

TRUST: THE KEY TO CROSS-CULTURAL MARKETPLACE EVANGELISM

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Abstract

As with personal relationships, establishing trust is the cornerstone of business relationships. Global trade demands establishing trustworthy relationships. This paper discusses the premise of trust and how it relates to business practices. The author takes a look at what constitutes trust and how that impacts business relationships. The author discusses key areas of business where trust is critical. The article takes a look at the impact trust has on global business. Finally, cross-cultural implications are considered.

Keywords: Global trade, trust, cross-cultural, business practices

Introduction

“Trust me, I’ll give you a great deal!” Every business owner has heard that one countless times. Entrepreneurs in America tend to assume that most fellow business owners are honest and will act in a reputable manner. However, when making deals with corporations in other nations, we discover how tenuous trust can really be.

Defining Trust

What truly constitutes “trust?” Is it enforcement of rights through the use of power? Perhaps it is motivated by the two most powerful business emotions – fear and profit desire. Is there some other source of momentum to complete agreed upon transactions? Could it really be simply trusting in the goodwill of another party to honor her or his pledge?

Consider a simple domestic purchase of a part or raw material by a small manufacturer in order to fulfill an order. Placing the parts order requires mutual trust. The manufacturer must send a down payment, and probably sign a purchase order or contract. The vendor builds the part and ships it to the manufacturer before receiving payment in another 15 or 30 days. Each has trusted the other. In fact, the manufacturer must show more trust than the customer. He or she orders parts on faith that the customer will pay for the order in full when the product is completed and shipped. Both accounts payable and accounts receivable are expressions of trust between merchants.

Inventory also reflects large amounts of trust. How can the manufacturer be so confident that holding products and building more on speculation will enable the entrepreneur to sell all of it? Doesn’t the inventory value include labor (i.e. a trusting relationship where the entrepreneur promises to pay the worker in the future if the employee does a good job)? Every line item on the balance sheet, and nearly every transaction reflected on the income and cash flow statements involves some element of trust that other people will fulfill their obligations. Even cash transactions involve fair-minded business partners not attempting to steal funds, and the bank honoring its promise to disburse the cash you trusted them with. Trust is the essential element which makes American business so prosperous. An economy which excluded extensions of trade and bank credit would be a substantially smaller and far less prosperous one.

As every entrepreneur knows, enforcement of promises, obligations, and contractual rights are all still based on trust. Aside from perhaps small claims court or a bad check presented to a magistrate, excessive legal fees as well as the negativity and drain on management time involved in conducting a lawsuit guarantees that the typical business will lose, even if the judgment is ultimately in favor of the business and it is possible to collect the judgment. Transactions work not because of government enforcement of rights, but because most business people trust one another that they and others will honor the obligations they create.

Global Implications

Now consider the additional complications of global trade. In the vast majority of cultures it is important to meet (at least occasionally) face-to-face as a means of renewing trust, even in the internet age, as Kemper, Engelen, and Brettel (2011) confirmed in their research. In addition, bank letters of credit, customs clearing, and other additional intermediaries add a greater rather than lesser need for trust, just as the situation tends to generate greater doubts about ability to trust. In a number of foreign countries, especially those which lack a substantial Christian influence, transactions are more difficult to accomplish, and most entrepreneurs revert to a primarily cash-based approach. The need for international letters of credit, involving two large banks clearing all the intermediary steps for the two parties, is itself proof regarding the lack of or weakened trust across cultures. Ha's (2011) research confirms that all of these issues are based on factors related to or components of trust.

Why do certain societies such as the United States and the United Kingdom generate such high volumes of transactions with higher levels of prosperity, a lower level of commercial crime, and seemingly all done so naturally, while other nations such as North Korea, Nepal, and Zimbabwe experience the opposite? Global studies conducted by researchers such as Hofstede (2012) indicate enough cultural differences between members of each of these groups to indicate that something beyond culture makes a significant impact.

One entrepreneurial friend of mine has operations in China. While there he frequently volunteers to teach "American capitalism" for some of the Chinese universities. His well-developed course focuses on this issue of trust as a critical understanding if Chinese businesses hope to succeed in the global markets, or even if they expect to survive in their own domestic marketplace over the long term. Naturally such a teaching focus leads Chinese students, entrepreneurs, and even government economic development officials to ask my friend about a business textbook on this topic that would help them understand how most Westerners perceive this issue of trust.

It is as if the communist Chinese are begging my friend to discuss his favorite business textbook – the Bible. God's Word provides many examples of business transactions that violate trust (and the resulting consequences), as well as positive examples. Biblical issues of surety, employment, and many other aspects are repeatedly tied back to the fixed reference point and source of ultimate trust in one another's actions – Jesus, the Truth Himself. Many developing nations have experienced the huge disappointment and damage of human-centered socialist utopian promises. They are eagerly seeking capitalist development, but are unsure how to achieve it.

International, cross-cultural business is the perfect venue for teaching others about eternal salvation through discussing all the attendant temporal benefits of trusting in God rather than fellow humans. Prosperity has historically been one of those many side benefits of following God's way of conducting ourselves, whether in the marketplace or elsewhere (although the "prosperity gospel" is not a valid reason for considering Biblical behavior,

since the focus is on eternal, not temporal salvation) (Rundle, 2012). Like my friend, we have many opportunities to share the Gospel with non-believer business people if we start with explaining how essential trust is, how elusive it seems to be (especially across cultures), and how we can build reliable cross-cultural business relationships. The key to building such productive relationships is having a common understanding of what is permissible in terms of self-regulation and societal interaction. In other words, the ultimate cross-cultural standard which permits business and all other activities to flourish is a common understanding of trust, based upon the author of it – Jesus.

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