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How do Chinese managers establish trust with New Zealand  
companies?

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Xiaona (Selina) Yang

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# Abstract

Trust is essential for business success and has attracted much academic attention. However, studies on business relationships between Chinese and New Zealand companies are limited. Therefore, this study aims to investigate the factors influencing building and maintaining trust, the effects of interpersonal relationships on trust, and the problems when Chinese managers cooperate with New Zealand companies. This research adopted semi-structured interviews to collect data on factors that assist Chinese managers in building and maintaining trust when cooperating with local companies and utilised thematic analysis to analyse the qualitative data.

The results reveal that Chinese managers establish trust by valuing three factors — the companies' reputation, product price, and quality of products or professionalism of services — and four strategies of tentative cooperation, thorough understanding, showing their companies' abilities and improving strengths. Furthermore, four determinants that assist in maintaining trust are also identified, comprising the quality of products or services, regular contact, empathy, and adaptation to the environment. In addition, the investigation also shows that interpersonal relationships promote building trust; however, there are different opinions on whether a close personal relationship affects trust maintenance. Finally, this study has identified some problems when Chinese managers or owners cooperate with New Zealand companies. The minor problems that occasionally occur but only result in slight loss will be tolerated; however, if problems always occur and cannot be solved through communication or negotiation, it would cause a breakdown of trust. Hence, this study sheds light on trust in the business relationships between Chinese and New Zealand companies.

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# Chapter One Introduction

Trust is a crucial factor for stable and successful business relationships, and it has received much attention in existing research. However, research on trust in the New Zealand business environment is limited, especially for the trusting relationships between Chinese and New Zealand companies. Therefore, this study empirically investigates how Chinese managers establish trust with New Zealand companies, by conducting semi-structured interviews with Chinese managers or owners in New Zealand. It will shed light on the drivers influencing trust-building and maintenance, interpersonal relationships and trust, and potential problems in China-New Zealand business relationships. Moreover, the researcher's undergraduate programme in international business and her previous work experience also triggered her interest in trust-building in business exchanges in the international business context; thus, the current research was conducted.

This chapter starts with explaining the reasons for conducting this study, followed by providing an introduction to the research topic, and then a summary of the primary purpose and significance of this research. The last section presents the structure of this thesis. The following section will introduce the motivation for the research.

## 1.1 Motivation for the Research Topic

Three reasons triggered this research: the limited studies in the New Zealand context despite the importance of trust in business relationships, previous serious trust issues (e.g., the 2008 Chinese milk scandal), and the researcher's previous study and work experience.



First, trust among partners is critical for business success, which scholars highly value. Trust provides many benefits for business relationships, promotes the companies' gradual development, and expands the scale of their business. However, after reviewing the literature, it was found that there is little research on trust relationships between Chinese and New Zealand companies. Therefore, this study focused on Chinese managers in New Zealand as the research objective to explore how they build trust with their New Zealand business partners.

Second, some issues due to the breakdown of trust in the news have also triggered this study. For example, the 2008 Chinese milk scandal (Xinhua News Agency, 2008) was a serious food safety incident in China. The chemical raw materials melamine and cyanuric acid were found in Sanlu milk powder, resulting in many babies having kidney stones and even dying. After that event was exposed, it caused almost all Chinese people to distrust the milk powder produced in China then, especially milk powder for babies. Moreover, it had a tremendous negative impact internationally. Many countries around the world became very distrustful of Chinese dairy products. Several countries began to impose full or partial bans on selling or importing Chinese dairy products and related products. This extreme incident made the author realise the importance of trust, which is easy to break down due to dishonesty and unethical practices. Therefore, the author conducted this study to explore the factors influencing trust and problems resulting in trust breakdown.

Third, the author studied international business knowledge in her undergraduate programme and worked in an international trading company for about five years. During the working periods, the author considered why the international partners would trust the company where she worked. They chose Chinese companies as their suppliers because of the lower price or other reasons. Many manufacturers produce the same products in China; however, why did

these customers choose the company she worked for, and what factors made them trust it? Therefore, the author conducted this research to explore what influences trust in business relationships.

## **1.2 Research Background**

Trust has been widely studied in extant studies since trust among partners is critical for business success. Trust is considered to reduce transaction costs (Barney & Hansen, 1994; Doney et al., 1998), encourage open communication and information-sharing (Blomqvist, 2002), and reduce conflict in cooperation (Krishnan et al., 2006). In this way, trust makes long-term stable business relationships possible (Gounaris & Venetis, 2002). Therefore, trust helps managers to be more successful in their businesses, promotes the companies' gradual development and expands their businesses' scale.

In the extant literature, there are many definitions of trust in business relationships, and this study follows the concept put forward by Mayer et al. (1995). They define trust as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party” (Mayer et al., 1995, p. 712). This concept emphasises that trustors need to have enough confidence in their partners' ability and willingness to fulfil the contract to be willing to endure the risks that may arise in future cooperation.

Chinese and Westerners have different views on trust due to their cultural contexts (De Cremer, 2015). In China, trust is considered a prerequisite for doing business (Kriz & Keating, 2010). Business cooperation can progress only when there is trust among partners.

According to Leung et al. (2005), trust in the Chinese business environment is based on a combination of emotional ties and the firms' objective capabilities (Kriz & Keating, 2010). Similar to the Chinese context, trust is also highly valued in Western business relationships (Friman et al., 2002; Khan et al., 2008); however, trust in the West tends to be impersonal and rational (Kriz & Keating, 2010). Moreover, Western managers believe in formal contracts (Wang et al., 2015; Wank, 1996), and they believe that the combination of trust and contracts can promote stable long-term cooperation.

In the existing literature, there are numerous studies exploring the determinants influencing trust in the business context. In this study, the main drivers affecting trust establishment are explored through factors considered in choosing potential partners and trust-building strategies.

After reviewing the literature, six main factors were found to affect trust when choosing potential partners. First, the company's reputation is considered the fundamental driver to help the business gain recognition and build trust with potential partners (Anderson & Weitz, 1989; Bennett & Gabriel, 2001; Çerri, 2012; Jennings et al., 2000; Keh & Xie, 2009; Khalifa & Saad, 2017; Viitaharju & Lähdesmäki, 2012). Second, ensuring high-quality products and services helps business partners gain long-term stable relationships (Han et al., 1993; Udomkit et al., 2020) and build trust (de Ruyter et al., 2001; Kennedy et al., 2001). Third, company competence, which refers to whether the trading partner has the ability to perform the tasks in cooperation (Butler & Cantrell, 1984; Çerri, 2012), is also considered a valued factor in selecting potential partners. Fourth, trust among partners is based on the expertise, qualifications and proficiency embodied in the products produced and services provided by the enterprise (Coulter & Coulter, 2002; Mayer et al., 1995; Newell et al., 2016). Fifth, honesty and integrity mean that partners keep their word and fulfil their commitments, and

abide by ethical principles in business cooperation (Dowell et al., 2015), which can help companies save costs, reduce the possibility of problems arising and make cooperation smoother, thus establishing trust (Sako, 1992). Sixth, keeping price commitments (Seppänen & Blomqvist, 2006) and providing honest and transparent price-related information (Boniface et al., 2018) help to enhance trust among partners.

Five strategies facilitating trust-building were found to be widely recognised by scholars. First, open and thorough communication among business partners is an essential strategy for building trust (Anderson & Weitz, 1989; Anderson & Narus, 1990; Çerri, 2012; Cetindamar et al., 2005; Weng & Ying, 2010; Seppänen & Blomqvist, 2006; Udomkit et al., 2020; Viitaharju & Lähdesmäki, 2012). Managers exchange information regularly to help them better understand each other and the business progress, promoting the smooth achievement of cooperation. Second, tentative cooperation is also a meaningful method to build trust because previous cooperative experience (Gulati et al., 2009; Zhang et al., 2012) and relationship length (Håkansson & Snehota, 2000; Huang & Wilkinson, 2013; Madhok, 1995) assist companies in understanding mutual abilities and other aspects better, thereby establishing trust. Third, when there is a shared-values among partners regarding high-quality products or services, business performance can be easily guaranteed, so mutual reliability and trustworthiness are more easily recognised (Dwyer et al., 1987; Morgan & Hunt, 1994; Palakshappa & Gordon, 2009; Wu et al., 2012; Zineldin & Jonsson, 2000). Fourth, if partners can overcome opportunistic behaviour, resist temptation, and strive to achieve a situation where all parties can profit from the business relationship, it will assist them in building and developing trust (Lancastre & Lages, 2006; Morgan & Hunt, 1994; Zineldin & Jonsson, 2000). Fifth, enterprises can present the characteristics of products through advertising, which helps to strengthen the corporate image, attract customers' interest in products,

improve brand awareness, and thus inspire potential customers to have more confidence in the company and its products (Feng & Liu, 2018; Galadanchi et al., 2022; Hughes, 2013).

The factors influencing trust-building and the maintenance of trust are similar, and most of the drivers affecting trust maintenance have already been discussed above. The factors specific to trust maintenance include empathy and adaptation to the environment. Empathy, which means considering their partners' actual needs from their perspectives to fulfil the contractual requirements (Conway & Swift, 2000), is crucial for maintaining trust (Coulter & Coulter, 2002; Udomkit et al., 2020). In international business relationships, managers also need to adapt to the environment of their partners to maintain a trusting relationship (Batonda & Perry, 2003; Lohtia et al., 2009). Understanding and adapting to cultural differences can narrow the distance between partners, promote the development of business relations, contribute to the success of cross-cultural cooperation, and maintain trusting relationships.

After reviewing the literature on building and maintaining trust, it was found that there had been limited studies conducted on factors influencing trust in the business relationships between Chinese and New Zealand companies. In addition, there had been little research which separately studies the trust-building and trust-maintenance factors. Therefore, this research explores how Chinese managers establish and maintain trust with New Zealand companies.

The existing literature is contradictory about the impact of interpersonal relationships on inter-firm trust. Some studies believe that interpersonal relationships promote cooperation and trust among business partners (Ashnai et al., 2016; Doney & Cannon, 1997; Huang et al., 2016; Nguyen & Rose, 2009; Nie et al., 2011; Schilke & Cook, 2013; Shen et al., 2020). However, other scholars argue that interpersonal relationships have little impact on

inter-organisational trust or are insufficient to translate into inter-enterprise trust (Dowell et al., 2013; Menkhoff, 1992; Schilke & Cook, 2013). They indicate that interpersonal relationships alone may not be enough to support interfirm trust. Furthermore, Chinese and New Zealanders also have different views on the effects of interpersonal relationships on inter-organisational trust. Therefore, this research was conducted to explore how interpersonal ties affect trust when Chinese managers cooperate with companies in New Zealand.

The potential problems in business relationships are also discussed in the extant literature. Some problems can be tolerated and forgiven since trust is thought to facilitate problem-solving and conflict management (Andaleeb, 1996; Anderson & Narus, 1990; Blomqvist, 2002; Celuch et al., 2011; Morgan & Hunt, 1994). Other issues in cooperation may lead to a decline or even loss of trust between partners, which is likely to result in the termination of the business relationship (Ekici, 2013; Giller & Matear, 2001; Ping & Dwyer, 1992); however, some business partners with low or no trust have to continue to cooperate, which may be because of a well-known brand or being the only supplier (Ekici, 2013). After reviewing the literature on problems or conflicts in business relationships, it was found that there are limited studies in the New Zealand business context, especially between Chinese and New Zealand business relationships. Hence, this study explores potential problems when Chinese managers cooperate with New Zealand companies and how Chinese managers deal with these problems.

### **1.3 Research Significance, Purpose, and Questions**

Due to the limited research on trust in the cooperation between Chinese and New Zealand companies, this study helps managers or owners in New Zealand's small businesses gain

insights into trusting relationships. The research findings can theoretically inform managers about trust-building and maintenance factors in business relationships, and practical suggestions are offered based on the results. The research results may be especially useful for managers when first entering the New Zealand market since they need more experience and familiarity with this market to establish trusting relationships with their potential business partners.

Given the lack of research on developing trust in business relationships between China and New Zealand companies, the overarching purpose of this study is to explore how Chinese managers build trust relationships with local companies in New Zealand. The following research questions guided this study:

1. How do Chinese managers establish trust with New Zealand companies?
2. How do Chinese managers maintain trust with New Zealand companies?
3. How do interpersonal relationships affect trusting relationships among Chinese and New Zealand companies?
4. What problems do Chinese managers encounter in the trusting relationships with New Zealand companies, and how do Chinese managers deal with these problems?

## **1.4 Structure of the Thesis**

This thesis is divided into six chapters. Chapter One introduces the motivations and significance of this research, outlines the study background on trust in business relationships,

and presents the structure of this thesis. Chapter Two is a literature review which explores the existing studies on the role of trust in business relationships, the concept of trust, Chinese and Western perspectives on trust, factors influencing trust-building and maintenance, effects of interpersonal relationships on trust, and potential problems in cooperation. Chapter Three examines the research methodology of this study. It begins with a detailed elaboration of the researcher's philosophical stance, qualitative research strategy and research design, then expounds on the data collection technique, thematic analysis method, and ethical considerations. Chapter Four presents the results of semi-structured interviews with Chinese managers in New Zealand, comprising five aspects: establishment of trust, maintenance of trust, interpersonal relationship and trust, problems, and trust model. Chapter Five presents a discussion of the empirical results in the context of the existing literature. Chapter Six is the conclusion chapter. It presents the summary of findings, contribution and limitations of this study, and directions for future study.



# Chapter Two Literature Review

This chapter reviews the extant literature on trust in the business environment to find literature gaps and put forward questions. In order to do this, it begins with examining the role of trust in business relationships and defining the concept of trust used in this study. It also explores different perspectives on the trust of Chinese and New Zealanders and reviews the factors influencing trust-building and determinants affecting the maintenance, followed by the effects of interpersonal relations on inter-organisational trust. Finally, potential problems in cooperation and how to deal with them are investigated.

## 2.1 Trust in the Business Context

This section will discuss the role of trust in business relationships and examine the concept of trust.

### 2.1.1 The Role of Trust in Business Relationships

Business relationships are vital to a company (Day, 2000; Lu, 2009; Zaefarian et al., 2017). A successful relationship is the foundation to keep the company competitive. This kind of harmonious cooperation tends to bring several benefits, including enhancing performance, reducing costs, and promoting in-depth collaboration (Han et al., 1993), thus improving the profitability of enterprises (Iyer et al., 2006). Therefore, companies strive to achieve close business relationships with their partners to cope with intense market competition.

The characteristic of a close relationship is a high level of trust (Morgan & Hunt, 1994). It formulates and then maintains intimate relationships and is regarded as an essential prerequisite for cooperation among enterprises (Blomqvist, 2002; Smith et al., 1995), enabling cooperation (Anderson & Narus, 1990). The emergence of trust encourages cooperation and collaboration and is, therefore, a critical factor in improving the quality and performance of inter-organisational relationships (Lu, 2009). In other words, it is also a vital determinant of a successful relationship (Han et al., 1993; Moorman et al., 1992; Nes et al., 2007; Zaefarian et al., 2017). As a result, trust among partners is critical to business success.

Trust, which has been widely studied by researchers (Thorgren & Wincent, 2011), has many benefits for companies (Ballantyne & Varey, 2008; Dirks & Ferrin, 2001). First, trust lowers transaction costs and provides competitive advantages (Doney et al., 1998). Especially in an uncertain environment, trust in transactions based on mutual understanding reduces the risk in cooperation, thus reducing the costs incurred in communicating for further understanding. In the international environment, Barney and Hansen (1994) also believe that fostering and achieving high trust with their foreign counterparts is the foundation for sustainable competitiveness. In this way, these companies can remain competitive in the global market of the 21st century (Zinkhan, 2002). Overall, these studies show that mutual trust among partners helps enterprises reduce costs and maintain a solid competitive advantage, enabling them to expand their business and gradually develop.

Second, trust reduces conflict, strengthens coordination, and improves trading partner loyalty (Krishnan et al., 2006). Conflict may be avoided if both parties maintain a high level of trust. When trust is broken, conflicts arise. Trust also encourages open communication and information-sharing among partners (Blomqvist, 2002), facilitating mutual understanding and thus improving coordination. Furthermore, trust requires parties to honour their commitments

or obligations to trading partners in economic exchanges (Rathbun, 2012), thereby increasing trading partner loyalty.

Third, trust is a valuable tool to ensure long-term and stable business relationships (Gounaris & Venetis, 2002). Trust can improve the consistency of interests among partners (Wong et al., 2008) and increase stakeholders' satisfaction (Maurer, 2010), which will contribute to a long-term and stable partnership. It also makes it possible to promote more effective cooperation, implement strategies, and complete projects in a timely manner (Doney et al., 1998), which will help maintain consistent relationships. Accordingly, when there is trust in a business relationship, cost savings, conflict reduction, information exchange, faster processing, partnership maintenance, and better service results are all possible.

### **2.1.2 Concept of Trust**

Trust is a complex and multifaceted term (Rousseau et al., 1998; Szóke, 2020), and it is a crucial construct in multiple disciplines such as sociology, psychology, economics, and biology (Dowell et al., 2013). The topic has generated significant interest in academic circles, and extensive research has been conducted on it. Trust has been defined in many ways in the literature on business-to-business relationships (Seppänen et al., 2007). This study follows the widely acknowledged definition put forward by Mayer et al. (1995). They define trust as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party” (Mayer et al., 1995, p. 712). Many scholars support this definition (Akrouf & Diallo, 2017; Alsaad et al., 2017; Bagdonienė & Hopenienė, 2013; Rousseau et al., 1998), as this definition captures the two essential

elements of trust: 1. confident expectation, and 2. willingness to be vulnerable. These two elements will be discussed in detail below.

The first element, “confident expectation”, means that the trustors believe that the trustees are able and willing to meet their cooperation requirements, and the trustors are usually willing to have confidence in their trustees. The significance of confidence in business partners has been highlighted by many scholars in their definitions of trust (Doney et al., 1998; Moorman et al., 1992). The second element, “willingness to be vulnerable”, which is considered to come from confident expectations (Mayer et al., 1995), refers to trustors being receptive to vulnerability due to their trust. The trustors are willing to take potential risks, even though they can be readily attacked by one another (Szőke, 2020; Zolfaghar & Aghaie, 2011).

Relationships can be vulnerable in several areas, including additional economic expenses, project cycle delays, project stagnation, or outcomes that do not reach the intended standards (Svensson, 2002).

According to Moorman et al. (1992), Tröger et al. (2018), and Yen and Abosag (2016), vulnerability usually comes from abuse of trust, cheating, and uncertainty. First, abuse of trust occurs when one party takes advantage of the trust, solely pursuing its own interests while hurting the shared interests (Moorman et al., 1992). The relationship is likely to be fragile if trust is exploited for personal gain to the detriment of the other party’s commercial interests. Second, the dishonest or cheating behaviour of one party often brings significant challenges to the business relationship (Tröger et al., 2018) and is likely to make the originally solid relationship fragile or even broken. Third, uncertainty indicates that the outcome of cooperation is unexpected and uncertain. Uncertainty undermines the success of commercial relationships (Yen & Abosag, 2016) since the cooperative results may exceed expectations or fall far short of them. Some companies may not be willing to embrace this

uncertainty, so their relationships tend to be vulnerable. Companies are confronted with more uncertainty in the literature on cross-border relations (Jap & Ganesan, 2000). When doing business with international partners, uncertainty and unpredictability in commercial relationships are likely to be more severe.

In summary, confident expectation and willingness to be vulnerable are both required for the existence of trust (Doney et al., 1998), and these two elements are essential to help us determine whether the trust is established. The trustor must have enough confidence in the partner's capacity and willingness to fulfil the cooperation task to endure the possible vulnerability in future cooperation, building trust in business relationships.

## **2.2 Different Perspectives on Trust**

Although Chinese and Westerners believe trust is vital in business, their perspectives on trust differ due to their cultural contexts (De Cremer, 2015). The following section will analyse the various understandings.

### **2.2.1 Chinese Understanding of Trust**

Trust is crucial in the Chinese business environment (Child & Möllering, 2003; Lui, 1998). According to Kriz and Keating (2010) and De Cremer (2015), trust is considered a prerequisite for cooperation in China. If there is no trust between the two parties, there will be almost no possibility of cooperation. This is because Chinese people in business tend to label unfamiliar or unknown partners as untrustworthy and believe that easy trust and decision-making are more likely to bring risks, thus requiring the other party to demonstrate their abilities and value to gain trust. Furthermore, trust in China provides more cooperative

opportunities among partners with mutual trust (Kriz & Keating, 2010) and promotes long-term and stable business relationships (Newell et al., 2016). Therefore, paying attention to the importance of building trust to do business in China is essential, especially to understand the precondition of trust for business cooperation.

According to Leung et al. (2005) and Kriz and Keating (2010), trust in the Chinese business environment is based on a combination of personal emotional bonds and companies' objective abilities. First, the Chinese think of trust as a social and emotional bond (Kriz & Keating, 2010), so they think business trust is also essentially an interpersonal relationship. Chinese business people try to assess trustworthiness by the social ties of the other party (Graça & Barry, 2019; Tong & Yong, 1998). If a person has established relationships with someone who is recognised as trustworthy, this person would be labelled a low risk. Second, the Chinese attach importance to actual performance in business cooperation (Kriz & Keating, 2010). As mentioned above, Chinese in business judge whether the company is credible based on factors such as the company's abilities, professionalism, and value.

Because emotional bonds are closely correlated to trust in China (Wank, 1996), *guanxi* comes into the discussion. In Chinese business, *guanxi* refers to the interpersonal relationships among individuals representing their companies (Geng et al., 2017), shaping tight social networks (De Cremer, 2015). It is the most important key factor in cooperating with the Chinese (Davies et al., 1995; Yeung & Tung, 1996), and Kao (1993) even compared *guanxi* to the "second currency" permeating the Chinese economy. For example, Chadee and Zhang's (2000) results show that New Zealand companies exporting to China consider *guanxi* to promote trade partnerships in China and improve their overall export performance. Although *guanxi* is the basis for establishing business relationships in China (Huang et al., 2013), it is a special interpersonal emotional bond rather than trust. While *guanxi* can help a

new Western company enter the Chinese market, it is trust that determines whether there will be cooperation (Kriz & Keating, 2010). According to the trust concept of Mayer et al. (1995), the trustor needs to have confidence in their future business and be receptive to potential vulnerabilities, thus enabling their cooperation.

## 2.2.2 Western Understanding of Trust

Similar to the Chinese context, trust is also highly valued in Western business relationships (Friman et al., 2002; Khan et al., 2008); however, unlike in the Chinese context, where managers are more inclined to rely on *guanxi* (Björkman & Kock, 1995; Jukka et al., 2017; Wang, 2007; Zhu, 2009), trust in the West is impersonal (Khan et al., 2008), it reflects Westerners' greater belief in systems and institutions (Kriz & Keating, 2010; Redding & Witt, 2007; Wang, 2007; Wong, 1996), and Western businesses tend to be more rational and logical (Kriz & Keating, 2010). According to Wang et al. (2008), Ganesan (1994), and Moorman et al. (1992), trust in the West is taken to mean that the trustor has confidence in the trustee's creditworthiness, competence and reliability, and thus, is willing to rely on the other party. Moreover, Western managers believe more in formal contracts (Wang et al., 2015; Wank, 1996) because they believe combining trust and contracts promotes long-term cooperation.

Furthermore, Western managers also establish business relationships and gain initial trust in each other through social networks (Chua et al., 2009; Morgan & Hunt, 1994). In New Zealand, an individualistic society in the Anglo-Saxon tradition (Enderwick & Akoorie, 1996), Zhu (2009) found that managers valued referrals from friends to initiate business. This may be because there is a tacit understanding that people are reliable and trusted in the Western context (De Cremer, 2015). Collaboration generally begins when there is an opportunity to do business, and managers build and consolidate mutual trust while working

together. This differs from the Chinese context, where managers only trust kinship or a fairly familiar small group of people and do not easily cooperate with people they do not trust (Bidault et al., 2018; Herbig & Martin, 1998; Jukka et al., 2017; Leung et al., 2005). Hence, it tends to be easier to build business partnerships in the West unless trust is undermined.

## **2.3 Factors Influencing Trust-Building**

This section discusses trust-building factors through two sub-sections. The first section examines the factors considered in choosing potential partners, exploring six primary drivers of trust; the second section introduces trust-building strategies.

### **2.3.1 Factors Considered in Choosing Potential Partners**

In the existing literature, there are numerous studies exploring the determinants or drivers of trust in the business context, such as trust-building behaviours and service outcomes (Doney et al., 2007), price satisfaction (Boniface et al., 2018; Gyau et al., 2011), company reputation (Anderson & Weitz, 1989; Khalifa & Saad, 2017), previous experiences, reliability, stereotypes (Szöke, 2020), international experience, management and resource commitment (Lu, 2009), openness (Jennings et al., 2000), product expertise (Lapoule, 2018; Newell & Goldsmith, 2001; Newell et al., 2016), personality traits and social interaction (Çerri, 2012), and relationship length, continuity, and assistance (Dyer & Chu, 2000). However, after reviewing the literature, six main factors were found to affect trust in potential partners: 1. company reputation, 2. product quality, 3. competence, 4. business expertise, 5. honesty and integrity, and 6. price.



First, company reputation helps to establish trusting relationships with potential partners (Anderson & Weitz, 1989; Bennett & Gabriel, 2001; Çerri, 2012; Jennings et al., 2000; Keh & Xie, 2009; Khalifa & Saad, 2017; Viitaharju & Lähdesmäki, 2012). Many researchers believe that the company's reputation is a primary driver in gaining acceptance and promoting the development of trust. Moreover, after comparing company reputation to other antecedents of trust, including skill, flexibility, information exchange, transaction-specific investment, and coercive power, Sharif et al. (2005) assert that company reputation has the most significant impact on the development of trust in small and medium-sized enterprises, which is confirmed by Ruel et al. (2018). The company's reputation mainly comes from the corporate image (Bennett & Gabriel, 2001), which is the overall image established during the daily operation and marketing, and the performance in previous cooperation (Huang & Wilkinson, 2013), and reputation is spread through social networking or related industry networks (Wong & Ellis, 2002). According to Heffernan (2004) and Nguyen and Rose (2009), the feedback from common clients on the goods and services of the partner and the professional qualifications and successful cases displayed on the company's and related industry websites can help potential partners gain a comprehensive picture and build trust. Therefore, Blomqvist (2002) suggests that small and middle-sized enterprises establish their companies' credibility by putting more effort into improving corporate reputation through their products, brands, and the personal reputation of managers.

A good reputation can help enterprises gain respect from unfamiliar partners or firms that they have not cooperated with, thus promoting trust establishment and increasing the possibility of cooperation. Company reputation (Halinen, 1994), along with the brand's image (Dowell et al., 2013), is thought to directly affect trust in the early stages of business relationships. A company with a good reputation is generally regarded as capable of meeting

its partners' needs (Fombrun & Shanley, 1990; Keh & Xie, 2009). Such companies are believed to act honestly and consider both partners' interests in daily cooperation and are less likely to be opportunistic, which makes people believe in their credibility (Ganesan, 1994) and helps in the initial evaluation of potential partners (Huang & Wilkinson, 2013). Similarly, Bennett and Gabriel (2001) pointed out that a company with a good reputation can be trusted even if it is unfamiliar. This may be because the company's reputation is the most transparent way to know a company for an unfamiliar potential partner. Moreover, a good reputation assists companies in gaining greater competitiveness in the market (Marquardt et al., 2011; Milan et al., 2015). Therefore, having a good reputation can help a company establish trusting relationships and gain a foothold in an increasingly competitive market environment.

Second, the quality of a company's products or services is crucial in establishing a trusting relationship with potential partners. Ensuring high-quality products and services helps guarantee long-term and stable business relations (Han et al., 1993; Udomkit et al., 2020) and improves trust in collaboration (de Ruyter et al., 2001; Kennedy et al., 2001). Similarly, Seppänen and Blomqvist (2006) also illustrate that keeping promises on product quality is a fundamental prerequisite for establishing a trusting relationship. For example, after conducting qualitative interviews with aviation parts service buyers in forty-two different countries, Doney et al. (2007) found that the overall service quality, which includes efficient problem-solving and sufficient abilities to complete the service, would affect the buyers' trust in the service providers. Therefore, ensuring the quality of the product is necessary to ensure the smooth achievement of cooperation.

Third, company competence, which refers to whether the trading partner is capable of completing the tasks under cooperation (Butler & Cantrell, 1984; Çerri, 2012), is considered a valuable factor when selecting potential partners. The organisation's competence increases

its trustworthiness for potential partners and is a prerequisite for trust-building (Çerri, 2012; Li, 2008; Moorman et al., 1993; Seppänen et al., 2007). For example, Udomkit et al. (2020) conducted in-depth semi-structured interviews with managers from twenty multinational small and medium-sized enterprises, and all participants confirmed that competence is the basis for a trusting relationship. Conversely, after administering a questionnaire to 177 customers of a food producer in a Norwegian market, Selnes (1998) reports that competence does not influence trust. However, competence can promote communication to a large extent, thus promoting trust, which is supported by Anderson and Narus (1990). Therefore, to ensure that cooperation can be adequately achieved, the company's competence needs to be considered when choosing partners.

Fourth, business expertise is also considered to be a crucial factor when establishing a trusting relationship. Expertise means that the organisation and its members have professional skills, knowledge, qualifications, capabilities, and rich experience related to the products manufactured and services provided (Belonax et al., 2007; Goldsmith et al., 2000). In the early stages of a trade relationship, a company's expertise demonstrated in various ways can help increase potential partners' confidence in the quality of the products and services, thus enhancing recognition and trust in the company (Anderson & Weitz, 1989; Çerri, 2012; Halinen, 1994; Lapoule, 2018). This is consistent with Coulter and Coulter (2002), Mayer et al. (1995), and Newell et al. (2016), who believe that trust among partners is based on the expertise, qualifications, and proficiency embodied in the products produced and services provided by the company. These professional capabilities enable potential partners to evaluate the company as reliable and worthy of reliance (Newell & Goldsmith, 2001). For example, Newell et al. (2016) found that expertise helps promote long-term trade

relationships in China. Therefore, the company's professionalism provides confidence and trust in future cooperation.

Fifth, honesty and integrity are also meaningful for trust in business relationships (Udomkit et al., 2020). This view is supported by Goleman (1998), who states that maintaining high standards of honesty and integrity helps companies form their credibility. According to Udomkit et al. (2020), honesty means keeping promises, fulfilling contracts, and not over-promising in business exchanges; honesty is manifested in product quality and timely delivery of goods. In their study, all twenty interviewees mentioned the importance of telling the truth, keeping their word, and not doing dishonest things because they knew trust takes a long time to build but can break in seconds and be hard to repair. Integrity refers to not only keeping promises and fulfilling commitments but also upholding moral principles (Dowell et al., 2015), which helps to promote relationship performance (Sako, 1992). This may be because if one party in the cooperation believes that the other party can keep its promise and fulfil the contract, it is likely to save expenses and reduce the possibilities of problems, thus making the cooperation smoother. In addition, if a business partner is only respected for competence and professionalism but is dishonest, the partner probably cannot be trusted (Blomqvist, 1997; Schreier et al., 2021; Udomkit et al., 2020). Overall, honesty and integrity among enterprises need to be guaranteed; otherwise, the trust is likely to be broken, and the cooperation may not continue.

Sixth, price is also an essential factor when selecting potential partners. In business exchanges, price is considered an important variable to compare (Boniface et al., 2018) because business operators need to control costs to ensure profits. However, it should be noted that a low price alone cannot gain more market share and customer recognition, as actual ability and performance of the company are required to enhance mutual trust (Doney et

al., 2007). Moreover, keeping promises regarding price (Seppänen & Blomqvist, 2006) and providing honest and transparent price information (Boniface et al., 2018) can help enhance the trust among partners. The companies need to fulfil the contract according to the price agreed and not arbitrarily increase the price, and explaining the price-relevant content in detail can promote the formation of trust.

Moreover, price satisfaction improves the quality of business relationships (Gyau et al., 2011) and trust among partners (Boniface et al., 2018; Gyau & Spiller, 2007). According to Matzler et al. (2006), price transparency, price-quality ratio, relative price, price fairness, and price reliability increase overall price satisfaction. Price transparency means that enterprises provide complete, clear, and accurate relevant information when quoting prices to help customers fully understand the information of commodity prices. Price-quality ratio refers to whether the trade-off between the actual quality of the goods or services received by customers and the price is reasonable. Relative price means the comparison with the prices of peers. Price fairness refers to whether the price difference is reasonable and acceptable compared to other prices. Price reliability involves stability, and lack of hidden opaque fees. If there is a need to adjust the price, it may require adequate communication among the parties in the trade relationship. After analysing price satisfaction theory and conducting a questionnaire with a sample size of 150 students, Matzler et al. (2006) found that the price-quality ratio strongly affects price satisfaction the most, followed by price fairness and relative price, while the other two seem less important. Therefore, business managers can enhance price satisfaction through these five factors to establish trust, especially the price-quality ratio.

## 2.3.2 Trust-Building Strategies

Many current studies have identified strategies to build trust in business relationships. It includes shared values (Tsai & Ghoshal, 1998; Zineldin & Jonsson, 2000), the use of the social network (Heffernan, 2004; Nguyen & Rose, 2009), information-sharing (Kwon & Suh, 2004; Lotfi et al., 2013; Nguyen & Rose, 2009), establishing personal rapport (Ashnai et al., 2016; Nguyen & Rose, 2009; Shen et al., 2020), communication (Anderson & Weitz, 1989; Cetindamar et al., 2005; Cummings, 1984), and truthfulness (Radoilska, 2008). After reviewing the literature, five strategies facilitating trust-building were found to be widely recognised by scholars: 1. communication, 2. tentative cooperation, 3. developing shared values, 4. decreasing opportunistic behaviours, and 5. showing and improving abilities.

The first strategy to establish trust is clear and in-depth communication. Many previous studies have observed that effective communication among organisations is essential for building trust (Anderson & Weitz, 1989; Anderson & Narus, 1990; Çerri, 2012; Cetindamar et al., 2005; Weng & Ying, 2010; Seppänen & Blomqvist, 2006; Udomkit et al., 2020; Viitaharju & Lähdesmäki, 2012) and maintaining trust (Ruel et al., 2018; Seppänen & Blomqvist, 2006). This may be because thorough interactions among trading partners help to reduce information asymmetry, opportunistic behaviours, and behavioural uncertainty (Kasheer, 2015; Nes et al., 2007). In this way, mutual understanding among trading partners and a more in-depth understanding of the contract details will be improved, thus promoting the proper and successful achievement of cooperation (Doney et al., 2007). Moreover, frequent communication assists managers in getting acquainted with each other (Adler, 2001) and cementing their trade relationship (Mohr & Nevin, 1990). Managers communicate with their potential partners to gain meaningful and timely information on future cooperation and

the companies through formal or informal means (Anderson & Narus, 1984; Anderson & Narus, 1990; McDowell et al., 2013; Morgan & Hunt, 1994; Smith & Barclay, 1997). The effectiveness and accuracy of the information in communication, rather than the quantity of information obtained, are valued by the company's management team. In addition, Udomkit et al. (2020) emphasised that face-to-face communication enables people to better understand each other's feelings and emotions in real time during the conversation and to clearly grasp each other's needs. Taken together, effective and thorough communication with potential partners is an effective way to build a trusting relationship.

Regular contact among partners in cooperation is essential for a trusting relationship, which may be because regular communication in daily operations and collaboration helps partners exchange opinions and ideas with each other, solve potential problems arising in cooperation promptly (Seppänen & Blomqvist, 2006), and deal with possible conflicts (Cheng & Wu, 2005). Thus, the cooperation can be carried out smoothly, and the contract can be better fulfilled. This view is supported by Jennings et al. (2000), who believe that regular information exchange promotes the development of trust. With the deepening of cooperation, the trading partners have already gained some understanding about each other, so the information exchange at this time tends to be routine, but this exchange is also meaningful. It helps companies understand the business progress and quickly understand their partners' needs. For example, Wright and Grace (2011) conducted twenty in-depth interviews with retail franchisees from New Zealand and Australia. Their results suggested that a lack of continuous, adequate communication can easily erode trust. Therefore, regular communication in cooperation is recognised as a crucial source of trust.

Tentative cooperation tends to be the second most helpful strategy since previous cooperation experience significantly affects the companies' trustworthiness (Szóke, 2020). Previous

cooperative experience can help the parties know each other better and improve their abilities of management, adaptation, and coordination in the cooperation (Gulati et al., 2009) so that business relationships will be promoted (Heimeriks & Duysters, 2007; Sampson, 2005; Xia, 2011) and trust will be established among them. At the same time, dishonest behaviours in tentative cooperation are also likely to have significant negative impact. Similarly, de Araujo and Franco (2017), Wang and Fesenmaier (2007), and Sánchez de Pablo González del Campo et al. (2014) observe that combining previous cooperation experiences and the company's reputation promotes a stronger trusting relationship among partners. This may be because the company's reputation cannot fully guarantee that no opportunistic behaviour will arise in the cooperation (Zhang et al., 2012). On the basis of a company's good reputation, cooperation experience can help establish a higher degree of cooperation and trust among partners. Hence, tentative cooperation is a good opportunity to demonstrate the company's abilities and enrich the experience to build a trusting relationship.

Moreover, the duration of cooperation promotes trust in cooperation, which is also an important reason why tentative cooperation is considered a very effective trust-building measure. As companies work together on a trial basis, they have more opportunities and time to get to know each other better and learn to trust each other. In this way, trust builds over time (Håkansson & Snehota, 2000; Huang & Wilkinson, 2013; Madhok, 1995). Likewise, Anderson and Weitz (1989) argue that trust grows with the relationship's length. They believe the partners will slowly learn to coordinate as cooperation progresses. If there is a problem, they will make adjustments in time. Unsatisfactory partnerships are terminated, so the remaining partnerships are likely to work harmoniously. Therefore, it is possible to build trust with the opportunity to cooperate for the first time since trust is gradually built up as the duration of the relationship grows.



However, there are some opposing views about relationship duration promoting trust-building. Ganesan (1994) argues that the length of the partnership has little effect on trust-building. He believes that actual behaviour in cooperation is the main factor that promotes mutual trust rather than the duration of the relationship. Furthermore, Moorman et al. (1992), Liu et al. (2008), and Grayson and Ambler (1999) believe that the length of business relationships is likely to weaken mutual trust. This may be because more and more problems may be exposed in cooperation as time goes on, and some incidents of dishonesty may occur, which are likely to erode trust. Despite the different opinions, tentative cooperation helps partners understand each other deeply to determine whether they will carry out further cooperation, build trust, or terminate the cooperation.

The third strategy to build trust is to develop shared values. Shared values refers to the degree to which partners share the same beliefs about whether certain behaviours, goals, and policies are essential, appropriate, or correct (Morgan & Hunt, 1994). Shared values help business partners develop trust (Dwyer et al., 1987; Morgan & Hunt, 1994; Palakshappa & Gordon, 2009; Wu et al., 2012; Zineldin & Jonsson, 2000). This may be because if there is a high degree of consensus on service or quality among partners, business performance can be easily guaranteed; thus, mutual reliability and trustworthiness can be more easily recognised. In addition, partners with shared values are perceived to be more willing to make commitments (Morgan & Hunt, 1994). Business commitments enhance relationship satisfaction and thus promote trust (Jonsson & Zineldin, 2003; Selnes, 1998). This may be because once business partners have committed, they will be more loyal to the business relationship and willing to make more efforts in cooperation, thus improving actual work performance and trust-building (Young & Denize, 1995). Therefore, Ruel et al. (2018) suggest that business managers need to pay attention to shared values when building and maintaining trust.

The fourth method to establish trust is to decrease opportunistic behaviour. According to John (1984), opportunistic behaviour in business means that people use deceptive means, such as concealing or distorting information, to not fulfil or evade the commitment that should be fulfilled. Overcoming this opportunistic behaviour, resisting temptation, and working towards a situation where both sides profit in business relationships helps build and develop trust (Lancastre & Lages, 2006; Morgan & Hunt, 1994; Zineldin & Jonsson, 2000). If business partners are perceived to engage in opportunistic behaviour, it is likely to lead to a decline in trust or even a breakdown. For example, in Palakshappa and Gordon's (2009) studies, a small New Zealand company's competitor contacted its overseas partner to become the exclusive distributor in New Zealand. However, the overseas partner rejected the request and alerted the New Zealand company. After this incident, the reliability of the overseas partner was recognised. Therefore, decreasing opportunistic behaviour can help improve the companies' trustworthiness in cooperation.

The fifth way to build trust is to show a company's strengths and product features to demonstrate that the firm can cope with future collaborations. According to Feng and Liu (2018), Galadanchi et al. (2022), and Hughes (2013), companies can present the characteristics of products through advertising, which helps to strengthen the corporate image, attract customers' interest in products and improve brand awareness. This can help potential customers feel more confident about the company and its products and stimulate buying. In this way, it is easier for enterprises to gain the trust and reliance of potential partners and more cooperation possibilities, expanding their customer base. Therefore, managers can try to show their companies' and products' advantages in various ways and constantly improve their abilities in daily operations.

## 2.4 Factors Influencing Maintenance of Trust

The factors influencing trust-building and the maintenance of trust are similar, and most of the drivers affecting trust maintenance have already been discussed in the previous section. This section will only discuss factors specific to trust maintenance, comprising empathy and adaptation to the environment.

First, empathy is essential to maintain trust (Coulter & Coulter, 2002; Udomkit et al., 2020). In cooperation, managers show their empathy by considering their partners' practical needs from their perspectives to fulfil the contract requirements better, thinking about and preparing for the problems that may be encountered in the cooperation, which helps reduce barriers to business relationships (Conway & Swift, 2000) and thus maintain trust. However, according to Udomkit et al. (2020), most interviewees who value empathy and care as crucial in maintaining a trusting relationship have worked with their partners for over a decade. Based on a long period of cooperation, managers are more willing to help their partners through a crisis. For example, several interviewees from Thailand stated that during the period of severe floods and political turmoil in Thailand, all their production and transportation was suspended, and most of their inventory and production equipment were damaged, resulting in an under-supply of goods. At this time, their customers and suppliers were helpful and understanding. After that, they reciprocated their partners' care and compassion. Therefore, in cooperation, managers need to actively consider others' needs from the perspective of trading partners, which helps maintain the trust relationship. On the basis of long-term cooperation, partners are more willing to provide care and understanding and take risks to help.

Second, when managers maintain trust in their international business relationships, they also need to adapt to their partner's environment. This may be because the determinants of trust vary across cultures (Szóke, 2020), and understanding and adapting to cultural differences is crucial for cross-cultural business cooperation (Kale & McIntyre, 1991). For example, comparing the literature on trust in international business relations, Piricz and Mandjak (2016) found that people from Hungary, Korea, and the United States have different views on trust. In addition, Jiang et al. (2011) conducted field surveys on 108 Chinese business executives, and they found that it is easier for overseas partners with similar cultures to build rapport and trust. Managers are more likely to be attracted to partners with the same cultural background, so building cooperative relationships and trust across cultures tends to be challenging. In this way, cross-cultural managers need to try hard to identify and understand their partners' cultures to make them feel their culture is understood. Managers also need to strive to adapt to cultural differences to reduce the distance between them and maintain trusting relationships.

Furthermore, cultural sensitivity helps promote the long-term stable development of business relationships (Batonda & Perry, 2003) and helps develop and maintain trust (Lohtia et al., 2009). Cultural sensitivity refers to the ability to understand and deal with differences such as business practices due to cultural differences in a cross-cultural business environment (Johnson et al., 1996; Shapiro et al., 2008; Skarmeas et al., 2002). Cultural differences are likely to lead to misunderstandings, which trigger conflicts and unsatisfactory outcomes in cooperation (Ajmal et al., 2017). Understanding and adapting to cultural differences can narrow the distance among partners, promote the development of business relations, help the success of cross-cultural cooperation (Batonda & Perry, 2003; Kale & McIntyre, 1991; Nguyen & Nguyen, 2014; Trang et al., 2003, September), and maintain a relationship of trust.

Previous research on the factors that influence establishing and maintaining trust was mainly aimed at specific countries or international business contexts. However, few studies have been conducted in the China and New Zealand business environment. For example, Chen and Eweje (2020) selected ten senior executives from five New Zealand companies that did business with Chinese companies. They highlighted the importance of trust for business relationships and found that trust is the foundation of ethical *guanxi*; however, they did not specifically explore the antecedents of trust. Moreover, although a considerable amount of literature has been published on factors that affect trust, studies that separately discuss the factors influencing trust-building and maintenance are limited (Babar et al., 2007; Nguyen et al., 2006; Udomkit et al., 2020). Separately discussing establishment and maintenance helps in understanding what to focus on at different stages of the trust relationship. Therefore, this research further studies the factors that affect trust-building and maintenance when Chinese managers do business with New Zealand companies.

## **2.5 Effects of Interpersonal Relationships on Trusting Relationships**

There is a contradiction in the existing literature about the impact of interpersonal relationships on trust among companies. Some studies suggest interpersonal relationships promote cooperation and trust among business partners (Ashnai et al., 2016; Doney & Cannon, 1997; Huang et al., 2016; Nguyen & Rose, 2009; Nie et al., 2011; Schilke & Cook, 2013; Shen et al., 2020). This may be because even establishing trust relationships among companies essentially involves person-to-person interaction (Kriz & Keating, 2010). Moreover, managers represent their firms in their contacts and are assumed to share the same values and attitudes as the firms in which they work (Aldrich & Herker, 1977). Therefore, if

these managers can be trusted, their companies will also be trusted. Managers involved in inter-firm trade exchanges are considered an essential channel for transferring firm credibility (Ashnai et al., 2016; Lumineau & Schilke, 2018). However, when interpersonal relationships are used for personal gain, inter-organisational trust is likely to break down (Fan, 2002; Millington et al., 2005). Those who abuse interpersonal relationships are likely to pursue personal gain and do not care about the product quality, damaging the companies' reputation and interests and breaking trust.

However, other scholars have different views on interpersonal relationships and inter-organisational trust. First, Schilke and Cook (2013) and Dowell et al. (2013) believe that interpersonal relationships do not affect the trust among enterprises before business relationships are established, and they believe that the trust at this time depends on the company's reputation, brand and institutional factors. After establishing initial trust at the firm level, if interpersonal trust is generated as the cooperation progresses, it is likely to promote trust among partners (Schilke & Cook, 2013). Second, while Seppänen and Blomqvist (2006) affirm the importance of personal relationships in developing trust, their results also suggest that poor interpersonal relationships do not cause inter-organisational distrust. This may be because trust at the organisational level, which is relatively objective and rational, depends more on positive expected returns and proven abilities to meet partners' needs (Jiang et al., 2011; Mouzas et al., 2007). In addition, Menkhoff (1992) claims that interpersonal confidence and trust are insufficient to enable cooperative behaviour in risky markets. Overall, these studies indicate that interpersonal relationships alone may not be enough to support interfirm trust.

Chinese and New Zealanders also hold different opinions about the effect of interpersonal relationships on trust between companies. New Zealanders tend to emphasise business

relationships and place more weight on business performance (Zhu, 2009). They will maintain a close one-to-one interpersonal relationship with their partners when they want to maintain the relationship. This may be because they believe that in cooperation, maintaining interpersonal relationships facilitates communication with their partners, promoting their cooperation and enhancing the level of trust (Palakshappa & Gordon, 2009). The actual work results, instead of the interpersonal relationship, will determine whether the cooperation can be carried out consistently over time. In the Chinese business environment, business and personal relationships are inseparable, and the Chinese depend more on people's social networks and family backgrounds than their abilities and qualifications (Cui & Jiao, 2011). However, there is little research on how interpersonal relationships affect Chinese managers in the New Zealand business context. Therefore, this study examines what Chinese managers think about the effects of interpersonal relations in New Zealand and whether the significance of interpersonal relationships is as essential as in China.

## **2.6 Potential Problems in Cooperation**

Trust is thought to contribute to problem-solving and conflict management (Andaleeb, 1996; Anderson & Narus, 1990; Blomqvist, 2002; Celuch et al., 2011; Morgan & Hunt, 1994). For example, after an in-depth study of fourteen cases of cooperation with New Zealand businesses, Palakshappa and Gordon (2009) discovered that trust among business partners could facilitate mutual resolution of potential problems and communicating openly and amicably to solve problems as they arise. Furthermore, the managers in a trusting relationship are considered to be tolerant and likely to forgive their partners for some mistakes (Argandoña, 1999). Tolerance tends to make partners feel understood and grateful for this kindness, which will make future cooperation smoother; thus, trust will be maintained, and

even gain a deeper level of trust. In addition, Palakshappa and Gordon (2009) and Morgan and Hunt (1994) claim that in a highly trusting relationship, the partners tend to be united and loyal. The partners believe that the cooperation with their partners will not end since mutual trust exists.

The emergence of problems in cooperation may cause a decrease or even a loss of trust among partners, which is likely to lead to the termination of business relationships; however, some partners who have lost trust have to continue to cooperate. The performance or outcomes of the contracts or profitability that cannot be guaranteed are likely to cause the erosion of trust and, thus, the breakdown of the cooperative relationship (Ekici, 2013; Giller & Matear, 2001; Ping & Dwyer, 1992). For example, if the partners cannot meet the stipulations of the cooperation contracts, such as low product quality and late delivery (Giller & Matear, 2001; Ping & Dwyer, 1992), this may result in unmet expectations due to a lack of competence, thereby affecting mutual trust (Barber, 1983). In addition, according to Ekici (2013), other problems may emerge in cooperation; for example, some companies with large volumes of business are less concerned about small orders, the bureaucratic style of large enterprises seriously affects work efficiency, and the business's profitability cannot be guaranteed. These issues will likely lead to the breakdown of trust and the termination of cooperation. However, Ekici's (2013) research shows that low or no trust may not lead to the termination of business relationships. This may be because even if a company delivers products that cannot meet the contract's requirements many times a year, this company may have a well-known brand that customers generally trust or may be the only supplier, so this distrustful cooperative relationship has to be continued.

In conclusion, extensive attention has been paid to antecedents or drivers of trust; however, little is known about trust-building, maintenance factors, interpersonal relationships, and



potential problems in the business context between China and New Zealand. Then, there are mixed findings about the impact of interpersonal relationships on trust in previous literature, and New Zealanders and Chinese have different views; therefore, this study further explores the influence of interpersonal relationships on trust. In addition, there are only limited studies discussing factors that influence establishing and maintaining trust separately. Therefore, this study explores how Chinese managers build and maintain trust with New Zealand enterprises separately, the effects of interpersonal relationships on trust, and potential problems in China-New Zealand business relationships. Hence, the following four research questions are explored:

1. How do Chinese managers establish trust with New Zealand companies?
2. How do Chinese managers maintain trust with New Zealand companies?
3. How do interpersonal relationships affect trusting relationships among Chinese and New Zealand companies?
4. What problems do Chinese managers encounter in the trusting relationships with New Zealand companies, and how do Chinese managers deal with these problems?

# Chapter Three Research Methodology

This chapter examines the research methodology of this study. It begins with a detailed elaboration of the researcher's philosophical stance, which is followed by the qualitative research strategy and the research design. The next two sections expound on the data collection technique and the thematic analysis method adopted for the current research's data analysis. Finally, ethical considerations are presented.

## 3.1 Research Paradigm – Interpretivism

The interpretivist paradigm guided this research. Interpretivism tends to have a constructivist ontology (Palagolla, 2016), meaning that social reality is continuously constituted by human actions and perspectives. Moreover, knowledge is believed to be produced during the interaction with the participants (Mason, 2018), which facilitates the exploration and interpretation of complex social phenomena. Thus, as an interpretivist, the researcher highlighted exploring and interpreting the experience and subjective thoughts of the participants (Mason, 2018). The current study sought to explore how Chinese companies in New Zealand establish and maintain their trust relationships with local companies. The researcher believed that answers could be obtained from Chinese managers' insights according to their extensive business experience in New Zealand. They do business with New Zealand companies and are more familiar and experienced with the environment. Their sharing of the experience gave the researcher a chance to discuss relevant topics in-depth with these managers and interpret the rich data. Additionally, following the interpretivist paradigm, this study conducted qualitative research, which will be explained in the next section.

## **3.2 Research Strategy – Qualitative Research**

This study adopted a qualitative research method for two main reasons. First, this study aimed to investigate how Chinese companies in New Zealand establish and maintain their trust relationships with local companies; therefore, a qualitative method is more appropriate in this case. This is because it is the preferred method to answer the “what, how, and why” questions (Hennink et al., 2020), while a quantitative method is more helpful in dealing with numerical data on quantifiable or measurable variables.

Second, qualitative research is appropriate for this study because the researcher sought to explore Chinese managers’ experiences and viewpoints by gaining insights into the trusting relationships. Qualitative research enables researchers to collect specific and individual evidence (Schreier, 2018) and to get vivid and abundant stories through interviews, participant observations, or other methods (Flick, 2018). Moreover, interviewees are motivated to express themselves freely to enrich the discussions (Kelemen & Rumens, 2008), and the researcher has a chance to see the world through the participants’ eyes to understand their words from their perspective (Gavin, 2008). Therefore, qualitative research was suited for this study in order to get rich data.

## **3.3 Research Design**

This study used semi-structured interviews to gather information and then analysed the data using thematic analysis. This section will explain why the semi-structured interview and thematic analysis were selected.

### 3.3.1 Semi-structured Interviews

As qualitative research, this study conducted semi-structured interviews to gain ample evidence from participants' experiences. Qualitative interviews are often unstructured or semi-structured, while structured interviews tend to be carried out in quantitative research (Rubin & Rubin, 2005). In unstructured interviews, interviewers do not prepare questions but only a few topics are expected to be discussed (Collis & Hussey, 2013). However, Laquimia (2010) believed that the prepared questions in semi-structured interviews bring rigour and direction so that communicative participants and relevant conversations occur. Accordingly, this study used semi-structured interviews, which could provide a useful method to guide and structure the discussions so that the researcher could obtain richer data.

In this design, the interviews begin with some general questions about the interviewees' backgrounds, which helps to stimulate discussions (Bell et al., 2019), in this case, their work experience and the current state of cooperation between their companies and New Zealand partners. For example, "How long have you been with this company?", "What is your main responsibility in the company?", and "In what aspects will your company cooperate with New Zealand companies?" Then, the participants are asked core questions pertinent to the research topics, which are open-ended to motivate respondents to express their thoughts and words (Cassell, 2015). To answer the research questions, the researcher divided the interview questions into the following four parts:

1. Establishing trusting relationships with New Zealand companies;
2. Maintaining trusting relationships with New Zealand companies;
3. Interpersonal relationships and the trusting relationships among Chinese and New Zealand companies;

#### 4. Problems in the trusting relationships with New Zealand companies.

There were two or three questions included in each topic, as shown in the interview guide (Appendix D). These topic-related questions guide the interviewees to share their opinions, promoting insightful thoughts and ideas (Collis & Hussey, 2013) and facilitating rich research question content. Chinese managers would express how to build trusting relationships based on their experiences and stories. When key points or points of interest emerge, the interviewer takes notes to facilitate further questions after sharing them.

Furthermore, semi-structured interviews render the process flexible since there is no set question order (Bell et al., 2019). In semi-structured interviews, questions are not necessarily in a predetermined sequence and can be asked based on the previous answers; furthermore, the interviewers have a chance to ask other interesting or further questions based on the responses from the interviewees (Cassell, 2015). In this way, interview questions will promote an in-depth discussion, and interviewees will be willing to express their perceptions, experiences, and feelings fully. Thus, semi-structured interviews were utilised to facilitate insights into trust in the business relationship.

### **3.3.2 Thematic Analysis**

This study adopted thematic analysis to understand how Chinese managers in New Zealand build and maintain trusting relationships with local companies. Thematic analysis aims to generate theories by coding the entire dataset to identify themes and patterns relevant to the research question (Braun & Clarke, 2006). In interpretivist research, it helps explore different explanations for a phenomenon (Saunders et al., 2016). The thematic analysis provides an opportunity for a more thorough analysis of the information provided by the participants. It

can help organise and compare different perspectives from the informants' experiences to deepen the understanding and interpretation of the research question. The specific analysis procedures will be elaborated on in the data analysis section.

## **3.4 Data Collection**

This section will elaborate on how data was collected in this study. The current study was carried out in New Zealand. Eligible participants were selected according to the research question, and snowball sampling was adopted to increase the sample size. The researcher conducted two pilot and nine formal semi-structured interviews with managers or owners of small Chinese companies in New Zealand.

### **3.4.1 Participants**

There were two inclusion criteria for selecting the subjects in this study. First, the selected Chinese companies should be engaged in trade relations with New Zealand companies, as this study investigates the trusting relationships among Chinese and New Zealand companies. "Chinese companies" here refers to Chinese-owned ones in New Zealand, while the participants are Chinese. The word "Chinese" refers to people born and educated in China and now living and working in New Zealand. Second, to ensure the participants are reliable, they should be experienced decision-making managers or bosses of Chinese companies in New Zealand, as the management team are in a better position to tell the stories about establishing and maintaining trust relationships than the employees. They are involved in their day-to-day management and familiar with trading with local firms. Therefore, a wealth of helpful information can be gained from these in-depth discussions.

The researcher planned to interview fifteen Chinese managers to examine trusting business relationships. The sample size was determined because Saunders (2012) considered a minimum number for semi-structured interviews was five to twenty-five. Moreover, Morse (1994) suggested that qualitative researchers needed at least six participants to understand the nature of the experience. Qualitative researchers prefer a small sample size, but the supporting evidence needs to be sufficient to express the participants' opinions. Therefore, the sample size was initially determined considering the minimum requirements for qualitative interviews.

However, the final sample size is nine, and this is because, after nine formal interviews, it was found that some questions received almost the same answers from different informants, except for the industry-specific expertise. According to Bell et al. (2019), theoretical saturation means that all relevant information needed for a complete insight into the subject has been found, and no new information arises. Therefore, the researcher believed that theoretical saturation had been reached after conducting nine interviews and that no more interviews were necessary. In summary, the participants involved in the data analysis included the informants who participated in two pilot and nine formal interviews.

In this study, the respondents were diverse. They came from different industries, such as retail, education, and legal consulting, and varied in their management experience, ranging from two to more than fifteen years. According to Bell et al. (2019), sample diversity helps improve the study's credibility and the theory's generalisability. A brief profile of participants and their companies is presented in Table 3.1 below.

**Table 3.1:** *Details of Companies and Participants*

Interviews No.	Title	Industry	Years in Business Exchanges with New Zealand companies	Types of interview
Pilot interview 1	Manager A	Massage chair shop	5	Face to face
Pilot interview 2	Manager B	Legal consulting	2	Face to face
Interview 1	Owner C	Education agency	15	Online
Interview 2	Manager D	Accounting	2	Online
Interview 3	Owner E	Barbershop	14	Online
Interview 4	Owner F	Bike shop	3	Online
Interview 5	Owner G	Beauty salon	3	Online
Interview 6	Owner H	Franchise hotel director	15	Telephone
Interview 7	Owner I	Nursing home	10	Telephone
Interview 8	Manager J	Butcher shop	6	Online
Interview 9	Manager K	Construction Company	2	Face to face

### **3.4.2 Procedures**

A total of two pilot interviews and nine formal interviews were conducted in this study. The researcher first contacted several close friends, two of whom were working as managers in Chinese companies in New Zealand. Through further understanding of their work, the researcher confirmed they were in charge of the business trade with New Zealand companies, which is in line with the inclusion criteria mentioned above. Therefore, pilot interviews were conducted with them, which will be detailed in the next section. Then, the researcher used snowball sampling to extend the sample number (Cassell, 2015). She asked the two pilot



interviewees to recommend their acquaintances as other interview participants (Omona, 2013). Such referrals made it easier for the researcher to reach other potential interviewees to whom she might not otherwise have access. The researcher obtained five other participants in this way. Several requests were rejected because they may be too busy to attend interviews. Meanwhile, the researcher also checked the contacts on WeChat and sent about ten invitations to obtain more participants. After further communication, it was found that four people did not engage in management work, which did not meet the participants' criteria. Two others declined to be interviewed, possibly for fear of disclosing trade secrets. Finally, the researcher gained another four participants.

The researcher sent participants a formal invitation letter (Appendix A) and an information sheet (Appendix B) to inform them of the main topics of the interviews. Then, the researcher ensured that these managers were willing to attend the interviews and confirmed the time and place with them. She also let them know that they have the right to decline to answer any particular question and withdraw from the study at any time. Meanwhile, data anonymity and confidentiality were guaranteed. Before the interviews, the participant consent form (Appendix C) was also issued to the interviewees for signature, and an interview guide (Appendix D) was provided for scanning the interview questions.

Interviews for this study were conducted in Auckland, New Zealand, from January to March 2022. Interviews ranged in length from half to one hour. All interviews were conducted in Chinese to allow interviewees to express their views more clearly and accurately in their native language, which avoids misunderstandings and facilitates mutual understanding (Welch & Piekkari, 2006). The interviews were audio recorded with the participants' permission for data analysis, except for one interview. That interviewee did not want to attend

an interview if it was recorded. The unrecorded interview was described with detailed notes. The summary notes were then shown to respondents to assess their accuracy.

The researcher planned to conduct face-to-face interviews, providing visual cues that foster rapport and interaction between the interviewer and the interviewee (Gillham, 2005).

However, the COVID-19 global pandemic made face-to-face interviews difficult; thus, online interviews were chosen to gain rich data, reducing physical space distance, and providing a way to reach participants (O'Connor et al., 2008). This study adopted WeChat video online interviews. Video online interviews are the closest equivalent to face-to-face interviews (Hanna, 2012), which helped to see the immediate reaction of the interviewees. Moreover, WeChat is a frequently used application on Chinese managers' mobile phones. These managers did not need to download any new software or even learn how to use the software. It could be flexibly modified if either party needed to adjust the interview time temporarily. In addition, the researcher used telephone interviews with two interviewees since they were reluctant to use WeChat video calls and found it more convenient to make phone calls. Some scholars believe that telephone interviews are not the preferred method for in-depth interviews (Rubin & Rubin, 2005). However, after comparing face-to-face and telephone interview transcripts, Sturges and Hanrahan (2004) find that telephone interviews can be effectively used for qualitative research. For example, the researcher in this study found that the two interviewees were more relaxed during the telephone interviews and more willing to share their experiences and perceptions. In addition, the telephone interviews seem more private. The interviewees felt comfortable expressing opinions they did not feel appropriate to discuss publicly. After the interviews, the recordings and transcripts were kept on the researcher's personal computer only for data analysis.

### 3.4.3 Pilot Interviews

In this study, pilot interviews were adopted, which helped to identify and adjust for potential problems (Sampson, 2004) and ensure the validity of the overall study (Majid et al., 2017).

Two Chinese managers were invited to attend the pilot interviews according to the inclusion criteria. They are respectively from a massage machine company and a law firm. The researcher got their consent and made appointments with them. During these two interviews, the prepared interview questions were asked. Some further questions were raised for an in-depth discussion, and notes were taken. Both took about one hour.

The researcher checked whether there were any omissions or ambiguities in the interview questions and then revised the questions. In the pilot interviews, the researcher divided the interview questions into two broad areas: trust and culture. She tried to ask questions from different views and obtain richer data; however, after she did the two pilot ones, several questions appeared duplicated and received the same answers. Therefore, the researcher revised the interview questions and reduced the number of questions. In addition, some probing questions were prepared to obtain comprehensive details. The interview guide (Appendix D) presents the formal interview questions. Since the questions in the pilot interviews have not been significantly adjusted, the data obtained in the two pilot ones was also included in this study's data analysis. Therefore, the final data of this study was based on eleven participants, comprising informants who participated in two pilot interviews and nine formal interviews.

### 3.5 Data Analysis

In this study, the researcher followed the thematic analysis process proposed by Braun and Clarke (2006), starting from transcribing, and familiarising herself with the data, generating codes, reviewing, defining themes, and finally producing the academic report. In addition, this study used the coding techniques that Strauss and Corbin (1990) advised to generate the categories and themes. This section will detail the thematic analysis phases in the current research.

The researcher first transcribed each audio interview recording word by word, providing a chance to put herself back into the discussions again to accurately capture the participants' words, expressions, and related descriptions. This helps the researcher gain a textual data pack for further reading and analysis (Hennink et al., 2020) to better understand and interpret the research evidence (Bird, 2005). To make sure that participants' views were thoroughly understood and not omitted, the accuracy and completeness of each verbatim transcript were repeatedly checked through the recordings. Although the initial data familiarisation was conducted after the verbatim interview transcripts were ready, the researcher also read and re-read the whole data set and re-listened to the recordings, immersing herself in the interview content to clarify possible misunderstandings. Further, the initial thoughts were also noted to capture meanings and recurring or underlying themes related to the research questions. After thorough data familiarisation, the researcher started to code the data.

The current study is based on semi-structured interviews; thus, the interview transcripts had to be compared and classified to pursue thorough data analysis and generate a theory. The researcher adopted the coding technique presented in three stages by Strauss and Corbin (1990): open coding, axial coding, and selective coding. In the open coding stage, which is

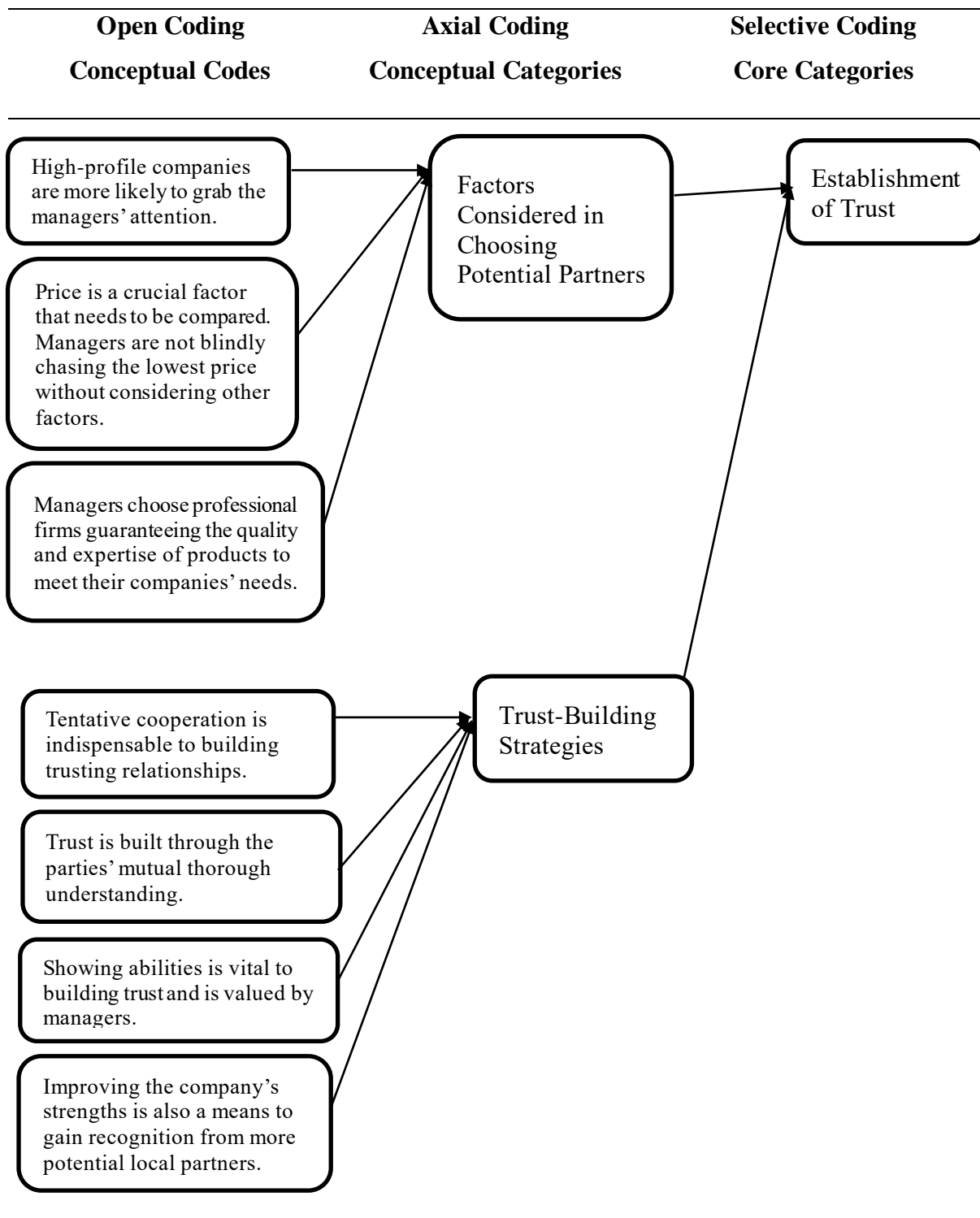
the preliminary qualitative data analysis process, the researcher tagged fragments of interest across the database. The data was split into meaningful discrete paragraphs and coded with concepts by a word or phrase. The related contextual data was also extracted to understand participants' perspectives better and avoid misunderstandings due to data loss to facilitate further analysis. In axial coding, the researcher started to make connections among the codes generated in the previous step. The initial codes and corresponding data were read and understood, after which the relationship among the codes were accessible, and related codes were regrouped, producing a list of more general and conceptual categories and related extracts. In this step, the researcher combined several codes, which appeared repeatedly and were relevant to the research questions, into themes. Finally, the researcher considered the relationship among those potential themes and produced an overarching category in the selective coding step to generate a unified and holistic picture. In this stage, all the themes were kept since any themes initially scheduled to be discarded might be found valuable when reviewing them again.

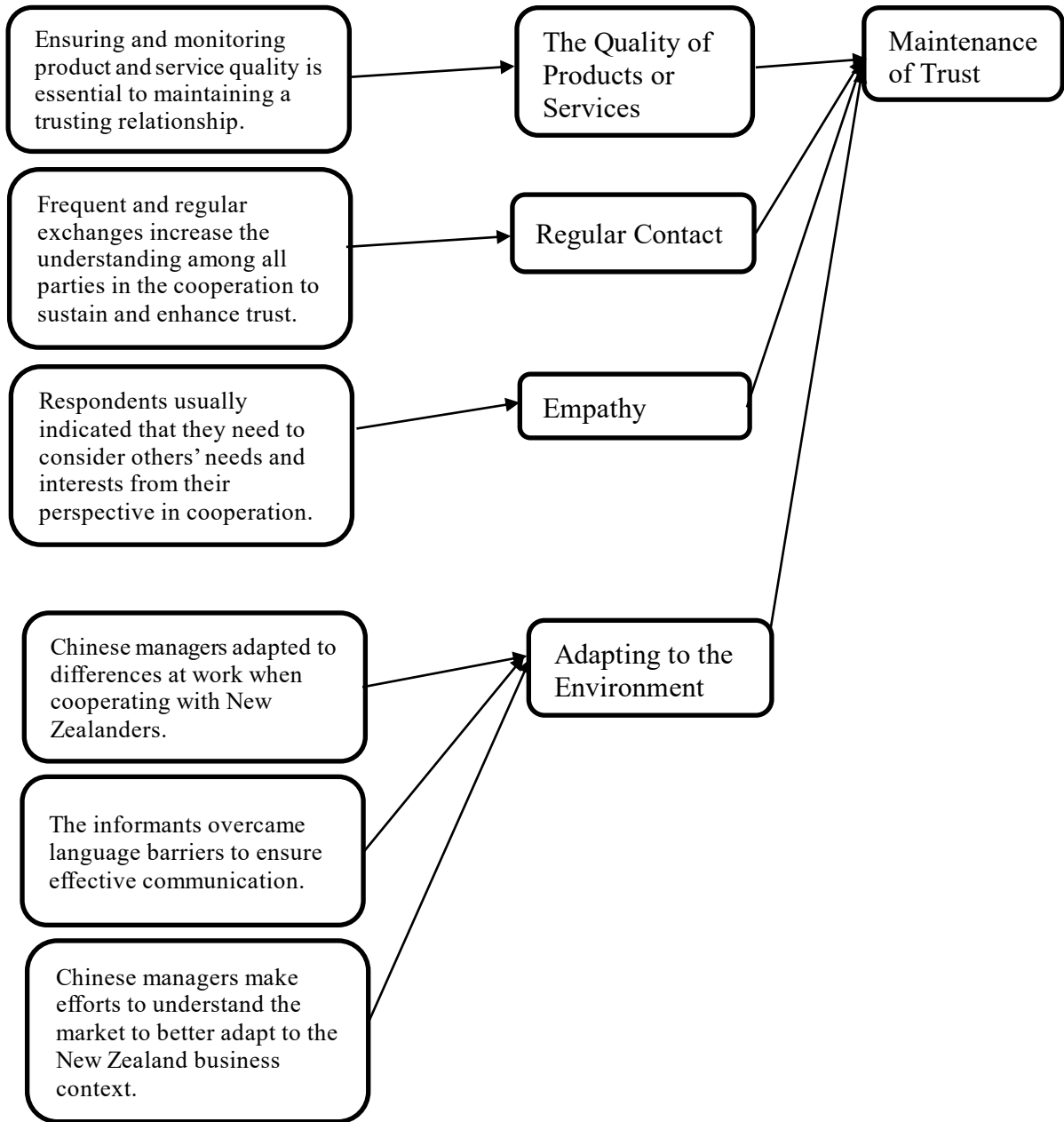
After the coding stage, the researcher adopted the reviewing phases proposed by Terry et al. (2017) to ensure that the themes match the codes, and that the entire dataset answers the research questions. The first stage of review concerns the themes and code-related extracts within each theme. After re-reading all code-related segments within each theme, the researcher analysed whether each theme matched the related data extracts. In detail, the researcher examined whether each candidate theme captured the core topic of the corresponding extracts and ensured the data extracts were relevant to the theme topic. The second stage of review is for the entire dataset. The researcher re-read the entire dataset, identifying whether relevant themes were missed in the initial coding stages. There seemed to be some missing; thus, the researcher re-coded the data. In addition, the researcher evaluated

whether each single theme worked well across the entire dataset and generated a thematic analysis map.

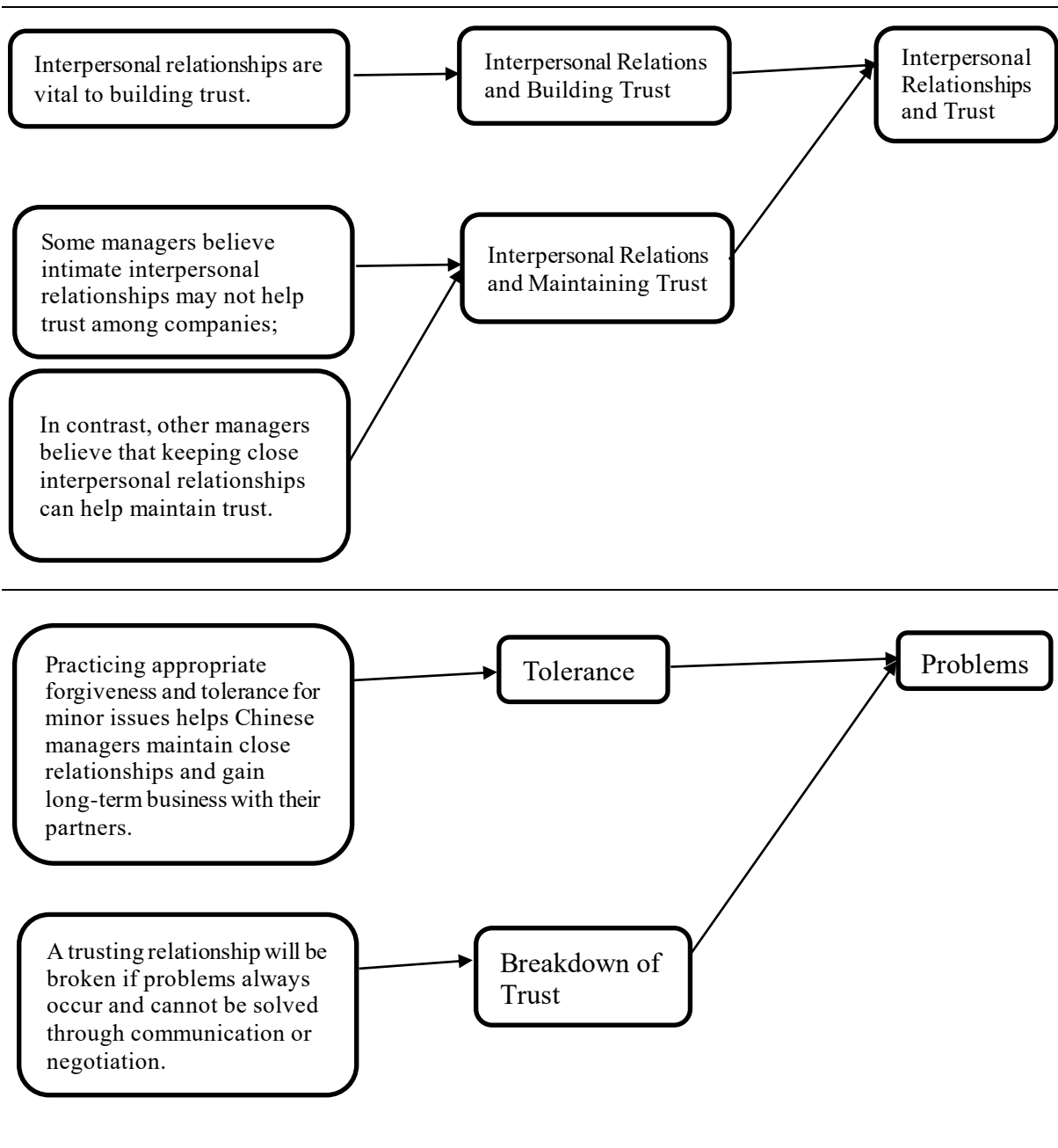
In addition, the researcher defined and refined the themes further and analysed the relevant data. The researcher found some overlaps, so these themes had to be refined, and their meanings were clarified again. Moreover, some themes were complex, so sub-themes were organised to clarify the topics. The researcher also made sure the theme name was concise and explicit, reflecting the core meaning of the theme data. In summary, an overview of the data structure is presented in Table 3.2 below.

**Table 3.2:** *The Establishment and Maintenance of Trust*









Finally, after familiarising herself with the data, generating codes, reviewing, and defining themes, the researcher selected sufficient and relevant evidence for each theme to write an academic report.

### 3.6 Ethical Considerations

The researcher and supervisors considered and discussed some possible ethical issues in this research, and then the Massey Human Ethics Committee assessed the research as low risk. After identifying eligible participants, the researcher asked about their willingness to participate in this research to make sure their participation was voluntary. The Invitation Letter (Appendix A) was sent to potential participants to give them an initial understanding and help them to decide whether to participate in this interview.

Before the interviews, the Information Sheet (Appendix B) and Participant Consent Form (Appendix C) were sent for participants to sign to show they understood the research-related issues and their rights. In the Information Sheet, the research topic, the approximate time required for the interview, and the interviewees' rights were stated. It showed that participants could withdraw from the study at any time.

Interviews were then conducted in a friendly manner as scheduled and recorded for data analysis with the participants' permission. Identifying details were anonymised, and the interview recordings and transcripts were kept on the researcher's personal computer to ensure data confidentiality. These data will be stored for a period not exceeding five years; after that, they will be disposed of securely.

# Chapter Four Results

This study examines how Chinese managers in New Zealand establish and maintain a trusting relationship with local companies. This chapter presents the result in relation to the four research questions listed below. Materials in this chapter were published in Meng and Yang (2022).

This thesis addresses four research questions:

1. How do Chinese managers establish trust with New Zealand companies?
2. How do Chinese managers maintain trust with New Zealand companies?
3. How do interpersonal relationships affect trusting relationships among Chinese and New Zealand companies?
4. What problems do Chinese managers encounter in the trusting relationships with New Zealand companies, and how do Chinese managers deal with these problems?

This chapter is organised as follows to address these questions. The first section illustrates how Chinese managers build trusting relationships with New Zealand companies. The maintenance of trust is examined in the second section, followed by interpersonal relationships and trust. The last section is about the problems encountered by these Chinese managers. Finally, a trust model is created to explain the findings of this research.

## 4.1 Establishment of Trust

This section reports findings related to establishing trust, including factors considered when managers choose potential partners and trust-building strategies mentioned by the interview participants.

### 4.1.1 Factors Considered in Choosing Potential Partners

The results indicate that high-profile companies are more likely to grab the managers' attention. When renting an office, Manager B prefers to choose well-known large agencies.

He pointed out,

Companies with a reputation in commercial leasing are better able to find more suitable commercial properties than smaller Chinese companies. These companies are large-scale, and we trust them on the business side. Therefore, in addition to the leasing cooperation, we will also introduce some of our customers to them for housing-related matters (Manager B).

He believes that the popularity of a brand in the industry is a symbol of strength. It represents the organisation's operational capabilities and reflects people's overall evaluation of whether it is good. All this makes trust and long-term relationships more likely.

Franchise hotel Owner H also said her agents usually refer guests to her because of the reputation of the hotel. Its characteristics have gained the guests' and brokers' approval, facilitating cooperation between the hotel and the broker. Long-term cooperation is based on mutual understanding and respect.

The price of products and services is also of great concern. Price is a crucial factor that needs to be compared when Manager A chooses the rental stores' location and which logistics company to use. Likewise, hotel Owner H emphasises, "price is the first consideration no

matter what we do”. That is because these expenses have an impact on the costs of running their business.

Managers are not blindly chasing the lowest price without considering other factors.

Participant E, an owner of a barbershop, said, “quality is the most important factor, and a reasonable price is fine” when he talked about choosing an interior decorating company. He considers not only the price but also whether the actual capabilities of the partners can meet his needs. In addition, participant I, the owner of a nursing home, attaches more importance to pharmacies’ service attitude and after-sales service. Therefore, the results indicate that people tend to be more willing to make further contact with potential partners who can provide a higher-quality service or product.

In addition, some respondents indicated that they choose firms that can guarantee the quality of products and the professionalism of services to meet their companies’ needs. The nursing home Owner I said,

The regular disinfection of the nursing home has been handed over to the company specialising in hospital cleanliness. They come in regularly to cleanse the toilets and the public areas. For some medical devices, we can only choose from a few professional companies recognised by the State (Owner I).

It shows that this owner chooses certified companies to gain professional products and services. As a nursing home operator, she focuses on the quality of all products and services, such as medicine and disinfection of the nursing home. This helped her to obtain customer satisfaction on the basis of meeting the requirements of the Ministry of Health.

Similarly, Owner G of the beauty salon aims at the New Zealand market, so she will choose partners specialising in the local beauty market and recognised by local consumers. She stated,

First, I chose a New Zealand supplier which specialises in supplying local beauty shops. I knew the company when I was in a local beauty school. The company has considerable expertise in beauty products and is popular in New Zealand. In addition, when choosing a marketing company, I will also cooperate with a Kiwi company. I compared the copywriting of several companies. I think the copywriting in this company is more professional than others. It can better reflect my beauty salon's characteristics while meeting local consumers' preferences (Owner G).

None of this means there are no appropriate Chinese partners. However, in her opinion, a company with a native cultural background would know the local market better and meet her needs.

In sum, the results show that the three primary factors influencing managers' or owners' choice of potential partners are company reputation, price, and quality of products or professionalism of services.

#### **4.1.2 Trust-Building Strategies**

When informants talk about how to build trust, it unfolds from four perspectives: tentative cooperation as a trial which may lead to a trusting and long-term relationship, in-depth communication promoting understanding after selecting potential partners, showing their abilities, and improving their strengths.

##### **Tentative Cooperation**

While many factors influenced respondents' choice of potential partners, they agreed that tentative cooperation is indispensable to building trusting relationships. When faced with a new customer, they will try to work together once. For example, the franchise hotel Owner H bought some products from her new potential suppliers to decide whether there would be further cooperation when selecting some daily hotel consumables. She said,

I will try it if I think this company is good, but I have not known about it before. They may give us some discount on the price, but I will continue ordering only

when the quality and service meet my requirements; otherwise, I will not continue to order their products (Owner H).

It shows that initial attempts at collaboration provide a way to get to know each other better and help Chinese managers to build trust with new partners. This view was echoed by Manager A, who said, “we will try out the company to see how their service and efficiency are and keep working together if they are good”. Manager A’s view was shared by Owner E, who also wants to try a partnership and see whether the partners can meet his requirements and be trusted.

Moreover, trust-building is thought to take time, so initial cooperation in a trial period is essential to establishing trust. Manager B from a law firm noted,

When there are some complex cases, our customers are required to go to the High Court of New Zealand. We do not have extensive experience handling relevant cases and lawyers with sufficient competence, so we have to choose sizeable local law firms to help us deal with complex cases. To be accountable to our clients, we seek a large law firm and try to keep it in charge of our client’s cases from start to finish. In this way, this local company knows the cases well and can better serve our customers. Therefore, we will not easily change the partnership once we confirm it. In all, this law firm needs to go through a run-in period. We choose to work with a business that we find efficient and can help clients solve problems (Manager B).

From the perspective of Manager B, after a period of investigation and cooperation, he found that his partnering firm could address his clients’ issues promptly. This local law firm was considered reliable and trustworthy, so he would not look for another one.

In agreement with Manager B, Manager K from a construction company asserted, “it takes time to establish trust. Trust grows in a gradual process”. He provided an example,

When I choose a painter, I will give him a job and see how well he does. If I find he can do good work and the price is fair, I will begin to trust him. When I have a job vacancy, I will hire him again. It also applies to an inspector in the council that I worked with. We may have cooperated dozens of times, so he trusts my company and me. If he discovers some minor problems in my project, he will give me more time to remedy the issues. I will also fulfil my promise to complete the work. Otherwise, my project may not pass the check and fail immediately (Manager K).

Manager K's response indicates that through communication and trial cooperation, it can be judged whether the other party is worthy of trust through the actual work ability.

In addition, Owner C from an education agency shared his experience of gradually building trust with local educational institutions when he had just entered the New Zealand market. He elaborated on it,

Everything was new for us at the beginning of our arrival in the New Zealand market. My company had no connection with the local schools, nor was it known or recognised by them. As cooperation increases, our responsible attitude towards students' study and relationship with host families, as well as our ability to adapt to the local environment and deal with clients, has won recognition from several schools. At the same time, our cooperative educational institutions take students seriously, which makes us comfortable to send students to them (Owner C).

This indicates that both parties' working attitudes have been recognised by each other with the deepening of cooperation. The tentative cooperation helps mutual understanding; thus, the trust would be created during this period.

In summary, these results show that trust gradually emerges out of tentative cooperation.

Trust is seen as something that takes time to build, rather than happening overnight. At the same time, the understanding among the partners needs to be enhanced through some tentative cooperation.

## **Thorough Understanding**

The results found that most respondents agreed that trust is built through the parties' mutual thorough understanding. When the managers are looking for a potential trusted partner for their business, they want to know as much as possible about the other party first and then have in-depth exchanges with the person in charge of the other party to decide whether there is a possibility of cooperation. For example, Manager A mentioned,



I will first get to know the company through its website and Google reviews and ask its partners about them. If I think this company is good and can cooperate, I will make an appointment with them. Face-to-face is better than by email or phone calls. We can meet to promote mutual understanding and get to know each other in detail and depth. Visiting the actual company can assist me in understanding the company more intuitively. Then, through conversation, make sure what promises or benefits the other party can give you and how they cooperate in the project (Manager A).

Manager A regards research before approaching potential partners as essential. She will first ascertain the size and strength of the company through the Internet and her network.

Furthermore, Manager A also mentioned face-to-face communication. She went to the other party's physical office to see the daily operation, which promoted understanding and thus inspired trust in the other party. Owners E and G also mentioned similar views. They stated that online research and screening would lay the foundation for identifying potential targets for further contact, and after that, managers would try collaborating to facilitate further understanding.

Similarly, Manager B also mentioned a similar point of view. He added,

When you communicate with your possible partner, you can feel whether he is reliable. For example, whether their work attitude is rigorous. Also, does the actual situation meet your expectations? Your communication will be about the specific details of the cooperation. What can you get from the cooperation that you know from the conversation? Is it the same as what you expected? (Manager B)

Therefore, when Chinese managers are looking for a trustworthy partner, they try to obtain an in-depth understanding of them through the official information displayed by the other party, the partners' feedback, and communication.

## **Showing Abilities**

Showing abilities is vital to building trust and is valued by managers. Therefore, when asked how to establish a trusting relationship with a local company, Manager A believed, "I will show my strengths or successful cases to give the other parties an accurate assessment of my ability". She thought that reliable abilities were convincing.

As a seller, bicycle shop Owner F also expressed the importance of showing his products and service when accessing new partners to expand his customer base and cultivate partners capable of long-term procurement. He explained,

I usually go to their shop or call them to establish an initial relationship with them. On that basis, they might be interested in buying several bicycles or accessories from us first. We will give them the best service and call them for feedback. After that, they generally will continue working with us (Owner F).

This suggests that showing abilities through appropriate cooperation can accelerate and deepen the process of mutual familiarity; thereby, he could improve his company's profile and reputation among local companies.

## **Improving Strengths**

Moreover, improving the company's strengths is also a means to gain recognition from more potential local partners. Owner E said, "if the service is in place, and the product is good, customers will naturally recommend you. It is word-of-mouth advertising". He believes that companies whose services and product quality are recognised are more likely to gain recognition and trust from new partners.

Similarly, Owner C specifically described how, as a study abroad agency, it had been recognised by well-known universities and private schools in New Zealand. He revealed,

Some outstanding schools do not sign contracts with small agents because you cannot introduce a student for years. What measures do we need to take? In terms of our industry, we can send students through other institutions. When your amount is up to their criterion, they will consider us. It depends mainly on the capabilities of the company. We can increase publicity, make market plans, invest in more markets, and tap more channels to obtain more customer sources. Then we will fight for the right to become the agents of these schools (Owner C).

The results show that managers attach great importance to improving their strengths. They think their ability to become better can help them gain their potential partners' recognition

and trust. At the same time, they also regard improving their capabilities as essential to the company's development.

In summary, the results of this section suggested that Chinese managers build trusting relationships by selecting potential partners using three major factors: company reputation, price, and quality or expertise of products. They also mentioned four trust-building strategies: tentative cooperation, thorough understanding, showing abilities, and improving strengths.

## **4.2 Maintenance of Trust**

This section comprises findings about how Chinese managers maintain trust with New Zealand companies, including guaranteeing and evaluating the quality of products or services, keeping regular contact, feeling empathy for business partners, and adapting to the local environment.

### **4.2.1 The Quality of Products or Services**

Respondents frequently brought up the quality of a product or service, which occupies an important place in business trust relationships. It is supported by Manager K, "I value the actual performance of my partners at work, even though there is already a certain sense of trust between us". He gave an example, "every house needs to be painted, so we have cooperative relations with some companies. However, we still need to look at their actual work performance to choose". It shows that the choice of partners is flexible in business cooperation. It is rare to see an either-or situation. Therefore, people's demands for actual work quality cannot be ignored. Manager K also said, "if I have worked with this company many times, and they can always meet my requirements, I will choose their company next

time”. Trust is already created and stable when partners consistently meet the required standard.

In addition, service quality is also valued. Owner C revealed, “when we introduced students to local schools, we were also constantly improving our service”. His study abroad agency helps students build strong connections with schools through professional and meticulous work. This makes both sides more willing to cooperate closely. Having a flexible and responsible service attitude is of great help in meeting partners’ needs, which is also one of the ways to maintain trust.

This view was echoed by Manager A, who said, “we often have multiple responsibilities for one person; thus, we can help customers solve problems as comprehensively and quickly as possible”. This shows that Manager A uses a multi-tasking approach to help her customers or partners deal with issues more efficiently; thus, the company tends to be more reliable, and their cooperations seem more stable.

The evaluation during the cooperation process is essential to guarantee the actual work quality and thus facilitate the continuation and development of trusting relationships. In this study, business managers usually face and arrange assessments regularly. According to hotel Owner H,

As an owner, I was not allowed to run this hotel as a director when I first took over it. The headquarters require us to be personally responsible for the work as a manager at the beginning. The daily routine includes assigning and checking tasks, ensuring the leaders’ arrangements, taking part in staff training, doing accounts, and other paperwork, et cetera. Until I fully understand and master these day-to-day issues, I cannot hire a manager responsible for them (Owner H).

The findings show that the headquarters ensured that she was familiar with the daily operations to guarantee the hotel’s smooth running after changing to the new owner; therefore,

the headquarters are confident that the company's reputation cannot be destroyed easily, which helps to sustain trust in their business relationships.

The hotel headquarters also monitor the daily operations through their system. Owner H also revealed,

The headquarters supervise the hotel operation, such as whether the requirements are fulfilled every time. Each director has a system, and they will put specific requirements on it. Then, we have the training and regular test, which will be graded. In addition, we have two-to-three-day conferences every half year. This meeting is to hand over tasks and assess us. A third-party company may come to the meeting to evaluate our business (Owner H).

The headquarters supervise not only the hotel operation but the suppliers designated by them. Owner H said, "we can report any problems in our cooperation with these suppliers, and they will help us solve them". The headquarters' supervision assists in maintaining the quality of daily operations and their trusting relationship.

Moreover, Owner H also arranges reviews and training for employees to ensure high-quality operations. She stated,

We also have a review system for our staff. There are regular assessments, which will be marked. Workshops will be held every few months, with related content for various positions. For example, the tests for receptionist, leader, supervisor, housekeeper, and manager will all be different targeted content (Owner H).

It is noted that the relevant evaluations of cooperation are necessary. The quality of work is an essential measure of the quality of the relationship, which is also an essential part of keeping mutual trust among partners.

To sum up, ensuring and monitoring product and service quality is essential to maintaining a trusting relationship. A responsible and flexible attitude is more conducive to meeting partners' needs, improving satisfaction, and promoting further cooperation.

## 4.2.2 Regular Contact

The results indicate that frequent and regular exchanges increase the understanding among all parties in the cooperation to sustain and enhance trust. Construction Manager K expressed,

In New Zealand companies, work and rest time are generally separated, not mixed. It is easier to maintain this relationship. Our company will give me a card, and I will buy small gifts as needed. On the construction site, I usually chat or send small gifts, such as a pack of cigarettes or a cup of coffee. There might be little cards or wines for Christmas. This constant communication and my charm help them trust me more than before (Manager K).

He found that this frequent communication assists him in establishing his image to leave a positive and deep impression on the other party.

Similarly, Owner H said that the designated suppliers of their hotel actively and regularly keep in touch with her. She described,

They would email us once a month and tell us they would be visiting. We will have a simple communication, such as how is business these days? Then, we will get familiar with each other. To make us their loyal, long-term customers, they will often visit even if they are the designated suppliers. They also give small gifts during the holidays and some chocolate when they deliver the goods (Owner H).

Therefore, these simple exchanges promote more direct communication between managers and help stabilise the business relationship and maintain trust.

Continual communication and exchanges can also make sure the work processes are proceeding well. Manager A reported, “we often have email exchanges with cooperative companies, such as logistics, shopping mall, and decoration companies, to communicate and clarify that they are carried out smoothly”. The construction Manager K also said he often communicates with subcontractors to monitor and supervise their progress. At the same time, he needs to be in constant contact with engineers, council staff, designers, and clients to ensure that projects are followed up and modified as necessary. It facilitates partners’ understanding of the building-specific situation so that problems can be solved immediately,

and the interests of all parties are protected. Therefore, maintaining a smooth communication channel ensures the project runs smoothly, thereby increasing mutual trust.

In addition, regular contact can facilitate better and more cooperation. Manager B concurs with this. He said,

We will not contact our partners every day, but we will keep in touch with them. And if there is a suitable client for them, we will introduce them. This way, when our clients have a need or a problem, we let them know, and they will take care of it immediately (Manager B).

This shows that maintaining periodic exchanges helps both parties keep in touch with each other. When confronted with some problems, everyone can respond efficiently.

Likewise, hotelier Owner H believes that she needs to keep a close relationship with her brokers to obtain more business. She explained,

We are the same as our suppliers who want to maintain a connection with us. We also strive to keep in touch with our brokers or agents, who will recommend hotel guests. When they send customers here, they will call us, and we will have some simple greetings and small talk. During festivals, we will give them some small gifts, and email or phone them with New Year greetings. We maintain positive relations with them so that they continue to give us consumers (Owner H).

This indicates that maintaining links with partners is also a primary means of operating the trust relationship.

Overall, respondents generally agree that keeping communication flowing and establishing a mechanism for regular visits is necessary to foster and sustain trusting relationships.

### **4.2.3 Empathy**

Respondents usually indicated that they need to consider others' needs and interests from their perspective in cooperation. Manager B said, "if the customers are willing to let us deal with their business, that is trust. They believe in us and want to cooperate and do business

with us”. Therefore, to maintain this trust, he puts himself in the position of his partners to consider the problems that may be encountered, prepare in advance, and give solutions.

Manager A, who has been a manager of three stores in a massage chair company for more than five years, saw trust as a steady partnership. She has several long-term partners comprising the transportation company, the publicity material printing company, and the shopping centre. They have cooperated for many years, and tasks can be completed on time without delay. The parties with a trusting relationship have a particular tacit understanding and will think about each other. When Manager A talked about a regular express partner that often delivers large furniture, such as massage chairs, for this massage company, she pointed out,

Our fixed courier company will give priority to our delivery. In addition, after the customer places an order, we will contact them, and they will reserve time for us. At the same time, we will also put the massage chairs ordered by consumers in the designated location in the warehouse for their convenience, which helps them save time (Manager A).

In this cooperation, both parties put themselves in the other’s shoes and consider the needs of the other. The delivery company prioritises orders from its business partner, which can help the massage chair company give its customers the fastest delivery service. At the same time, Manager A provides convenience for the express company. In this way, both sides are very satisfied with each other, and a stable cooperative relationship has been established.

Education agent Owner C also identifies that cooperative partners should consider others’ specific needs in the cooperation. He expressed,

When we help students contact homestays, Chinese parents usually have some sensitive requirements. However, if we tell the school directly, it may negatively affect the children and us. Therefore, with the accumulation of our work experience, we need to politely refuse and flexibly communicate with the school based on consideration for both sides. In addition, many Chinese students may be introverted and not good at communicating with others, but this will make homestay families



feel disrespected. So, we need to talk to the school and the students and explain the situation to avoid misunderstandings (Owner C).

In this way, he can prepare for the problems his partners may face, enabling them to have satisfactory experiences in cooperation. Therefore, perspective-taking can provide positive factors for maintaining trust.

#### **4.2.4 Adapt to the Environment**

The findings show that most Chinese managers adapt to the environment from three aspects: differences at work, language barriers, and understanding the market through communication with consumers and related activities within their industry to maintain a trusting relationship with partners.

##### **Differences at Work**

There is a clear separation between work and life in New Zealand. Manager K said, “when it is office hours, New Zealanders work. However, when they go off duty, they will not”. It is different from the usual thinking of Chinese managers. This is echoed by Manager A,

Even if customers have problems while we are relaxing at home, we are still required to respond immediately. Otherwise, we may get a penalty or lose a customer. But local companies will not respond to us after working hours, which may sometimes affect efficiency (Manager A).

They know that for Chinese people, it is common to work after hours, which means daily life and work are mixed. However, it is not the case for New Zealanders.

Manager D also shared the same opinion as Manager A but thought it was not a big problem. He said, “local companies work fixed hours, pushing us to deal with business before getting off work. Otherwise, we cannot find someone. But it is a relatively minor thing, and we can handle it”. It shows that Chinese managers have adapted their work process to an

environment with a clear boundary between work and life so as not to delay their daily work. The adaptation is reflected in their ability to get things done or complete exchanges with local businesses before closing time.

Apart from differences in working hours, Chinese and New Zealand managers' preferred communication methods are also different. Local companies like to communicate by email, but Manager A complains, "sometimes the response is slow and may affect the efficiency". This is supported by Manager B from the law company,

Sometimes it is not so convenient to communicate with my clients only through email. I sent an email, but the reply from the other side may be pretty late, and it is not quick enough. I usually need frequent and thorough communication with customers to understand the cases in detail. However, email is not suitable for this type of conversation. So, in daily work, I prefer to talk through the business. I will make phone calls, which enables customers to contact me immediately. It directly brings problems into the conversation and allows us to communicate thoroughly. Besides, there will be many face-to-face talks. I bring consumers to our company so that they can see me. And through these exchanges, they will trust me more than before. It is the same whether I face Chinese or Kiwis (Manager B).

The quote shows that Chinese managers prefer a phone call for urgent business and face-to-face conversation for thorough communication. However, to adapt to the New Zealand environment, they exchange emails as compelling evidence of business cooperation to protect the interests of all parties.

The working differences between Chinese and New Zealand companies also affect the contract issue. According to Manager A,

Chinese companies are generally used to verbal agreements and prefer working with companies with connections, or with friends. In New Zealand, even if the partners are recommended by friends, the New Zealanders must have a contract for this cooperation. They value paperwork more than oral communication (Manager A).

Although Manager A believes Chinese managers prefer oral agreements, Owner E from a barbershop argues that contractual constraint provides security for both parties. The barbershop owner expressed that it was clear in black and white after the two sides negotiated,

so there was no problem with overdue accounts in his experience. This shows that some Chinese managers have adapted to value the vital role of contracts in cooperation to safeguard their rights and interests.

## **Language Barriers**

Although many of these managers have many years of working and management experience in New Zealand, they still face problems caused by unclear communication. Manager A said,

Because of the language gap or communication error, we may not have clearly articulated our requirements when talking with the interior decorating company. As a result, the decorating company used fragile materials for the frame on the ground of the current store. Now the frames have been trampled down, which does not look very good (Manager A).

It shows that unclear communication in cooperation can easily bring losses, affect satisfaction, and thus erode the trust in the relationship.

More seriously, Manager D told me his company lost an essential customer due to unclear communication. He revealed,

Once, our company had a crucial confidential document to be sent to Christchurch. We rented the office from Kiwis and had to ask them to help us send the letter to the customers. Due to communication errors, we may not have clarified that the letter was essential and must be sent to the customer on the same day. I gave them the letter at 4:30 at that time. They might have thought it did not matter and that next-day delivery would be fine. Finally, I lost the client because the confidential document was not sent out that day (Manager D).

This indicates that miscommunication may cause excess costs or even loss of customers. This failure may be due to the fact that Chinese managers may not clearly state their needs, and they tacitly assume that local companies would understand their needs and cooperate with them according to their working habits.

However, Manager B has a good solution when faced with the same language-based communication problem. He expressed,

First, we have half Kiwi and half Chinese lawyers. Chinese lawyers' English level can reach the level of their mother tongue. There is no language barrier. It is crucial to help customers solve language problems. Communication is vital to ensure smooth communication and clear cases to help customers solve problems. For example, some Chinese clients may trust local lawyers more than Chinese because they may feel that local people know the local laws better but may have language barriers. Then we will match them with a Chinese assistant lawyer with excellent English who can do the translation work (Manager B).

This indicates that there are ways to address language problems and the lack of clarity in communication in their collaboration, but it requires some exploration.

## **Understanding the Market**

Most participants mentioned that they would work hard to become familiar with the local environment to improve their understanding of the local market, cooperate with partners better and maintain their trust. First, these Chinese managers value customer feedback, which helps them understand the market's needs. For example, Manager A said she would use Facebook, the locals' preferred method of casual information sharing, to gain customer feedback on their products. Her company also participates in festival events held in shopping centres to understand and integrate into the market. This view was echoed by another informant, Owner G, from a beauty shop. She said, "we chat with the guests while doing the beauty treatments, which helps us establish a better relationship with them to understand their culture and preferences better". This shows that Chinese managers will get information about the market from their customers to improve their services or products and obtain more cooperation opportunities.

Second, the majority of participants mentioned attending activities and conferences organised by professional associations and related websites. Owner F of a bike shop said,

As for our industry, I read news about this area, take part in bike shows and exhibitions, and maintain contact with some bicycle associations. When customers enter the store, they also inform us what vehicles they want. It helps me get familiar with the bicycle industry and increase my experience (Owner F).

This opinion is consistent with that of Owner H, a hotel franchise director. She described,

The Hotel Association has a website, which I visit to see what is happening in Wellington or New Zealand. Based on this, I will learn a lot of information about the business. The monthly large-scale activities are posted on the site, usually a year in advance. Moreover, since I am in the hotel industry, I will also pay attention to hospitality-related information (Owner H).

This suggests that attending industry-related activities helps Chinese managers improve their business skills through communication and understanding the needs and specific environment of the New Zealand market to better cooperate with partners and integrate into the local market.

In summary, the results show that it is imperative to adapt to the environment to maintain trust in business. After Chinese managers established a trusting relationship with New Zealand companies, they mentioned that different work habits would cause minor problems. They are required to adapt to these circumstances. Language barriers often cause communication errors, resulting in extra costs or even the loss of cooperative partners. At the same time, Chinese managers need to learn their clients' needs to better understand and integrate into the local market. They also attended activities organised by professional associations and related websites to understand the market.

### **4.3 Interpersonal Relationships and Trust**

This section reports on how interpersonal relationships affect building and maintaining trust. The finding shows that Chinese managers tend to regard personal relations as essential in business relationships, but this is not always the case.

### 4.3.1 Interpersonal Relations and Trust-Building

The results show that interpersonal relationships are vital to building trust. The participants interviewed in this study believed that interpersonal networks provide them with more opportunities to gain trust from unfamiliar companies. For example, Manager A asserted,

If there is a trusted connection between people, then it can be extended to between companies. When there is an area of cooperation between companies, priority will be given to companies with people you trust. It is the same with New Zealanders (Manager A).

This shows that trust among companies tends to be established more easily when interpersonal trust exists.

Moreover, Manager B put it more directly, “I represent my company when I go out and talk business with representatives of other companies. We naturally cooperate after we trust each other”. He believes interpersonal contact facilitates mutual trust, providing greater possibilities for building a trusting business relationship. Interpersonal trust among companies is essential because these managers recognise that organisations are made up of people. If the person in a company is considered reliable, this company would be trusted to cooperate.

Some respondents suggested that personal relations can even help to expand their business. Manager D from an accounting company pointed out, “at one time, we wanted to expand our customer base through marketing, but it was found that the effect was not very significant. Instead, recommendations from our customers turned out to be more effective”. More importantly, personal relationships can also provide potential opportunities for collaboration. When the barbershop Owner E explained how he chose the company to help renovate his store, he said,

The owner of that renovation company is a regular customer of mine, and we often chat when he comes to get his hair cut. We are on good terms, so I know he is a nice guy, and his company is in the decorating area. So, I think of him when I want to decorate my barbershop (Owner E).

The intimate interpersonal relationship means both sides understand each other; thus, they trust each other, which promotes business cooperation.

However, personal relationships are only one of the factors that influence cooperation in New Zealand and may not be as important as when doing business in China. Owner C stated,

We do not attach a lot of importance to human relations when contacting local companies, schools, and government departments in New Zealand. When we contacted local schools, we found that some schools had marketing employees who were my former colleagues or friends. This kind of relationship provides convenience in communication and cooperation. It improves the efficiency of collaboration, but it is not as important as in China. Everything we do in China has to be done through pulling strings or acquaintances; otherwise, there will be too much trouble, or it will take a lot of time. In New Zealand, this is not the case. To get things done in New Zealand, you do not have to know people (Owner C).

The quote indicates that the quality of personal connections does not play a decisive role.

Similarly, Manager J of the meat shop said,

Business in China usually involves talking about business at the dinner table, and managers pay more attention to each other's feelings. Establishing a business relationship between two parties who do not know each other is difficult. However, when I first got in touch with the local slaughterhouse, we could work together very smoothly. We all respect each other, and there is no inconvenience (Manager J).

One of her experiences is that people are generally open to collaboration, whether they have personal relationships or not.

To summarise, personal relationships can be considered a factor that affects trust-building.

However, Chinese managers do not seem to think interpersonal relations in New Zealand are as vital as in the Chinese context.

### 4.3.2 Interpersonal Relations and Trust Maintenance

The results of the current study show different views on whether a close personal relationship affects maintaining trust. Some respondents thought it did, while others thought it did not matter.

Some participants agreed with the statement that a close interpersonal relationship with the cooperative companies is conducive to maintaining trust. Construction Manager K, who is on good personal terms in most partnerships, said, “the friendship with our cooperative partners is essential when doing the construction”. He believes that friendship makes their cooperation smoother. For example, when a minor problem occurs, they can communicate more conveniently and solve it more quickly. This helps them understand each other and work together to meet each other’s requirements rather than ‘passing the buck’.

The nursing home Owner I holds a similar view,

Personal relationships are also meaningful, and I usually connect with the person in charge of nursing home assessment at the hospital. There may be several nursing homes in an area, and the assessment people are responsible for advising patients on the nursing homes that meet their needs. They can even help patients and their families decide which nursing home to go to if they do not care about locations. I can remember their names exactly, and I usually call and give the assessment people a little gift to maintain a good relationship. That way, they will refer the patients again (Owner I).

She believes a certain level of personal contact is essential since it is beneficial for continued cooperation.

However, not all respondents hold the same opinion, and some think close interpersonal relationships cannot help to maintain trust. Manager J of the meat shop does not think personal relationships are essential in continuing her collaboration with the New Zealand companies. She also said,



We do not have personal exchanges with our suppliers or transportation companies to maintain a stable cooperative relationship as with Chinese companies. We may communicate more thoroughly about business matters and give warm greetings. New Zealanders are more focused on customer loyalty, such as the order size, whether the order is consistent, whether the monthly payment is punctual, no matter who the other company's contact person is, or whether the personal relations are good.

The quote shows that this manager believes close personal relationships cannot promote stable cooperation. Keeping trust in the New Zealand marketplace ultimately hinges on business behaviour and outcomes rather than personal relations.

## **4.4 Problems**

This section reports some problems encountered in the cooperation mentioned by the Chinese managers in the interviews. Even though many participants confidently said they had no problems with New Zealand companies in the cooperation, they still revealed some problems during the conversations. This section elaborates on problems that can be solved and those that lead to a breakdown of trust.

### **4.4.1 Tolerance**

Most respondents mentioned that they tolerate minor problems in the cooperation. For example, construction Manager K said,

If I find a problem with the paint job, I negotiate with them [the service provider] to clarify our standards and ask them to repair it until it meets my requirements. After that, I will still work with them because I think they can do a great job.

This indicates that for relatively small problems in cooperation, the Chinese manager will first clarify the standard through communication and ask the service provider to repair it. As long as the final result meets the requirements without delaying the construction period, the Chinese manager will continue to cooperate with the partner. The manager tends to think that

his partner can do a great job in future cooperation as their ability and credibility to solve minor problems are demonstrated after frequent and effective contact.

This view was echoed by Manager K, who mentioned that she was cooperating with a third-party delivery company in New Zealand. The delivery company damaged some supermarket shelves. She complained, “we contacted the supplier before, but the problem has never been resolved. After that, as long as there is no problem with the meat quality, I will not pursue it”. This example illustrates that faced with a slight loss, she chooses to carry on rather than being obsessed with the loss. The fact that she tolerates minor problems has also promoted their long-term cooperation.

The results show that Chinese managers tolerate small mistakes in cooperation and vice versa.

For example, Owner E said,

Our cooperation with the New Zealand company has almost no problems, and the New Zealand company has not defaulted on the payment period. However, I occasionally put off paying the bill a little bit, but since we are long-term partners and know each other well, they trust me enough not to push me, and I pay up within a few days (Owner E).

The results show that Chinese managers do not have to worry about losing their business partners when there are minor problems. With stable collaboration and mutual trust, both sides will be tolerant and understand each other, which also deepens the cooperation between the two sides.

In summary, these results indicate that forgiving others when appropriate and tolerating minor issues helps Chinese managers maintain close relationships and gain long-term business with their partners.

## 4.4.2 Breakdown of Trust

Although some minor problems can be tolerated, others would cause a breakdown of trust. Manager A said that she once had a distribution company that permanently damaged their products, requiring them to apologise to customers and make many repairs. It seriously affected the company's reputation. She thought this delivery company would not provide them with good service in the future, so the trusting cooperation ended.

In addition, Manager K said,

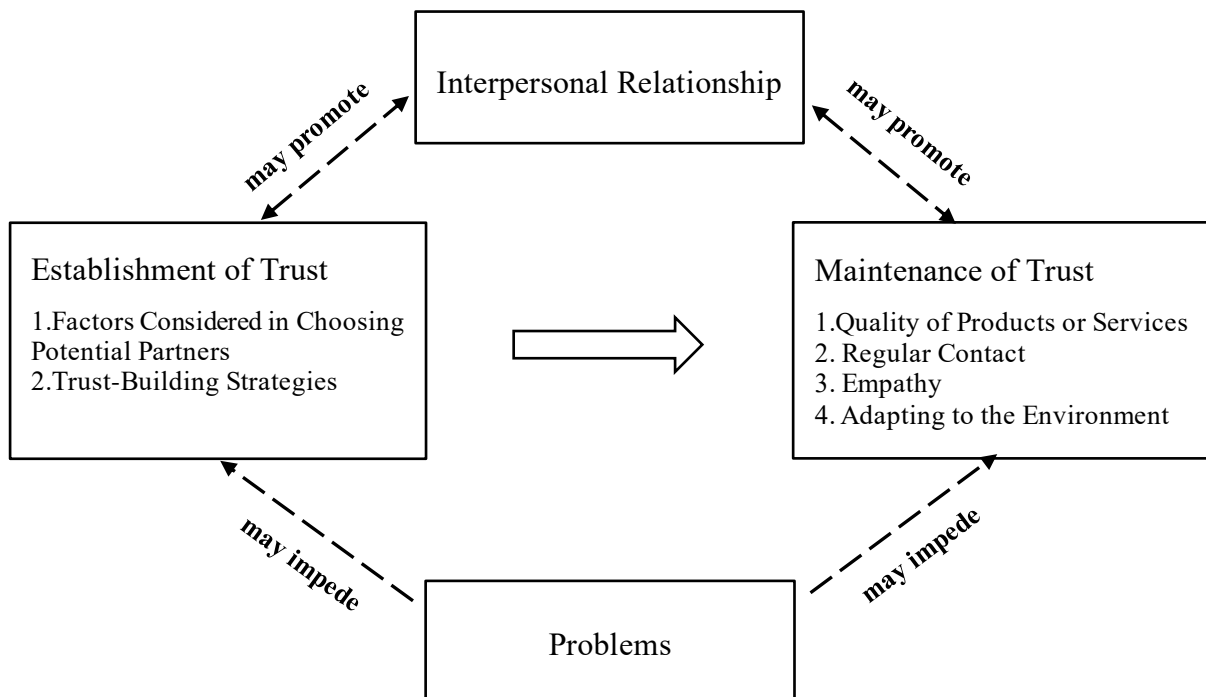
When I check whether the project quality meets my requirements, if there is any problem, I will first communicate with them and inform them of my requirements. But there will always be some workers who ignore my request and do not follow my request to remedy it. If repeated communication fails to improve the work, I will probably not work with this company again (Manager K).

This shows that a trusting relationship will be broken if problems always occur and cannot be solved through communication or negotiation.

## 4.5 Trust Model

The current study is based on semi-structured interviews with managers of Chinese companies in New Zealand. These managers or owners were brought up and educated in China and have rich experience doing business with New Zealand companies. They recounted their insights on trust based on their extensive experience. These results provide important insights into trust establishment and maintenance, how interpersonal relationships affect inter-organisational trust, and the problems the Chinese managers encountered in the New Zealand business context. Based on this, the following model summarises the results of this chapter (see Figure 5.1 below).

**Figure 5.1:** How Chinese Managers Build and Maintain Trust with New Zealand Companies



As shown in Figure 5.1, in terms of the establishment of trust, the results of the current study have shed some light on the factors considered in choosing potential partners and trust-building strategies. According to the findings, trust is considered a mutually beneficial and stable collaborative business relationship that needs time to develop. When selecting their cooperating partners, Chinese managers value company reputation, price, and quality of products or professionalism of services. When choosing business partners, these managers prefer to build relationships with large companies with good brand reputations. They also believe product price is vital since cost control enhances corporate profitability. In addition, the quality of products or professionalism of services is a crucial measure of company reliability. These Chinese managers also illustrate four trust-building strategies: tentative cooperation, thorough understanding, showing abilities, and improving strengths. They suggest that trial collaborations with unfamiliar partners and thorough understanding via

company websites, partnership networks, or face-to-face communication can facilitate knowing each other better, thus building trusting relationships. Moreover, showing and improving their strengths help present the Chinese companies' abilities to the potential partners, demonstrating that they can do the project well to establish trust.

After building trust through various channels, these managers attach importance to maintaining this valuable relationship for long-term stability. In cooperation with New Zealand partners, these Chinese managers or owners try hard to maintain trust through several measures, including guaranteeing and evaluating the quality of products or services, keeping regular contact, empathising with business partners, and adapting to the local environment. Chinese managers or owners value the quality of products or services to maintain trusting relationships since they believe that quality guarantees business success and stable cooperation. They also monitor and are monitored for product quality in their collaborations. Further, these managers explain that keeping regular contact and having empathy with their cooperating partners assists in learning each other's needs and understanding each other better to maintain trust. Finally, since Chinese managers do business with New Zealand companies, they strive to accommodate the differences in local business practices. They also overcome language barriers to prevent misunderstandings in their cooperation and understand the market through communication with their customers or large events in their own or related industries.

This study also found that interpersonal relationships are not a prerequisite for Chinese managers to establish trust with local companies, but they still play a crucial role. Although Chinese managers noticed that getting to know people or building a relationship 'at the dinner table' before cooperation was not as necessary in New Zealand as in China, interpersonal relationships are likely to facilitate establishing trust relationships. More

cooperation opportunities can be obtained because they believe intimate interpersonal relationships help to make each other's needs explicit, promote mutual understanding in business, and thus facilitate further cooperation. In the maintenance stage of the trust relationship, these Chinese managers have varied opinions. Some participants think that close interpersonal relationships cannot help with maintaining a trusting relationship since they think keeping trust is based on business behaviours and outcomes rather than personal relations. Others suggest that interpersonal relations assist in keeping stable and continuous cooperation, thus maintaining trusting relationships. At the same time, when establishing and maintaining trust, there will also be some personal relationship-building, and seizing these opportunities can promote cooperation.

Finally, the results show that although most interviewees said that there were no problems in their cooperation, it was noticed in the conversations that there were at least some small problems. These minor problems can be solved through communication, if they only occur occasionally and cause minimal losses, so they may not affect cooperation and trust among partners. However, problems that happen repeatedly and cannot be solved through negotiation are more likely to cause a breakdown in trust. This requires managers to anticipate potential problems and plan related strategies. Trust will be affected, and the relationship will break down if problems are not successfully predicted and solved.

# Chapter Five Discussion

In this chapter, the empirical results will be interpreted in the context of the existing literature.

This chapter starts with discussing the findings about Chinese managers in New Zealand building trust relationships with local companies. This is followed by reflecting on maintaining trust and then illustrating how interpersonal relationships affect trust among companies and how Chinese managers deal with problems in their business relationships. Finally, it moves on to discussions about the trust model generated in Section 4.5.

## 5.1 Establishment of Trust

The first question in this study asked how Chinese managers in New Zealand build trust with local companies. During the interviews, Chinese managers responded to this question in terms of two aspects, reported in Section 4.1. This chapter will discuss the key findings and compare them with relevant literature.

### 5.1.1 Factors Considered in Choosing Potential Partners

The empirical findings of this study show that when selecting potential partners, an important first step to building trust, participants pay more attention to company reputation, price, and quality. The determinants or drivers of trust discovered in previous studies in cross-cultural contexts include trust-building behaviours and service outcomes (Doney et al., 2007); previous experiences, reliability, and stereotypes (Szőke, 2020); international experience, management and resource commitment (Lu, 2009); and relationship length, continuity, and assistance (Dyer & Chu, 2000). The different results may be due to the difference in the

scope of the studies, number of participants, research context and methods. The factors found in the current study indicate the crucial elements valued by Chinese managers or owners in small Chinese companies located in New Zealand.

The results show that when Chinese managers choose potential partners, they tend to put their faith in “big brands”, which refers to well-known companies with a good reputation. These results corroborate the findings of a great deal of the previous work, which indicates that brands promote the development of trust (Anderson & Weitz, 1989; Bennett & Gabriel, 2001; Çerri, 2012; Ganesan, 1994; Huang & Wilkinson, 2013; Jennings et al., 2000; Keh & Xie, 2009; Khalifa & Saad, 2017; Sharif et al., 2005). In particular, a good brand or reputation facilitates trust-building among partners in early interactions (Dowell et al., 2013). The Chinese managers interviewed in the current study tend to trust “big brand” firms because they think that recognition in the industry symbolises strength. These firms are believed to have more experience in the relevant industry to provide more comprehensive and useful services, more market share, and the rich resources their partners need. In accordance with the present result, previous studies have demonstrated that a reputable enterprise is considered credible and can meet customers’ needs, so even if there is no previous cooperation experience, companies of good repute can also be considered trustworthy (Bennett & Gabriel, 2001; Fombrun & Shanley, 1990; Hasan et al., 2009; Huang & Wilkinson, 2013; Keh & Xie, 2009; Wong & Ellis, 2002). Therefore, a “big brand” tends to be a firm with ability and positive overall customer evaluation of the service.

However, the findings do not fully support the claim by Blomqvist (2002), who places great emphasis on the reputations of the company’s general managers or owners, which are considered to influence the company’s image strongly. This point is not mentioned in the present study because Chinese managers would pay more attention to the cooperative



company's actual ability reflected by brand awareness rather than the reputation of the company's general managers or owners. It can thus be suggested that when choosing partners, managers can choose companies with good reputations and considerable experience in the market, as the success rate of cooperation with such companies is higher than others. Even if the two sides have not had contact before, Chinese managers may still make such a choice based on their reputation or extensive experience. On the other hand, in order to be selected as a partner, Chinese managers need to strengthen their own company reputation by maintaining the quality of the company's services and products. In this way, they can meet customers' needs so as to build long-term relationships and trust.

Apart from reputation, this study indicates that price is essential for Chinese managers in exchange relations and should come with high-quality products or services. Participants mentioned that price is a critical element to be considered when choosing a potential partner, corroborating the ideas of Boniface et al. (2018) and Gyau and Spiller (2007). Further, as mentioned by the Chinese managers, a reasonable price is acceptable, which is in accord with recent studies indicating that price satisfaction achieved through thorough communication fosters the development of relationships and trust (Boniface et al., 2018; Gyau et al., 2011). However, the previously-mentioned researchers have not emphasised product quality. The present study also pointed out that managers will not blindly pursue the lowest price, although they choose products with lower prices to reduce costs. They pay more attention to the actual performance of the company, and they prefer good quality products at relatively low and moderate prices. The result is in agreement with Doney et al. (2007), whose findings showed that a good quotation is not enough to gain a larger share of the business, and building trust requires solid evidence to prove that customer needs can be met.

The current study also found that Chinese managers attach importance to product or service quality to meet the specific needs of their companies; thus, they prefer to trust more professional firms in related areas. For example, beauty salon Owner G trusts specialised suppliers and marketing companies to help her gain more work from local clients, who are her target customers. This finding accords with previous studies that have noted expertise in business-to-business relationships facilitating trust-building (Lapoule, 2018; Newell & Goldsmith, 2001; Newell et al., 2016). Thus, it is advisable that Chinese managers improve their expertise in products and services to build trust with their potential partners.

### **5.1.2 Trust-Building Strategies**

The current study found that Chinese managers use four trust-building strategies: initiating tentative cooperation, gaining a thorough understanding, showing their own abilities, and improving their strengths. However, in the extant literature, some other measures are also considered beneficial to establish trust. They include the use of social networks (Heffernan, 2004; Nguyen & Rose, 2009), information-sharing (Kwon & Suh, 2004; Lotfi et al., 2013; Nguyen & Rose, 2009), establishing personal rapport (Ashnai et al., 2016; Nguyen & Rose, 2009; Shen et al., 2020), communication (Cetindamar et al., 2005; Cummings, 1984; Ganesan, 1994), and truthfulness (Radoilska, 2008). In this study, some but not all of these strategies were mentioned. This is probably because the current study has a small sample size and targets small Chinese businesses in New Zealand, which may not provide sufficient data to shed light on all the trust-building strategies.

The results of this study indicate that Chinese managers tentatively cooperate to test whether the unfamiliar companies are credible and can be trusted in future business dealings. Meanwhile, these Chinese companies also hope to get opportunities from potential New

Zealand partners to gain more trust and thus expand their business. This is because initial cooperation enables the companies to learn more about the ability of partners that they have not previously worked with. This result is in line with extant findings (de Araujo & Franco, 2017; Sánchez de Pablo González del Campo et al., 2014; Szőke, 2020; Wang & Fesenmaier, 2007), which showed that previous cooperation experience is an essential basis for trust formation. Once all parties are satisfied after the initial cooperation, cooperation will continue, and trust will be strengthened. However, not all initial collaborations turn into stable business relationships. For example, hotel Owner H mentioned that the new suppliers' quality of products and services determines whether they would continue cooperating. If their requirements are not met, the cooperation will be terminated at any time. In summary, the successful completion of the initial cooperation will be considered a vital evaluation criterion, thus promoting mutual trust. However, trust is not determined solely by trial cooperation; actual performance facilitates continuous business dealings and avoids broken relationships.

Further, the result also illustrates that it takes time to build trust. For example, Owner C shared his experience about gradually establishing trust with local education institutions. This finding is consistent with previous studies, indicating that trust increases as the relationship grows (Anderson & Weitz, 1989; Huang & Wilkinson, 2013; Madhok, 1995). The length of time represents the investment made by the parties in the relationship and helps predict the partners' future behaviour (Sahay, 2003). However, trust-building may be related to actual behaviour in business cooperation rather than the relationship length (Ganesan, 1994). Some studies even argue that relationship length weakens trust (Grayson & Ambler, 1999; Liu et al., 2008; Moorman et al., 1992). This may be because many factors determine trust. As the business relationship lasts longer, dissatisfaction with actual performance may accumulate. As more problems are exposed in the cooperation, the risk of losses in cooperation and

relationship breakdown may also increase, thus eroding trust among partners. Although the results on the relationship between business length and trust differ in various studies, they are not contradictory. As mentioned above, the researchers agree that business performance in cooperation is a fundamental factor in determining trust. As the relationship continues, if the performance can be guaranteed, the partners' interests can also be guaranteed, thus facilitating trust. However, trust would be eroded if more problems or dishonest behaviours are disclosed over time.

Another measure Chinese managers mentioned was building trust through thorough understanding, which could be achieved by searching for information about the partner through third parties and having clear communication. Participants mentioned obtaining information about new partners through an Internet search and exchanges with friends and business partners to build initial trust. This accords with Heffernan's (2004) observations, which confirmed that trust could be established by searching for evidence about potential partners through a third party, such as social networks (Nguyen & Rose, 2009), corporate websites, and related industry information.

Moreover, Chinese managers also believe that clear and effective communication promotes mutual understanding, which will help them decide whether to trust or distrust unfamiliar companies as potential partners. These results corroborate the findings of a great deal of the previous work that communication is an essential strategy for building trust (Anderson & Weitz, 1989; Anderson & Narus, 1990; Çerri, 2012; Cetindamar et al., 2005; Weng & Ying, 2010; McDowell et al., 2013; Morgan & Hunt, 1994; Udomkit et al., 2020). More communication assists in reducing information asymmetry and uncertainty among organisations, which promotes mutual understanding and thus builds trust (Doney et al., 2007; Nes et al., 2007). In summary, effective communication enables each party to understand the

other's exact needs better and make mutual understanding more thorough and precise, thus increasing confidence in the following cooperation and enabling trust to be established.

This study shows that if companies are good at showing and demonstrating their capabilities, it is conducive to gaining potential partners' trust. Improving their abilities to accomplish cooperative tasks is also considered essential to building and maintaining trust. If the company's capabilities, such as its previous successes, are shown to unfamiliar firms, they are more likely to understand and believe that business performance can be guaranteed. The other party will have confidence in the success of the future cooperation, thus creating trust between both parties. This finding is supported by previous research showing that companies are more likely to win the confidence of potential customers and stimulate clients' interest to purchase by displaying the products' characteristics through advertisements (Feng & Liu, 2018; Galadanchi et al., 2022; Hughes, 2013). Thus, it is advisable that Chinese managers build trust by showing their abilities and improving their strengths.

## **5.2 Maintenance of Trust**

The second question in this research was how Chinese managers maintain trust with New Zealand companies. The participants indicated four main ways to maintain trust: sustain the high quality of products or services, keep regular contact, have great empathy with their partners, and adapt to the local environment.

The results indicate that even after gaining their business partners' trust, Chinese managers still consider it crucial to guarantee high-quality products and services to sustain trust in their business relationships. de Ruyter et al. (2001) and Kennedy et al. (2001) highlight the effect of products' and services' quality on trust. Moreover, the study also shows that quality

assessment exists to ensure the smooth progress of cooperation and guarantee each other's interests; thus, trust is maintained among partners. However, once trust is established, it is easy for managers to reduce credibility requirements or even neglect to examine them (Currall & Epstein, 2003). After establishing trust in cooperation, companies are likely to have complete trust in their partners. In this way, managers may tacitly assume that the other party will finish tasks according to previously agreed standards, thus easily ignoring daily concerns about quality. However, trust will likely be broken once the quality is not guaranteed, and the cooperative relationship will be terminated sooner or later. Therefore, it is suggested that even after building trust, it is necessary for managers to maintain control of their own quality and assess the quality level of their partners.

Another way mentioned by participants to maintain trust is to keep regular contact with their business partners. This may be because regular and frequent exchanges promote information-sharing among the parties involved and ensure that companies are aware of their partners' needs in time so that the cooperation runs smoothly and succeeds. These results corroborate the previous findings showing that frequent interactions help reduce misunderstanding and ambiguity to facilitate mutual understanding during business relationships (Anderson et al., 1987; Etgar, 1979). Thus, it is advisable that managers keep regular communication with their partners to maintain reciprocal trust.

The current study also found that Chinese managers valued empathy with their business partners to maintain trust. This may be because these managers believe that considering others' needs and interests from their perspective and preparing for the problems the business partners may encounter will make cooperation tacit and smooth; thus, trust can be maintained and strengthened. This finding is supported by Conway and Swift (2000), showing that empathy in business partnerships reduces barriers to relationship development. Furthermore,

empathy is considered the basis for sustainable trusting relationships (Coulter & Coulter, 2002; Udomkit et al., 2020), and trust will be solidified when companies work together through difficult circumstances. It is suggested, therefore, that once trust is established, caring for partners, figuring out others' exact needs quickly, and being as helpful as possible in the collaboration assist in maintaining trust in the business partnership.

In addition, the results of this study also indicate that to sustain trust, Chinese managers make efforts to adapt to the environment in the New Zealand business context. The extant research supports the argument that cultural sensitivity promotes long-term successful business relationships (Batonda & Perry, 2003) and trust among partners (Lohtia et al., 2009). The strategies the participants used to accommodate themselves to the New Zealand business environment fall into three categories: 1. dealing with differences at work, 2. overcoming language barriers, and 3. understanding the local market.

First, the findings in this study show that Chinese managers adapted to differences at work when cooperating with New Zealanders, such as working hours, communication methods, and business contracts, to sustain trust among them. New Zealanders have strict work-life boundaries rather than working after hours. Chinese managers have learned to communicate with their New Zealand partners within normal business hours, rather than trying to contact them after work and not being able to find the relevant staff. Participants also mentioned that they adjusted to the New Zealanders' business practices, such as using email as the preferred method of communication, and utilising contracts to confirm the cooperation details rather than relying on oral agreements. These emails and contracts can serve as the basis for dispute protection, which helps guarantee the involved firms' interests. Companies abide by the provisions in 'black and white' to ensure quality, deliver goods on time, and not default on payment, which helps to maintain trust in the cooperation.

Such adaptation ensures that Chinese managers and their partners' cooperation progresses well, so that trust in their collaboration will be maintained. Understanding and adapting to the partners' cultural differences narrow the distance among the partners, which facilitates the development of business relations (Batonda & Perry, 2003; Kale & McIntyre, 1991; Nguyen & Nguyen, 2014; Trang et al., 2003, September), and promotes trust in cooperation (Lohtia et al., 2009). Although factors outside the cultural field will also affect the business relationship, understanding cultural differences determines the success of cross-cultural cooperation (Kale & McIntyre, 1991). This may be because understanding these differences can help Chinese managers accept and adjust to the local business culture better. In this way, companies can integrate into the local culture and maintain trust relationships more easily.

Second, the current study also found that the informants overcame language barriers to ensure effective communication, which facilitates business relationship development and trust maintenance. This may be because the language barrier may cause incomprehension or misunderstanding in communication, and having good language skills can assist the cooperating companies in genuinely showing and understanding the exact requirements and meanings. This will minimise task misunderstandings in the cooperation and promote mutual trust and confidence. In accordance with the present results, previous studies have demonstrated that language issues can lead to ineffective communication and can even be a major barrier or pose a severe challenge to doing business in a cross-cultural context (Adanlawo et al., 2021; Ai et al., 2019; Chung & Menzies, 2012; Liu & Li, 2014). Thus, it is suggested that efforts to overcome language barriers can help promote smooth communication, thus consolidating trust in each other and ensuring that cooperation goes well.



Third, the results of this study show that Chinese managers make efforts to understand the market to better adapt to the New Zealand business context, which assists in sustaining trust relationships. This may be because Chinese managers believe that being familiar with the environment of relevant local industries and customers' preferences makes them more knowledgeable about this market. This is likely to make partners more confident about the cooperation prospects, thus stabilising the business relationship. This finding endorses the argument that in transnational cooperation, if enterprises understand the local market, they will be in a better position to formulate effective strategies for the target market to expand their business (Riviere et al., 2018). It also helps the enterprises overcome the disadvantage of being an outsider and gain a local competitive advantage (Wan et al., 2020). In this way, understanding the local market can make it easier for the companies to expand their business in the local market, thus helping them gain the trust of potential partners and maintain trusting relationships.

### **5.3 Interpersonal Relationships and Trust**

The third objective of this research was to identify how interpersonal relationships affect trusting relationships among Chinese and New Zealand companies. This study found that the results differ when establishing and maintaining trust, so this section will discuss this separately.

Chinese managers noticed that getting to know people or building a *guanxi* (interpersonal relationship) by socialising before cooperation was unnecessary in New Zealand, unlike in China. However, when establishing a trust relationship, these managers found that interpersonal relationships promoted inter-organisational cooperation and trust. This may be because they believe that even the relationships among companies are based on interpersonal

connections, so when the relevant personnel are trusted by partners, the company is more likely to be considered reliable. Consistent with the findings in this study, Aldrich and Herker (1977) believe that managers represent their companies in inter-firm exchanges and share the same values and attitudes as their firms. If these managers are trusted, potential partners will trust their companies. Moreover, interpersonal relationships can promote trust establishment (Farh et al., 1998; Morgan & Hunt, 1994), and interpersonal trust can be transferred into inter-firm trust (Doney & Cannon, 1997; Huang et al., 2016; Nie et al., 2011). These trustworthy managers are an important channel for spreading credibility.

This study found that interpersonal trust facilitates building trust among companies. However, this contradicts the findings of Schilke and Cook (2013), who argue that interpersonal ties do not affect inter-organisational trust before establishing business relationships, as trust is formed based on the company's reputation and institutional aspects. It accords with Kriz and Keating's (2010) observation that *guanxi* is just a subjective emotional bond which cannot determine whether there is a trusting relationship. In the Chinese context, *guanxi* is a basis for business cooperation (Huang et al., 2013) and is essential for accessing new customers. However, *guanxi* does not include trustors' confidence in trustees and willingness to be vulnerable, which are both required for trust (Mayer et al., 1995). Hence, purely personal relationships may not be sufficient to promote trust among companies, and it is still necessary to have confidence in the target company for future cooperation.

In addition, Schilke and Cook (2013) also mention that if interpersonal trust is generated after the initial trust is established at the corporate level, it is likely to further promote trust between businesses. Their finding is supported in the current study, but they have only told part of the story. The current study also shows that if individuals have a personal relationship before initial cooperation, the personal relationship can be directly translated into trusting

cooperation. This may be because if the person is known for honesty, integrity, responsible work attitude or other characteristics, the partners would think it is safe to begin the collaboration.

Regarding the maintenance of trust, Chinese managers have varying views on the impact of interpersonal relationships on inter-company trust. Some managers believe intimate interpersonal relationships may not improve trust among companies. This may be because they believe that the companies' actual business behaviours, such as the order quantity, payment on schedule, and work quality, enable them to maintain trust, and personal relations do not play a role. In accordance with this finding, previous studies assert that inter-organisational trust focuses more on objectively and rationally relying on positive expected benefits and proven capabilities to meet partners' needs (Jiang et al., 2011; Mouzas et al., 2007). This explains why some managers in the current study believed that the successful completion of the contract in cooperation and guaranteeing mutual benefits could maintain a trusting relationship rather than through interpersonal ties.

In contrast, other managers believe that retaining close interpersonal relationships can help maintain mutual trust and promote further cooperation. This finding is in accord with recent studies indicating that interpersonal relationships foster trust among companies (Ashnai et al., 2016; Nguyen & Rose, 2009; Shen et al., 2020). This may be because these managers believe that intimate personal relations will make it more likely for partners to think of their company and previous cooperation; thus, more collaboration opportunities are likely to arise.

There are two possible reasons for the different opinions on interpersonal relationships. First, it may be due to the fact that some managers are influenced by the local business environment. In general, in business cooperation, New Zealand culture tends to emphasise

business relationships, while Chinese culture emphasises personal relationships (Zhu, 2009). Some Chinese managers have adapted to the local culture, so they attach more importance to the business itself and less importance to interpersonal relationships. The second reason may be that the attitudes towards interpersonal relationships differ between industries. The results of the current study suggest that managers in service-focused industries, such as legal consulting firms, beauty firms and hotel chains, may consider personal relationships more important. This may be because they need to ensure the quality of their service, and maintaining good relationships is a crucial part. Thus, these managers tend to believe that preserving close interpersonal relationships can improve trust among companies.

## **5.4 Problems**

The fourth research question asked what problems Chinese managers encounter in the trusting relationship with New Zealand companies and how Chinese managers deal with these problems. The results indicate that minor mistakes can be tolerated in cooperation since these small mistakes may only happen occasionally and can be corrected almost instantly or cause so little damage that it does not affect the main economic interest. In contrast, the problems that cannot be solved through repeated communication are likely to lead to the breakdown of trust and bring heavy economic losses to the enterprise.

The results show that forgiving small mistakes in cooperation is likely to promote mutual understanding and business partnership. This may be because minor problems usually can be resolved through communication and negotiation. Tolerance makes the other party feel understood and grateful for the kindness, thus stabilising the cooperative relationship and trust between the two parties. Previous research supports this finding, showing that being grateful and forgiving mistakes are the foundation of trust (Argandoña, 1999). It is suggested

that forgiving each other for trivial business problems is likely to increase mutual understanding to make the relationship last longer.

This study also found that some problems encountered in the cooperation may lead to trust breakdown, which may cause the relationship to terminate. These managers may have negotiated those issues many times, but the work is still substandard or cannot be completed as required. The problems with product and service quality are considered the least tolerable and are very likely to cause the cooperation to be terminated. This is probably because the partners are considered incapable of completing the work, and thus the partnership's profitability is not guaranteed (Ekici, 2013). Therefore, there will be no more tolerance in this case, and cooperation is likely to be decisively terminated.

## **5.5 Trust Model**

This model shows how Chinese managers establish and maintain trust with New Zealand companies. It also offers insights into how interpersonal relationships affect trust and how these managers deal with problems they may encounter. The trust model in this study provides some reference for Chinese managers or owners who are about to or are already operating small businesses in New Zealand. This model is based on valuable opinions, as the information comes from seasoned Chinese managers who have worked or conducted their businesses in New Zealand for many years. Therefore, this model will guide or inspire managers who are new to the market or experiencing difficulties.

From the trust establishment and maintenance perspective, this model helps managers conduct their own business better and establish a long-term trust relationship with New Zealand companies. In addition, the current study provides extra guidance on interpersonal

relationships and the problems encountered in cooperation. First, the importance of personal ties may be ingrained in Chinese minds, but this research shows that interpersonal relationships are not the only determining factor, but are still essential in New Zealand. Second, problems in business are inevitable; however, not all problems will affect the trust relationship among companies.

There are two limitations to this model. First, there may be other factors related to trust that have not been identified in the current study due to a modest sample size. Second, this study only focuses on the understanding of trust from the perspective of Chinese managers. The model would have been richer if relevant insights had been obtained from their New Zealand partners' perspectives.

# Chapter Six Conclusion

The present research aimed to examine how Chinese managers establish trust with New Zealand companies. This chapter will provide a conclusion of the key findings of this study, which starts with a summary of the results related to the four research questions, followed by contributions and implications. Afterwards, the limitations of this research will be identified, and some recommendations for related future work will be made.

## 6.1 Summary of Findings

The purpose of the current study was to empirically investigate trust relationships in the Chinese and New Zealand business context. According to the four research questions stated in Chapter One, the findings of this study will be summarised in this section.

The first major finding was how Chinese managers establish trust, which is divided into two parts: factors considered in choosing potential partners and trust-building strategies. The results show that managers consider three main factors when selecting partners. They believe that companies with good reputations tend to have outstanding capabilities to fulfil the contracts and meet their partners' needs. The managers also value the price of products, but they would not blindly chase the lowest price without considering other factors. The quality of products or professionalism of services is also a great concern when Chinese managers choose their potential partners. In addition, Chinese managers also mention four strategies to build trust. They may give the unfamiliar company an opportunity for tentative cooperation or offer a trial cooperation opportunity to build trust. These managers or owners also value thorough understanding to establish trust. They try to gain a thorough understanding by using

social networks and open communication. Lastly, these Chinese managers also state that showing their companies' abilities and improving strengths is indispensable to building trusting relationships.

Second, the results also indicate that four determinants assist Chinese managers in maintaining trust with their New Zealand partners. The quality of products or services is fundamental to maintaining trusting relationships. Product quality is of great importance and needs to be guaranteed throughout the cooperation. Then, regarding regular contact, Chinese managers or owners find that frequent and regular information exchanges increase the understanding among all parties in the cooperation to sustain and enhance trust. Respondents also indicated that they need to consider others' needs and interests from their perspective in cooperation. Finally, most Chinese managers emphasise the importance of adapting to the environment, such as different working practices, languages, and market situations, to maintain trusting relationships.

Third, the research also shows insights into interpersonal relationships and trust in terms of building and maintaining trust separately. Although personal ties are not as vital as in the Chinese context, Chinese managers find interpersonal ties pivotal to building trust when cooperating with New Zealand companies. For the question of whether a close personal relationship affects maintenance of trust, the results of the current study show contrasting viewpoints. Some respondents thought it did; however, others thought it did not matter and that the actual performance in the cooperation is more meaningful than interpersonal relationships.

Fourth, this study shows that Chinese managers or owners have identified some problems when cooperating with New Zealand companies. Some minor problems that occasionally



occur with slight loss of income or reputation will be tolerated due to mutual trust.

Afterwards, the business partners will be grateful for such lenience, so the cooperative relationship and trust are more robust than before. However, problems that always occur and cannot be solved through communication or negotiation would cause a breakdown of trust and termination of their partnership.

## **6.2 Contributions**

This study provides insights into factors influencing Chinese managers in building and maintaining trust with New Zealand companies. It also provides different perspectives on interpersonal relationships and trust. In addition, many problems in Chinese and New Zealand cooperations and how Chinese managers would deal with them have been identified.

This research also contributes to meaningful views for managers or owners in New Zealand. It can theoretically inform managers about trust-building and maintenance factors in business relationships, and practical suggestions are offered based on the results. The findings are particularly meaningful for small businesses in New Zealand since the interviewees of this study are the managers or owners of small businesses. Moreover, the results may be especially useful for managers when first entering the New Zealand market since they can know what affects trust and become familiar with this market to establish trusting relationships with their potential business partners.

## **6.3 Limitations**

There are still some limitations with the current research. First, the major limitation is the small sample of participants in semi-structured interviews in this study. The data may be

richer if more participants are involved in this research. Second, if the interviewees of this research are more diverse, including managers of some large enterprises, not just managers of small businesses, there may be some meaningful and interesting opinions.

## **6.4 Recommendations for Future Work**

Future work could extend the sample size and collect data from Chinese and New Zealand managers to gain richer data and explore trusting relationships between them. Understanding the trust in the China-New Zealand business context from both sides may contribute to various views and results, which may also help managers or owners improve their businesses. Furthermore, the results on the effects of interpersonal relationships on trust in the New Zealand business context are still debatable; thus, future research is called for to explore further how interpersonal relationships influence trust in New Zealand.

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## Appendix A – Invitation Letter



MASSEY  
BUSINESS  
SCHOOL

Dear,

My name is Selina Xiaona Yang, and I am majoring in Master of Business Studies at Massey University. I am writing this letter to invite you to participate in my research on “How do Chinese managers establish trust with New Zealand companies?”

This study aims to empirically explore how Chinese managers build and maintain a trusting relationship with their New Zealand partners. And if some problems occur, what strategies will they adopt to deal with them? I mainly focus on your perspectives and thoughts. Any personal or organisational identification will be assigned a code for confidentiality. Please feel free to share your stories. The interview will take about one hour and be audio-recorded with your consent for academic purposes only.

It will be my pleasure if you decide to participate. Could you please reserve time for me on December 10th, 2021, at 10 a.m.?(New Zealand time)? Or you can tell me when you are available, and I will arrange an interview for you. Please take your time to read the enclosed Information Sheet and Consent Form.

I am looking forward to your feedback.

Kind regards,

**Selina Xiaona Yang**

Master researcher

School of Management, Albany

Massey Business School

Massey University, New Zealand

M: +64 21 1667310 (New Zealand)

E-mail: [Xiaona.Yang.1@uni.massey.ac.nz](mailto:Xiaona.Yang.1@uni.massey.ac.nz)

This project has been evaluated by peer review and judged to be low risk. Consequently it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named in this document are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Professor Craig Johnson, Director (Research Ethics), email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz).

Te Kunenga  
ki Pūrehuroa

School of Management

Massey University, Private Bag 102904, Auckland 0745 T +64 9 414 0800 [www.massey.ac.nz](http://www.massey.ac.nz)

# Appendix B – Information Sheet



MASSEY  
BUSINESS  
SCHOOL

## Master's Research Project

### How do Chinese Managers Establish Trust with New Zealand Companies?

My name is Selina Xiaona Yang, a researcher majoring in the Master of Business Studies at Massey University, New Zealand. I sincerely invite you to take part in my research. I would like to interview you and explore your views on developing trusting business relationships with New Zealand companies. The interviews will take about one hour and be audio-recorded with your consent and for academic purposes only. I would preserve the confidentiality of all information exchanged, and identifying details would be anonymised. Please note that your participation is entirely voluntary. The results of this study will be submitted as part of a graduate thesis.

#### Your Rights:

If you decide to participate in this research, you will have the following rights:

- You are free to decline any question if you do not want to answer it.
- You are free to withdraw from this interview at any time.
- You can ask any questions related to this study while you are participating.
- Any identifying details would be anonymised.
- You can require the recorder to be turned off anytime during the interview.

#### Contact Details:

Thanks for taking the time to reflect on this invitation. Please contact us if you have any questions about this project.

Selina Xiaona Yang  
Xiaona.Yang.1@uni.massey.ac.nz  
+64 21 1667310

A/Pro Ralph Bathurst  
R.Bathurst@massey.ac.nz  
+64 9 4140800 Ex 43404

Prof Gabriel Eweje  
G.Eweje@massey.ac.nz  
+64 9 4140800 Ex 43388

This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named in this document are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Professor Craig Johnson, Director (Research Ethics), email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz)

Te Kunenga  
ki Pūrehuroa

School of Management

Massey University, Private Bag 102904, Auckland 0745 T +64 9 414 0800 [www.massey.ac.nz](http://www.massey.ac.nz)

# Appendix C – Participant Consent Form



## Master's Research Project

### How do Chinese managers establish trust with New Zealand Companies?

**Researcher: Selina Xiaona Yang**

I have read the Information Sheet and understood the relevant information of the study, and my questions have been satisfactorily answered. I have enough time to consider whether to participate in the study. I knew I could ask any research-related question at any time while participating. I understand my participation is voluntary, and I can withdraw from the study anytime.

I agree/do not agree to the audio recording of the interview.

I consent to participate in this study, subject to the conditions in the Information Sheet.

#### Declaration by Participant:

I agree to participate in the study, \_\_\_\_\_.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named in this document are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Professor Craig Johnson, Director (Research Ethics), email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz)

## Appendix D – Interview Guide



MASSEY  
BUSINESS  
SCHOOL

### **Title: How do Chinese managers establish trust in New Zealand?**

1. Could you tell me something about yourself?

(Prompt: How long have you been working for this company? What is your role in the company? What did you do before you came here?)

2. What makes you think it is a Chinese company?

(Prompt: How does Chinese culture present in this company? Please tell me some activities you have done to help you understand your partners' culture. Or planning to do)

3. What aspects do you need to seek cooperation with New Zealand companies for your company?

(Prompt: Please describe how long it has been going. How do you communicate day by day?)

4. What is trust in your business relationships? Please tell me about how to build trust with your partners. Or some strategies?

5. What problems or positive facilitation do you encounter when working with New Zealand companies?

6. What cross-cultural differences do you see during your cooperation with New Zealand companies? (Prompt: Do they affect your business relationship? And why?)

7. Do you think interpersonal relationships effectively build a trusting relationship between you? (Prompt: Is trust between individuals sufficient to form trust between companies? Are they equal? Why do you think this trust was built?)

## Appendix E – Ethics Approval Letter



HoU Review Group

Ethics Notification Number: 4000023365

Title: How Chinese companies establish trust with western companies

Thank you for your notification which you have assessed as Low Risk.

Your project has been recorded in our system which is reported in the Annual Report of the Massey University Human Ethics Committee.

The low risk notification for this project is valid for a maximum of three years.

Please note that travel undertaken by students must be approved by the supervisor and the relevant Pro Vice-Chancellor and be in accordance with the Policy and Procedures for Course-Related Student Travel Overseas. In addition, the supervisor must advise the University's Insurance Officer.

A reminder to include the following statement on all public documents:

“This project has been evaluated by peer review and judged to be low risk. Consequently it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named in this document are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Professor Craig Johnson, Director (Research Ethics), email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz).”

Please note that if a sponsoring organisation, funding authority or a journal in which you wish to publish require evidence of committee approval (with an approval number), you will have to complete the application form again answering yes to the publication question to provide more information to go before one of the University's Human Ethics Committees. You should also note that such an approval can only be provided prior to the commencement of the research.

You are reminded that staff researchers and supervisors are fully responsible for ensuring that the information in the low risk notification has met the requirements and guidelines for submission of a low risk notification.

If you wish to print an official copy of this letter, please login to the RIMS system, and under the Reporting section, View Reports you will find a link to run the LR Report.

Yours sincerely

Professor Craig Johnson  
Chair, Human Ethics Chairs' Committee and  
Director (Research Ethics)

Te Kunenga  
ki Pūrehuroa

School of Management  
Massey University, Private Bag 102904, Auckland 0745 T +64 9 414 0800 [www.massey.ac.nz](http://www.massey.ac.nz)