

TRUST IN BUSINESS RELATIONSHIPS IN THE UNITED ARAB EMIRATES: UNDERSTANDING SHARED VALUES

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Trust, Culture & Shared Values

Research into the antecedents of trust (Doney and Cannon, 1997; Ganesan, 1994; Guenzi, et al., 2010; Mangindaan et al., 2013; Tyler and Stanley, 2007), and on building inter-organisational trust (Halinen, 1994; Sydow, 1998), represents an area of enduring interest. Business-to-business services markets, and financial services business markets, represent an increasingly important aspect of the global economy. The focus of this study is on the antecedents to trust and trust building in the context of business-to-business client/banker relationships.

Trust in a relationship marketing context is delineated in the seminal work of Morgan and Hunt (1994), who investigated independent tyre distributor relationships in the United States. Morgan and Hunt (1994) established that commitment and trust are key mediating variables in the process of relationship marketing, which they define as “all marketing relationships directed toward establishing, developing and maintaining successful relational exchanges” (p. 22). Their model provides a helpful starting point for this paper, since they posited the importance of “shared values” as the only antecedent to both trust and commitment.

There are limitations to the Morgan and Hunt position. First, they define “shared values” through the narrow lens of organisational behaviour: the culture of the organisation only, rather than considering wider culture. In addition, they only studied one side of the relationship at a single point in time, and their findings were directed only at marketers and marketing activities. Their study does not include research on relationships outside the USA and does not address the wider context of the national culture or the culture of the country in which relationships are embedded. Nevertheless, this work has provided the foundation for the conceptual framework of this paper, which extends the concept of “shared values” to the Arab/Muslim world.

Trust in the Arab world is deeply rooted in kinship and family connections. The hierarchy of relationships begins with the immediate family, then relatives, and then clan and tribe affiliates. Trust within the family and the clan is foundational because the bonds are founded on loyalty and saving face and honour for the family and tribe (Rice, 1999). This entails that trust is built on social status and connections instead of accomplishment and credibility, integrity and trustworthiness as perceived in the West (Morgan and Hunt, 1994). For instance, Hutchings and Weir (2006) note that while in the West it is conventional to negotiate with a counterpart after initial quotations have been obtained, in the Arab world negotiations are held with several counterparts simultaneously and the partner to win the deal will typically be the one with the strongest connections. Hutchings and Weir (2006) claim that relations of trust between business counterparts are vital to effective business

transactions in the Arab world. Once trust is created, counterparts just need to give their word of honour; this is of greater significance than the written contract (Hutchings & Weir, 2006; Al Omari, 2008).

Few studies have focused on culture and shared values as an antecedent of trust. There is a need for more research on specific culture and shared values contexts, and how these frame the interactions between counterparts. This research addresses this gap using a context that is known to be rich in cultural influences.

Research Methods

Empirical data were collected using qualitative semi-structured interviews with business-people and their bankers in the United Arab Emirates. The interviewer (and first author) is from the Arab culture and is bi-lingual in Arabic and English. In all 170 individuals were interviewed; in most cases the interviews were paired so that where a business client was interviewed, so was the corresponding business banker (we refer to these pairs as 'dyads'). Ten additional individuals were interviewed. The sample of clients was selected by sector and size to be as representative as possible of the local economy. It is noteworthy that it was not possible to find an interview dyad consisting of an Emirati banker with a non-Emirati client; it appears that this type of relationship may not exist. Additional information on the sample is provided in Table 1. The research was carried out among a cross-section of Emirati and non-Emirati corporate clients, small and medium-sized enterprise (SME) clients and UAE corporate bankers. There are 46 commercial banks operating in the UAE, of which 21 are Emirati and 26 are non-Emirati, and numerous Emirati and non-Emirati companies. The business clients were from oil, construction, services and manufacturing sectors, including a range of company size – large, medium and small – within the sectors (see Appendix A).

Many respondents were interviewed more than once in order to clarify the transcripts and follow-up responses as part of the data quality and validation process. Many, but not all, were re-interviewed during the data transcription, triangulation, data analysis and writing-up phases of the research. Data triangulation and validity was granted and confirmed by the primary key informant, a senior staff external examiner of the Central Bank of Abu Dhabi. The key informant for the client side was a senior manager from a multi-national oil company.

The respondents were telephoned to set up appointments. Interviewees were guaranteed anonymity, confidentiality and non-attribution of any data. Two days before the interview, the interviewee would be sent the interview protocol. The meetings with bankers and clients took place outside the bank and company premises, at a neutral venue. The interview process began with the semi-structured interview protocol, distributed in advance. The interview itself opened with semi-structured questions, which then led to open-ended questions, and graduated to in-depth probing. Each interview lasted between 60 and 90 minutes. Respondents were given an opportunity to express their views, comments and opinions within the broad domain of trust-based business-to-business relationships. Ethical issues were considered and preserved through the research (Bell & Bryman, 2007). The protocol of

informed consent was followed before commencing the audio-recording. Some respondents refused to be recorded; in these cases, notes were taken and a second meeting or telephone call was arranged with the respondent to verify the accuracy of the notes. The remaining interviews were audio-recorded transcribed, sorted and coded, word by word, so that general conceptual themes could be identified (Miles and Huberman, 1994; Ghauri, 2004). The qualitative data analysis was primarily handled manually, although NVivo was also used as a useful tool within which to store the entire qualitative data set (Sinkovics, et al., 2008; Ghauri et al., 2005).

Dyads	Number of interviewees and dyads
Emirati client/ Emirati banker	50 interviewees, 25 dyads (i.e. 25 Emirati businessmen and 25 Emirati bankers)
Emirati client/non-Emirati banker	66 interviewees, 33 dyads (i.e.33 Emirati businessmen and 33 non-Emirati bankers)
Non-Emirati client/non-Emirati banker	44 interviewees, 22 dyads (i.e. expatriates, most of them Westerners, 22 non-Emirati businessmen and 22 non-Emirati bankers)
Non-Emirati client/Emirati banker	0 (could not find any examples)
Total	160 interviewees, 80 dyads

Table 1 Dyadic counterparts in the research

Findings & Discussion

Analysis of the data indicates that affective trust arises from shared values, which comprise two elements: cultural similarity and social bonds (see figure 2, below). Both appear to be necessary preconditions to shared values; and, for Emiratis, the existence of shared values is the precursor for establishing a level of trust that would persuade an Emirati to enter into a business relationship. These findings build on Morgan & Hunt’s work in the UAE context to demonstrate how important cultural aspects of shared values can be seen as an antecedent to trust, and how the shared values variable operates in practice.

Emiratis and non-Emiratis have very different perceptions of the antecedents of trust in banker–client relationships. The influence of culture on Emirati behaviour and beliefs with regard to the antecedents of trust in business relationships is fundamental. Emirati religion is fundamental to the cultural similarity. The Emirati Bedouins are tribal, and the tribe and tribal system are fundamental to altruism, kinship, *wasta*¹, the importance of clan and kith, and the family and extended family. The affective value is more salient than the cognitive in trust formation. Ties within Emirati dyads are strong, and are based on social bonds. Emirati culture and shared values prioritise group goals and outcomes over those of the individual; people are defined in terms of their tribal and extended family membership. With this

¹ *Wasta* is Arabic for connections or “pull” and may be used as a form of intercession or mediation.

characteristic collectivism, Emiratis place high value on maintaining social relationships and harmony. This can be seen in the following quotations:

I like to deal with my relatives, with people with whom I have close family relationships. When I deal with my people with whom there is a kinship, we feel relaxed, not worried, as we are both loyal and working hard to support each other (Emirati client 2).

Emiratis feel and think that they have obligations towards each other. They have to help their families first, then their clan, then their tribes and then the region (Emirati client 20).

Our findings suggest that social bonds are a stronger antecedent to trust among Emiratis than non-Emiratis and comprise the need for personal relationships *before* business transactions, the importance of *wasta* and the reliance by both parties on the past behaviour of the other as a predictor of future trustworthiness. In an Arab/Muslim context, the social bonds are strong among Emiratis, due to their tribal cultural inheritance. Social bonding between Emirati bankers and clients in the UAE provides customised services that develop relationships, allows the clients to trust and to be satisfied with the bankers' services, and assists in understanding and learning about the client's needs and expectations. Emirati counterparts have strong bonds with each other; they are empathetic and responsive on the basis of religion, culture and shared values (see Figure 1).

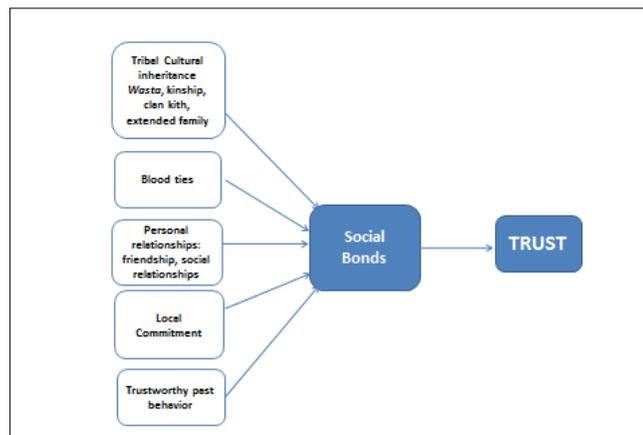


Figure 1 conceptual model of Emirati social bonds (Original)

UAE culture is based on personal relationships and a sense of local commitment. This is in contrast to characteristic responses from non-Emiratis, where a business opportunity may be identified and a business relationship formed, with no need to establish any closer friendship. Contrast the first two quotations below (from Emiratis) with the last two (from non-Emiratis).

We have a personal relationship with our clients. We believe in being with our clients not just for one transaction but to build a long-lasting relationship with them (Emirati banker L).

We have been dealing with our bankers for a long time. Personal relationships are important for us, but they are less important for non-Emiratis. (Emirati client 22).

I know that Emirati culture is different from our culture, but our friendships are one thing and our business relationships are something else. (Non-Emirati client 18)

I have good relationships with my clients, but I work according to documents, bank's policy and regulations. I have no time for socialising and emotions. Our business relationship was built after having a good experience with them. (Non-Emirati banker T)

The relationship between Emirati bankers and Emirati clients is a balanced or symmetrical relationship, and that of Emirati bankers to non-Emirati clients is asymmetrical: there is a mismatch between the factors that the two parties regard as important. This is particularly noticeable in respect of time invested in relationship building, where it can cause frustration and misunderstanding between Emirati and non-Emirati actors. Time invested in the relationship is very important to Emiratis, who spend considerable effort maintaining social relationships within their extended networks of relationships.

It takes time for us as Emirati partners to build a trust relationship, we need to meet and have coffee or lunch. We need to socialise and to know each other before starting our business. This is very important for us. (Emirati client 13).

For the non-Emirati, who places a higher value on cognitive-based trust, and who may rely on the reputation of his financial services institution, financial products, contracts and documentation, these affective-based activities may appear to be a waste of time, unnecessary or meaningless (see figure 2).

Non-Emirati clients declared trust in the productivity and performance of their counterparts, without expressing a need to know them personally; they were not concerned about forming social relationships in this context. Non-Emiratis place more emphasis on the banking processes and documents than on personal relationships:

I work with my clients according to documents and the bank's policy and regulations (Non-Emirati banker R)

I don't mind the social part. I am very professional in my work, so I don't need a lot of interaction with my counterpart. It is hard for me when people want to talk to me about how things are going, and when they ask me about my family. I feel it is a waste of time, I am busy person (Non-Emirati client 23).

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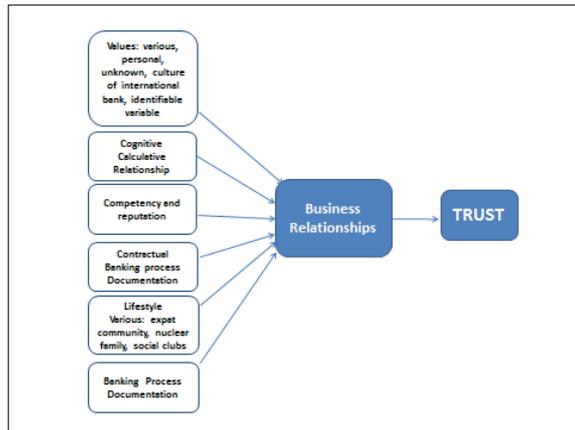


Figure 2: Non-Emirati culture and shared values (Original)

Conclusion & Implications

The research reported here adds weight to the argument that trust is a culturally embedded phenomenon. Consequently, when investigating trust in business-to-business buyer-supplier relationships, attention should be paid to the cultural context. It follows that generalising from empirical studies that have been undertaken in one cultural context (notably, within the North American business culture), to culturally distant contexts, such as the Arab world studied here, is fraught with difficulty. The non-Emirati participants in this study, while broadly aware of many aspects of Arab culture, generally preferred to approach trust in business-to-business relationships from a Western, predominantly cognitive perspective. These non-Emiratis face two difficulties in respect of building trust with Emirati business partners; first, they are often unsympathetic towards the Arab understanding of trust, and, second, they do not have the family and clan connections that would enable them to gain access to Arab networks of trust. Certain implications for business practice and for academic research follow from these observations. While cultural training courses may at one level prepare Western business-people to work in Arab countries, mere knowledge of Arab cultural practices is not enough since it does not provide access to the shared values of Arab business partners. One may ask whether it is desirable, ethical, or even possible, to inculcate shared Arabic cultural values into Western managers posted to Arab countries. In research terms, the extent to which culture and shared values influence trust, and wider aspects, of business-to-business supplier-customer relationships, is a fertile area for further research. Most of what we think we know about trust within such relationships arises out of studies conducted in Western countries. Clearly, the study of other countries where Western expatriates interact with different cultures is interesting. However, perhaps of even greater interest in a world that is becoming less dominated by the great Western economic powers, would be the effects on trust and business-to-business relationships of cultural differences between non-Western cultures: for example, when Chinese business-people form relationships with Africans, or when Arab business-people form relationships with Latin Americans.

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Appendix: Distribution of business clients by company sector/size in the main research

Sector \ Size	Large companies	Medium companies	Small companies	Total
Oil	15 respondents (8 Emiratis; 7 non-Emiratis)	6 respondents (3 Emiratis; 3 non-Emiratis)	No small oil companies	21
Construction	10 respondents (5 Emiratis; 5 non-Emiratis)	8 respondents (4 Emiratis; 4 non-Emiratis)	5 respondents (3 Emiratis; 2 non-Emiratis)	23
Services	9 respondents (5 Emiratis; 4 non-Emiratis)	7 respondents (3 Emiratis; 4 non-Emiratis)	5 respondents (2 Emiratis; 3 non-Emiratis)	21
Manufacturing	5 respondents (3 Emiratis; 2 non-Emiratis)	5 respondents (3 Emiratis; 2 non-Emiratis)	5 respondents (3 Emiratis; 2 non-Emiratis)	15
Others (individual interviews)	3	1	1	5
TOTAL RESPONDENTS				85