Nurturing Collaborative Relations: Building Trust in Interorganizational Collaboration
Siv Vangen and Chris Huxham
*Journal of Applied Behavioral Science* 2003; 39; 5
DOI: 10.1177/0021886303039001001

The online version of this article can be found at:
http://jab.sagepub.com/cgi/content/abstract/39/1/5

Published by:
SAGE Publications
http://www.sagepublications.com

On behalf of:
NTL Institute

Additional services and information for *The Journal of Applied Behavioral Science* can be found at:

Email Alerts: http://jab.sagepub.com/cgi/alerts

Subscriptions: http://jab.sagepub.com/subscriptions

Reprints: http://www.sagepub.com/journalsReprints.nav

Permissions: http://www.sagepub.com/journalsPermissions.nav

Citations (this article cites 45 articles hosted on the SAGE Journals Online and HighWire Press platforms):
http://jab.sagepub.com/cgi/content/refs/39/1/5
Nurturing Collaborative Relations

Building Trust in Interorganizational Collaboration

Siv Vangen
Open University Business School

Chris Huxham
University of Strathclyde Graduate School of Business

Many organizations aspire to gain collaborative advantage by working in partnerships across organizational, sectoral, and even national boundaries. Such collaborations, however, are difficult to manage, and the likelihood of disappointing outputs is high. To create advantage, practitioners need to engage in a continuous process of nurturing the collaborative processes. One issue that appears significant in the nurturing process is trust. This article incorporates a synthesis of research on trust with research on other aspects of collaboration. It develops a trust-building loop and examines its validity to inform practice. It argues that trust building is problematic and that management of trust implies both the ability to cope in situations where trust is lacking and the ability to build trust in situations where this is possible. It summarizes pragmatic implications in a tool for thinking about and addressing trust management in different collaborative situations.

Keywords: collaboration; collaborative advantage; trust; alliances; interorganizational relations

Working collaboratively across organizational, sectoral, and even national boundaries is now a popular component of organizational life. Collaborative responses to social problems, for example, are now fairly common throughout the world (e.g., Axinn & Axinn, 1997; Hardy & Phillips, 1998; Mandell, 2001). The aim is usually to deal more effectively with major issues that sit in the organizations’ “inter-organizational
domain” (Trist, 1983) and that cannot be tackled by any organization acting alone. Increasingly, therefore, the cooperation between public, private, and voluntary sector organizations for the benefit of the public at large is demanded (Glaister, 1999; Hudson, Hardy, Henwood, & Wistow, 1999). Similarly, corporate demands have led to a large number of organizations being engaged in international joint ventures, strategic alliances, or other forms of interorganizational relations (e.g., Fryxell, Dooley, & Vryza, 2002; Inkpen & Li, 1999). Although being initiated for different reasons (Spekman, Forbes, Isabella, & MacAvoy, 1998), here, too, the usual general aspiration is the achievement of some form of “collaborative advantage” (Huxham, 1996). Evidence suggests, however, that collaboration imposes huge demands on those entering into it (Gould, Ebers, & Clinchy, 1999; Huxham & Vangen, 2000c) and that the likelihood of disappointing outputs and failures is high (Bleeke & Ernst, 1993; Medcof, 1997; Reuer, 1998).

Much research has been directed at gaining an understanding of the challenges facing those involved in interorganizational collaboration. Contributions are based on a wide range of theoretical perspectives including corporate, social, economical, institutional, and political (Gray & Wood, 1991) and cover a range of collaborative relations including, for example, public-private partnerships, industrial networks, and strategic alliances (Child & Faulkner, 1998; Genefke & McDonald, 2001). Some focus on the management of collaborative processes in general (Kanter, 1994), and others focus specifically on improving the chances of success (Dacin, Hitt, & Levitas, 1997; Das & Teng, 1998; Gray, 1985). Some have concluded that considerable efforts are required to nurture collaborative relations through their early stages (Carley & Christie, 1992; Wistow & Hardy, 1991). Our own research suggests, as we have argued elsewhere, that the typically ambiguous, complex, and dynamic structure of collaborations presents challenges that require practitioners to engage in a “continuous process of nurturing” (Huxham & Vangen, 2000c).

Collaboration gives rise to a variety of issues causing concern and anxiety for managers (Huxham & Vangen, 1996), and hence a range of different factors is integral to the success of collaboration. The issue of trust in particular has been reported repeatedly to be significant and hence important in the nurturing of collaborative processes. Indeed, literatures across the fields of psychology, economics, sociology, and organizational sciences focus on trust in the contexts of both intra- and interorganizational collaboration. These contributions offer a host of extremely diverse conceptualizations and interpretations, and several recent contributions have aimed to provide an overview of, and synthesize theories on, trust (see, for example, Kramer & Tyler, 1996; Lane & Bachmann, 1998; Mayer, Davis, & Schoorman, 1995; Sitkin, Rousseau, Burt, & Camerer, 1998).

The many participants with whom we have worked are too numerous to mention, but we would like to register our thanks to them all.

Dr. Siv Vangen is a lecturer in management at The Open University Business School.

Dr. Chris Huxham is a professor of management at the University of Strathclyde Graduate School of Business.
Although some contributions take a managerial perspective and begin to address the implications of trust issues on management practice, few do so while considering specifically the theory and hence complexity of interorganizational collaborations. Our own focus is on the provision of practice-oriented theory into the management of trust in interorganizational collaborations, which is in contrast to most other contributions. The article aims to achieve this through the synthesis of research on trust in interorganizational collaboration with research on other aspects of collaboration. The article thus contributes to practice-oriented theory on collaboration (Gray, 1989; Huxham, 1996; Osborn & Hagedoorn, 1997; Waddock, 1989) with a particular focus on how to manage and build trust in this context.

**METHODOLOGY**

This research forms part of a program that has been ongoing since the late 1980s and that is concerned with the development of practice-oriented theory into the management of interorganizational collaboration (see, e.g., Huxham, 1993, 1996; Huxham & Vangen, 1996, 2000a, 2000b, 2000c, 2001; Vangen, 1995, 1998; Vangen & Huxham, 1998, in press). It has involved us as researchers in intervening in a large number of collaborations concerned with a wide variety of issues including health issues, economic area regeneration, and poverty alleviation. During these interventions, the expressed experiences, views, action-centered dilemmas, and actual actions of participants have been recorded as research data in a variety of ways including detailed notes, flipcharts, cognitive and cause maps, and video and tape recordings. This amounts to a vast quantity of data on many different aspects of collaboration. Theory development has been "emergent," firmly grounded in, and produced inductively from the data (Glaser & Strauss, 1967). In this article, we draw specifically on some of the theory developed via this program, as outlined below.

One key theoretical thrust of this research program has been the development of "themes in collaboration" (Huxham & Vangen, 1996; Vangen, 1998)—these are "in vivo" labels (Glaser, 1992; Strauss & Corbin, 1998) given to a broad grouping of issues raised repeatedly by practitioners as causing anxiety or reward in collaboration. The collaboration themes as such represent generic collaboration issues typically of concern to practitioners and have therefore guided our focus in the development of practice-oriented theory. The theme labels include aims and objectives, accountability, commitment and determination, compromise, appropriate working processes, communication, democracy and inclusiveness (membership), trust, and power. A research aim has been, and continues to be, to develop a deeper understanding of the issues underlying each of the themes as well as the interrelationship between them. In this article, our main focus is on developing conceptualizations on **trust**, as described below.

In contrast to other themes on collaboration, the literature on trust is very diverse and voluminous. This rendered inappropriate our normal approach, which is to develop theory from naturally occurring data only (Marshall & Rossman, 1989). Here, we considered the literature as an additional source of data from which insight about
the management of trust could be drawn inductively. Furthermore, an initial scan of this literature suggested that power (e.g., Calton & Lad, 1995; Lane & Bachmann, 1998) and control (e.g., Das & Teng, 1998; Gulati, 1998; Sitkin et al., 1998) are concepts perceived as being closely related to trust, so specific considerations of these should be part of our analysis in as far as they related directly to trust. As such, we explicitly integrated literature on trust with data sources from our own research and with the collaboration theory developed and published previously as part of the overall research program. Using this approach, we developed theory on the management of trust in collaboration via three distinct yet interlinked activities in a developmental and iterative process, as described below.

A first activity was a thorough scanning of the literature on trust in collaboration. A highly methodological analytical method was adopted with the view to seeking insight about the management of trust in interorganizational collaboration that could aid the development of practice-oriented theory. During the review, several hundred statements, concepts, and ideas identified as having possible implications for practice were captured onto post-it notes and grouped into clusters of similar issues. Following several iterations, five large clusters were identified. These were labeled expectation forming, risk, trust, cyclical development, and trust building. Figure 1 shows examples in each of these clusters. We conceptualized and summarized these insights in a model—the trust-building loop—that suggests that trust building is a cyclical process and that with each positive outcome, trust builds on itself incrementally, over time, in a virtuous circle (this is discussed below, in the section headed The Cyclical Aspect of Trust Building). Our working definition of trust, as such, is embedded in this trust-building loop.

A second activity entailed a thorough scanning of our own empirical data of actual statements made by practitioners during interventions with the aim of isolating statements including the words trust, power, and control. Statements made “in the same breath” as those on trust, power, and control also were identified to explore possible links and gain a better understanding of context. In a similar fashion to that illustrated in Figure 1, all statements were then grouped into clusters of similar ideas, which helped to provide an initial understanding of the key issues as perceived by practitioners. Many of these actual statements as well as snapshots of stories as told by practitioners are used as examples throughout the article. This analysis showed that although practitioners do not provide much spontaneous elaboration on trust, the majority argues that trust is an essential ingredient for successful collaboration and usually that they perceive a lack of trust in their own collaborative situations.

Although the literature touches on issues that may hamper trust building—for example, the extent to which a contract helps or hinders trust building—the analysis of practitioners’ views was particularly helpful in identifying factors that hamper trust building. It was concluded that trust cannot be built in isolation of any other key variables and that trust building requires investment of time and careful consideration of other key issues including the management of purpose, power imbalances, credit sharing, the need for leadership while not allowing anyone to “take over,” and so on (this is discussed below in the section headed Trust in the Practice of Collaboration). The third analytical activity undertaken therefore was concerned specifically with how to facili-
<table>
<thead>
<tr>
<th><strong>Trust</strong></th>
<th><strong>Trust building</strong></th>
<th><strong>Risk</strong></th>
<th><strong>Expectation forming</strong></th>
<th><strong>Cyclical development</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>(examples)</td>
<td>(examples)</td>
<td>(examples)</td>
<td>(examples)</td>
<td>(examples)</td>
</tr>
<tr>
<td>- trust is a means of coping with uncertainty (Butler &amp; Gill, 1995)</td>
<td>- communication and proactive information exchange form yet another tactic to boost trust among partners (Das &amp; Teng, 1998)</td>
<td>- trust is a mechanism to reduce risk (Liao &amp; Bachmann, 1998)</td>
<td>- trust is about developing commitment of giving and taking in the future on the promise that something will be forthcoming in return (Voka et al., 1998)</td>
<td>- trust develops gradually as the parties move from one stage to another (Lawicki &amp; Bunker, 1996)</td>
</tr>
<tr>
<td>- trust is one of three primary control mechanisms which govern economic transactions between firms (Brodach &amp; Eccles, 1989)</td>
<td>- the building of trust requires a willingness to communicate over a range of issues (Webb, 1991)</td>
<td>- risk can be seen as an opportunity to build trust (Lyson &amp; Metha, 1996)</td>
<td>- trust enables actors to mutually establish specific expectations about their future behaviours (Liao and Bachmann, 1998)</td>
<td>- I trust because you trust (McAllister, 1995)</td>
</tr>
<tr>
<td>- trust is an enabling condition which facilitates the formation of ongoing networks (Ring, 1997)</td>
<td>- making adaptations according to the partnership is an effective way to develop trust (Das &amp; Teng, 1998)</td>
<td>- most definitions of trust regard risk as the core of trust (Das &amp; Teng, 1998)</td>
<td>- prior alliances between firms is likely to produce trust (Zucker, 1986)</td>
<td>- where trust does not exist, it may emerge from formal and informal processes of transacting (Ring, 1997)</td>
</tr>
<tr>
<td>- a certain minimum level of interfirm trust is indispensable for any strategic alliance to be formed and to function (Das &amp; Teng, 1998)</td>
<td>- building trust through ambiguous goals with modest expectations rather than clear goals with high expectations (Butler &amp; Gill, 1997)</td>
<td>- a type of expectation that alleviates the fear that one's exchange partners will act opportunistically (Gulati, 1997)</td>
<td>- trust is based on expectations embedded in the history of trust (Colton &amp; Lat, 1995)</td>
<td>- trust begins trust (Creed &amp; Miles, 1996)</td>
</tr>
<tr>
<td>- some trust is required to initiate collaboration (Webb, 1991)</td>
<td>- building trust implies an investment in the time dimension of relationships (Murokami and Rehman, 92)</td>
<td>- trust is a risky investment as it extrapolates from available info (Luhmann, 1979)</td>
<td>- a trust relationship is only possible if specific expectations can be formed in one hand and fulfilled on the other (Koenig &amp; van Wijk, 1993)</td>
<td>- when one trusting act is reciprocated by another, gradually a durable basis for co-operation can be erected (Axelrod, 1984)</td>
</tr>
<tr>
<td>- trust counters fear of opportunistic behaviour (Gulati, 1998)</td>
<td>- communication helps to build trust because it provides the basis for continued interaction (Lief &amp; Mills, 1996)</td>
<td>- in order to develop trust, one needs to take a risk first (Strickland, 1995 in Das &amp; Teng, 1998)</td>
<td>- one's belief and expectation about the likelihood of having a desirable action performed by the trustee (Das and Teng, 1998)</td>
<td>- through ongoing interaction, firms can learn about each other and develop trust (Shapiro, 1987)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- inter-firm trust is incrementally built as firms repeatedly interact (Gulati, 1992)</td>
</tr>
</tbody>
</table>

**FIGURE 1:** Managing Trust: Sample Insight From the Literature
tate trust building in a cyclical process while paying attention to issues that tend to hamper trust building. We picked up on practitioners’ views on trust building and examined the value of the trust-building loop as a pragmatic tool. Our vehicle for this analysis was previous conceptualizations pertaining to structural features of collaboration and related dynamics, leadership, management of purpose, and power (Huxham & Vangen, 2000a, 2000b, 2000c; Vangen & Huxham, in press). We also drew heavily on other researchers’ conceptualizations, in particular with regard to power. This resulted in the identification of some lessons for the management of trust that can help influence effectiveness in the practice of collaboration as discussed below in the section headed The Cyclical Trust-Building Process in Practice.

The process of building these conceptualizations into a coherent set of arguments has involved cycling through these activities while drafting and redrafting the article, circulating drafts for comment, presenting the arguments at academic conferences, and using them with practitioners in action research interventions. The arguments to be presented below thus have been subjected to wide-ranging scrutiny and refined accordingly. The remainder of this article reflects this process. It begins with the conceptualizations that draw explicitly on the literature on trust, followed by conceptualizations based on practitioners’ perceptions. The last section builds further on these two sections and interacts simultaneously with the theory on collaboration with the aim to make a specific contribution to this theory about the management of trust.

THE CYCLICAL ASPECT OF TRUST BUILDING

This section is concerned with the identification of lessons for the management of trust drawn from the literature on trust in interorganizational collaboration. The literature suggests that three conceptualizations concerned with expectation forming, risk taking, and vulnerability are particularly relevant and fundamental to the management of trust, as discussed below.

Theories on trust are based on the notion of interdependence between the party who trusts and the party who is trusted (Dasgupta, 1988; Luhmann, 1979). Therefore, it is argued that trust is best understood in terms of the ability to form expectations about aims and partners’ future behaviors in relation to those aims. A necessary condition for trust is thus that expectations can be formed on one hand and fulfilled on the other (Barber, 1983; Butler & Gill, 1995; Gulati, 1995; Hardy, Phillips, & Lawrence, 1998; Koenig & van Wijk, 1993; Rousseau, Sitkin, Burt, & Camerer, 1998; Sitkin et al., 1998). The ability to form expectations can be interpreted from both future-oriented and historical perspectives. Thus, creation of trust can be rooted either in anticipation that something will be forthcoming (Brigham & Corbett, 1996; Butler & Gill, 1995; Lane & Bachmann, 1996; Lyson & Mehta, 1996; Vansina, Taillieu, & Schruier, 1998) or on common past satisfactory experiences (Calton & Lad, 1995; Das & Teng, 1998; Gulati, 1995; Koenig & van Wijk, 1993; Luhmann, 1979; Zucker, 1986).

When trust is rooted in anticipation, it is argued that developing understanding of partners’ expectations is crucial at the formation stage of the partnership (Butler &
Gill, 1995; Vansina et al., 1998). Future-based trust as such is gained through agreements, made in the early stages of a collaboration, in which trust serves as a substitute for formal contracts (Bradach & Eccles, 1989; Gulati, 1995). In the language of game theory, trust based on previous experiences may be seen as deriving from a “repeated game” (Axelrod, 1984; Miller, 1992). This type of trust, deriving out of repeated interactions over time between those who trust and those who are trusted, has been referred to as “relational trust” (Rousseau et al., 1998), “affective trust” (McAllister, 1995), and “identity-based” trust (Coleman, 1990). Historically rooted trust also can be based on a potential partner’s reputation in the “market place” (Ring, 1997) or on other “social structures” (Burt & Knez, 1996). This kind of trust, which is based on credible information regarding the intentions or competence of another (Barber, 1983), has been described as “calculus-based” (Rousseau et al., 1998).

The concept of risk (Coleman, 1990; Das & Teng, 1998; Granovetter, 1985; Ring, 1997, Rotter, 1967; Rousseau et al., 1998) or, more specifically, the fear that a partner will act opportunistically (Ring & Van de Ven, 1992, 1994) is seen as central to the notion of trust. Closely associated with this is the notion of vulnerability, which relates to the “trustor” being dependent on the “trustee” to deliver (Gambetta, 1988; Mishra, 1996). The act of trusting is the willingness to assume that a partner will bear the vulnerability stemming from the acceptance of risk. In economic transactions, for example, sanctions may be put in place to guard against opportunistic behavior. “Deterrence-based” trust is described as a form of trust that may derive when such sanctions have been put in place (Rousseau et al., 1998).

On one hand, it is argued that the creation of trust implies taking a risk (Lewis & Weigert, 1985; Luhmann, 1988), whereas on the other hand, the existence of trust is seen as “a mechanism to reduce the risk of opportunistic behavior” (Bradach & Eccles, 1989; Lane & Bachmann, 1996; Lyson & Metha 1996; Ring & Van de Ven, 1992). Thus, trust and risk form a reciprocal relationship. Trust leads to risk taking, and providing that initial expectations materialize, risk taking in turn buttresses a sense of trust (Coleman, 1990; Das & Teng, 1998). Collaborations are argued to be particularly risky ventures (Butler & Gill, 1995; Das & Teng, 1998), so some trust is required to initiate them (Webb, 1991).

Taken together, the above arguments about expectations, risk, and vulnerability imply that trust building must be a cyclic process. Each time partners act together, they take a risk and form expectations about the intended outcome and the way others will contribute to achieving it. Each time an outcome meets expectations, trusting attitudes are reinforced. The outcome becomes part of the history of the relationship, increasing the chance that partners will have positive expectations about joint actions in the future. The increased trust reduces the sense of risk for these future actions.

Many authors have reached similar conclusions. For example, Gulati (1995) and Lewicki and Bunker (1996) stress the incremental development of trust as parties repeatedly interact. Ring (1997) suggests that even if trust does not already exist, it may emerge from formal and informal processes of transacting. Butler and Gill (1995) see trust increasing through a “cycle of learning.” Reciprocity—“I trust because you trust”—is also seen as an element in the cycle (Das & Teng 1998; McAllister 1995). As
demonstrated by Axelrod (1984), “when one trusting act is reciprocated by another, gradually a durable basis for cooperation can be erected” (in Calton and Lad, 1995, p. 282).

Getting started in the cyclic process in situations where there is no history of trust clearly implies that the parties must be willing to take a risk and become vulnerable to the actions of the other partner(s) (Mayer et al., 1995). This means having “enough” trust to take the act of faith required to initiate the cycle. The parties also must be able to form expectations about outcomes. The more modest the outcomes expected and the lower the level of risk, the greater the chance that expectations will be met. There is therefore a strong case for initiating collaboration through modest, low-risk initiatives (Das & Teng, 1998; Webb, 1991). More ambitious ventures can then be undertaken as trusting attitudes develop. To ensure that the virtuous circle is sustained, the outcomes aimed for need to be realistic relative to the level of trust between (and to the capabilities and capacities of) the participating organizations. This line of argument is captured in the trust-building loop in Figure 2.

**FIGURE 2: The Cyclical Trust-Building Loop**

TRUST IN THE PRACTICE OF COLLABORATION

The summary of the literature above concluded that the management of trust in interorganizational collaboration requires trust to be built in a cyclical process. In this section, we develop this argument on the basis of practitioners’ commentary about trust and related issues.
Perceptions About Power, Control, and Lack of Trust

The notion of trust clearly provides a conceptual handle to which practitioners involved in collaborative initiatives relate. Statements such as, “Trust and respect is important if collaboration is to be successful and enjoyable” and “Communication and trust are very important” are typical and indicate that the existence of trust between the parties involved is seen as an important success factor. This view mirrors that held by other researchers of interfirm collaborations who repeatedly conclude that trust is an essential ingredient of success (Child, 2001; Das & Teng 1998; Koenig & van Wijk 1993; Lane & Bachmann 1998; Ring & Van de Ven, 1992, 1994; Walsh, Wang, & Xin, 1999). Practitioners, however, often perceive a lack of trust—or at least an inadequate level of it—in their own collaborative relationships. Words such as hostility, fighting, and mistrust are frequently used.

Issues concerned with power relationships seem to be significant contributors to mistrust and to the hampering of trust building. Practitioners argue for the need to deal with power differences so as to minimize interagency hostility and mistrust, and they use phrases such as “power games,” “power plays,” and “power struggles,” which suggest that power issues are frequently seen to be problematic. For example, the manager of a regeneration partnership commented that two major public agencies were continuously “fighting” over which should take the lead in the partnership. She implied that they were fighting for control of its territory, presumably driven by glory-seeking motivations. Practitioners often comment about glory seeking and perceive the claiming of credit for collaborative achievements to be a manifestation of power. They also view such behavior as a hindrance to trust building, arguing that “claiming the credit for pieces of work implies lack of trust” and “(we need to) deal with glory seekers so as to build trust between members.”

A director of a not-for-profit organization who related the story of how she had convened and led a major collaborative initiative involving many organizations from the different sectors in a deprived locality of her city exemplified these issues. She described the painstaking process through which she had gradually brought reluctant public agencies on board and then commented that because the initiative had become successfully established, they were “taking over.” Furthermore, because the subject of the initiative recently had become the target of government policy, it was being hailed as an example of good practice, and these agencies were now claiming the credit. Clearly, this does not provide a good basis of trust for future relationships.

The need for public sector organizations to have their involvement in a collaboration acknowledged might be pertinent to their ability to secure future funding on which their survival may depend. In contrast, in the private sector, the concern is usually directed at the extent to which individual organizations’ aims are met via the collaboration, so “taking credit for joint achievement” may not be so much of an issue. However, the relationships between power, control, and trust are similar. In their comparative case studies of four United States–China joint ventures for example, Yan and Gray (1994) found that a partner’s bargaining power is positively related to the partner’s management control in the joint venture. Similarly, they found a positive relationship between control and performance, but significantly, they also found that trust would
moderate this. Thus, a high level of mutual trust between the partners could lead to both partners’ needs being satisfied, even if one partner is dominant.

Similarly, in the public sector, the issues of credit recognition and “territory control” are closely tied and often a matter of real significance to those involved. For small, single-issue organizations commonly found in the not-for-profit sector, there is always a concern about losing control over the way in which their own organization may proceed in dealing with its sphere of activity. At the extreme, if their issue area becomes central to the collaboration, their external funding may be transferred from them to the collaboration. The very existence of the collaboration may thus become a threat to the existence of the organization. Control in this context appears typically to be exercised through aiming to influence—or even sabotage—other organizations’ and the collaboration’s agendas (Eden & Huxham, 2001). The organization is dependent on ownership of the issue for its survival—its “context based bargaining power” (Yan & Gray, 1994) as such is low because it has a very high stake in the issue and few or no alternatives available to it. The concern with its own survival (Sharfman, Gray, & Yan, 1991) necessitates the need to take control to gain recognition for credit and retain the legitimate right to address the issue.

For larger, public agencies, the issue often arises out of overlapping agendas and a need to justify their existence. For example, where agencies have overlapping or identical physical boundaries, we have seen many examples of one organization apparently taking control through taking a strong lead in the creation of an “overarching” plan for the area and then aiming to influence the behavior of the others in line with the plan. Interestingly, managers in these “leading” organizations rarely seem to recognize that their actions could be interpreted in any way other than collaboratively, so their power apparently is often manifested perfunctorily. Those in the “influenced” organizations are, not surprisingly, often much more aware of the power struggle. Our data include many statements about the difficulties associated with management control and about willingness or not to let others take control over shared issues. Some have argued that trust building is dependent on discouragement of “touchiness about each others’ territories.”

In the absence of trust, similar concerns about imbalance in partners’ management control can be found in the private sector. The positive link between level of control and performance naturally means that managers are concerned and only willing to relax control in situations where trust is high (Yan & Gray, 1994). Such practice-oriented notions of control through influencing, and its relationship to trust, take a rather different focus to those that derive from research based in economic exchange where trust is seen as a component of—or substitute for—control mechanisms such as contracts that govern economic transactions (Bradach & Eccles, 1989; Fryxell et al., 2002; Gulati, 1995; Inkpen & Li, 1999). This may be, in part, because government policies throughout the world increasingly are leading to contractual relationships between public agencies and private organizations (Coulson, 1998), including those in the not-for-profit sector. In socially oriented collaborations, setting up a contractual relationship is not generally an option that is considered feasible. Participants therefore are forced to focus on softer control mechanisms to manage the power relationships. Notions of trust as a lubricant for collaborative transactions (Das & Teng, 1998; Dasgupta, 1988;
Oliver, 1997; Ring, 1997) and as a complement or supplement to control (Beamish, 1988; Das & Teng, 1998) more closely relate to this.

Perceptions About Building Trust

Many authors write about trust as though it were a precondition for successful collaboration (e.g., Cullen, Johnson, & Sakano, 2000; Das & Teng, 1998; Kumar, 1996; Lane & Bachmann, 1998). Indeed, Rule and Keown (1998) argue that the “development of trust is one of the most important alliance competencies” (p. 3). This presents a practical dilemma to those considering setting up a collaboration where there is no history of relationship between (at least some of) the participating organizations or where previous relationships have not engendered mutual trust. The discussion above suggests that this will frequently be the case. A central issue that practice-oriented theory must address, therefore, is how trust can be built and sustained.

Practitioners’ views relate to all the collaboration themes and include the following:

- have clarity of purpose and objectives,
- deal with power differences,
- have leadership but do not allow anyone to take over,
- allow time to build up understanding,
- share workload fairly,
- resolve different levels of commitment,
- have equal ownership and no point scoring,
- accept that partnerships evolve over time,

and so on. Other researchers capture similar points (see, for example, Butler & Gill, 1995; Child, 2001; Das & Teng, 1998; Lyson & Metha, 1996; Ring, 1997). Emphasis tends to be put on the importance of communication in particular and the need to communicate and share information on a range of issues (Cullen et al., 2000; Das & Teng, 1998; Webb, 1991).

Although the above suggestions provide good reminders of the variables that contribute to trust building, they do not provide much in the way of pragmatic help because each piece of advice brings with it its own collection of difficulties in implementation. It may be argued that a pragmatic way forward is to get started without first dealing with all aspects of trust building. This probably means aiming for modest but achievable outcomes, in the first instance, becoming more ambitious only as success breeds a greater level of trust. This supports the argument captured in the trust building loop in Figure 2.

Over the past 5 years, we have had many opportunities to discuss the trust-building loop with practitioners and other researchers interested in this topic. Both researchers and practitioners have found it conceptually appealing. For researchers, it provides a neat synthesis and summary of relevant literature, and for practitioners it provides a visual, albeit too simplistic, suggestion for how to address trust development. There are practical difficulties associated both with initiating the loop and maintaining the necessary stability to sustain it. A fundamental flaw in the trust-building loop as either
a descriptive or a prescriptive tool is that it implies that successful action, alone, is
eough to develop trust. It thus implicitly denies the relevance of—or at least down-
grades the importance of—the broader processes that practitioners view as central to
trust building. A more realistic approach to the management of trust would entail the
facilitation of the cyclical trust-building process while bearing other related “nurturing
activities” in mind.

THE CYCLICAL TRUST-BUILDING PROCESS IN PRACTICE

In this section, we develop the trust-building loop’s contribution as a conceptual
and pragmatic tool. Our vehicle to achieving this is to discuss the loop in the light of
collaboration theory developed and published as part of the wider research program, as
mentioned in the Methodology section. In particular, the structural features of collabo-
ration and related dynamics, leadership, management of purpose, and power are con-
sidered. We conclude by summarizing the resulting lessons for the management of
trust that may help influence effectiveness in the practice of collaboration.

Undoubtedly, the trust-building loop aligns itself well with a “small wins”
approach (Bryson, 1988) within which trust can be built through mutual experience of
advantage gained via successful implementation of low-risk initiatives. Trust can be
developed over time moving gradually toward initiatives where partners are willing to
take greater risks because a high level of trust is present. When risk and uncertainty
levels are high, a strategy involving incremental increases in resource commitments
may indeed be the preferred strategy (Das & Teng, 1998). In many situations, however,
the collaborative advantage aimed for requires the collaborating organizations to be
more ambitious and hence adopt a higher risk approach to their collaboration. The
small-wins approach may, for example, be in contradiction with the need to address
major social issues rapidly or meet the requirements of external funding bodies for
demonstrable output. Political “masters,” for example, often push hard for major
changes because the demands of electoral systems require clear and rapid indications
of action. Frequently, this requires organizations with a history of mistrust between
them to work together. Therefore, organizations may not have the luxury of time
required to build trust via the small-wins strategy, and moreover, they may be forced to
find ways of coping with lack of trust. In managing trust, therefore, there is a need to
assess the specifics of each collaborative situation with regard to level of associated
risk, level of trust existing between the partners, and whether trust can be built
incrementally via a small-wins approach or whether a more rapid and comprehensive
approach to trust development is required to pursue collaborative advantage. Each sit-
uation dictates different implications for initiating and sustaining the trust-building
loop.

Initiating the Trust-Building Loop

Initiation of the trust-building cycle requires practitioners to have both the ability to
form expectations about the future outcomes of the collaboration and a willingness to
take a risk. Their capacity to do this rests in their ability to form agreements about the purpose of the collaboration, to be clear about their investment in the collaboration and what they expect in return (Gray, 1989; Mattesich & Monsey, 1992). In turn, this affects their ability to assess the likelihood that their partners will behave in ways that seem appropriate to the furtherance of that purpose.

**Forming Expectations**

*Identifying partners.* Two structural features—ambiguity and complexity—that tend to characterize collaborations (Huxham & Vangen, 2000a) can act as barriers to the initiation of trust building. Many researchers have argued that “explicit” membership in which the parties “know and agree on who is involved and in what capacity” is a key definitional element of collaboration (McCann, 1983; Nathan & Mitroff, 1991; Roberts & Bradley 1991). A rather surprising characteristic, therefore, of the reality of many situations is the ambiguity about who the partners are. Typically, there are differences in views about who the central members are and what their roles or membership status are with respect to the collaboration.

This lack of clarity often is exacerbated by the complexity that surrounds collaborations (Gulati, 1998; Osborn & Hagedoorn, 1997). Collaborations are often characterized by complex hierarchies—which may be several layers deep—in which one collaboration is a member of another. For example, health promotion collaborations are often members of regeneration collaborations, and both may be members of antipoverty collaborations—and vice versa. Similarly, large multinational companies may have formed dozens of joint ventures with different partners to gain access to, for example, the Chinese domestic market (Li, Tsui, Xin, & Hambrick, 1999). Frequently, therefore, the same individuals are present at meetings of many collaborations. Stewart and Snape (1996) refer to this complexity of interlocking collaborations as “pluralism.” Additional complexities can arise out of concerns to be democratic and accountable as well as to tackle a wide range of related problem areas. For example, collaborations are sometimes designed with multiple layers of committees and steering groups or boards and often initiate (or co-opt) a range of cross-organizational working groups to tackle different aspects of the collaboration agenda. Often, the latter include individuals and organizations that are not formally a part of the collaboration but that nevertheless influence the decision making in the partner organizations (Vangen & Huxham, in press; see also Gulati, 1998). When alliances entail the creation of new entities, individuals often end up with conflicting identities (Gulati, 1998).

In practice, therefore, even if practitioners feel confident that they can identify the partners involved in the collaboration, it can be difficult to be certain about what organization, collaboration, or other constituency (if any) they and others represent. Simply identifying with whom to build trust therefore can be very difficult and time consuming.

*Agreeing on collaboration aims.* Working out with whom trust should be built is not the only challenge in getting started in the trust-building loop. Practitioners continu-
ously raise concerns over the establishment of joint purpose. Typically, they argue that clear and agreed aims are important in providing clarity about why the collaboration exists, why different individuals and organizations are part of it, what their roles are within it, and, most important, what they expect each other to do in furtherance of them. They also, however, frequently express frustration at not having been able, in practice, to reach such clarity and agreement. Paradoxically, the very principle of collaboration is central to this challenge. It usually is the bringing together of the complementary resources that provides the potential for collaborative advantage (Gould et al., 1999; Huxham, 1996; Spekman et al., 1998). The different resources are, however, the result of differences in organizational purpose. Although partners ostensibly may agree on a broad label for the collaboration’s purpose—at least to the extent that they are willing to be involved—they each have different reasons for being there. For example, in United States–Chinese joint ventures, the Chinese partner typically may be seeking foreign capital and technological and managerial expertise, whereas the U.S. partner seeks access to the vast Chinese domestic market. These highly different goals, it has been argued, may contribute to a range of problems between the two management teams (Walsh et al., 1999). Yet, organizations with similar aims are unlikely to need to collaborate unless pooling of financial resources is the driving force. This means that, commonly, some organizations have much less interest in collaborating than others and are thus less willing to commit to aims that have significant resource implications. Some partners look to the collaboration to help satisfy goals and interests that are relevant only to their organization, and individuals also may be looking to satisfy personal agendas this way. These organizational and individual agendas are frequently “hidden.”

It is precisely this multiplicity of (sometimes conflicting) goals that renders the negotiation of agreement on aims difficult. Indeed, as argued by Lawrence, Phillips, and Hardy (1999), the required negotiation can be “a highly political, contentious and sometimes a divisive activity,” and so participants have to decide on the extent to which agreement on goals should be the subject of substantial discussion. On one hand, it is helpful to have the goals explicitly stated so that all participants know what the others are aiming to achieve and to give a collective sense of direction. On the other hand, opening up discussion can emphasize a range of incompatibilities and even conflict between the different goals. Even if agreement can be reached, this can often require seemingly endless discussion and negotiation during which participants may feel that their territories are being infringed upon, which in turn tends to have a negative impact on trust building. Paradoxically, although such “competition” may facilitate collaboration, if managers come to view other organizations as direct competitors, the necessary trust is unlikely to develop (Sharfman et al., 1991, p. 184). Different organizations may naturally strive to take control to protect their own agenda and to influence other organizations’ and the collaboration’s agenda. In relation to trust building, therefore, the implication is that a significant amount of trust is required simply to engage in a discussion about the future expectations of the collaboration.

The pragmatic solution to both reaching agreement on aims and identifying with whom to build trust is frequently to get started on some action with relevant partners without fully negotiating and agreeing on the aims and dealing with all other aspects of
trust building. This is feasible in situations in which collaboration can be initiated via modest, low-risk initiatives, which in turn also allows trust building to take place incrementally and over time.

**Managing Risk**

Gradually, as trust develops it becomes a means for dealing with risk. In situations in which the small-wins approach is not feasible, however, the risk associated with the collaboration has to be managed as an integral part of trust building. Risk, in this context (as discussed in The Cyclical Aspect of Trust Building section), usually is associated with the notions of opportunistic behavior and vulnerability. Practitioners’ perceptions of opportunistic behavior and vulnerability (as discussed in the Trust in the Practice of Collaboration section) typically relate to the fear that members will take advantage of collaborative efforts by, for example, unfairly claiming ownership and taking credit for joint efforts. If the aim to build trust is taken seriously, however, then risk management in this context cannot be concerned with guarding against opportunistic behavior and vulnerability (e.g., via sanctions set out in contractual agreements). Instead, risk management must be concerned with ensuring that any future collaborative advantage can realistically be envisaged and is shared. Consequently, risk management suggests an upfront negotiation of the collaborative aims, to clarify potential partners’ expectations as well as their willingness and ability to enact the agreed collaborative agenda. Given the ambiguity and complexity associated with reaching agreement on aims as outlined above, this clearly is not straightforward.

The difficulty of making appropriate judgments about personal and organizational goals, hidden agendas, territory control, and power bases implies that particular effort is required both in terms of understanding the various aims and agendas of potential partners (Vangen, Huxham, & Eden, 1994) as well as the structure of the collaboration (Huxham & Vangen, 2000a) with its inherent sources of power, authority, and ability to influence and enact the collaborative agenda. For example, the traditional view of power focusing on formal authority and dependency (e.g., Emerson, 1962; Hardy & Clegg, 1996; Thompson, 1956) would suggest that the structure of a collaboration determines relevant sources of influence pertaining to the agenda. However, as collaboration structures are complex and typically lack the authority of a formal hierarchy, assessing what the various sources of power are and where they lie may be very difficult indeed. Similarly, collaborative agendas are shaped and implemented not only by individuals but also via the structure and processes of the collaboration (Huxham & Vangen, 2000b). Therefore, the difficulty relates not only to judging who has the ability to influence and enact the agenda but also with how to interpret different events and actions of others. Our research suggests that efforts aimed at understanding the complexity of goals agreement and collaboration structure can provide vital clues about power relationships and ways of making things happen, and hence with whom to network and build trust. Moreover, these efforts also can provide valuable insight into possible outcomes of the collaboration, how the associated risk can be managed, and whether, if choice exists, it is worth taking. Such activities are, however, extremely resource intensive and time consuming, and their management requires a great deal of
skill and sensitivity. Therefore, this type of risk management is only recommended where trust cannot be built incrementally.

**Sustaining the Trust-Building Loop**

*Managing Dynamics*

Despite the difficulties pertaining to the initiation of the trust-building loop as outlined above, many collaborations are initiated, so it must be presumed that expectations can be formed on the basis that either a minimal level of trust is present and/or there is a willingness to bear the associated risk. Sustaining the trust-building loop then requires the participants to work together, gradually becoming more ambitious, over time, in their joint endeavors. Unfortunately, a third structural feature of collaborations—dynamics (Huxham & Vangen, 2000a)—often leads to discontinuities in the virtuous circle.

The natural evolution of collaborations leads to changes in their purpose, if only because the initial joint purpose has been successfully addressed. Changes in the environmental context such as new government policies or pressures from competitors additionally promote not only totally new initiatives but also changes to the purposes of existing ones (Gray & Yan, 1990; Huxham & Vangen, 2000a; Sharfman et al., 1991). Government policies frequently lead to changes in the nature of public sector collaborations. In the United Kingdom, for example, policies in the last decade alone have led to a new set of local government organizations and several incarnations of health service organizations. Similarly, international joint ventures often are deliberately transitory with their “termination” involving an ownership reallocation among existing parent firms (Reuer, 1998).

The complex structures described above therefore are relatively transitory. Organizations come and go either in response to changing purpose or because they, themselves, have changed. Not infrequently, key organizations cease to exist, and new relationships are developed to address particular issues. Individual representatives also come and go as they take on new roles within their organizations or move in or out of them altogether. Although all organizations continuously evolve (Dawson, 1992; DiMaggio & Powell, 1983), the nature of collaboration is such that they can change from one shape to another frequently, rapidly, and sometimes imperceptibly. One antipoverty community collaboration with which we worked had three entirely different incarnations over a 5-year period, beginning as a working group of an alliance of about 100 organizations and ending as a partnership between two organizations. Maintaining stability over time in the membership of collaborations thus is rarely possible. Coming to terms with the issues of perceived (or actual) power imbalance, credit, and territory control, however, is likely to require many cycles of the trust-building loop. One partnership manager with whom we have worked commented, “after two and a half years we are now beginning to get the hang of how to make this partnership work.” Our observations would suggest that this time period is typical unless partners have a history of working together or are very mature in their ability to handle collaborative situations (Nocon, 1989; Webb, 1991).
Partnership managers in the public sector also typically comment that when specific funding comes to an end, new government initiatives begin to encroach on existing partnerships’ territories, and new funding possibilities frequently mean a change of direction and possibly a change of membership. In a similar vein, Yan and Gray (1994) noted that typical changes in the performance of a joint venture over time will alter the balance of the partners’ “bargaining power”—for example, as each party learns from having worked in collaboration—and this may then affect the structure of control and the trust relationship between the partners. Other researchers discuss issues involved in sustaining collaborations beyond discontinuities of this type (Cropper, 1996; Gray & Yan, 1990). The conditions required to sustain the trust-building loop long enough to reach—and then work with—a comfortable level of trust do not often pertain. Hard-earned agreements (Gray & Hay, 1986) and trusting relationships disappear as members leave the collaboration, requiring remaining members to keep things afloat despite fractures in the trust-building cycle. Equally, the arrival of new members often disturbs the equilibrium, and new efforts are required to “fast track” them into the loop (Vangen & Huxham, in press). Sustaining the trust-building loop thus requires continuous attention to the dynamics of collaboration and the implications on trust from changes in individuals representing the collaborating organizations.

Managing Power Imbalances

Even when careful and continuous attention is paid to trust building, the inherent fragility of the loop is evident (Ring, 1997). Alongside the issues relating to the dynamic nature of collaboration, power issues in particular seem to challenge efforts aimed at sustaining the loop. As discussed in the previous section, practitioners frequently claim that power issues are problematic, arguing, for example, that larger organizations are more powerful than smaller ones and that such imbalance in power dictates behaviors that get in the way of trust building. In a similar vein, other researchers have argued that the maintenance of trust requires a resolution of unequal power (Calton & Lad, 1995).

Another paradox of collaboration, however, is that although the process of collaboration creates dependency between the partners, inevitably some will be more central to the enactment of the collaborative agenda than are others (Vangen & Huxham, in press). This frequently leads to perceptions about power imbalances between those viewed as “principal” versus those viewed as “subsidiary” members. Perceptions of power inequality, however, frequently are exaggerated and at odds with reality. The interdependence between members means that power cannot be entirely unilateral, and at the minimal level, any member at least can resort to the “threat of exit.” So although the dependency renders individual members unable to enact the collaborative agenda on their own, typically any member has enough power to block the progress of the collaboration.

Individuals often act as if their perceptions of power imbalances are real. Typically, those representing smaller organizations perceive themselves to be vulnerable and may take steps to exercise control over and protect their own organizations’ agendas. Some are more skilled than others in recognizing their unique source of power and
knowing when and how to influence and control the collaborative agenda. For example, our observations suggest that some are skilled at influencing joint decisions, for example, by preparing texts and documents for active use during meetings to deliberately manipulate and shape the direction of the collaborative agenda (Vangen & Huxham, in press). Although some would view such actions as being against the spirit of collaboration, the intended effect may be genuinely to help the collaboration move forward. Yet the active preparation and use of documentation may render others feeling “left behind” and reluctant to trust. Phillips and Hardy (1997), for example, argue that “the act of creating and disseminating texts is...a highly political act and underlies the most fundamental struggle for power and control” (p. 171). Although discourse may be used in such ways to deliberately hide power rather than to create trust (Phillips & Hardy, 1997), individuals with relatively little tangible power still can influence events through their knowledge of the substantive issues over which collaboration occurs.

Power in collaboration as such typically is fragmented, yet sustaining the trust-building loop long enough to achieve collaborative advantage usually requires finding ways of ensuring that shared power is maximized. However, as power differences come into play, participants frequently are left feeling vulnerable and reluctant to trust. An appreciation of the inevitability of power imbalances as well as the ability to interpret any actions that members take in response to them may help prevent loss of trust. Furthermore, an understanding of the way in which balances of power tend to change during the life of a collaboration and indeed whether and how power imbalances can and should be deliberately shifted seems essential in sustaining the trust gained. This, however, requires a great deal of sophistication in managing trust in practice.

Nurturing the Collaborative Relationships

Issues pertaining to the identification of partners, complexity and multiplicity of aims, risk and vulnerability, complexity and dynamics of collaborative structures, and power imbalances clearly all pose serious management challenges for building and sustaining trust. If not managed effectively, any one of these issues can prevent trust from developing or even cause loss of trust. Ideally, therefore, all these issues need to be managed simultaneously and, due to the dynamic nature of collaboration, in a continuous manner. Failing to do so may cause the trust loop to fracture, hindering the achievement of collaborative advantage.

Therefore, even in situations in which collaboration is well under way and a good degree of trust is present, continuous effort is required to sustain sufficient levels of trust. Given the fragility of the trust loop, practitioners who wish to build and maintain a high degree of trust need to pay relentless attention to trust-building activities. In doing so, they need to explicitly consider their management of communication, power imbalances and credit recognition, joint ownership, varying levels of commitment, conflicting views on aims and agendas, and so on—and they need to be prepared to continuously nurture the collaborative relationship in this way because the game will be continuously changing.
Managing Trust Building in Practice

The above discussions have sought to explain many of the practical difficulties associated with initiating and sustaining the trust-building loop in practice. Clearly managing trust is challenging and entails dealing with many paradoxes inherent in collaborative activities. Inevitably, therefore, any guidance for practice cannot be precise. Yet, in the matrix in Figure 3, we have sought to capture apparent essential implications for practice. The aim is to provide an aid to thinking about and addressing trust management in different collaborative situations rather than to provide a precise tool.

It was argued above that an assessment of the specifics of each collaborative situation with regard to level of associated risk, level of trust existing between the partners, and whether trust can be managed via the small-wins approach is required. In Figure 3, therefore, the vertical axis is labeled to differentiate between modest low-risk and ambitious high-risk collaborations, distinguishing accordingly between trust management activities in situations in which a small-wins approach is feasible (bottom half) and situations in which a more comprehensive approach to trust management is required due to the high level of risk associated with the collaboration (top half). Similarly, the horizontal axis is labeled to differentiate between collaborative situations in which trust is weak and situations in which trust is present, distinguishing as such between trust management activities in situations requiring the initiation of trust building (left side) and situations requiring trust to be sustained (right side). Such an initial assessment can provide practitioners with clues about how to prioritize trust management activities.

Collaborative working arrangements may not be as clear-cut as those conveyed in the figure, and due to the dynamic nature of collaboration also, practitioners typically will find themselves moving from one situation to another during their involvement with any collaboration. Also, in multiple-partner situations, practitioners may be acting in different “quadrants” with different partners at the same time. Frequently, a balancing act between activities targeted at “coping with lack of trust” and those targeted at “building trust” may indeed be required. Nevertheless, each quadrant provides reminders of activities to be emphasized in each situation with the aim of managing trust development and maintenance in an effective and efficient manner. Each situation dictates different implications for initiating and sustaining the trust-building loop, as summarized below.

The bottom-left quadrant illustrates a situation in which trust is weak but it is possible to initiate collaboration and aim to build trust gradually via the small-wins approach. The arguments developed above suggest that the object in this situation would be to get started on some actions with relevant partners without having to deal with all aspects of trust building. The strategy for dealing with multiple and possibly conflicting aims within a typically complex and ambiguous collaborative structure would be to identify some (not necessarily all) relevant partners and address some modest but joint actions without fully negotiating aims. Initiating trust building in this situation nevertheless requires a willingness to take a risk and trust enough to get started.
<table>
<thead>
<tr>
<th>Initiating the trust building loop (weak trust)</th>
<th>Sustaining the trust building loop (presence of trust)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manage risk as an integral part of trust building</strong></td>
<td><strong>Nurture, nurture, nurture!</strong></td>
</tr>
<tr>
<td>Explore complexity of structure and aims e.g. by:</td>
<td>Facilitate trust building cycle:</td>
</tr>
<tr>
<td>• identifying with whom to network and build trust</td>
<td>• keep nurturing relationships by carefully managing all</td>
</tr>
<tr>
<td>• assessing sources of power and influence</td>
<td>aspects of the collaborative process including</td>
</tr>
<tr>
<td>• exploring who can act</td>
<td>• communication, power imbalances and credit recognition,</td>
</tr>
<tr>
<td>• exploring differences in organizational purposes</td>
<td>• joint ownership, varying levels of commitment, conflicting</td>
</tr>
<tr>
<td>• negotiating agreement on aims</td>
<td>• views on aims and agendas, and so on...</td>
</tr>
<tr>
<td>• exploring willingness and ability to enact the agenda</td>
<td>Maintain a high level of trust to create the basis for</td>
</tr>
<tr>
<td>Assess potential for achieving collaborative advantage and</td>
<td>collaborative advantage</td>
</tr>
<tr>
<td>whether associated risk can be managed and (given choice)</td>
<td></td>
</tr>
<tr>
<td>is worth taking</td>
<td></td>
</tr>
<tr>
<td><strong>Adopt small wins approach to trust building</strong></td>
<td><strong>Manage instability</strong></td>
</tr>
<tr>
<td>Initiate trust with relevant partners and aims e.g. by:</td>
<td>Manage dynamics and power imbalances e.g. by:</td>
</tr>
<tr>
<td>• beginning to identify with whom to build trust and</td>
<td>• keeping momentum when trusted members leave the</td>
</tr>
<tr>
<td>• getting started by undertaking modest but joint actions</td>
<td>collaboration</td>
</tr>
<tr>
<td>Get started without having to deal with all aspects of</td>
<td>• putting efforts into fast tracking new members into the</td>
</tr>
<tr>
<td>trust building</td>
<td>• trust building loop</td>
</tr>
<tr>
<td></td>
<td>• recognizing the inevitable effect of power imbalances on</td>
</tr>
<tr>
<td></td>
<td>• members' actions</td>
</tr>
<tr>
<td></td>
<td>• finding ways of ensuring that shared power is maximized</td>
</tr>
<tr>
<td></td>
<td>• sustain trust gained long enough to reach and then work</td>
</tr>
<tr>
<td></td>
<td>with a comfortable level of trust</td>
</tr>
</tbody>
</table>

**FIGURE 3:** Managing Trust: Summary Implications for Practice
The top-left quadrant illustrates a situation in which trust is weak and in addition, the collaborative advantage aimed for requires the collaborating organizations to be more ambitious, and hence adopt a higher risk approach, to their collaboration. The need to be more ambitious renders the small-wins approach to trust building inappropriate. The arguments developed above suggest that the primary aim in this situation would be to manage the risk associated with the collaboration as an integral part of trust building. To build trust, this risk management has to be concerned with assessing the potential for achieving genuine collaborative advantage and whether the associated risk can be managed and (given choice) is worth taking. In practice, this tends to mean that an upfront negotiation of the collaborative aims is required to clarify potential partners’ expectations as well as their willingness and ability to enact an agreed on collaborative agenda.

It is argued that efforts aimed at understanding the complexity of goals agreement and collaboration structure can help understand power relationships and partners’ ability to influence and enact the collaborative agenda. This in turn can provide vital clues regarding with whom to network and build trust. As a result, valuable insight into possible outcomes and whether and how the associated risk can be managed can be gained. Initiating trust building in this situation thus requires a willingness to invest a great deal of energy and resources simply to get started in the trust-building cycle.

The bottom-right quadrant illustrates a situation in which trust is present and the trust-building cycle has been initiated via the small-wins approach. The arguments developed above suggest that the primary aim of trust management in this situation is to manage instability so as to sustain the trust-building loop long enough to reach and then work with a sufficient level of trust. Sustaining the loop requires participants to pay continuous attention to the dynamics of collaboration and its inevitable implications on trust management. In practice, this tends to mean keeping abreast with changes in individuals’ representing the collaborating organizations so as to maintain momentum when trusted members leave and find ways of fast tracking new members into the trust-building cycle. The dynamics also typically require members to recognize the inevitable affect on power imbalances on members’ actions and to understand its impact on trust relationships and consequent help or hindrances in terms of maximizing shared power.

The top-right quadrant illustrates a situation in which trust is indeed present and the collaborative advantage aimed for requires the collaborating organizations to be ambitious in their search for collaborative advantage. In ideal situations, a high level of trust would be a means for dealing with the risk associated with the collaboration. Even in such situations when collaboration is well under way and a good degree of trust is present, however, continuous effort is required to sustain sufficient levels of trust. Although nurturing is part of trust management in all situations, it is argued that the primary aim in this situation is to keep nurturing the trusting relationships to maintain a high level of trust as a basis for achieving collaborative advantage. In practice, practitioners who wish to maintain a high degree of trust need to keep nurturing the collaborative relationship because the game will be continuously changing.
CONCLUSION

The theory on the management of trust in interorganizational collaboration presented in this article aims to reflect the management challenge (Li et al., 1999; Spekman et al., 1998) that practitioners face. It developed from initial conceptualization of a trust-building loop capturing pragmatic lessons elicited from the literature on trust in collaboration. The loop conveys trust building as a cyclical process within which positive outcomes form the basis for trust development and with each consecutive positive outcome trust builds on itself incrementally, over time, in a virtuous circle. We argue that there is a tension between the ideology that trust is needed for collaboration to be successful (e.g., Cullen et al., 2000; Dasgupta, 1988; Das & Teng, 1998; Oliver, 1997; Ring, 1997) and the pragmatic difficulties pertaining to trust building itself and the frequent need to initiate and enact collaborative agendas in situations where trust is lacking. Practitioners’ perceptions suggest that unequal power relations and the need to protect individual organizations’ interests by manipulating and controlling collaborative agendas are inevitable difficulties pertaining to the collaborative processes and that these issues in particular tend to hamper trust building.

We see the theory contributing to the management of collaboration at two levels. First, the theory suggests that successful management of trust implies both the ability to cope in situations where trust is lacking and the ability to build trust in situations where this is possible. This is in contrast to much previous literature, which argues that the presence of trust is essential for collaboration to be successful (e.g., Cullen et al., 2000; Dasgupta, 1988; Das & Teng, 1998; Oliver, 1997; Ring, 1997) and the pragmatic difficulties pertaining to trust building itself and the frequent need to initiate and enact collaborative agendas in situations where trust is lacking. Practitioners’ perceptions suggest that unequal power relations and the need to protect individual organizations’ interests by manipulating and controlling collaborative agendas are inevitable difficulties pertaining to the collaborative processes and that these issues in particular tend to hamper trust building.

It may be argued that the key to success lies in the ability to predict others’ behavior and that trust management is about managing the risk and vulnerability inherent in the collaborative situation. The act of collaborating will increase partners’ ability to predict outcomes and how others may act—so enabling them to assess uncertainty and reduce fear of opportunistic behavior regardless of whether trust exists. Sharfman et al. (1991) argued similarly that “the advantages of sharing resources such as technology, engineering expertise, and quality management outweigh (at least to some extent) the disadvantages stemming from mistrust” (p. 185).

Second, the theory clarifies different implications for initiating and sustaining the trust-building loop across different situations. It argues that the small-wins approach (Bryson, 1988) to trust building within which trust is built incrementally via successful implementation of modest collaborative initiatives is the preferred strategy. In situations requiring the collaborating organizations to be more ambitious, managing the associated risk is seen as an integral component to trust building and to coping with
lack of trust. Trust management therefore requires the assessment of each collaborative situation with regard to level of associated risk, level of trust existing between the partners, and whether trust can be built incrementally via a small-wins approach or whether a more rapid and comprehensive approach to trust development is required to pursue collaborative advantage. The discussions of issues pertaining to initiating and sustaining trust in each situation provide practitioners with vital conceptual handles with which to grasp the challenges that managing trust implies. The examples of the type of activities that can help build and sustain trust in each situation provide vital cues to practitioners about how to manage these challenges. It is argued that the facilitation of the cyclical trust-building process requires careful and continuous attention to a range of nurturing activities.

REFERENCES


