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Trust across borders: a review of the research on interorganizational trust in international business

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Abstract

Trust between organizations has been recognized as crucial in international business (IB) and has attracted extensive research attention. Researchers have conceptualized and measured interorganizational trust in multiple ways, investigated numerous determinants and outcomes of interorganizational trust, and explored interorganizational trust in several types of international relationships across a range of country combinations using varied research methodologies. Our review aims to consolidate and advance this literature by focusing on (i) how interorganizational trust has been conceptualized in IB; (ii) how interorganizational trust has been operationalized in IB; (iii) what factors promote or hinder interorganizational trust in IB; (iv) what the outcomes are of interorganizational trust in IB; and (v) how interorganizational trust has been studied in IB. For each question, we analyze the literature and then provide recommendations and directions for future research. We aim to provide a solid grounding for future research that will keep this area theoretically sound, empirically robust, and phenomenologically relevant.

Keywords Trust · Interorganizational relationships · Informal governance · International business

Introduction

Trust has been recognized as crucial in interorganizational relationships in international business (IB). Fundamental elements of these relationships, such as communication

and coordination challenges, uncertainties that arise from cross-national interactions, and differences among organizations from different home countries, make trust especially important in the IB context (e.g., Aulakh et al., 1996; Child, 2001; Couper et al., 2020; Madhok, 2006; Zaheer & Zaheer, 2006). At the same time, some of these same factors, such as cross-national interactions and differences between partners from different countries, make it challenging to build and maintain trust. Recognizing the simultaneous importance and challenges of building and maintaining trust in international interorganizational relationships, scholars have produced a large body of research focused on interorganizational relationships in the IB context.

In addition to being voluminous, the literature on interorganizational trust in IB is diverse and heterogeneous. In particular, researchers have conceptualized and measured trust in multiple ways, investigated a range of determinants and outcomes of trust, and explored trust in various international relationships across different countries using varied research methodologies. Consequently, a review and analysis of this literature can provide timely answers to questions such as the following: (i) how interorganizational trust has been conceptualized in IB; (ii) how interorganizational trust has been operationalized in IB; (iii) what factors promote or

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hinder interorganizational trust in IB; (iv) what the outcomes are of interorganizational trust in IB; and (v) how interorganizational trust has been studied in IB.

Answers to these questions are important for both researchers and practitioners because they can outline how and why trust is important and how trust can be developed in interorganizational relationships in IB. A careful analysis of this literature can also reveal what scholars in IB have understood to constitute trust and can introduce a parsimonious and theoretically informed way to integrate and map the various understandings of trust as found in the literature. In addition, an analysis can assess the alignment between the conceptualization and operationalization of trust and whether its measurement reflects the current understanding in the broader literature on trust. A review can also identify gaps and link them to future research directions to aid continued rigorous theoretical and empirical development of this literature, as well as highlight topics that will ensure that IB research remains relevant. Because ongoing geopolitical, economic, and technological changes have the potential to amplify or increase the salience of factors that are crucial for the development and importance of trust, it is timely to undertake an analysis of the work in this area to assess the state of the literature, consolidate findings, and highlight issues that need greater attention.

After briefly describing our methodology, which has resulted in 162 studies in our review, we address the above five questions in order by first reviewing and analyzing the literature to answer the corresponding question and then providing recommendations for future research based on the gaps or tensions that we identified from the literature, insights from research in other disciplines, or changes and developments in the world. Our analysis of the literature aims to provide a solid theoretical and methodological grounding for future research on interorganizational trust in IB, which—combined with our recommendations for future research—we hope will contribute to keeping this area theoretically sound, empirically robust, and phenomenologically relevant.

Review methodology

To identify articles for inclusion, we followed a three-stage approach (Tranfield et al., 2003) that includes (1) a planning stage, (2) a stage in which we collected the articles, and (3) a stage in which we coded and analyzed the collected articles. In the first stage, we determined our review scope and literature search strategy.

In the first stage, we decided to focus our review on the literature on interorganizational trust in IB, which refers to research that has investigated trust topics relevant to (i) an organization's relationships with external organizations

(e.g., joint ventures) across national borders and (ii) relationships between geographically dispersed organizational units within multinational enterprises (e.g., headquarters–subsidiary relationships). To identify the relevant studies, we planned to search seven IB-focused journals and 19 general management journals and formulated separate search queries for the IB-focused journals and for the general management journals. Because some forthcoming articles were not yet indexed in databases, we also planned to search these journals' websites for in-press articles. Finally, we planned to conduct a search of the *Web of Science* database to identify relevant articles published outside the above journals that made an impact. In the second stage, we searched for articles in the *Web of Science (SSCI)*, *SCOPUS*, *EBSCO Business Source*, and *ProQuest ABI/INFORM* databases using the parameters and procedures outlined in the first stage. After downloading all identified articles, one author screened the articles for relevance. An article was included if it studied trust in an IB context and at the interorganizational level. This screening reduced the number of articles from 478 to 162. In the third stage, we coded information for each article (e.g., definition and measure of trust) that was useful for our review. In online Appendix 1, we provide details about each stage. Online Appendices 4–7 provide an overview of the coded information from the articles in our review sample, and online Appendix 8 presents the references for the articles in our review sample.

How is interorganizational trust conceptualized in IB research?

Analysis of the conceptualization of interorganizational trust in IB research

A review of some of the influential studies of interorganizational trust in the IB context reveals that scholars have used a range of different conceptual definitions. For instance, Doney et al. (1998) defined trust as the willingness of a trustor to be vulnerable to the actions of a trustee, whereas Styles et al. (2008) and Verbeke and Greidanus (2009) defined trust as a trustor's positive expectations about the trustee's future behavior, and Aulakh et al. (1996) and Dhanaraj et al. (2004) defined trust as a trustor's beliefs regarding the trustworthiness (e.g., ability, benevolence, and/or integrity) of the trustee. Inkpen (2000) and Luo (2008) defined trust as a compound construct that included two of the three above-mentioned components. Our review further revealed that this diversity in conceptual definitions exists not only among selected influential studies but also across the entire literature. This heterogeneity raises several questions, such as (i) whether any of these should be designated to be "the correct" definition of trust; (ii) how we can reconcile studies



within a literature, or draw conclusions from it, in which scholars have used different conceptual definitions of trust to explore similar research questions; and (iii) how trust should be conceptualized in future IB research.

To answer these questions, we conducted a comprehensive analysis of the trust conceptualizations employed in interorganizational IB research. Specifically, for every paper in our sample, one author analyzed the formal conceptual definition provided in that paper, then coded the definition according to the dimension(s) of trust employed and the citation(s) provided for each dimension. A second author reviewed the formal definitions and coding, and then both authors discussed and resolved any differences of opinion. Our analysis generated four core findings as follows:

First, across the 122 papers included in our review that provided a conceptual definition of trust, we found that trust was conceptualized as (i) beliefs about the counterpart's trustworthiness (57 papers; 46.7%), (ii) expectations about the counterpart's future behaviors (70 papers; 57.4%), (iii) a willingness to accept vulnerability toward the counterpart (45 papers; 36.9%), (iv) a behavior or other outcome that resulted from trusting beliefs, expectations, and/or willingness to accept vulnerability (four papers; 3.3%) or (v) "other" (one paper; 0.8%).¹ Many of these papers cited Mayer et al. (1995) and/or McAllister (1995) (both of which focused on interpersonal trust) as a foundational basis of their conceptualization and then presented a formal definition of trust as interorganizational (rather than interpersonal) in nature. Forty of the 162 papers in our review did not provide a formal conceptual definition of trust.²

Second, of the 122 studies that provided a formal conceptual definition of trust, 49 (40.2%) employed a multidimensional definition. Two different approaches to multidimensional definitions were used. The first approach reflects the idea that trustworthiness beliefs and trust expectations are multidimensional by nature, comprising beliefs about the counterpart's ability, benevolence, and/or integrity (Mayer

et al., 1995) and affect-³ and cognition-based expectations (McAllister, 1995), respectively. Accordingly, consistent with Mayer et al. (1995), 25 (43.9%) of the 57 the papers that focused on beliefs about trustworthiness conceptualized this belief as including two or three subdimensions reflecting perceived ability, benevolence, and/or integrity. Similarly, consistent with McAllister (1995), 12 (17.1%) of the 70 papers that focused on trust expectations conceptualized these expectations as comprising both affect- and cognition-based expectations. The second approach is what we characterize as "inclusion of the causal prior." Specifically, in these cases the authors' definition of trust included both a focal construct and a description of a causal foundation of that construct (49 papers; 40.2%). By far the most common manifestation of this approach (23 papers; 18.9%) was authors' definition of trust as a willingness to accept vulnerability *based on* positive expectations of the other's behavior (emphasis is ours to highlight the presence of the causal prior/foundation) (Mayer et al., 1995; Rousseau et al., 1998).

Third, we found that four (22.2%) of 18 conceptual studies, seven (29.2%) of 24 qualitative studies, and 47 (58.0%) of 81 quantitative studies conceptualized trust as a belief. In comparison, 13 (72.2%) of 18 conceptual studies, 18 (75%) of 24 qualitative studies, and 40 (49.4%) of 81 quantitative studies conceptualized trust as an expectation. Finally, nine (50.0%) of 18 conceptual studies, 11 (45.8%) of 24 qualitative studies, and 26 (32.1%) of 81 quantitative studies conceptualized trust as an intention.

Fourth, we found that while the large majority of studies conceptualized trust as unidirectional (one party was designated as trustor and the other as trustee), a substantial minority (20 papers; 16.4%) defined trust as mutual in that both parties in the trust relationship were simultaneously considered to be trustor and trustee.

We also considered whether the field has shifted over time in terms of how studies have conceptualized trust. In the period since 1996, we noted only slight increases in the incorporation of causal priors and slight decreases in the use of conceptualizations that are based on trustworthiness beliefs and trust expectations. Overall, the conceptualizations of trust employed in interorganizational IB research, including the diversity of conceptualizations used, have been relatively stable over time.

¹ The percentages add up to greater than 100 because many papers conceptualized trust as including a combination of these conceptual definitions.

² A few conceptual and qualitative papers also studied "distrust", for example noting that an organization could trust a counterpart in one domain while distrusting the counterpart in another domain (e.g., Boersma et al., 2003; MacDuffie, 2011). Schoorman et al. (2007) argued that research on distrust has conceptualized and measured distrust as the opposite or absence of trust and therefore has failed to demonstrate conceptually or empirically that distrust is distinct from trust. Reviewing the articles in our sample that studied distrust, we found that each studied distrust not as a standalone construct but as a counterpart to trust, and each defined distrust as the opposite or absence of trust. Therefore, consistent with Schoorman et al. (2007), we see no evidence in this literature of distrust being studied as a distinct construct.

³ We found that the affect-based trust conceptualizations employed in the IB literature on interorganizational trust describe trust as a *cognition* (not as an affective experience such as an emotion or mood), typically comprising assessments of the counterpart's benevolent motives and/or expectations of future counterpart benevolent behavior. Our findings are consistent with a recent analysis that concluded that affect- and cognition-based trust are both cognitive in nature (Legood et al., 2023).



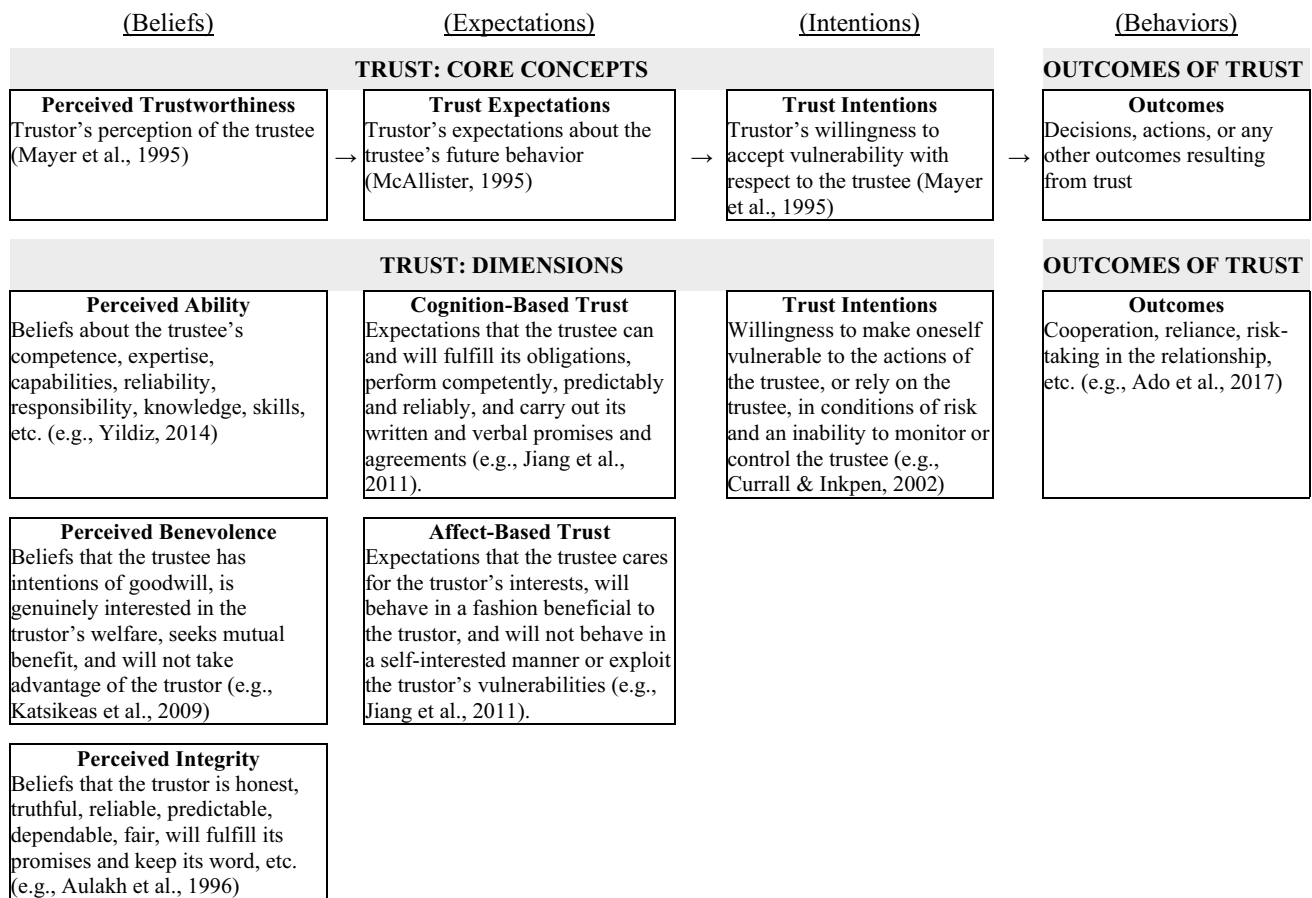


Fig. 1 Framework of core trust concepts, dimensions, and outcomes studied in interorganizational IB research (for each dimension and subdimension, the citations indicate the most frequently cited original

source of the dimension/subdimension, and an illustrative study in the interorganizational IB literature that uses that dimension/subdimension).

Recommendations for the conceptualization of interorganizational trust in IB research

What then is trust and how can the field respond to the wide variation in how trust has been conceptualized? We propose that these conceptual definitions can be understood theoretically as a family of uni- and multidimensional constructs that are interconnected via a causal logic that to a certain extent has already been discussed theoretically and verified empirically. In Figure 1, we provide a framework that outlines these core trust concepts, their frequently studied dimensions, and how they causally relate to each other. In essence, a party's beliefs about a counterpart organization's trustworthiness are likely to influence the party's positive expectations about how the counterpart organization will behave in future interactions, which in turn will encourage the party to accept vulnerability toward the counterpart, which should then predict the party's actual risk-taking decisions, behaviors, and other outcomes. Consequently, what might first be regarded as inconsistencies and construct proliferation in the interorganizational IB literature can instead be understood as a

cohesive set of theoretically linked constructs. This understanding should permit scholars (including the authors of the present paper) to review past research with the recognition that the various definitions employed across the literature are in fact part of a cohesive whole, therefore obviating the need for the field to try to reconcile these definitions or evaluate whether one is superior to the others.

Our review and proposed framework lead us to three additional recommendations for future research on interorganizational trust in IB. Of the 162 studies in our review, 40 (24.7%) did not provide a formal conceptual definition of trust (comprising nine [33.3%] of the 27 conceptual studies, eight [25.0%] of the 32 qualitative studies, and 23 [22.1%] of the 104 quantitative studies in our sample). Accordingly, our first recommendation is that every study should include an explicitly stated conceptual definition of trust. Doing so will increase the theoretical precision of studies and enable readers to understand how findings across studies fit with each other and with the broader literature on trust.

Some studies employed trust definitions such as the following: “*outcome of a decision*,” “*mutual reliance*”; “*an*



action that requires a belief about a counterpart”; and *“behavior that reflects reliance”*. Consistent with Mayer et al. (1995), our view is that these definitions are better characterized as cooperative behavioral outcomes of trust rather than trust itself. It is widely understood that trust is an important determinant of cooperation (e.g., Das & Teng, 1998). If trust is itself defined as a form of cooperation, it becomes difficult to distinguish trust from its consequences. Thus, our second recommendation is that cooperative behavioral outcomes of trust should not be defined as trust.

Our third recommendation is that scholars should select their definition of trust based on the research question and context. In some research contexts and for some research questions in IB, it may be important to focus on trust as a willingness to accept vulnerability. In others, it may be important to define trust as a belief about trustworthiness. For conceptualizations that are multidimensional by nature (e.g., trustworthiness comprising ability, benevolence, and integrity; Mayer et al., 1995) the researcher could either include all relevant subdimensions or, in the interest of parsimony and specificity, examine only one or two subdimensions of interest. Trust conceptualizations that include the causal prior add complexity (particularly in terms of measurement) but can be justified given that a focal construct, such as willingness to accept vulnerability to a counterpart, can arise from multiple causes that do not necessarily reflect trust (e.g., desperation, irrational hope, industry norms, strategic moves). Inclusion of causal priors—expectations of future positive behavior in this case—helps to specify the elements of the construct that are trust related.

How is interorganizational trust measured in IB research?

Analysis of the measurement of interorganizational trust in IB research

How has trust been operationalized in interorganizational IB research? Of the 135 empirical studies we reviewed, the majority (102, 75.6%) measured trust via a survey, whereas others studied it qualitatively (32 qualitative studies, 23.7%) or used an archival measure of trust (one study, 0.8%).

Nearly all survey studies used a multi-item scale to measure trust (only six studies used single-item trust scales), and all but three used scales that were adapted from previous studies. The large majority of studies administered the scale to a single respondent within the organization; only three studies gathered trust data from multiple respondents within the trustor organization. We did not identify any quantitative studies that collected trust data from organizations on both sides of the relationships in their sample.

For those studies using multi-item scales, reported reliabilities were nearly always above 0.7. Of the 95 studies that measured trust with a multi-item scale, 50 (52.6%) provided evidence of convergent and (usually) discriminant validity, typically via confirmatory factor analysis (CFA) (34 papers), exploratory factor analysis (EFA) (seven papers), or both CFA and EFA (nine papers). Forty-five studies (47.4%) did not report evidence of convergent or discriminant validity. CFA and EFA were equally common through about 2006. Since then, CFA has predominated; of the studies published since 2013, only five used EFA.

Our analysis also identified weaknesses in scale construction resulting in misalignment between the conceptualization and operationalization of trust. This lack of alignment tended to occur in one of three ways. First, one or more of the items in the scale captured a different core concept of trust than was conceptualized or captured an unrelated concept such as a behavioral outcome of trust. Second, the scale mistakenly omitted a dimension of trust that was included in the conceptual definition. Third, trust was conceptualized as including a causal prior (e.g., willingness to accept vulnerability based on positive expectations) but was then measured in a way that captured only one element of the definition (e.g., measured only expectations). These findings are disappointing considering that established, validated scales exist for nearly all trust concepts and subdimensions (McEvily & Tortoriello, 2011) and can be adapted to the IB context. We ultimately did not find any studies in our review in which every scale item logically reflected the intended concept or dimension. However, we did find specific items across these studies that we considered exemplary in reflecting their intended concept or dimension. In Table 1, we present the original trust scales, as well as some exemplary items identified in our review.

In the studies in our review, out of 102 that used a survey to measure trust, 62 (60.8%) of the scales included one or more items solely measuring “trust” or “trustworthiness” (e.g., “To what extent do you trust the counterpart?” and “To what extent is the counterpart trustworthy?”). Trust is a first-order construct (Mayer et al., 1995), that is, it is a term that people use in their daily lives to refer to potentially many different concepts, likely including all the concepts and dimensions in Figure 1. For scientific research, an item that refers only to “trust” or “trustworthiness” is problematic because the researcher is unable to determine which concept or dimension respondents had in mind when responding to the item.

In addition to our above analyses of the quantitative studies, we also reviewed the 32 qualitative studies in our sample to investigate how these studies coded trust based on qualitative data. We identified one study (Du & Williams, 2017) that explicitly showed exemplar quotes of trust from the qualitative data. We also identified two studies (Lander



Table 1 Original scales and exemplary trust scales/items

Trust construct/dimension	Original scale(s) ^a	Exemplary scales/items identified in our review ^b
Perceived trustworthiness		
Perceived ability	Mayer and Davis (1999) 1. ___ is very capable of performing its job 2. ___ is known to be successful at the things it tries to do 3. ___ has much knowledge about the work that needs [to be] done 4. I feel very confident about ___'s skills 5. ___ has specialized capabilities that can increase our performance 6. ___ is well qualified	Mohr and Puck (2013) 1. Our partner firm has the capabilities necessary for the successful management of the JV 2. Our partner firm takes appropriate decisions regarding the management of the JV
Perceived benevolence	Mayer and Davis (1999) 1. ___ is very concerned about my welfare 2. My needs and desires are very important to ___ 3. ___ would not knowingly do anything to hurt me 4. ___ really looks out for what is important to me 5. ___ will go out of its way to help me	Mohr and Puck (2013) 1. Our partner firm has an interest in our side achieving its goals 2. Our partner firm actively helps us to achieve our goals
Perceived integrity	Mayer and Davis (1999) 1. ___ has a strong sense of justice 2. I never have to wonder whether ___ will stick to its word 3. ___ tries hard to be fair in dealings with others 4. ___'s actions and behaviors are not very consistent. (reverse-coded) 5. I like ___'s values 6. Sound principles seen to guide ___'s behavior	Mohr and Puck (2013) 1. Our partner firm adheres to the JV agreement 2. The words and actions of our partner firm frequently differ (reverse-coded)
Trust expectations		
Affect-based trust	McAllister (1995) NA ^c	Ali, Khalid, Shahzad and Larimo (2021) 1. In our IJV, the partner firm is always ready and willing to offer us support beyond the IJV agreement 2. In our IJV, the partner considers our firm's welfare alongside its own while making important decisions Ertug et al. (2013) 1. The other parent would be quite prepared to take advantage of a situation not covered in the contract, even if it could hurt our side (reverse-coded) Yildiz (2016) 1. I can assume that ___ would always look out for our interests 2. I can assume that ___ would go out of its way to make sure that we will not be damaged or harmed 3. I can feel like ___ would care what will happen to us.
Cognition-based trust	McAllister (1995) NA ^c	Ali et al. (2021) 1. In our IJV, the partner firm can be relied on to move our joint project forward Ertug et al. (2013) 1. The other parent will stick to the promises they made in the contract even if it may cost them 2. The other parent company may violate the contract if it were in their interest. (reverse-coded) 3. The other parent may not always be capable of performing its responsibilities in the partnership (reverse-coded) Yildiz (2016) 1. I believe that ___ would approach its job with professionalism and dedication

& Kooning, 2013; Nguyen, 2005) that discussed in detail how trust was coded based on their qualitative data. As far as we could ascertain, the rest of the qualitative studies did not explicitly provide exemplar quotes or coding protocols to

indicate the specific type of trust studied or how they coded different types of trust. (It is possible that such information was provided during the review process but not retained in the final published articles because of space concerns or



Table 1 (continued)

Trust construct/dimension	Original scale(s) ^a	Exemplary scales/items identified in our review ^b
Trust intentions		
Trust intentions	Mayer and Gavin (2005) 1. If I had my way, I wouldn't let ___ have any influences over issues that are important to me 2. I would be willing to let ___ have complete control over my future in this company 3. I really wish I had a good way to keep an eye on _____. (reverse-coded) 4. I would be comfortable giving ___ a task or problem which was critical to me, even if I could not monitor his/her (its) actions 5. If someone questioned ___ 's motives, I would give ___ the benefit of the doubt	Khalid and Ali (2017) 1. In our IJV, we feel secure with the partner firm because of its sincerity 2. In our IJV, we are confident that our partner firm will not take advantage of us 3. Based on experience in our IJV, we know that our partner can be completely trusted Liu, Deligonul, Cavusgil and Chiou (2018) 1. We believe the information that this vendor provides us 2. We trust this vendor keeps our best interests in mind Luo (2002) 1. I always feel confident when my counterpart tells me he will do something 2. Our party is reluctant to make resource commitment to the alliance when specifications in the alliance agreement is ambiguous (sic). (reverse-coded) Rai, Maruping and Venkatesh (2009) (mutual trust) 1. Our firm and the partner firm generally trust each other that each will stay within the terms of the contract 2. We and our partner firm are generally skeptical of the information provided to each other. (reverse-coded) Yen and Abosag (2016) 1. We believe the information that this supplier provided us with

^aThese scales reflect foundational sources for measuring the core trust constructs and dimensions that are frequently studied in interorganizational IB research

^bThese are selected items from scales identified in our review that we assess are well aligned with the conceptual definition of trust they were targeted to measure. In reviewing the scales, we sometimes found that certain items in a given scale effectively reflected the targeted conceptualization of trust, whereas other items in the given scale did not. In this table we have presented only the scale items that we assess are well aligned with the relevant target conceptualization

^cConsistent with others (e.g., Dirks & De Jong, 2022), we recommend against using this scale because of scale weaknesses

other factors). Overall, we did not identify widely shared or systematic coding protocols for trust across the qualitative studies in our sample.

Recommendations for the measurement of trust in interorganizational IB research

The importance and key principles of rigorous trust measurement articulated by McEvily and Tortoriello (2011) can be readily adapted in IB research. First, research should use multi-item trust scales adapted from previously published and validated scales. Most of the original scales for the trust concepts and dimensions that are typically studied in IB (Table 1) are superior to most other scales that have been published in the interorganizational IB literature, and therefore researchers are advised to adapt from those original scales. Care should be taken to ensure logical alignment between the wording of each item and the intended concept/dimension. Scale items that solely refer to “trust” or “trustworthiness” should be avoided. Evidence of convergent and discriminant validity of the study scales should be presented,

preferably via CFA. One avenue for future research could be for IB scholars to inductively study how interorganizational trust in the IB context differs qualitatively from other forms of trust in other contexts. If those differences are substantial, scholars could also develop and validate trust scales that capture the aspects of interorganizational trust that are unique to IB.

There is a challenging level of analysis issue in studying interorganizational trust in IB: how can one assess the level of trust that an *organization* holds toward another organization? For group-level perceptual variables (e.g., beliefs about trustworthiness, trust-related expectations, or trust-related intentions held by a group), researchers should ideally gather reports from multiple members within each group (or collective actor) so that evidence can be provided that the belief/expectation/intention is a group-level construct. When only a single respondent reports the level of trust that their group or organization has toward a counterpart, the researcher can only *assume* that the response represents a group belief rather than an individual belief. If reports can be gathered from two or more respondents within each group



or organization, then this assumption can be validated by calculating the intraclass correlation coefficient (e.g., see Li et al., 2010). As mentioned previously, only three studies in our sample gathered trust data from multiple respondents within the organization. Given the practical challenges of collecting data from multiple respondents in IB research, separate validation studies may be useful to assess the extent to which the single-respondent measures typically administered in interorganizational IB research can be assumed to represent a group construct.

What factors affect interorganizational trust in IB?

We organized the antecedents of trust based on whether they are organizational-, relational-, or environmental-level factors. Our goal is not to discuss every factor that has been studied in this large body of literature. Instead, we focus on providing an overview of those factors that are particularly relevant for IB, as well as those that are often studied in IB, because they are as important to IB concerns as they are for management research in general. Nevertheless, in online Appendix 3, we provide a complete overview by grouping all the factors that have been studied in our sample.

Overview of IB-related antecedents of interorganizational trust in IB research

IB-related organizational antecedents of trust

Organizational antecedents of interorganizational trust are factors that are related to either the trustor or the trustee in an interorganizational relationship. Our review revealed that most of the organizational factors that are investigated in this literature are not IB-specific as such. Rather, they are factors that are also studied in the general management literature, with findings that are generally consistent across general management and IB studies. For instance, studies found that a firm's capability (Roy, 2012), competencies (Styles et al., 2008), performance (Slater & Robson, 2012), and intangible resources (Khalid & Ali, 2017) are positively associated with interorganizational trust.

In terms of factors that are particularly pertinent for IB, studies in our review have examined the effect of *cultural sensitivity*, which refers to how much an organization is aware of cultural differences with its partners and how well it can manage these differences (Johnson et al., 1996). All studies on this topic found a positive relationship between cultural sensitivity and trust (Buckley et al., 2006; Johnson et al., 1996; Khalid & Ali, 2017; Styles et al., 2008). For instance, Johnson et al. (1996) drew from transaction cost theory to posit that cultural sensitivity would facilitate

interorganizational trust through two mechanisms. First, a firm can effectively communicate with its partners if it can understand the cultural differences between them and their partner. Such effective communication would facilitate trust development. Second, the development of cultural sensitivity requires substantial investment by a firm, which signals its commitment to the relationship and its partners. That commitment provides another basis for trust development. Using a dataset of 101 Japan–U.S. alliances, the authors found, in line with their arguments, that a firm's cultural sensitivity was positively associated with how much a partner trusted that firm.

IB-related relational antecedents of trust

We include as relational factors those that are related to both the trustor and the trustee or to the relationship itself. Here too, there is considerable overlap between the factors studied in IB and the broader management literature, and the findings in IB research on these factors are generally consistent with the findings in the broader management literature. For example, the studies in our review found that cooperation (Boersma et al., 2003) and collaboration (MacDuffie, 2011) contribute to trust development, whereas opportunism (Katsikeas et al., 2009) impedes it.

Among the IB-specific relational antecedents of interorganizational trust, *distance* is the one that has been studied the most extensively. Studies examining how types of distance such as cultural, psychic, and institutional distance impact interorganizational trust (e.g., Nes et al., 2007; Zhang et al., 2003), have yielded mixed findings. For instance, Nes et al. (2007) proposed that cultural distance between the (home countries of the) exporter and the importer has a negative effect on an exporter's trust in its local distributor. The authors argued that differences in cultures imply a lack of shared values, which inhibits the development of trust. Their analysis of a sample consisting of relationships between exporters from Norway and their distributors in other countries yielded support for this prediction. In contrast, Zhang et al. (2003) proposed a *positive* relationship between cultural distance and trust. The authors argue that cultural distance makes it more challenging to rely on formal governance mechanisms (e.g., contracts) in cross-border relationships because of differences in the partners' organizational and administrative practices, as compared to relying on informal governance mechanisms such as trust. Therefore, culturally distant partners will put more effort into building trust and rely less on formal governance mechanisms. The authors tested this hypothesis in a sample of partnerships between U.S. manufacturers and their foreign distributors but failed to find support for it. In a qualitative study, Couper et al. (2020) took a more dynamic approach and found that cross-national distance (which refers to



compound distance that encompasses, among others, cultural and institutional distance) facilitates the development of trust before a partnership is formed but contributes to the erosion of trust once the partnership is operational. Hence, this study highlights that it is crucial to consider the stage of the relationship to understand the effects of distance on trust.

Another factor that has been extensively studied and is central to IB scholarship is *governance* (e.g., Aulakh et al., 1996; Das & Teng, 1998; Dyer & Chu, 2000; Kownatzki et al., 2013; Nielsen & Nielsen, 2009). Studies investigating the impact of governance on trust have yielded mixed findings. On the one hand, some scholars have proposed and found that more governance leads to lower trust. For example, Kownatzki et al. (2013) analyzed trust in the foreign business units of firms headquartered in Switzerland, the U.S., and Germany, and found that strategy imposition, which refers to headquarters' interventions in business units' decision process by imposing a set of strategies on them, decreases business units' trust in their headquarters. This is because such imposition decreases business units' autonomy and increases their uncertainty regarding headquarters' intentions. On the other hand, studies have also proposed and found that increased governance enhances trust. For example, investigating a sample of international joint ventures (IJVs) located in China, Li et al. (2006) found that subsidiaries trust their headquarters more if the level of control from the headquarters is higher. The proposed mechanism is that higher control includes standardized procedures and formal rules that serve as a foundation for trust building. Overall, the findings in this area of inquiry are mixed.

IB-related environmental antecedents of trust

Research has also considered how environmental factors, that is, contextual factors that are external to the firms in the relationship or the relationship itself, can be antecedents of trust. One body of work has examined general *country-of-origin* effects (e.g., Ertug et al., 2013; Fregidou-Malama & Hyder, 2021; Kwon, 2008; Roy, 2012; Zaheer & Zaheer, 2006). For example, in a conceptual study, Zaheer and Zaheer (2006) proposed that firms tend to infer the trustworthiness of potential partner firms based on that partner firm's country-of-origin. In line with this idea, Ertug et al. (2013) considered how the home country of both the trustor and trustee separately affect trust in IJVs. The authors found that a (trustor) firm's perceived trustworthiness of their IJV partner (the trustee) is influenced by the general propensity to trust in that (trustor) firm's home country and by the general trustworthiness of the home country of the IJV partner (the trustee).

Several streams of research identify what might be driving these country-of-origin effects: A first stream has examined how *informal institutions* affect the formation of trust. The bulk of this work has considered how cultural traits of the trustor's home country affect trust (e.g., Choi et al., 1999; Doney et al., 1998; Fregidou-Malama & Hyder, 2015, 2021; Huff & Kelley, 2005; Ketkar et al., 2012; Slater & Robson, 2012). For example, in a conceptual study, Doney et al. (1998) proposed a process model that articulates how different dimensions of national culture (individualism/collectivism, masculinity/femininity, power distance, and uncertainty distance) can affect the trust development process through five cognitive processes (i.e., calculative, prediction, intentionality, capability, and transferences processes). Providing empirical evidence in support of the model, Huff and Kelley (2005) found that organizations from more individualistic societies have a higher level of trust in external organizations than do their peers from collectivist societies. In line with most of the IB literature, this body of work treats national culture as a multidimensional construct and finds that different dimensions of national culture each have their own separate, and sometimes opposite, impact on trust development. This overall pattern notwithstanding, there are some studies that did not find an association between dimensions of national culture and trust. For example, Ketkar et al. (2012) failed to find support for their prediction that firms from more individualistic countries would trust their suppliers more.

A second stream has focused on how *formal institutions* influence trust (e.g., Parkhe, 1998; Roy, 2012; Zaheer & Kamal, 2011). For example, in a conceptual study, Parkhe (1998) argued that legal safeguards and formal social structures act as institutionally based mechanisms that produce trust. Consistent with this argument, Roy (2012) found that host-country governance quality can positively influence benevolence- and competence-based trust between IJV partners. Overall, this line of inquiry shows that the quality of formal institutions positively affects the development of trust.

A third stream of research has explored how *external uncertainty* affects trust, based on the premise that uncertainty poses a challenge to building trust. For example, in their conceptual study, Liu et al. (2020) built on transaction cost theory to argue that external uncertainty creates ambiguities and therefore has a negative effect on trust. However, the two empirical studies that examined the relationship between external uncertainty and interorganizational trust did not find support for this relationship (Katsikeas et al., 2009; Skarmas et al., 2008). Hence, the seemingly intuitive premise that external uncertainty leads to lower levels of trust has not received empirical validation in the studies that we reviewed.



Future research directions for factors that affect interorganizational trust in IB research

Having summarized the findings about factors that impact interorganizational trust in IB, we now discuss future research directions based on research gaps we identified in our review, insights from other disciplines, and changes in the world that are of particular relevance to IB.

Addressing research gaps identified in our review

Although a wide range of IB-specific relational- and environmental-level factors that affect interorganizational trust have been examined by the studies in our review, most of the organizational-level factors that have been studied are not IB-specific and have also been widely investigated in the general management literature. Accordingly, there is significant potential for scholars to further incorporate the distinctive attributes of multinational enterprises (MNEs) to better understand the antecedents of trust in IB. For example, IB research has highlighted that MNEs differ in their mindsets and orientations (e.g., Gupta & Govindarajan, 2002; Heenan & Perlmutter, 1979; Levy et al., 2007), which could inform future research on interorganizational trust. To speculate, MNEs with a more *cosmopolitan orientation*, defined as a “state of mind that is manifested as an orientation toward the outside, the other, and which seeks to reconcile the global with the local and mediate between the familiar and the foreign. A [...] key characteristic of cosmopolitanism is openness, a willingness to explore and learn from alternative systems of meaning held by others” (Levy et al., 2007: 233), might develop more trust in their foreign counterparts.

In conducting our review, we also encountered several instances where studies provide competing arguments or mixed evidence. For example, even though how governance affects interorganizational trust has been extensively studied, these investigations have yielded mixed findings. This might be due to studies investigating different types of governance, which might affect trust differently. For example, in their conceptual study, Das and Teng (1998) proposed that while the use of formal control mechanisms would impair trust, the use of social control mechanisms would enhance it. Hence, it may be fruitful to differentiate between types of governance to clarify how and why governance affects the development of trust. Another example is that the idea that external uncertainty leads to lower levels of trust has not received empirical validation in the studies that we reviewed. We believe that it may be fruitful to go beyond the focus on demand uncertainty in most existing work and consider a broader set of sources of external uncertainty to see if that expansion, but also refinement, yields insights to clarify the nature of this relationship (e.g., Cuypers & Martin, 2010). We also considered whether mixed evidence might be due

to scholars’ using different conceptualizations and measures of trust when testing similar hypotheses. As discussed in further detail below (see the section on future research directions for outcomes of interorganizational trust in IB research), our analyses do not suggest that this is the case.

Integrating insights from other disciplines

IB research has a strong interest in how differences in institutions across countries impact MNEs (e.g., Aguilera & Grøgaard, 2019). Accordingly, scholars have studied how formal and informal institutions can serve as antecedents of interorganizational trust (e.g., Huff & Kelley, 2005; Parkhe, 1998; Zaheer & Kamal, 2011). This direction can be expanded by incorporating insights from research in political science, which has considered the antecedents of trust in institutions, both in general and in certain institutions in particular (e.g., political trust). For example, Berg and Hjerm (2010) found that trust in political and legal institutions is higher in countries that have a stronger collective national identity. Della Porta (2000) and Hakhverdian and Mayne (2012) found that the level of corruption in a country negatively affects trust in its political and legal institutions, whereas Van der Meer (2018) found that a country’s economic growth is positively related to trust in its political institutions. Studies have also highlighted that trust in a country’s institutions can vary considerably within a country and over time (e.g., Catterberg & Moreno, 2006). Other research has examined trust in institutions—beyond political and legal ones—that are still relevant for firms. For example, Yang and Tang (2010) investigated the determinants of trust in labor unions and the media. Research in IB can build on such work in political science, which has been mostly conducted at the individual level, that is, regarding individuals’ trust in institutions, to understand the factors that influence how much firms trust a country’s political and legal institutions and how these might then affect trust in interorganizational relationships. For example, firms’ trust in host-country institutions might be affected by the similarity of these institutions to those in the firms’ home country or to the firms’ familiarity with those institutions based on their international activities. Research in IB can also broaden the range of institutions that are investigated beyond those that have been typically studied (i.e., political and legal), by exploring the antecedents of firms’ trust in institutions such as unions or the media.

The level of analysis for contextual factors that determine interorganizational trust, as investigated by the studies in our review, is usually at the country level (e.g., Parkhe, 1998; for a notable exception see Lu et al., 2018). Similarly, studies typically looked at cross-country variation in firms’ propensity to trust (e.g., Ertug et al., 2013). However, the economic geography literature has highlighted that there are differences in trust across subnational regions and clusters and



that factors that vary at the subnational level might affect the formation of trust (e.g., Beugelsdijk & Van Schaik, 2005). Accordingly, future work can examine how subnational variation in firms' propensity to trust their partners in general or how subnational regions affect the perceived trustworthiness of a firm. For example, do firms in Global Cities, which are more extensively connected to the rest of the world and have more foreign exposure (e.g., Goerzen et al., 2013), trust foreign firms more than do firms that are located in other locations in the same country? Vice versa, are firms in Global Cities perceived to be more or less trustworthy by their partners than similar firms in other locations in the same country?

Incorporating changes in the world that are of particular interest to IB

In recent years, we have witnessed the emergence of several new phenomena that have an impact on IB. We illustrate how such factors might matter for interorganizational trust with four examples.

First, given the ongoing digitalization and move to virtual interactions, firms are increasingly interacting with their external partners in a virtual manner. Similarly, there are more virtual interactions within the MNE. These developments might influence the nature and understanding of communication and distance between parties. Given that communication and distance (e.g., Dyer & Chu, 2000; Zaheer & Zaheer, 2006) play an important role in the development of trust, changes in how parties communicate and interact might affect trust development in ways that IB scholars need to understand.

Second, advances in artificial intelligence (AI), big data, and block chain technology are likely to be relevant to studying trust in IB. These technological changes can affect the levels of uncertainty and predictability that firms face about the behavior of their partners (e.g., Contractor, 2022; Cuypers et al., 2021). If these technologies indeed reduce behavioral uncertainty and increase predictability, they might facilitate trust development in their interorganizational relationships.

Third, there is an increase in platforms, such as Amazon Business, which facilitate interactions between firms from different countries (Chen et al., 2022). These platforms provide a context for cross-border interorganizational relationships to transpire in ways that might impact the development of trust. For example, platform owners might provide certifications to firms (e.g., Rietveld et al., 2021). As has been explored outside IB research (e.g., Chang et al., 2013; Jiang et al., 2008a, 2008b), such certifications can act as an antecedent of, or substitute for, trust. Hence, it would be interesting to explore cross-country variation in how trustworthy certifiers are perceived to be and how this

affects whether certifications can be an antecedent of, or substitute for, trust. In addition, as platforms often facilitate communication and interactions between firms, studies can examine if, for example, the impact of cultural differences between firms on the development of trust between them is influenced by the characteristics of the platform they use for their exchanges.

Fourth, several areas in the world have experienced a surge in nationalism. Research in political science and social psychology (e.g., Yzerbyt & Demoulin, 2010) has highlighted that stronger nationalist sentiments are associated with a lower tendency to view foreigners as being trustworthy. Hence, nationalism might also affect the development of trust in interorganizational relationships in IB. Furthermore, some emerging work in management (e.g., Ayub & Jehn, 2006; Ertug et al., 2023) suggests that firms from more nationalist countries display favoritism toward firms from their own country and less willing to interact with foreign counterparts. Future research could develop this direction to examine, for example, whether favoritism due to nationalist sentiments is a predictor of trust violations in international relationships.

What are the outcomes of interorganizational trust in IB?

We categorized the outcomes of interorganizational trust that are examined in IB research into three groups based on whether they are organizational-level outcomes, relational-level choices, or relational-level strategic outcomes. Even though some of the outcomes investigated in this literature are IB-specific, a majority of them (e.g., performance, innovation) are frequently studied and considered important in both general management and IB research. We will focus on factors that are IB-specific as well as those that are of broad relevance for IB. Online Appendix 3 provides an overview by grouping the consequences of interorganizational trust that have been studied in IB.

Overview of the consequences of interorganizational trust in IB research

IB-related organizational strategic consequences of trust

The organizational outcome that has received the most attention is firm *performance* (e.g., Gillmore et al., 2021; Luo, 2008; Zhang et al., 2003). There is agreement across studies that trust in firms' cross-border interorganizational relationships enhances these firms' performance, because trust reduces conflict and opportunistic behavior (e.g., Zhang et al., 2003) and facilitates knowledge transfer (e.g., Gillmore



et al., 2021), learning (e.g., Luo, 2008), and communication (e.g., Obadia, 2013).

There is also a body of work that has looked at more specific organizational outcomes of trust. Namely, studies have consistently shown that trust is a driver of *organizational learning* in cross-border relationships (e.g., Ado et al., 2017; Jean et al., 2010; Lane et al., 2001; Nielsen & Nielsen, 2009). For example, Lane et al. (2001) theorized that trust promotes interorganizational learning by making firms more willing to share and exchange knowledge and information, even though doing so may make them more vulnerable. The authors found support for this prediction in a sample of 78 IJVs between Hungarian firms and their foreign partners.

Researchers have also found that trust in firms' cross-border interorganizational relationships contributes to these firms' *capability* or *resource development* (e.g., Jensen, 2012; Lew et al., 2013; Lockström et al., 2010; Nyamrunda & Freeman, 2021; Sinkovics et al., 2015). For example, Sinkovics et al. (2015) posited that trust facilitates capability development because a trusting relationship encourages firms in a partnership to commit resources to specific organizational processes and also creates an organizational climate that promotes the development of firms' capabilities. The authors found support for the positive relationship between trust and capability development based on their analyses of 246 partnerships between Taiwanese electronics suppliers and their foreign buyers.

IB-related consequences of trust related to relational choices

The outcomes examined in this body of work refer to strategic choices made by the trustor or trustee that relate to both, or to the relationship. The effect of trust on most of the outcomes in this group is similar to findings in the general management literature. For example, studies find that trust is positively associated with commitment (Styles et al., 2008) and cooperation (Leonidou et al., 2011).

However, there are also outcomes studied in this body of work that are particularly pertinent to IB research. For example, the impact of trust on the *governance* of interorganizational relationships and *entry mode* choices has been extensively studied (e.g., Benito et al., 2019; Brockman et al., 2020; Newburry & Zeira, 1997; Stevens & Makarius, 2015; Zaheer & Zaheer, 2006), with mixed findings. On the one hand, some studies have argued for a positive association between trust and the level of formal governance. For example, in a meta-analytic study, Liu et al. (2014) presented evidence that trust is positively related to management control. On the other hand, others have proposed a negative association between trust and the level of formal governance. For example, in his review and conceptual study, Child (2001) proposed that trust

reduces firms' use of contracts and acts as a substitute. Using a sample of foreign firms that issue bonds in the U.S., Brockman et al. (2020) provided empirical evidence in line with this idea, finding that firms from a country with higher levels of social trust impose fewer covenants on bond issuers. Hence, the literature has provided arguments and evidence that trust can have negative as well as positive effects on formal governance, highlighting the need for further research in this area.

IB-related consequences of trust related to relational strategic outcomes

Our review revealed three types of relational strategic outcomes that have received most attention in the IB literature.

Numerous studies have found that trust increases the *performance* of cross-border relationships (e.g., Aulakh et al., 1996; Child, 2001; Katsikeas et al., 2009; Krishnan, Martin, & Noorderhaven, 2006; Luo, 2008). For example, Krishnan et al. (2006) argued that trust between alliance partners elevates the performance of cross-border alliances because it facilitates mutual understanding, which reduces conflict and transaction costs. Based on a sample of 126 alliances between firms from India and those from 21 foreign countries, the authors found support for their prediction.

Studies have also examined how trust benefits *knowledge transfer* between partners in cross-border partnerships (e.g., Dhanaraj et al., 2004; Inkpen, 2000; Kaufmann & Roessing, 2005; Li et al., 2010). For example, Li et al. (2010) drew from an embeddedness perspective (Uzzi, 1997) to argue that trust breeds a close and intimate relationship. Such a relationship facilitates the transfer of tacit knowledge between partners because a deep socialization process helps them to understand and acquire such knowledge from each other. In comparison, a more trusting relationship is less important for the transfer of explicit knowledge, because transfer of this type of knowledge could be accomplished in ways that rely less on trust, such as through direct communication (e.g., written documents). Using survey data from 168 foreign subsidiaries operating in China, the authors found that trust has a stronger positive effect on the transfer of tacit knowledge than on the transfer of explicit knowledge.

Finally, several studies have argued and found that trust is positively associated with the *relationship quality* of cross-border interorganizational relationships (e.g., Jiang et al., 2008a, 2008b; Leonidou et al., 2013; Madhok, 2006). For example, in a case study of IJVs between British MNEs and Asian partners, Owens et al. (2018) found that trust between IJV partners helped to resolve disagreements, which facilitated the management of post-formation challenges.



Future research directions for outcomes of interorganizational trust in IB research

After summarizing the work on the outcomes of interorganizational trust in IB, we now outline future research directions based on research gaps we identified in our review, insight from other disciplines, and changes in the world that are of particular relevance to IB.

Addressing the research gaps we identified in our review

Although IB scholarship has studied how interorganizational trust affects choices at the relational level, little attention has been given to the exploration of how trust might affect choices at the organizational level. Therefore, we see potential avenues for future research to explore how interorganizational trust affects organizational-level outcomes. Even though the implication here might be less direct than for relational-level outcomes, research in other streams of work suggests how specific relationships can affect a firm's choices regarding other corporate activities (e.g., Zhao et al., 2021). For instance, research can investigate whether trust violations in a particular interorganizational relationship can affect organizational-level choices, such as the decision to collaborate in general or to enter a particular country.

Our review also revealed that there is a lack of clarity on how interorganizational trust affects *governance* in IB. Studies have presented arguments and evidence for both a negative (e.g., Brockman et al., 2020) and a positive (e.g., Liu et al., 2014) association between trust and governance. Resolving this ambiguity is important as the governance of new and existing foreign operations is core to much IB research (e.g., Hennart et al., 2015). We recognize the possibility that mixed findings in the literature could be due to the different conceptualizations and operationalizations of trust employed in the underlying studies. To assess this possibility, for the two areas of our review in which mixed findings were most prominent—trust as a determinant of governance and trust as an outcome of governance—we analyzed whether the conceptualization and measurement of trust in the underlying studies might have been systematically associated with whether or not the findings were significant. Overall, we did not observe a pattern to that effect. Indeed, our analyses revealed that significant findings in the literature were reported even with different trust conceptualizations and measures, and also that non-significant findings were reported with different trust conceptualizations and measures. That said, the small number of studies in each category precludes a firm conclusion that mixed findings in the literature cannot be attributed to the different trust conceptualizations and measures employed.

We see a number of avenues for further investigations on this topic. First, the findings in IB research on this topic

parallel those in the broader management literature on trust, where a similar pattern of mixed results triggered a conversation around whether trust and formal governance are substitutes (such that trust and governance are negatively related) or complements (whereby trust and governance are positively related) (e.g., Kreutzer et al., 2016; Mellewigt et al., 2007; Poppo & Zenger, 2002). The emerging consensus is that trust can be both a complement to and substitute for governance, based on contingencies that the literature is documenting (e.g., Puranam & Vanneste, 2009). Our review indicates that research in IB has not yet devoted a similar amount of attention to identifying contingency factors that might specify the conditions under which trust functions as a complement to or substitute for governance. Therefore, future research could study IB-related contingency factors that might influence the relationship between trust and governance. Perhaps trust and governance act as complements in regions with weaker institutions but as substitutes when there are strong institutions.

A second avenue for future research is to examine more nuanced aspects of the relationship between trust and governance. For instance, a number of studies in our review use a multidimensional definition of trust, and there are also studies that highlight the multidimensional nature of control as an important aspect of governance (e.g., Chen et al., 2009). Accordingly, it may be that certain dimensions of trust and governance that refer to similar behavioral issues act as substitutes, whereas those that relate to different types of behaviors complement each other. For example, beliefs about a trustee's ability might act as a substitute to operational control, insofar as both concern quality issues, whereas those same trust beliefs about ability might act as complements to social control, because these pertain more to moral behavior than to quality.

Integrating insights from other disciplines

Nearly all of the studies in our review that investigated the outcomes of interorganizational trust proposed a positive, advantageous, effect of trust (two exceptions are Krishnan et al., 2006 and Oliveira & Johanson, 2021). Work in sociology has considered the "dark" side of trust (e.g., Gambetta, 1988), and research in management and organizations has taken note of this idea (e.g., Gargiulo & Ertug, 2006), observing that even well-intentioned trust-building or trust-signaling behaviors might have negative consequences. Scholars have documented negative effects of trust at the individual and team levels of analysis (e.g., Langfred, 2004, 2007) and discussed the possible negative effects of trust with respect to, for example, new business creation in established companies (e.g., Zahra et al., 2006). Such considerations about the adverse effects of trust, as documented in the above-mentioned two studies in our review as well, are



also relevant for interorganizational trust in IB. For example, whereas a firm might wish to be perceived as highly trustworthy at the start of an IJV, the concomitant high level of expectations may subsequently make it difficult for the firm to live up to these expectations, ultimately resulting in lower levels of satisfaction by its partners (Ertug et al., 2019). Continuing to document the undesirable consequences of trust (including their causes, for example, unanticipated outcomes of trust in “good” actors versus misplaced trust in “bad” actors) would help build a more balanced understanding of the consequences of interorganizational trust in IB.

Incorporating changes in the world that are of particular interest to IB

Recent years have witnessed a trend whereby new technologies (e.g., AI and blockchain) and products (e.g., TikTok) are increasingly dependent on data, which creates challenges for cross-border innovation diffusion due to concerns about data security (Park & Kim, 2021). The trust literature in IB might explore how host-country firms’ trust in entrant foreign firms that aim to expand their new technologies and products to their countries affects the latter’s ability to successfully do so. In addition, firms’ increasing adoption of digital technologies (e.g., AI, big data analytics, blockchain) provides opportunities to unveil new boundary conditions for the relationships between trust and outcomes. For example, the positive relationship between trust in firms and their internationalization performance might be affected by these firms’ adoption of AI or big data analytics, as these digital technologies can provide information that can help verify the trustworthiness of a firm but also improve monitoring and reduce behavioral uncertainty and thereby reduce the need to rely on trust.

How has interorganizational trust been studied in IB research?

Analysis of how interorganizational trust has been studied in IB research

Having examined how trust has been conceptualized and operationalized in the literature and identified empirical findings and theoretical arguments that are related to key factors that have been studied as antecedents or consequences of trust, we now address the question as to how interorganizational trust has been studied in IB. To do so, we outline the methodological approaches that have been used in this body of work and describe the contexts in which trust has been examined by providing an overview of studies’ geographic coverage and the types of types of interorganizational

relationships the literature has investigated. We also discuss any notable trends in the literature.

Research methods

Among the 162 articles in our sample, 104 (64.2%) used quantitative methods, 32 (19.8%) used qualitative methods, and 27 (16.7%) are conceptual articles. Almost all quantitative studies had a survey component (102 of the 104), with one being a purely archival study and one being a meta-analytical study. In the 117 studies that examined outcomes of trust, the distribution of quantitative, qualitative, and conceptual studies is 80 (68.4%), 18 (15.4%), and 19 (16.2%). For the 79 studies of factors that affect trust, this distribution is 47 (59.5%), 18 (22.8%), and 14 (17.7%).⁴

The fact that nearly all of the 104 quantitative studies in our review examined trust using surveys is likely due to the challenge of measuring interorganizational trust using other methods. For example, the archival study by Billitteri et al. (2013) operationalized trust as a count of the number of previous relationships between two firms. As we discussed in the section on trust measurement, such an approach seems to (mis)characterize trust as a form of cooperation; throughout the literature reviewed in this study, cooperation is consistently positioned as a determinant or outcome of trust rather than trust itself. At the same time, the fact that only seven (6.7%) of the 104 quantitative studies in our sample addressed endogeneity might also be partly due to this emphasis on surveys, since a relatively limited set of strategies are available to address endogeneity in survey studies. The 7 papers that addressed endogeneity adopted methodologies such as instrumental variables (Brockman et al., 2020), three-stage least squares regression analysis (Hsieh & Rodrigues, 2014; Wu et al., 2007), additional control variables to reduce the potential of omitted variable bias (Jiang et al., 2011), Heckman two-stage models (Krishnan et al., 2006), three-stage hierarchical regression models (Li et al., 2010), and whole residual analysis (Wang et al., 2019). Although these studies illustrate that endogeneity concerns can be mitigated, by and large, such concerns are not systematically addressed in the literature on interorganizational trust in IB.

The 32 qualitative articles in our review are all case studies. Qualitative approaches appear to be especially useful to discover and investigate the mechanisms related to trust development and dynamic processes that underlie trust. For example, Couper et al. (2020) studied the relationship

⁴ The number of studies that considered factors that affect trust and its outcome add up to more than 162 because some studies investigate both. Specifically, 33 out of 104 (31.7%) quantitative studies, 9 out of 32 (28.1%) qualitative studies, and 8 out of 27 (29.6%) conceptual studies considered trust under both categories.



between a UK exporter and a Chinese importer to uncover three mechanisms that explain why and how greater distance between partners leads to trust erosion. Qualitative analysis has also been particularly useful in uncovering dynamic processes related to trust development. For instance, in their study of a multi-stakeholder partnership involving an MNE, four Aboriginal organizations, and the federal Canadian government, Sloan and Oliver (2013) found that emotionality plays a central role in trust building. In addition, case studies can facilitate the investigation of multi-level trust development. For example, Fregidou-Malama and Hyder's study (2021) of a Swedish firm operating in Brazil, the Philippines, China, and Russia explored how trust is developed simultaneously at country, organizational, and individual levels, as well as how trust levels are interconnected and affect a firm's international marketing strategy.

Conceptual articles in our review sample often combined prominent IB theories and perspectives with general theories of trust to derive new theory. For example, Doney et al. (1998) built on theoretical insights on national culture to develop a framework that depicts five cognitive trust-building processes that explain how trust is developed differently in different national business contexts. Das and Teng (1998) combined a trust perspective and a control perspective to propose that trust complements control mechanisms in generating confidence in partner cooperation in alliances. Furthermore, Inkpen (2000) linked a trust perspective with an organizational learning perspective to propose that trust between IJV partners facilitates information sharing and knowledge acquisition.

Geographic coverage

In our review, 90 studies investigated trustor firms from a single country. In these studies, the most frequently studied home countries were the U.S. (17/90; 18.9%) and China (16/90; 17.8%). Conversely, we found 33 studies that looked at trustee firms from a single home country. In this set, the most frequently studied country was China (12), followed by the U.S. (3), United Kingdom (3), and India (3). It appears that the focus in this literature is on a few countries. Although this concentration parallels the concentration of economic activity across countries, it also points to opportunities for future research, as we later note.

Types of relationships

Research has focused primarily on three types of cross-border interorganizational relationships: strategic alliances (40.7%), buyer–supplier relationships (15.4%), and importer–exporter relationships (14.8%). Other types of interorganizational relationships, which are also deemed important in the broader IB literature, have received

considerably less attention: headquarter–subsidiary relationships (7.4%), target–acquirer relationships (2.5%), and subsidiary–subsidiary relationships (1.2%).

Temporal trends

The articles in our sample span four decades, which allows us to detect important trends in research on interorganizational trust in IB. In terms of firms' home and host countries, there is a decline in the proportion of articles that considered trustor firms (28.2% of articles before 2010 and 13.1% since 2010) and trustee firms (21.8% of articles before 2010 and 14.3% since 2010) from the U.S., but a slight increase in the proportion of articles that considered trustor firms (14.1% of articles before 2010 and 15.5% since 2010) and trustee firms (15.4% of articles before 2010 and 17.9% since 2010) from China. Scholars' focus might be gradually shifting from developed economies toward emerging economies, which would help assess the generalizability of earlier findings. Such a shift might also help uncover practices in trust development and management that are prominent outside developed economies. In terms of methods, research that adopted quantitative methods remained stable over time (64.1% of articles before 2010 and 63.1% since 2010), whereas there is an increase (14.1% of articles before 2010 and 25.0% since 2010) in the use of qualitative methods, perhaps indicating that unpacking the processes and dynamics that underlie trust development has become more important over time.

Recommendations for how future research on interorganizational trust in IB research can be conducted

We follow our analysis of the literature above by emphasizing two areas that we see as particularly important for future IB research on interorganizational trust.

Addressing endogeneity

The importance of accounting for endogeneity has been well documented in the IB literature (e.g., Li et al., 2021; Reeb et al., 2012; Shaver, 2020). However, only seven (6.7%) of the 104 quantitative studies in our review sample explicitly addressed endogeneity concerns. This is problematic in general, as not accounting for endogeneity might result in biased findings, failure to identify existing relationships, the identification of non-existing relationships, or inappropriate causal inference (Aguinis et al., 2020). Beyond these general points, the presence of factors that have been studied as both antecedents of trust as well as its outcomes raise specific endogeneity concerns for this literature in particular. In our review, factors such as governance choices, performance, partner's opportunism, commitment, and the level



of cooperation appear both as antecedents and outcomes of trust. This raises concerns about causality, especially because—whether due to their design or data sources—most studies in our review can demonstrate only an association between trust and these variables but are unable to conclusively establish the direction of the relationship. The overlap in the factors that are studied as both antecedents and outcomes of trust also suggests the susceptibility of this work to a dynamic form of endogeneity, where an outcome that is studied and trust (as an independent variable) are both determined by past levels of that outcome.

We encourage researchers to leverage qualitative approaches, experimental and quasi-experimental research designs, and mixed-methods that collectively allow for more reliable causal inferences than the cross-sectional survey-based approaches that are prevalent in the literature. At the same time, we recognize that survey-based designs are likely to remain critical for advancing research on interorganizational trust in IB. Hence, it is important that future survey-based research take steps to better address endogeneity concerns (see Sande & Ghosh, 2018). For example, future studies could administer repeated surveys to provide more options for examining the direction of causality between trust and other factors and enable researchers to explore dynamics such as reciprocal causality. Research could also consider endogenizing those determinants of trust that have been shown to be endogenous or endogenize trust itself using two-stage regression approaches (e.g., two-stage least squares regression). As Sande and Ghosh (2018) note, instruments for such approaches often have to be collected through the survey because they might not be available elsewhere. Hence, it is crucial for researchers to consider strategies to deal with endogeneity at the time of designing their studies, rather than after implementation or during the data analysis stages only.

Better contextualization of cross-border relationships

Exploring contextual factors is critical for understanding the boundary conditions of IB theories and to enrich them (e.g., Eden & Nielsen, 2020; Meyer, 2007). Our analysis of the literature revealed two opportunities to better contextualize work on interorganizational trust in IB.

First, most studies in our sample examined trust in firms' relationships with external organizations (e.g., buyer–supplier relationships), with only a small number of studies (14 out of 162) investigating relationships between geographically dispersed organizational units within MNEs (e.g., headquarter–subsidiary or subsidiary–subsidiary relationships). As the nature and purpose of relationships within the MNE can differ from those with external partners, research that investigates trust between organizational units within MNEs could provide insights that are especially pertinent

for IB. In exploring this direction, researchers can leverage ideas about various MNE forms (e.g., Bartlett & Ghoshal, 1989; Perlmutter, 1969; Verbeke & Kano, 2016) by exploring how the different contexts that these forms describe or characterize matter for trust. Similarly, other important types of cross-border interorganizational relationships, in which the context to develop trust might also differ, have received little attention. For example, few studies have looked at the development of trust in cross-border acquisitions. In such types of relationships there is a clear hierarchy difference between the acquirer and target, which might influence the development of trust in ways that are not necessarily symmetric. Hence, there is potential for future research to better incorporate the context the type of relationship provides.

Second, the geographic focus in this literature is generally aligned with the relative degree of economic activity across countries. As a result, there are contexts in which trust has been rarely studied. For example, similar to the situation in the broader IB literature (e.g., Mol et al., 2017), only a few studies in our review focused on African (five studies) or South American (8 studies) countries. Investigating interorganizational trust in contexts beyond those widely studied in the literature offers an opportunity to test the generalizability of existing insights, refine those approaches if needed, or develop new theory altogether. For example, researchers could leverage distinctive features of the African context and study how tribal affiliation or the tribal composition of organizations (e.g., Ellis et al., 2018) might matter for interorganizational trust across borders.

The recommendations and future research directions that we discussed in reference to the five questions that we use to organize our review are summarized in Table 2.

Conclusion

Guided by five questions, we analyzed the literature on interorganizational trust in IB and provided recommendations for future research. First, studies on interorganizational trust in IB employed a wide range of trust conceptualizations. We provide a framework in Figure 1 to show the core trust concepts, their dimensions, and how they causally relate to each other. We suggest that future research define trust clearly based on the research question and context. Second, we see that using surveys is the dominant approach to measure trust in this literature. In connection with this, we recommend that future studies in this area closely align the measure of trust with the conceptualization they use. To aid this endeavor, we provide our recommended measures for different conceptualizations and dimensions of trust in Table 1. Third, we organized the antecedents and consequences of trust in this literature using the framework in online Appendix 2. Future research could explore the understudied or emerging



Table 2 Directions, recommendations, and insights for future research

Section	Topic	Recommendations/future research directions
Recommendations for the conceptualization of interorganizational trust in IB research	Conceptualization	<p>Provide an explicitly stated formal conceptual definition of trust (see Figure 1)</p> <p>Refrain from defining trust as cooperative behavioral outcomes</p> <p>Select a definition of trust based on the research question and context</p> <p>Use multi-item trust scales adapted from previously published and validated scales (see Table 1)</p> <p>Avoid scale items that refer solely to “trust” or “trustworthiness.”</p> <p>Demonstrate reliability and convergent and discriminant validity of the scale in the present research context</p> <p>Gather reports from multiple individuals within each group, organization, or other collective actor</p> <p>Test the validity of individual-level reports of group-level trust</p> <p>In qualitative research, specify the dimensions/subdimensions of trust being studied and report the coding protocol</p>
	Measurement	<p>Investigate IB-specific organizational-level factors that affect trust</p> <p>Differentiate between types of governance to clarify how and why governance affects the development of trust</p> <p>Consider a broader set of sources of external uncertainty to clarify how it influences trust</p>
Future research directions for factors that affect interorganizational trust in IB research	Addressing research gaps we identified in our review	<p>Build on work in political science to explore novel factors that influence how much firms trust a country’s political and legal institutions</p> <p>Build on insights from political science to broaden the scope of institutions and organizations that are investigated beyond those that have been typically studied to date (i.e., political and legal institutions), by exploring the antecedents and consequences of firms’ trust in institutions, such as unions, the media, and the education system</p> <p>Build on insights from economic geography to theorize how subnational factors can influence the development of interorganizational trust between partners from different countries</p> <p>Explore how subnational variation in firms’ propensity to trust their partners and how subnational regions affect the perceived trustworthiness of partners in interorganizational relationships.</p> <p>Study how digitalization and virtual interactions affect trust development across borders</p> <p>Explore how technological advancements (e.g., artificial intelligence, big data, and block chain technology) might affect the development of trust in IB</p> <p>Investigate how platforms influence trust development across borders</p> <p>Explore the implications of nationalism on interorganizational trust development in IB</p>
	Incorporating changes in the world that are of particular interest to IB	



Table 2 (continued)

Section	Topic	Recommendations/future research directions
Future research directions for outcomes of interorganizational trust in IB research	Addressing research gaps identified in our review	Explore how a firm's trust in an interorganizational relationship affects its organizational-level choices (e.g., corporate development activities) Clarify whether trust and formal governance are substitutes or complements Explore IB-related contingency factors that might influence the relationship between trust and governance Investigate how different dimensions of trust are related to different types of governance
	Integrating insights from other disciplines	Build on insights from sociology to examine the "dark" side of trust
Recommendations for how future research on interorganizational trust in IB research can be conducted	Addressing endogeneity	Pursue methods such as qualitative, experimental, and quasi-experimental research designs and mixed-method approaches that allow for more reliable causal inferences than cross-sectional survey-based approaches Better address endogeneity in survey-based research (e.g., repeated surveys to gather panel data, collecting instruments through survey)
	Better contextualization of cross-border relationships	Explore the antecedents and consequences of trust in understudied types of intra- and inter-MNE relationships Investigate trust in understudied contexts, such as African or South American countries, to test the generalizability of existing findings and develop new theoretical insights

factors in IB that might affect trust or might be affected by interorganizational trust. Finally, our review shows that while research has looked into a number of interorganizational relationships across various countries using different research methodologies, there are opportunities to investigate understudied interorganizational relationships and geographic areas, and there is a need to pay closer attention to establishing causality.

Research on interorganizational trust in IB has made remarkable progress over recent decades in understanding the factors that affect trust and its outcomes. This literature has paralleled, and likely also impacted, the growth in globalization over the same period. Our review arrives at a time in which globalization is viewed with more skepticism and appears to be in retreat. These changes are likely to make interorganizational trust in the IB context even more important and challenging than it has been to date. Consequently, the literature we have reviewed and analyzed is perhaps even more relevant now than it has been in past decades. At the same time, as the context of IB changes, scholars are likely to identify new and important research questions about how to build, maintain, and repair interorganizational trust in IB and how it matters for outcomes, both of longstanding and new interest. We hope that our review provides a useful resource for that future research and offers useful insights to practitioners about the value of interorganizational trust in IB.

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