agro
- Arts, culture and media
- Biotechnology
- Construction an infrastructure
- Chemistry
- Clothing and textile

- Consumer goods and retail trade
- Defence materials
- Education
- Electronics
- Energy and water supply
- Environment
- Foods and allied products
- Forestry and wood industry
- (Semi-)government
- Graphics and paper industry
- Home and project furnishing
- ICT
- Machinery
- Medical sector
- Metalworking
- Mining and petrochemistry
- Packaging
- Service industries
- Synthetics industry
- Tourism, recreation, hotel and catering
- Transportation
- Transport and logistics
- (Waste) water treatment

8. Did the partner company have any previous experience with doing business internationally?

- Yes, the Vietnamese partner has previously had partners from other countries than Vietnam
- Yes, the Vietnamese partner has previously contacted companies from other countries than Vietnam
- No, they have no previous experience

9. How many common friends, acquaintances, or business contacts do you have with your Vietnamese partner?

- None
- 1
- between 2 and 4
- between 5 and 10
- more than 10

10. What way of communication did you use when your company first got in contact with the Vietnamese partner? (Please check all that apply.)

- Business association
- Common acquaintance
- Email
- Embassy / consulate
- Face-to-face
- Fair
- Fax
- Flyer
- Fellow countrymen
- Friends/Family
- Website
- Letter writing
- Matchmaking
- Newspaper
- Radio ad
- Telephone
- TV
- Other:.....

11. How many times did you have contact with the Vietnamese partner in this period when you first got in contact with the Vietnamese partner?

- one time
- two times
- more than two times

12. What kind of activities did you undertake with the Vietnamese partner in the period when you first got in contact with the Vietnamese partner? (Please check all that apply.)

- Dinner
- Invite to visit the Netherlands
- Lunch
- Meeting
- Social activity
- Telephone call
- Other:.....

13. Since when (year/month?) have you been in contact with this partner?

Since

14. After how much time would you say that you started to consider investing (time and money) seriously in this business relationship?

- less than 3 months
- between 3 and 6 months
- between 6 months and 1 year
- between 1 and 2 years
- more than 2 years

15. What way of communication did you use throughout the building of the relationship with the Vietnamese partner? (Please check all that apply.)

- Business association
- Common acquaintance
- Email
- Embassy / consulate

- Face-to-face
- Fair
- Fax
- Flyer
- Fellow countrymen
- Friends/Family
- Website
- Letter writing
- Matchmaking
- Newspaper
- Radio ad
- Telephone
- TV
- Other:.....

16. After the period that you first got in contact with this company, did your company want to continue contact with this Vietnamese business partner?

- Yes
- No

17. After the period that you first got in contact with this company, did the Vietnamese company want to continue contact with your company?

- Yes
- No

18. Did your company and the Vietnamese business partner intensify the business relationship after the period that you first got in contact?

- Yes
- No

19. When you stated above that the business relationship continued, please indicate how well the business relationship further developed after the period that you first got in contact.

- Excellent
- Good
- Neutral
- Fair
- Poor/Not at all

20. Please explain in more detail how the business relationship developed

.....
.....
.....
.....

21. Do you use an interpreter when you meet with the Vietnamese partner?

- Yes always and we provided the interpreter
- Yes always and the Vietnamese partner provided the interpreter
- Sometimes an interpreter is used
- No interpreter is used

22. Do you notice any non-verbal signals when communicating with the Vietnamese business partner?

For instance that the Vietnamese business partner tries to say something that is not said explicitly in the conversation with smiling, hand-movements or other non-verbal expressions

- Yes
- No

23. If you stated yes to the question above please give an example of non-verbal signals that you noticed.

.....
.....
.....

24. Do you feel that there are differences between you and your Vietnamese business partner in non-verbal expressions with respect to social interaction with your Vietnamese partner? Things that are experienced outside of the conversation, for instance when being introduced or non-verbal expressions after the conversation, when you may or may not meet the partner on another occasion

- Yes, big differences
- Yes, some differences
- Minor differences
- Very few differences
- No, not any differences

25. Does your company use more email or more other (traditional) ways of communicating within and outside your company?

- we exclusively use email for communication within and outside our company
- we mostly use email, but sometimes we also use other ways communication within and outside our company
- we use email and other ways of communication equally frequent within and outside our company
- we mostly use other ways of communication, but sometimes we also use email within and outside our company
- we only use other ways of communication within and outside our company

26. Does your company use more internet or more other (traditional) ways of acquiring information?

- we exclusively use internet for the acquisition of information
- we mostly use internet, but sometimes we also use other ways of acquiring information
- we use internet and other ways of acquiring information equally frequent
- we mostly use other ways of acquiring information, but sometimes we also use internet
- we exclusively use other ways of acquiring information and not the internet

27. Does your Vietnamese partner use email?

- Very small amount of using email/No use of email
- Small amount of using email
- Neutral amount of using email
- Large amount of using email
- Very large amount of using email

28. How much money was invested in the business relationship with this Vietnamese partner?

- Less than 50.000 USD
- Between 50.000 and 300.000 USD
- Between 300.000 and 500.000 USD
- Between 500.000 and 2 mln USD
- More than 2 mln USD

29. How much time was invested in the business relationship with this Vietnamese partner?

- No time was invested
- A small amount of time was invested
- A medium amount of time was invested
- A large amount of time was invested
- A very large amount of time was invested

30. How much knowledge and information was shared with this Vietnamese partner?

- No knowledge and information was shared
- A small amount of knowledge and information was shared
- A medium amount of knowledge and information was shared
- A large amount of knowledge and information was shared
- A very large amount of knowledge and information was shared

31. How detailed is the contract that you signed with the Vietnamese partner?

- No contract was used
- A small amount of detail was used
- A medium amount of detail was used
- A large amount of detail was used
- A very large amount of detail was used

32. Who took the lead in the contract negotiations?

- We took the lead in the negotiations
- The Vietnamese partner took the lead in the negotiations
- Both us and the Vietnamese partner took the lead in the negotiations
- A third party, consultant, took the lead in the negotiations

Please suppose that you are in the following situation.

You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. It is chosen not to use a contract, but rely on each others word for it that everything will be delivered and paid in time and that everything will be produced the way it was agreed upon.

33. How far does the above stated scenario represent a situation that you could be in?

- it is a situation that is almost identical to a situation that I am in.
- it very much resembles my own situation.
- it resembles a little bit a situation my own situation.
- it does not really resemble my own situation.
- it does not, in any way resemble my own situation.

34. Reviewing this situation would you invest money in the business relationship with this partner?

- Yes, I would invest a lot of money
- Yes, I would invest some money
- Maybe I would invest a little money
- No, but if the Vietnamese partner keeps investing money in me I would consider investing a little money too.
- No, I would absolutely not invest any money in the relationship

35. Would you invest time in the business relationship with this Vietnamese partner?

- Yes, I would invest a lot of time
- Yes, I would invest some time
- Maybe I would invest a little time
- No, but if the Vietnamese partner keeps investing time in me I would consider investing a little time too.
- No, I would absolutely not invest any time in the relationship

36. Would you share knowledge and information that you have within your company with this Vietnamese partner?

- Yes, I would share all my knowledge and information with this Vietnamese partner
- Yes, I would invest some of my knowledge and information with this Vietnamese partner
- Maybe I would invest a little of my knowledge and information with this Vietnamese partner
- No, but if the Vietnamese partner keeps investing knowledge and information in me I would consider sharing a little of my knowledge and information too
- No, I would absolutely not share any knowledge and information with this Vietnamese partner

If you have any questions or remarks, please state the below or contact me

Appendix C: Survey questionnaire Vietnamese companies

For master thesis research about the emergence of trust between Dutch and Vietnamese companies.

Ho Chi Minh City, Vietnam.

Please return this survey before the March 16 to:

c.e.groosman@student.tue.nl

or

Consulate General of the Netherlands

Saigon Tower

29 Le Duan Blvd., District 1

Ho Chi Minh City, Vietnam

1. Company name:

2. Respondents name:

3. Respondents function:

4. Man

Woman

5. Year of birth:

Throughout the survey please mark the square that is most suitable to your opinion or knowledge.

6. The results of this survey will be used for the research as stated before. Do you insist on the results of the survey being treated confidentially?

No

Yes

7. How many employees does your company have?

1 to 10 employees

10 to 50 employees

50 to 100 employees

100 to 250 employees

more than 250 employees

8. What is the yearly turnover of your company in internationally?

- less than 1 mln USD
- between 1 and 3 mln USD
- between 3 and 5 mln USD
- between 5 and 10 mln USD
- between 10 and 25 mln USD
- more than 25 mln USD

9. What is the yearly turnover of your company in Vietnam?

- less than 1 mln USD
- between 1 and 3 mln USD
- between 3 and 5 mln USD
- between 5 and 10 mln USD
- between 10 and 25 mln USD
- more than 25 mln USD

10. Since what year has your company been doing business?

Since

11. What sector is your company active in? (Please check all that apply.)

- Agro
- Arts, culture and media
- Biotechnology
- Construction an infrastructure
- Chemistry
- Clothing and textile
- Consumer goods and retail trade
- Defence materials
- Education
- Electronics
- Energy and water supply
- Environment

- Foods and allied products
- Forestry and wood industry
- (Semi-)government
- Graphics and paper industry
- Home and project furnishing
- ICT
- Machinery
- Medical sector
- Metalworking
- Mining and petrochemistry
- Packaging
- Service industries
- Synthetics industry
- Tourism, recreation
- Transportation
- Transport and logistics
- Waste water treatment

12. Does your company have / did you in the past have business relations with Dutch partners?

- Yes
- No

13. Why not?

Only answer this question when you answered NO in the previous question

.....

.....

.....

.....

14. What is the name of the partner company? (In the case of more than one, please select the company that you approached most recently for building up a business relation. It does not matter whether the approach was successful or not.)

.....

15. What is the sector that the Dutch partner company is active in? (Please check all that apply.)

- Agro
- Arts, culture and media
- Biotechnology
- Construction and infrastructure
- Chemistry
- Clothing and textile
- Consumer goods and retail trade
- Defence materials
- Education
- Electronics
- Energy and water supply
- Environment
- Foods and allied products
- Forestry and wood industry
- (Semi-) government
- Graphics and paper industry
- Home and project furnishing
- ICT
- Machinery
- Medical sector
- Metalworking
- Mining and petrochemistry
- Packaging
- Service industries
- Synthetics industry
- Tourism, recreation, hotel and catering
- Transportation
- Transport and logistics
- (Waste) water treatment

16. How were you and your Dutch partner company introduced to each other?

- I contacted the potential Dutch partner directly
- The Dutch company contacted me directly
- We were introduced to each other by someone else

17. What way of communication did you use when your company first got in contact with the Dutch partner? (The period that you first got in contact means the moment (more than one is possible) that the first acquaintance was made, check all that apply.)

- Business association
- Common acquaintance
- Email
- Embassy / consulate
- Face-to-face
- Fair
- Fax
- Flyer
- Fellow countrymen
- Friends/Family
- Website
- Letter writing
- Matchmaking
- Newspaper
- Radio ad
- Telephone
- TV
- Other:.....

18. How many times did you have contact with the Dutch partner in this period when you first got in contact with them? The period that you first got in contact means the moment (more than one is possible) that the first acquaintance was made

- one time
- two times
- more than two times

19. How many common friends, acquaintances, or business contacts do you have with your Dutch partner?

- None
- 1
- between 2 and 4
- between 5 and 10
- more than 10

20. What kind of activities did you undertake with the Dutch partner in the period when you first got in contact with them? (The period that you first got in contact means the moment (more than one is possible) that the first acquaintance was made, check all that apply.)

- Dinner
- Invite to visit the Netherlands
- Lunch
- Meeting
- Social activity
- Telephone call
- Other:.....

21. Since when (year/month?) have you been in contact with this partner?

Since.....

22. After how much time would you say that you started to consider investing (time and money) seriously in this business relationship?

- less than 3 months
- between 3 and 6 months
- between 6 months and 1 year
- between 1 and 2 years
- more than 2 years

23. Do you notice any non-verbal signals when communicating with the Dutch business partner? For instance that the Dutch business partner tries to say something that is not said explicitly in the conversation with smiling or movements or other non-verbal expressions

- Yes
- No

24. If you stated yes to the question above, please give an example of non-verbal signals you noticed.

.....
.....
.....

25. Do you feel that there are differences between you and your Dutch business partner in non-verbal expressions with respect to social interaction with your Dutch partner? Things that are experienced outside of the conversation for instance when being introduced or non-verbal expressions after the conversation, when you meet the partner on another occasion.

- yes, big differences
- yes, some differences
- minor differences
- very few differences
- no, not any differences

26. Does your company use more email or more other (traditional) ways of communicating?

- we exclusively use email for communication within and outside our company
- we mostly use email, but sometimes we also use other communication modes
- we use email and other communication modes equally frequent
- we mostly use other communication modes, but sometimes we also use email
- we exclusively use other communication modes for communication within and outside our company and not email

27. Does your company use more internet or more other (traditional) ways of acquiring information?

- we exclusively use internet for the acquisition of information
- we mostly use internet, but sometimes we also use other ways of acquiring information
- we use email and other ways of acquiring information equally frequent
- we mostly use other ways of acquiring information, but sometimes we also use internet
- we exclusively use other ways of acquiring information and not the internet

28. How much money was invested in the business relationship with this Dutch partner?

- less than 50.000 USD
- between 50.000 and 300.000 USD
- between 300.000 and 500.000 USD
- between 500.000 and 2 mln USD
- more than 2 mln USD

29. How much time was invested in the business relationship with this Dutch partner?

- no time was invested
- a small amount of time was invested
- a medium amount of time was invested
- a large amount of time was invested
- a very large amount of time was invested

30. How much knowledge and information did you share with this Dutch partner?

- no knowledge and information was shared
- a small amount of knowledge and information was shared
- a medium amount of knowledge and information was shared
- a large amount of knowledge and information was shared
- a very large amount of knowledge and information was shared

31. If there are any experiences that you have with respect to doing business with Vietnamese companies and you feel you have not shared them in this survey yet you can state them below.

Appendix D: Scenarios

000	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. It is chosen not to use a contract, but rely on each others word for it that everything will be delivered and paid in time and that everything will be produced the way it was agreed upon.
001	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. Some general agreements are put on paper and signed by both parties.
002	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. A contract of normal detail is drawn up and signed by both parties.
003	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. The Vietnamese company wants to draw up a very detailed contract with small things in it that you might not have thought of before to put it in a contract, in the end a very detailed contract is signed by both parties.
010	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. It was chosen not to use a contract, you will take each others word for it that everything will be delivered and paid in time and that everything will be produced the way it was agreed upon.
011	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. Some general agreements are put on paper and signed by both parties.

012	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. A contract of normal detail is drawn up and signed by both parties.
013	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. You find a potential Vietnamese partner on your own and contact the company yourself without any intermediary. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. The Vietnamese company wants to draw up a very detailed contract with small things it that you might not have thought of before to put it in a contract, in the end a very detailed contract is signed by both parties.
100	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. It was chosen not to use a contract, you will take each others word for it that everything will be delivered and paid in time and that everything will be produced the way it was agreed upon.
101	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. Some general agreements are put on paper and signed by both parties.
102	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. A contract of normal detail is drawn up and signed by both parties.
103	You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. During the meeting you speak English with the potential Vietnamese partner, no interpreter is used. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. The Vietnamese company wants to draw up a very detailed contract with small things it that you might not have thought of before to put it in a contract, in the end a very detailed contract is signed by both parties.

110	<p>You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. It was chosen not to use a contract, you will take each others word for it that everything will be delivered and paid in time and that everything will be produced the way it was agreed upon.</p>
111	<p>You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. Some general agreements are put on paper and signed by both parties.</p>
112	<p>You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. A contract of normal detail is drawn up and signed by both parties.</p>
113	<p>You manage a company and you consider taking your business to Vietnam. You decide to make a business trip to Ho Chi Minh City to see what can be arranged with a Vietnamese partner. A business acquaintance of yours introduces you to a potential Vietnamese partner that he knows. For the meeting an interpreter was arranged in order to make sure that everyone understands what is said. After a couple of consultations it is time to really talk about agreements that can be made between you and the Vietnamese company. The Vietnamese company wants to draw up a very detailed contract with small things it that you might not have thought of before to put it in a contract, in the end a very detailed contract is signed by both parties.</p>



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