Research Paper

Trust relationship in the interorganizational context

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ABSTRACT

Purpose: Faced with the need to obtain competitive advantages and to expose greater market values, companies have resorted to interorganizational relationships, this research purpose identify how the interorganizational relationship works, focusing on the trust, between a large company that produces disposable items and companies in their network, which work together, analyzing whether there are mutual relationships of trust between organizations.

Design/methodology/approach: The research represents an explorative case study with an application of a qualitative methodology, namely with the use of semi-structured interview and discourse analysis.

Findings: Study revealed that organizations need for trust with their business partners, considering it mutual and indispensable. The superior tone of voice, in relation to the position of the organization was also perceived, through the analysis of the interviewee's discourse. There was also a fear of the possible dependence that may occur when there are relationships with only one supplier.

Practical implications: The findings suggest that there is a need for good relationship, promptness and trust for the companies that relate to succeed in the market.

Originality/value: This study contributes to literature by interorganizational context and the trust relationship, increasingly important for organizational dynamism and the unbridled need for interorganizational relationships.

Keywords: Organizations, Trust relationship, Interorganizational relationships

1.Introduction

The organizational context has witnessed a rampant competition of entities, which has needed to follow a scenario that requires efficiency, technological advances, productivity, product excellence and other particularities, which has caused difficulty for the effective management of the organization's business (Panosso, Camacho, Espejo & Abbas, 2020).

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Stern and Deilmer (2006) infer that technological advances, changes and strategies assumed by companies tend to be the main tools used by companies to achieve competitive advantages.

Given these benefits required by organizations, it’s necessary to understand the management processes and technologies that have come to add value to entities, through their adjusted and correct use, it is necessary for dynamicity and constant competition (Santos, Bennert, Figueiredo & Beuren, 2018).

Depending on the continuous interest of organizations to achieve competitive advantages and the increasingly dynamic and interconnected market, interorganizational relationships have emerged, such relationships have been the focus of studies, especially since the 1990s (Gonçalves, Lima, Macedo & Chinelato, 2021). Morgan and Hunt (1994) conducted a classic study on interorganizational relationships, focusing on distributors, identifying that trust and commitment are the essential items for the interorganizational relationship and the possible results of this relationship.

For Bertosso, Ebert and Laimer (2017) trust is extremely necessary when talking about commitment and the establishment of relationships between companies.

Aiming to better understand the logic behind the interorganizational environments, the term "relationship marketing" emerged, focusing on the relationship between buyers and sellers, or their antecedents and consequent, long-term relationships, where it was necessary for the success of the existing bond between organizations (Gonçalves, Lima, Macedo & Chinelato, 2021).

The accounting and, especially focused on the internal processes of the company, has increasingly used the interorganizational aspect and its functions, which have been widely described with reference to the uses of general accounting, mainly in the supply chain (Cálglio & Ditillo, 2008).

The latent competitiveness among organizations has required them to focus, in a more emphatic and persistent way, on the needs and desires of their business partners, then adopting approaches with the purpose of delivering value and consequently achieving positive results in their profits and in a market position (Gonçalves, Lima, Macedo & Chinelato, 2021).
Companies that interrelate have some degree, minimal whatsoever, of mutual dependence, where companies end up needing, depending on each other to produce products or service offering (Cooper & Slagmulder, 2004; Horn, Bonfatti & Raupp, 2018).

There are several foundations that drive and stimulate interorganizational relationships, but for Duarte (2017), Cooper and Slagmulder (1999) the main foundation is related to trust, which is also related to the predictability of companies' behavior with the companies with which they relate.

For Mannes, Castanha, Beuren and Gasparetto (2022) and based on the literature pointed out by them, buyer-supplier relationships need crucial characteristics, so that such relationship is successful, trust, commitment, communication, information sharing and organizational learning.

Faced with the need to obtain competitive advantages and to expose greater market values, companies have resorted to interorganizational relationships, with this research will seek to identify how the interorganizational relationship works, focusing on the foundation of trust, of a large company that produces disposable items (plates, glasses, cutlery, among others) and the companies of its network, working together, analysing whether there are mutual relationships of trust between organizations.

2. Theoretical Framework

2.1 Interorganizational relationships

Interorganizational relationships are continuous relationships, focused on cooperativism and characterized by being long-term, the focus of such relationships is the expected mutual benefit (Cardoso, Fehr, Gonzaga & Duarte, 2020).

Companies have increasingly used network relationships to gain advantages and secure market share. The network comprises organizations that work together, whether through resources, systems, suppliers or product consumption.

The role of accounting in interorganizational relationships has been described in the literature through accounting research as an integration mechanism, spreading relevant information among members (Mouritsen & Thrane, 2006).

The accounting context, interorganizational relationships benefit from management controls, their auditable and reliable characteristic regarding calculations (Seal, Cullen,
Berri & Ahmed, 1999). This trust and predictability can only be evidenced when there are well-established management accounting systems between organizations.

About interorganizational cooperation, according to Heide and Miner (1992) presupposes a multidimensional phenomenon, which manifests itself in different ways between interorganizational relations, which are scored as: flexibility, information sharing, joint problem solving and restriction on the use of power.

Chenhall and Morris (1996) brought other nomenclatures to the four informational characteristics useful for the management of the interorganizational relationship, some distinct from Heide and Miner and others, synonymous: scope, timing, aggregation and integration of information.

Pazetto and Beuren (2022) conducted a study that sought to contribute to the investigation of the interorganizational relationship with a sociological approach, through the reflections of management control systems in these relationships between organizations and identified that there are several designs and taxonomies regarding the design of management control systems.

When information is shared in the interorganizational context, the level of information available from both parts of the relationship is evaluated, information capable of facilitating the activity of the other entity (Heide & Miner, 1992).

Cooperation between organizational organizations has the power to promote interorganizational behaviors, assuming multidimensional progress when adopted by both organizations. Heide and Miner (1992) measured cooperation and found that cooperation was made considering patterns of cooperation, where it was observed the relations between the entities, can be cooperative in some areas and not cooperative in others, also distinguishing itself in relation to intensity.

Interorganizational relationships seek cooperation, where management control systems are maintained with broad-scoped, timely, integrated information that can be reported in an aggregate manner so that partner companies can perform cooperative behaviors (Pazetto & Beuren, 2022).

2.2 Trust as the main interorganizational factor

The term trust has gained prominence and emphasis among researchers in recent years, due to its complexity and the impact it has on the organizational context, contemplating
distinguishing concepts and walking through several areas (Bertosso, Ebert & Laimer, 2017).

Interorganizational relationships assume that there is trust between the organizations involved (Slagmulder, 2002). For Aguiar, Rezende and Souza (2007) in addition to trust, the most relevant factors of such relationships are stability, cooperation and mutual benefits.

For Mannes, Castanha, Beuren and Gasparetto (2022) interorganizational trust has a strong impact on the performance offered by the supplier.

Unlike other links between organizations, trust is not predisposed through contracts, but through non-contractual mechanisms, its construction is not linear and premeditated (Bertosso, Ebert & Laimer, 2017).

Trust is based on the positive expectation that there is in relation to the intentions of business partners to voluntarily abandon the possibility of opportunistic behavior (Moller, Windolph & Isbruch, 2011). Gonçalves, Lima, Macedo and Chinelato (2021) add that the opportunistic behavior adopted by some institutions can reduce the confidence it seeks to achieve, among the partners with whom it relates, affecting the continuity of the relationship.

When there is trust in a relationship between organizations it is assumed that one of the companies trusts in the integrity of the other company and when this trust is obtained, satisfaction is achieved and a reduction of uncertainties is estimated within the interorganizational context (Bertosso, Ebert & Laimer, 2017; Fehr, 2018).

Trust, according to Almeida (2018) can be built through the duration of the relationship that the company has with its customers and suppliers. It is seen that trust is then something built and is not limited to contracts or formalizes through them.

According to Gonçalves, Lima, Macedo and Chinelato (2021) buyers and sellers must maintain consistent behaviors while they are relating so that it is possible to increase trust, which will sustain the relationship between organizations. Braga (2022) corroborates the thought, inferring that the frequency of business that is conducted between organizations leads such organizations to good levels of stability and can favor an interorganizational trust.
Trust, for Mannes, Castanha, Beuren and Gasparetto (2022) acts as a prerequisite to generate and maintain interaction in interorganizational relationships. Trust not only functions as a link between companies but subsidizes other aspects.

Interorganizational relationships are based on a series of fundamentals, as seen, one of the main ones refers to trust, which is not signed through contracts, but through good relationships.

3. Methodology

With the purpose of obtaining a more in-depth study of the reality experienced by the business group in question, which was founded in 1970, a leader in the manufacture of plastic items, with twelve production units throughout Brazil, also seeking to understand how the interorganizational relationship of trust with its business partners takes place, the research will be exploratory, qualitative, descriptive and a case study.

We chose the case study due to its exploratory characteristic, aiming to obtain depth in the analyses and additions to studies in the area (Yin, 2010). The research was conducted with an employee of the purchasing sector of the Unit of Santa Catarina, who, in view of the proposed issues, was the most aware of the functioning of the interorganizational relationship of the entity.

The researched business group has six plants and twelve production units, but most of these units receive guidance from the plant regarding the purchase of materials, so it was necessary to interview with the employee of the Santa Catarina unit, to obtain effective answers for the proposed semi-structured interview.

In an introductory way, a contact was made via e-mail with the employee, who promptly prepared to contribute to the research and scheduled for the interview to be conducted through Skype. The interview took place in December 2022 and lasted 29 minutes. The interview was fundamental to explain the questions outlined by the research.

To actualize the findings, the discourse analysis technique was chosen, this technique allows a broader focus on the material that was obtained, deepening the understanding of the text beyond the words (Flick, 2009 and Michel, 2005).

After trance the questions and answers of the interview, a new contact was made with the employee of the company so that it was possible to validate their answers. We then
obtained the validation of the transcription made and the final adjustments related to the
discussion and analysis of the results were made.

4. Results

In this session, the research findings and the most relevant points of the semi-structured
interview that was conducted in the entity are portrayed.

The interview included 10 general questions, which aimed to understand how the question
of trust in the interorganizational context, of the central company researched with its
suppliers, was covered for suppliers because the company does not only have a large
supplier, but with numerous.

At the beginning of the interview, the respondent said that due to the large number of
items produced by the company in question, she has several large suppliers, also detailing
that all the questions that were asked to her would be answered based on these suppliers.

The first question of the interview sought to understand whether the employee believes
that the relationship of trust with her main supplier is bilateral, and the answer was
obtained that the trust is total.

“We're working on creating a bond. [...] They end up becoming more than a supplier, is
a partner even, which comes to life urgently. [...] You need to have confidence, knowing
that if you need him, he's going to help. [...] On the part of the company, the company
honors with its commitments.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

The second question was whether there is freedom to talk about needs to decrease prices
paid to suppliers, and promptly the answer was yes.

“We end up playing well open, if I need a lower price, we talk about a lower price. For
the supplier to keep up, he needs me, so we need to be okay. We work the relationship
of trust, to leave something good on both sides, we call to talk to try to reduce, or even
replace with another product that can meet to reduce this price. There is the freedom to
talk "friend, I need a lower price, I need to lower costs, or I lose there at the tip, and I lose,
you also lose.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

The third question was about sharing management information to its main suppliers. In
response it was obtained that the company in question is an S.A. and therefore already
external many of its numbers, it was also added that if there is the request by the supplier,
and the company realizes that there is no harm in sending, immediately happens the
shipment.

“Certain information is not sent, but rarely is this type of information requested. Usually,
they ask for what can be sent.” (RESPONSIBLE FOR THE PURCHASING SECTOR).
As for the questioning about the freedom to report problems, when they happen to the supplier, and it was promptly answered that there is total room for this.

“There is no good deal for both sides if you can't communicate to the supplier the problems that happen. First thing when there is a problem is to communicate it, either by email, or by phone. If there is no room to talk about the problems with the supplier, we do not even work with him.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

The fifth question was about the supplier's concern in solving the problems, and as for this questioning, it was said that the concern that suppliers have is latent.

“If we see that the supplier sometimes does not have the interest in helping us, surely in the future he will be more aside. we end up not buying anymore”. (RESPONSIBLE FOR THE PURCHASING SECTOR).

The subsequent question was about the need to determine which supplier of the company, the interviewee said that consider the main, the largest, who is more purchased, more volume negotiated, greater attention is given.

“To decide what will make them the largest, there are a few requirements, initially: have a quality product, they present the product, send a technical sheet, later it is observed if the price is attractive, if yes, enters the homologation part. A few documents and technical questions are punctuated. In short, it all begins by analyzing whether his product is what I need, in a second moment, if the price is attractive, and the third part, the documentary.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

The seventh question was about the commitment made to the supplier. It was questioned whether such a commitment is made through contract and the respondent reported that most of the suppliers who work with them have no contract, and those who have, have a contract of no more than 2 years.

“It has some materials that has contracts, has others that do not, depends on the hit from the beginning. [...] There are many cases that do not have a contract, in most of them will a purchase order. [...] The company's intention is never to be in the hands of a single supplier. [...] Tie up the company and the supplier. [...] If I see that I need to make a contract for certain material, I will try as little as possible, if or less 2 years.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

The eighth question was about the information that is scored as necessary for the involvement with the supplier and the most important was the quality of the item.

“First point - item quality, second point - price, third point - good service, so creating the trust relationship is so important. Fourth point – flexibility, the supplier needs to be able to meet my urgent requests whenever possible.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

When asked about the need to confirm continuous trust, the head of the sector stated that this trust is perceived as the days went by, with the conviviality.
“Right away, you can’t tell if you can trust the supplier. In practice, that is confirmed. On a day-to-day high. The daily experience. Not always what is promised is fulfilled.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

The last question: despite the confidence that exists, the prevalence of contractual formality is the most important? And in response it was obtained that:

“No. Today, few things require a contract, what else happens is a conversation, or even a simple email, sometimes it is enough. Our goal is to comply with what we promise, and we expect the same from suppliers. No contract required, there’s a trust.” (RESPONSIBLE FOR THE PURCHASING SECTOR).

At the end of the interview, it was possible to identify the weight given to interorganizational relations in the context of the organization analyzed. We saw the essentiality of trust and the mutual relationship of respect and promptness between organizations and the need not for contracts, but for dialogue and commitment between entities.

5. Discussion

The results showed that the need to create a bond between organizations is essential and seen in an extremely positive way for both organizations, corroborating the studies of Castanha, Ensslin and Gasparetto (2020).

Regarding the relationships of trust reported by the interviewee, as well as the bonds, they are necessary for the relationship between the companies. Morgan and Hunt (1994) consider such relationships as essential to the relationship between them, relying on the idea that organizations need such relationships to succeed and ensure market share.

In the relationship between entities, it is necessary that there is communication between organizations, and that these communications can make companies explore more of their internal resources and have more market opportunities, consequently allowing improvements in their performance (Mannes, Castanha, Beuren & Gasparetto, 2022).

Another point that is important to consider is about trust, shown by the interviewee as something essential between organizations and evidenced by the study by Mannes, Castanha, Beuren and Gasparetto (2022), which exponentiates that trust between organizations influences interorganizational communication, making it clear that a good relationship of trust makes the entire interorganizational relationship flow.

The relationship between organizations, especially those close and direct relationships, end up finally presenting some degree of dependence, minimal that is, at one time or another, this dependence will appear, whether when talking about service offering or product sales (Horn, Bonfatti & Raupp, 2018). The fear of the interviewee was precisely
in the expectation of mitigating this existing dependence in the interorganizational context, she was very explicit and emphatic when reporting that the company seeks, to the maximum, not to have this dependence with its suppliers.

The search for the reduction of dependence is constant, aiming, whenever possible, not to be dependent on only one organization, so as not to have future problems regarding the delivery of materials or the offer of services. Just as the company aims not to rely so much on other organizations, it is also increasingly extinguishing its contracts.

The fixed idea that trust came from contracts fell apart since the studies of Bertosso, Ebert and Laimer (2017) and Gonçalves, Lima, Macedo and Chinelato (2021), and was corroborated by the results of the research carried out where it was seen that contracts were increasingly scarce in the organizational reality in question, being replaced by agreements and partnerships.

It was observed, through the answers of the interviewee, that trust is not predisposed in contracts and much less in a linear way, it is something built voluntarily and must be maintained through fair and coherent behaviors, so that there is a good interorganizational relationship.

6. Conclusion
Interorganizational relationships are increasingly present in the business context. It was seen that there is a need for good relationship, promptness and trust for the companies that relate to succeed in the market.

One of the points evidenced in the interorganizational relationship is trust, which, unlike what is estimated, is not constructed linearly and as seen, is not solidified through contracts.

The research was elaborated qualitatively, with the purpose of describing, in the most detailed way possible if there is a mutual relationship of trust between the researched company and its suppliers. And it was noticeable, through the interviewee's statements that the entity's desire to have a relationship of trust with its suppliers is explicit.

Trust relationships are not predisposed in roles and can hardly be measured at scale, so it is necessary to analyze it individually, especially when talking about relationships between different entities.
As portrayed by the employee of the entity and as a possible reality of another organization, several of its relationships and "contracts" with other companies, are done simply by phone or through e-mails, which portrays the era increasingly computerized and fast about the firmament of agreements.

It is suggested that further research be carried out, so that we can understand the relationship of trust between all members of the network, seeking to identify how trust really works in the interorganizational context.

References


