

A case of trust-building in the supply chain: Emerging economies perspective

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Abstract

The paper explores the process of trust-building between SMEs' supply chain partners in turbulent times in emerging economies. It focuses on the role of environmental information exchange in strengthening relationships and improving responsiveness to overcome uncertainty while understanding and adapting to the changing environmental realities. A case study strategy of an SME in Argentina was conducted to obtain insights regarding the experiences, perceptions and opinions about how achieving trust acts as an instrument of partners' support during an uncertain time. A series of semi-structured interviews were conducted in Argentina and China to collect empirical data. Data were analyzed to understand partners' mutual support and the emergence of trust. The importance of supply chain partnership is that partners go to the market together, meaning that there are more opportunities to benefit from for each partner. The results demonstrate that it is incorrect to assume that an SME can prosper alone in an unknown landscape. However, because of their responsiveness and experience in operating in a turbulent working environment, decision-makers rapidly develop skills to adapt to uncertainty. Information sharing is at the core of establishing successful long-term relationships, overcoming uncertainties while transforming them into opportunities.

JEL CLASSIFICATION

M16, L14, L23

1 | INTRODUCTION

Given the continuous evolution of the business environment, supply chain networks are expected to provide some capacity to mitigate change without compromising the laborious and arduous work done to establish relationships. Fast-paced developments in the business contexts require the network of businesses to adapt to volatile circumstances swiftly, look beyond short-term benefits and create win-win scenarios in which trust between the partners is maintained over time. However, resulting from information and communication technologies (ICT) developments, supply chain partners' work change

as the environment is increasingly overloaded with information. Therefore, partners need to develop the capacity to identify and share strategically significant information to manage the changes better.

Emerging economies are characterized by rapid changes in the business environment, requiring managers to adapt their operations to fit in with the change and the new situation. It is a challenging, continuous task, further complicated by increasing competition. Supply chain activities are particularly exposed to such challenges, as any firm's adjustments need to consider the potential and actual impact on relationships within the network (Majta, 2012). Operating across borders requires collaborative ethos in order for the firm to exploit opportunities and get ahead of

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the competition as trust, long-term relationships, cooperation in knowledge and information sharing, and communication are essential.

Successful supply chain partnerships result from establishing long-term relationships characterized by coordinating and facilitating knowledge and resources between partners (Davis, 1993). Collaboration, described by Simatupang and Sridharan (2002, p. 19) as a situation in which “two or more independent companies work jointly to plan and execute supply chain operations with greater success than when acting in isolation” ensures that partners work for common interests, allowing for trust to emerge over time (Miles et al., 2005). Goodwill information sharing is a crucial element of collaboration, which involves knowledge transference through an organic association (Blomqvist & Levy, 2006). In turn, knowledge-sharing creates fertile ground for innovation. Coordinating these elements helps develop business intelligence and reduces overall uncertainty (Kuehn, 2005).

This research examines the context in which SMEs interact in emerging economies and how environmental information flows make managers convert uncertainty into market opportunities. SMEs are becoming more globally involved, with the advantage that their decision-making is characterized by flexibility facilitated by procedures that enhance the adaptation process (Narula, 2004). However, these enterprises are being disadvantaged by a lack of financial capacity, restricted access to information, and the absence of considerable research and development budgets of their own (Lee et al., 2010).

The research is framed by uncertainty, an inherent characteristic of emerging economies. Rapid market and business environment changes both challenges and strengthen partners' trust, while volatility threatens business performance. This research examines the context in which SMEs interact in EEs and how environmental information flows make managers convert uncertainty into market opportunities where collaboration occurs, with managerial skills required to benefit from a profitable relationship. The aim is to understand how relationships are shaped based on personal aspects rather than procedural ones and how partners' capabilities compensate for the lack of resources. It also broadens the premise that the key to success is understanding which information a business requires and learning to interpret that data to anticipate changes in a context of constant instability. Empirical evidence was collected exploring the perspectives of several SMEs involved in an Argentinian firm's supply chain: two brokers (one in Argentina, one in China) and two suppliers (in China).

SMEs are pillars of a country's economy. Due to their inherent characteristics, managers often experience challenges while rapidly adapting to circumstances in the business environment, which is due to an SME's flexibility in decision-making (Narula, 2004). This process results in solutions speedily. However, SMEs' lack of resources and structure to enter the international market, access to international credits, financial capacity, and the knowledge to operate overseas does challenge the nature of their collaborative relationship (Colurcio & Russo-Spena, 2013).

This paper focuses on firms operating in emerging economies as their context differs. Home to more than 80% of the world's population and contributing over 70% of global GDP, emerging economies are characterized by economic and political instability, weak formal and more vital informal institutions, volatility, inequality, and diversity (Lagarde, 2016; Pacek & Thorniley, 2007).

The study of emerging economies is gaining ground as there are market opportunities for diversification (Bang et al., 2016). Nevertheless, specific characteristics challenge the reliability of EEs, such as access to resources, inefficient legal framework, sociopolitical instability, the quality and availability of infrastructure, and weak institutions (Bang et al., 2016). Overall, SMEs are responsible for economic growth in EEs and face the challenge of being punished by rapid political and economic changes. Managers operate in unclear contexts with substantial economic pressures, such as high-interest rates, inflation and protectionism policies. Therefore, it is crucial to study SMEs' interactions within the SC in EEs to understand how volatile environment shapes relationships.

A case study of an Argentinian company's supply chain relationships has been developed. The company was founded in 1996. Its portfolio includes wood products, derivatives, products related to dry construction and hardware for furniture at the retail level. It employs 90 staff and offers a compelling product mix that acts as an intermediary between the industrial producers and the manufacturer and assemblers of the final products.

The paper explores how trust is built between SME supply chain partners in emerging economies and mainly investigates the role information sharing plays as a tool supporting trust-building. The research questions are:

How does environmental information flowing in turbulent periods contribute to trust-building between suppliers in different emerging economies?

What factors affect trust-building between SMEs supply chain partners in turbulent periods in emerging economies?

The paper provides a discussion of original data gathered in interviews with representatives of companies within the supply chain of an Argentinian SME. The argument presented here demonstrates that sharing information within the SC signals trust and parties' perception as partnerships. The more shared information represents having more options and possibilities, allowing companies to be one-step ahead of the other market players. SC stakeholders should create a partnership with the predisposition of going to and exploring the market together. Building on this, partners are responsible for providing a constant information flow to help make predictions regarding market trends.

The paper contributes to supply chain management (SCM), especially in the area of relationship management in emerging economies. It provides an understanding of how SMEs operate, explaining the resources they utilize to overcome uncertainty. Furthermore, and most importantly, it provides an understanding of information flows from an unusual angle, referring to the external information shared between partners rather than internal information, which focuses on the enterprise's business dynamics.

The following section provides a literature review of academic research related to trust-building under this setting. Subsequently, the research methodology is explained, including a justification of the case study strategy, details of sampling, and data collection and analysis. Next, the primary findings are elaborated and situated within previous

works and theoretical contexts. Finally, the concluding section explains how research questions have been addressed and offer recommendations for further research.

2 | TRUST IN SUPPLY CHAIN LITERATURE

This section explores stakeholders' relationships and, in particular, trust-building factors relevant to SMEs operating in emerging economies. The discussion is rooted in supply chain literature and concepts developed in organizational psychology and organizational behavior. It focuses on the resource dependence approach to explaining how collaboration and information exchange between partners is essential for reducing the impact of uncertainty—an external condition beyond partners' control. Partners establish closer relationships to complement resources and, hence, to survive (Zhou et al., 2018).

2.1 | Supply chain relationships: Small and medium-sized enterprises

SCM is “*the management of upstream and downstream relationships with suppliers and customers to deliver value*” (Christopher, 2011, p. 3). It plays a strategic role within the company, and its successes are determined by timely flows of materials, capital, and information to perform efficiently (Mangan & Lalwani, 2012).

Small and medium-sized enterprises play a significant role in developing a country. They remain large firms' primary job creators, innovators, and antecedents. They are agile, responsive, and can adapt to changes better than large multinational corporations (Park et al., 2013). Globalization provided SMEs with access to international markets as their crucial participants—benefiting from scale, offering personalized products which often better fit localized demand conditions, and upstream accessing a wider variety of resources (Elmuti, 2002). Participation in the global market also means accessing and managing more information and knowledge. Emerging economies SMEs typically face challenges when operating internationally, resulting from home market characteristics—for example, difficulties accessing international credits (Gao et al., 2017). For instance, the presence of institutional void in emerging economies as accessibility to reliable information is difficult to gain, which increases the market complexity, requires developing contextual intelligence and understanding (Gao et al., 2017). Furthermore, the information available is often untrustworthy, resulting in a change in partners' behaviors. Scholars such as Pacek and Thorniley (2007) have provided examples of deficiencies in the quality of information, such as governmental data, which is often linked to the levels of corruption that this type of economy is known to have.

Supply chain relationships can be seen as a functional partnership necessary for performing international operations effectively to minimize each country's weaknesses. As discussed, SMEs working with wide-ranging supplies access numerous benefits, including risk-sharing, improved planning and control, and commitment and

investment (Rezaei et al., 2015). Developing a collaborative relationship is the key to competing in a complex market, where an individual company may struggle to survive otherwise. Especially in emerging economies, instability requires adapting to change to maintain competitiveness (Min et al., 2005). Besides, SMEs' goals are more delimited and diverse, and the managerial implications are more responsive and unpredictable (Kull et al., 2018). This idea is supported by researchers, as firms face a remarkable challenge in EEs of filling the gap to measure up to the prominent international players while integrating activities (Cragg et al., 2020). International partnerships create opportunities, and more resources are available regarding capacity, awareness, communication, technological availability and human resources.

Competitiveness is considered a connecting factor between the partners because one's success implies the subsequent success of their peers, which lays at the foundation of the resource dependence approach (Singh, 2011). This dependence assumes the linkage of actors within firms to share and adapt resources to achieve competitiveness, adapt to environmental distortions, learn, and transfer knowledge (Tyler, 2001). The importance of understanding SMEs' relationships in emerging economies is that most enterprises are not ready to change their direction when new conditions appear. However, working in a network provides the opportunity to maintain their business competitiveness while gaining access to knowledge, technological capabilities and market information (Organisation for Economic Co-operation and Development (OECD), 2008).

2.2 | Trust in supply chains

Out of several definitions of trust, Moorman's et al. (1993, p. 82) appears to capture its essence in a helpful way for this discussion. For them, trust is the “*willingness to rely on an exchange partner in whom one has confidence.*” Additionally, relevant factors, such as expectations, agreements, and beliefs from partners, affirm that a trustful relationship is taking place within organizations. Consequently, in terms of organizations, trust is the ability to count on the parties involved acting with goodwill, expecting that each party will perform in the manner established in the initial agreement, along with an “*additional element*”—surpassing the minimum requirements (Delbufalo, 2012). Trust-building is justified by the presence of uncertainty or vulnerability in the context in which firms operate since if there is no risk, trust is not indispensable (Moorman et al., 1993). Consequently, trust and context are interdependent (Laequddin et al., 2010).

Two categories of trust encouraging assistance in collaboration can be distinguished: interpersonal and interorganizational. Interpersonal trust relies on behavior while accepting dependencies within individuals. At the same time, interorganizational trust relies on expectations rather than the commitment and agreements of business interactions aiming to reduce risks (Mouzaz et al., 2007). Nevertheless, as complex business interactions increase, both types can explain the daily operations, as both help reduce uncertainty (Doney et al., 2007). Consequently, the higher interpersonal trust and interorganizational

reliance, the stronger the relationship becomes and the more sentimental commitment. In the case of emerging economies, where the levels of uncertainty and complexity are greater, this mechanism is of yet greater importance.

Further, Sako (1992) demonstrates that trust in SCM can adopt the forms of contractual, competence and goodwill, and exists because of behavior prediction (Ireland & Webb, 2007). First, it begins with contractual trust, which refers to the standard each partner is committed to in the contract, for example, payment schedules, product design protection and delivery dates. Such a form of trust is present in typical business transactions. Second, competence-based trust illustrates the idea of entrusting the partner to do a job that the firm itself cannot do due to a lack of resources and capabilities (Sako, 1992). Finally, the goodwill trust is an open commitment exceeding the initial obligation and involves the initiative to perform better and achieve better results. The longer the relationship between the partners, the greater the chance of developing the ultimate form of trust. Relatedly, the presence of any form of trust or lack of trust generates different behavior.

Due to their volatility and uncertainty, emerging markets tested trust relationships. Often partners' lack of trust is notable as suspicion increases, contrary to what happens in developed markets where the concept of building natural trust is more commonplace (Sabel, 1993).

Trusting relationships are based on relational interactions between suppliers and buyers, as one partner's behavior influences the trust of the other (Doney et al., 2007). Bianchi and Saleh (2010) demonstrate that trust and commitment are crucial elements in thriving SCM, especially in emerging markets, where challenges are magnified. Frequent communications speed up trust development as it facilitates information flows and contributes to a harmonious relationship (Squire et al., 2009). Importantly, trust is seen as a necessary component of goodwill information sharing and a factor that mitigates conflicts related to opportunistic behaviors, explained by the resource dependence approach. Further evidence of the advantages of developing interorganizational trust demonstrates a link between trust and a firm's financial performance. Higher degrees of trust lower costs and increase efficiency and profitability (Delbufalo, 2012).

Trust is a crucial element of effective SCM, encouraging long-term relationships and inspiring competitiveness through collaboration (Tatham & Kovács, 2010). Such collaboration can bring about wide-ranging benefits such as differentiation and implementing innovative practices, cost reductions, increased quality of operations, improved communication, conflict management, flexibility and, ultimately, alliances (Arnott, 2007; Panayides & Venus Lun, 2009). Thus, as Deutsch (1958) initially concluded, trust is a motivational factor leading to strengthened relationships. In turn, a successful and more responsive supply chain results in better coordination of flows and a combination of tasks that will help achieve goals (Eng, 2006).

2.3 | Trust building in uncertain periods

In emerging economies settings, rapid changes in the business environment represent a challenge for companies, with an implicit collaboration

requirement to meet demand while increasing competitiveness. This collaboration involves a high level of trust between partners, benefiting from establishing a long-term relationship, reducing the risk of opportunistic behavior and power issues due to the high level of dependence (Doney & Cannon, 1997).

In the 1980s, a group of academics created the Industrial Marketing and Purchasing Group to study the components of long-term relationships in the supply chain, highlighting the inclusion of trust, power, commitment, cooperation, conflict and mutuality, and excluding risk and uncertainty in their findings (Harland et al., 2002).

In a profit-focused context, trust-building involves any of the five distinct processes beginning with "calculative" and "prediction," through "capability," "intentionality," and ending up in the "transference" stage (Doney & Cannon, 1997). Every relationship starts with a motive related to a shared, common interest. However, an economic analysis often informs the new relationship's potential profitability for partners to work together (calculative) to align cost sensibility and partners' expectations of receiving quality services. The partners' behavior expectations are based on prior information and reputation (prediction). Some authors suggest adopting a "courtship behavior" related to finding common patterns within partners to predict how partners will perform (Saphiro et al., 1992) (capability [collaborative]). Therefore, an analysis of partners' intention to reach common goals can be deduced (intentionality). Finally, word of mouth from previous actors involved in previous interactions represents a reliable source and a great opportunity that leads parts to trust each other based on their expertise and commitment (transference). The relevance of this for this paper is that, regarding previous research about the other company, there is a risk related to environmental issues that make partners distrustful of whether the other part will perform as is expected.

A decision to operate in the international market represents a challenge for most firms. It is often a result of international collaboration for SMEs, allowing for developing capabilities and risk-sharing (Zhang & Huxham, 2009). Companies operating on the global market have access to new technologies and knowledge while optimizing procedures and allowing for innovation to occur and be adopted. Nevertheless, collaboration-based internationalization poses several challenges for firms, as they need to create a context of reciprocal comprehension to facilitate collaboration and shared decision-making. Simultaneously, the partnership identity construction process happens alongside collaboration and trust-building. It is essential to consider this in the context of cross-cultural management, exploring collective identities construction and attributes shared within organizations, as cultural distances can threaten mutual ways of behaving when uncertainty appears (Zhang & Huxham, 2020). Cultural distance shapes the relationship as it affects the context of daily operations, leading to misunderstandings and disruptions in communication, thus impacting partners' commitment (Narayanan et al., 2018). Hence, studying this aspect will explain how each partner minimizes misinterpretations.

Mahesh et al. (2011) studied suppliers' role within the partnership as a relational resource in which capabilities are complemented, and interactions with buyers determine the supply chain's overall

performance. The better the performance, the better the partnering firms can adapt to uncertainty. However, the real challenge for the firm is to be able to decide when a risk occurs and when uncertainty is taking place. Ben-Haim and Demertzis (2016: 4) define uncertainty as to the “*ignorance of underlying processes, functional relationships, strategies or intentions of relevant actors, future events, inventions, discoveries, surprises and so on.*” On the other hand, risk refers to the interruption of the normal flow of elements due to variations (e.g., seasonality in demand), which can be estimated with probability estimations through scenarios analysis and likelihood judgment (Mahesh et al., 2011). In this study, economic and political turbulence are recognized as environmental uncertainty, as companies cannot control them or work to prevent them from happening.

In a dynamic and complex environment characterizing emerging economies, some firms form supply chain relationships, which can be described as partnerships—a vital resource for competitiveness. Activities involved in this concept includes information sharing and collaborative planning (Qu & Yang, 2015). Prior studies have revealed that interorganizational systems—integrating real-time data that encourage continuous information flows within the supply chain while learning how to get the most from it—is essential to avoid uncertainty (Qu & Yang, 2015). It promotes the automatization of procedures while creating different scenarios to mitigate risks and alert SMEs to different courses of action for emerging situations.

Sources of risk impacting supply chains can be classified into six types (Figure 1). First, the national influences, involving trade, financial, and fiscal policies. Second, consumer dynamics includes factors such as preferences, income levels. Third, natural disturbances affect the environment, for example, earthquakes. Next, human-made disruptions, including terrorism. Then, innovation due to technological disruptions, as events that prevent flows management within the SC. Finally, macroeconomic dynamics relate to business dynamics, exchange rates and financial emergencies (Fung Global Institute (FGI),

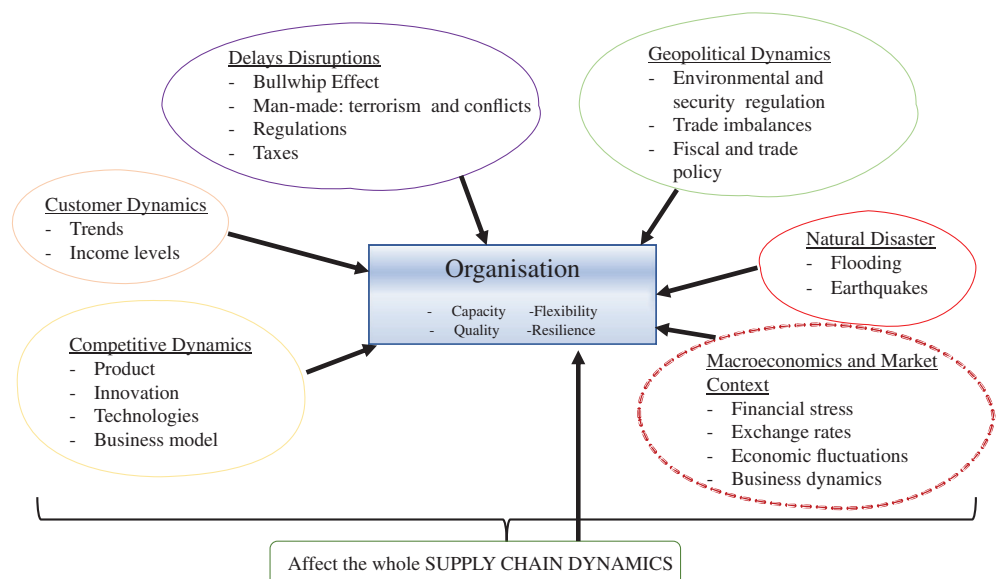
Nanyang Technological University (NTU), and World Trade Organization (WTO), 2013). Figure 1 shows the detailed causes of supply chain disruptions, which result from different sources, including changes in customer preferences, market dynamics, natural disaster, and economic fluctuations, among others. This is relevant in the aspects affecting macroeconomics and market context, as this research explores how sharing environmental information softens changes in partners' behavior.

Changes in the business environment, particularly in emerging economies, occur frequently and rapidly, disrupting the supply chains. In such dynamic circumstances, supply chain partners must develop capabilities to capture, understand and adapt to the new reality. Having access to real-time data through technology is a way of being efficient in the adaptation process (Aryal et al., 2020). Some factors are typically volatile in emerging economies, such as materials cost (Pacek & Thorniley, 2007). In this respect, collaboration is a challenge to partners in their value proposition, nonetheless worth considering (Colurcio & Russo-Spena, 2013).

It is crucial to consider collaboration as trust-building regarding which information is required as a strategy to mitigate uncertainty. There is no doubt that collaboration minimizes information alterations and uncertainty avoidance resulting from a lack of coordination. Therefore, this research explores how SMEs use this information and how information optimization takes place to minimize pressures from the dynamic environment.

As this research focuses on a context of instability in EEs, it is essential to consider the fact that SMEs suffer more from the impact of non-probabilistic changes in the environment, as economics volatility implies SMEs' financial pressures in which decision-makers develop improvised tactics to survive while coping with instability (Nyfoudy et al., 2020). Furthermore, speculation increases due to informalities in daily operations, which are likely to appear. Environmental uncertainty represents a threat to SMEs, which leads to unfavorable decision-making if not treated strategically (Nyfoudy et al., 2020).

FIGURE 1 Causes of supply chain disruptions. Source: Adapted from Fung Global Institute (FGI), Nanyang Technological University (NTU), and World Trade Organization (WTO), 2013 [Color figure can be viewed at wileyonlinelibrary.com]



The relevance here is that EEs are characterized by economic instability and political uncertainty (González Bravo, 2020). Furthermore, economic cycles have become a matter of concern as they increase uncertainty and pressures. One clear example is what occurred in Argentina in 2018, where the Argentine peso fell 68% against the USD, and bank interest rates increased drastically to 60%, causing hyperinflation (Meredith, 2018; The World Bank, 2020). Hence, productivity was affected, and companies had to find a way to survive through behavioral adaptation while internalizing uncertainty (Russo & Gutti, 2020). For successful companies, new opportunities were generated, such as gaining more market share, improving companies' learning processes, and developing competitiveness through the SC, allowing them to compensate for weaknesses and support each other in difficult times.

2.4 | Innovation-driven information flows

Market information sharing is one of the core elements in supply chain collaboration (Min et al., 2005). An important aspect of it is information assimilation within the supply chain. More specifically, how data is transformed into information and then converted into knowledge reduces uncertainty. Nevertheless, it is one of the most challenging tasks that partners regularly contend with for various reasons. For instance, there has to be a commitment and the predisposition to share the correct information at the right time, which requires and fosters coordination (Lofti et al., 2013). Rai et al. (2006) note that information creates significant value when shared and little value when kept private. This paper explores the identification and sharing of strategic information related to environmental volatility.

Adopting a friendly information system (IS) in which partners can "communicate" in the same language is essential for success and reducing the cultural distance. Such systems allow to minimize information distortions and contribute to the overall efficiency of communication. In this context, an appropriate and relevant information technology (IT) solution represents a strategic asset for the supply chain partners. This innovation—fitting each partner—often holds the key to effective information sharing (Klein & Rai, 2009). SMEs have different ways of adopting IT innovations, which are determined by resource availability and their absorptive capacity—that is, "*the ability to recognise the value of new information, assimilate it, and apply it to commercial ends*" (Cohen & Levinthal, 1990, p. 128). Successful communication technology allows supply chain partners to better coordinate activities and respond to changes with greater efficiency while developing market intelligence (Singh, 2011). Information flows lead to knowledge exchange, which is essential to succeed in turbulent and volatile markets (Su et al., 2020). Once absorbed, such knowledge becomes strategic and helps SMEs survive amid uncertainty.

The supply chain must optimize quality, content, and technical support from a communication efficacy standpoint. Several issues are of critical importance. These include the extent to which the correct information meets partners' requirements regarding time, frequency, scope, accuracy, credibility, and adequacy to reduce uncertainty and

enhance coordination while configuring a responsive supply chain in an acceptable format (Zhou & Benton, 2007). In order to avoid over-complexity and data overload and thus enhance efficient decision-making, partners need to agree on what to consider as strategic data.

An integrated network blending processes and information sharing between partners is required to ensure the supply chain's continuous dynamics and competitive functioning (Mirkovski et al., 2019). Such collaboration must include adopting ICT practices (e.g., instant messaging, e-mail, file hosting, bar codes, data interchange), enabling timely and accurate information sharing. Furthermore, such digitalization mitigates risks through improved data analytics, helping to reduce costs while enhancing flexibility, transparency and ultimately efficiency (Liu & Chua, 2016). Over time, it will lead to what Rosenberg (2020, p. 56) calls value networks—"sets of connections between organisations and individuals interacting with each other to benefit the entire group."

The digitalization of contacts and information and data exchange represent innovation in its classical sense—"an idea, practice or device, perceived as new by the unit of relevant adoption" (Zaltman et al., 1973, p. 12). Other academics have contributed to this concept, assigning it a strategical perspective in dynamic markets, given its ability to encourage the process of sharing knowledge (Drucker, 2014). As a result of new emerging technologies, as the internet of things, artificial intelligence, cloud computing, among others, information flows "in a dynamic way in multiple directions" (World Trade Organization, 2019, p. 5), which increases the level of transparency and visibility within the SC while understanding the business dynamics. Hence, innovation improves the information sharing process; for instance, it reduces inventory costs while implementing scenario planning to develop business intelligence (World Trade Organization, 2019).

Due to the inherent characteristics of emerging economies, the implementation of technological innovation mentioned above is complex as there is a lack of infrastructures, knowledge, capabilities, capacity and resources. Nevertheless, this is not extensive, as Afolayan et al. (2015) highlight that the level of corruption and insecurity in this type of economy contributes to a lack of transparency, restricting the implementation of innovation. Trust is, again, a critical factor, as it can be seen as an element that discourages innovation if it is not reached within parties. Through collaboration, partners in EEs manage to create solutions together, as each innovation makes partners think strategically, enabling communication flows.

Research regarding trust-building in turbulent periods in emerging economies in the supply chain context highlights that this phenomenon increases in complexity as market volatility amplifies.

One of the most controversial components of trust is the commitment between partners, being influenced positively or negatively by different factors and relationships that are challenged by opportunistic behaviors. However, when trust is generated in a context of goodwill, a favorable environment is built, giving way to information sharing practices, enabling collaboration for innovation, knowledge transference and risk mitigation strategies, and generating valuable opportunities for partners. Consequently, successful trust-building relationships provide a more flexible environment for firms to create, innovate and differentiate.

Academics such as Blomqvist and Levy (2006) consider collaboration a meta-capability, implying that benefits and all partners involve interests' matter. Furthermore, information sharing is perceived as a capability-based practice. Previous research has examined whether collaborative interaction occurs because partners succeed in communication or not because of one partner's lack of information sharing capability and/or relevant innovative technology. Further, the more dynamic and complex the supply chain becomes, the greater the number of risks that need to be considered. With the increase of complexity, the need for capable, transparency-ensuring IT systems grow.

Much research has been done regarding trust and SCM. However, how trust-building within different sized firms is put at risk in the international market and the context of environmental turbulence deserves further attention. There are significant gaps in this regard. One such gap relates to the nature of the information required to be shared between partners (e.g., strategic information). Additional, typically, information sharing has been explored in the context of market demand, but less so as an essential strategic and support mechanism allowing partners to cope in volatile or critical situations.

This paper utilizes a case study of the Argentinian SME supply chain to fill some of those gaps. It provides a deeper understanding of how SMEs build trust while operating in the international context and how they support each other when dealing with environmental uncertainty.

3 | METHODS

A case study of a company and its supplier network was conducted, using semi-structured interviews as the primary data collection technique. It involves understanding different partners' views and relies on an interpretive philosophy, with an exploratory nature that shaped its design. Data collection provided insights from a specific situation in a particular context to identify patterns and topics to create a conceptual structure (Saunders et al., 2016).

Typically, relationships and trust in supply chains is explored in quantitative research (Bianchi & Saleh, 2010; Delbufalo, 2012). The case study approach has been developed to complement these works and add lacking insights discussed earlier. Its principles build on previous research, including Lindgreen et al. (2005) and the Organisation for Economic Cooperation and Development (OECD) (2008), which successfully explored relationships within the supply chain in complex environments.

Such an approach allowed for an in-depth analysis of trust-building in turbulent environments in emerging economies, that is, contemporary phenomenon, where information flows provide opportunities to develop and enhance partnership. A case study approach—*“an empirical method that investigates a contemporary phenomenon (the “case”) in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident”* (Yin, 2008, p. 45), is applicable here for several reasons. First, it permits to research the phenomenon by engaging in its context. Second, it does not control what is happening in a contemporary situation. Third, because of its ability to avoid the research being limited to just its context, providing the flexibility to

TABLE 1 Interviewees information

Business unit	Location	Interviewee position	Signifier
Case SME	Argentina	Owner	A
Broker	Argentina	Owner	B
	China	Manager	C
Supplier	China	Manager	D
	China	Manager	E

Source: Own work.

get deeper insights into understanding the factors that affect a partner's behavior (Flyvbjerg, 2006).

Several predefined criteria, guided by current literature and the research questions, informed non-probabilistic, purposive case selection. These included: 1) firm located in an emerging economy with 2) recent experience of particular volatility, 3) firm using an international network of suppliers, with 4) crucial ones located in other emerging economies, and 5) use supply chain intermediaries. An embedded single-case design was developed with an Argentinian firm as the primary unit of analysis and its different partners in China as subunits.

The study focused on an Argentinian SME selling construction materials and trading with China through selected brokers. The 2018 economic crisis in Argentina provided the relevant environmental context—adding levels of volatility and uncertainty and putting demands on the company and its supply chain partners. It is crucial to consider the anonymity of the interviewees, as one did not want to disclose their name, so their decision was respected, and they were anonymized in the whole study.

In total, five business entities were studied: The Argentinian SME, an international trade broker located in Argentina, another one in China and two suppliers based in China. Semi-structured interviews were conducted with the main decision-makers (owners, managers) within each company (Table 1). Interviewing individuals operating at the different stages of the supply chain provided an opportunity to compare behaviors while gaining meaningful insight into the different perspectives on how uncertainty puts partners at risk in the long-term relationships and which information should be shared to reduce this risk.

The discussion focused on four core themes during the interviews: environmental context, suppliers' relationships, technology-enhanced information sharing, and trust. The interviews lasted between 40 min and 2 h and were conducted via Skype in August 2020. Next, they were transcribed to immerse the data and aid analysis better. Subsequently, a three-level coding frame was developed and allowed for data to be coded using NVivo software. Tier-1 codes included broad themes of partnerships, trust, relationships, external contexts and information sharing. Tier-2 and tier-3 codes established greater level of data granularity through a more focused classification. The former included such codes as “customer instability,” “decreasing trust,” and “innovation in information sharing.” The latter—“adapting to change” and “overcoming uncertainty.” Coding facilitated data reduction and allowed for its manipulation, identifying key categories, patterns, and connections (Saldaña, 2013). The following sections present the result of conducted analysis.

4 | INFORMATION SHARING AS A TRUST-BUILDING MECHANISM

The empirical results are presented and discussed under different themes: trust, context implications, partnership relationships and information sharing, corresponding to earlier studies, and the coding used during data analysis. Furthermore, the interviewees' views and perspectives are explored in their backgrounds, depending on where they were in the SC. By the end of each theme section, an analysis integrating the interviewees' opinions and experiences is provided, as well as a synthesis connecting it with earlier studies and theoretical contexts.

4.1 | Trust and trust-building factors

Supply chain partners' understanding of what can construct trust depends on their background and their position within the supply chain. Table 1 provides selected insights about the key concepts of trust-building expressed by the interviewees. These data are related to what Curral and Inkpen (2002) propose regarding the meaning of trust at an organizational level. There is an expectation that agreements will be respected, with an extra component. The extra element varies and may include ethical issues, time, value propositions, and smooth communication.

Furthermore, frequent interaction between partners is perceived as a tool that prompts the process of trust-building (Doney et al., 2007). It allows partners' behavior and attitudes to be predicted while mitigating uncertainty and enhancing collaboration to meet partners' expectations. Earlier studies have identified key areas that constitute this interaction. One is based on establishing strategic departments such as purchasing and sourcing, as these can be seen as a contact point connecting partners and facilitating collaboration (Paulraj & Chen, 2007).

However, trust within the supply chain has potential disadvantages. These are typically related to the confidence partners vest in the market. As the customers and suppliers know that trust companies are reliable, they tend to believe what the focal company transmits. Hence, the company is positioned as a market reference. However, this transparency leads to the company being too predictable and easy to take advantage of by the competitors. In contrast, previous studies have revealed that predicting how partners will perform is beneficial. It helps strengthen the trust condition, ensuring that parties will act according to the commitment made in advance (Saphiro et al., 1992).

Concerning trust-building elements, words such as respect and agreements compliance were considered essential for creating the trust (Table 2). Trust can be seen as synonymous with an alliance with supply chain partners, implying a continuous relationship between them. Having continuous relationships with suppliers allows them to have more confidence in the company than in the country. Being professional and the speed at which requests are solved are keys to maintaining such trust-building relationships. Other factors contributing to the emergence

TABLE 2 Trust building factors as expressed by the interviewees

Research participant	Trust building factor	Key quote
Interviewee A	Matter of respect and ethics	"No changing the rules of the game"
Interviewee B	Respect the deals and solve problems	"You get to know people when you say no or when you give them power"
Interviewee C	Have time to know companies' personalities, keep communication smoothly and do what was promised to do	"This company is good for their responding"
Interviewee D	Good communication, understand value propositions	"It is the willingness to share requests" "Respect first, then trust"
Interviewee E	Being reliable and open-minded. Have individual principles to do business in a relaxed way by creating mutual commitment.	"Learn to be a good (trusted) man first, then start to do things or business"

Source: Own research.

and maintenance of trust between partners include meeting formal deadlines (e.g., delivery, payment), price stability and sharing of clear pricing policies, information about cost-building, product quality, transparency of shared information and respect. Particularly in complex and dynamic environments, these elements have been identified as essential in effective cooperation and contributing to trust-building (Ratajczak-Mrozek & Matys, 2012).

4.2 | Context implications—Distrusting the market

When operating in emerging economies, many issues need to be regularly considered, including currency volatility, banking system difficulties, clients' cash flow challenges, and order place instability. Such factors contribute to high levels of uncertainty. In turn, those more dynamic environments require greater business flexibility and generate greater distortions in supply chains (Alvarado-Vargas & Kelley, 2020; World Trade Organization, 2019). To mitigate some of the challenges, the Chinese government supported the expansion of Chinese businesses by providing them with general and detailed business intelligence and advice specific to each country with a recommendation on how best to proceed and deal with clients based in those countries.

Consequently, Chinese suppliers have been alerted early on about Argentina's complicated situation and the nonpayment risk it was posing—payment does not depend solely on the customer but the

Argentinian Government control over USD transfers. However, while the studied suppliers were concerned about the Argentinian market overall, they did not trust the Argentine company's capacity to conduct fair business and deliver timely payments. This attitude resulted from several years of collaboration and relationship management, leading to enhanced trust between the Chinese and Argentinian firms. As a result, suppliers continued to support the Argentine firm, which promised that in payment difficulties related to the country's economic instability, own funds would be used to cover liabilities. Previous studies suggest that when there is a distortion in the local market, it is necessary to get support from international partnerships to access resources and knowledge to mitigate better the uncertainty (Gunasekaran et al., 2015). Correspondingly, to reduce supplier anxiety, the payment strategy needed to change from payment upon receipt to payment in advance of the shipping address helping, at the same time, manage currency exchange risk for the Argentinian firm.

Argentina is often characterized as “going from crisis to crisis,” with volatile exchange rates resulting from devaluations and difficulties in credit accessibility (Lorentz et al., 2013). For example, between 2016 and 2019, Argentinian peso fell some 2/3 against the USD, and annual inflation reached nearly 50% (The World Bank, 2020). Consequently, importers must manage transactions with their funds or be granted credit overseas, which is challenging due to Argentine policies.

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4.3 | Environmental pressure

The Argentinian SME is in a favorable position with its national suppliers, as the owner explained that they typically work without applying financial pressures. However, the pressure appears downstream and comes from the sales challenges. The company can purchase, and suppliers provide products to meet annual targets. However, in 2018, economic conditions in Argentina worsened as the currency weakened by 68% against the dollar, inflation exceeded 50%, and GDP fell by 2.5% (The World Bank, 2020). In such conditions to protect itself from further currency depreciation and inflation, the focal company relied on overstocking enabled by deferred payments. National suppliers knew that payment was not an issue because of the partners' trust over the years. Building trust with suppliers allows creating a collaborative atmosphere where suppliers make offers beneficial for SMEs. These include better payment terms and prices. Similarly, at an international level, the suppliers can extend payment terms. Overall, this allowed the focal company to readjust its budget by 60%, survive the difficult period and prosper in its aftermath, looking to penetrate the market of smaller competitors.

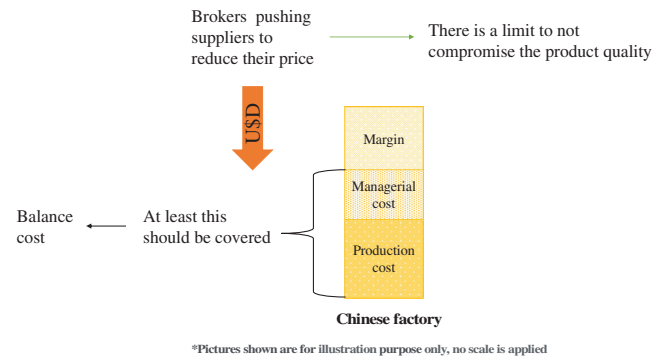


FIGURE 2 Example of suppliers' support. Source: Own research [Color figure can be viewed at wileyonlinelibrary.com]

SMEs' capacity to adapt to the turbulent contexts represents the in-built resilience to the unforeseen circumstances underpinned by adopting proactive behavior (Ates & Bititci, 2011). Moreover, as speed in decision-making is crucial to surviving, a rapid change of strategy ensures survival and contributes to long-term resilience.

However, at the basis of such situations lies trust, or as expressed by one interviewee, “*trust is the fundamental issue that makes a SMEs survive. If not, it will likely lose its market position.*” Such trust is developed by sharing sensitive information, which mitigates uncertainty and enhances transparency. Part of this trust assumes that Chinese suppliers do not cease collaboration with their customers unless production and managerial costs are not covered. Hence, the influence of all parties involved in transactions counts. Cost reduction and operations flexibility has been identified as critical method of supplier support (Li et al., 2007). Figure 2 shows an example of how Chinese suppliers are willing to cooperate to support SMEs when dealing with external pressure.

However, SMEs' objective credit and financial position are critical to ensure suppliers' support. Based on previous performance, suppliers make this decision to check if an SME's record is acceptable.

4.4 | Partners' relationships

The factors above belong to two main categories—individual and organizational, which contribute to trust-building. However, they are often assigned diverging levels of importance. Our results suggest whether prioritizing individual or organizational relationships depends on the contact person of supply chain partners. When the owner represents the company, the individual relationship will likely gain more importance—as put by one interviewee, “*you are my customer, not your company*” (Interviewee A).

In contrast, when the contact person is an employee, the relationship remains at an organizational level based on the employee's risk of departure. It emerges that individual factors—personal relationships and dependencies—are more critical for trust than organizational ones (Mouzas et al., 2007). The company's individual should be open-

minded and have good communication skills, including sharing sensitive company information in a frank manner. Insufficient and poor communication have been recognized to affect trust-building adversely (Ruel et al., 2017).

However, other interviews emphasized the importance of organizational relationships, which in their view, should be prioritized for it serves as the basis for the development of personal relationships. In fact, and based on previous literature, both types should be seen as complementary and necessary in reducing uncertainty, and through enhanced flows of information contributing to a lasting relationship and organizational trust (Delbufalo, 2012; Doney et al., 2007).

4.5 | Information sharing as trust-building

Information exchange is a critical element of trust-building. The timely sharing of strategic organic information is vital, allowing for agile and rapid decision-making by the partners. Innovative ITC solutions have the potential to enable this.

Achieving continuous information flows is challenging but can enhance supply chain network performance (Eng, 2006). Relevant information offering business intelligence is concerned, for example, with similar companies' experiences in overlapping markets provided by suppliers. When delivered at the right time, it helps decision-makers undertake actions to mitigate uncertainty (Lofti et al., 2013). Some suppliers also provide macroeconomic analysis of the broader region where the company is located—for the focal company, including Brazil. Such information allows the Argentinian SME to predict future market developments and protect its position and supplier networks against potential competition from abroad (Rai et al., 2006).

The macro-focus is also reflective of Chinese suppliers' attitudes. They tend to trust the focal company but feel uneasy about Argentina's situation, explaining why partners need to internalize and share uncertainty, preventing panicking and ensuring fact-based decisions. Knowledge is converted into opportunities (Russo & Gutti, 2020).

The information allows managers to respond faster and more accurately to the changes in the market. However, an overload of it poses its challenges. As indicated by earlier studies, SMEs at times do not have enough capacity to process all available information (Mahesh et al., 2011). Therefore, the firm needs to optimize incoming information to get the most out of it.

It is interesting to explore what supply chain partners consider strategic information in this context. Information can be formal, such as that gained from a country's customs department demonstrating, for example, what competitors import by detailing tariff codes. The salesforce can also provide informal information indicating market trends and competitors' performance. Interviewee A provided an example of how vital information is in the case of international freights: *"if the Latin American market falls, a freight that you paid USD 500 rises drastically to USD 2,500, impacting on the CIF cost, which ends up being very significant. The ideal would be to identify the times of the year when freight is cheaper and increase your purchase there, or control*

if it is not convenient for you that the merchandise that comes from China passes through Europe, and perhaps you will get a better price, but longer shipping times." Being involved in a partnership includes knowledge exchange and collaborative forecasting (Qu & Yang, 2015).

Knowing competitors' actions is strategic and essential. In trust-based partnerships, such information is obtained in suppliers/clients' networks. Further, the strategic nature of information is determined by its timeliness, accuracy and credibility—all helping to reduce uncertainty (Li & Lin, 2006). Therefore, one crucial characteristic of "strategic" information is its ability to contribute to risk-limitation.

4.6 | Innovation in information sharing

Trust results in partnerships, in which there is a need to ensure that information flows in such a way that all partners involved improve processes. In this case, innovation is related to ISs. For the Argentinian SME understudy, innovation is focused on information-sharing, leading to improved market intelligence (Singh, 2011). Developing such a practice is caused by different business procedures between the supply chain partners. For example, as stated by Interviewee A, *"the Chinese suppliers can have as many as 20 price lists."* Setting up an information-sharing system is meant to streamline access to only relevant details quickly and transparently.

However, the acceptance of innovation varies. For example, Chinese suppliers did not understand the importance of adopting innovative practices. Although it could solve communication problems and optimize internal procedures, there is reluctance among SMEs in emerging economies to invest in and accept innovation and instead rely on their current standards.

External factors pose an additional challenge. Many emerging economies are characterized by insufficient network and infrastructure capacity, compromising the timely sharing of large amounts of data. IT network security is another problem that increases the risk of information and data leaks (Panahifar et al., 2018). Additionally, different standards are also reflected in the studied companies' individual preferences. For example, interviewee D highlighted a preference to communicate by e-mail or phone as *"it is simpler, faster, clear, no matter if we are using traditional or innovative ways."*

Despite these, overall using digital, innovative channels for communication is largely perceived advantageous as reflected by Interviewee C *"we can easily communicate by e-mails, WeChat. Information is not very difficult now, even more; information is transparent."* Creating an environment of organic information exchange through reliable, safe, effective and intelligent IT systems brings measurable advantages and contributes to communication quality, thus potentially enhancing trust-building.

Trust is a powerful element able to minimize uncertainty's impact between partners. Establishing close long-term relationships creates beneficial conditions to operate in a collaborative environment while being a part of a well-integrated strategic supply chain. There is a feedback mechanism between trust and ICT-enabled information sharing, and trust is a vital factor influencing the adoption of ICT to

share knowledge. If partners are trusted and seen as reliable, then there is no room to distrust the automatized information that is being shared (Panahifar et al., 2018).

Interviewee D suggested implementing an application where the Chinese suppliers could share real-time data regarding environmental issues, such as variances in material costs. Therefore, the Argentine company could predict and secure beneficial purchases according to what is happening in the market in a better-informed and timely manner and eliminate frequent requests for price lists delaying the process and compromising the overall competitiveness of the supply chain network.

Accordingly, previous research suggested that connected platform adoption reduces distortions' risks and enhances sourcing flexibility and planning abilities (Ivanov et al., 2019). Further, in this research, we found that it also increases responsiveness to act against unexpected competitive circumstances that SMEs face. In the words of Interviewee D: *"if you want to be more competitive dominating the market, you need to be one-step forward than all. As a supplier, I should be going to the market with my client to investigate the market information together having the responsibility to provide information regularly to help to predict trends."*

When dealing with turbulent periods, managers need speedy decision-making to prosper and effectively coordinate the supply chain to reduce the impacts caused by disruptions in the firms' external environment. Because of the dynamic changes in the environment, decision-makers must exchange environmental information organically, activating a strategic SC in which coordination and collaboration are the antecedents and the foundation of trust-building. Rapid information flow must be a must, as speed is a precondition to efficiency. Against this background, it is essential to work on communication and formalize procedures to improve communication, productivity, and efficacy.

5 | CONCLUSION

The paper explored how trust is built between supply chain SMEs partners in emerging economies, especially during turbulent periods. SMEs are typically more agile and respond to unpredictable changes sooner than their larger competitors. However, they also lack market knowledge, international credit accessibility and financial resources to innovate, which is even more challenging in emerging economies, where the business environment is volatile and dynamic. Nevertheless, these markets are full of opportunities where understanding the dynamic context and responding quickly to the changes is the key to success.

Complexity can be seen in various aspects of SCM, and the elements associated with this research include the complexity of information and relationships. When partners find a way to understand and recognize the positive side of complexity, there are more opportunities to explore while reducing uncertainty by coordinating activities and sharing knowledge and resources. However, reaching this collaborative environment requires trust and commitment.

Based on the presented discussion, we conclude that trust is built in response to the uncertainty of the business environment. It depends on the context, but managing it depends on the trust partners have—in line with the resource dependence approach in contrast with what typically happens in developed economies, where trust is usually assumed within parties. In emerging economies, trust has to be earned and constructed over time. Sharing privileged information between supply chain partners shifts the focus of distrust away from the partners and onto the wider environment.

The factors that affect trust-building included expectations, agreements, partners' behavior, reliance, beliefs, clarity of companies' policies, business stability, and procedure formalizations. Trust is an ally in lowering suppliers' support costs. Consequently, trust can be seen as a motivational factor. Culture impacts trust-building, and minor differences, such as language variations, can distort how trust is built.

Another factor affecting trust-building is related to sudden changes in the environment. There is a need to internalize uncertainty by the partners to avoid despair and make realistic and well-informed decisions. Finally, trust relies on transparency, and in a competitive market, this may lead to an SME being too predictable for its competitors. Hence, there is a need to pay attention to how shared information is used within the supply chain.

It is also essential to consider the link between the partners' relationship and information flows. The supply chain has to be managed as a strategic resource, coordinating and integrating activities to benefit from a collaborative environment to increase competitiveness. The domino effect where small changes can get more significant repercussions can be avoided. Information is one form of communication at the core of trust-building. Exchanging more privileged information improves the ability of supply chain partners to adapt to uncertainty. Knowledge exchange is essential to overcome uncertainty in EEs.

Consequently, several implications can be identified. Emerging economies governments should aim to provide greater stability and predictability to their supply chains. This result could be achieved in several ways, for example, by guaranteeing targeted credit schemes and—crucially less expensively—by information and foreign market data services. Further, initiatives that allow access to and encourage ICT channels, particularly for SMEs with international potential, should be devised and deployed.

In a practical context, the paper reconfirms the need for managers to include relationship development and management in their SCM approaches.

While our paper contributes new knowledge, it is not free from limitations. First, the case study approach has its limits in terms of generalization and theory building. Second, the scope of the research has been limited to a finite number of supply chain participants. However, those limitations offer opportunities for further studies. Future research should build on our approach and expand its scope to include other supply chain stakeholders and their role in trust-building between main partners. Another central theme of attention is how collaboration between partners allows SMEs in emerging economies to enter international markets and how trust impacts SMEs' contribution to benefit from open innovation.

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