

Special Issue: Cooperation and trust in the context of SMEs

Introduction: a strategy for overcoming the definitional struggle

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Article by an MPIfG researcher

Matthias Fink, Rainer Harms, Guido Möllering: Introduction: A Strategy for Overcoming the Definitional Struggle. In: International Journal of Entrepreneurship and Innovation 11(2), 101-105 (2010). IP Publishing
The original publication is available at the publisher's web site: <http://dx.doi.org/10.5367/000000010791291839>

Cooperative strategies can be a great opportunity for small and medium-sized enterprises (SMEs). In the face of their liabilities from smallness (Brüderl and Schüssler, 1990), SMEs can cooperate with others in order to reap scale benefits in purchasing, production and sales so as to engage in collaborative research and development or to access international markets (Cooper *et al.*, 1994; Fink *et al.*, 2008). Ultimately, partners may develop unique factor combinations through cooperation and create a competitive advantage individually (for example, by out-learning their partners – see Hamel, 1991) or within ongoing relationships with established partners (Dyer and Singh, 1998).

As is the case in all value-added processes based on the principle of division of labour, the need for coordination arises. Indeed, Roessl (1996) states that the key to success is efficient and effective coordination of the partners' behaviour within the scope of the cooperative agreement. Particularly under the condition of specific investments made in cooperative relationships and the resulting potential for opportunistic behaviour from the partner, trust is discussed as an effective type of coordination. In the best case, trust can absorb uncertainty without reducing the flexibility of the cooperation partners. The benefits of trust are mirrored in empirical evidence that supports a positive relationship between trust and venture performance (Carson *et al.*, 2006;

Cullen *et al.*, 2000; Lavie, 2006) and also in the context of cooperative relationships of SMEs (Fink and Kessler, 2009).

In trust research, countless definitions of trust have been offered and new ones continue to be developed, despite some convergence of opinion on the definition proposed by Rousseau *et al.* (1998, p 395): 'a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another' (see also Möllering *et al.*, 2004). The literature continues to build on a range of conceptualizations of trust that have been influential, such as Rotter's (1967) model of it as a personal trait, Luhmann's (1979) idea of it as a complexity-reducing mechanism, Coleman's (1990) rational-choice view of it as a bet, or Mayer, Davis and Schoorman's (1995) relational 'willingness to be vulnerable' based on ability, benevolence and integrity as three dimensions of perceived trustworthiness. A review of empirical research on interorganizational trust from 1990 to 2003 shows major inconsistencies in the conceptualization, operationalization and measurement of trust (Seppänen *et al.*, 2007). What trust means and how the variable of trust is used depends, among other things, on the empirical context (for example, trust between SMEs *versus* trust between units of a multinational). On the basis of a thorough literature search, we have identified

126 definitions of trust, which we analyse here in our introduction to this special issue with the aim of developing a perspective that permits a variety of definitions, but at the same time locates them in relation to each other so that convergence and divergence between studies can be recognized.

This situation of multiple conceptualizations of trust can have serious consequences for research. At worst, different understandings of the nature of the phenomenon under discussion can result in misunderstandings and communication breakdown between researchers (Wittgenstein, 1989). It can also negatively affect support for the future investigation and dissemination of trust as a crucial issue of modern business (Seppänen *et al.*, 2007). We contend, however, that trust research should not embark on the futile quest for a single definition that all research would then converge on. We see more value in an approach that recognizes that all the different concepts hold a potential contribution to our overall understanding of the phenomenon (see also Möllering, 2006). For example, Castaldo (2007) conducts a meta-analysis of more than 70 trust definitions from 1960 to 2001 and does not attempt to single out the best definition, but instead performs a content analysis and devises a lexical association map that shows the many facets of trust considered relevant in the literature. We propose an equally pragmatic strategy with the added benefit of highlighting ‘definitional corridors’. A definitional corridor represents a cluster of trust definitions that share a number of basic dimensions. The findings of different studies can thus be interpreted and compared against the backdrop of the trust corridor in which they reside. Studies from the same corridor contribute to the development of knowledge in that specific area of trust research, while studies from different corridors still enrich our understanding of the overall phenomenon of trust. Hence, ours is an integrative strategy. We do not propose a unitary concept of trust, but a method for revealing differences and similarities. That way, within a broader context, such as the focus of this Special Issue, the results of different studies become complementary. Even if the different studies view the concept of trust from different perspectives, and therefore work with different definitions, they all provide information about certain aspects of the same general research object: trust in the cooperative relationships of SMEs.

In methodological terms, our approach highlights the definitional overlaps in the conceptualization of trust of different studies. Potential scientific progress can be detected when definitional overlaps are interpreted as micro-replications (Hubbard and Armstrong, 1994) which allow for assessing the reliability and the limits of validity of previous empirical findings. Congruent

Table 1. Constitutive dimensions of trust and their frequency.

Dimension	Frequency
Interaction partner	81
Expectation	73
Calculus	33
Risk/uncertainty	32
Action/behaviour	32
Exchange relation	27
Possibility	21
Control	17
Time	18
Rationality	18
Confidence	18
Reciprocity/dependence	11

Note: N = 126.

empirical results of studies that use overlapping definitions indicate reliability of the earlier findings, whereas conflicting results put reliability into question. Conflicting empirical findings of papers with divergent definitions indicate the limits of validity of earlier empirical findings, whereas congruent results support a widening of the area in which the findings are valid.

We identified different definitional corridors of the conceptualization of trust based on a literature analysis of studies published in peer-reviewed journals from the fields of business administration, psychology and sociology (such as the *Academy of Management Journal*, the *Journal of Managerial Psychology* and the *American Journal of Sociology*) between 1988 and 2008. This literature analysis yielded 126 different definitions of trust. Based on a content analysis, 32 elements were identified in these definitions. An exploratory factor analysis based on Varimax rotation revealed 12 factors that could be regarded as constitutive dimensions of trust (see the first column of Table 1).

To identify definitional corridors, we performed a hierarchical cluster analysis based on Ward, using squared Euclidean distances for binary variables (present = 1; absent = 0; Janssens *et al.*, 2009). By clustering the 126 definitions across 12 dimensions, we identified two main clusters of trust definitions (‘definitional corridors’). Based on cross-tabulation analysis, we identified the characteristic distribution of dimensions across the cases by assessing the more-than-expected appearance of a dimension. The overall finding is that both definitional corridors draw strongly on the dimensions of ‘expectation’ and ‘interaction partner’. However, one corridor emphasizes ‘risk and uncertainty’ while the other focuses on ‘confidence’. This means that definitions of trust used in published research differ fundamentally in their emphasis on the former or latter dimension.

Definitional corridors

The risk and uncertainty corridor

The first definitional corridor includes 50 cases (definitions) and focuses on the dimensions ‘expectation’, ‘interaction partner’ and ‘risk and uncertainty’. As the first two are also strong in the other definitional corridor, the following analysis will look mainly at the definitional relevance of ‘risk and uncertainty’ in trust.

Studies in this corridor start from the assumption that trust is risky and that those who trust are taking a risk (Coleman, 1990). The actor’s awareness of a possible loss can only evolve if there is more than one alternative for action (Luhmann, 1979), the consequences of which are not completely clear to him. Aside from spot market transactions, performance and counter-performance are temporally and spatially separated in most business transactions (Emerson, 1962, from a power-dependence perspective; Macneil, 1980, from the perspective of contract theory). This leaves the interaction partner who renders the advance performance with the risk of the partner behaving opportunistically and deviating from what has been agreed on (Williams, 2007). This risk rises with a growing time span between performance and counter-performance. Particularly in the context of SMEs, long-term reasoning is important. Whereas this fits the mindset of owner-managers in SMEs, the managers of large companies, and especially those of publicly held companies, tend to have difficulties in legitimating their engagement in exchange relationships that do not pay off in the short and medium term, but may generate considerable profits in the long run. In other words, trust partly absorbs the risk in longer-term or relational contracts, and without trust such contracts will be harder to enter into.

In their paper ‘High-risk and low-risk cooperative exchanges and perceived benefits in formal business networks’, Terry L. Besser and Nancy J. Miller analyse the determinants of perceived benefits of membership in business networks. They find a positive connection between trust and various dimensions of network benefits. They also find that trust is positively related to the number of exchange relationships, independent of whether they are high-risk (such as joint purchasing) or low-risk (such as referring customers), while there are more complex relationships between the impact factors.

Dependency and power in cooperative relationships between small and large firms are the main topics of ‘Does size matter? Balancing power in dyadic cooperation relationships’ by Dietmar Roessler, Matthias Fink and Sascha Kraus. The authors examine the extent to which differences in dependency and power impact on the riskiness of cooperating. They also discuss the impact of firm size on these differences and provide a portfolio of

withdrawal and investment strategies as options to balance dependency and power among the cooperation partners, sketching possible development paths of such asymmetrical cooperation arrangements.

The confidence corridor

The second definitional corridor contains 76 cases from our sample of 126 trust definitions. It is called the ‘confidence corridor’ because the definitions strongly emphasize the dimension of confidence within trust (while also scoring highly on ‘expectations’ and ‘interaction partner’; see Table 1). Interestingly, the first corridor points to the more problematic side of risk and uncertainty, while this second corridor highlights a more positive feature of trust – confidence.

Luhmann (1988) insists that trust is different from confidence, but many authors either regard trust as a social form of confidence or see confidence as an element of trust (which is confirmed by our analysis of 126 definitions). For example, Lewicki, McAllister and Bies (1998, p 439) define trust (simply) as ‘confident positive expectations regarding another’s conduct’. This definitional corridor brings to our attention the fact that trust is an interesting mechanism because it positively resolves the conditions of risk, uncertainty, vulnerability and opportunism in which trust is needed. Researchers in the confidence corridor are particularly interested in this mechanism. It is important that trust is not the same as a prediction that is made with 100% confidence based on some irrefutable evidence. In contrast, trust produces a subjective confidence when probabilistic certainty is impossible. Lewis and Weigert (1985) express this most clearly when they state that ‘to trust is to live *as if* certain rationally possible futures will not occur’ (p 969, emphasis in original) and that ‘to trust is to act as if the uncertain future actions of others were indeed certain’ (p 971). In the same vein, Möllering (2001, 2006) builds on the seminal ideas of Georg Simmel, arguing that all trust involves a leap of faith. Hence, trust implies confidence in the face of risk, and this is how the two definitional corridors are connected: one highlights the conditions for the relevance of trust; the other specifies the mechanisms for its occurrence; and together they capture a larger picture of trust.

The issue of confidence is highlighted in Mike Troilo’s paper, ‘The role of trust in new SME creation: differences in motivations and opportunities’, who presents his argument on the basis of an interpretation of trust as a ‘societal belief in the honesty of other actors’. Here, trust is a function of the generalized expectations in the society in which entrepreneurs do business. Troilo analyses the effect of trust on different types of entrepreneurial activities, such as Schumpeterian (innovation-oriented) or Kirznerian (arbitrage-oriented)

entrepreneurship (Shane, 2003). Differentiating between developed and developing countries, he shows that trust is more strongly related to entrepreneurial activities in developing countries, which tend to have a weaker legal system, than in countries with well established legal frameworks.

The paper by Leana Reinl and Felicity Kelliher, 'Cooperative micro-firm strategies: leveraging resources through learning networks', highlights the importance of cooperative learning. While business owners may be reluctant to share their ideas, the confidence that owners from the same industry will not take unfair advantage of shared ideas and learning is crucial to the emergence and development of cooperative learning. The authors illustrate this using the example of the Irish Tourism Learning Network.

Conclusion: towards a differentiated perspective

In this introductory article, we have proposed a perspective and method that aim to reveal both the differences and the complementary contributions of research projects on trust based on a variety of partially overlapping definitions. Against the background of this approach, those studies that strive to integrate more than one definitional corridor of trust in a specific context appear to be especially fruitful. An example in this special issue is Patrick Saporito and Kenneth Colwell's article, 'The multidimensional form and role of trust in the small capitalization debt finance market', which analyses the role of calculus-based trust, knowledge-based trust and identification-based trust in the context of small firm–bank relationships. While calculus-based trust is clearly grounded in compliance with a system of punishments and rewards (as a response to risk and uncertainty), identification-based trust is rooted in intrinsic motivations and the confidence of not being taken advantage of. The results of Saporito and Colwell's paper show that these dimensions of trust have different antecedents (for example, in terms of firm characteristics) and consequences (for example, in terms of satisfaction with credit access). Hence, it may be fruitful to analyse different dimensions of trust separately. Such multi-definitional studies may represent an avenue for future research that could help to overcome the definitional struggle step by step. We argue that it is not necessary to struggle for one unitary definition of trust on which all researchers in the field will agree. Rather, researchers can position themselves in a specific definitional corridor that provides both flexibility and theoretical guidance.

It must be noted that our proposed definitional corridors of 'risk and uncertainty' and 'confidence' are

the result of a preliminary cluster analysis that is sensitive to choices made by the researchers. Our findings may change and further corridors or subcorridors may emerge, once more definitions have been added or more detailed analyses have been performed. However, the emphasis on either 'risk' or 'confidence' as an (admittedly pointed) juxtaposition is a theme that can be found in various places in the trust literature. Moreover, our claim that the corridors are connected, implying a potential for integration rather than fragmentation of trust research, is supported by the meta-definition of trust as confidence in the face of risk, which may be too imprecise in itself, but can serve as a point of reference for more detailed definitions.

Regarding the articles selected for this special issue, it should be noted that contributors were not encouraged by our call for papers to position their work in relation to the two corridors presented in this introduction. This means, first, that our analytical assignment of the articles to one corridor or the other is a preliminary exercise in applying and testing our approach. Second, the papers are obviously much richer in that they also reach outside the definitional corridors we have identified.

We are grateful to the contributors for responding to our call for papers and for taking on the constructive feedback received during the editorial and review processes. We are confident that readers will benefit greatly from this set of diverse but complementary studies on trust in the SME context.

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