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Fundamental transformations of trust and its drivers: A multi-stage approach of business-to-business relationships

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ABSTRACT

This research tests a multistage model of trust in business-to-business (B2B) relationships. The model contains three forms of trust, each with unique drivers and consequences for buyer–supplier relationships. An exploratory qualitative study (N = 38) and four quantitative studies (N_{Total} = 616) validate the distinct stages (N1 = 140, N2 = 144, N3 = 152) and provide an overall test of the model (N4 = 180), using structural equation modeling techniques. The results support the proposed modeling of the stages and highlight a positive effect of reputation on calculative trust. Conflict resolution, communication, and sympathy positively affect cognitive trust. However, shared values do not significantly drive affective trust. Interdependence also exists among the three trust forms, both directly and indirectly. That is, calculative trust does not affect investments in relationship or confidential communication, but cognitive trust influences these constructs indirectly, through the mediation of affective trust. Affective trust also leads directly to greater investments in relationship and generates additional confidential communication.

1. Introduction

Despite vast research into the concept of trust in the past few decades, it remains one of the most challenging concepts to study, "worthy of more thorough analysis and a deeper understanding" (Gundlach & Cannon, 2010, p. 411). According to one recent survey, a lack of trust leads to decreased profitability (cited by 65.5% of surveyed companies) and customer attrition (61.0%) (Deloitte, 2015). Moreover, trust is a basic requirement for successful relationships in complex markets (Doney & Cannon, 1997; Lindgreen, 2003; Morgan & Hunt, 1994; Palmatier, Dant, Grewal, & Evans, 2006; Seppänen, Blomqvist, & Sundqvist, 2007), with vast and varied benefits, such as lower transaction costs (Dyer & Chu, 2000; Gulati, 1995; Zaheer, McEvily, & Perrone, 1998), improved performance (Aurier & N'Goala, 2010; Geyskens, Steenkamp, & Kumar, 1998; Jap, 1999; Kumar, Stern, & Schrol, 1992), and buffers against detrimental effects (Harmeling, Palmatier, Houston, Arnold, & Samaha, 2015). In business-to-business (B2B) settings, trust is even more critical, because the actors are relatively fewer, the switching costs are high and prohibitive, interdependence is common, and the buying process is long and complex.

Although some of the studies in this vast research stream assess trust longitudinally, examining long, trusting relationships between associates or between suppliers and customers (Anderson & Weitz, 1989; Doney & Cannon, 1997; Ekici, 2013; Huang & Wilkinson, 2013), further investigations of its evolving nature in B2B supplier–customer relationships are required (Huang & Wilkinson, 2013). In particular, though it develops gradually (Gabarro, 1978; Jap & Ganesan, 2000; Rempel, Holmes, & Zanna, 1985), trust generally is treated as a static, rather than a process-based, phenomenon (cf. Dowell, Morrison, & Heffernan, 2015). For example, to overcome issues of causality that arise in static trust studies (Seppänen et al., 2007), research might account for the evolving nature of trust. Furthermore, in addressing this void, research on trust also need to go beyond cognitivist approaches which are mainly based on knowledge and mechanisms of information processing from beliefs and perceptions (Young, 2006).

With a process perspective, research should provide a framework in which relationship partners update their assessments over time and learn periodically about each other (Hardin, 1993).

By considering a process approach as an effective means, we respond to calls for research, such as Hadjikhani and LaPlaca's (2013) suggestion of better integration of the temporal dimension. In particular, time dimensions and relationship stages can be necessary, prerequisite information to support customer relationship management, because relationships survive by managing whichever force is dominant at a given stage (Johnston & Hausman, 2006; Zhang, Watson, Palmatier, & Dant, 2016). According to Seppänen et al. (2007, p. 261),

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studies of "the temporal element of trust in inter-organizational studies" are scarce. They thus call for research that investigates the underlying drivers, moderating factors, and consequences of trust over time. This topic has been tackled theoretically by Huang and Wilkinson (2013) and empirically by Ekici (2013). However, Ekici's longitudinal study does not unpack the forms of trust and instead reveals mainly that buyers do not differentiate trust in short- and long-term relationships, a result that is likely due to the study's focus on the overall level of trust and its duration, rather than on its specific forms or different stages. Yet at the moment buyers evaluate a relationship construct, such as trust, they are inherently in some particular relationship stage. Assuming (implicitly or explicitly) that all respondents are in the same stage can bias the results (Terawatanavong, Whitwell, & Widing, 2007). Dowell et al. (2015) examine trust and its effects on business relationship outcomes over time but include only affective and cognitive trust and early and mature relationship stages (i.e., less or > 12 months).

In response, we investigate the transformation of trust by considering multiple relationship lifecycle stages in supplier–buyer relationships and different forms of trust. With a process perspective that encompasses both the trust-building process and manifestations of trust, this research integrates calculative trust, cognitive trust, affective trust, and behavioral trust (as a proximal outcome); tests the various drivers and interrelationships among the trust forms; and delineates the effects of each trust form on behavioral trust. Furthermore, we controlled for the effects of various relevant factors in B2B relationships (sector, size, buyer position, relationship duration) to ensure that the results are robust and not subject to heterogeneity issues. Drawing from various theoretical perspectives (social psychology, economics, organizational science), we strive to conceptualize fundamental transformations of trust and test a multistage model of trust in a B2B context across relationship stages and in different conditions.

In so doing, we investigate how trust changes over the course of a relationship, by quantitatively assessing the differentiated forms of trust and their drivers with respect to the different relationship stages. Relational mechanisms may have unequal impacts throughout the lifecycle stages, so the identification of these mechanisms and the stage in which they operate most commonly can extend theory while also helping managers perform their customer relationship management more accurately. We test our proposed multistage model of trust in B2B relationships with four quantitative studies. In addition to testing the links among the various forms of trust, concomitant to relationship development, we investigate sequences of transformation and connectedness across the three forms of trust over the lifecycle stages, as well as the potential moderating effects of the firm's industrial sector and relationship duration. Accordingly, in the next section, we outline the theoretical foundations of the drivers that transform trust over time, before examining a multi-form conceptualization of trust in supplier–customer relationships.

2. Literature review and conceptual model

2.1. Process perspective of trust during B2B exchanges

A process approach to trust appears in social psychology, sociology, and organizational studies, which acknowledge the active or dynamic aspects of trust, such that trust evolves within relationships, rather than existing idly (Mayer, Davis, & Schoorman, 1995). According to Lindgreen (2003), process-based trust develops through a spiral of reinforcements, reflecting the behavior of each partner and the history of their interactions, such that it can evolve from fragile to resilient. Two main streams of research contribute to conceptualizations of trust as a dynamic process. The first examines how trust changes slowly over time, and it establishes different stages (Gabarro, 1978; Rempel et al., 1985), such that trust evolves across levels, through standardized and routinized exchanges. A second research stream instead views trust from an interactive perspective, such that synergies develop, are influenced by inputs, and affect outcomes (Zand, 1972). A psychological approach to trust also contributes to these conceptualizations, by characterizing it as transformative along a longitudinal path (Lewicki & Bunker, 1995; Rempel et al., 1985; Shapiro, Sheppard, & Cheraskin, 1992). In Lewicki and Bunker's (1995) three-stage conceptualization for example, situational trust develops, starting with a form based on calculus, then knowledge, and finally identification. The previous stages must be complete before subsequent ones emerge.

Because B2B relationships evolve, we argue that this conceptualization of interpersonal trust within a process perspective is appropriate in a B2B context too. Marketing literature examines trust at interorganizational and interpersonal levels, and the results generally indicate that interpersonal trust predicts both customer behaviors and organizational performance better than interorganizational trust (Palmatier et al., 2006).

2.2. A multistage approach to trust

Similar to the types of trust that can be generated within organizations (Lewicki & Bunker, 1995), we consider three forms of trust in interorganizational business relationships: calculative (e.g., cautious' behaviors underlying deterrent sanctions), cognitive (e.g., predicting the other party's behaviors), and affective (empathy, security, emotional bonds). In addition to addressing them separately, we integrate these forms to define trust broadly as calculative and non-calculative cognitions, sentiments, or actions related to a party's willingness to be vulnerable to another party, predicated on positive expectations of the other party's intentions and behaviors.

Going beyond a strictly cognitivist approach, our integrative definition (calculative, cognitive and affective forms of trust) contributes to a better understanding of the evolution of trust. By adding temporality, the trust concept becomes increasingly complex and demands a new framework to define and characterize it. Dwyer, Schurr, and Oh's (1987) concept of a relational cycle provides an interesting option to unite different approaches, from a process perspective; Jap and Anderson (2007) validate this framework. Dwyer et al.'s model indicates that B2B exchanges include five stages: awareness, exploration, expansion, maintenance, and termination. The first and last stages do not involve tangible exchanges and do not feature trust. In contrast, the exploration, expansion, and maintenance stages encourage the development of trust, because transactions, both economic and personal, occur during these stages. During exploration, parties determine whether their counterpart is capable and willing to deliver positive outputs; if so, they enter into exchanges to develop a basic working relationship that accords with their expectations (Morgan & Hunt, 1994). During expansion, interdependencies develop among them, resulting from the fulfillment of promises and satisfaction with the other party's performance. If both parties are satisfied with the outcomes of the collaboration, as afforded by trust, they can enter into an advanced, maintenance stage.

Because relationships evolve at different speeds, we classify *ex ante* relationships according to their stage in Dwyer et al.'s (1987) model, instead of by duration. As Zhang et al. (2016) underscore in their longitudinal study, not all interfirm relationships exhibit the same changes over a six-year period; some even remain in the exploration stage. For the current study, we asked respondents to identify the stage of their current relationship with a chosen supplier, after providing them with descriptions of each stage. This choice reflects our recognition that not all relationships develop affective-based or cognitive trust, beyond calculus-based trust, and some of them stabilize on the basis of calculus trust alone (Lewicki & Bunker, 1995).

2.3. Hypotheses

Over relationship development stages (Dwyer et al., 1987), the three forms of calculative, cognitive, and affective trust are linked and