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The influence of culture on trust in B2B banking relationships

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The Influence of Culture on Trust in B2B Banking Relationships

Structure abstract

Purpose

The purpose is to explore the significance of culture generally, and Arab culture in particular, for the development of trust in business-to-business banking relationships.

Design/methodology

Qualitative fieldwork was employed, gathering in-depth interview data from bankers and their business clients in the United Arab Emirates. In total, 80 relationships between bankers and business clients were investigated.

Findings

The development of trusting relationships between bankers and clients is affected by the cultural origins of the relationship partners. Strongly held religious beliefs, and loyalty to family, tribe and nation, lead to strong affect-based trust between bankers and clients from Arab culture. Cognitive-based trust is more characteristic of UAE banker/client relationships that involve partners from outside the Arab world.

Research limitations/implications

The study was conducted in the UAE. Additional tests in other Arab countries would be valuable. The qualitative nature of the study means that statistical generalisations cannot be drawn.

Practical implications

The cultural origins of banking relationship managers are of considerable importance when seeking to develop relationships of trust with business banking clients in the Arab world.

Originality/value

This substantial, qualitative study of banker relationships with business clients throws considerable light on the importance of culture as an antecedent to trust in business-to-business banking relationships.

1. Introduction

There is growing acknowledgement that the particular characteristics of business-to-business (B2B) relationships embedded in Eastern cultures deserve greater attention from researchers (Abosag 2015). While considerable work has been devoted to the significance of Chinese cultural values, particularly Guanxi (Berger et al, 2015; Nie et al 2011; Wang et al 2014), far less is known about the influence of Arab culture on B2B relationships (Abosag & Naude 2014; Abosag 2015). This study employs a qualitative methodology to explore the significance of Arab culture for trust in B2B banking relationships.

The social and cultural characteristics prevalent in the Arab context differ substantially from those of the West (Darwish, 1998 and 2001; Ndubisi & Wah, 2005). It is to be expected that these differences will influence trust in B2B banking relationships. This study seeks to identify and analyze the antecedents of trust in B2B financial services in the context of Arab/Muslim culture, examining the relationships between Emirati and non-Emirati bankers and their business clients in the United Arab Emirates (UAE).

Although many studies have considered the dynamics of buyer–seller relationships (Gummesson, 1987; Grönroos, 1996, 2000; Tyler and Stanley, 2007), Kingshott and Pecotich (2007: 1053) suggest that there is "a distinct paucity" of empirical studies devoted to trust building and the antecedents of trust factors in inter-firm relationships. Within Arab culture, it has been argued that everyone has a clear understanding of the role and obligations of themselves and others (Caldwell and Karri, 2005). This shared understanding of norms, values, goals and expectations is likely to influence the establishment and maintenance of trust relationships. Trust is created by shared backgrounds including: religion, language, values and traditions, amongst bankers and clients (Collins, 2004; Hall, 1992). Such

similarities facilitate communications regarding specific service attributes (Morgan and Hunt, 1994), increase confidence in the expected service outcomes and, as a consequence, serve as the basis of building trust.

Coulter and Coulter (2002) argue that similarity of background allows clients to identify with their business partners on a personal level, which reduces interpersonal barriers and builds trust. Consequently, we investigate whether perceived similarities between Emirati clients and Emirati bankers contribute towards initial feelings of empathy and, hence, play a significant role in building relationships. Earlier research found that relationship managers who are perceived to be similar to their counterparts are more influential in changing attitudes and opinions (Woodside and Davenport 1974).

This paper is structured as follows. First, we present a brief literature on trust, the antecedents of trust, and culture. Then, we present our methodological approach and our findings. Subsequently we propose a model to reflect the major contribution of this research which shows that in an Arab/Muslim context, the antecedents of trust in B2B banking relationships are heavily influenced by culture: a matter of importance to every Arab country, and possibly to any country with a high-context culture (Hofstede, 1991). This finding is one of the contributions to knowledge of the present work: the discovery of the fundamental importance of context specificity on trust building. Finally, we draw a number of conclusions from our study, identify our contribution to knowledge, draw out implications for managers, and make recommendations for further research.

2.   Defining Trust and the Antecedents of Trust

2.1 Commitment/Trust Theory

Conceptually, this study is grounded in the extensive stream of research on trust in relationship marketing that has followed from the seminal work of Morgan and Hunt (1994). This influential conceptual framework has recently been used in related studies to the one we report here, for example in exploring customer-supplier relationships in the banking industry, both in business-to-business and business-to-consumer contexts (Hurley, Gong & Waqar 2014, Wongsansukcharoen, Trimetsoontorn & Fongsuwan 2015), and in researching the role of culture in international relationship marketing (Samaha, Beck & Palmatier, 2014, Samiee, Chabowski, & Hult, 2015). Morgan and Hunt conceptualized trust as existing when one party has confidence in an exchange partner's reliability and integrity, which they considered to be consistent with the definition of trust offered by Moorman, Deshpandé and Zaltman (1993, p93): "the willingness to rely on an exchange partner in whom one has confidence". This definition is often used within business-to-business relationship studies (Doney and Cannon, 1997; Nicholson et al., 2001).

Trust has been defined in a number of ways, dependent on the environment and the actors involved, reflecting its multi-faceted nature. Trust involves one party having confidence in or relying on another to fulfil obligations (Anderson and Narus, 1990; Moorman et al., 1993; Morgan and Hunt, 1994; O'Malley and Tynan, 1997), and has affective and cognitive dimensions (Ganesan, 1994). Cognitive trust is "based around notions of reliability and dependability" (Ennew and Sekhon, 2007, p. 63); that is, the rational belief that a party will behave as expected because of the financial outcome that will result from cooperating (Hammervoll, 2011). Affective trust is the confidence placed in a partner on the basis of feelings generated by the level of care and concern the partner demonstrates (Johnson-George and Swap,

1982; Rempel et al., 1985). Trust reinforces the commitment in a relationship by decreasing the levels of risk and transaction costs (Caceres and Paparoidamis, 2007; Canning and Hanmer-Lloyd, 2002; Johnston and Hausman, 2006).

Trust in the Arab world is rooted in kinship and family connections. The relationship hierarchy begins with the immediate family, then relatives, and then clan and tribe affiliates. Trust within the family and the clan is founded on loyalty, face saving and honor, emphasizing social status and connections rather than accomplishment, credibility and integrity (Rice, 1999). Hutchings and Weir (2006) claim that relations of trust between business counterparts are vital to effective business transactions in the Arab world, and that word of honor is more important than the written contract.

2.2 Trust in the Financial Services Sector

It is well-established that trust is particularly important in the market for financial services (Becket & Hewer 2000, Ennew et al 2011, Hauff 2014, Sekhon et al 2013). Trust is a complex and multidimensional phenomenon (Amin et. al. 2013; Dimitriadis et al, 2011; Flavian et al, 2005; Triyuwono 2004; Lewicki & Bunker, 1996). It is defined from different viewpoints and various disciplines including psychology, economics, finance, marketing, and religion. Honesty, reliability, credibility, competence and benevolence have all been considered to be important characteristics of trust (Kantsperger & Kunz, 2010). Indeed, Belanger and Carter (2008) claim that the trust has been defined differently in different studies. For example, Soderstrom (2009) identifies 29 different types of trust all of which are slightly different and interrelated to each other in different ways (Masrek et al. 2012). Accoording to Muawanah (2010), trust is a willingness to act on the basis of beliefs about the motives of other parties and the level of risk involved with action. Trust is frequently used interchangeably with credibility, reliability, or

confidence. Trust is a substantial component in relationships, irrespective of whether they are

interpersonal or business (Sekhon et al. 2013) as trust is one of the dynamic factors in creating a

long-term relationship between organizations and their consumers (Amin et. al. 2013; Triyuwono

2004; Al-hawari, Mouakket 2012)

Trust is a factor, which decreases transaction costs in banking relationships (Moro, Fink 2013;

Fernandez-Olmos 2011), which means that trust is one of the most noteworthy elements that

regulates the future development of business relationships (Jucaitytė, Maščinskienė 2011). Trust

is often defined as a factor, which ensures the quality of relationships between partners and the

main features of trust, is safety (e.g. Laeequddin & Sardana 2010; Simpson 2007). Laksamana *et

al.* (2013) describe trust as the bank's propensity to act as promised. According to Hauff (2014),

trust is a level of reliance on organization.

In the Islamic banking context, trust can be thought of as a moral obligation of every individual

in the performance of his/her duties in society; Islam places the highest importance on trust and

deliberates being trustworthy as a compulsory personality trait (Iqbal and Mirakhor, 2007). Thus,

the dimension of trust in the Islamic banking system can be seen as a symbol of trustworthiness,

honesty, equity, equality among human beings, and moral values that are established to enhance

the business relationship between banks and customers (Sauer, 2002). Likewise, ethics and

compliance with Islamic principles (Shariah) are central to Islamic banking activities based on

trust (Kayed and Hassan, 2011; Iqbal and Mirakhor, 2007; Othman and Owen, 2002). Within the

Islamic banking context, it is not only trust in the provider as a bank that is of relevance, but also

trust that the bank is Shariah compliant (Hoq et al, 2010). Earlier studies have found that

consumers choose their Islamic bank on the on basis of religion (Metwally, 1996; Naser &

Jamal, 1999) and belief that their bank is following Islamic principles in their operations

(Thambiah et al, 2011; Okumus, 2005; Othman & Owen, 2002; Naser & Jamal, 1999; Metwally, 1996; Hegazy, 1995). In addition, Butt et al (2011) found that the awareness of non-adherence to Islamic principles was a hurdle in the selection of Islamic banks in Pakistan. On the other hand, some studies have found that consumers are unclear on the precise nature of Islamic banking (Khan et al, 2007; Khattak & Rehman, 2010).

3. Culture and Context

3.1 Defining culture

Culture is a generic term for the patterns of thinking, feeling and acting that have been acquired and learned during one's lifetime, which could be referred to as mental programs, or the "software of the mind" (Hofstede, 1991, p. 4). Although it is commonly accepted that people of different national backgrounds have different expectations about business relationships (Koeszegi, 2004) and the exploration of the impact of culture on business relationships is becoming more common (Fang and Kriz 2000), relatively few studies have focused on culture as an antecedent of trust (Boersma et al., 2003; Abosag et al., 2006) or relationship quality (Athanasopoulou, 2009).

Culture is an important aspect of management in an international context (Hall 1992, Hofstede 1991). Hofstede's is a popular classification of culture, based on the large number of countries measured and the simplicity of his dimensions. It describes variations among nations and has been widely used to help understand the influential features of national cultures. The UAE is one of the countries studied by Hofstede (Dedoussis, 2004).

Doney, Barry and Abratt (2007, p.1109) investigated cultural antecedents of trust, defined as the buyer's

national wealth and collectivism and suggest that "social behaviors seem to dominate the trust building

process" and that these behaviors are culturally driven. Theron et al. (2008, p. 1006) provide one of the

few studies of relationship managers and their clients in the financial services industry concluding that

"business values" need to be aligned, and that "cultural differences" need to be taken into account. They

also noted the provision of "unique financial services to Muslims" (p. 1006); they equate culture and

shared values with religion.

3.2 Cultural influences: antecedents in the UAE

The cultural context for this study is the UAE, a state that is characterized by a number of cultural

influences. These include *ethnicity*: predominantly Arab; *religion*: predominantly Muslim; and the

strongly Bedouin tribal *history* and *geography*. It is also a country of high levels of *immigration.* Non-

Emiratis comprise 81% of the population. In the UAE, the antecedents of trust are determined by the

context, which combines culture and shared values (Duranti and Goodwin 1992). Patrick (2009) notes

the tensions that exist between modernization and the "cultural past", which is very much part of the

"cultural present" in the UAE: "The emphasis on a Bedouin-style cultural past even as nationals are

overwhelmingly part of settled communities is interesting, given the importance of tribal alliances that

remain important features of the authority of local emirate rulers" (Patrick, 2009, p. 17). The Bedouin

Arabs were desert nomads; the Arab/Muslim Bedouin Emirati culture runs deep and is pervasive.

Pech (2009) investigated why young Emiratis often drop out of employment, particularly in financial

services, finding that the education and training provided by banks for young Emiratis needed to be

aligned with their culture and values, instead of the banks' primary focus on economic values (Pech,

2009, p. 60). The Emiratis' first value was religion, followed by cognition, political values, aesthetics,

social customs and, finally, economic values. This cultural mismatch caused anxiety and insecurity, to the point where "physical as well as emotional withdrawal became a preferred option" (Pech, 2009, p. 59).

Zakaria et al., (2003) note that in Arabic cultures extensive networks are created by socializing, and connections are important parts of Emirati daily life. The most noticeable traits are loyalty to the clan and the family. Decision-making in the UAE relies on intuition, instincts, personal contacts, social position and family relations (Bakhtari, 1995). Once relationships have been formed, there are strong cultural reasons not to break them. Emiratis tend to be reluctant to take risks with people they do not know (Bohnet and Zeckhauser, 2004). Arab culture has high levels of uncertainty avoidance, and places a high value on security; change is resisted because adjustments are seen as threatening (Hofstede, 2006). Emiratis display a strong in-group preference. Usunier (1996) comments that "Loyalty is a key concept in collectivist cultures, which spreads from people to product or service, in as much as they are extensions of the self" (p. 114).

Some of the significant cultural variables such as Bedouin tribal society, the importance of family, hierarchical sheikhdom, *wasta* and kinship are important themes that permeate business interactions in an Arab/Muslim cultural context and could be considered social bonds (Morgan & Hunt, 1994). A significant cultural sub-category of the antecedents of trust in the UAE is patriotism**.** There is broad agreement on its meaning: "a deeply felt affective attachment to the nation" (Conover and Feldman, 1987, p. 1) and "pride in one's nation" (Kosterman and Feshbach, 1989, p. 271). The second cultural sub-category is tribalism. Tribalism and kinship networks are embedded in the UAE; most tribes trace their roots to an individual ancestor (Dadfar, 1993).

One of the most important Arabic cultural terms is *wasta* (Cunningham and Sarayrah, 1993, p. 209). *Wasta* is Arabic for connections or "pull", a form of intercession or mediation; it is difficult to investigate because it takes very subtle forms and is "widely practiced and simultaneously denied by its practitioners and beneficiaries" (Cunningham and Sarayrah, 1993, p. 4). *Wasta* has changed over time from its tribal roots to become a national and organizational norm (Al Rayis and Al Fadli, 2004, p. 75). In a tribal setting, *wasta* mediation binds families and communities with the common aims of peace and well-being. W*asta* often involves a central character intervening on another's behalf to obtain an advantage (Cunningham and Sarayrah, 1993, p. 209).

In summary, few studies focus on culture as an antecedent of trust. Most of the work that considers these variables focuses on the economic environment, or the service environment (expertise), or on organizational culture. There is a need for more research on specific culture contexts, and how this frames the interactions of counterparts, which is the gap this research addresses.

3.3 The Banking Context in the UAE

The UAE has striven to become a hub for financial services, and many banks including foreign, public and domestic banks have established themselves in the UAE because of rapid economic growth, the oil industry, and the status of the UAE as a regional trading center. The UAE banking sector is supported by solid macroeconomic fundamentals (Beck, et. al. 2010).

Banks in the UAE can be classified as conventional, Islamic and Islamic windows banks (Hashmi, 2007). There are 50 conventional banks and eight Islamic banks operating from the UAE; in July 2016 the gross bank assets of conventional banks in the UAE were approximately $545 billion, and the gross bank assets of Islamic banks were approximately $134 billion (Central Bank of the UAE, 2016). Some conventional banks have started opening Islamic windows and Islamic units. There is a growing market for Islamic financial services. Banks working under Islamic windows are established to offer an extra

service to Muslim clients or to offer a diversity of products for general clients. The UAE government established the first federal law underpinning Islamic banking activities in 1985 (Tlemsani & Al Suwaidi 2016).

The principles of Islamic banking include prohibition of interest or usury (riba) in all types of transaction, undertaking business and trade activities on the basis of authentic and fair dealing, giving zakat (alms tax), collaboration for benefit of society, ban on monopoly, and development of halal (Khattak & Rehman 2010). Echchabi and Olaniyi (2012), argued that the three basic tenets of Islamic finance are prohibition of riba (usury), the prohibition of gambling and gharar (ambiguity), and protection of community members by promotion of loss and profit sharing.

Prior studies have shown that religious consideration can play a substantial role in influencing the decision-making behavior of Muslim customers because these customers believe that Islamic banks are Shariah compliant (Hassan & Lewis, 2007; Tameme & Asutay, 2012). Bley and Kuehn (2003) concluded that in the UAE a preference for Islamic banks is inspired by religious values rather than by financial knowledge. On the other hand, Daud et al (2011) argued that the emergence of Islamic banking arose out of twin needs: economic and religious. Idris et al. (2011) provided further evidence that religiosity was the most substantial selection factors in choosing Islamic products. Islamic products are Shariah compliant so that customers choosing such products believe them to be free of riba, and in accordance with the doctrines of allowed contribution, honesty and justice as given by the Holy Quran and Sunnah (Idris et al., 2011).

4. Research Method & Analytical procedures

A qualitative approach was appropriate to provide unique insights through rich data collection (De Ruyter and Scholl, 1998). Thematic qualitative analysis, derived from grounded theory, was employed (Glaser and Strauss, 1967; Strauss, 1987; Corbin and Strauss, 1990). Data analysis is directed through "theoretical sampling", in which the analyzed data directs the in-depth questions asked at the subsequent interviews; interviewing continues until no new data are discovered. Sampling was a purposive "snowballing method", directed towards organizations whose perspectives on the issue seemed to be most instructive (Flick, 1999). Data were obtained from semi-structured interviews guided by an interview protocol based on the literature-based preliminary framework.

Qualitative interviews were conducted in the UAE with corporate bankers and their B2B clients. For each business relationship the responsible relationship manager at the bank was interviewed, and a counterpart from the client organization was interviewed – a dyadic research design. Data collection involved 170 interviews with 80 dyads. Client firms were selected to be representative of the UAE economy in terms of size and sector. However, it was not possible to find an interview dyad consisting of an Emirati banker with a non-Emirati client; it appears that this type of relationship may not exist. Table 1 provides a breakdown of the sample in terms of the cultural backgrounds of the interviewees, and Table 2 shows the breakdown of the sample in terms of the industry sector and company size of the client organization. In connection with Table 1, dyadic relationships that include an Emirati and a non-Emirati are considered to be cross-cultural, and relationships between two Emiratis are considered to be mono-cultural. Relationships that include two non-Emiratis cannot be classified so easily since they may include people from different backgrounds. The great majority of non-Emiratis involved in banking relationships in the UAE are of broadly Western origin, coming from either the Western European or the North American business culture.

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Insert Table 1 about here

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Several respondents were interviewed more than once to clarify the transcripts (this explains why 170 interviews were conducted while 80 dyadic relationships were investigated). Many were re-interviewed during the data transcription, triangulation, data analysis and writing-up phases of the research. Two senior industry figures assisted by acting as "key informants" offering advice on the research process and assisting the researchers in gaining access to interviewees. A senior member of the Central Bank of Abu Dhabi acted as key informant for the banking side; the key informant for the client side was a senior manager from a multi-national oil company.

Each semi-structured interview lasted between sixty and ninety minutes. Respondents were asked to express their views, comments and opinions within the broad domain of trust-based business-to-business relationships. Most interviews were audio-recorded, transcribed, sorted and coded, word by word, so that general conceptual themes could be identified (Miles and Huberman, 1994; Ghauri, 2004). Each interview transcript was compared with the audiotape and notes to ensure accuracy. A few interviewees preferred not to be recorded, in which case notes of the interview were taken and then later checked with the interviewee for accuracy.

The cultural context presented challenges for data collection. Gaining access to banks is difficult because of confidentiality and the competitive value of sensitive information (Turnbull and Gibbs, 1987; Tyler, 1996). Sensitive issues of a personal nature about religion, beliefs or lifestyle may

influence data quality for reticent interviewees. In this study, we minimized problems through:

awareness of bias; cultural sensitivity in words, actions and dress; in-depth interviewing that

allowed the cross-checking of concepts; and large numbers of interviews undertaken with similar

groups of respondents. It was necessary to use networks of relationships in order to gain access to

potential respondents.

For purposes of the research the respondents were allocated code letters or numbers as follows:

Coding for banks

Emirati bankers – E A, E B, E C …

Non-Emirati bankers – NE A, NE B, NE C …

Coding for clients

Emirati clients – E 1, E 2, E 3 …

Non-Emirati clients – NE 1, NE 2, NE 3 …

The study also showed that cultural variables, such as Bedouin tribal society, the importance of family,

hierarchical sheikhdom, and *wasta* were important themes that permeate business interactions in an Emirati

context. These antecedents were then grouped into clusters that were most relevant to the research context,

and which could be examined in depth. To this end a number of working propositions guided the interview

and sampling strategy and subsequent data analysis.

Proposition 1: Antecedents of trust will, or are likely to, differ between

a.   Emiratis and non-Emiratis

b.   bankers and clients

Proposition 2: If antecedents of trust are contextually and situationally determined (that is, they

may be culturally contingent) then antecedents in an Arab/Muslim context will be context-

specific.

5.   Results & analysis

Affective trust was prominent, and culture influences the development of trust in an Arab/Muslim

context (see figure 1). The social constitution of the nation, tribe, clan and family generates cultural

similarity and the reproduction of cultural similarity, which in turn has an impact on business behavior.

Cultural similarity facilitates communication, which in turn facilitates the trust-building process. Culture

has a significant influence on the antecedents of trust in an Emirati context, especially patriotism and

tribalism.

****

Insert Figure 1 about here

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The most important cultural antecedent of trust in the UAE is *patriotism*. Emirati respondents expressed

loyalty for their country and the royal family. Emirati clients considered using an Emirati bank to be an

expression of patriotism. The Emiratis saw patriotism as an important indication of cohesion and

solidarity:

I am proud that I am Emirati; I love my country and its rulers. I am sure that our unity and love of

our country has made UAE a strong country (E 18).

For Emiratis, loyalty is something they uphold as a core value. The typical response of an Emirati to disloyalty is to leave the relationship and not trust the other again unless loyalty or trustworthiness is guaranteed in some manner. This is illustrated in the following:

As a relationship manager for a large Emirati corporate, I prefer to deal with an Emirati bank. The Emirati bank is supported by the government, and the central bank provides Emirati banks with greater advantages regarding their services, which are offered to the public. I want my country to develop and progress and I will do my best to support my country (E 10).

Patriotism not only refers to loyalty towards the country, but also to a complex form of devotion to the country and its leaders. Accordingly, patriotism was seen as a fundamental element of individual and group life:

When I deal with Emirati bankers, I feel safe and secure, and if I need any help, I would go and speak with the Sheikh and ask for help or advice (E 2).
We have the same blood that flows in our veins. This strong bond leads to better understanding of each other (E 23).

There was very high goal congruence within the Emirati dyads (66 respondents), making it easier for them to trust each other and to offer and accept mutual help and support. Analysis of the interview data showed that Emiratis tended to be more affective and less calculative than non-Emiratis, offering help without expectation of return and working for mutual benefit:

Giving help unconditionally, no one calculates. Everybody keeps forging ahead for one's own future and happiness (E 8).

Emirati clients believed that Emirati banks had increased relationship-specific training for their Emirati staff in both Emirati and non-Emirati banks, especially after the decision to "Emiritise" all governmental and private sectors jobs.

Non-Emiratis took a more calculative attitude to business; non-Emirati bankers dealt with their counterparts on the basis of documentation, contractual agreements, formal procedures and routine practices:

> *I like the UAE, but I am not willing to sacrifice my position for its sake and to maximize the profits of the country. My goal is to maximize our profits and to be promoted. I am a realistic person, I am not from this country and I am here for a short time. We are doing well but according to regulations (NE 17).*

> *Non-Emiratis do not need to know their Emirati counterpart's reputation before entering into a contract – the legal system protects them against material loss: I don't care whether my clients are loyal or not. I care to pay what they have to pay and do their part (NE U).*

Typically, non-Emirati bankers and clients expressed little affect with respect to the local culture. Their responses tended to be cognitive, calculative and business-oriented. Of the 42 non-Emirati respondents, 40 showed little or no special appreciation for the local culture of the UAE. Emiratis claimed that they did not blame non-Emiratis for this, because they would behave in the same way when doing business in Western cities:

> *If I were in their place, I would do the same. For instance, I have business in London, but I do not behave like the British people who are used to their culture. I am an Emirati; I respect other cultures. The British people in UAE show little appreciation of the culture, which is normal since they are not Emiratis. (E 18).*

Unusually, two non-Emirati dyads (four respondents) seemed to have acquired some affective feeling for Emirati cultural mores, stating that Emirati partners were trustworthy, which was "more important than formal documentation". This indicates respect and admiration for the Emirati people on the part of some non-Emirati bankers:

> *Trust is more important than formal documents sometimes. I am from the USA but I have been working in this position for 15 years and being familiar with Emirati culture, I know the importance of trust to the Emirati people. Emirati people are polite, respectful, conservative and trustworthy (NE B).*

The conceptual model for non-Emirati shared values, drawn from the findings of this research, is given in figure 2.

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Insert Figure 2 about here

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Tribal traditions (or *tribalism*) are a key cultural phenomenon in the UAE, from which emerge the cultural antecedents to trust of kinship, altruism and *wasta*.

Kinship: The Emirati relationship managers showed concern for friendly relationships and harmony within the group, but they also demanded mutual loyalty:

> *I trust people from my country, from my tribe, people who have the same blood (E 12).*

The interview data suggest that personal relations and face-to-face meetings are the most effective means of resolving problems and clinching business deals in the UAE. Personal ties are important, but ties between Emiratis and their non-Emirati counterparts tended to be relatively weak. Emirati tribal society is based on long-term relationships that reduce the social uncertainty involved in trust. Within groups, repeated interactions and social relationships help to maintain commitments and increase people's loyalty to each other, which in turn brings about high levels of reliability:

> *All my experiences with my counterparts were successful because trust is based on kinship bonds (E 12).*

> *Our loyalty to our country and to one another is a kind of tribalism (E 25).*

An observer in the UAE is bound to find members of the extended family employed in the same business organization, holding high positions and dealing with each other on the basis of trust. This suggests that Emirati society is closed, based on culture, even though individual Emiratis may try to be more open. One Emirati banker described the situation in this way:

> *Objective considerations are of a secondary importance in determining the selection of counterparts. It is common to see many friends and relatives of top officials working together in their ministries, departments and banks. It is common also to see many friends from the same tribe working together and having business relationships with each other (E V).*

Two out of 47 non-Emirati bankers who did business with Emirati clients claimed that a "premium name" was important to them. The non-Emirati bankers did not fully trust their Emirati clients, and asked for guarantees and documents, even if the Emirati clients were important people. Non-Emiratis who had been in the UAE for a long time and were aware of Emirati culture and the importance of an influential backer understood this:

Family name is important in this country. For example, the royal family and the kinship relationships in the Emirates are important, but 100 per cent should not be based on this; it is not a blind trust (NE U).

***Altruism*:** Because of the affect-based nature of Emirati business relationships, altruism is more likely within mono-cultural Emirati relationships. Most Emirati respondents asserted that this culture of caring was a key element in fostering a positive business spirit. For them, this translated into a habit of involvement that was close and supportive. For Emirati relationship managers, altruism was central to the trusting relationship, in contrast to the Western notion of trust based on mutual reciprocity. Mutual reciprocity plays an important role among non-Emiratis, and there was some evidence that it has started to play a role among Emiratis. Equally, non-Emiratis have begun to lend more credence to the influence of "kith and kin"

The key factor in the success we have achieved is the support we have received from our counterpart, His Highness Sheikh X. As a result, we need to thank our counterparts for their support and help by caring about them and supporting them when they need it (E D).

***Wasta*:** this refers both to the acts of compromising and finding solutions, and to the person who performs this act (Cunningham and Sarayrah, 1993, p. 4). The interviews showed that *wasta* was used to hasten the process of document handling; achieve access to decision makers or influencers; and, gain priority among clients. Emiratis explained the widespread use of *wasta* in cultural terms relating it to respected values, such as shared aims and loyalty, and referred to Emirati traditions of tribalism. Emirati bankers suggested that their clients retained the use of *wasta* for cultural reasons:

In an Arabic society, you have to find wasta. It is something tribal (E C)

Without wasta, we cannot live, we can't work! (E 22)

Emirati bankers took *wasta* into consideration, which in turn affected their decisions and attitude:

> *If a certain client comes to me with wasta to give him more facilities, of course I am going to give him a low rate because he has wasta. For this reason, sometimes I feel obliged to break the bank policy (E E).*

> *It is not a favor, it is a duty to do something for your tribe. If you do not grant wasta, you are considered weird and without honor (E 28).*

Respondents indicated that there were specific instances when *wasta* was considered useful – when someone had the opportunity to receive training, or a position they would not otherwise have gained, or in the securing of medical treatment normally out of reach because of cost. Attempts to regulate traditional forms of networking (particularly *wasta*) usually fail because the networks are intrinsically tied to trust, social structures and family connections (Hutchings and Weir, 2006).

Emiratis cannot "earn" wasta with money since that would be considered a bribe and may result in ethical and legal difficulties. Nevertheless, money is indirectly involved, since expenditure on gifts, meals and entertainment, which are used to establish credibility or goodwill, facilitates the development of *wasta*. Non-Emiratis were less likely to have used status and position to gain *wasta*, but could acquire it through their networks and contacts. They dealt with counterparts according to law and regulations, reflecting the reputation non-Emiratis have for respecting the law. The bankers interviewed had a good reputation and worked for global banks; they were not willing to break the rules for the sake of *wasta*.

> *I don't accept any wasta even if it is from a big name. I work according to the law and documentations (NE O)*

> *Wasta is a corruption. I am against the use of wasta (NE 27)*

However, four non-Emirati respondents claimed that they used *wasta* if they needed more support from their bankers. For instance, a French client with long experience in the area remarked,

If I need more facilities for my project, for example, I know exactly whom to use for wasta and I will have it tomorrow. If I want the same service in the UK, I need a long time to go through various stages of bureaucracy and I might still not get it" (NE 10).

6. Discussion

Our findings suggest that relationships between Emirati bankers and Emirati clients (mono-cultural relationships) are symmetrical, while cross-cultural relationships between Emirati bankers and non-Emirati clients are asymmetrical. Emirati bankers and Emirati clients seek affective, long-term relationships. Therefore, the manner in which clients are treated by the banker during the relationship is highly relevant, and reinforces shared values, such as friendliness, respect, dignity and kinship.

Emirati bankers deal with other Emiratis on the basis of trust as a means of demonstrating mutual support for both the individual and the society: patriotism is one of the antecedents of this trust relationship; tribal traditions form another. Trust is contextually determined by the high-context culture in which Emiratis have, historically, come to trust only other Emiratis. They predict the behavior of others not by experience but in the belief that they will follow the same rules and values that they follow themselves.

Emiratis are risk averse, communitarian and collectivist – all factors that contribute to the formation of trust relationships, alongside similarities of appearance, lifestyle, language, religion, culture and tradition. Emiratis are culturally homogenous and risk averse, and therefore prefer, given a comparison of options, to deal with other Emiratis where possible, to the exclusion of non-Emiratis.

Wasta, the hidden network of reciprocal favors and favoritism, was viewed very differently by Emiratis and non-Emiratis. The Emirati perspective of *wasta* is one of shared and deep-seated cultural obligation and reciprocity, derived from thousands of years of desert traditions, where mutual help and advantage were necessary for survival. Non-Emiratis working for global banks take seriously the use of contracts, documentation, organizational rules and regulations, and the rule of law in their country of origin and country of operation. W*asta* may be viewed as corruption or nepotism; the use of *wasta* as unfair or unnecessary.

A non-Emirati banker or client finds it difficult to establish trust with an Emirati counterpart. Emiratis therefore have a very different perception of relationships, affective approaches and behaviors, temporality, risk aversion and trust-building behaviors, to name but a few variables, when compared to their non-Emirati business counterparts. Emirati perceptions are so bounded by these variables that they may find it difficult and uncomfortable to try to understand or modify their perceptions to accommodate non-Emirati or Western business practices. In developing banker–client relationships, it is therefore expected that non-Emiratis will adapt to Emirati cultural practices.

Emiratis and non-Emiratis have very different perceptions of the antecedents of trust in banker–client relationships. The antecedents have different salience for Emiratis and non-Emiratis. One of the strongest factors is culture, which has been forged through centuries of desert survival into social culture, tradition and lifestyle. This is characterized by patriotism, a strong love of the nation, sheikdom and the ruling tribes.

These differences are shown diagrammatically in the following models for each of the counterparts. Figure 1 shows the results for Emiratis, in which religion is the most fundamental aspect in their lives.

Culture is demonstrated to be the most important theme influencing the antecedents of trust in an Emirati context. The social bonds are strong among Emiratis, due to their tribal cultural inheritance. Social bonding between Emirati bankers and clients in the UAE provides customized services that develop relationships, allows the clients to trust and to be satisfied with the bankers' services, and assists in understanding and learning about the client's needs and expectations. Emirati counterparts have strong bonds with each other; they are close to each other and supportive. Emirati business culture is based on social bonds and personal contacts – a precursor to developing a business opportunity. This can be contrasted with many non-Emirati approaches in which an opportunity may first be identified, and then a business relationship formed; seldom does this lead to any type of close friendship.

Social bonds (Rodríguez and Wilson, 2002; Smith, 1989) are an important antecedent of trust in an Emirati context. Emirati business culture is based on friendship, which is seen as an antecedent to developing a trusting relationship. With non-Emirati partners, actions often "speak louder than words". However, in Emirati culture, an oral promise has its own value, independent of whether an action is taken which supports the words. The tension between the counterparts' perceptions of "words" vs "actions" leads to feelings of discomfort with the relationship. For non-Emiratis, in business relationships, there was, generally, no personal interaction or communication, no self-disclosure and no familiar knowledge base about the counterpart.

Ties between Emirati counterparts are strong and Emirati counterparts spend time and effort building relationships. This confirms the literature suggesting that the strength of ties can be determined by the amount of time, emotional intensity, intimacy and reciprocity of a relationship (Granovetter, 1985). The majority of Emiratis are sensitive to differences in opinion, and are highly risk-averse. It is clear that such cultural strategies have a profound impact on clients' perception and behavior, influencing trust.

Uncertainty avoidance in an Emirati context is related to anxiety, the need for security and dependence upon experts (Hofstede, 1980). Several interesting issues with regard to trust emerged from the data. The majority of Emirati people show loyalty and respect for the royal family; the government supports Emirati projects. Thus, a vital cultural antecedent of trust in an Arab/Muslim context is patriotism. All the Emirati respondents' statements repeatedly pointed to trust as grounded in loyalty to the royal family and the government. Emirati cultural heritage places high value on the extended family and tribe as a source of identity, support and loyalty. It also legitimizes a paternalistic authority structure that accords great influence to the father-figure role, and supports benevolent autocracy with ethical underpinnings (Hofstede and Bond, 1988).

Another important concept is that of *wasta,* which stems from an Emirati emphasis on interdependent personal relationships. When one person does a favor for another, they expect that person to provide some type of unspecified assistance in return. This action is automatic, and may be performed without asking. Non-Emiratis may think of *wasta* as a negative practice, which in turn causes frustration, resentment and possibly de-motivation. W*asta* is not based on Islamic law but on the cultural and shared values of the Bedouin Arabs who inhabit the Gulf States. While "connections" and "the old boy network" may also play a role in Western business and hiring practices, most non-Emirati employers hire, promote or accept business based on individual skills and performance. As a result, *wasta* is likely to be seen by non-Emiratis as, at best, favoritism and, at worst, nepotism or corruption.

7. Conclusion

The research questions were derived from the research objectives. To provide a foundation for the research, it was necessary first to determine:

1. What are the antecedents of trust on both sides of the dyad? What are the similarities and

differences in the dyadic perspectives?

Proposition 1 (P1)

Antecedents of trust will, or may be likely to, differ between

a.   Emiratis and non-Emiratis

b.   Bankers and clients

These results provide an understanding of the antecedents of trust in banking and financial

services in an Arab/Muslim context. The affective component of trust on the bankers' side of the

relationship proved to be the most important antecedent of trust for Emiratis. Emirati religion,

culture and shared values have been shown to play an important role in cementing trust between

the Emirati banker and Emirati client. Because of these key mediating values, trust is a "given"

between Emiratis. Religion, culture and shared values are of fundamental importance to Emiratis

who seek affective, long-term relationships. This finding may extend to other Gulf Arab nation

states in particular, and the Arab/Muslim world in general. Lack of understanding of the

fundamental importance of religion, culture and shared values, and failure to adapt accordingly,

has led to distrust and relationship failure between non-Emirati bankers and Emirati clients.

Inability to understand and operationalize the affective antecedent of trust has also led to

relationship failure in Emirati/non-Emirati banking relationships.

This research provides valuable insight into the differences in religion, culture and shared values

between Emiratis and their non-Emirati, international, temporary guest workers, who are mainly

from the Western developed world. This research provides evidence of Emirati religion, culture

and shared values as key mediating variables that shape not only the Emirati social context but

also banker–client relationships. In relation to **P1a**, although both Emiratis and non-Emiratis may

perceive the same antecedents of trust, the salience of these antecedents differed. Emiratis

perceived the affective aspects of trust to be more salient, the cognitive aspects less so. Non-Emiratis perceived the cognitive and calculative aspects of trust as more salient, the affective aspects less so. This is shown clearly in figures 1 and 2.

Figure 1 shows the conceptual model for Emiratis, with the overarching influence of religion, which moderates all other cultural and shared values. The immediate core values associated with religion are praying, believing, reading the Qur'an and charity (Pech, 2009, pp. 59–60). The influence of culture and shared values moderates the antecedents of trust, shown on the right-hand side of the model, which are affective (and consist of benevolence, openness of communication and "antecedent" satisfaction) and cognitive (consisting of competence, reliability and integrity). Additional antecedents are Emirati risk aversion, and the importance attached to reputation and "saving face", which is especially important in a collectivist culture. Aesthetic and language constructs are also important to Emiratis. For Emiratis, their "word is their bond", and a feature of Emirati culture is that "saying equals doing", that is, importance is attached to talking and language, which may or may not be followed through with actions.

Figure 2 in contrast, provides a conceptual model of non-Emirati religion, culture and shared values. Culture for this group was the culture of the international bank or industry for which they worked. This culture was predominantly normative, rule-bound, based on regulations and procedures, cognitive and knowledge-based. The antecedents of trust were predominantly, but not exclusively, cognitive and calculus-based, rather than affective. The primary value for non-Emiratis was economic activity, with associated values of economic mentality, planning, annual income and profitability (Pech, 2009, pp. 59–60). Therefore, the religion, culture and shared values of non-Emiratis stand in sharp contrast to those of Emiratis.

The lifestyles of non-Emiratis are based on the expatriate community, the nuclear family and

mixed gender socializing within the expatriate community social clubs, and on travel in the region. No examples were found of socializing outside the work environment between Emiratis and non-Emiratis. Since the Emiratis place such a high value on affective antecedents of trust and relationships, it is impossible for these values to be met or fulfilled in business relationships with non-Emiratis. In relationships between Emiratis and non-Emiratis this generates tension and may result in withdrawal, mistrust, or relationship failure. In the case of an Emirati banker with a non-Emirati client, it means that the relationship may not be possible in the first place.

There is, then, a fundamental mismatch in the determinants of trust, which leads to less successful banker/client relationships, or to mistrust and relationship failure

In P1b, the banker/client relationship between the non-Emirati banker and non-Emirati client reflected prior research findings. The relationship depended on the size and reputation of the bank, and the size of the business. Multi-national corporations multi-banked and used specific bankers for specific aspects of their business. SMEs had more personal, affective relationships with their bankers. The non-Emirati relationships were in agreement with the literature.

2.   *Are the antecedents of trust contextually or situationally referenced or determined? If so, how? What is the extent of cultural influence?*

Proposition 2 (P2)

If antecedents of trust are contextually and situationally determined, that is, if they may be culturally conditioned, then antecedents in an Arab/Muslim context will be context specific. In the Arab/Muslim world, the antecedents of trust are determined **by the context**, which combines religion, culture and shared values. The role of religion, culture and shared values in the antecedents of trust is addressed here. The present results demonstrate that religion, culture and

shared values are over-arching influences, which are much stronger than the culture of an organization – in this case, an international bank or company. An array of contextual factors has been noted to affect trust; some authors understand context in a broad sense and equate it with culture. Granovetter (1985) developed the notion of embeddedness to show the influence of social settings on trust. It can be seen in this research that in an Arab/Muslim context, religion, culture and shared values are embedded in the social fabric of the Bedouin. In this study trust among non-Emirati partners was minimal in relation to their own kind, and to Emiratis. In contrast, Emirati respondents claimed that they trusted people whom they knew, that is, only fellow Emiratis.

The main finding of this research is the overarching influence of religion, culture and shared values, which act as key mediating variables on the antecedents of trust. Morgan and Hunt (1994) define "shared values" in the limited sense of "organizational", or "employee to organization". This is a more limited definition than that of Schwartz and Rubel-Lifschitz (2009). Schwartz defines values as "broad, trans-situational goals that vary in importance as guiding principles in life. The crucial content aspect differentiating among values is the motivational goals they express" (Schwartz and Rubel-Lifschitz, 2009, p. 171).

The results show that for all these clusters in an Arab/Muslim context, religion, culture and shared values were key mediating variables for the antecedents of trust.

8. **Limitations and Opportunities for Future Research**

Since this is an exploratory, qualitative study, we have been able to propose but not test our conceptual framework. Clearly, the conceptual models presented in Figures 1 and 2 could provide fertile ground for empirical verification employing quantitative methods. In particular, given the limitations of the methodology employed here, it is difficult to distinguish between independent and moderating variables. For example, in our interpretation of the qualitative data religion appears as an independent variable. Empirical testing using a causal modelling approach could establish whether religion acts as an independent, or as a moderating variable.

Additionally, this study was designed explicitly to investigate the differences between Emirati and non-Emirati interviewees. In the light of the findings from the study, specifically that religion is a particularly important variable in connection with banking relationships in the Middle East, it would have been desirable to discriminate between the non-Emirati interviewees in terms of their religion. That is to say, the study was designed to examine the differences between citizens and non-citizens of the UAE, but the findings of the study strongly suggest that religion is a more significant variable than citizenship. While all of the Emirati interviewees were of the Muslim religion, the non-Emirati interviewees included those of several faiths, primarily Christians, but also including some Muslims.

Finally, the study has not addressed the distinction between conventional and Islamic banking. As discussed earlier in the paper, Islamic banking is a significant and growing component of the Middle Eastern banking sector. The results from our study suggest that religion is an important factor in relationship management in Middle Eastern banking and, consequently, that banks offering Islamic business-to-business banking services will have an advantage in terms of

developing effective relationships with Muslim corporate clients. Since Islamic banking is likely

to continue to grow in importance, this proposition merits further empirical testing.

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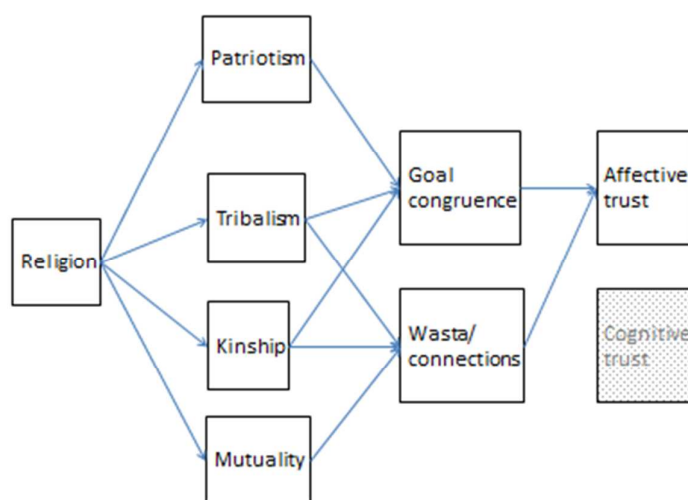44
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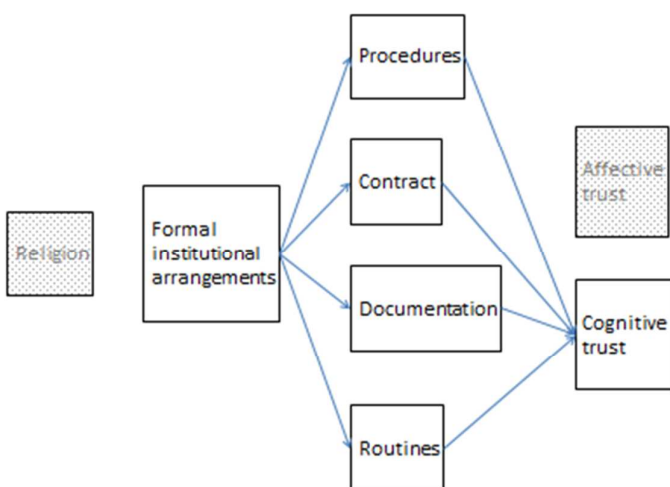Figure 1: Conceptual model of antecedents to trust in Emirati / Emirati relationships

Figure 1: Conceptual model of antecedents to trust in non-Emirati relationships

Dyads	Number of interviewees and dyads
Emirati client/ Emirati banker	**50 interviewees, 25 dyads** (i.e. 25 Emirati businessmen and 25 Emirati bankers)
Emirati client/non-Emirati banker	**66 interviewees, 33 dyads** (i.e.33 Emirati businessmen and 33 non-Emirati bankers)
Non-Emirati client/non-Emirati banker	**44 interviewees, 22 dyads** (i.e. expatriates, most of them Westerners, 22 non-Emirati businessmen and 22 non-Emirati bankers)
Non-Emirati client/Emirati banker	**0** (could not find any examples)
Total	**160 interviewees, 80 dyads**

Table 1: Description of the Qualitative Sample