
Trust formation in cross-cultural business-to-business relationships

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Abstract

Given the increase in the globalisation of the world's economies, the importance of building successful cross-cultural business to business partnerships is emerging as a critical strategy for organisations to consider. For these forms of relationships trust has been identified as an essential component of success. However, little is known about the development and formation of trust in cross-cultural business to business relationships. Consequently, triangulating two qualitative techniques, this paper examines the development of trust through the initial three stages of the relationship lifecycle. Findings suggest that trust develops in markedly different forms dependent on the lifecycle stage of the relationships.

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Introduction

International alliances and partnerships are proliferating around the world (Parkhe, 1998), leading to an internationalisation of the marketplace (LaBahn and Harich, 1997). However, there has been little academic research conducted that examines the impact and development of trust on cross-cultural relationships (Ahmed *et al.*, 1999). This is surprising, as trust is the key variable in the success of international alliances (Parkhe, 1998). Further, fundamental gaps remain in the understanding of the factors that develop trust in a relationship (Sirdeshmukh *et al.*, 2002). Consequently, this research seeks to explore the factors that build trust at the pre-relationship, early interaction and relationship growth stages of the business to business relationship lifecycle. Shedding light on trust formation at the critical initial stages of business to business relationship development will allow practitioners to ascertain the trust building factors that need to be put in-place to increase the chances of success for cross-cultural relationships.

In an attempt to achieve an understanding of the formation of trust at the initial three stages of the relationship lifecycle this paper is divided into the following sections. First, a conceptual background on relationship marketing and in particular research on trust is presented; this is followed by a review of the literature on the business to business relationship lifecycle leading to the identification of a five-stage lifecycle model. Third, the methodologies undertaken are described. Fourth, findings for the development of trust at the pre-relationship, early interaction and relationship growth phase are revealed. This is followed by managerial implications. Finally, limitations of the research and conclusions are presented.

Relationship marketing

Over the past 15 years there has been increasing interest in the concept of relationship marketing by academics and practitioners alike (Morgan and Hunt, 1994; Parvatiyar and Sheth, 2000; Gummesson, 2002; Sheth and Parvatiyar, 2002). This interest has grown to the level where relationship marketing has been elevated as the "new" marketing paradigm (Webster, 1992; Gronroos, 1994; Weitz and Jap, 1995; Sheth and Parvatiyar, 2002). However the concept of relationship marketing remains an ambiguous concept without clear empirical support (Lindgreen, 2001; Gummesson, 2002). This is highlighted in the lack of a clearly accepted

definition for relationship marketing (Gronroos, 2000; Gummesson, 2002). Relationship marketing is a generic term that covers a number of different relational scenarios (Parvatiyar and Sheth, 2000). Subsets under the definition of relationship marketing include relational marketing (Dwyer *et al.*, 1987), working partnerships (Anderson and Narus, 1990), strategic alliances (Day, 1990), co-marketing alliances (Bucklin and Sengupta, 1993), and internal marketing (Arndt, 1985; Berry and Parasuraman, 1991). Consequently, one generic definition for relationship marketing is absent from the literature. In Table I below, a range of definitions are present; as can be seen, relationship marketing involves a form of relationship between two parties where there are complexities other than the straight business purpose of the partnership.

There are a number of components, which have emerged from the literature, that lead to the successful functioning of a business to business relationship (Wilson, 1995). The components that have received the greatest level of academic investigation are trust, commitment, communication, shared values, co-operation and social contacts (Wilson, 1995). In Table II a cross-section of the research into the components that lead to the success of a business to business relationship are presented. As can be seen trust is a

critical component of these studies. Consequently, the development of trust in business to business relationships will be the main agenda for this research.

Trust

Trust is seen as a critical construct in a range of discipline areas (Nicholson *et al.*, 2001). Further, within the realm of relationship marketing, trust has been recognised as an important variable for the success of relationships in the supplier literature (Ring and van de Ven, 1992; Ganesan, 1994; Morgan and Hunt, 1994), the channel literature (Anderson and Narus, 1990; Weitz and Jap, 1995), and consumer relationships literature (Czepiel, 1990; Berry, 1995), and lateral relationships literature (Webster, 1992).

Consequently, numerous different conceptualisations of trust exist. Nevertheless, common to most definitions of trust are a confidence between the parties that the other party is reliable (Morgan and Hunt, 1994); and that the parties will act with a level of integrity when dealing with each other (O'Malley and Tynan, 1997).

Three common components of trust emerge from an examination of the literature (Sako, 1992; Mayer *et al.*, 1995; Sirdeshmukh *et al.*, 2002):

- (1) *a credibility component* – whether the partner has the capability and expertise to undertake the purpose of the partnership (Ganesan, 1994);
- (2) *an integrity component* – whether the partner will adhere to written or verbal promises (Nicholson *et al.*, 2001); and
- (3) *a benevolence component* – whether the partner will be accommodating and act with equity when new conditions relating to the relationship arise (Ganesan, 1994).

Sako (1992) identified these components of trust as competency trust, contractual trust and goodwill trust. Competency trust refers to the expectation that a partner can perform at a set level. It is defined as “that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain” (Mayer *et al.*, 1995, p. 717). Contractual trust refers to each partner adhering to specific written or oral agreements. Further, contractual trust is shown when partners uphold an ethical standard, namely that of keeping promises (Sako, 1992). Goodwill trust refers to a willingness to do more than is formally expected. Consequently, goodwill trust grows when a partner commits to be responsive to certain requests outside the norm

Table I A sample of relationship marketing definitions and emphases

Scholar	Definition and emphasis of relationship marketing
Hakansson (1982)	Relationship marketing is seen as an interpersonal and social process between buyer and seller, based on ongoing contact, mutual goals, trust, and commitment
Jackson (1985)	Relationship marketing is marketing orientated towards strong relationships that last over time
Gronroos (1990)	Relationship marketing involves establishing, maintaining, and enhancing relationships so that the objectives of both parties are met. This is achieved by mutual exchange and the fulfilment of promises
Kotler (1991)	Relationship marketing is the building of long-term satisfactory relationships with key parties
Sheth and Parvatiyar (1995)	Relationship marketing involves the ongoing collaboration between an organisation and its suppliers with the aim of increasing customer satisfaction
Achrol (1997)	Relationship marketing refers to the establishment of long lasting relationships based on the structure of long-term benefits and mutual affinity between buyer and seller
Weitz and Bradford (1999)	Relationship marketing refers to a number of different marketing activities directed towards developing strong partnerships with key business to business customers

Table II Variables identified in the literature that are critical for the success of a relationship

Researcher	Industry	Relationship success variable
Adobor (2002)	Business to business	Trust, communication
Anderson and Narus (1990)	Man/distrib	Satisfaction, cooperation, trust, communication
Barnes (1994)	Services	Communication, care, honesty, trust, commitment, satisfaction, no bonds
Blenkhorn and Mackenzie (1996)	Buyer-seller	Interactions, investments, satisfaction, trust, commitment
Czepiel (1990)	Services	Trust and commitment
Doney and Cannon (1997)	Buyer-seller	Trust increases the likelihood of a long-term relationship
Dwyer <i>et al.</i> (1987)	Buyer-seller	Trust, commitment
Ganesan (1994)	Retail/supplier	Commitment, trust, and satisfaction
Garbarino and Johnson (1999)	Customers	Commitment, trust, communication
Gummesson (1996)	Buyer-seller	Collaboration, trust, risk, longevity, closeness
Halinen (1996)	Services	Attraction, trust, and commitment impact on satisfaction
Han <i>et al.</i> (1993)	Industrial	Mutual trust, commitment, and satisfactory role performance
Handfield and Bechtel (2002)	Supply chain	Trust
Hunt <i>et al.</i> (2002)	Business to business	Cooperation, trust, commitment, communication
Mohr and Spekman (1994)	Retail/supplier	Coordination, commitment, participation, and trust
Morgan and Hunt (1994)	Retail/supplier	Cooperation, trust, commitment, communication
Simpson and Mayo (1997)	Retail/supplier	Commitment, trust, satisfaction
Verhoef <i>et al.</i> (2002)	Customer	Trust, commitment, satisfaction
Wilson (1995)	Buyer-seller	Commitment, trust, satisfaction, adaptation, bonds, communication

(Sako, 1992; Sirdeshmukh *et al.*, 2002). Moreover, goodwill trust can be defined as a behaviour from one partner to place the other partner's interest ahead of their own (Sako, 1992).

Whilst the body of literature on trust has grown over recent years, little research has been conducted into the types and development of trust at the different stages of a business to business relationship lifecycle. This research explores the development of competency, contractual and goodwill trust at each of the first three stages of the relationship lifecycle in an attempt to highlight how total trust is achieved in a cross-cultural business to business relationship.

The business to business relationship lifecycle

Despite the growth in importance of relationship marketing, it remains an ambiguous concept without clear empirical support (Lindgreen, 2001). This is particularly true in the area of the relationship lifecycle, where a number of studies, predominantly conceptual, have identified various stages through which a business to business relationship progresses (Ford, 1982; Frazier, 1983; Dwyer *et al.*, 1987; Borys and Jemison, 1989; Larson, 1992; Millman and Wilson, 1994; Palmer and Bejou, 1994; Wilson, 1995; Ford *et al.*, 2003). Whilst there is no strict agreement as to the stages of a business to business relationship, an analysis of the literature suggests a five-stage process: pre-relationship stage; early interaction stage; relationship growth stage; partnership stage;

relationship end stage (Ford, 1982; Frazier, 1983; Dwyer *et al.*, 1987; Borys and Jemison, 1989; Larson, 1992; Millman and Wilson, 1994; Palmer and Bejou, 1994; Wilson, 1995; Ford *et al.*, 2003):

- (1) *Pre-relationship stage*. This stage relates to the activities that occur before a relationship with a partner is established. A four-step process emerged for this stage. First, a change in the status quo is required that generates a possible need for the organisation to enter a new relationship. Second, there is an exploration for the relationship partner; "finding the appropriate partner is a critical step in the relationship development process" (Wilson, 1995, p. 340). The third step is the development of an evoked set of relationship partners to choose. The final step is the selection of the partner. From this point the relationship moves into the early interaction stage of development.
- (2) *Early interaction stage*. The early interaction stage involves serious negotiations regarding the style and structure of the relationship (Ford, 1982). At the start of this stage there is little experience of the other partner's operation or business culture, leading to high levels of uncertainty. The amount of learning that transpires at this phase is at its highest level of any stage of the relationship lifecycle. The lack of experience and understanding between organisations makes the relationship fragile at this phase. Consequently, the partnership can be easily terminated at the early interaction stage (Dwyer *et al.*, 1987).
- (3) *Relationship growth stage*. This stage of the relationship is characterised by a high level of

engagement and interaction between the parties, intensive mutual learning towards the specifics of the relationship, the investment made and the adaptation needed. The learning that is achieved in this stage will reduce the uncertainty and the distance between the two organisations (Ford, 1982).

- (4) *Partnership stage*. This is where the relationship is at its most mature and the partners have developed a high level of experience in dealing with each other (Ford *et al.*, 2003). Learning, which was so crucial in the relationship growth phase, has reached a stable level and the organisations are mutually important to each other, leading to an implicit or explicit pledge to continue the relationship. High levels of commitment are shown towards the partner and the relationship has established norms that guide conduct (Wilson, 1995).
- (5) *Relationship end stage*. The relationship end stage relates to how the partners uncouple the relationship because the purpose for the relationship no longer exists. A relationship can be terminated at any stage of the relationship lifecycle; however, the relationship end stage comes about when the reason for the relationship is no longer current. This necessitates a need to uncouple the bonds of the relationship (Dwyer *et al.*, 1987; Millman and Wilson, 1994).

Of the five stages of the business to business lifecycle, trust creation is seen as most critical to develop at the initial stages (Wilson, 1995; Jap, 2001). Consequently, this research examines trust development at the first three stages of the relationship lifecycle, being: pre-relationship stage; early interaction stage; and relationship growth stage. Hence, the research questions examined are:

- RQ1. How is trust developed at the pre-relationship stage of an international business to business relationship?
- RQ2. How is trust developed at the early interaction stage of an international business to business relationship?
- RQ3. How is trust developed at the relationship growth stage of an international business to business relationship?

Methodology

Based on a realist research paradigm (Denzin and Lincoln, 1994), the research that was undertaken in this paper has emerged from a two-study process; being, convergent interviews and case

studies. The purpose and direction of this research can be explained by exhibiting the level of prior theory used in the two studies together with the placement of the studies on the inductive/deductive continuum. This is illustrated in Figure 1, which will now be further explained.

As can be seen in Figure 1, there was an exploratory and a confirmatory/disconfirmatory phase of this research (Perry and Coote, 1994). The exploratory phase included study one, the first 14 convergent interviews, and the pilot case study and the first two cases of study two. This phase shed light on the research topic and crystallised the research questions. This was followed by the confirmatory/disconfirmatory phase with involved five convergent interviews from study one and eight case studies from study two. The aim of this phase was to gain confirmation on the research questions that had developed through the exploratory phase.

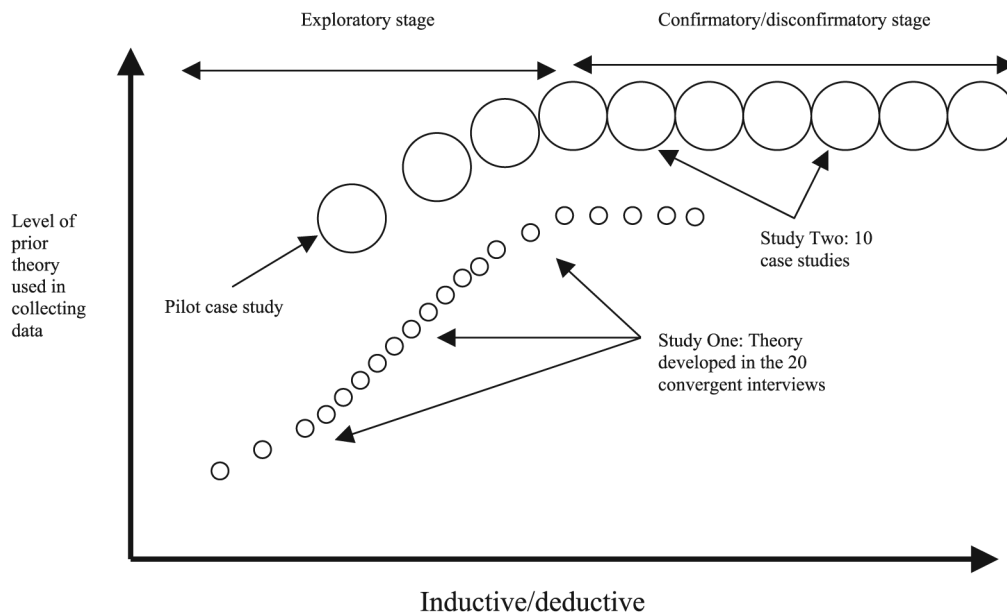
Unit of analysis

The unit of analysis for both study one and two was the relationship that develops between organisations across national boundaries. More specifically, this research examined relationships that develop between Australian universities and overseas education providers. The context of this relationship draws parallels to a franchising arrangement, where the Australian university provides the course material, varying levels of teaching and the qualification, while the education providers outside of Australia provide the marketing, varying levels of teaching and the location.

Study one

Study one used a convergent interviewing methodology (Dick, 1990) to explore the major issues relating to the lifecycle of cross-cultural business-to-business relationships. A convergent interviewing technique was chosen because it is useful in exploratory issues about a topic area which has little or no established theoretical base (Carson *et al.*, 2001), as was the case in this research. Convergent interviewing derives "its power from combining unstructured topic content with a structured process and dialectical analysis" (Dick, 1990, p. 10). This is achieved by undertaking in-depth interviews that are almost completely unstructured at the initial stages of the interview. This allows for flexibility in the direction of the interview to identify important issues (Ritchie and Goeldner, 1987). As the interview proceeds more specific questions can be developed. After each interview the data is analysed and issues are identified that need to be further explored in the next interview. Therefore,

Figure 1 The three studies for this research in relation to the level of prior theory used and the level of induction/deduction used

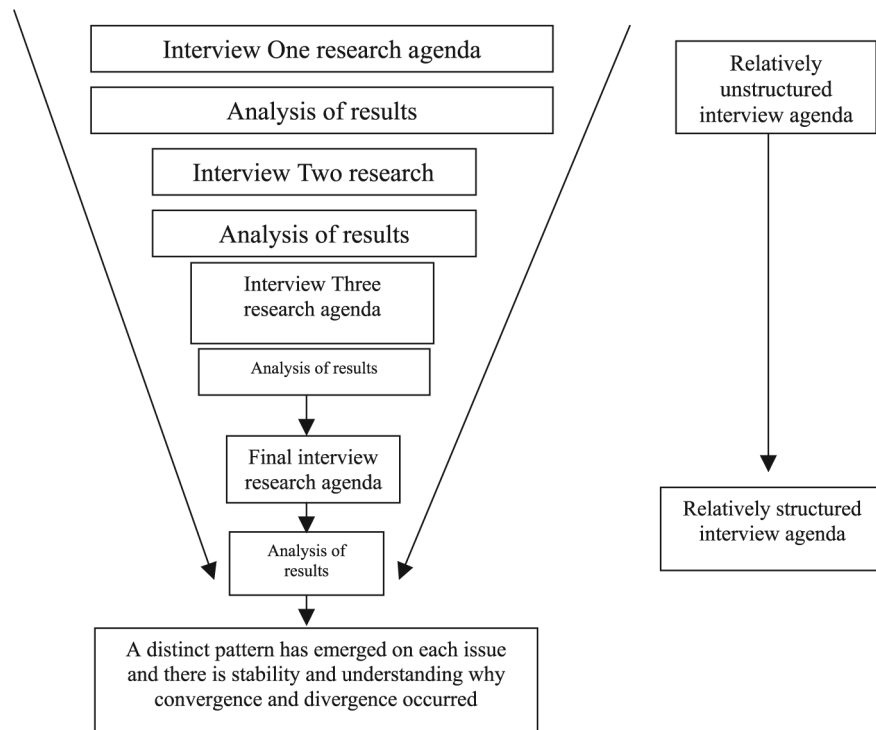


Source: Adapted from Perry and Coote (1994, p. 4) for the situation of this research

as more interviews take place the interview protocol becomes more specific in nature (Dick, 1990). This process that was followed for study one is illustrated in Figure 2.

Convergent interviews were conducted between January 2000 and February 2002. Interviews were conducted with the person considered most important to the development and maintenance of

Figure 2 The flow of interviews to a convergent conclusion



Source: Developed for this research from Dick (1990)

relationships between Australian universities and the overseas education providers. A total of 20 interviews were conducted in total for this phase of the research; interviewees came from both the Australian university side of the relationship (11) and the overseas education providers' side of the relationship (7) and would be considered to hold positions equivalent to middle to upper management. Further, two experts, a lawyer and an IDP Education Australia employee involved in transnational education but not connected to an actual relationship, were interviewed. Dick (1990) suggests that the sample size for a convergent interviewing study should be data-driven; however, it should contain at least 12 interviews. It was deemed that the 20 convergent interviews generated theoretical saturation.

Study two

Study two examined ten case studies of relationships between Australian universities and overseas education providers. As "relationship marketing is a contemporary, preparadigmatic and on-going phenomenon it must be investigated within its real-life context" (Lindgreen, 2001, p. 78); consequently, a case study technique was deemed the most appropriate for study two. Of the ten case studies, three were with relationships where the overseas education provider resides in Hong Kong, three where the overseas education provider resides in Singapore and four where the overseas education provider resides in Malaysia; the breakdown of each case is shown in Table III. A purposive selection method was used to select cases examined in this research. Purposive selection was used because it has the specific aim of theoretical replication (Perry and Coote, 1994). Relationships between Australian universities and overseas education providers were selected from a range of universities in Australia. Whilst most of the cases were of successful relationships, the examination of unsuccessful cases was used, as this allowed for maximum variation (Patton, 1990). Australian universities were selected as case study participants based on the access that would be granted to both sides of the relationship, the

information richness of the data to be collected and the location of the overseas education provider. Data was collected for these case studies between December 2000 to March 2002.

Several authors have shown how reliability and validity can be achieved through case study research (Lincoln and Guba, 1985; Eisenhardt, 1989; Gabriel, 1990; Patton, 1990; Miles and Huberman, 1994; Yin, 1994). Consequently, four criteria for judging the quality of case study research have emerged from the literature, being: construct validity; internal validity; external validity; and reliability. The following steps were put in place during this research in an attempt to increase the reliability and validity of the findings. For construct validity three strategies were used: triangulation of data; the identification of a clear chain of evidence for how the data has been collected; and having the case study findings reviewed by informants. Two strategies were adopted to reduce the concern over internal validity: pattern-matching; and explanation building. Two strategies were also used to reduce the possible issue of external validity: a multiple case study research design was used to increase replication logic as a means of increasing the analytical generalisation of the findings (Burns, 1994); and the findings that emerged from the research were compared and contrasted with the extant literature. To increase the reliability of findings in this research three strategies were implemented: a case study protocol was developed and used through the data collection phase of this study (Eisenhardt, 1989; Miles and Huberman, 1994; Yin, 1994); a case study database was created (Yin, 1994) (this allows other researchers to access the data if needed); and the final strategy to increase the reliability of this study was a double-check of the interview transcripts to ensure accuracy. From the implementation of the above strategies it is hoped that the level of reliability and validity of the findings was enhanced.

Data analysis

There were four levels of data analysis conducted for study one and two (Taylor and Bogdan, 1984;

Table III Description of the case studies undertaken in study three

	PS	Case study number									
		1	2	3	4	5	6	7	8	9	10
Country of OEP	A	M	S	M	M	M	S	HK	S	HK	HK
Time the relationship had been established in years	4	5	3	7	4	5	1	3	10	9	<1
Current stage of the relationship	RG	P	RG	P	RE	RG-P	RG	P	P	P	EI
Number of participants interviewed on the AU side	1	3	2	2	3	3	3	3	2	2	3
Number of participants interviewed on the OEP side	2	2	2	1	0	2	1	1	1	1	2

Notes: PS – pilot case study; RG – relationship growth stage; A – Australia; P – partnership stage; M – Malaysia; EI – early interaction; S – Singapore; RE – relationship end stage; HK – Hong Kong

Miles and Huberman, 1994). First, the first stage occurred during the data collection phase of the research; within an hour of every interview, interview thoughts were reported, identifying constant themes that were emerging and new issues that might have been introduced. The same procedure was conducted after a case was finished. The case would be examined to see how it compared to the previous cases. Second, the second level involved coding the data and developing the researcher's understanding of the subject matter. The data was systematically coded using the Nvivo computer package. Nvivo was used as a tool to manage the vast amount of data generated (Richards and Richards, 1994; Weitzman and Miles, 1995; Carson and Coviello, 1996). Third, the third level of data analysis for this research was drawing conclusions from the displayed data (Taylor and Bogdan, 1984; Miles and Huberman, 1994). First, the data tables were analysed; this allowed the researcher to identify themes that constantly arose through the research. Second, the data within the nodes, generated in the Nvivo qualitative software package, were content analysed for the emerging themes (Miles and Huberman, 1994). Fourth, the final stage of data analysis was to triangulate the findings from study one and two in an attempt to gain a better approximation of the truth.

Quotations

Direct quotations from the transcripts of the interviews conducted with respondents in the convergent interviews and case studies are used extensively through the findings sections. The quotations used help in explanation building and highlighting of relevant themes (Miles and Huberman, 1994; Yin, 1994). Respondents' quotes will be presented in italics.

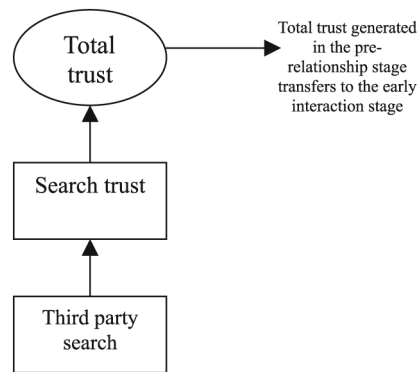
Findings

RQ1

Whilst not clearly identified in the literature, a form of trust that has been titled "search trust" emerged from the data. Search trust at the pre-relationship stage is defined as the search for evidence from indirect sources that increases a partner's level of trust in a relationship. As can be seen in Figure 3, search trust is the only form of trust that is developed at the pre-relationship stage of a cross-cultural business to business relationship.

The increase or decrease of search trust at the pre-relationship stage was based on the results of third party searches undertaken. An example of this is "talking to people who can advise on [the

Figure 3 Trust development at the pre-relationship stage



partners"] credibility and their responsibility and their financial situation ... This gives you a little more security in proceeding with arrangements". Another example of search trust at the pre-relationship stage is shown in the following quote from a manager of international programs at an Australian university: "For all of our potential partners, first of all we look at proposals from what they're proposing to do, and we generally look to a number of referee checks. But we also conduct due diligence, a formal due diligence check, on potential partners, which can obviously bring up a range of issues that could possibly contradict some statements in a proposal. It provides us with the information that we can then feel confident to proceed further ahead with this organisation. Yes, that it's reputable. It's got a good profile. It's in a sound financial position. And in terms of positioning, it's a party that we can be comfortable to position ourselves with in that marketplace".

In both studies, organisations conducted third party searches at the pre-relationship stage to develop the level of search trust they had in their potential partner. As search trust was the only form of trust identified at the pre-relationship stage, this became the total trust generated for this stage that was transferred to the early interaction stage.

RQ2

Trust was identified as a critical variable to establish in a relationship at the early interaction stage. At the early interaction stage "the relationship builds at many different levels, but it is based on one of mutual respect, mutual trust, if things are to go well". Further, "mutual trust is absolutely essential in the early stages of the partnership, and as it develops". Besides the injection of search trust from the pre-relationship stage, three forms of trust were identified that built total trust at the early interaction stage, being:

contractual trust; search trust; competency trust; shown in Figure 4.

The development of contractual trust at the early interaction stage

Contractual trust was seen as a major influence on total trust at the early interaction stage.

Contractual trust was either increased or decreased by how each party performed at doing the “little things”. The “little things” was a term used by one of the respondents that encapsulated a theme that emerged in the data. The “little things” referred to replying to the verbal agreements made between the partners. At the early interaction stage this could be replying to the partner by email, post or phone, to some request that had been made. These requests were not normally large in nature; however, if they were not followed up a reduction in the level of contractual trust occurred. “The initial stage has to do with delivering promises, on time, and what you undertook to deliver. If you say you’re going to do something by a certain time, then you get it done”; because “trust is developed by the partner doing what they said they would do”.

The development of search trust at the early interaction stage of the business to business lifecycle

Search trust was defined as the search for evidence from indirect sources that increases a partner’s level of trust in a relationship. In the pre-relationship stage this took the form of third party searches. However, in the early interaction stage, search trust was increased or decreased by the “vibe” a partner received from the other partner’s operations. This vibe was developed through the “smells, sights, touch and feel” of the partner’s institute. The term “vibe” was chosen because it was the most common term to describe the situation where a partner travelled to the other

partner’s institute to assess the facilities and environment surrounding those facilities. “If you’re going to be in a relationship with a provider you have to see the physical set up. You need to see the people involved, not only on the management side, but you need to be able to have some interaction with those who are going to be delivering the programme for you, the teachers. The vibe, the atmosphere . . . you can get a feel for a place as soon as you walk into it. The vibe, the atmosphere, the culture, all those things . . . as soon as you get outside you just think, this might not be the sort of place we’re interested in”. Consequently, the level of the “vibe” impacted on the level of search trust, which in turn impacted on the level of competency trust at the early interaction stage of the business to business relationship lifecycle.

The development of competency trust at the early interaction stage of the business to business lifecycle

Identifying a partner’s competency level was a major task of the early interaction stage. “I do not think that I would want to deal with a group who were trying to develop the ability to do the job. As I said, the group in Malaysia had lots of money, but I did not think it was worth proceeding with them because it would take them three or four years to develop the necessary competence and infrastructure in order to do the job, and we would have an awful lot of grief in that three or four years”. The data reflected that the level of search trust developed at the early interaction stage was the main influence on competency trust. Search trust “gives you a little more security in proceeding with arrangements”.

RQ3

The formation of total trust at the relationship growth stage was seen to differ from the previous two stages. Besides the transfer of total trust from the early interaction stage, goodwill and competency trust were seen as having the major influence on total trust at this stage, shown in Figure 5.

The development of goodwill trust at the relationship growth stage of the business to business lifecycle

Goodwill trust relates to the partners showing a willingness to do more than is formally expected and/or a commitment to be responsive to requests outside the norm (Sako, 1992). Whilst this form of trust was seen as relatively hard to establish at the early interaction stage, at the relationship growth stage goodwill trust was seen to be an important component of total trust. Both study one and two revealed that during the relationship growth stage a number of issues arose that were outside the parameters of the relationship contract. Goodwill

Figure 4 Trust development at the early interaction stage

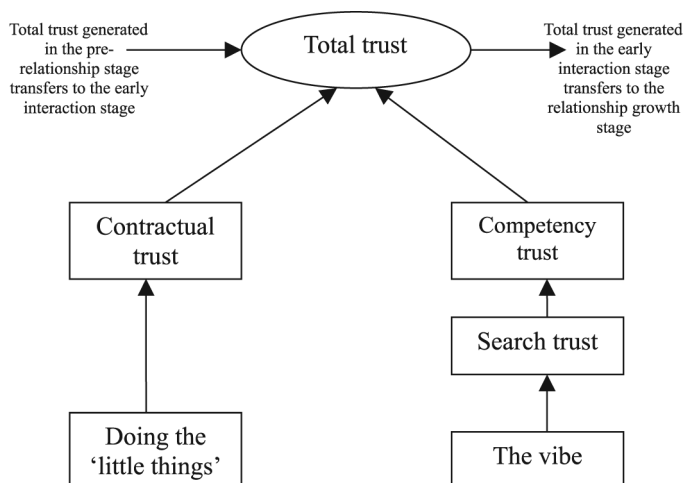
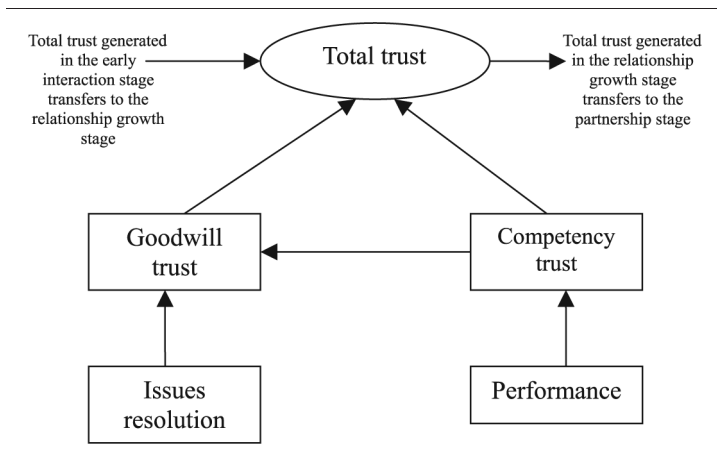


Figure 5 Trust development at the relationship growth stage

trust accumulated when a partner was seen to solve an issue in an equitable and efficient manner.

Another variable that increased the level of goodwill trust was the level of competency trust developed in the relationship growth stage. "I think if you are competent both parties are competent, goodwill is easy. Because you are not arguing with them, you are not having that friction where if they are not competent, because they do everything at the last minute or they do not do it at all or they let you down and all those things, the goodwill deteriorates". The more competent a partner was the higher the level of goodwill trust.

The development of competency trust at the relationship growth stage of the business to business lifecycle

Competency trust was seen to be an important prerequisite for total trust at the relationship growth stage. Further, the elements that developed competency trust at this stage changed from that in the previous stage. The expectation of competency trust was established from the "vibe" in the early interaction stage; however in the relationship growth stage actual performance was used to measure competency. How a partner was seen to undertake the purpose of the relationship reflected on the other partner's level of competency trust. "It is important that they're competent to be able to manage that relationship as it goes on". Further, "I think if they are competent it makes life so much easier for us".

Implications for management

A number of implications for participants involved in developing cross-cultural business to business relationships can be drawn from the findings generated in this research. Given the importance of trust in the development of these relationships, a range of strategies can be adopted by practitioners

with the aim of bolstering the levels of trust inherent in the relationship. Below are a variety of strategies that could increase trust in a business to business relationship at the initial development stages.

At the pre-relationship stage, search trust from third party sources was seen to lead to total trust. This highlights the importance of the reputation of the organisation, and people within the organisation, who are positioning for a possible relationship. Interestingly, sources that were mainly used to develop search trust at the pre-relationship stage included: internet site searches; informal communication with sources that had experience with the possible partner, "street talk"; and if available, the examination of formal reports. The investigation of a potential partner's internet sites emerged as the initial search mechanism used in most of the cases examined. Consequently, management should consider this audience in the design and development of the organisation's websites.

As the embryonic relationship moves into the early interaction stage other variables that lead to the development of trust between the partners emerge; being the "vibe" and "the little things". Regarding the "vibe", managers should consider two elements; the atmospherics of their organisation when meeting relationship partners; and the interpersonal interaction between the delegates from both sides of the relationship. As the proverb states: "You do not get a second chance to make a first impression". Consequently, the impact made at these initial meetings will have a strong influence on the development of the relationship. The managerial implications regarding "the little things" revolve around possible strategies to allow participants adequate resources, time or otherwise, to develop strong communication links between the partners. This should ensure the "little things" that were promised are delivered.

At the relationship growth stage, factors that develop trust emerge from issues relating to goodwill and competency. Goodwill factors include a partner doing more than is formally expected when an unforeseen situation arises. Practitioners should consider the importance of these gestures in the development of trust between the partners, considering the trust building power of acting on these unexpected developments in the relationship. Consequently, adhering rigidly to the terms of the contact can reduce the level of goodwill trust. However, care should be taken that these extraordinary situations do not become the norm rather than the exception. Finally, competency trust is developed at the growth stage by a partner performing the duties of the

relationship within the expectations of the other partner. Consequently, managerial implications are twofold; first, the expectations of a partner relating to performance of the other partner need to be known. This can be achieved by constant effective communication. Second, appropriate levels of resources are allocated into the operations of the relationship by both partners.

Limitations

Several limitations emerged due to the nature of the research undertaken. First, this research concentrated on a single style of relationship; being the partnerships that develop between Australian universities and overseas education providers. Consequently, it is suggested that further research could be undertaken to examine business to business relationships in different industries at the initial stages of development. Second, the relationship partners examined in this study were located in Australia and in either, Hong Kong, Singapore or Malaysia. Therefore, caution should be taken when transferring the findings to relationships where the university is not located in Australia and the overseas education provider is not located in the Asian countries studied. Third, this research was conducted under a realist paradigm using qualitative methodologies. Consequently, the aim of this research was analytical generation and not statistical generalisation. Future research could be undertaken using a positivist, deductive approach in order to test the theory generated by this paper. Finally, this research examined trust at the first three stages of the relationship lifecycle. Further research should be undertaken for the final two stages of the relationship lifecycle.

Conclusion

Trust emerged from both study one and two as a critical component of successful cross-cultural business to business relationships. Furthermore, trust was seen to develop in different forms dependent on the stage in the lifecycle of the business to business relationship. In the pre-relationship stage trust was primarily generated by the reputation of the partner. In the early interaction stage total trust was produced by the trust generated in the pre-relationship stage, the level of contractual trust and the level of competency trust. In the relationship growth stage total trust was developed from the transfer of trust developed in the early interaction stage, coupled

with the levels of goodwill and competency trust. Consequently, the findings from this exploratory research have important implications for the development of a rigorous theory on trust developed in international business to business relationships. Whilst this is an initial step, further research is needed to understand better the factors that develop the critical relational commodity of trust at the different stages of the business to business lifecycle.

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