When trust has a negative impact on firm performance in buyer-supplier relationships

Case studies in the Dutch OEM leisure market

“I thought I could trust you…”

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This thesis is written as the conclusion of the master program Supply Chain Management at the Open University Heerlen. The specialization is Marketing and Supply Chain Management. This thesis “When trust has a negative impact on firm performance in buyer-supplier relationships” is the result, and provides insights and recommendations to the negative effects of trust into the firm performance.

I would like to take this opportunity to express my gratitude to my wife Melody and my family for supporting-and standing next to me during this period. Over the last few years I was studying almost every weekend. Furthermore I would like to thank all the respondents for their contributions to this research. Finally I would like to thank my university supervisor Kees Gelderman, for giving his extensive and very helpful supervision during the period of writing this Master Thesis. Kees – thank you for keeping me on the right track!

Rick Rijsdijk,
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Abstract

Problem statement
To strengthen their competitive position companies are advised to create supply chains that include competitive buyer-supplier relationships. It is generally agreed that trust is beneficial to supply chain management. Many studies have reported positive effects of trust in buyer-supplier relationships on performance. Trust may contribute to performance improvements such as cost reductions, flexibility, conflict resolution, cooperative behaviour, and value creation. However, some feel that most publications ignore or neglect the darker side of buyer-supplier relationships. Too much trust may result in relational slackness, i.e. that partners increase the likelihood of using coercive power strategies, and the probability of behaving opportunistically. Remarkably, these studies are the exception rather than the rule. Unexplored issues refer to conditions under which trust does not have a positive impact on performance. In contrast with a growing number of publications on trust and (supply chain) performance, there is a lack of (empirical) research that addresses the issue of conditions that amplify the negative effect of trust on performance. This study investigated the following problem statement:

“Whether, why and under which conditions may trust have negative effects on firm performance?”

Research method
A multiple-case study design was used to gain insight in the conditions under which trust has a negative impact on firm performance in buyer-supplier relations, to reveal the neglected side of trust. The Dutch OEM leisure industry were selected, because in these markets there is a high level of trust between buying and supplying organisations. The leisure industry consists of organisations which are a part in the supply chain of a manufacturer which produces refrigerators, sanitary products, ovens, grills and additives. The final products were delivered to the OEM caravan and motorhome industry. By obtaining the negative side of trust, we collected data exclusively from five organisations through seven in-depth personal interviews. Supply chain managers, (senior) buyers and CEO’s of these buying organizations are interviewed face-to-face on the basis of an in-depth structured and semi-structured questionnaire.

Results
The results of this study indicate that respondents indeed have experienced trust-based relationships with a negative impact in firm performance. In each case the supplier put his own interest above the buyer-supplier relationship to achieve a greater financial performance. Irrespective of the duration of
the relationship, mutual trust and respect were in place at each buyer. The negative relationship between trust and performance can be strengthened by certain conditions. The results of this study indicate that trust may easily lead to blind spots on the behaviour and performance of (trusted) suppliers. The most prominent conditions in this study were:

- a lack of reality checks on the actual performance of a supplier (‘over-trust’)
- a tendency to take too much risk (‘risk taking’)
- a lack of controls and agreements (‘no contractual governance’).

Other potential conditions, such as communication and firm size, did not appear to have a moderating effect on the relationship between trust and performance.

Recommendations for practice
Buying organisations should pay more attention to “friendly” buyers who have an open and familiarity assumption towards suppliers. This type of buyer-supplier relationships should be carefully monitored by an objective colleague or manager. The buyer can be fully blindfolded towards the supplier which is a high risk for the buying organisation. This creates the need to manage the buyer-supplier relationship where there is too much trust in place. Buying organizations should concentrate more on their business goals and realize that a relationship based on trust can result in a negative effect on firm performance. In addition to this, buying organizations should be more active in discussing potential buyer-supplier relations which can result in a negative effect on firm performance. The better the buyer understands the various reasons why trust can result in a negative effect, the better they can respond and increase their power in the relationships.

Recommendations for future research
It became clear that organizational controls do have some influence on the over-trusting behaviour, so it would be interesting what the effects of controls are on firm performance. Due to different and contradictory outcomes of the factor ‘communication’ it is interesting to do go deeper in the ‘communication’ effect on firm performance. It is recognized in communication literature that communication increases the level of trust between buyers and suppliers due to reducing the uncertainties between each other. Open communication acts as a motivator to strengthen the relationship between buyers and suppliers and leads to improved performance. As an outcome on the semi-structured interview it would also be interesting to examine the effects of ‘investments’, ‘project timing’, ‘age and experience buyer’, ‘business strategy supplier’, ‘flexibility’ and ‘judging by the experiences of others’ on the negative effect of trust related to firm performance. This will further enrich theoretical development in this area.
Content

Acknowledgements 2
Abstract 3
1 Introduction 6
   1.1 Problem statement 6
   1.2 Research method 8
2 Literature review 9
   2.1 Introduction to the supply chain 9
   2.2 Buyer-Supplier Relationships 11
   2.3 Why may trust have negative effects on firm performance? 13
   2.4 Under which conditions may trust have negative effects on firm performance? 16
   2.5 Conclusions 19
3 Research methods 20
   3.1 Research Method 20
   3.2 Data Collection 22
   3.3 Operationalisation 24
   3.4 Data analysis 27
   3.5 Methodological issues 28
4 Results 29
   4.1 Cases of trust with a negative impact on performance 29
   4.2 Conditions with an impact on the trust-performance relationship 32
   4.3 Other potential effects which could have a negative effect on the firm performance 36
5 Conclusion, discussion and recommendations 38
   5.1 Conclusion 38
   5.2 Discussion 39
   5.3 Recommendations for practitioners 42
   5.4 Recommendations for further research 42
Literature 44
Attachment A: Interview guide 51
Attachment B: Data Matrix 55
1 Introduction
This chapter introduces and deals with the context and relevance of the present study’s problem statement and it also provides an overview of the study’s contents and design.

1.1 Problem statement
Companies operate more and more on a growing worldwide scale. To strengthen their competitive position companies are advised to create supply chains that include competitive buyer-supplier relationships (e.g. Lummus & Vokurka, 1999). A characteristic of a strategic conjunction between a buying firm and a supplying firm is that partners have to deal with uncertainty in their environment and with uncertainty that can arise between each other’s behaviours (Harrigan, 1985). A positive relationship between trust and performance in the supply chain has been documented in several different industries (Capaldo & Giannoccaro, 2015), for example the automotive, furniture, computer, printing, electronic and electrical component industries (Nooteboom et al., 1997; Sako & Helper, 1998; Dyer & Chu, 2003). The positive performance improvements generated by trust have been confirmed in previous studies in terms of cost reductions and improved flexibility (Handfield & Bechtel, 2002; Laaksonen et al., 2008; Narasimhan & Nair, 2009). In addition, studies have reported that supply chain integration is the key to improve performance and to create value in supply chains (Frohlich & Westbrook, 2001; Corsten & Felde, 2005; Fabbe-Costes & Jahre, 2007; Krause et al., 2007). When a buyer-supplier relationship (BSR) becomes more interdependent, both parties have to increase the number of interactions between each other.

Managing the supply chain is not easy and becomes increasingly difficult due to the need to resolve the partners’ conflicting aims and synchronize large numbers of activities across the supply chain (Simchi-Levi et al., 2002; Krishnan et al., 2006; Nair et al., 2009). Based on different theoretical lenses, including social capital theory (Krause et al., 2007; Villena et al., 2011), resource-based view (Swink et al., 2007; Mahapatra et al., 2010), and resource dependency theory (Crook & Combs, 2007; Yeung et al., 2009), previous studies concluded that relational partnership, such as trust, power, relationship commitment, and dependence, play crucial roles in achieving goals and competitive advantages. In general, studies have found that trust is beneficial to supply chain management and that trust is a significant predictor of performance (Capaldo & Giannoccaro, 2015). Villenda et al. (2011) suppose that publications on supply chain management (SCM) literature mainly focusses on the bright side of BSR and not on the dark side. Trust is believed to reduce the likelihood of conflicts
and promotes cooperative behaviour because of its association with shared vision, trusting relationships and ties (Villena et al., 2011).

However, there are also negative consequences associated with trust. Buying firms have to invest considerable amounts of funds in order to build trust in their long term supplier relationships. Gambetta (1988) contended that trust will probably make decisions and take actions of actors that will not be detrimental to their partners. In general, researchers found that too much trust may result in relational slackness, i.e. that partners increase the likelihood of using coercive power strategies, and the probability of behaving opportunistically (Kim, 2000; Villena et al., 2011). Previous scholars have contended that within the same relationship opportunism and trust are parallel to each other (Lado et al., 2008). Robson et al., (2008) found in their study a negative effect in alliance size on the relationship between trust and performance. Villena et al., (2011) concluded that either too little or too much trust can hurt performance. These studies are the exception rather than the rule, since most studies on buyer-supplier relationships concentrate on the positive sides of trust, while neglecting the darker sides. There is a surprising gap between the focus on the bright- and dark side of BSR. Another unexplored issue refers to conditions under which trust does or does not have a positive impact on performance. Capaldo & Giannoccaro (2015) studied the moderating effect of interdependence on the relationship between trust and performance in the supply chain. While other studies (e.g. Katsikeas et al., 2009; Krishnan et al., 2006) reported a positive moderating effect exerted by the degree of interdependence, Capaldo & Giannoccaro (2015) found no statistically significant effect of interdependence on the relationship between trust and performance. These mixed findings call for further research, investigating whether, why and under which conditions may trust have negative effects on firm performance (Capaldo & Giannoccaro, 2015).

In literature the negative side of trust is studied less than the positive side. In this study various topics will be investigated and clarifications will be sought to better understand the variables that impact the negative side of trust has on a BSR. The property of trust used by the buyer or supplier must have some negative effects on firm performance, or at least under some conditions. The influence of trust in a BSR should be maintained and managed to not fall in undesired decisions or actions that can relate to a negative result for an organization. To advance the understanding of trust as an organizing principle, attention to beneficial and detrimental effects is required.
Due to the gap in the literature in the negative impact of trust on performance, this study will explore possible moderating effects on this relationship. As such, our problem statement is in line with the recommendation of Capaldo & Gannoccaro (2015):

“Whether, why and under which conditions may trust have negative effects on firm performance?”

1.2 Research method
This study aims to generate results to support a broader theory and therefore we decided to do our research on the basis of a case study. Therefore we look for clarification due to use of an exploratory research. According to Yin (2009), a case study research is the best applied when the research addresses descriptive or explanatory questions: i.e. what happened, how and why? Beside of this, Yin (2009) describes a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-live context, especially when the boundaries between phenomenon and context are not clearly evident. This study will investigate which conditions are present in buyer-supplier relationships within the Dutch OEM leisure industry. This industry consists of suppliers within the supply chain of a manufacturer which is producing refrigerators, sanitary products, ovens, grills and additives. The products will be delivered to the OEM caravan and motorhomes industry. This industry is selected due to a high trust level between buyers and suppliers. We collected data exclusively from five organisations through in-depth personal interviews. Several employees of these organizations are interviewed face-to-face on the basis of an in-depth structured and semi-structured questionnaire.

Following on the content of this research the second chapter will go into the literature review. In this review we will touch on the notions of bright side of trust, buyer-supplier relationships and performance of the organization. Of course we will pay attention to the negative effects of trust related to the firm performance. Chapter three will elaborate on the research methodology and explain which sampling strategy will be used and how data will be validated. Chapter four will describe and analyse the results found by doing interviews with a selection of OEM’s in the Dutch leisure industry. The fifth chapter will describe the conclusions, discussions and the possibilities for further research. This study will be concluded with references and attachments.
2 Literature review

In this study various topics will be investigated and clarifications will be sought to better understand the variables that impact the negative side of trust has on a BSR. Following from the content of this research this chapter will go into the literature review. In this review we will briefly go into the notions of supply chain (firm) performance in an organisation, trust and buyer-supplier relationships. Of course, we will pay attention to the negative effects of trust, related to the firm performance in a buyer-supplier relationship.

2.1 Introduction to the supply chain

The discussions on Supply Chain Management often uses complicated and diverse terminology (Ross, 1998). The definition of “supply chain” seems to be more common across authors than the definition of “supply chain management” (Cooper & Ellram, 1993; La Londe & Masters, 1994). La Londe & Masters proposed that a supply chain is a set of organisations that pass materials forward. Regularly, diverse independent organisations are involved in manufacturing a product till the moment of delivering the product to the OEM or end-user. La Londe & Masters (1994) write in their study that raw material and component producers, product assemblers, wholesalers, retailer merchants and transportation companies are all members of a supply chain. Alongside this, Lambert, Stock, and Ellram (1998) define a supply chain as the alignment of firms that brings products or services to the market. An additional note should be placed that the final consumer is part of the supply chain.

Besides this definition there are several others, for example, Stank et al., (2001) describe SCM as maximizing service to customers of choice at the lowest total cost. Cooper et al., (1997, p. 2) describe SCM as the “integration of business processes from end-user through original suppliers that provide products, services and information that add value for customers”. Simchi-Levi et al., (2002, p. 1) define SCM in their book as follows:

“Supply chain management is a set of approaches utilised to efficiently integrate suppliers, manufacturers, warehouses and stores, so that merchandise is produced and distributed at the right quantities, to the right locations and at the right time, in order to minimise system wide costs while satisfying service level requirements”.

SCM generally involves integration, coordination and collaboration across organizations and throughout the supply chain. The concept includes the broad range of activities needed to plan, implement and control manufacturing and delivery processes from the point of raw material origin to the point of consumption (Stank et al., 2001). In the past 25 years there has been a significant shift in
both academic research and practitioner interest in SCM, particularly with respect to the manner in
which buying firms and suppliers interrelate. Traditionally these two operate to each other in an
adversarial form - suppliers being “played” against other suppliers in a price-oriented bid process.
Currently this has been largely replaced (or at least promoted that way) in a more positive frame
encompassing collaboration, joint problem solving, and strategic supplier and distributor integration.

2.1.1 Firm performance
Supply chains comprise all activities associated with the flow and transformation of goods from the
raw material stage through to the end-user (Handfield & Nichols, 1999). A range of benefits has been
attributed to supply chain management, including reduced costs, increased market share and sales,
and solid customer relations (Ferguson, 2000). Several studies define two types of performance
measurement, Weill and Olson (1989) define financial data or objective data and performance
management based on perceptions as studied by Chan et al., (1997). Studies into the information
systems commonly use perception based measurements due to the subjectivity (Bergeron et al.,
2001, 2004; Sapienza et al., 1988). In general, the main reason for using financial data are
unreliability and unavailability. Stuart, Verville and Taskin (2012) write in their study that a recent
method for measuring performance is examining performance over different components such as
profitability, productivity, based on the evidence, that at least in a North American context.

Buyers are defining “trust” as supplier delivery reliability, quality conformance and in general
meeting basic expectations of what constitutes of good supply. The required effort to create a more
personal type relationship through such mechanisms as the exchange of talent, people, and shared
ideas is not nearly as critical as the actual evidence of performance. This in no way diminishes the
importance of trust. Trust significantly influences on all three performance outcomes: customer
relationship (satisfaction and loyalty), market growth (sales growth, market share improvement), and
financial performance (profitability and financial returns). And there are no significant direct links
between supplier performance (delivery, quality) on customer performance, market growth and
financial performance. Trust in a firm’s supplier community, therefore, plays an important
intermediary role in how the buying firm attributes to company success (Stuart et al., 2012).
2.2 **Buyer-Supplier Relationships**

Trust has been a well-researched topic in many academic disciplines (for an overview of trust research in different disciplines, see Bachmann and Zaheer, (2006), including management science (e.g. Lewicki et al., 1998; Rousseau, Sitkin, Burt & Camerer, 1998) and organizational theory (Lane & Bachmann, 1998; Saunders, 2010), the behavioural sciences and recently, neuro-economics (e.g. Zak, 2005), economics and political theory (Ostrom & Walker, 2003), philosophy (Baier, 1986) and sociology (Luhmann, 2000; Sztompka, 1999). In recent years, entrepreneurial scholars have shown a growing interest in the role of trust and it can be defined as an exclusive concept. Also there is no agreeable standardised definition. Generally, the literature distinguishes different forms and types of trust. Lewicki and Bunker (1996) emphasize these differing forms of trust in relation to how it evolves, while Zucker (1986) makes a distinction between institution-based, characteristic-based and process-based trust. Others define types of trust by its source, differentiating between cognitive-based and affect-based trust (McAllister, 1995), contract, competence and goodwill trust (Sako, 1992), or trust based on deterrence, calculus, knowledge and identification (Lewicki & Bunker, 1996). Several authors identify forms of personal, collective or institutional trust in connection to the micro, meso and macro levels where occurs (Humphrey & Schmitz, 1998). According to Ring and Van de Ven, (1992); Barney and Hansen, (1994); Dyer and Chu, (2000); Villena et al., (2011) trust can be defined, as one party’s belief that the other party in the relationship will not act opportunistically and not exploit its vulnerabilities even when such exploitation would not be detected. Different levels of trust can be defined by “weak” which is largely irrelevant because there are no vulnerabilities, “semi-strong” can be explained by violations which are covered by legal penalty clauses, and “strong” which means parties are trustworthy because this is consistent with their operating philosophy (Barney & Hansen, 1994). In addition to the levels of trust, the higher levels of trust between the buyer-suppliers relationship should improve financial performance through cost minimization, create a greater market penetration and enhance customer relationships.

Most definitions of personal and collective trust can be conducted by common elements of expectations or beliefs about the intentions and trustworthiness of others (Lewicki & Brinsfield, 2012). Trust becomes relevant when people become dependent on and vulnerable to the actions and decisions of others (McEvily et al., 2003). These people possess and control different types of knowledge, view the purpose of the organization differently, have different motivations in
supporting new business creation, and often differ in the evaluation of new business opportunities. An additional note is that, developing and maintaining trust takes time, effort, and resources (Jones & George, 1998). Reliance on trust in the absence of sufficient controls can also increase errors of judgment, obscure rational decision making, and discourage entrepreneurial risk taking. The given trust of the trustor and trustee will be extended to each other if they show reciprocity signals. In this study, trust is based on a perception of the probability that other agents will behave in a way that is expected and benevolent. In the entrepreneurial context, a manager or company owner expects a business partner or employee to act in their own interest, or at least to take such interests into account. They cannot be sure about how such expectations might be met, but hope that they will not be disappointed. This hope which is based on the expectations that these interpretations of trust cues, and on a willingness to be vulnerable to another party (Rousseau et al., 1998). Trustworthiness helps, because individuals can signal that they are worthy of trust thus, encouraging trustful behaviour (Mayer et al., 1995). The key characteristics of trustworthy partners include personal characteristics, past behaviour and emotions such as demonstrated honesty, loyalty, sympathy and empathy (Nootenboom, 2002). Additionally, trust stems from the characteristics of a community or organisation (Table 1). This includes, for example, ethnic groups, professions, networks, firms, associations or whole industries.

Table 1 Forms, levels, objects and sources of trust

<table>
<thead>
<tr>
<th>Forms</th>
<th>Level</th>
<th>Object</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal trust</td>
<td>Micro</td>
<td>Relationship, person</td>
<td>Emotions, intentions, goodwill, benevolence, characteristics of persons, experiences, knowledge, competencies</td>
</tr>
<tr>
<td>Collective trust</td>
<td>Meso</td>
<td>Community (e.g. kinship, ethnic group, profession) Organisation (e.g. network, firm, association) Industry</td>
<td>Characteristics of groups, information, reputation, recommendation certification, professional standards</td>
</tr>
<tr>
<td>Institutional trust</td>
<td>Macro</td>
<td>Cultural rules (e.g. norms, codes of conduct, values) Formal regulations (e.g. laws, certification, licenses) Business infrastructure (e.g. business courts, administration, Financing organisations) Government</td>
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Such collective trust arises from the recommendations of others within this group (Williamson, 1993), on reputation, which refers to knowledge held by individuals about a potential partner in terms of their behaviour in prior network relations, or on shared rules and codes of conduct within groups and professions (Welter & Smallbone, 2006). The trustor and trustee might assume that the
buyer or supplier will not act in a detrimental way to their relationship, even if there are no written or explicit rules to this effect. Alongside this, BSR are governed by norms, values and codes of conduct inherent within a society. This indicates a continuation of institutional trust (also labelled ‘system trust’) as a form of general trust in the functioning of the overall political, legal or economic framework and its informal rules (Luhmann, 2000; Williamson, 1993; Zucker, 1986). Determinants of institutional trust can be defined as endogenous and exogenous (Hudson, 2006); the higher the levels of generated institutional, the better they perform. The latter, exogenous factors, are related to individual characteristics such as income and education, suggesting that “mistrust is partially based on ignorance” (Hudson, 2006, p. 59). Moreover, institutional trust is easily destroyed, as adverse experience “results in a generalized loss of trust across all institutions” (Hudson, 2006, p. 59). Parallel to the above, the buyer can trust the supplier to deliver good quality or in other words, the level of competency is trusted, but this does not require similar trust in the supplier’s benevolence or goodwill. Alongside this, trust is dynamic, which means it shifts over time, so personal trust may gain or lose importance during a commercial exchange. Moreover, trust generally is seen as something benign and helpful, however, recently the potentially negative effects of trust and its dark sides have become more clearly acknowledged within the entrepreneurial context.

In this study we will use the conceptualization of Morgan and Hunt (1994, p. 24) who define trust as the confidence in an exchange partner’s reliability and integrity. This definition parallels that of Anderson and Narus (1990), Moorman et al., (1993), and Ganesan (1994). Trust has two dimensions: the ability to perform according to agreements (e.g. Nooteboom et al., 1996) and the confidence that vulnerabilities will not be exploited (e.g. Dyer & Chu, 2000). The first dimension is known as ‘competence trust’, the second dimension as ‘goodwill trust’.

2.3 Why may trust have negative effects on firm performance?

Thus far, our discussion has illustrated the positive side of trust on various forms, levels, objects and sources of trust. Naturally there is also another side of trust. Traditionally, scholars see trust and distrust as mutually exclusive and opposite conditions, they see trust as "good" and distrust as "bad". In the study of Şengün et al., (2011) and Karri et al., (2008) they found a negative relationship on performance outcomes on diverse characteristics and therefore a deeper examination of the literature on these notions is required.
In our study we define trust in terms of confident positive expectations regarding another one’s conduct, and distrust in terms of confident negative expectations regarding another one’s conduct. This is related and based on the study of Lewicki RJ, McAllister DJ and Bies RJ (1998). We use the term "another one’s conduct" in a very specific, but encompassing, sense. In other words; what another says and does and how he or she makes decisions. By "confident positive expectations," we mean a belief in, a propensity to attribute virtuous intentions to, and a willingness to act on the basis of another one’s conduct. Conversely, by "confident negative expectations," we mean a fear of, a propensity to attribute sinister intentions to, and a desire to buffer oneself from the effects of another one’s conduct. We assert that both trust and distrust involve movements toward certainty: trust concerning expectations of things hoped for and distrust concerning expectations of things feared.

In the study of Welter et al., (2012), they suggested that there is a danger that in analysing business behaviours (buyer-supplier relationships), the role of trust might be exaggerated. As argued in the introduction of this study there is almost an ideological assumption that trust is good: although the management literature has acknowledged it’s potentially dark side (Lewicki et al., 1998; McAllister, 1997), relatively few entrepreneurial studies explicitly engage in this question. Those studies address the issue considering the potentially dark side, they do exist from the over-embeddedness of institutions and relationships. If we focus on the macro level, which has been explained in the previous paragraph, the dark sides of institutional deficiencies and distrust of business development have been investigated by, Tonoyan et al., (2010). They did an analysis into the determinants of corruption in emerging and mature market economies in Western and Eastern Europe. Tonoyan et al., (2010) showed that poor enforcement of formal institutions, as well as the inefficiency of financial and legal regulations in tandem with exclusive and strong network ties, breed corruption. De Jong et al., (2012) showed in their study with Vietnamese entrepreneurs that bribes foster entrepreneurial performance when they increase trust between entrepreneurs and officials, enabling the former to obtain favourable treatment. Where entrepreneurs continue to rely on trusted and successful ‘avoidance’ behaviour, vicious circles will occur. Welter (2005) wrote in his study that reinforcement of negative attitudes of governments towards entrepreneurship enforces impeding institutional reforms and the development of institutional trust. In addition, the effects of spatial proximity upon trust and entrepreneurship are influential (Welter, 2011). Grabher (1993) argues that face-to-face business contact fosters trust formation, as well as contributing to ‘over-embeddedness’ and entrenchment at the regional level.
Kaminska (2010) explores the impact of personal trust in the form of bonding social capital in the Polish region of Łódź, vividly illustrating that, albeit fostering local economic development in the early 1990s, bonding social capital subsequently hampered cooperative behaviour and impeded learning and unlearning within the region. Thomas (2000) illustrates in his study the consequences of such spatial over-embeddedness where strong ties dominate, and so privilege certain groups while effectively excluding others. This was done on a case in small and medium-sized enterprise (SME) organisation in East Germany.

At an individual level, trust shows its dark sides in the form of relational inertia, blind trust and over-trusting behaviour. As shown in the previous section, personal trust helps entrepreneurs cope with institutional deficiencies in a low-trust context. However, it also restricts business development if entrepreneurs do not (dare to) go beyond a circle of trusted and known business partners (e.g. Welter & Smallbone, 2011; Smallbone & Welter, 2009), instead relying on their old and trusted ties. Batjargal (2006) illustrates in their study that in Russia, such relational inertia fosters improved business performance for those entrepreneurs who already have extensive and resource-rich networks. In complex and turbulent environments, it appears less risky for BSR to maintain old ties as long as they continue to provide (access to) resources. However, this contributes to lock-in effects, which ultimately impede entrepreneurship development at the macro level. Diverse researchers have analysed whether strong ties, in the form of trust between small business owners and advisers (e.g. Bennett & Robson, 2005; Bennett & Smith, 2004; Dyer & Ross, 2007), can result in ‘ties that blind’ (Kautonen et al., 2010). Kautonen et al., conclude that business owners tend to disregard the lower performance of professional advisers in strong ties - that is, trust-based personal relationships. Zahra et al., (2006) draw attention to the downside effects of trust in corporate entrepreneurship, including lock-ins, over-confidence and the lack of effective controls due to over-reliance on trust. They were focussing on the complex links between relational trust, which requires personal relations to develop, and malfeasant behaviour, which could result from too much relational trust (Granovetter, 1985). Extending on this, Goel and Karri (2006) argue that over-trust may be part of the overall risk that entrepreneurs assume in new venture creation, suggesting that entrepreneurial behaviour might affect trust on a general level. Goel and Karri (2006, p. 489) cited in their study about over-trusting; “by a population of entrepreneurs could make trusting others relatively unconditionally a cultural norm and isolate people who violate this collective norm”. Parallel to this argument they also suggest that entrepreneurs deliberately over-trust to create resources, and that by using effectual logic, entrepreneurs trivialize the risk inherent in (over)-trusting to achieve
nontrivial benefits (Karri & Goel, 2008); however, Sarasvathy and Dew (2008) refute the link to effectual logic, emphasizing that it neither predicts nor assumes trust. Thus, both ‘enormous trust and enormous malfeasance then may follow from personal relations’ (Granovetter, 1985, p. 62).

2.4 Under which conditions may trust have negative effects on firm performance?

2.4.1 Over-trust

When a buyer makes the decision to trust the supplier he/she concomitantly makes the decision to accept vulnerability to the other. Alongside this, he/she will accept the risk of loss if the positive expectations of another proved to be misplaced. Trust on the positive side implies that actors are involved in trusting relationships and will avoid opportunism. Trust is relational and it involves interdependency and neither party in the relationship has complete control over the other. This results in an inability to control, which fills the relationship with unpredictable outcomes between the trustor and trustee. The behavioural intention component of trust refers to the ability of a person to rely upon another one’s words and actions. The power by the trustor (buyer) to the trustee (supplier) should accept the vulnerability in an exchange relationship due to an expectation that the trustee will not take advantage of the situation and cause damage. Inherent in a relationship based on trust the risk in sense of perceived probability of loss and interdependence is that the interest of the trustor cannot be achieved without reliance of the trustee (Rousseau et al., 1998).

To get the right feeling of trust between the trustor and trustee both need to have trustworthiness towards each other. Trust may be assumed habitually, but trustworthiness is revealed only after the outcome of the decision to trust is realized. While opportunistic tendencies are not transparent ex ante (Williamson, 1985), individuals will attempt to be trustworthy even if the reality is otherwise, leading to over-trust in the relationship. Goel, Bell and Pierce (2005) proposed: “over-trust reflects a condition where one chooses, either consciously or habitually, to trust another more than is warranted by an objective assessment of the situation”. This definition can be refined due to some people can trust in contexts where others may urge caution and seek cautionary safeguards. In this respect, over-trust can be viewed as instrumental in making deals under the assumption that the other parties will keep their end of the bargain. So over-trust could have a negative effect on the firm performance.
2.4.2 Relational capital

Working together over an extended period of time, buyers and suppliers begin to understand the peculiarities and barriers that stand in the way of gaining operational efficiencies. It goes without saying that not all BSR will reach a level of high interaction, high information exchange and high trust which is required for relational capital to be created (Rinehart, Eckert, Handfield, Page & Atkin, 2004). Within the content of this study we define relational capital as the extent to which exchange involves mutual respect, trust and close interaction that exists between the partner firms. This conceptualization proposes that investments in socialization processes produce a large amount of benefits and goodwill that have the potential to generate “hard” benefits to the buyer such as reduced supply chain costs, greater flexibility, and reduced new product development time. Within these conditions, suppliers are willing to work efficiently due to sharing information in a concise and accurate way (Zajac & Olsen, 1993).

As buyers and suppliers work together over an extended period of time, they begin to understand the peculiarities and barriers that stand in the way of gaining operational efficiencies. As a consequence, there even are dangers associated with making a significant investment in socialization when the potential for generating a return in the form of relational capital is low (Cousins & Crone, 2003; Rosenzweig, Roth & Dean, 2003)! Socialization helps to build inter-personal relationships and trust within these exchange relationships, leading to a stock of relational capital (Kale, Singh & Perlmutter, 2000) which can be leveraged to enhance the supplier relationship. If relational capital develops, buyers and suppliers are willing to take more risky business interactions and this also applies to friendship, respect, and reciprocity within repeated transactions (Kale et al., 2000).

To summarize, relational capital focuses on the kind of inter-personal relationships between buyers and suppliers which they have developed through a history of interactions. Such relationships develop trust, mutual respect and close interactions over time and these reduce monitoring cost and enhance cooperation within the relationship. Thus, we expect that relational capital has a negative effect into the firm performance.

2.4.3 Communication

Alongside the above, the study of Stuart et al., (2012) argues that simply face-to-face contact between suppliers and buyers is too vague and superficial as an indicator of interpersonal relationship strength. It suggests that there is a fundamental difference between a cursory weekly sales visit (52 times per year) and an exchange of technical personnel to help redesign a production
process, something that might occur much less frequently but is much “richer” and intensive in nature (Cannon & Homburg, 2001). And if a supplier is delivering reliable products over a period and shows the buyer that the supplier is continuously improving their processes and products, does this low need for corrective action mean that there is an absence of trust? In addition, it is recognized in communication literature that communication increases the level of trust between buyers and suppliers due to reducing the uncertainties between each other (Anderson & Narus, 1990). Hereby open communication acts as a motivator to strengthen the relationship between buyers and suppliers and leads to improved performance. It is also suggested that a more open and personal communication increases the richness of the communication, which in turn enhances the inter-organisational relationship (Daft & Lengel, 1986). Thus after the conclusions of different researchers we assume that a contrary low level of communication has a negative effect on the firm performance.

2.4.4 Risk taking

In the study of Şengün and Wasti (2011) risk has been named as the element which gives trust its basic character. For example; if there are no risks and actions can be taken with complete certainty, no trust would be needed. Alongside this, it is still unclear whether risk is an antecedent to trust, is trust itself, or an outcome of trust. Researchers suggest that an individual (buyer-supplier) will undertake high risk if trust exists (Inkpen & Currall, 1998). A reduction of opportunistic behaviour can be accompanied by a reduction in uncertainty through trust (Sako & Helper, 1998) and thereby a reduction in perceived risk. Trust will reduce the risk that is being taken by suppliers in a relationship. Between competence trust and perceived performance risk, Das and Teng (2001) suggest a negative association, this also applies to, goodwill trust and perceived relational risk. The lower the risk perception by the decision maker, the higher will be his tendency towards risk taking. Overall they suggests that competence trust or goodwill trust reduces perceived risk and leads to risk-taking tendency. Therefore it can be suggested that the dimensions of trust directly increase the risk taking tendency in inter-organizational relationships. So risk taking could have a negative effect on the firm performance.

2.4.5 Firm size

In many different types of studies researcher are talking about firm sizes (number of employees revenues) and how that effect is related to a specified topic. We will also gather information about firms sizes because we are curious about this effect. Since the status of negative effects on trust is not clear in the literature and little attention has been paid to the concept, we attempt to provide an exploratory analysis of its relationship with relationship performance outcomes.
2.5 Conclusions

Trust has been a well-researched topic in many academic disciplines. Traditionally, scholars see trust and distrust as mutually exclusive and opposite conditions, they see trust as "good" and distrust as "bad". This chapter has defined the outlines for the negative relationships between trust and firm performance. Also, the definition of trust and the ‘why’ and ‘when’ are discussed. The research questions are summarized in a preliminary theoretical framework presented in figure 1. This study aims to investigate if the moderating factors have negative effects on firm performance.

Figure 1: Preliminary conceptual framework.
3 Research methods

Chapter two was a literature study which identified several factors which could play a role in the negative effect of trust on firm performance in a buyer-supplier relationship. These factors are ‘communication’, ‘over-trust’, ‘relational capital’, ‘risk taking’ and ‘firm size’. In contrast with a growing number of publications on trust and (supply chain) performance, there is a lack of (empirical) research that addresses the issue of conditions that amplify the negative effect of trust on performance. Publications do not reveal how buying organizations perceive the effectiveness of these conditions. The case studies address this gap. This case study is further substantiated in this chapter along with other methodological choices, like: data collection, operationalization, and the data analysis technique applied. The methodological choices made are substantiated by methodological, practical, and theoretical arguments.

3.1 Research Method

A variety of research methods or designs are available for the empirical testing of theoretical expectations. Vennix (2006) distinguishes between three commonly used research designs that serve as foundations for empirical studies: the survey, the case study, and the experiment. Based on a study’s nature a design can be selected or multiple designs can be used interchangeably. The survey is a design that is most commonly used for the purpose of scoring opinions and doing market research. For example a detailed study of a market or geographical area of which to gather data on attitudes, impressions, opinions, satisfaction level, et cetera, by polling a section of the population. It’s aim is to map the opinions of a large number of people by means of a questionnaire (Vennix, 2006). According to Yin (2009) a survey design is suitability when the research questions are focusing on ‘what’ questions. Given the purpose of the current study, the survey is not a suitable research design. Rather, this study tries to explain causal links (Section 2.4). A causal relationship between two things will mean that one thing is responsible for another thing. Survey methods are not appropriate for testing causal relationships, whereas the experimental method is. Vennix (2006, p. 126) states: “The experiment is especially useful for studying causal factors, that underlie certain phenomena, and as such it is an appropriate research method for explanatory studies”. Studies which are based on experiments ideally should have a number of hypotheses which have been tested by comparing the behaviour of groups given a different set of circumstances. In the study of Vennix (2006) an experiment allows for a systematic comparison of groups’ performance under a variety of conditions. If we want to apply the experimental research format to this study it would be very complicated due to the discussed points.
For this study the case study research design was selected as primary research method. According to Yin (2009), a case study research is the best applied when the research addresses descriptive or explanatory questions: i.e. what happened, how and why? Also, Yin (2009) describes a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-live context, especially when the boundaries between phenomenon and context are not clearly evident. The case study is the most appropriate research method for this study. Therefore we describe three reasons related to the study of Yin (2009). The first reason concerns the shape of the research question. A case study is a suitable method in exploratory research. This study uses an exploratory research question: “Whether, why and under which conditions may trust have negative effects on firm performance”? Secondly, it is very costly and time-consuming to investigate the variables in a controlled environment. A case study requires of the researcher that there will be no manipulation of variables. Finally, it is the historical context of the investigation that determines: the case study is preferred in research on contemporary situations (Yin, 2009). Subsequently we will go into the advantages and disadvantages of a case study. The main advantage of the case study is the contribution to an overall picture of the study’s object. This can be a particular advantage in a survey focusing on the change of an existing situation (Verschuren & Doorewaard, 2007). A disadvantage is the external generalizability. The external validity of the research results is under pressure because the results of the case study are only generalizable to the theoretical proposition and not to an entire population (Yin, 2009). This study is a multiple-case study. A multiple-case study can be used to test hypotheses of a conceptual model (Yin, 2009). This form is suitable for unique, self-contained case study (Saunders, Lewis & Thornhill 2008). The goal of this study is to extend and further develop the theoretical framework and will not be conducted to test this model. Concretely this implies that in this study we are looking for other moderating factors which could have some influence on the relationship between trust and firm performance. Due to this substantiation this study is inductive. Induction is reasoning from the specific to the general level, in order to achieve generalization of findings (Vennix, 2006). The conceptual framework underlying this study which can be found in paragraph 2.5 is embedded in theory. Therefore this study is argued to be inductive and will address a knowledge gap.
3.1.1 Multiple-Case Design

Defining research questions and propositions is unique to each case study. But when it comes to selecting and developing the instrument, there are a number of different possible research designs. A multiple-case design, refers to a case study research in which several instrumental bounded cases are selected to develop a more in-depth understanding of the phenomena than a single case can provide. Multiple-case design, or the use of collective case studies, involves the extensive study of a number of instrumental case studies.

The big advantage of multiple-case studies is that evidence is provided from many sources, thus making it easier to generalize (Yin, 2009). A single case, on the other hand, may be considered idiosyncratic. The use of multiple-case designs has therefore become more frequent over recent years (Yin, 2009). Another advantage of multiple-case design is the methodological similarity with the experiment.

To realize the research objective a multiple-case design was adopted. Multiple-cases in which the relationship of a buyer in several organisations maintains with his/her suppliers. This results in several opportunities of exploration instead of being restricted to one buyer-supplier relationship. The reason for this is replication logic (Yin, 2009). Yin combines two forms of replication: “Literal replication’ and ‘theoretical replication”. According to Yin (2009), the development of a theoretical framework is important. The framework which can be found in paragraph 2.5 states the conditions under which a particular phenomenon is likely to be found. When the same findings are found in several cases, Yin describes this as literal replication. Due to this phenomenon we are expecting similar results which can be called a literal replication.

3.2 Data Collection

3.2.1 Selected cases and respondents

The cases in this multiple-case study will discuss the selection of specific cases for each type of context and elaborate on each type of respondents. An option to collect data which is useful in a case study can be done by an interview with key persons. Due to the fact that there is no specific number or guideline to select cases in this type of study, the widest accepted range falls between two and four as the minimum and ten and fifteen as the maximum (Perry, 1998). Due to a limited selection of accessible suppliers in the OEM leisure industry five cases were chosen for this study. This number falls in the middle of the recommended range of the lowest accepted range. These five companies have experience with BSR where trust has had a negative effect on firm performance. According to Yin (2009) an important criterion in a case study is that the samples cases need to cover
the object of interest and its context. Elaborating on this, in this study the selected companies are representing a variation of participants with specialized knowledge and experience with ineffective, trust-based supplier relations. All these seven participants are working in an organisation which is connected to the OEM leisure industry which will be mentioned as organisations 1, 2, 3, 4 and 5. In this study the contact members vary in level within each organisation e.g. buyers, purchase managers, managing directors and supply chain managers. This wide diversity in the sample increases the possibility of generalizing the results and exploring patterns within the industry. Thus, the information provided by these companies is able to support the development of the initial set of propositions and the conceptual framework. The profiles of the participating companies are shown in Table 2.

Table 2 Background information on the companies in the exploratory study

<table>
<thead>
<tr>
<th>Product sector</th>
<th>Organisation 1</th>
<th>Organisation 2</th>
<th>Organisation 3</th>
<th>Organisation 4</th>
<th>Organisation 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics (MRO)</td>
<td>Steel manufacturer</td>
<td>Sanitary and refrigerator manufacturer</td>
<td>Plastic injection moulding</td>
<td>Steel manufacturer</td>
<td></td>
</tr>
<tr>
<td>Geographic markets</td>
<td>Global</td>
<td>Benelux</td>
<td>Global</td>
<td>Europe</td>
<td>Benelux</td>
</tr>
<tr>
<td>Turnover (2015 €)</td>
<td>1 Billion</td>
<td>40 Million</td>
<td>110 Million</td>
<td>20 Million</td>
<td>5 Million</td>
</tr>
<tr>
<td>Approximate # employees</td>
<td>10.000</td>
<td>40</td>
<td>350</td>
<td>85</td>
<td>35</td>
</tr>
</tbody>
</table>

3.2.2 Semi-structured interviews

Semi-structured interviews were used as the data collection method of choice because such interviews allow for theory-driven, hypotheses-directed questions to be asked (Flick, 2009). Also the semi-structured interviews give the researcher the opportunity to get answers from the relevant topic in the interviewees’ perception, this method creates sufficient room to explain any diverging findings and comments.

In this study, the collected data was exclusively from five organisations in the OEM leisure industry in the Dutch mainland through in-depth personal interviews. These firms were selected because they are important in the Dutch OEM leisure industry. The level of participants, which are representing the chosen firms are selected per case. This resulted in a general yield and better covered information and thereby will improve the internal validity of the study (Van Bruggen, Lilien, & Kracker, 2002). This study will employ a face-to-face interview approach as this provides the opportunity to probe beyond initial responses, resolve ambiguities, and even overcome any unwillingness to answer particular questions (Yin, 2009). Moreover, open questions aid in the
capture of differences in views. The interview starts with some background information about the interviewee (e.g. position in the organisation and targets). The open-ended questions will go into the experience of the interviewee with the negative effects of trust in their buyer-supplier relationships. Also the open-ended questions employ the principles of focused (i.e. thematic) interviews, whereby interviewees are encouraged to broadly explain their perceptions about the question under study (Yin, 2009). The open-ended questions were asked before presenting the structured, literature-based questions to avoid constraining interviewees answers. Given the central question of this study, the purpose and the restrictive timeframe of the study, the choice was given to the collection of primary data to perform cross-sectional study (Saunders, Lewis & Thornhill, 2011). This means that data collection will be a snapshot.

3.3 Operationalisation
In chapter two a literature study was done which identified several factors which could play a role in the negative effect of trust on firm performance in a buyer-supplier relationship. These factors are ‘communication’, ‘over-trust’, ‘relational capital’, ‘risk taking’ and ‘firm size’. This literature study has resulted in a theoretical framework which defined the expected impact of trust in buyer-supplier relationships on firm performance. In regard to this conceptual model a number of propositions were devised to test the expected relationship. Operationalization is necessary due to offering theoretical definition and elaboration is indifferent to enable empirical measurement. Operationalization breaks down a theoretical concept in a number of dimensions which aid in its demarcation and unravelling (Vennix, 2006). Indicators are identified for each dimension as actual empirical measurements. Distinguishing between various indicators is a step in which ‘theoretical language’ is transformed to ‘empirical language’; it is a process in which one devises observable variables that refer to the theoretical concept (Vennix, 2006). In table 3 the operationalization scheme is given, this scheme can be used as input for the semi-structured interviews.
### Table 3 Operationalization

<table>
<thead>
<tr>
<th>Theoretical Concept</th>
<th>Indicators</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Competence trust</td>
<td>Ganesan, (1994)</td>
</tr>
<tr>
<td></td>
<td>Goodwill trust</td>
<td>Nooteboom et al., (1996)</td>
</tr>
<tr>
<td></td>
<td>Financial performance (profitability and financial returns)</td>
<td>Ferguson, (2000)</td>
</tr>
<tr>
<td></td>
<td>Customer relationship (satisfaction, loyalty)</td>
<td></td>
</tr>
<tr>
<td>Over trust</td>
<td>Relational slackness</td>
<td>Kim, (2000); Villena et al., (2011); Goel, Bell, and Pierce, (2005)</td>
</tr>
<tr>
<td>Relational capital</td>
<td>Mutual trust</td>
<td>Kale et al., (2000)</td>
</tr>
<tr>
<td></td>
<td>Close interaction between the buyer and supplier</td>
<td>Cousins and Crone, (2003); Rosenzweig et al., (2003)</td>
</tr>
<tr>
<td>Communication level</td>
<td>Level of communication (ones a week or ones a year)</td>
<td>Stuart et al., (2012); Grabher, (1993) &amp; Anderson and Narus, (1990)</td>
</tr>
<tr>
<td></td>
<td>Type of communication (face to face)</td>
<td></td>
</tr>
<tr>
<td>Risk taking</td>
<td>Level of trust (weak, semi-strong &amp; strong)</td>
<td>Barney and Hansen., (1994)</td>
</tr>
<tr>
<td></td>
<td>Opportunistic behavior, goodwill</td>
<td>Das and Teng., (2001)</td>
</tr>
<tr>
<td></td>
<td>Level of perceived performance risk</td>
<td>Sako and Helper., (1998)</td>
</tr>
<tr>
<td>Firm size</td>
<td>Alliance size (turnover / number of employees)</td>
<td>Robson et al., (2008)</td>
</tr>
</tbody>
</table>

For the conceptualization and the operationalization of the variables in our interviews and in the research model we drew on existing studies:

*Trust refers to a social mode of exchange, and will be assessed by investigating the level of competence trust and goodwill trust. Trust refers to common elements of expectations or beliefs about the intentions and trustworthiness of others (Lewicki & Brinsfield, 2012). Trust is built by positive experiences and past behaviour of a partner. Demonstrated honesty, loyalty, sympathy and empathy contribute to trust in buyer-supplier relationships (Nooteboom, 2002).*

*Firm Performance refers to the overall benefits of a complete chain. Buyers are defining “trust” as supplier delivery reliability, quality conformance and in general meeting basic expectations of what constitutes good supply. The firm performance of an organization is generally assessed by three performance outcomes: market growth (sales growth, market share improvement), financial performance (profitability and financial returns) and customer relationship (satisfaction and loyalty), (Stuart et al., 2012; Ferguson, 2000).*
Over-trust refers to relational slackness. In the interviews we specifically paid attention to this indicator which is found by several researchers who stated that too much trust may result in relational slackness, i.e. that partners increase the likelihood of using coercive power strategies, and the probability of behaving opportunistically (Kim, 2000; Villena et al., 2011). Goel, Bell, and Pierce (2005) proposed: “Over-trust reflects a condition where one chooses, either consciously or habitually, to trust another more than is warranted by an objective assessment of the situation”. This definition can be refined due to some people can trust in contexts where others may urge caution and seek cautionary safeguards.

Relational capital refers to mutual respect, trust, and close interaction that exists between the buyer and supplier (Kale et al., 2000) to which we will pay special attention to during the interviews. Clearly, not all relationships will reach a level of high interaction, high information exchange, and high trust required or relational capital to be created (Rinehart et al., 2004). As a consequence, there even are dangers associated with making a significant investment in socialization when the potential for generating a return in the form of relational capital is low (Cousins & Crone, 2003; Rosenzweig et al., 2003). Relational capital focuses on the kind of inter-personal relationships buyers and suppliers have developed with each other through a history of interactions. Such relationships develop trust, mutual respect and close interactions over time that reduce monitoring cost and enhance cooperation within the relationship.

Communication level refers to business contacts which is discussed by Grabher (1993). Communication level is generally assessed by face-to-face business contacts which is fostering trust formation, and will also contribute to ‘over-embeddedness’ and entrenchment at the regional level. Attention was also paid to the argument that simply face-to-face contact between suppliers and buyers is too vague and superficial as an indicator of interpersonal relationship strength Stuart et al., (2012). In addition, it is recognized in communication literature that communication increases the level of trust between buyers and suppliers due to reducing the uncertainties between each other (Anderson & Narus, 1990). Open communication acts as a motivator to strengthen the relationship between buyers and suppliers and leads to improved performance.

Risk Taking refers to the mode of taking risks. We will pay special attention to the level of trust (Barney & Hansen, 1994) because trust will reduce the risk that is being taken by suppliers in a relationship. A reduction of opportunistic behaviour can be accompanied by a reduction in uncertainty through trust (Sako & Helper, 1998) and thereby a reduction in perceived risk. Overall they suggest that competence trust or goodwill trust reduces perceived risk and leads to risk-taking
tendency. Between competence trust and perceived performance risk, Das and Teng (2001) suggest a negative association, this also applies to, goodwill trust and perceived relational risk.

Firm size refers to the alliance size of an organisation. In many different types of studies researchers are talking about firm sizes (number of employees and revenues) and how that effect is related to a specified topic Robson et al., (2008). In the interviews we will also gather information about the dimension of firms sizes because we are curious about this effect.

3.4 Data analysis
As mentioned in the previous section, data was collected by semi-structured interviews. The context of the questions that were asked in these interviews are derived from the literature review in chapter 2. This study aims to find the right data analysis technique which fits the right method of data collection. The data collection method determines the type of output and therefore different methods require different analysis techniques.

3.4.1 Relying on theoretical propositions
This exploratory multiple-case study is based on the propositions of a theoretical framework. The primary outputs of this study are interview results which try to capture participants’ perceptions of the specific cases. Yin (2009) states in his study that it is important to have a general analytic strategy, rather than hoping that patterns will emerge simply through studying and experimenting with the data. The four strategies are: (1) relying on theoretical propositions, (2) developing a case description, (3) using both qualitative and quantitative data, and (4) examining rival explanations. Due to the theoretical propositions the main reason for using the strategy examine rival explanations is to review rival hypotheses which will be checked against the results out of the interviews.

3.4.2 Pattern-matching logic
In this study a pattern-matching logic was applied as an analysis technique which relates to certain theoretical propositions. When a systematic pattern is observed in the data, then the initial proposition is confirmed, and the internal validity of the research is strengthened. Yin (2009, p.136) states pattern-matching is “one of the most desirable techniques” for case study analysis, and that the procedure’s goal is to “compare an empirically based pattern with a predicted one”. Interviews will gather the required information about the remainder of the variables in the framework. The interviews were audio-recorded and subsequently roughly transcribed. These transcripts were used to analyse the interviews. A data matrix has been created to summarize key findings related to these questions and company interviews, the data matrix can be found in Attachment B. All the respondents were Dutch which is the reason that the semi-structured interviews were held in Dutch. Relevant parts of the interview transcripts used for analysis are
translated from Dutch to English and placed in the data matrix. The structure of the interview and a complete overview of the interview questions can be found in Attachment A. The opinions which emerged from the data have been discussed with the respondents in order to further validate the empirical findings.

3.5 Methodological issues

The research quality is an important criteria for the validity and reliability of the academic study.

The validity of the study is high because questions can be clarified by the interviewer and the interviewee can go deeper into the answers. This is in contrast to the performance of a survey where the respondent can only choose from a preselected list of answers. Most of the time when the answers cannot be found in the preselected answers, the respondent will give an answer which deviates from the actual answer (Saunders et al., 2011). Alongside the validation, the generalizability of the study is low because a statistical generalization cannot be made across the population. This study tried to anticipate on suppliers who are reluctant to discuss or admit the negative experience on trust. Because of this we were given examples of other industries / sectors, implying that the use of negative effects can be considered as a parts of normal practice of doing business.

Reliability refers to whether the data obtained is subject to coincidental error (Vennix, 2006). Yin (2009, p.45) states: “The goal of reliability is to minimize errors and biases in a study”. Reliability was assured by thorough documentation of the case study procedure, enabling a later investigator to follow the same procedures and arrive at similar results and conclusions. The reliability in this study is high because the research methods are described and used in research, therefore this study is reproducibly (Saunders et al., 2011). The credibility of the interviewer can be guaranteed by the confidence of the interviewee win. This enhances the reliability and depth of the data collected are correct. Confidence can be won in the following ways:

• A preliminary list of interview subjects is given to the interviewee by the interview.
• Each interview can start with some initial questions and further clarifications of the issue.
• Ask permission from the interviewee for recording the interview and for using the information. This can be logged on tape recorder.
4 Results
This chapter describes the most important results of the research. The order of the results follows the problem statement in chapter 1. The first section describes the experience of the respondents with a situation where there was a lot of confidence in the supplier, while this turned out to be a negative impact on the performance of the organisation. This experience is assessed by several circumstances which could have a negative effect on firm performance. These results are based on the answers of part 1 of the interview. The second section goes into the semi-structured interview. In this section the respondent is asked to use his/her professional experience to give other examples that may have a negative effect in the BSR in the firm performance. In chapter 3, background information about the participating companies is given. A data matrix of the interviews can be found in Attachment B of this report.

4.1 Cases of trust with a negative impact on performance
In order to obtain a better understanding, and a more objective view of the reason why and how trust leads to a negative effect on firm performance, buyers were asked to describe a situation where there was a lot of confidence in the supplier, while this turned out to be a negative impact on the performance of the organisation. Below an overview of different buyer experiences is given.

Respondent A. Trust which was underlined by a partnership ended in a lower firm performance. The supplier had their own interests above the partnership interest which resulted in short term in a more positive turn over for him. The supplier did not meet the expectations because they did different things than what was agreed upon. This level of self-interest resulted in downtime and ultimately in backorders. Therefore the buying organisation was not able to deliver to the customer on time. The supplier had several chances to solve the issues due to competence trust which he did not use. In the end the buying firm made ± 2 million losses on financial performance and market growth.

Respondent B. The buyer-supplier relationship was underlined by trust which was based on several years of experience with each other. The supplier had met existing commitments and due to the relationship there was a high level of goodwill trust. This relationship was the basis of a new project whereby timing was crucial. The buyer has built on existing trust and therefore unfortunately this project went wrong. This resulted in a recall of their own products. The consequences of the high level of competence and goodwill trust were: project delay and in the end a reduction on customer satisfaction. There was also a big impact on the organisational financial performance.
Respondent C. The buyer-supplier relationship was underlined by goodwill trust. The organisation needed a new product so the buyer went to a supplier which he knew from the past. The buyer knew this supplier for many years but the main reason to do business with him was a good story about his products. Controls are omitted because there was confidence in the supplier, the product was already delivered to several organizations and a quick time to market was needed. His BSR resulted in product issues with the end users. A recall of the products was unavoidable. The consequences of that level of goodwill trust, were; an internal 100% outgoing check, a large amount of bad products on stock and in the pipeline to the end users. It goes without saying that the customer satisfaction is far reduced and the internal cost are extremely high.

Respondent D & E. The buyer-supplier relationship was underlined by a relationship of more than 25 years. Also a high level of competence and goodwill trust was in place. There were no contracts and written appointments on paper. Everything was based on a "gentlemen's agreement". Due to very good relations the buying- and supplying organisation saw the relationship as a partnership and partly therefore mutual trust was in place. From one day to another the supplier chose to pursue a different strategy. This strategy resulted into the fact that the buying company no longer matched (a high balance of power). This caused the buying company to change to another supplier, with all its consequences. In the end there were no supplies, enormous transportation costs, massive chaos and that had led to huge escalations in the management board of internal and external customers and OEMs. In total it had cost 400K and this was without the internal staff costs and the reduction of customer satisfaction at the customers.

Respondent F. The buyer-supplier relationship was underlined by competence trust. The supplier delivered fewer products than was agreed on. Due to competence trust the buying firm got customer complaints. The suspicion is that the supplier knowingly delivered fewer materials to reduce their internal costs. This resulted in customer complaints and a reduction in customer satisfaction and loyalty. Thereby the relation was so damaged that the buying firm was forced to look for another supplier which was not easy. The consequences of that level of competence trust, were; lower financial performance and a high reduction of the customer satisfaction. Changing to another supplier had also a big impact on the internal costs.

Respondent G. The BSR was underlined by competence and goodwill trust which resulted in a negative effect on firm performance. The buyer was looking for a new supplier which would have a good fit in the company. A good customer of the buyer was providing the new supplier because he had several different good experiences. Through the relationship, the buyer trusted him and they did business with that new unknown supplier. During the course of the project the buyer found out that
the supplier had made some promises he couldn’t fulfil. This resulted in a delay in the delivery to the end user. While the product was finished it wasn't working at the end user which resulted in the fact that the buying organisation and the end user had to put in place some extra resources. Overall it was a wrong decision to blindly trust the customer to do business with an unknown supplier. The buyer did not know what the impact was on the customer satisfaction, but he knew that the end user was not extremely happy. Parallel to this the buying organisation and the end user put several weeks of extra hours and material into the project. Table 4 depicts a short summery of the cases given.

Table 4 Cases of trust with a negative effect on performance.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>What went wrong?</th>
<th>What was the negative effect?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>The supplier put his own interest above the partnership. The supplier did not perform in accordance to what was agreed.</td>
<td>The buyer was nog able to deliver on time. High financial losses.</td>
</tr>
<tr>
<td>B</td>
<td>Time problems (late delivery).</td>
<td>Product recalls by the buyer. High financial consequences.</td>
</tr>
<tr>
<td>C</td>
<td>No controls were put on the supplier performance. Major product issues.</td>
<td>Product recalls by the buyer. High internal costs &amp; unsatisfied customer.</td>
</tr>
<tr>
<td>D/E</td>
<td>No contract, just a gentlemen’s agreement. The supplier did not act as a partner.</td>
<td>The buyer had to switch to another supplier. The buyer incurred high switching costs.</td>
</tr>
<tr>
<td>F</td>
<td>The supplier delivered fewer materials than agreed.</td>
<td>Many customer complaints.</td>
</tr>
<tr>
<td>G</td>
<td>The supplier did nog keep his promises.</td>
<td>Delay in the delivery to the customer.</td>
</tr>
</tbody>
</table>

In this paragraph the respondents defined a situation without looking or using terms which are asked in the structured interview, so they are not led in a certain direction. This can be emphasized by the potential difficulty the respondents have in classifying a certain experience because they did not have a references or direction. What became clear is that the respondents have had some experiences with a trust-based relationship where trust resulted in a negative effect. All respondents have experienced that the supplier put his own interest above the buyer-supplier relationship to achieve a greater financial firm performance. Due to a lack of controls and contracts, the buying organisations then has to deal with the negative effects on the firm performance. All respondents agreed with each other that the worst negative effect is the decline in customer satisfaction. An unsatisfied customer may complain, but it remains unclear what the impact in the long run might be. Details of the interviews can be found in Attachment B of this report. The semi-structured interview with other potential alternative effects which could have a negative effect on firm performance will be discussed in paragraph 4.2.
4.2 Conditions with an impact on the trust-performance relationship

In the first section we looked into the experience of the buyer in a situation where there was a lot of confidence in the supplier, although this turned into a negative impact on the performance of the organisation. The negative relationship between trust and performance can certainly be strengthened or weakened by certain circumstances. These circumstances are ‘over-trust’, ‘relational capital’, ‘communication’, ‘risk taking’ and ‘firm size’. To examine which circumstances are experienced by the different respondents, they were asked if they experienced this? If so, they were asked to strengthen it by an example. The validity of these circumstances is an important aspect in this study and therefore it is strengthened with several experiences and quotes of the respondents.

4.2.1 Over-trust

In the interviews the respondents also called over-trust as too much trust or blind trust which resulted in naivety and relational slackness of the buyers. A buyer believed that you need to rely on the positive intentions of the people you are working with. Several buyers had experience with a relationship which was based on too much reliance on the suppliers ability. A buyer stated “There was no sight on reality anymore, I habitually relied on the gossip of the supplier”. One other buyer was stating; “I did not assume that the supplier abused our relationship”. And “As from the beginning of the relationship the supplier told me I’m the number one! I blindly trusted the supplier”! Due to the project speed which is needed in some projects organisational controls are easily removed. This is called as a critical and essential aspect which matters to protect the buyer and the firm performance. This is stated by “Unfortunately there were no chewed contracts and standard procedures in our organisation to follow up, those circumstances have given me the space to over-trust the supplier. This is probably related to the small size of our organisation”. Alongside the buyers who did have experience with over-trust in relation to a negative firm performance, some buyers didn’t. A buyer stated “In every business relationship you must be aware that there is always a tension between you and the supplier. Organisational controls (contracts, double check by different internal departments) are in place to keep errors of judgment and rational decision-making at a minimum level”. Another buyer is stating “When we talk about trust, trust is good but controls are better”. These kind of statements are given to not over-trust a supplier.
4.2.2 Relational capital

The factor relational capital was experienced by all respondents. The experiences and examples which were given are vary widely from a relation based on a few projects before, up to a relationship of more than 25 years. Irrespective of the duration of the relationship, mutual trust and a lot of respect were in place at each buyer. A buyer mentioned that the relation over a period of time reduced in a very low level of monitoring costs. That relationship decreased alertness toward each other. The supplier abused the mutual respect, trust and close interactions to improve his financial performance. One other buyer talked about a relationship of over 25 years. For 25 years the supplier delivered good quality for a good price and also the relationship was very good. The buyer and supplier relation could be called a familiar relation because they saw each other privately and their kids played together. Due to that relation their blind spot to each other grew and grew. The buyer stated “It goes without saying that I didn’t see it coming and I was quite taken aback that this had happened to me and my organisation”. In relation to a buyer which based his relational capital on just a few projects before his firm performance also far reduced. The buyer stated “I thought that also in this project everything would go smoothly as well but it did not. No contract or agreements were in place and also no important topics were documented by mail. The organisation had put a lot of extra resources to fulfil the job. That resulted in a lot of extra costs for the organisation and in the end a reduction of the customer satisfaction”. Finally a buyer made the additional statement about how he changed over time due to his years of experience in the function. “If I look to myself I do not create relations like you mentioned anymore. In fact, I know several people personally and I keep business and personal enormously separate. Currently I am always keen when it comes to business. I think that is because I do have experience with too much relational capital which results in a negative effect on my personal life and the organisational firm performance. I have learned that you always have to be sharp when it comes to business. I’m pretty black and white because you cannot be a friend with a supplier”.

4.2.3 Communication

According to the buyers communication level and the way of communication had a wide vision and existed of a lot of different expectations and experiences. Due to the function and responsibilities the respondents give an open and sometimes a contrary view on the factor communication. Communication is seen both positively and negatively by buyers. A low communication level is discussed as; it has, it has not, and it could have a negative impact on firm performance. According to a few buyers, a low communication level does have a negative effect on firm performance. A buyer gave an example about a buyer and supplier who couldn’t get along with each other. A low level of
communication (face to face, e-mail & phone) resulted in the end of the relationship between the firms. The impact on firm performance was immense. Herewith are several examples of buyers that independently gave some contradictory examples. A buyer stated “Communication by email (almost no communication) ones resulted in a price increase, due to an overlooked message of the supplier with a price increase”. Another buyer: “There was too little communication between me and the supplier. No questions were asked if he was capable to fulfil the job. I assumed that it was a good supplier so a lot of communication was not needed. This directly resulted in a negative effect of the firm performance”. Despite these experiences a buyer stated “If a low level communication is substantively and is based on facts and agreements are in place, then it can only bring a positive effect on firm performance. So a high or low amount of communication does not have a direct link to a negative effect on firm performance. It depends on more factors than just the amount and types of communication. It all depends on the level of the mutual relation between each other”. According to a buyer who is convinced that, if there is a high level of communication, it will have a positive effect on firm performance. The high level of communication does have an effect on the overall quality of the discussions and appointments. Another buyer is arguing “Due to the amount of communication I was less critical. This resulted in a negative effect on firm performance”. In relation to the type of communication, buyers argue on the positive and negative effects of face to face contact between each other. It is easier to communicate while you are sitting in front of each other. Several times a supplier told the buyer “It will be fine, but in the end it won’t”. Communication by mail is more business-like due to the fact that a buyer doesn’t talk about hobbies, family and holidays. So that makes it difficult to abuse the confidence trust to not fulfil the agreed commitments.

4.2.4 Risk taking

This factor is frequently experienced by the respondents. It became clear that all respondents are taking risks on delivery performance, product quantity or quality each day. The amount of risk taking is always based on the level of trust. It is must to have a healthy balance between the level of trust and the amount of risk taking. Every organisation deals differently in it’s allowance level of risk taking by their buyers. A buyer working for a multinational does not have experience with a high risk taking tendency. In those organisations a lot of organisational controls are in place. The buyer argued that “In my organisation we are bound to contracts that are controlled by different departments (legal), it is almost impossible to have a high level of trust which results in a risk taking tendency and in the end a negative effect on firm performance”. All the other respondents do have experience with this risk taking factor. In several BSR the level of trust was that strong that it resulted in blind trust and opportunistic behaviour. A buyer mentioned; to stay within the project timing I have
taken too many risks which resulted in a negative effect on the overall performance of my organisation. Also due to a strong level of trust several buyers were no longer objective. Also some buyers eliminated agreements and contracts and thereby wrong products were delivered which resulted in a high level of non-useful products on stock, production stop and in the end not being able to deliver products to the customers on time. A buyer also given an example of the level of trust in one of his customers. This resulted in doing business with an unknown supplier because the customer was recommended the new unknown supplier. This is confirmed by a buyer stating “If there were some controls in place, or if I had a second opinion then the effect would not be as worse on the firm performance. If the coin had fallen on the other side I would have lost my job”.

4.2.5 Firm size

Firm size refers to the alliance size of an organisation. All respondents are asked to give the turn over and the amount of employees of their organisation, see chapter 3 for an overview. The outcome of the factor firm size is frequently experienced by the respondents. The buyer working for a large multinational does not have an experience or valid example. Buyers in large organizations have to be sharp and observant because they are attractive to other companies. Working for a large company gives them a good reference for another firm. This is confirmed by “Normally a small supplier tries to be extremely nice and is trying to gain trust with me. As from the moment they do business with you, our company logo is on their website and their delivery performance is not extending. I do not have this experience with suppliers which are around the same organisational size”. The bigger the buyers organisation, the more critical and less risk taking tendency they have. This is confirmed by a buyer stating "Over the years our business has grown enormously (1 to 5 million). While we were getting bigger and bigger I became much more objective to my suppliers. As an organisation we are reducing the amount of risk taking and I can relate this to the growing of the organisation". To complement this, we will give an overview of different arguments why the firm size has had a negative effect on firm performance. A buyer who was the only buyer in the firm could not get some advice from a colleague because he was the only buyer in the firm. The buyer stated “Due to the small size of our organisation no standardized formats, audits, contracts or a legal department were in place. I do have some experience with working for larger companies and there, most of the points which mentioned were in place. Due to the controls I had, I do not have examples from while I was working for a large company to use now, while I’m working for a very small company”. Also several buyers are arguing that the organisation which they are working for is a small multinational and a manufacturer within a niche market. The firm size in combination with an arrogant attitude in the industry resulted in an overall negative effect on the firm performance. Alongside this, several buyers are
argue that the firm size could have a negative impact. This is confirmed by “I think a large organisation is very inflexible. The inflexibility could lead to a negative effect on the firm performance. Another buyer is stated "Firm size should not have a negative effect, but I think that our organization does have a negative effect. We are a very fickle business and that requires a lot of flexibility from the suppliers. This could have an effect on the relationship”.

4.3 Other potential effects which could have a negative effect on the firm performance

Respondents found it hard to name unmentioned factors in the semi-structured interview which could have an effect on firm performance, see table 4. Alongside this, just one buyer could not find an answer while the others have given several factors and circumstances. It exists from the source mentioning the possible negative effect on firm performance. The factors are strengthened with arguments and recommendations but are different in substantiation. Therefore these factors could be classified as a potential moderating factor on the negative effect on firm performance. Below we will shortly go into the mentioned factors and for the data matrix see Attachment B.

**Investments;** A company / supplier which does not investment in machinery, equipment and people could be a weak base in the relationship. As a buyer you need to stay sharp and keep a healthy BSR with these kind of companies. A buyer cannot over-trust this supplier due to the fact that in the end this could have a negative effect on firm performance.

**Project timing (respondent C);** A project with a very tight time schedule usually results into a reduction of controls and agreements. Therefore a buyer should rely on a supplier. Sometimes this could be a new supplier which the organisation has to choose very quickly. This could also be a supplier which the buyer already knows, but which has not yet demonstrate the ability. This choice could have no impact on the project deliverables but for the firm performance there could be better choices.

**Project timing (respondent G);** Due to a tight project timing the buyer is going to rely on a supplier with the hope that everything will be fine, "fingers crossed". Ones it resulted into a negative effect on the financial performance.
**Ethnic background;** Trust can achieve a lot, both positive and negative things, but it ultimately stands or falls with all humans. What type of person do you link to the type buyer/supplier? How is the buyer armed against the blind spot? How is the buyer able to ignore his own blind spot and have an open viewpoint towards the supplier? So the ethnic background and how you are as person could have a negative effect on firm performance.

**Age and experience buyer;** The age and experience of the buyer could probably result in too much (blind) trust. If the buyer is very young and does not have any experience, it could have a negative effect on firm performance.

**Business Strategy Supplier;** The relationship between the buyer/supplier (account manager) could be perfect but when the management of the account manager goes into another direction (business strategy) then that could have a big impact on the firm performance.

**Flexibility;** An organisation which has locked everything down on paper and in procedures could also have a negative effect on the firm performance. Due to inflexibility and a low level of freedom, an organisation/buyer cannot act fast or respond quickly to customer needs.

**Judging by the experiences of others;** The buyer stated "I always relay on the positive intentions of the people I work with. Then there is the possibility of placing too much trust in someone. There was no reference project or another company which had the same experience with that supplier. I only heard that it was a good supplier. From the start, several things went wrong with that unknown new supplier".
5 Conclusion, discussion and recommendations

5.1 Conclusion

Numerous studies have reported on the positive effects of trust in buyer-supplier relationships on performance (e.g. Capaldo and Giannoccaro, 2015). Trust may contribute to performance improvements such as cost reductions, flexibility, conflict resolution, cooperative behaviour, and value creation. However, some feel that most publications ignore or neglect the darker side of buyer-supplier relationships (Villena et al., 2011). Too much trust may result in relational slackness, i.e. that partners increase the likelihood of using coercive power strategies, and the probability of behaving opportunistically (e.g. Kim, 2000; Lado et al., 2008). However, these studies are the exception rather than the rule. Unexplored issues refer to conditions under which trust does not have a positive impact on performance. This study investigated the following problem statement:

“Whether, why and under which conditions may trust have negative effects on firm performance?”

The results of the study indicate that respondents indeed have experienced trust-based relationships with a negative impact on performance. All respondents have experienced that the supplier put his own interest above the buyer-supplier relationship to achieve a greater financial firm performance. Due to a lack of controls and contracts, the buying organisations then has to deal with the negative effects on firm performance. Mostly, the conditions ‘relational capital’ and ‘over-trust’ which could result into a high risk taking tendency is the basis of a blindfolded buyer. Respondents agreed that the most negative effect of trust is on customer satisfaction. An unsatisfied customer may complain, but it remains unclear what the impact in the long run might be. This study indicates that too much trust and relational capital may result in relational slackness, i.e. that suppliers increase the likelihood of using coercive power strategies, and the probability of behaving opportunistically. Apparently, trust-based relationships can easily and unexpectedly overflow in a negative effect on firm performance.

During the semi-structured interview, respondents were asked to mention factors which could have a negative effect on trust related to firm performance. One buyer could not find an answer while the others mentioned several factors and circumstances. These factors are; ‘investments’, ‘project timing’, ‘age and experience buyer’, ‘business strategy supplier’, ‘flexibility’ and ‘judging by the experiences of others’. These factors are strengthened with arguments and recommendations
but are different in substantiation. Therefore these factors could be classified as a potential moderating factor on the negative effect on firm performance.

5.2 Discussion
During this study it became clear that there are similarities and differences between the expectations derived from literature in the experienced circumstances in buyer-supplier relationships. In this paragraph we will discuss how the research results confirm or reject the theoretical expectations. We also go into the additions and refinements to the existing knowledge in literature.

5.2.1 Negative effect of trust and performance
The respondents defined negative trust experiences without using the terms which were asked during the structured interview. All experiences vary and are based on different dimensions. Several situations were discussed where competence trust and goodwill trust is in place. This is in line with the existing literature where trust has two dimensions: the ability to perform according to agreements (e.g. Nooteboom et al., 1996) and the confidence that vulnerabilities will not be exploited (e.g. Dyer & Chu, 2000). Known as ‘competence trust’ and ‘goodwill trust’. All experiences are in line with the study of Şengün et al., (2011) and Karri et al., (2008) where they found a negative relationship on performance outcomes on diverse characteristics. These performance outcomes are confirmed where trust weights significantly on all three performance outcomes: customer relationship, market growth and financial performance (Stuart et al., 2012).

5.2.2 Over-trust
Several buyers have experience with a relationship which is based on too much reliance on the supplier’s ability. This attitude ensures that someone one party relies too quickly upon the other. Buyers also called over-trust as too much trust or blind trust which resulted in naivety and relational slackness of the buyers. Villena et al., (2011) support these results. It became clear that due to over-trusting behaviour several buyers eliminated organisational controls because there was too much trust upon the supplier or a tight time schedule was needed. This is in line with the study of Zahra et al., (2006) where they draw attention to the downside effects of over-trust which are corporate entrepreneurship, including lock-ins, over-confidence and the lack of effective controls. In this respect, over-trust can be viewed as instrumental in making deals under the assumption that the other parties will keep their end of the bargain. So for several buyers, over-trust has had a negative effect on firm performance. Alongside the buyers who do have experience with over-trust in relation to a negative firm performance, some buyers do not. Some buyers are protected by
organisational controls to keep errors of judgment and rational decision-making at a minimum level. These results are from buyers which are working for the (small) multinational.

5.2.3 Relational capital
This study shows that the factor relational capital is experienced by all respondents. The experiences and samples which were given are vary widely, from a relationship based on a few projects, up to a relationship of more than 25 years. Irrespective of the duration of the relationship, mutual trust and a lot of respect were in place at each buyer, which resulted in a negative effect on firm performance. This negative effect is in line with the study of Kale et al., (2000). In that study it became clear that if relational capital develops, buyers and suppliers are willing to take more risky business interactions which applies to friendship, respect, and reciprocity within repeated transactions. What became clear during the interviews is that several buyers changed their relational capital level as a professional buyer due to the years of experience in the function. So they confirmed that relational capital has had a negative effect on firm performance. What also became clear in this study is that not all BSR came to a high level of relational capital due to professionalism of the buyer. Of course there is a socialization process which will give some benefits but most relations exist on a professional buyer-supplier level. Rinehart et al., (2004) confirms that in his study; not all buyer-supplier relationship will reach a level of high interaction, high information exchange and high trust which is required for relational capital to be created.

5.2.4 Communication
In this study the buyers communication level and the way of communicating has had a wide vision and a lot of different expectations and experiences exist. This is in line with Stuart et al., (2012) which argues that simply face-to-face contact between suppliers and buyers is too vague and superficial as an indicator of interpersonal relationship strength. It is recognized in communication literature that communication increases the level of trust between buyers and suppliers due to reducing the uncertainties between each other (Anderson & Narus, 1990). Due to the function and responsibilities the buyers give an open and sometimes a contrary view on the factor communication. Communication is seen both positively and negatively by buyers. A low communication level is discussed as; it has, it has not, and it could have a negative impact on firm performance. So a high or low amount of communication does not have a direct link to a negative effect on firm performance. It depends on more factors that just the amount and types of communication. This is not in line with literature in which it is suggested that more open and personal communication increases the richness of the communication, which in turn enhances the inter-organisational relationship (Daft & Lengel, 1986).
5.2.5 Risk taken

It became clear that all respondents are taking risks on delivery performance, product quantity or quality each day. The amount of risk taking is always based on the level of trust. This is in line with researchers suggest that an individual (buyer-supplier) will undertake high risks if trust exists (Inkpen & Currall, 1998). A reduction of opportunistic behaviour can be accompanied by a reduction in uncertainty through trust (Sako & Helper, 1998) and thereby a reduction in perceived risk. Trust will reduce the risk that is being taken by suppliers in a relationship. The lower the risk perception by the decision maker, the higher his tendency towards risk taking will be. This risk taking factor is frequently experienced by the buyers. It became clear that it is a must to have a healthy balance between the level of trust and the amount of risk taking. Every organisation deals differently in allowing the level of risk taken by buyers. A buyer working for a multinational does not have experience with a high risk taking tendency. In that organisation a lot organisational controls are in place. All the other respondents do have experience with this risk taking factor which resulted in several issues like; a high level of non-useful products on stock, production stops and not being able to deliver products to the customers in time.

5.2.6 Firm size

Firm size is seen both positively and negatively by buyers. This is in line with Robson et al., (2008) who found in their study a negative effect in alliance size on the relationship between trust and performance. In our study it became clear that the bigger the buyers organisation is, the more critical and less risk taking tendency they take. Due to the organisational size more or less standardized formats, audits, contracts or a legal department were in place. Also several buyers are relating firm size and flexibility to each other. This inflexibility could lead to a negative effect on the firm performance. So a small organisation does have in a greater or lesser levels a negative effect on firm performance in these cases.

5.2.7 Other potential effects

In addition to the factors which are examined in the structured interview the respondents found it hard to name unmentioned factors in the semi-structured interview which could have an negative effect on firm performance. These factors and circumstances are ‘investments’, ‘project timing’, ‘age and experience buyer’, ‘business strategy supplier’, ‘flexibility’ and ‘judging by the experiences of others’. These mentioned factors could be classified as a potential moderating factor on the negative effect on firm performance.
5.3 Recommendations for practitioners

This study has shown that the negative relationship between trust and performance can certainly be strengthened or weakened by certain circumstances. The studies of Kim, (2000) and Villena et al., (2011) shows that it is clear that too much trust may result in relational slackness, i.e. that partners increase the likelihood of using coercive power strategies, and the probability of behaving opportunistically. Therefore managers should take actions and need to be aware of the trust-based relationship between buyers and suppliers which can easily and unexpectedly overflow in a negative effect on firm performance.

The findings of this study have important implications for managers responsible for managing supplier relationships in their organisations. Buying organisations should pay more attention to the “friendly” buyers which have an open and almost familiarity assumption towards suppliers. The BSR should be carefully monitored by an objective colleague or manager. The buyer can be fully blindfolded towards suppliers which is a high risk for the buying organisation. This creates the need to manage the buyer-supplier relationship where there is too much trust in place. Buyers should not invest too much trust in personal relationships with suppliers. Buying organizations should concentrate more on their business goals and realize that a relationship based on trust can result in a negative effect on firm performance. In addition to this, buying organizations should be more active in discussing potential buyer-supplier relations which can result in a negative effect on firm performance. The better the buyer understands the various reasons why trust can result in a negative effect, the better they can respond and increase their power in the relationships.

5.4 Recommendations for further research

In common with all research, this study has some limitations that need to be discussed. This study aims to generate results to support a broader theory and therefore it was decided to do the research on the bases of a case study. For clarification an exploratory research was used. As many aspects were involved in the research subject, it was difficult to limit the literature phase and at the same time make sure that all aspects were covered and sufficient depth was realized. This case study research proved to be the right approach to gather information about the conditions whether, why and under which conditions may trust have negative effects on firm performance, as this subject is still a neglected topic. The most interesting aspect of this study was to obtain and evaluate the examples and discussed situations by the respondents. Every single respondent had their own
experience and view on the buyer-supplier relationship related to a negative effect on firm performance.

Other limitations of this study are, that this study has a limited number of observations and the risk of too much focus on the actual experience of the predetermined factors, while disregarding the other possible factors. Secondly, respondents weren’t prepared upfront for the questions which were asked. The semi-structured part of the interview resulted in the fact that the respondents had to come up with a quick answer, which that the respondents could prepare the answers. This could be a reason why the respondents couldn’t give quick answers and some didn’t have experiences with any topics. Finally, in this study we only involved respondents from the Netherlands which are representing the Dutch OEM leisure industry. Due to this, the results do not reflect other countries or cultures.

This study represents a number of interesting opportunities for further research. Firstly, further research is needed to replicate this study with larger and more representative examples. More suppliers of the OEM leisure industry have to be studied to make the results of this study more general. Secondly, investigation of industries other than the OEM leisure industry may also be considered. This would help to validate the factors and improve its generalizability. Thirdly, it became clear that organizational controls do have some influence on the over-trusting behaviour, so it would be interesting to see what the effects of controls are on firm performance. Fourthly, due to different and contradictory outcomes of the factor ‘communication’ it is interesting to go deeper in the communication effect on firm performance. Finally, it would also be interesting to examine the effects of ‘investments’, ‘project timing’, ‘age and experience buyer’, ‘business strategy supplier’, ‘flexibility’ and ‘judging by the experiences of others’ on the negative effect of trust related to firm performance. This will further enrich theoretical development in this area.
Literature


Attachment A: Interview guide

Introductie

- Bedanken voor medewerking

Allereerst hartelijk dank voor uw medewerking.

- Anoniemité benadrukken

Alle antwoorden worden vertrouwelijk behandeld en het onderzoek zal volledig anoniem zijn. Is het akkoord dat ik dit interview van ongeveer één uur opneem?

- Introductie onderzoeker (achtergrond) en toelichting onderzoek/doel

Naast mijn werk op de Process Engineering afdeling van de firma Thetford BV ben ik ook een master student aan de Open Universiteit Nederland. Momenteel ben ik af aan het afstuderen en bezig met een kleinschalige casestudie ten behoeve van mijn afstudeerscriptie. Deze scriptie heeft betrekking op vertrouwen in buyer-supplier relaties. Er wordt namelijk vaak verondersteld dat vertrouwen in relaties goed is waar dat niet altijd zo hoeft te zijn. Het doel van dit onderzoek is om meer inzicht te krijgen in de vraag: waarom en onder welke omstandigheden heeft vertrouwen een negatief effect op de performance van een organisatie?

Algemene vragen

Nu u meer achtergrond informatie heeft gekregen omtrent het doel van dit onderzoek wil ik u de volgende vragen gaan stellen.

1. In welke industriesector(en) is uw organisatie actief?
2. Hoeveel mensen werken in uw organisatie?
3. Hoeveel omzet had uw organisatie in het afgelopen jaar?
4. Wat is uw functie en welke leverancierscontacten heeft u?
5. Heeft u doelstellingen vanuit uw organisatie en zo ja, welke?
6. Wat zijn uw bevoegdheden in relatie tot het contact en afspraken met toeleveranciers?

Vragen over vertrouwen en performance

- Onder “vertrouwen” verstaan we in dit onderzoek dat een koper erop vertrouwt dat een leverancier belooft wat hij doet ('competence trust’) en rekening houdt met de belangen van de koper ('goodwill trust'). Het vertrouwen blijkt uit de verwachtingen die men heeft over de intenties en betrouwbaarheid over de andere partij. Vertrouwen wordt opgebouwd uit positieve ervaringen en gedragingen uit het verleden.
- De “firm (supply chain) performance” meten we af aan drie indicatoren: marktgroei (omzet, marktaandeel), financiële prestaties (winstgevendheid) en klantrelaties (tevredenheid en loyaliteit).

7. Heeft u ervaringen met een situatie waarbij er veel vertrouwen in de leverancier was, terwijl dit later een negatieve invloed bleek te hebben op de prestaties van uw organisatie? Kunt u deze relatie beschrijven? Op welke manieren was er sprake van een negatieve invloed, hoe ging dat in zijn werk? Kunt u daar concrete voorbeelden van geven? Herkent u de invloed van competence trust op bepaalde prestaties? Herkent u de negatieve invloed van goodwill trust op bepaalde prestaties?

Vragen over modererende factoren

Toelichting: in de volgende vragen gaat het om concrete relaties die u onderhoudt met uw toeleveranciers. Relaties waar er veel vertrouwen was, terwijl dit geen goede invloed had op de prestaties van uw organisatie. U moet de vragen beantwoorden met dit soort relaties in gedachten. Soms kan er ook worden gevraagd naar hypothetische situaties, dat zijn “wat als”-vragen.

De negatieve relatie tussen vertrouwen en prestaties kan versterkt of juist verzakt worden door bepaalde omstandigheden. Deze omstandigheden ga ik nu aan u voorleggen. De omstandigheden zijn in onderstaande figuur afgebeeld.

![Diagram](X1: Over-trust
X2: Relational capital
X3: Communication
X4: Risk taking
X5: Firm size

Trust —> Firm Performance

X1: Over trust

“Over-trust” weerspiegelt een aandoening waarbij men kiest, bewust of uit gewoonte, een ander meer te vertrouwen dan wordt gerechtvaardigd door een objectieve beoordeling van de situatie. Het zit in de aard van mensen om betrouwbaar over te komen waar dit in de realiteit anders kan zijn. Dit kan resulteren in bijvoorbeeld laksheid.

8. Heeft conditie X1 over-trust deze negatieve invloed versterkt? Zo ja, hoe verklaart u dit? Kunt u hier een voorbeeld van geven?
9. Heeft uw organisatie controles geïmplementeerd om inschattingsfouten, rationele besluitvorming en het nemen van grote risico’s in BSR te ontmoedigen? Zo ja, kunt u aangeven welke controles dit zijn en dit eveneens toelichten?

10. Ondernemers kunnen over-trust gebruiken om resources bij een toeleverancier te creëren, heeft u hiermee ervaring? Zo ja, kunt u hiervan een voorbeeld geven.

**X2: Relational capital**

Relational capital richt zich op relaties tussen inkopers en leveranciers waarvan de inter-persoonlijke relatie wordt opgebouwd door de loop der tijd. Dergelijke relaties ontwikkelen vertrouwen, wederzijds respect en nauwe interacties door de tijd heen welke het monitoren van bedrijfskosten verminderen als de samenwerking verbetert. Ik heb u net de definitie van relational capital verteld. Hieruit volgen de onderstaande vragen.

11. Heeft conditie X2 relational capital deze negatieve invloed versterkt? Zo ja, hoe verklaart u dit? Kunt u hier een voorbeeld van geven?

Indien de ondervragende geen goed antwoord kan geven dan zal ik doorvragen met: was er bijvoorbeeld te veel onderling respect in de relatie, zodat het vertrouwen negatief uitwerkte op de prestaties? Of waren er veel persoonlijke relaties met medewerkers van de leverancier? Relaties die negatief uitpakten op de prestaties.

**X3: Communication**

Communicatie verhoogt het niveau van vertrouwen tussen inkopers en leveranciers. Dit is te wijten aan het reduceren van onzekerheden tussen beide personen. Hierbij fungeert open communicatie als een motivator om de relatie tussen inkopers en leveranciers te versterken. Dus met andere woorden veronderstellen we dat een tegengesteld laag niveau van communicatie een nadelig effect heeft op de firm (supply chain) performance. Ik heb u net de definitie van communicatie level verteld. Hieruit volgen de onderstaande vragen.

12. Heeft conditie X3 communicatie level deze negatieve invloed versterkt? Zo ja, hoe verklaart u dit? Kunt u hier een voorbeeld van geven?

13. Merkt u verschillen in vertrouwen tussen uw organisatie en uw toeleveranciers in het niveau van vertrouwen wanneer er face-to-face contact is en wanneer er bijvoorbeeld alleen contact is via mail, telefoon etc.? Kunt u hier een voorbeeld van geven?

14. Is dit verschil meetbaar te herleiden naar het verbeteren van de firm (supply chain) performance in uw organisatie?
Indien dit niet het geval is of wanneer de ondervraagde geen voorbeeld kan geven, zal ik een voorbeeld aandragen, zoals kwaliteit van leveringen en producten, ervaringen van overige medewerkers in de organisatie.

**X4: Risk taking**

Risk taking is genoemd als het element dat vertrouwen een fundamentele karakter geeft. Hierbij kan als voorbeeld gegeven worden: als er geen risico’s en acties zijn die met volledige zekerheid genomen hoeven worden, dan is er geen vertrouwen nodig. Onderzoekers concluderen wanneer er een hoge mate van vertrouwen is, dat individuele (inkoper-leverancier) hogere risico’s zullen ondernemen (opportunistisch gedrag) dan wanneer dit niet aan de orde is. Ik heb u net de definitie van risk taking verteld. Hieruit volgen de onderstaande vragen.

15. Heeft conditie X4 Risk taking deze negatieve invloed versterkt? Zo ja, hoe verklaart u dit? Kunt u hier een voorbeeld van geven?

16. Heeft u weleens een bedrijfsrisico genomen zonder dat er een concreet zicht was op een positief resultaat en is dit te herleiden naar het vertrouwen wat er heerst tussen u en de leverancier?

**X5: Firm size**

In dit onderzoek zal X5 firm size afgezet worden naar de grootte van de onderneming. In veel verschillende soorten onderzoeken verwijzen onderzoekers naar het aantal werknemers en de omzet van een onderneming.

17. Heeft conditie X5 firm size deze negatieve invloed versterkt? Zo ja, hoe verklaart u dit? Kunt u hier een voorbeeld van geven?

**Semigestructureerde vraag**

18. We hebben zojuist diverse effecten van vertrouwen in BSR besproken. Heeft u naar aanleiding van uw professionele ervaringen wellicht nog meer voorbeelden die nadelige effecten kunnen hebben op de BSR in de firm (supply chain) performance?

**Afsluiting van het interview**


54
### Attachment B: Data Matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>Organisation 1</th>
<th>Organisation 2</th>
<th>Organisation 3</th>
<th>Organisation 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Respondent A (IR)</td>
<td>Respondent B (MM)</td>
<td>Respondent C (IR)</td>
<td>Respondent D (MEM)</td>
</tr>
<tr>
<td>Overtrust</td>
<td>No negative effect on FP.</td>
<td>Negative effect on FP.</td>
<td>Negative effect on FP.</td>
<td>Negative effect on FP.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Too much trust resulted into naivety and slackness of the buyer. The relation was based on too much reliance of the supplier ability.</td>
<td>Relational slackness, blind trust and a high level of naivety was in place. This resulted in delivery issues to the customers.</td>
<td>Over-trust resulted into naivety, slackness and no sight of an order anymore. The buyer habitually relied on the gossip of the supplier.</td>
</tr>
<tr>
<td>Controls implemented</td>
<td>Organisational controls in place</td>
<td>No organisational controls.</td>
<td>Organisational controls in place.</td>
<td>Organisational controls in place.</td>
</tr>
<tr>
<td>Standards formats, audits,</td>
<td>Contracts, double check by different internal departments are in place to keep errors of judgment and rational decision making at a minimum level.</td>
<td>Due to the project speed which was required for the project the organisational controls has been removed.</td>
<td>Supplier audits, sourcing roadmap procedures, contracts.</td>
<td>Supplier audits, financial check supplier (Dun &amp; Bradstreet).</td>
</tr>
<tr>
<td>Contracts or a legal department</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating resources</td>
<td>No experience.</td>
<td>Experience with.</td>
<td>“When the relation with a supplier is good then I can create supplier resources. I can not do that constantly but exceptions are possible”</td>
<td>No experience.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Relation was based on a partnership.</td>
<td>BSR was based on several years were mutual trust and a lot of respect was in place.</td>
<td>The supplier abused my mutual respect, trust and close interactions. This resulted into a lower FP.</td>
<td>BSR was based on a familiar relation of over 25 years. Both saw each other private and their kids played together. The brand spot went bigger and bigger.</td>
</tr>
<tr>
<td></td>
<td>“I did not expect that the supplier did not agree upon the agreed appointments”.</td>
<td>“The buyer didn’t see this coming and he was proverbially good sick. This has happened to him and his organisation”.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication level</td>
<td>No negative effect.</td>
<td>The high amount of communication has a negative effect.</td>
<td>Negative effect.</td>
<td>No negative effect.</td>
</tr>
<tr>
<td></td>
<td>The large amount of suppliers which the buyer is responsible for, do not allow the buyer to meet the suppliers more than 2 times a year.</td>
<td>“I was less critical”. Several times a supplier is telling me, “it will be fine, but in the end it won’t”.</td>
<td>“A low communication level (face to face, e-mail, phone) resulted into an ended relationship between two firms. The impact on the FP was immensely”.</td>
<td>All types of communication could have a negative or positive effect on the FP. It all depends on the amount and the mutual relation.</td>
</tr>
<tr>
<td>Type of communication</td>
<td>- If the buyer have more than 2 times a year face-to-face contact with a supplier, a negative effect is mentioned on the market growth, financial performance or customer relationship.</td>
<td>- Face to face contact has a negative effect on the FP. To familiar communication.</td>
<td>Negative effect.</td>
<td>No negative effect.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Communication by mail and phone makes it not easy to abuse the confidence trust to not fulfil the agreed commitments.</td>
<td>- Communication by email (almost no communication) has ones resulted into a price increase. Due to an overlooked message of the supplier with an price increase.</td>
<td>“See above comments”.</td>
</tr>
<tr>
<td>Variables</td>
<td>Organisation 1</td>
<td>Organisation 2</td>
<td>Organisation 3</td>
<td>Organisation 4</td>
</tr>
<tr>
<td>-------------------</td>
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<td>----------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Risk taking</td>
<td>No negative effect.</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
</tr>
<tr>
<td></td>
<td>&quot;The level of trust was that strong that it resulted into billed trust and opportunistic behaviour&quot;.</td>
<td>Due to a strong trust level the buyer was not objectively anymore.</td>
<td>Due to a strong trust level the buyer eliminated agreements and contracts.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;In my organisation we are bound to contracts that are controlled by different departments (legal), it is almost impossible to have high level of trust which could result into a risk taking tendency&quot;.</td>
<td>&quot;To stay within the project timing have taken to much risks which resulted into a negative effect on the overall supply chain performance.</td>
<td>&quot;Because I have confidence in a supplier I am downplaying certain risks&quot;.</td>
<td>&quot;In a B2R you should always be aware that it is business! You can not fall in sleep&quot;.</td>
</tr>
<tr>
<td>Firm size</td>
<td>No negative effect.</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
</tr>
<tr>
<td></td>
<td>&quot;A supplier normally tries to be nice and is trying to gain trust because I am working for a multinational I therefore must remain sharp and observant&quot;.</td>
<td>No standardizes formats, audits, contracts or a legal department were in place. If large company mostly have the right controls in place</td>
<td>Our organisation is a small multinational and a manufacturer. Within a niche market the firm size in combination with our arrogant attitude in the industry resulted into an overall negative effect of the supply chain.</td>
<td>Our organisation is a small multinational and a manufacturer. Within a niche market. The firm size in combination with our arrogant attitude in the industry resulted into an overall negative effect of the supply chain.</td>
</tr>
<tr>
<td>Alternative effects which could have a negative effect on the supply chain performance.</td>
<td></td>
<td>A company / supplier which does not invest in machinery, equipment and people that is a weak base in the relationship and could result into a negative effect on the FP.</td>
<td>A project with a very tight time schedule result into a reduction of controls. Therefore a buyer should rely on a supplier.</td>
<td>Trust can achieve a lot, both positive and negative things. So the ethic background and how you are as person could have a negative effect on the supply chain performance.</td>
</tr>
<tr>
<td>Variables</td>
<td>Organisation 3</td>
<td>Organisation 4</td>
<td>Organisation 5</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Respondent E (IV)</td>
<td>Respondent F (YB)</td>
<td>Respondent G (MW)</td>
<td></td>
</tr>
<tr>
<td>Over-trust</td>
<td>Negative effect on FP.</td>
<td>Negative effect on FP.</td>
<td>Negative effect on FP.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Blind trust resulted into the abuse of my new business idea. A partner/supplier</td>
<td>&quot;I did not assume that the supplier abuse our relationship.&quot;</td>
<td>Over-trust resulted into naivety &amp; slackness. The buyer habitually relied on the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>choose to steal my idea and brought it to the market himself.</td>
<td></td>
<td>gossip of the supplier.</td>
<td></td>
</tr>
<tr>
<td>Controls implemented</td>
<td>No large organisational controls.</td>
<td>Organisational controls in place.</td>
<td>No organisational controls.</td>
<td></td>
</tr>
<tr>
<td>(standardizes formats, audits,</td>
<td>&quot;We do a bit of everything and it is not written in a system or procedure&quot;.</td>
<td>- Supplier audits, financial check supplier (Dun &amp; Bradstreet).</td>
<td>&quot;It's all in my head and not in procedures&quot;.</td>
<td></td>
</tr>
<tr>
<td>contracts or a legal department)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating resources</td>
<td>No experience.</td>
<td>Experience with.</td>
<td>No experience.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>&quot;While I am under (time) pressure I create supplier resources. This is needed</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>to fill the project timing.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relational Capital</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BSR was based on a familiar relation of over 25 years.</td>
<td>Relational capital decreased alertness toward each other. The low level of</td>
<td>Several times we did business with a customer so mutual trust and a lot of</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;25 years the supplier delivered good quality for a good price and also the</td>
<td>alertness and abuse of the supplier has resulted into high prices for several</td>
<td>respect was in place.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>relationship was very good&quot;</td>
<td>components for a unknown term.</td>
<td>&quot;I thought also this time everything will go smoothly but it was not&quot;.</td>
<td></td>
</tr>
<tr>
<td>Communication level</td>
<td>No negative effect.</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;A low level of communication almost always results into a negative effect on</td>
<td>&quot;I'm convinced that if there is a high level of communication that will have</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the FP&quot;.</td>
<td>a positive effect on the FP.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of communication</td>
<td>No negative effect.</td>
<td>Negative effect.</td>
<td>Negative effect.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;The buyer-supplier have to find the right way to communicate against each</td>
<td>- No face-to-face contact results into a negative effect on the relation and or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>other. Every relation need to be maintain differently&quot;</td>
<td>FP. it could be in a way it is almost not measureble</td>
<td>- Face-to-Face is the most direct and best way to communicate. Secondly comes</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>communication by phone and thirdly communication by mail.</td>
<td></td>
</tr>
<tr>
<td>Variables</td>
<td>Organisation 3</td>
<td>Organisation 4</td>
<td>Organisation 5</td>
<td></td>
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<tr>
<td>--------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Risk taking</td>
<td>Negative effect. Due to a strong trust level the buyer eliminated agreements and contracts.</td>
<td>Negative effect. The level of trust resulted into doing business with an existing supplier due to project timing.</td>
<td>Negative effect. The level of “trust” resulted into doing business with an unknown supplier.</td>
<td></td>
</tr>
<tr>
<td>Business risk taken</td>
<td>No experience with. “If there is no concrete prospect of a positive result then I do not take the risk. Then it is no longer a risk. It goes probably wrong and you are working irresponsible”.</td>
<td>No experience with. “A taken business risk is always a taken balanced risk”.</td>
<td>Experience with. “Starting up engineering for a project which is not yet a project and confirmed order. This have had some negative effects on the FP”.</td>
<td></td>
</tr>
<tr>
<td>Firm size</td>
<td>No negative effect. “Our organisation is a very fickle business and that requires a lot of flexibility from the suppliers. This could have an effect on the relationship”.</td>
<td>Negative effect. A large organisation have has a negative effect on the FP due to inflexibility.</td>
<td>Negative effect. “While we were getting bigger and bigger I am much more objective to my suppliers. As organisation we are reducing the amount of taking risks and this I can relate to the growing organisation”.</td>
<td></td>
</tr>
<tr>
<td>Semi-structured question.</td>
<td>Age and experience buyer &amp; Business Strategy supplier. The relationship between the buyer/supplier could be perfect but when the management of the account manager goes into another direction (business strategy) than that could have an big impact on the FP.</td>
<td>Flexibility. An organisation which have fixed everything on paper and in procedures could also have a negative effect on the FP. Due to inflexibility and a low level of freedom an organisation/buyer can not act fast and respond quickly to customer needs.</td>
<td>Project timing &amp; Judging by the experiences of others. Due to a tight project timing I am going to rely on a supplier. With the hope that everything will be fine “fingers crossed”.</td>
<td></td>
</tr>
</tbody>
</table>