Trust and Reliance in Business Relationships

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Trust and reliance in business relationships

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Abstract

Purpose – The aim of the paper is to define the role of trust and reliance in business relationships.

Design/methodology/approach – After this paper identifies gaps in the literature, a conceptual model is developed, and its implications analyzed and discussed.

Findings – One of the particularities of trust is its inherent anthropocentricity. As a concept, trust appears to be more applicable at the level of inter-personal relationships than to inter-organizational relationships. Business relationships involve both inter-personal and inter-organizational relationships. The paper considers a number of other possibilities and argues that there is a need to look at reliance as an incremental intellectual lens on business relationships.

Research limitations/implications – Within a business-to-business marketing context, the paper discusses the impact of such a multi-faceted conceptualization for research in business relationships.

Practical implications – Marketing researchers often neglect the fact that relationships between organizations are based on mutual interests, and attempt to stretch the concept of trust towards inter-organizational relationships without the necessary theoretical scrutiny.

Originality/value – Applying the concept of trust to personal relationships and reliance to inter-organizational relationships, the paper introduces a complementary, rational standard that contributes to the calculability in exchange relationships.

Keywords Business-to-business marketing, Relationship marketing, Trust

Paper type Conceptual paper

Introduction

Trust is perceived in the marketing literature as a significant, if not pivotal, aspect of business relationships (Anderson and Weitz, 1989; Ganesan, 1994; Moorman *et al.*, 1992, 1993). Since Morgan and Hunt's (1994) commitment and trust theory, trust has become one of the most central aspects of business-to-business marketing. It has been conceptualized in the marketing literature in two different ways:

(1) as a constituent component of relationship quality (Dwyer *et al.*, 1987); and

(2) as a necessary requirement and determinant of sound business relationships (Håkansson *et al.*, 2004).

Hence, existing marketing literature emphasizes trust as a fundamental concept characterising most inter-personal and inter-organizational relationships. Therefore, trust-based relationships build one of the most obvious characteristics of the *conditio humanae* (Elster, 2000). Yet in business-to-business marketing, trust is still a concept that is in need of clarification and theoretical scrutiny. The domain and limitations of

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trust in business relationships need to be defined and scrupulously analysed. There are three reasons that necessitate such theoretical scrutiny:

(1) Although the meaning of trust is intuitively understood, researchers from different backgrounds ascribe divergent meanings to it. Existing definitions of trust (Deutsch, 1960; Dwyer *et al.*, 1987; Anderson and Weitz, 1989) pool heterogeneous conceptual elements together and usually do not consider other alternative possibilities such as confidence intervals, systems, or familiarity (Parsons, 1951; Luhmann, 1979; Smith, 2001; Jalava, 2003; Marsh and Dibben, 2005).

(2) Trust is an anthropocentric notion, and as such inextricably linked to human beliefs, sentiments, or intentionality (Blau, 1964; Pruitt, 1981; Rotter, 1967; Fukuyama, 1995; Solomon and Flores, 2001). It may be possible to have trust *in* an organization; however, trust *by* an organization appears to be nonsensical (Simmel, 1950; Möllering *et al.*, 2004. As such trust is more applicable to inter-personal relationships than business relationships (Parsons, 1951; Hardin, 1991).

(3) Applying the notion of trust to business-to-business relationships seems problematic. Relationships between organizations are invariably based on considerations of mutual interest and risk assessment (Sebenius, 1992), resulting in certain levels of confidence regarding the viability of the business relationship. In risk-laden business-to-business relationships, the establishment of accountabilities through explicit performance standards and monitoring may be in conflict with interpersonal trust (Smith, 2001; Marsh and Dibben, 2005). For this reason, long-term business relationships that are *not* based on trust can exist; and have previously been theoretically described (Lambe *et al.*, 2000). These business relationships, while characterized by collaboration and interdependence, function despite there being a lack of trust.

We posit that business relationships must be conceptualized by understanding both inter-personal and inter-organizational relationships. Consider, for example, the business relationship between manufacturer Alpha and retailer Beta. Alpha's key account manager is responsible for customer Beta. The key account manager develops inter-personal relationships with Beta's business managers and simultaneously he represents Alpha's business interests. Alpha's key account manager co-operates with Beta's business managers and establishes an inter-organizational exchange between manufacturer Alpha and retailer Beta which is often complex, ongoing and objectified. However, Alpha's key account manager is also engaged in social and subjective inter-personal relationships with Beta's business managers. Consequently, the relationship is an amalgamation of strong and weak ties that are embedded in each other (Granovetter, 1973, 1985). This relationship structure is further complicated by the fact that business-to-business exchanges may involve several offerings, electronic data interchange or supply structures, invoicing and accounting systems, and also legal business contracts.

We argue that in such business relationships the concept of trust needs to be supplemented by an additional standard that contributes to both the theoretical conceptualisation and managerial calculability and certainty of business-to-business exchanges. First, we apply the construct of trust to "inter-personal" aspects of interactions evidenced, for example, by the ongoing negotiation between companies. It is thus possible that one may trust the key account manager of an exchange partner, but this does not necessarily imply that one can equally trust the company that he represents. Business relationships are often characterized by a stratified and contradictory web of inter-personal trust relationships between employees of interacting organizations. Second, while trust cannot be reified at the organizational level, the rational construct of reliance can be successfully applied to business relationships (Fuller and Perdue, 1936, 1937; Atiyah, 1979). This is characterized by an objectified rationality that minimizes the risk of exchange relationships and delivers a legitimate right to the companies involved. However, we do not argue that the construct of reliance covers all the inter-organizational aspects that are not explained by trust. As such, we argue that reliance is one possible complementary construct to trust that covers additional rational elements of inter-organizational relationships.

This paper deals with trust and reliance in a business-to-business marketing context, and thereby extends our conceptual understanding of trust in business relationships. We therefore limit our conceptual considerations specifically to aspects relating to business-to-business marketing. Our unit of analysis is not at the level of the individual manager or a single organization, but the business relationship itself. The structure of the paper is as follows: in the next section we discuss the emotive standard of trust, and then move on to present the rational standard of reliance. Identifying gaps in the existing body of marketing theory, we propose a new framework of trust and reliance that characterizes business relationships, and then discuss implications for marketing; and also offer a series of propositions as suggestions for further research.

The emotive concept of trust

Trust has been embraced in business-to-business marketing as a fundamental cornerstone of co-operation (Dwyer *et al.*, 1987; Håkansson *et al.*, 2004). Assuming that there is an interest between two parties for an exchange to take place, there is a basis for co-operation and collaboration as a precursor to a relationship (Ford *et al.*, 2003). Co-operation is not defined as an object-centred activity, but rather as collaborator-centred interactions based on a perceived compatibility of goals, aims and values. Supporters of the interaction approach (Ford, 1980; Håkansson, 1982; Turnbull *et al.*, 1996) have analysed in fine detail dyadic exchange relationships, and introduced the concept of atmosphere to capture the subtle idea of trust in a business relationship. The view of markets as interconnected networks of co-operative exchange relationships, developed by the network approach to business-to-business marketing (Ford, 1990; Axelsson, 1992; Johanson and Mattsson, 1992; Easton and Håkansson, 1996) emphasized the existence of heterogeneity. As in Alderson's (1957) general theory of marketing, competition is lessened by complementarities or interdependencies between sellers and co-operation between buyers and sellers (Mattsson, 1987). Building on Fiske's (1990) relational forms, Sheppard and Sherman (1998) conceptualize the grammars of trust in relationships as four distinct and ordered forms:

(1) shallow dependence;

(2) shallow interdependence;

(3) deep dependence; and

(4) deep interdependence.

Wicks *et al.* (1999) develop a concept of “optimal trust” in relationships. Morgan and Hunt’s (1994) commitment and trust theory re-enforces the use of inter-personal conceptualisations of trust (Mayer *et al.*, 1995). For example, trust may provide the buyer with the confidence of a satisfying exchange relationship (Hawes *et al.*, 1989) and in the field of supply chains, trust could lead to improved responsiveness (Handfield and Bechtel, 2002). Consequently, business managers have been regarded as initiators of trust in exchange relationships, and research has focused on the identification of factors that encourage or constrain managerial trustworthy behaviour (Whitener *et al.*, 1998; Jeffries and Reed, 2000). Mutual trust is therefore often perceived as being the social capital of a relationship (Möllering *et al.*, 2004).

Notwithstanding the significance of trust in business relationships, the domain and limitations of trust are two issues that remain unresolved. First, the domain of trust is rarely specified and its conceptual dimensions are used with imprecision and ambiguity (Barber, 1983; Solomon and Flores, 2001). This may be attributable to the fact that trust is, indeed, a “central, superficially obvious but essentially complex process” (Blois, 1999, p. 197). Conceptually, trust is embodied in the dimensions of belief, expectation, willingness and confidence. Most studies on trust agree that trust is a “psychological state” (Rousseau *et al.*, 1998, p. 398) associated with beliefs, attitude, or sentiments concerning the likelihood that the actions or outcomes of another party will be acceptable (Luhmann, 1979; Barber, 1983; Lewis and Weigert, 1985; Kramer and Tyler, 1996; Jalava, 2003) or that they will serve the actors’ interests (Deutsch, 1960; Fukuyama, 1995). For Smith (2001), for example, trust concerns the inherent “uncertainty about outcomes, am ambiguity of objective information and exercise of discretion about action” (Marsh and Dibben, 2005, p. 29). Trust is thus “an internal attribution, a moral exercise of free will that assumes most significance in situations where there is a lack of regulation or means of coercion” (Marsh and Dibben, 2005, p. 29). Whitener *et al.* (1998) emphasize three significant facets of trust in exchange relationships:

(1) trust in another party is considered as belief or sentiment that the other party will act benevolently;

(2) one cannot enforce the other party to fulfil its obligations; and

(3) trust involves a degree of dependency.

It was therefore argued that trust is linked with the acceptance of “risks associated with the type and depth of the interdependence inherent in a given relationship” (Sheppard and Sherman, 1998, p. 423).

Second, the limitations of trust need to be addressed. Since organizations are deprived of emotions, trust at the inter-organizational level remains purely cognitive (McAllister, 1995). Conduct *qua persona* is restrained and led by organizational roles (Ring and Van de Ven, 1992). This means that personal loyalty may deviate from organizational interest. However, if the origin of trust lies in individuals, we may posit that individuals in an organization may share an orientation towards another organization, which is quite different from claiming that organizations trust each other. It is individuals, as members of organizations, rather than the organizations themselves, who trust (Zaheer *et al.*, 1998).

There is often an inherent error to attribute individual motivations and behaviours to organizations and thus to commit a “cross-level fallacy” (Rousseau *et al.*, 1998) which can result in spurious reification of social constructs. The frequent lack of clarity about the unit of analysis may lead to unintended anthropomorphising of organizations and business relationships. The use of anthropocentric and behavioural conceptualisations contributes to a normative view of trust and to a perceived dichotomy between trust and distrust in relationships (Sitkin and Roth, 1993). Trust is regarded as "good" and distrust "bad" (Lewicki *et al.*, 1998). Transaction-cost approaches to business relationships (Williamson, 1975), for example, look at trust as a condition for reduced opportunism among contracting parties, which results in lower transaction cost. Similarly, trust is regarded as a possible cause of high impact and satisfaction (Michell *et al.*, 1998), or a necessary condition for successful business-to-business negotiations (Lewicki *et al.*, 2003), and within the Industrial Marketing and Purchasing (IMP) Group, trust is seen as a good ingredient for co-operation, with empirical research focused on understanding its creation and development (Young and Wilkinson, 1988; Ford *et al.*, 2003).

Moving beyond the perceived dichotomy of trust and distrust, Smith (2001) draws a clear distinction between "trust" and "confidence". In comparison to trust, the notion of confidence as an alternate possibility "concerns the establishment of explicitly predictable outcomes, in which information is objective, standardised and scientific and there is little opportunity [. . .] to exercise discretion about action" (Marsh and Dibben, 2005, p. 29). The active search and establishment of "confidence intervals" (Smith, 2001), through a periodic monitoring of performance may, however, be indicative of the existence of distrust in business relationships. The concept of "confidence" is hence potentially self-contradictory as it is a "clearly different interpretation of what is meant by confidence" (Marsh and Dibben, 2005, p. 29). Nonetheless, the concept of confidence substantiates the need for resolving the issue of poor specification of the domain of trust as well as its inherent limitations; it reminds us that organizations do evaluate the relationships they seek to engage in via a form of risk analysis, and reinforces the need for an incremental, rational standard for institutionalized rules of business conduct.

The rational standard of reliance

In this section, we juxtapose this emotive aspect of trust in a business relationship with another facet, that of "reliance". We choose "reliance" as one possible complementary construct to trust in order to stress the diametrically opposed characteristics of a non-person based, rational standard within inter-organizational relationships. This implies that trust and reliance are independent characteristics of inter-organisational relationships.

Business relationships presuppose the existence of complementarity in resources, activities and information (Ford *et al.*, 2003). Complementarity among organizations can lead to inter-organizational exchange, but this has its price: specifically, reliance on other organizations. Procter & Gamble relies on the capacity of suppliers of raw materials, and the retailer Tesco relies on Procter & Gamble's capacity to deliver consumer goods at specified times to its supermarkets. When British Airways signs a contract with Airbus for the purchase of 300 new airplanes, British Airways relies on Airbus that the airplanes are delivered on time and to a specified quality, and Airbus relies on British Airways that invoices will be paid according to agreed terms and conditions. Cunningham (1993) argued that the reliance of company R upon company C is directly proportional to company R's investment in goals mediated by company C, and is inversely proportional for company R to the availability of those goals outside the R-C business relationship. The customer's goals mediated by the supplier might include low cost, flexible credits, technical advice or access to new technology. An exchange between organizations implies the existence of consensus among parties (Buckley, 2005), which may be manifested by letters, phone calls or even contracts. The rational standard of reliance is therefore a construct that accords organizations a remedy for detrimental reliance against non-performing organizations (Buckley, 2005; Cohen and McKendrick, 2005). Such mechanisms will be in place regardless of any trust that is shown by members of the organization.

In this way the rational standard of reliance is a key dimension in business-to-business agreements, and its derivation as a prime concern deserves some further discussion. Business-to-business agreements are mutual promises that attain moral, social, as well as legal force (Fried, 1981). First, agreements among parties establish a relationship based on recognition and respect among those who decided to engage (Markovits, 2004). The ontological foundation of each business relationship lies in the basic principle of "consent-based exchange" (Buckley, 2005). The principle of "consent-based exchange" treats contracting parties as actors that bring to the exchange certain entitlements and they manifest their consent to the transfer of these entitlements (Barnett, 1986; Biggart and Delbridge, 2004).

Second, the expectations of the contracting parties as expressed or implied in an objective manifestation of agreement are legally protected (Steyn, 1997). Manifestations "circumscribe a valuation of conduct" (Collins, 1999, p. 21) and give legal effect to business relationships (Cohen and McKendrick, 2005). Companies that breach their agreements are obliged to hand over the monetary equivalent of the promised performance. The usual method of enforcing business-to-business agreements is to exercise the right for compensation for losses caused by reliance on an agreement. The reason for this reliance-based liability (Atiyah, 1979) is the establishment of institutional rules that encourage inter-organizational reliance and thus promote and facilitate inter-organizational exchange. The law tries to prevent losses caused by reliance and discourage breaches of business agreements (Fuller and Perdue, 1936, 1937). Moreover, organizations are less likely to violate a negotiated agreement if the penalty for doing so is the payment of damages (Shapiro *et al.*, 1992).

Despite the distinct significance of the concept of reliance in business-to-business exchanges, there is a remarkable absence of marketing research on the subject. The main reason for this lack of relevant research is that the generic and all-encompassing use of the term *trust* has obscured the particularities and importance of reliance. Often the terms "trust" and "reliance" are used interchangeably by marketing scholars (Ganesan, 1994; Moorman *et al.*, 1992, 1993; Schurr and Ozanne, 1985). For example, trust is described as an assured reliance on some person or thing in risky situations (Moorman *et al.*, 1992; Frankel, 1977). For this reason, we need to discuss the difference between trust and reliance.

Differentiating trust and reliance in business relationships

One of the first serious attempts to distinguish between trust and reliance was undertaken by Hardin (1991). Looking at the essential difference between "trusting persons" and "trusting institutions", he describes trust as an inherently moral quality. Hence "trustworthiness" is ascribed to a reciprocity that is motivated by character or morality rather than by interest. Reference to trust is relevant when it comes to trustworthiness, and speaking of reliance is justified when reciprocity is grounded in interest. Das and Teng (1998) attempt to capture similar distinctions in their discussion of trust and control in strategic alliances, and Hagen and Choe (1998) discuss the role of institutional sanctions in trust-induced relationships. Another attempt to differentiate between trust and reliance issues in business relationships was undertaken by Blois (1999). Evaluating the current lack of conceptual clarity, he explains that there is a difference between trusting someone and "relying on somebody to do something" (Blois, 1999, p. 199). Drawing on Baier's (1986) and Misztal's (1996) work, Blois (1999) demonstrates the distinction between the two concepts through the analytical characteristics of "search", "experience" and "credence". Reliance does not involve an emotive element; it involves a rational standard that circumscribes institutionalized rules of doing business. Reliance in business relationships does not depend on a stated commitment but is linked to the notions of "reasonable expectations" (Steyn, 1997), "positive outcome" (Anderson and Narus, 1990), and "proven capability" (Blois, 1999). Hence the rational standard of reliance differs from the notion of "organizational trust" (Barber, 1983; Granovetter, 1985; Mayer *et al.*, 1995), "impersonal trust" or "system trust" which is the trust that individuals place in systems and institutions or the individual's trust emanating from structural arrangements (Noteboom and Six, 2003).

Contemporary studies attempted to stretch the concept of trust from inter-personal towards inter-organizational relationships (Zucker, 1986; Das and Teng, 2001). But one might challenge whether it is appropriate to apply the concept of trust to inter-organizational relationships (Anderson and Narus, 1990; Ring and Van de Ven, 1992; Zaheer and Venkatraman, 1995). Certainly, the existence of various forms of inter-organizational co-operation such as alliances, strategic partnerships between companies, business-to-business negotiation, as well as inter-firm contracts, make the concept appealing, and there are calls for an extension of the model of trust to both a group and an organizational level of analysis. It is argued, for example, that exchanges between organizations also include exchanges between individuals or groups of individuals (Barney and Hansen, 1994) and that people may develop a trust in organizations (Morgan and Hunt, 1994). Research in the areas of trust and commitment in strategic alliances, however, suggests the existence of a "structural binding" based on economic, strategic and organizational links, as well as "social bonding", which involves affective and personal relationships (Rodriguez and Wilson, 2002). An unambiguous "conceptual clarity" would consequently require a clear distinction between the two forms of bonding. We therefore follow Noteboom and Six (2003) who, recognizing the cross-level controversy, posit that it is important to distinguish between personal trust and impersonal trust. For the former, trust is based on the person-to-person interaction, and is unique to each relationship. For impersonal trust, trust is based on the position (i.e. job title) within the organization, not the individual (Morris and Moberg, 1994). Furthermore, we build on Zaheer *et al.*'s (1998) endeavours to solve the inherent cross-level fallacy, by proposing a clear differentiation between "inter-personal trust" and "inter-organizational trust". The former refers to "the extent of a[n] [. . .] agent's trust in her counterpart in the partner's organization" (Zaheer *et al.*, 1998, p. 142). In other words, inter-personal trust is the trust placed by the individual in his or her individual opposite member, while inter-organizational trust is seen as "the extent of trust placed in the partner organization by the members of a focal organization (Zaheer *et al.*, 1998, p. 142).

Towards a framework of trust and reliance in business relationships

The relevant theoretical inputs from the two perspectives of "trust" and "reliance" are now used as conceptual dimensions in our attempt to move towards a framework of trust and reliance in business relationships (see Table I). Trust and reliance operate at different levels. Trust constitutes an emotive state (Simmel, 1950; Möllering, 2001) that operates at an inter-personal level, while reliance sets a rational standard that operates at the inter-organizational level. By committing a cross-level fallacy the two concepts have become an integral part of very different relational contexts (Williamson, 1985; Lewicki *et al.*, 2003). Trust is based on sentiments and behaviour, whereas reliance manifests itself in agreements and institutionalized forms of business interaction. Commitment on an inter-personal level can be juxtaposed with reasonable expectations on an inter-organizational level. Whilst trust is associated with the acceptance of dependency and risk, reliance introduces an institutionalized standard to reduce risks. Consequently, penalty-based sanctions that are enforceable exist in reliance structures, while on the other hand trust-based relationships do not have such rigorous mechanisms attached.

Recognition of the difference between the inter-personal and inter-organizational levels constitutes a significant departure. Nevertheless, there is a need for three further conceptual developments of business relationships. First, there is a need to recognize that trust and reliance in business relationships rest on different conceptual bases (Blois, 1999). Second, we need to avoid the use of the words "trust" and "reliance" as synonymous marketing terms (Ganesan, 1994; Moorman *et al.*, 1992). Third, we need to develop an integrative model of the multiplicity of trust and reliance dimensions in order to understand more fully the complexity of business relationships. Therefore, we posit that business relationships can be characterized by two dimensions that hitherto have been hidden behind the ecumenical construct of trust. First, business relationships depend on a variety of important interactions based on inter-personal trust (Håkansson and Ford, 2002). Second, business relationships depend on the independent standard of inter-organizational reliance. Both are independent constructs. In contrast to the simplistic trust-mistrust concept of business

Conceptual dimension	Trust	Reliance
Structural mode	Beliefs	Agreement
	Sentiments	Institutions
	Attitude	Conduct
Basis of reciprocity	Morality	Interest
Construct source	Emotions	Rationality
Relationship level	Inter-personal	Inter-organizational
Relationship grounding	Commitment	Reasonable expectations
Relational essence	Dependency	Complementarities
	Vulnerability	Certainty
	Risk	Calculability
Sanctioning mechanism	Voluntary	Penalties
Enforceability	Unenforceable	Enforceable

Table I.
Conceptual dimensions of trust and reliance

relationships, we thus propose a conceptual framework that integrates inter-personal trust and inter-organizational reliance, and which captures four differing types of business relationships. As shown in Figure 1, we label these as being a "fragile relationship", "expedient relationship", "stable relationship" or "personal relationship".

A "fragile" business relationship is characterized by low inter-personal trust and low inter-organizational reliance. We term this relationship "fragile" as there is no "anchor" for the perpetuation of this relationship. It is tentative, and can easily be disrupted. An "expedient" relationship builds upon high levels of inter-organizational reliance between companies despite the low level or absence of inter-personal trust between individual members. Conversely, a business relationship may rest on a high inter-personal trust despite the absence or the low level of inter-organizational reliance. This may rest on just a few or, in an extreme case, just one dyadic "personal" relationship built on high levels of trust (e.g. between business managers) which provides the "logic" for the continuation of the relationship. In comparison, a "stable" relationship is built on both inter-personal trust and inter-organizational reliance, and therefore has manifold "anchor points".

Discussion and implications

By defining and analysing carefully the domain and limitations of the emotive paradigm of "trust" and supplementing it with the rational standard of "reliance" in business relationships, we propose a framework that is applicable to business-to-business marketing. The theoretical framework informs better the cross-level fallacy between different levels of analysis and escapes the existing dichotomy of "trust" and "mistrust" in business relationships, especially as part of the implied correlation of these with relationship quality (Morgan and Hunt, 1994). Examining business relationships by the use of intellectual lenses of trust and reliance, we formulate three applicable theoretical propositions for further analysis. These propositions merit further research as they represent new perspectives on

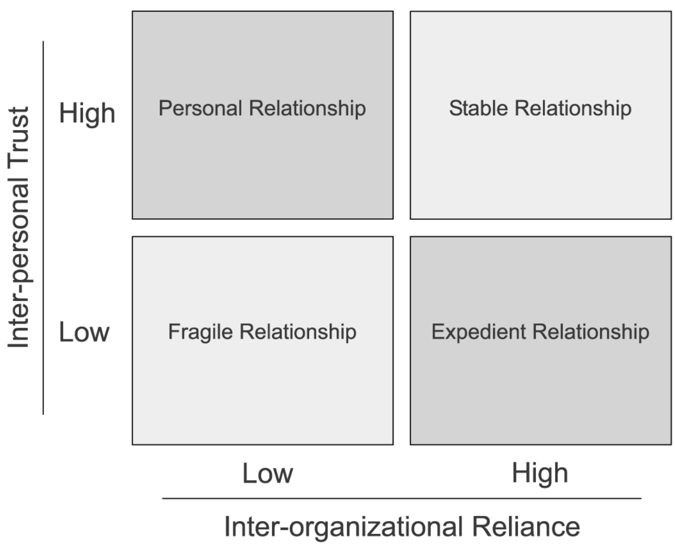

Figure 1.
Trust and reliance in business relationships

inter-organizational relationships. They also provide an alternative hypothesis that partly contradicts existing literature in the area of inter-organizational relationships. We thus state:

P1. Inter-personal trust is a relevant but not in itself sufficient condition for the development of sustainable business relationships.

It appears that inter-personal trust alone is an insufficient condition for the development of stable business relationships because it fails to capture the underlying interests and objectives of organizations. Consider the well-known case of *Baird* v. *Marks and Spencer* (Mellahi *et al.*, 2002; Blois, 2003; Harrison, 2004). Following their declared business objective to restructure their sourcing policies and improve profitability, Marks and Spencer informed their supplier Baird that its current orders due for delivery would be the last, and that the business relationship would terminate at that point. Subsequently, supplier Baird, who hitherto trusted Marks and Spencer, sued their customer to obtain compensation for the cost of closing several production sites and for providing redundancy payments. In this case, pre-existing inter-personal trust, built over a 30-year relationship, was not by itself sufficient to sustain the relationship in the face of changing business objectives and interests. The trust issue in this case is whether Baird would renew or renegotiate a new relationship with Marks and Spencer for purely business reasons. For Baird, a renewal or renegotiation is most likely if they could either arrange a "watertight" contract or if they had a sufficiently diverse portfolio of clients to be able to risk the future loss of Marks and Spencer. If trust is broken or lost, then it is useful to consider the existence of the constituent parts of a relationship without trust. Therefore, we posit that business relationships can be developed despite the lack of inter-personal trust, purely based on reliance. This is related in our second proposition, which deals with a hitherto neglected group of inter-organizational relationships, i.e. expedient ones:

P2. Reliance is a necessary and sufficient condition for the development of expedient business relationships.

Expedient relationships demonstrate a high degree of symbiotic interdependence and co-operation without depending on inter-personal trust. They are also referred to in the literature as "interimistic" relationships (Lambe *et al.*, 2000) or symbiotic arrangements (Schanze, 1998). This distinct class of expedient business relationships requires the creation of reliance through the existence of certain conditions, such as business objectives, contractual documents, absence of control via equity investment, conceptual links expressed in brands or design, relationship specific investments, as well as monitoring and sanctioning of contractual behaviour (Schanze, 1998). For example, the development of the Euro-fighter with cooperating cross-border firms is based on the building of reliance through contractual arrangements that are driven by governments who award contracts rather than direct trust between the various participants. Similarly, Sony excelled in consumer electronics by introducing a worldwide series of highly innovative products at competitive prices. Retailers co-operated with Sony despite the lack of inter-personal trust because they "relied" on the company's proven capacity to continuously introduce innovative products which were demanded by consumers. The existence of expedient relationships calls for a review of existing "commitment-trust" based managerial literature on what to foster when developing business relationships.

P3. Manifestations of consent contribute to an increased reliance in business relationships.

Manifestations of consent such as contracts (Barnett, 1986; Markovits, 2004), framework contracts or umbrella agreements (Collins, 1999; Mouzas, 2006) may provide a rational platform for the achievement of reliance in business relationships. They directly affect the characteristics of inter-organisational relationships and, while trust may or may not be a further outcome of their existence, increase the reliance of the exchange partners on each other and the relationship itself. Companies may also use more informal manifestations, such as letters, e-mails, minutes or personal interactions (Macauley, 1963; Roxenhall and Ghauri, 2004). Business relationships undeniably include personal interactions such as regular or periodic negotiations or business reviews. Personal interactions are valuable in creating inter-personal trust; one of the benefits of creating trust in a relationship is, for example, the reduced need for watertight contractual provisions. The increasing complexity of inter-organizational exchange relationships, however, makes the manifestation of business agreements indispensable. For example, the result of the annual negotiation between manufacturers and retailers includes listings of multiple brands and stock-keeping units, complex systems of trade allowances, prices and promotions at the point of sale. In such situations, the consent for these complex exchanges is manifested as an umbrella agreement between companies. Manifestations are also necessary for providing evidence for possible reliance losses and measuring the monetary value of damages (Cohen and McKendrick, 2005).

The above theoretical propositions deviate from existing constructs of "mistrust", "impersonal trust" and "organizational trust" and invite reflection on the domain and limitations of trust. They also draw attention to the contemporary forms of institutionalized and depersonalized "trust production" (Luhmann, 1979; Zucker, 1986). Consider the function of auditing firms that periodically review the accounts of a company's marketing spending, the work of quality management people who systematically review marketing processes and certify them according to a set of standards or the stratified process of business-to-business contracting. The present study on trust and reliance in business relationships demonstrates that these practices move beyond the inter-personal sphere and institutionalize the production of inter-organizational reliance. Inter-organizational reliance is not institutionalized because of the lack of "trust" or the existence of "mistrust"; inter-organizational reliance is institutionalized in order to promote certainty and calculability in business relationships. Looking at the conceptual link between trust and reliance, further research may explore the mechanisms of producing certainty and calculability in business relationships.

Developing the research agenda

An agenda for further research in business-to-business marketing needs to include an investigation of how organizations deal with the inherent uncertainty in the particular context of business relationships, and how organizations develop and ensure the calculability and predictability of their business-to-business exchanges. The notion of trust has been a central construct in business-to-business marketing, particularly in theories that describe and explain the quality of relationships (Dwyer *et al.*, 1987), business-to-business co-operation (Young and Wilkinson, 1988; Håkansson *et al.*, 2004), relational contracting (Jeffries and Reed, 2000; Blois, 2003) and the creation of trustworthy managerial behaviour (Whitener *et al.*, 1998). What deserves more attention is the investigation of two research problems. First, further investigation is needed to define rational standards of reliance in business-to-business marketing in order to counterbalance the existing conceptual focus on inter-personal trust. Second, research is needed on the empirical link between trust and reliance in business relationships.

Let us discuss just two resultant research questions, starting first with reliance in business-to-business marketing. Since the "production" of reliance becomes institutionalized and depersonalized, research could be directed at how organizations ensure the achievement of inter-organizational reliance by negotiating, drafting and monitoring their business-to-business agreements. New forms of relational contracting (Bazerman and Gillespie, 1999) as well as "implicit" dimensions of discrete, relational and network contracts (Campbell *et al.*, 2003) may motivate organizations to perform at or above contractually agreed levels, but we still know very little about the trust and reliance implications of these contracting forms. Can organizations codify the process of generating reliance? What is the role of external organizations such as auditing firms or quality assurance companies? The second research problem is concerned with the investigation of the link between trust and reliance in business relationships. This could be done by operationalizing inter-organizational reliance via the construct of "confidence intervals" as proposed by Smith (2001) and Marsh and Dibben (2005). Such an approach would provide a dynamic way of understanding the construct of reliance, which could also be directly linked to managerial actions as well as to contractual decisions. Does inter-organizational reliance create inter-personal trust? What are the mechanisms to move beyond personal trust? An answer to these research questions might be given by investigating the manifestations of managerial cognition. Further research in this area could provide an answer to the link between "emotions" and "rationale", and "commitment" and "proven capacity" and in doing so would enrich our understanding of business relationships.

Conclusion

While trust has received significant research attention in business-to-business marketing, far less attention has been paid to the rational standard of reliance and the inherent link between trust and reliance in business relationships. The present article has demonstrated that trust in business-to-business marketing is a multifaceted construct that needs conceptual clarification. As an emotive paradigm it is applicable to inter-personal relationships. Business relationships, however, comprise inter-personal and inter-organizational relationships, and therefore this paper proposes a conceptual framework that adds a rational standard applicable to inter-organizational relationships, namely that of reliance. We show that through the introduction of this additional dimension we overcome the cross-level fallacy hampering research on business relationships. Furthermore, we posit future research directions that should exploit this multi-faceted construct, linking it with the new concept of "interimistic" or "expedient" relationships, and so enrich our understanding of business relationships in general. An understanding of how trust and reliance impact on each other provides a new theoretical basis that contributes to analytical clarity and subsequently better managerial recommendations.

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