



# Where does inter-firm trust come from?

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## 1 INTRODUCTION

### Aim

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

### Definition of trust

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

### The gap in the literature

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

### Applicability

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

## 2 ADDRESSING THE GAPS

Scholars do not distinguish between trust and trustworthiness

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

Get it right!  
Towards a theory-based model

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

**Proposition 2** Individual action is embedded in the social structure

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

## 4 CONTRIBUTION

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

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

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

## 5 IMPLICATIONS

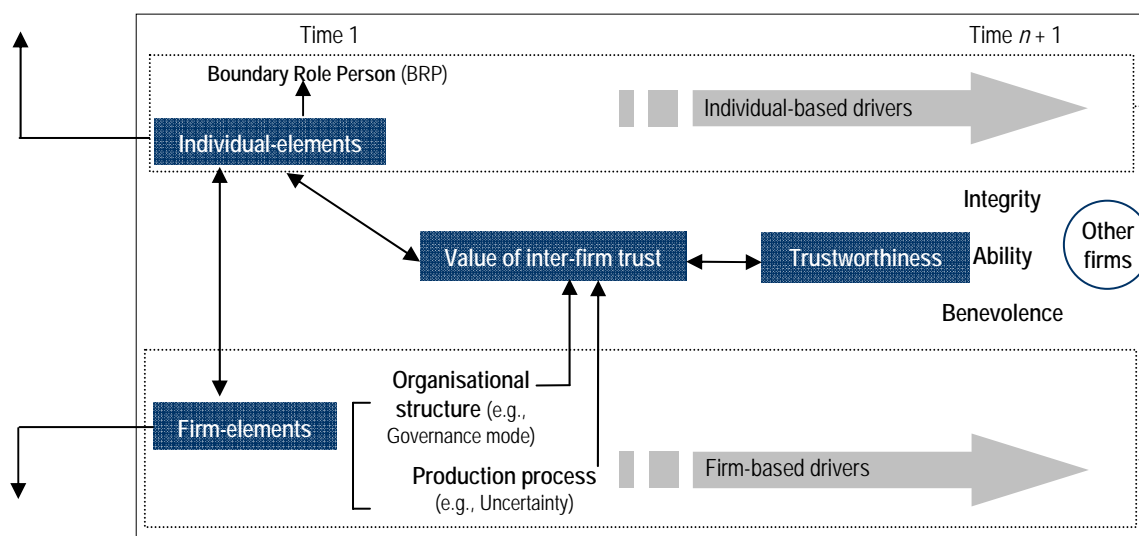
Individuals can trust; although firms can only choose to operate in trustworthy ways.

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

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

## 3 BRIDGING THE GAPS IN INTER-FIRM TRUST RESEARCH

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



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

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

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

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

Trust changes over time!

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