

# **COPING WITH DARK SIDE OF TRUST IN BUSINESS-TO-BUSINESS RELATIONSHIPS**

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## **ABSTRACT**

The researchers emphasize trust as a fundamental concept characterizing most relationships on interpersonal and inter-organizational level. Agreeing with the undoubtedly positive aspects of trust in business-to-business relationships, in this paper we assume that such a picture of trust is biased towards optimism. Trust can be problematic for one or both sides of the business relationship. The dark side of trust, and coping with it remains a research gap, as the negative aspects of trust were taken up only by individual researchers.

Assuming that companies aim at high trust in many business relationships, in this paper we discuss issues regarding how they cope with the negative aspects associated with a high trust. This paper has a conceptual character. It is based on critical literature review. It contributes to the of the IMP approach by problematizing the dysfunction of high trust in terms of individual and organizational business relationships.

**KEYWORDS:** trust, dark side, relationships

## **INTRODUCTION**

According to numerous researchers, the critical element to achieve the anticipated profit from relationships with customers is to establish trust, which is a multilevel and multidimensional phenomenon (Doney and Cannon 1997; Fang et al., 2008). Most researchers point out the positive consequences of trust for business relationships, assuming that mutual trust directly affects outcome of relationships or enhances the conditions that enable to achieve those outcomes.

Despite the fact that the issue of trust in business relationships is now - after decades of academic work - well established, there are some voices pointing to the dysfunctions of cooperation based on trust. Researchers focusing on social capital, business-to-business relationships and interorganizational trust have suggested the need to develop research on the negative aspects of trust (McEvily et al. 2003; Inkpen and Tsang 2005). But most of the research has been focused on insufficient trust that does not allow achieving maximum results. Much less work has been done on studying the negative effects of a high trust. The scarce of research on negative aspects of trust consider just the sources of dark side of trust and its influence on (in most cases individual) business relationships, but not handling them (Gargiulo and Ertug, 2006). Therefore, in this paper we focus on latter perspective of trust. Our purpose is to extend actual state of research by asking questions about ways of organizational coping with negative aspects of high degree of trust faced by the individuals in the organizations, who act as boundary-spanners.

We see a set of questions that can be a starting point of research in this under researched area. By assuming the differentiation between individual and organizational trust, we want to focus

on the mutual interaction of the organizational and inter-personal level in the event when negative effects of too high degree of trust occur.

### NEGATIVE ASPECTS OF TRUST

There has been a substantial amount of work that has looked at the causes and consequences of trust both within and beyond the IMP group. Trust is a multidisciplinary and polysemic concept, hence the authors don't agree about its nature and significance. Because trust is the subject of interest in various fields, researchers create and cite various definitions, depending on the scientific background. Hence, there is no one general definition of trust. "The conceptual jungle" leads to the situation, where the state of knowledge about "how trust works" is higher, than "what is trust" (Castaldo, Premazzi and Zerbini, 2010). An additional difficulty in the study of trust in business-to-business relationships is the fact of its identification to a greater extent with the feature of interpersonal relationships than organizational (Światowiec-Szczepańska, 2012). One of the most frequently cited definitions is the one the proposed by Doney and Cannon (1997), who broaden the psychological approach to an economic perspective. According to their definition, trust is the perception of *credibility*, that is, the belief that the other side can and will behave as promised and show *benevolence*, take into account the interests of the truster in their actions and take care of achieving common goals. In other words, trust in business relationships means relying on the other person with the conviction of his or her kindness (entering into a relationship, I trust that the other side wants to do good and takes into account the needs and values of the trusting person). As it is "a perception" means, that trust is contextual and it is a subject of interpretation, because it is embedded in a context and the parties interpret and perceive interaction in a diversified way (Leszczyński and Zieliński, 2019).

Trust is commonly accepted as having a variety of positive effects, and researchers have focused on exploring these benefits both on organizational and inter-personal level. Despite the diversity of approaches, practically all the existing empirical studies stress the benefits trust can bring to the parties involved (Langfred, 2004). Therefore, in the literature on interorganizational relationships a postulate of striving for a high trust is common. One of the first researchers, who presented different point of view on trust and considered the negative aspects of trust was Deutsch (1958). He pointed to the possibility of emotional tensions and the increase of conflict probability along with becoming closer in the relationship and getting to know one another better. Granovetter (1985) also emphasizes that the increase of relational capital creates occasions for opportunistic behavior and that the trust itself is not a guarantee of credible behavior. It can lead to bigger malpractice and frauds, as when there was no trust (Shapiro, 1987). The research on negative aspects of trust is present in the literature on the business-to-business relationship, but it cannot be considered as an equivalent to the interest in the positive aspects of trust. Following that studies on positive aspects of trust we assume, that simultaneously some negative aspects could appear.

Most of the works emphasizing the dark side of trust is considering the consequences for the one of the involved parties, or for the relationship itself. They are pointing to the negative effects of trust like: lack of objectivism and searching for alternative solutions, suppressing creativity, excessive confidence, omission the evidences about the credibility of partners, and remaining in ineffective alliances (Gargiulo and Ertug, 2006; Zahra et al., 2006). Thorgren and Wincent (2011) are discussing the risk of relationship rigidity or inertia in relationship that can be caused by high trust. This can lead to dysfunctional, convenient relationship, that holds back from innovation, and can even lead to corruption (Connell and Mannion, 2006). Gargiulo and Ertug (2006) categorized the disfunctions that come from high degree of trust.

It is connected with faulty assessments and can lead to: opportunism, lowering quality of the shared information, occurrence of relational inertia and in creation of redundant commitments that constrain and impose certain behaviors of the trustor. Zahra and colleagues (2006) complement the list, by adding the high expectations from the trustee, lack of effective control and emphasizing of the relational aspects (unmeasurable and intangible) rather, than economical ones.

The literature review reveals that research on the negative aspects of trust in business-to-business relationship was conducted mainly on the individual and business network level. There are no observations on the organization level and on the interplay between organizations and individuals. The research in this area shows that among individuals and organizations that are represented by the individuals (boundary-spanners), there can be substantial differences in the awareness and interpretations of the negative aspects of high degree of trust. It is pointed out that it is the individual that is the first to experience negative aspects of trust and must deal with them (Leszczyński and Zieliński, 2019) but there is lack of analyses of how organizations deal with situations in which the dark side of trust appear to their boundary-spanners neither other employees. Meanwhile, Ashnai and colleagues (2016) found that “inter-personal and inter-organizational trust can be considered as two distinct constructs, which have distinct effects”, which stems from the multilevel character of a business-to-business relationship itself (Schilke and Cook, 2013). Thus, conducting studies on just one level seems impossible, because the distinction to inter-personal and inter-organizational trust is blurred, as trust, at the organizational level is rooted in the perceptions, interpretations and judgments among the interacting individuals (La Rocca et al., 2016). That is the reason why in this paper we ask questions about the ways that organizations are coping with negative aspects of trust faced by individuals representing those organizations.

### **COPING WITH NEGATIVE ASPECTS OF TRUST**

By discussing the negative aspects of trust, Gargiulo and Ertug (2006) assumed that there is a point of inflection in the degree of trust, which after passing this point can be described as too high (excessive or blind), resulting in diminishing benefits or even negative consequences. Acquiring this approach results in the pursuit to identify the trust inflection point and in monitoring, whether the degree of trust in a relationship is suitable. However, the optimal degree of trust can change depending on the context of relationship (Krot and Lewicka, 2016). Actors can be unaware of the excessive trust until a critical situation will occur (Wicks et al., 1999). Because of embedment of trust in the context of relationship, diverse interpretation and perception of trust by the parties involved, we believe that setting the “optimal degree of trust” for given relationship is not possible. Despite the fact that the idea of an optimal trust is interesting intellectually, it does not reflect the reality analyzed from the perspective of interactive paradigm.

Trust, as the business relationship itself, is not good or bad in its nature, but can lead to positive and, at the same time, negative effects (Abosag et al., 2016). This way the dark sides of trust are inseparable feature of the high trust in business-to-business relationships. As actors tend to achieve the high degree of trust in business relationships (on the account of the benefits it brings), they probably take into the account the appearance of negative aspects of the high degree of trust. Thus, they face the necessity to deal with them, as with other problems in business relationships.

Negative aspects of the high degree of trust can be investigated from the perspective of individual actors, as well as whole organizations. Even if these are individuals who trust as

members of organizations, rather than the organizations themselves, the relationship in business-to-business landscape is extended beyond individual interactions and relates to organizational actions too. Moreover, organizations develop a collective perception of the implementation of tasks within the dyadic relationships and routines concerning the scope of duties and ways in which to fulfill them, they also set the level of monitoring and controlling in relationships (Throgren and Wincent, 2011). That is why the issue of copying with negative aspects of trust should be considered at both: inter-personal and inter-organizational level.

That perspective is reflected in three concepts of handling problems in business relationships that could be linked to organizational coping with negative aspects of high trust in individual relationships. First, Wathne and Heide (2000) synthesized transaction cost economics and social capital studies and proposed conceptual framework of governance strategies. These strategies include monitoring, incentives, selection and socializing as four methods of managing opportunism. Second, interactive Holmlund-Rytkönen and Strandvik, (2005) in the model of negative incident management proposes implementation of systematic monitoring of disturbances in interactions with buyers. This system should be designed to uncover hot spots which can cause negative incidents and expose the reasons behind problems frequently occurring in interactions. Analysis of those problems provides the basis for improvements. Third, Mitreğa and Zolkiewski (2011) propose to analyze how to handle problems in relationships with customers by limiting the opportunism. It could be achieved by monitoring of customers behavior, limiting opportunism by the use of appropriate stimuli or moderating it by coercive, normative and mimetic pressure what can lead actors to adjust actions and reactions to certain norms that are far from opportunism. Concluding, we can observe two main aspects of coping with problems in business relationships (which can be adapted to the issue copying with dark side of trust): identifying/monitoring problems in interactions and supporting/moderating appropriate behaviors.

Since first publications concerning the role of trust, its dual (positive-negative) character is getting understood better. As the exploratory research among salespeople revealed (Leszczyński and Zieliński, 2019), actors are not aware of the existence of dark side of trust in every relationship that is based on high trust. Thus, we suppose that they intentionally cope with them by minimalizing the effect of it or eliminating it to keep the relationship from distortions and the trust from dismantling. We assume that trust is dissolved between individual actors and the organizations, therefore the key issue is to understand the interplay between individual and organizational coping with dark side of trust. Trying to enrich the discussion on trust in business relationships we ask set of questions about organizational coping with negative aspects of high trust that are faced by individuals (Leszczyński and Zieliński, 2019).

*Q1. How organizations identify the occurrence of negative aspects of trust among individuals who act as boundary-spanner?*

Previous research shows that opportunism (which might be accepted by an individual actor in high trust relationship) and other negative aspects of high trust are directly affecting individuals involved in relationships – their jobs, as well as the private life (Leszczyński, Zieliński 2019). Because of emotional involvement in the relationships, individuals can have limited ability to assess the relationship and can be a subject of opportunistic behavior of the other side of a relationship. How organizations monitor the level of opportunistic behaviors in interactions of individual actors? How organizations try to make assessments of trust dynamically defined and redefined by interactions between individuals to know the risk of occurrence of dysfunctional level of trust?

*Q2. How organizations use knowledge from relationships to support the individuals who act as boundary-spanners in dealing with the dark side of trust?*

On the inter-personal level of a business relationship, the degree of trust and its consequences (both positive and negative) can largely be an effect of the decision of individual actor, not the organizational actions (Gaczek, Leszczyński and Zieliński, 2018). But organizations can regulate the attitude and behavior of individuals to prevent them from opportunism the other side of relationship. Every relationship (by being placed in business networks) is under an outside pressure that can work as mechanism that regulates and supports coping with the dark side of trust. The actor that dominates business relationship or network can exert certain behaviors that minimize the effect of negative aspects of trust (for example by setting contracts that regulate cooperation). The relationships, in which negative aspects of trust are not troublesome, can contribute to the creation of norms and standards that can be transferred to remaining relationships. According to Thorgren and Wincent (2011) in a relationship, in which the exchange of resources and norms is developed based on trust, partners gain experience and develop professional knowledge and competences in the field of gaining benefits from a specific relationship and create patterns of behaviors. If their knowledge can be transferred to the organizational level, organizations can learn and develop a collective perception of actions and processes in relationships, which might be driven by as positive or negative aspects of trust. How the knowledge that organization poses about coping with dark side of trust is transferred to individuals? How organizations translate their norms of coping with negative aspects of a high degree of trust to the individual level and how organizations adapt their norms to individual interpretation of dysfunctions of a high degree of trust? How organizations support individuals in dealing with situations when dark side of trust occurs?

#### CONCLUSIONS

Those questions should not be approached separately. We present them as a starting point for further research. Answering them is important, because specifying how dealing with negative aspects of trust translates from the organization to the individuals should lead to better understanding of the business-to-business relationship in three following aspects. First of all, identifying the actions taken by the organizations to cope with dark sides of trust and to limit its negative aspects in the individual's work can lead to a better apprehension of the mutual influence of the inter-organizational and inter-personal level in business-to-business relationships. Second, it can lead researchers to pay more attention to the duality of trust as positive aspects of trust could be considered on a par with negative ones as well as trust-building activities should be considered on a par with activities that minimize the dark side of high degree of trust. Third of all, it can help with identification of good practices in dealing with dark sides of trust and propagate them.

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