Trust, distrust, and control in strategic alliances

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Abstract

While the association between trust and inter-organizational control has received significant attention, few efforts have been made to investigate trust/control in relationships involving multiple arenas of interaction. By more critically studying *where* trust is built, *who* is involved in trusting and *what* is actually trusted in a relationship, we seek to further conceptualize the link between trust and control. Our framework explores goodwill and competence trust as an organizational phenomenon and considers the complex interplay between trust and distrust. For empirical input, we perform a longitudinal case study of a retail buyer's attempts to introduce open book accounting in three supplier relationships. Our findings lead us to suggest that, in complex relationships, the association between trust, distrust and control should be analyzed in relation to specific *control domains*, i.e. circumscribed arenas of organizational interaction where control is exercised. Trust and distrust, however, also *spill over* between control domains. Whereas competence trust spillover seems largely determined by task similarity, goodwill trust spillover to a greater extent relies on staff mobility between control domains. Overall, the negative effects of distrust spillover for the implementation of control appear greater than the positive effects of trust spillover. We conclude that trust building is not only a *cumulative* process but also resembles a *diffusion* process as locally formed trust and distrust spill over between control domains.

Keywords: Open book accounting; inter-organizational control; trust; distrust

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1. Introduction

The relationship between trust and inter-organizational control has received significant scholarly attention in the past two decades (Caglio & Ditillo, 2008; Baldvinsdottir et al., 2011; Mouritsen & Thrane, 2006). In this literature, trust is regarded as a determinant of both the desirable (Das & Teng, 1998; Birnberg, 1998; Phua et al., 2011) and potential (Mouritsen et al., 2001; Vélez et al., 2008) scope of inter-organizational control. Conversely, control efforts are also seen to positively (Baiman & Rajan, 2002; Vélez et al., 2008; Coletti et al., 2005; Dekker, 2004; Seal et al., 1999; Mouritsen & Thrane, 2006; Seal & Vincent-Jones, 1997) or negatively (Seal & Vincent-Jones, 1997; Dekker, 2008; Ghoshal & Moran, 1996; Malhotra & Murnighan, 2002; Free, 2008; Das & Teng, 1998; Tenbrunsel & Messick, 1999) influence trust. Such seemingly contradictory findings may partly be explained by differences in operationalizations of control. They may, however, also be explained by the way studies capture trust. In the control literature, trust is often equated with cooperative behaviors such as compliance with requests for information. Trust is subsequently also used to explain such behaviors, i.e. compliance is taken as an indication of a trusting relationship. Free (2008), however, cautions that studies may see trust in instances where dependence better explains cooperation. He argues that such tendencies to over*state* trust may be explained by normative undertones in much of the inter-organizational control literature, which sees trust as beneficial to cooperation and that organizations should trust each other.

Other scholars argue that research not only over*states* but also tends to over*reach* trust, i.e. to generalize trust beyond the specific context where it is observed (Mayer & Bercovitz, 2008; Sitkin & Roth, 1993). Not least in the inter-organizational control field are organizations often presented as unified "trusting" actors seemingly unmarred by dissenting voices (e.g. Birnberg, 1998; Phua et al., 2011; Dekker, 2004, 2008; Dekker et al., 2013; Vosselman & van der Meer-Koistra, 2009; Cooper & Slagmulder, 2004; Agndal & Nilsson, 2010). Interactions between organizations are, subsequently, understood as taking place within a company-wide atmosphere characterized as more or less trusting. Mesquita (2007), however, questions the prevalence of the type of general trust implied by the notion of a "trusting relationship", instead arguing that we should understand trust in relation to particular activities or functions. In this vein, Connelly et al. (2012:822) suggest that the term *domain* be used to distinguish between "*a bounded set of interactions or exchanges that are in some way isolated from another set of interactions or exchanges*" in a relationship. With such a view, trust and control may interact in different ways within the same inter-organizational relationship (cf., Sitkin & Roth, 1993; Hardin, 2002; Mayer & Bercovitz, 2008).

While several studies do point to the challenges involved in controlling inter-organizational relationships involving multiple actors, functions and activities (e.g., Håkansson & Lind, 2004; Agndal & Nilsson, 2009; Caglio, 2018; Caglio & Ditillo, 2012; Mouritsen et al., 2001; Argyres & Mayer, 2007; Demirkan & Zhou, 2016), they do not address the relationship between trust and control. Control studies that do analyze trust, on the other hand, tend to either be concerned with relationships of low complexity or in practice analyze trust at the level of the domain without considering how the broader relationship context influences the association between control and trust. By more critically studying *where* trust is built, *who* is involved in trusting and *what* is actually trusted in a relationship, we seek to further conceptualize the link between trust and control in complex inter-organizational relationships. By doing so we aim to better understand how trust (or lack thereof) in one domain of a relationship may affect the implementation of control in other domains. We thus do not regard trust as a control element or substitute for formal controls (cf., van der Meer-Kooistra & Vosselman, 2000), but consider how trust relates to the implementation of control (cf., Kajüter & Kulmala, 2005).

For empirical input, we perform a longitudinal case study of retail buyer RIO's attempts to introduce a particular form of control – open book accounting (OBA). OBA typically involves disclosure of sensitive data from suppliers to buyers (Agndal & Nilsson, 2010; Hoffjan & Kruse, 2006), and studies report that requests for accounting data are a frequent source of contention (Anderson et al., 2017; Dekker, 2004; Drake & Haka, 2008; Kulmala, 2004; Munday, 1992; Pointkowski & Hoffjan, 2008; Suomala et al., 2010). Attempts to implement OBA may therefore bring issues of trust to the fore. Research also shows significant variations in the forms of cost data exchange (Caglio, 2018) and the types of activities that OBA supports within a particular relationship (Agndal & Nilsson, 2009), suggesting that OBA may be a suitable form of control for analysis of relationship complexity. Our conceptual framework explores trust as an organizational phenomenon and considers the complex interplay between trust and distrust, recognizing that in other areas of management and organizational research, trust-building is often understood as an arduous process involving episodes of both trust and distrust (Elangovan et al., 2007; Robinson et al., 2004; MacDuffie, 2011). Our study thereby contrasts to the somewhat "romanticized" (Free, 2008) notions of trust-building dominating the management control field. While the study of trust involves methodological challenges (section 3) our empirical study (section 4) reveals several issues of relevance to inter-organizational management control research and leads us to introduce the concepts "control domain" and "spillover effects" (section 5) to denote the various arenas in which control interacts with trust and distrust and the ways trust and distrust spread to interact with control in other arenas of an inter-organizational relationship. We comment on extant research in light of these concepts and discuss implications for future studies (section 6).

2. Organizational Trust, Distrust and Control

While a consensual definition remains elusive, trust may broadly be understood as a state in which a *trustor* willingly risks harm by a *trustee* who has a motive to inflict that harm (e.g., Zaheer et al., 1998; Gambetta, 1988). In effect, trust entails positive expectations about another actor's behavior without effective means of ensuring that behavior (Macneil, 1980). Conversely, if behavior could be guaranteed, for example by high costs of opportunistic behavior, there would be no risk; without risk trust serves little purpose (Das & Teng, 1998; Mayer et al., 1995; Zaheer et al., 1998). This means that trust only develops when parties have an incentive and opportunity *not* to cooperate (cf., Malhotra & Murnighan, 2002). While such definitions of trust take their starting point in perceptions regarding a counterpart's integrity, management control research largely converges on a broader understanding incorporating also ability trust (e.g., Sako, 1992; Dyer & Chu, 2011; Mayer et al., 1995; Dekker, 2004; Emsley & Kidon, 2007; Langfield-Smith, 2008; Groot & Merchant, 2000; van der Meer-Kooistra & Vosselman, 2000). In other words, while an actor may believe that another will try to live up to expectations, it may still doubt the counterpart's ability to perform the task. Various terms are used to denote expectations regarding integrity, such as goodwill trust (that the counterpart will not behave opportunistically), collaborative trust (that the counterpart will strive towards a joint goal), and relationship trust (that the counterpart will act to preserve the relationship). The term competence trust, on the other hand, is often used to denote expectations regarding abilities (Sako, 1992).

In the following sub-section, we explore what this understanding of trust means in an organizational setting. Subsequently, we argue that in a control context, analyses of trust may fruitfully be accompanied by analyses of distrust. We conclude by suggesting how trust and distrust may operate in complex inter-organizational relationships.

2.1 Organizational Trust

While trust as a cognitive state is a property of an individual (Rousseau, 1985), applications of the trust concept in organizational settings are often ambiguous. Although declarations to the effect that "organization A trusts organization B" abound in management control studies (e.g., Birnberg, 1998; Phua et al., 2011; Dekker, 2004, 2008; Dekker et al., 2013; Vosselman & van der Meer-Koistra, 2009; Cooper & Slagmulder, 2004; Agndal & Nilsson, 2010; Phua et al., 2011), the consequences of changing the unit of analysis from the individual to the organization are not always considered (cf., Zaheer et al., 1998; Rousseau, 1985). Organizational trust primarily represents a de-personalized posture that one organization can adopt towards another. Two understandings dominate the trust literature. Some research presents trust as game theory-like calculation involving risk assessments and cost/benefit analyses, largely divorcing organizational trust from the emotions that dictate cognitive trust (e.g., Williamson, 1993; Parkhe, 1993; Noteboom, 2002). A second perspective understands organizational trust as institutionalized behavioral patterns, or norms, that dictate how members of organizations should behave towards each other (cf., Anderson et al., 2017; McKnight et al., 1998; Morgan & Hunt, 1994). This perspective offers a bridge between personal and organizational trust by arguing that norms become institutionalized as organizations and their members interact (e.g., Ring & Van de Ven, 1992, 1994; Rousseau et al., 1998). Repeated exchanges may, for example, allay individuals' fears of opportunistic behavior and instill confidence in a counterpart's abilities, gradually shaping behavioral norms at the organizational level (Macneil, 1980; Inkpen & Currall, 2004). Such trust thus forms over time through cumulative, beneficial interactions (Coletti et al., 2005; Vélez et al., 2008; Anderson et al., 2017), perceptions of trustworthiness and reliability of organizations emerging from individual behaviors (Seal et al., 1999; Ring & Van de Ven, 1994). Bridging the debate between trust as calculation and trust as norm, Rousseau et al. (1998) argue that over time the proportion of the latter form of trust increases relative to more calculative forms, suggesting that the two perspectives may be complementary. Not all forms of trust need be experiential in nature, though. Studies suggest that societies and industries may have norms that dictate how organizations and their members should act in relation to others (e.g., Hagen & Choe, 1998). This allows for a measure of presumptive, ex-ante or institutional trust, facilitating interaction with "strangers" (Fukuyama, 1995; Kramer & Lewicki, 2010).

2.2 Trust and Distrust

Although Cook et al. (2005:60) argue that we can "*probably learn as much about trust from the analysis of distrust as we do in analyzing trust*", distrust is treated cursorily in the control literature. It is quite telling that in their review of inter-organizational management control research, Caglio and Ditillo (2008) do not once mention the term distrust. Similarly, Baldvinsdotter et al. (2011) make no reference to distrust when presenting an overview of 196 accounting-related articles that use trust as a primary concept. In the inter-organizational control field, insights regarding distrust can primarily be found in the OBA literature. Studies indicate that distrust may pervade when the outcome of promised efficiency improvements fail to materialize (Munday, 1992; Mahama & Chua, 2016), when such outcomes are not shared equitably (cf., Agndal & Nilsson, 2010; Kajüter & Kulmala, 2005), when buyers exploit disclosed data to suppliers' detriment (Caglio & Ditillo, 2008; Lamming et al., 2005; van Abbeele et al., 2009; Free, 2008; Seal et al., 2004) or simply as a result of attempts to implement control systems (Dekker, 2004; Cäker & Siverbo, 2010; Ellström & Hoshii Larsson, 2017; Mahama & Chua, 2016). Distrust is also an implied *cause* for the implementation of formalized behavior and outcome control mechanisms, although then it is the buyer rather than the seller who is distrusting (Agndal & Nilsson, 2010; Windolph & Moeller, 2012). In this body of research, distrust is largely understood as the negation of trust; i.e. trust and distrust are placed at opposite ends of the same spectrum, low trust by definition implying high distrust, and vice-versa. With such an approach, there may be little to gain from complementing analyses of trust with analyses of distrust.

A significant body of research outside of the control field, however, suggests that trust and distrust are complementary concepts rather than opposites (Sitkin & Roth, 1993; Dirks et al., 2009; Lewicki & Wiethoff, 2001; Connelly et al., 2012). By proposing that high levels trust and distrust imply high expectations, and that lack of trust and lack of distrust are more passive states, some scholars (Cook et al., 2005; Swift, 2001) suggest that trust and distrust represent two continua: (a) from complete lack of trust to complete trust, and (b) from complete distrust to complete absence of distrust. From these distinctions, Lewicki et al. (1998) combine trust and distrust into four archetypal situations. (1) A low-trust/low-distrust situation involves a casual, arm's-length acquaintance with limited interdependence, a situation where behavioral norms may not have developed. Under these conditions, expectations – negative or positive – are low and low degrees of monitoring control can be expected. (2) Simultaneous low trust and high distrust involve an absence of positive expectations while negative expectations are high. Typical behavioral patterns will imply opportunistic behavior. Also under such conditions may relationships primarily involve arm's length interaction, actors managing risk by reducing dependencies. (3) High trust and low distrust situations, on the other hand, represent the opposite case, potentially involving a much closer inter-organizational relationship where behavioral norms allow one party to confidently rely on the other. (4) A situation characterized by simultaneous high trust and high distrust may be less intuitively apparent. In practice, though, it can involve accepting a high degree of vulnerability needed to pursue an opportunity combined with partition of information that would put a party at risk. It may also involve a corporate policy prohibiting the assumption of certain risks while encouraging others.

The conditions of ambivalence implied by Lewicki's et al. (1998) framework may, in fact, represent a natural state of organizational exchange (Dirks et al., 2009). While complete trust in a counterpart may imply naiveté (Cook et al., 2005), not least since "*even among the less opportunistic, most have their price*" (Williamson, 1979:234), excessive organizational distrust may effectively prevent any exchange (cf., Das & Teng, 1998).

2.3 The context-specific nature of trust and distrust

Some scholars emphasize that trust should be considered in the *context* where the trustor trusts the trustee (Hardin, 2002), i.e. trust is not just a matter of degree but also a question of "*what areas and in what ways*" (Rousseau et al., 1998:398). Trust may therefore be limited to a particular sphere or activity (Connelly et al., 2012) and be only selectively extended to circumscribed parts of an inter-firm relationship (Mesquita, 2007). This understanding of trust has implications also for the study of distrust, particularly in the context of complex inter-organizational relationships where distrust may be understood as an implicit norm or explicit policy to avoid certain types of risks, such as data sharing. Whereas trust may not automatically transfer from one area to another (Mayer & Bercovitz, 2008; Sitkin & Roth, 1993), studies indicate that high distrust in one arena is more likely to generalize (Mesquita, 2007; Connelly et al., 2012), regardless whether it is warranted (Kramer, 1994). Especially goodwill distrust is prone to spread rapidly, possibly because it is more strongly tied to individuals (Emsley & Kidon, 2007). Such distrust can also be triggered by a single event, whereas goodwill trust may require repeated interaction over long periods of time. Compared to goodwill trust, competence trust may also be more closely tied to particular activities (Mesquita, 2007). Competence distrust may therefore not generalize to other activities in the same way that goodwill distrust does.

To summarize, in the inter-organizational control literature the phenomenon of trust is under-conceptualized with little attention devoted to its context-specific nature (cf., Free, 2008), thereby potentially limiting our understanding of implementation and use of inter-organizational control system. We aim to extend this debate by considering how goodwill and competence trust and distrust operate in complex, multi-arena organizational relationships. We will particularly address how and under what conditions different forms of trust and distrust spread in a relationship to influence control efforts in different domains.

3. Method

3.1 Research design

We perform a case study of Swedish retail buyer RIO and its efforts to implement OBA in order to illustrate and deepen our understanding of the interplay between trust and control in complex relationships. In doing so we seek to extend and refine theory rather than to test it (cf., Ferreira & Merchant, 1992; Otley & Berry, 1994) as well as answer increasingly insistent calls for qualitative inquiry to better understand the interplay between control and trust in inter-organizational relationships (e.g., Velez et al., 2008; Arino & de la Torre, 1998; Dekker, 2004). Since we study management control in an inter-organizational setting, we employ a research design that allows us to investigate the perspectives of both the buyer and several suppliers and consider the implementation process to be our case. Although we study four relationships, our main intent is not to compare findings across relationships. Rather, looking at several relationships provides greater contextual understanding of the case and provides scope for cumulative rather than contrasting insights. We adopted a purposive and theory-driven (Chua, 1986; Scapens, 1990) approach rather than random approach to case selection. Reports in business press brought to our attention RIO's mixed experiences in implementing controls – particularly OBA – reflecting issues described in prior research (Free, 2007, 2008; Frances & Garnsey, 1996). Initial contacts with RIO confirmed some of these impressions and a subsequent supplier interview indicated that distrust played an important role in these difficulties. Our case also represents radical, intended organizational change, which is a more dynamic setting than snapshots of stable inter-organizational relationships.

There were also methodological reasons for studying RIO. Support from top management granted us access to staff as well as suppliers. Since events were unfolding at the time of the initial contact, we were also able to adopt a partly real-time approach following the implementation process during two years. Arguably, this is important for contextual validity (cf., Jönsson & Macintosh, 1997; Scapens, 2004) when attempting to capture a complex phenomenon like (dis)trust. Past research also emphasizes the cumulative nature of relationships (e.g., Morgan & Hunt, 1994; Tomkins, 2001), which may be difficult to capture without a longitudinal approach. A purely retrospective study may also have resulted in post-hoc rationalizations and loss of important details (Schatzki, 2005).

3.2 Data collection

Data collection was performed in several stages. Firstly, we undertook interviews with the current and the former CPO (also Vice Presidents) to obtain first-hand information about past and current purchasing strategies. We were also shown purchasing strategy documents. Subsequently, we interviewed category managers, controllers and supply chain analysts to learn more about RIO's strategies and procedures concerning inter-organizational control. We also studied documents such as cost-breakdown templates, procedure documents, implementation schedules and reports from buyer-supplier brainstorming session.

We then proceeded to study ongoing attempts to implement new controls and develop closer relationships. At this stage, we were interested in mapping the realities and complexities as perceived by respondents (cf., Chua, 1986; Scapens, 1990) and sought multiple perspectives on the issues under investigation. The longitudinal nature of the research meant that an evolutionary approach was adopted in regard to which relationships were studied. Similarly, following a normal pattern of case-based research, additional respondents were identified through a process of "chain referrals" (Heckathorn, 2002). The scope of the case was therefore not only theoretically delimited, but also guided by respondents' input (cf. Ahrens & Chapman, 2006). In total we performed 23 interviews at RIO and 10 interviews with supplier represetnatives (see Table 1). While the cases follow different trajectories regarding OBA implementation and (dis)trust, they all support the relevance of complementing extant views of relationship-level trust with an understanding of trust/control as, at least partly, domain-specific.

- Insert Table 1 -

All but two interviews were performed in person by two interviewers. To further improve procedural reliability (cf., Scapens, 2004), interviews were digitally recorded and transcribed, corresponding to approximately 32 hrs of interview time. Semi-structured interview guides adapted to each respondent ensured that no important areas were overlooked. To further improve contextual validity, we continuously cross-referenced findings from interviews as well as documents (cf. Miles & Huberman, 1994). To avoid secondhand accounts, we consistently tried to interview the people who were involved making decisions regarding implementation, both during the real-time and the retrospective parts of the study.

3.3 Analysis

Data collection and analysis were performed iteratively (Ahrens & Chapman, 2006; Eisenhardt, 1989). Based on interview and other data, a chronology of events was compiled and continuously expanded. This case history was sent to key respondents for comments, and served as a basis for identifying, sorting and dimensionalizing ways in which trust and distrust interacted with control.

The analysis of trust poses several challenges. First, power asymmetries and threats of sanctions can elicit seemingly trusting behaviors (Mayer et al., 1995; Cäker, 2008; Seal, et al, 2004; Bachmann & Inkpen, 2011; Hardin, 2002), generating a methodological challenge (Zaheer et al., 1998; Seal et al., 2004). To avoid overstating and overreaching trust, we therefore consistently challenged the data, critically interpreting respondents' perceptions in light of our framework (cf. Ahrens & Chapman, 2006) and seeking antecedents to trust-related behaviors. Second, like Free (2008) we found that "trust" was often used by interviewees as a rhetorical tool to establish a position relative to their organizational counterpart. While such statements of (dis)trust did not necessarily contradict our theoretical understanding, we were careful not to accept these as sole evidence of (dis)trust. Third, a critical mindset was also required not to automatically equate (dis)trust as an individual phenomenon with its organizational dimension (cf., Zaheer et al., 1998). In this regard, we understood (dis)trust as an organizational norm regarding individuals' behavior, increasing (dis)trust effectively representing a stabilization of that norm. Decreasing (dis)trust conversely means norm destabilization, i.e. increasing unpredictability. Fourth, to manage the analytical challenge of establishing “levels” of (dis)trust we primarily strove to analyze its *trajectory*, i.e. whether it was increasing or decreasing.

In the presentation of findings, we consider two phases – how OBA is initially received and developments in OBA implementation during ongoing collaboration. This follows the literature which indicates that attempts to implement OBA often face immediate resistance and may fail at this stage (Kajüter & Kulmala, 2005), while other studies attempt to understand how trust and control interact during ongoing collaboration (e.g, Tomkins, 2001; Mouritsen & Thrane, 2006; Vélez et al., 2008; Seal et al., 1999; Seal & Vincent-Jones, 1997).

4. Trust and distrust in three buyer-supplier relationships

Here we present three cases where the same buying organization attempts to develop deeper collaboration with suppliers, collaboration supported by data sharing. We present a background to the cases and conclude each case description with a within-case analysis emphasizing the relationship between trust, distrust and control.

4.1 Background

Increasing competition, centralized purchasing and the introduction of private labels fuelled displeasure at retail chain RIO with suppliers’ price levels and opaque cost structures. At the same time, sophisticated inter-organizational cost management practices in other industries inspired upper management at RIO to consider a more cooperatively oriented supplier strategy aimed at total cost reduction as an alternative to the traditionally dominant approach of leverage buying. As part of this new strategy, a CPO with extensive supply chain cost management experience was hired and a new supplier segmentation model was introduced; where there was significant potential for cost reduction by eliminating supply chain inefficiencies, deeper collaborations should instigated. Other suppliers would be subjected to greater price pressure.

External consultants advised that the foundation of supply chain efficiency improvements would lie in joint value chain analyses. Open book accounting would be an important part of this process as accounting data would be instrumental in value chain analyses, in identifying joint improvement projects, to support project design and budgeting, help design profit sharing models, and to determine actual cost savings. Introducing OBA in traditionally largely arm's length relationships would prove challenging, though. A former CPO at RIO commented, "*There was huge scepticism towards these ideas.* [M]*ultinationals make enormous amounts of money so they were terrified to show their costs.* A category manager at RIO similarly commented, *"I can partly understand if they are sceptical when we come and suggest a partnership, because* […] *we have not treated the suppliers with kid gloves*". The CEO of one supplier that refused participating in closer collaboration even argued, "*The perception in our industry is that RIO is not quite as fair as they want to make out.* [They] *want us to open up our books, but they have competing brands and competing products* [i.e., private labels]. […] *So you go to your worst competitor and show them all your secrets". "Besides",* he continued, "*what could* they [interviewee's emphasis] *teach us? They want to learn from us!"*

One of RIO's analysts summarized suppliers' reactions: *"There are different ways of reducing the costs. The first one is to increase volume. Very little resistance can be seen there.* […] *The second deals with cost reduction projects involving specific areas such as logistics, R&D, etc. It is more difficult to get them* [suppliers] *involved in this, but it differs a lot between areas. Some are easy, others are impossible. Here we use actual data that both of us calculate. And the third area is when we discuss the pricing of the entire product. That is very difficult".*

Buyer as well as supplier representatives thus indicate that attempts by RIO to move beyond the scope of routine daily transactional activities into new areas of collaboration characterized by higher engagement and greater uncertainty, faced distrust. In particular, there appears to have been goodwill distrust towards RIO's intentions with proposed forms of collaboration. While RIO was well aware of this undercurrent of distrust, the organization lacked experience with building deeper and trusting relationships. To overcome this and to gain deeper understanding of suppliers' operations, RIO hired a number of analysts, industry experts, project managers and quality managers to develop a method for approaching suppliers and instigating collaboration. Involving also external consultants, generic plans including process charts, descriptions of staff roles, organization of interaction, and general principles of cooperation were developed. Initial meetings were supposed to result in a letter of intent, followed by team-building activities, value chain analysis workshops to identify individual improvement projects, and joint business plans. Subsequent phases would involve project implementation. RIO's own presentation material emphasized that *"the collaboration will be developed incrementally*" in order to share experiences and *"create trust"*. In the words of RIO's purchasing manager: "*The retailing industry is not used to working this way so we have to take small steps. We prefer to start with, for example, the packaging. It is not very sensitive"*.

A range of incentives was also offered to suppliers. Firstly, extended contracts (typically 3 years) would be given to cooperative vendors. Secondly, shared benefits from cost management and value creation would be an important incentive, and would require a control system and profit-sharing model for each individual improvement project. Third, suppliers could be offered all the benefits of becoming category captain, such as joint business plans, coordination of strategies, store access and possibilities to use data from RIO's customer data bases. In return, RIO expected "*the best conditions on the market*" and OBA applied to the value chain, with detailed specifications of costs, materials and processes.

4.2 Case OSCAR

4.2.1 Initiating OBA

OSCAR was a long-standing supplier to RIO and had offered substantial discounts to become favoured supplier in its category. In spite of increasing volumes, this had hurt OSCAR's profitability. As RIO's upper management approached OSCAR to suggest that the supplier join the project, RIO argued that joint value chain efficiency improvements could address profitability issues. OSCAR's initial response was positive and the two parties decided to proceed. As discussions fell to detailed plans and RIO's expectations on OSCAR, however, opinions began diverging. A key issue was the scope of OBA needed to support value chain analyses. As RIO proposed a detailed cost break down covering all OSCAR's major activities, discussions quickly ground to a halt. According to a Category Manager at RIO, "[W]*e presented them with our cost break downs* [i.e. templates] *at the very first meetings and that didn't work at all."* An OSCAR interviewee told a similar story, arguing that RIO's requests for detailed information – covering virtually the entire company – was overwhelming and generated a strongly negative response internally at OSCAR. Particularly RIO's request for cost data concerning marketing and production activities generated objections. At OSCAR it was felt that such data would be of little use for efficiency improvement projects or other joint work, but would greatly increase RIO's negotiating power. Both parties described how they subsequently left the negotiations feeling disappointed and that it was now difficult to revive the enthusiasm from the initial meetings. Representative of RIO stated that in hindsight they understood OSCAR's reaction, but that it would simultaneously be difficult to perform value chain analyses if the supplier would disclose only limited amounts of cost data related to specific improvement projects, as OSCAR preferred.

RIO nonetheless decided to adopt what was described as a *"more sensitive approach"* and suggested that the firms perform a mutual SWOT analysis. Such an approach meant a tailored approach to avoid some of the sensitive areas and instead pinpoint a few projects where substantial efficiency improvements could be achieved with only limited data sharing. By doing so, the firms would also create a strong link between shared data, cost reduction and profit sharing. The supplier's representatives agreed and but still argued for a cautious approach where, from a data-sharing perspective, less controversial projects such as joint sales promotion could serve as a testing ground. RIO also issued a statement guaranteeing that disclosed data would not be used to cut the supplier's margins and disclosed some of its own proprietary information about future plans for areas where cooperation could potentially be developed. "[I] *think that was an important insight for them that we could be so open, and talk about things we don't normally talk about",* noted the Category Manager, arguing that*"*[F]*or us it was an opportunity also to show that we had good intentions with this proposal.* The category manager also reflected that "*this is largely about building trust* […] *and that has to be built in small steps",* further arguing that more challenging projects associated with more extensive data disclosure may be initiated later in the collaboration.

4.2.2 OBA during Ongoing Collaboration

While RIO's revised approach was received more favourably at OSCAR, efficiency improvements in individual projects failed to offset the heavy discounts given to RIO. The collaboration with RIO was therefore questioned internally at OSCAR and the key account manager described how upper management asked him, *"What kind of an idiot contract have* *you signed?"* OSCAR's key account manager also described how his ambitions to launch new projects in other areas were held back by upper management's lack of faith in RIO's abilities to deliver promised results and how he was expected to show tangible benefits from the initial projects before widening the scope of the cooperation. At OSCAR, there was also concern that RIO's insights into production systems were limited and that collaboration in these areas would not be very fruitful. OSCAR's key account manager was subsequently instructed not to disclose data relating to marketing and production costs, since it was believed that RIO would then question OSCAR's models for cost allocation.

While poor profitability held back further joint investments, staff from both parties expressed satisfaction with operational aspects of the cooperation and described how projects regarding logistics and campaign coordination developed well. Efforts from OSCAR's side to improve profitability by raising price levels subsequently led to confrontational price negotiations. RIO's category manager commented that this also had negative effects on ongoing joint projects. *"It is difficult for me and my counterpart to switch between price negotiator in the morning and value creator in the afternoon",* he summarized. OSCAR's key account manager similarly commented that ongoing price negotiations held back attempts to develop the collaboration further.

Renewed efforts at campaign coordination began offsetting RIO's discounts, however, and internal support for the collaboration increased at OSCAR. The key account manager described how this prompted OSCAR's upper management to agree to enter into new areas of cooperation that had previously been seen as too sensitive. Joint projects were firstly initiated regarding specialized transportation equipment and logistics, and subsequently regarding customer research. Each project was associated with a profit-sharing model and representatives of both parties expressed that positive results from earlier collaboration contributed to creating a more open and positive atmosphere. OSCAR's key account manager noted that there was now also more acceptance among upper management for cost data sharing, although only to satisfy the needs of specific projects. Any data that OSCAR's management perceived could be used against the firm was closely guarded. An interviewee from RIO nonetheless described ongoing projects as very successful, particularly those relating to logistics and customer research, which in his words were performed in a "*very cooperative spirit*". RIO had at this time also largely come to accept OSCAR's cautions attitude regarding cost data sharing, even if in their view it meant that the collaboration could not currently fulfil its potential in all areas. RIO's category manager also pointed out that previously contentions price negotiations were now easier to conduct and were more *"fact-based".*

While OSCAR's key account manager felt that he now had stronger internal support for the collaboration with RIO and that individual projects were performed in a cooperative atmosphere, he nonetheless comments that the sheer number of projects meant that the collaboration was becoming increasingly fragmented with little coordination. [I]*t was not the big RIO discussing with the big* [OSCAR]. *Instead it was broken down to small tangible projects and products with people very focused on that particular task",* he noted. RIO's category manager agreeing that more coordination was needed, not least to make use of good experiences. He argued, *"this map with activities with plus and minuses all over our collaboration, should of course be aligned with both companies' strategy, but is not so easy, it is very complex".* RIO's category manager nonetheless saw these projects as stepping-stones to a deeper and more comprehensive cooperation between the firms. "*It is much easier to start working on new activities now that we have all proven that we* […] *are reliable* [and] *now* [OSCAR] *have said that they are prepared to continue with the next step".*

The firms subsequently decided to launch a project related to product development, and RIO's category manager expressed hopes that OSCAR would now be more open regarding all areas of RIO's general cost breakdown template, particularly cost data regarding production processes. He described how his hopes were foiled, however, as OSCAR remained reluctant to share such data. To enable the product development project, RIO subsequently made cost estimates based on their own private labels in the same category. This clearly caused irritation at the supplier, though, and the future of the project was uncertain. RIO's category manager explained, "*By showing the costs they can influence this process, but if they don't, I can only look at the costs from the models I have. But they don't like that either.*" He also commented that the positive atmosphere generated by earlier successes was clouded by new price revisions. Another category staff member at RIO explained how she had again suggested that OSCAR share cost data to overcome the emerging impasse: "*What we want from them is information* […] *so that we can agree on what things look like. That would make it much easier to conduct price discussions and run projects at the same time*". OSCAR subsequently responded by refusing to discuss any joint projects involving data sharing. RIO's category manager described how this meant that existing projects lost momentum and it was decided that RIO should not attempt to launch any new projects with OSCAR. OSCAR's position as favoured supplier was subsequently put into question.

4.2.3 Analysis

RIO's initial attempt to implement full OBA – including areas associated with significant risks and negative expectations – greatly increased the level of engagement, seemingly quickly generating goodwill distrust expressed as refusal to share any data. Goodwill distrust may also have interacted with competence distrust, the supplier questioning RIO's abilities to use requested data. In this case, requesting data without any relationship history legitimizing its use thus lead to distrust spreading across potential areas of collaboration, the parties hardly venturing beyond routine exchange where they had common history and experiences. To overcome this near "relationship-wide" norm of distrust, RIO suggested a form of partial OBA that would link data sharing to joint projects and cost reductions, the intent being to build trust in relation to specific areas of the collaboration, trust that RIO's representatives hoped would subsequently spread to other areas. Narrowing the scope of OBA seems to have reduced the level of engagement, making the supplier overcome some of the distrust generated initially and allowing distrust in regard to some areas effectively coexist with growing goodwill and competence trust in regard to specific projects, particularly those with tangible outcomes directly related to shared data. Both parties appear to have accepted this to enable further relationship development. As individual projects developed favourably, positive expectations grew and OSCAR agreed to engage in new areas, indicating that trust built within projects spread to enable the parties undertake previously projects. Still, the supplier appears to have been reluctant to venture far outside the established scope of collaboration, particularly when expected to share "sensitive" data.

In subsequent price negotiations, role conflicts arose as individuals participating in particular projects – where they were expected to act in an open manner indicative of trust – simultaneously had to take on a more traditional negotiator role. As indicated by RIO's category manager, separating these roles was challenging in practice. Contrary to hopes expressed by the buyer's representatives that trust formed in projects should have a positive effect on price negotiations, distrust relating to the negotiation setting appears to have influence the former. Renewed efforts to deepen the collaboration by jointly developing a new product further shows that goodwill and competence trust built in successful projects was still insufficient to overcome goodwill distrust regarding RIO's potential data use, potentially further fuelled when the supplier was confronted with RIO's own cost estimates.

At this stage, RIO also appears to run out of patience with what they effectively regarded as OSCAR's lack of trust. In particular, RIO's representatives expressed an expectation that OSCAR should now be trusting enough to enter new collaborative projects supported by previously withheld data and trusting enough to facilitate price negotiations by openly sharing data. OSCAR, on the other hand, appears to have become more distrusting of RIO due to the latter's insistence on expanding the scope of data sharing, such distrust possibly being explained by lingering competence distrust regarding RIO's abilities to purposefully use disclosed data. The supplier subsequently stopped any further data sharing, in effect creating a company-wide norm of distrust.

4.3 Case KILO

4.3.1 Initiating OBA

RIO and KILO had not engaged in collaboration beyond transactional exchange when RIO approached the supplier and suggested that they explore the potential for joint cost reduction. In the words of RIO's category manager, their impression was that KILO was well-managed and efficient regarding "*operations, product range and cost management*". The CEO of KILO described how he received the proposal with a lot of enthusiasm and how he agreed to share cost data in accordance with RIO's cost breakdown already from the start, in return for which RIO guaranteed KILO's profit margins. RIO's category manager noted: *"We have a price model that regulates what we pay, based on the information from the cost break down".* The CEO of KILO argued that this was relatively uncontroversial. "[I]*t felt very serious and we wanted to show a serious approach also. We felt quite safe anyway, to show how we made* *money, to show them what our value chain looked like, because we didn't feel that we made any excessive profits* […], *and we could be quite honest and open and say that here's our profits and that's how much money we need to make."*

There were also other incentives for KILO; "*We didn't think we had much to lose by doing this, because for us there's a clear upside in the form of greater volumes"*, the CEO argued. Incentive and profit-sharing models would also be adjusted to each joint project, although the starting point was that savings should be shared equally. According RIO's category manager, *"This is very generous from our side, but we agreed on this to keep up the positive momentum"*, RIO's assumption being that this would show good intentions by linking request for cost data with tangible results for the supplier.

4.3.2 OBA during Ongoing Collaboration

Based on a joint analysis of potential projects focusing on ease of implementation and potential returns, the parties decided to initially limit the scope of the cooperation. The main reason was KILO's limited staff resources. KILO's CEO also wanted to directly oversee joint projects to facilitate rapid decision-making. Profitability rapidly improved for KILO, partly a result of increasing sales but primarily from joint efficiency improvements. KILO's CEO particularly emphasized the importance of a joint sourcing program where provision of cost data by KILO in combination with RIO's experience from its own private label greatly reduced overall costs.

A second project soon followed, aimed at rationalizing the project range. Similarly positive results were achieved. While accounting data were relatively openly shared, and representatives of both parties expressed that the relationship was developing positively, KILO's CEO nonetheless explained that he was beginning to realize that his organization and RIO operated very differently. He explained that, in particular, RIO's standard cost breakdown templates failed to capture important cost items that he at stage preferred not to share with RIO. He exemplified, "[…] *there are a number of rationalization projects that we see will influence our business with RIO, but we don't really want to mention them yet because we want to be able to say next year that 'we've rationalized away some cost increases and things like that.'* […] *You can't be entirely open with all things like that."*

Although several projects had been implemented with positive outcomes, differences in organizational culture between the two organizations began leading to clashes in some projects. RIO's manager for the category noted: *"They are small and entrepreneurial and we are large and systematic, and that has been a bit problematic".* KILO's CEO and key account manager both presented similar views, arguing that some of their employees staffing joint project were becoming increasingly impatient with what was seen as an overly bureaucratic decision-making structure and unnecessary lead times between planning and project implementation. KILO's CEO also reflected that perhaps they had initially shared cost data too openly without clarifying the very significant differences in production costs between different products in their range. This became apparent as RIO proposed that the two firms enter into a project regarding production process rationalization that the CEO believed would in practice largely fail to reduce total production costs. KILO's CEO subsequently concluded that without very good knowledge of operations, matching costing systems and compatible corporate cultures, giving RIO unlimited access to detailed cost data meant that "*things can go wrong*". He also expressed doubts that RIO possessed sufficient knowledge of production processes to actually help reduce costs; if anything, he suggested that RIO may use such knowledge to lower costs for their own competing private labels. He also argued that, by using RIO's bureaucratic approach, KILO would become tied to previously shared cost data with little scope for reinterpretation when the potential of new projects was analyzed. This would, in turn, constrain KILO's autonomy. He was therefore becoming increasingly more hesitant to share costs in areas other than logistics and sourcing where RIO could anyway make highly accurate cost estimates on their own.

RIO's category manager explained that at this time frustration was mounting also at RIO. In his view, while KILO wanted to pursue existing joint projects and launch projects in related areas, KILO's resource limitations were preventing collaboration in new areas like process improvements. He was also questioning the competence levels of the employees that KILO now used to staff joint projects. *"In connection with their collaboration with RIO they recruited some more professional people, and the ones they recruited have already left",* he noted, arguing that this meant involving people without experience of joint work who needed to be educated on the role of data sharing. The CEO of KILO similarly commented that they were held back by staff turnover. "*One of the risks I see with this type of business is that it tends to become very dependent on particular people. It's based on trust, and trust is based on people*", he argued.

In a subsequent interview with RIO's category manager, he explained that the collaboration had suddenly ground to a halt when KILO's CEO announced that he was leaving KILO for another firm. RIO's category manager explained that KILO's employees were now uncertain of their mandate to make decisions and that no one at KILO was willing to share any cost data once the CEO, who had played a driving role in the collaboration, left the firm. KILO was at this time also sold to an investment firm and resources were subsequently focused on internal reorganization. The Category Manager at RIO still anticipated that the collaboration would resume building on existing structures, even if much of the trust had been lost when the CEO left. "[W]*e're just waiting for them to get a new CEO, so we can start over",* he summarized.

4.3.3 Analysis

Interviewees describe the first meetings as involving positive expectations combined with low perceived risk. In such a situation, a great deal of presumptive goodwill trust may not have been required for the supplier to adopt an open approach to data sharing, as indicated by interviewees. Both parties did express a perception that joint efforts could provide mutual benefits, indicating a certain level of competence trust.

Progress in the first joint project supported by data sharing appears to have paved the way for similar collaboration in subsequent projects. As the cooperation and trust deepened in successful projects, this not only increased the level of engagement but also led to greater knowledge about the counterpart. At this stage it therefore became increasingly clear that there were significant cultural differences between the firms holding back collaboration in some areas. The case, in effect, illustrates the simultaneous existence of trust and distrust; while close cooperation around cost data appears to have contributed to mutually supporting goodwill and competence trust in some projects, increasing experience with RIO appears to have sparked distrust in other areas, not least regarding RIO’s abilities to use cost data to perform intended improvements. The realization that shared cost information limited KILO’s autonomy in decision-making also led KILO to adopt a more cautious approach to data sharing. This indicates that the supplier did not trust RIO’s goodwill regarding uses of disclosed data.

While we see elements of trust building in individual projects, it would thus appear that no organizational norm of trust developed outside these areas. Much of the trust created in individual projects also seems to have been closely tied to the involvement of the supplier’s CEO, rather than representing underlying norms or institutionalized behaviors. This is, in particular, is illustrated by the events surrounding the departure of the CEO, which lead to a lower level of engagement in the relationship. It would, at this stage, appear that relatively little goodwill trust remained outside ongoing projects, even if the CEO's departure did not generate outright distrust.

4.4 Case CHARLIE

4.4.1 Initiating OBA

A category Manager at RIO described the initial meeting with representatives of CHARLIE: "*We held a presentation for their management team* [about] *our purchasing strategy, our strategy for future supplier collaborations. We were quite detailed.* [CHARLIE] *came back to us and said 'Interesting, we have exactly the same strategy'. So we found each other right away."* The firms began a series of brainstorming sessions identifying potential value chain efficiency improvement projects. Simultaneously, analysts identified key activities in the value chain, including product design, purchasing, production logistics and administration, to support these discussions.

According to RIO's category manager, the decision of which projects to pursue was not only based on technical factors and potential cost savings, but concerned also perceived sensitivity of the data needed. It was subsequently decided that the firms should start the collaboration by better coordinating logistics, data relating to which were perceived as relatively less sensitive. Detailed joint process studies supported by cost data were performed and interviewees from both supplier and buyer expressed a great deal of satisfaction with the initial phase. A category manager at RIO noted, *"Maybe the most important thing* […] *was to get to know each other.* […] *We felt a great deal of trust".* Along similar lines, the marketing manager at CHARLIE commented that the initial stages of the collaboration had generated confidence in RIO's abilities: *"I prefer to get to know how individuals work together on particular tasks. I do not mean in general socializing or teamwork exercises* […]. *Trust is built by performing and keeping promises".*

4.4.2 OBA during Ongoing Collaboration

While CHARLIE shared data regarding logistics costs, RIO's category manager comment that the supplier was still unwilling to share accounting data relating to production, sourcing and marketing, areas where, he argued, major efficiency improvements could be achieved. Difficulties in performing value chain analyses that both parties could agree on subsequently reduced the number of cost-saving projects that the firms could launch. CHARLIE's marketing manager explained that sharing such data was controversial at CHARLIE. "[P]*rimarily the sourcing department is incredibly worried that we open up our books* […]. *Because they see that when they make deals with their suppliers, the best way to gain more insights and to lower prices is to get the suppliers to open their books".*

Based on positive experiences from logistics coordination, the firms launched projects aimed at reducing inventory levels, campaign coordination and display design. According to RIO's Category Manager, […] *"there is, in general, a higher degree of trust; trust developed in the projects that turned out successful".* With the subsequent initiation of projects on joint sourcing and sales forecasting, the scope of data sharing increased. The Marketing Manager at CHARLIE described this type of collaboration as a radical departure from traditional buyer-supplier relationships: *"*[…] *you feel like you're letting go of control".*

RIO's category manager noted that, as the firms decided to launch a project on packaging design, the supplier remained apprehensive about engaging in projects requiring disclosure of more sensitive data than costs relating to logistics, inventory management and sourcing, costs that could anyway be reliably estimated by RIO. In spite of this, representatives of both RIO and CHARLIE argued that the two organizations were now quite familiar with one another and that there was an eagerness among staff to launch planned projects. In spite of the enthusiasm in both organizations, RIO's category manager argued that CHARLIE's reluctance to share complete cost breakdowns was now beginning to slow down the collaboration, and he described how the firms had to abandon a recently launched project regarding process improvements. "[W]*e don't really feel that they've shown us the type of open books that we expected",* he commented expressing growing frustration with the types of projects that CHARLIE agreed to join: *"They only went in for their own benefit, not ours".*

As the firms engaged in annual price revisions, further friction was generated in the relationship. RIO's Category Manager explained: "[I]*f we end up in discussions about what we want to pay for a certain product, then they shut the door. Then they take on their old supplier role."* He continued,*" We have very hard negotiations right now".* CHARLIE's marketing manager, on the other hand, ascribed emerging problems to the complex organization that has been created to steer and implement projects, particularly to difficulties in coordinating the large number of people involved on both sides. In her view, while some RIO staff members involved in certain projects were reliable and performed their tasks well, her fears that RIO's price negotiators would use any information to their advantaged were proven right. "*It's very difficult to anchor this way of thinking in a large organization like RIO. And some react instinctively, that's how they've always reacted, and not in line with the new thinking".* She also critically looked at her own organization's role in the emerging problems, and commented, "*We see consequences of people in our own organization who have goals that are not the same as the company's overarching goals and that do not match what we want to achieve together. Then there is a* *clash".* RIO's category manager similarly commented, "*We did see with* [CHARLIE] *that really hard price negotiations can block and even ruin other processes*". When asked about his view on the confrontational price negotiations, one of RIO's project managers argued that, since most interactions involving RIO and CHARLIE took place within individual projects, perceptions regarding the success of the collaboration *"depends on who you're talking to.* […] *There are so many parallel discussions we have, both regarding commercial aspects and operational areas".*

More severe problem soon arose. According to RIO's Category Manager, "[T]*hey came to us and said that their costs had increased and that they needed to adjust their prices. We said 'Fine, we'll have to take a look at this.' But in their arguments they claimed increasing costs of transportation to our warehouses, so suddenly they'd forgotten that we picked up the products. It was very unprofessional."* When asked how this affected the ongoing collaboration, RIO's category manager answered that CHARLIE remained a key supplier in its category and that exchange was carried in much the same way as before, e.g. with coordinated campaigns. "*We have no problems with their operations, that side they manage well;* […] *we just don't trust the way they are dealing with other projects"*. In the view of RIO's category manager, as CHARLIE did not address what he perceived as the intent to defraud RIO, relations deteriorated further. *"*[T]*hey could have replaced the key people involved, but they did not".* CHARLIE was subsequently downgraded from preferred supplier status and no further supply chain efficiency improvement projects were carried out. Cost data disclosure ceased entirely.

4.4.3 Analysis

While a trusting atmosphere was quickly created in relation to logistics coordination, goodwill trust appears at the initial stage not to have spread to other – higher engagement – areas of potential collaboration where data sharing was associated with greater risks. A supplier representative justifies this circumscribed form of trust by her trust being placed in individuals and how they perform particular tasks, rather than any general trust being placed in RIO. Indeed, outright goodwill distrust regarding RIO's potential use of data is even expressed in relation to other areas of collaboration. At this stage, the case thus illustrates the simultaneous existence of trust and distrust.

Progress in logistics coordination supported by data disclosure prompted the supplier to share data in other areas, indicating that goodwill and competence trust in one project spread to allow the launch of other projects. However, data disclosure remained limited to relatively low-risk areas, CHARLIE denying RIO access to data that may be used against the supplier in price negotiations, indicating a remaining undercurrent of goodwill distrust. Differences of opinion regarding the focus of future projects – the supplier preferring to engage in sales-driving activities while RIO's representatives expressed desire to engage more heavily in cost management-projects – may have further fueled this. Distrust relating to price negotiations also appears to have spread to other areas of interaction, such as process development, preventing joint activities as the supplier was reluctant to share what was perceived as too sensitive data. While competence and goodwill trust may thus have been formed in relation to specific projects, it appears that no general norms of goodwill trust developed in the relationship. This circumscribed nature of trust is further demonstrated by belligerent price negotiations largely performed by individuals other than those participating in joint projects; i.e. goodwill distrust increased with the high level of engagement associated with price negotiations. A subsequent conflict over price revisions appears to have brought to the fore the undercurrent of distrust, goodwill distrust for all appearances spreading across the collaboration resulting in the cessation of data sharing.

5. Discussion: Control domains and spillover effects

While our three cases illustrate different trajectories of (dis)trust and data sharing, they support our initial contention that trust and distrust relating to control of some inter-organizational tasks can to some extent be separated from trust and distrust relating to control of other activities. To exemplify, there was reluctance at CHARLIE and OSCAR to share data relating to marketing costs since it was believed that RIO would be disinclined to accept existing allocation methods as a basis of cost-plus pricing and that this information might be used against the suppliers in price negotiations. An interviewee at KILO also raised concerns that possession of some cost information relating to production processes without corresponding insights in operations could be damaging to a relationship. If we consider trust as a relationship-level construct, we may conclude that these relationships were characterized by low trust or even distrust. However, even in the case of CHARLIE, where we saw the most animosity, the long-standing relationship was continued, there were still mutual expectations that daily exchange would continue in much the same way as before, and the firms maintained collaboration regarding campaigns. To illustrate further, due to OSCAR's reluctance to open their books, RIO accepted partial OBA adapted to particular activities, e.g. models for pricing related to sales volumes and exchange of data for raw materials purchases and coordinated logistics. In regard to such activities – where payoffs were readily apparent – the supplier took a less distrusting stance. In other words, although distrust prevailed in regard to some activities, trust-oriented norms could be seen in regard to other areas. OBA even appears to have had been instrumental in generating trust in some areas and distrust in other areas within the same relationship.

These observations lead us to suggest that, when analyzing the association between (dis)trust and control, it is fruitful to distinguish between different *control domains.* By control domain should here be understood the implementation or application of a control tool to monitor or coordinate a circumscribed arena of inter-organizational interaction, such as a particular activity or project. The cases also show that we should not understand control domains as silos in a relationship. As staff are exchanged, as results are reported and disseminated and as upper management makes decisions regarding the collaboration, (dis)trust seems to have the potential to *spill over* between control domains, with subsequent effects on implementation of control. (Dis)trust does not, however, appear to spill over all at once, endlessly, or necessarily between all control domains. To the contrary, also (dis)trust spillover seems to be circumscribed in nature. Under what conditions, then, do trust and distrust spill over and when do they not?

In our cases, *competence trust spillover* seems at least partly determined by task similarity. To illustrate, although suppliers shared data relating to the costs of raw materials and logistics with the expectation that RIO had the competence to use such data to secure cheaper inputs and make transportation and warehousing more efficient, they were less confident in RIO's abilities to improve production processes, domains outside RIO's traditional areas of expertise. Aware of suppliers' lack of trust regarding new control domains, particularly in the cases of CHARLIE and OSCAR, RIO decided to start with relatively uncontroversial domains with potentially high payoffs, thereby intending to generate competence trust, but also goodwill trust as benefits were shared. While not expressed in these terms, RIO's expectation was thus that, supported by trust spillover, the parties should proceed to more difficult or sensitive areas. This approach proved only partly successful, though, as experiential trust in regard to domains of daily exchange, logistics and purchasing did not automatically become presumptive trust new domains such as production processes. Mesquita's (2007) proposition that competence trust is highly context-specificity thus appears to be relevant also to inter-organizational control.

We found *goodwill trust spillover* to be partly tied to mobility of individuals between control domains, reflecting research suggesting that in organizational settings goodwill trust is closely tied to inter-personal relationships (Rousseau et al., 1998; Mesquita, 2007). Several respondents particularly pointed to the importance of trust developed between members of project teams, and the role played by such trust in enabling data sharing in new domains. As implied by our empirical study, though, reliance on individual goodwill trust spillover is problematic. In several instances, organizational changes meant that people on inter-firm project teams were replaced and individual goodwill trust within domains disappeared, not least illustrated by the case of KILO. A respondent from RIO noted that this in effect meant starting over with a new process of individual trust-building in regard to activities and control of particular domains, which may have been particularly complex when organizational norms were weak. In order to spill over to be useful for long-term exchange and control, individual trust may therefore have to be backed by, or develop into, organizational norms. Consequently, goodwill trust may be particularly difficult to transfer between control domains when these involve different individuals.

We also saw many examples of *distrust spillover* with consequences for implementation of control. Particularly perceptions of inappropriateness of the control instrument for a particular domain appears to generate goodwill distrust spillover into other domains, preventing the implementation of control also there as illustrated by the case of OSCAR. In several instances, we also saw distrust spillover originating in goal conflicts, particularly when opportunistic behavior in price negotiation clashed with intended long-term benefits of OBA. To exemplify, although representatives of both CHARLIE and RIO expressed satisfaction with some areas of collaboration in our earliest interviews, in later price re-negotiations both parties adopted the conflict-oriented negotiation behavior that OBA was intended to counteract. Interviewees in the case of OSCAR also explicitly commented on how difficult it was to share data intended to generate long-term joint benefits when either party began focusing on its short-term benefits. Respondents at RIO even indicated that suppliers' staff may be naturally distrusting of request for cost data, even when endorsed by their upper management. Staff acting within different domains thus did not share perceptions regarding organizational norms and enacted these inconsistently across domains. Such mixed messages may have been an important root cause of suppliers' subsequent refusal to share data, developing into an organizational norm of goodwill distrust.

Our empirical research further suggests that trust and distrust have *asymmetrical consequences* for control, aligning with research outside the field of control (e.g., Mesquita, 2007; Kramer, 1994). As illustrate by the case of CHARLIE, organizational distrust spillover can be dramatic and comprehensive. We even see near company-wide norms of distrust emerging, as in the case of OSCAR when top management prohibited data sharing. In the cases of CHARLIE and OSCAR we similarly found presumptive distrust to be a strong barrier in some control domains, a barrier that could not be outweighed by experiential trust in other domains. On the other hand, general norms of trust – i.e. the acceptance of OBA in all control domains – seems a less likely proposition. Even in the case of KILO, where there were largely positive attitudes to data sharing initially, a more distrusting stance emerged over time in certain domains.

Our study also show how, although different constructs, competence and goodwill distrust *interact* (cf., Sako, 1992). RIO's incentives for suppliers to participate in the new control system were partly founded on the promise of joint efficiency improvements. In all cases we saw indications of distrust in RIO's abilities in this regard, and it was subsequently suspected at OSCAR and CHARLIE that data might not actually be intended for other purposes. In effect, domain-specific competence distrust seems to have become goodwill distrust that spilled across domains as RIO's intentions were questioned. This transformational dynamic of distrust may be particularly detrimental to buyer's attempts to implement controls; although competence distrust may be context-specific, goodwill distrust is more likely to spread and may spread faster across domains (cf., Connelly et al., 2012; Emsley & Kidon, 2007).

6. Contributions and implications for research

Our research makes several contributions to the literature on inter-organizational control. This literature tends to understand the interplay between control and trust-building as an iterative process where mutually-oriented interaction, such as sharing and judiciously using sensitive data, gradually inspires increasing confidence in the competence and goodwill of the counterpart (Tomkins, 2001; Arino & de la Torre, 1998; Velez et al., 2008). Our study, however, shows that the process of trust-building may not only take the shape of such a *cumulative* process but, in the case of more complex relationships, may also resemble a *diffusion* process as domain-specific (dis)trust in different forms and to various degrees spills over between the domains where control is exercised. The notion of (dis)trust as control domain-specific does not, however, invalidate previous findings regarding the interplay between (dis)trust and control; attempts to implement controls may fail in some domains due to reasons identified in past research (e.g., perceptions of risk) but succeed in other domains (e.g., due to positive past experiences). We do, however, suggest that complex relationships may involve simultaneous elements of trust and distrust and simultaneous implementation and rejection of inter-organizational control. To capture this complexity and thereby potentially address some of the inconsistencies characterizing the trust and control debate, future research should be more precise in regard to which domains are under study and how they relate to other domains in the relationship. Future research in this vein should also specify what "trust-building" entails, i.e. if trust increases in depth (within a domain) or in width (across domains).

The literature discusses at length the importance of presumptive trust for the implementation of inter-organizational controls (e.g., Agndal & Nilsson, 2010; Kajüter & Kulmala, 2005). We complement this debate by arguing that, since organizational trust may not automatically spill over between control domains, newly introduced domains may only benefit to a limited extent from trust in other domains. Attempting to introduce new controls in new domains may therefore be particularly challenging. Future research should, however, attempt to verify this proposition.

The control-domain/diffusion perspective opens greater space for complementing analyses of trust with analyses of distrust and allows us to explore their asymmetrical effects on control. For example, as trust spillover may be slower and have less impact than distrust spillover (cf. Mesquita, 2007; Connelly et al., 2012; Kramer, 1994), failed attempts to implement and use controls in one domain may more strongly than successful attempts influence efforts in other domains. In fact, distrust spillover may have the effect that some potential control domains are not formed at all, i.e. that some activities are not performed jointly (or that they are not controlled). Future research faces a particular challenge to empirically investigate and conceptualize the impact of distrust spillover on inter-organizational control, though; what is it that *really* generates distrust spillover, perceptions regarding the counterpart in the relationship, uncertainties inherent in the control domain, the potentially intrusive nature of the control tool, or a combination of these factors?

Our research has practical implications. Trust-building to facilitate implementation and exercise of control need not be a random process. Proactive “(dis)trust spillover management” involves collaborating in control domains that potentially generate trust spillover and avoiding controls that may result in distrust spillover. The adaptation of OBA to the needs of a particular activity – i.e. partial OBA within a control domain – represents such a (dis)trust spillover management strategy. Further, in line with research by Emsley and Kidon (2007) our study shows that ensuring that staff members in different domains and at different organizational levels communicate with a unified voice poses a significant challenge, either because some do not understand organizational strategies and goals or because they do not agree with them. This may have detrimental effects on trust-building and subsequent efforts to control activities. Therefore, when designing controls for closer inter-organizational relationships, care must also be taken to shape *intra*-organizational controls to align with inter-organizational goals.

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Table 1: Interviews

Interviews at RIO	**No of interviews**
Former CPO	2
Current CPO	1
Process analyst and two analysts (joint interview)	1
Supply chain development specialist	1
Project manager/process analyst	1
Private label manager	1
Private label purchases	1
Sourcing manager Europe	1
Not for sale products manager	1
Project assistant	1
Project manager and category manager for CHARLIE and KILO	8
Manager of category for OSCAR	3
Manager of category for KILO	1
Suppliers interviewers	**No of interviews**
Marketing manager CHARLIE	2
Key account manager OSCAR	3
Project coordinator OSCAR	1
Project coordinator OSCAR	1
CEO KILO	2
Key account manager KILO	1
CEO of non-participating supplier	1

Marketing manager at non-participating supplier	1