

# An Exploratory Study of Trust in Moroccan Agribusiness: Towards A View of E-Supply Chain Adoption

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**Abstract:** *The actual study aims to identify the role of trust in the sharing of information among partners of a supply chain. It's based on the analysis of the role given to trust, if any, in the integration of logistics and exchange of electronic data in Moroccan agribusiness supply chain. The exploratory qualitative study focused on a group of food companies in the Souss Massa Draa area. The analysis results show the dominance of rational trust in transactions. Interpersonal and institutional trusts remain still weak; this can greatly hinder the success of implementing E-Supply Chain.*

**Keywords:** e-supply chain, trust, information sharing

## 1. Introduction

Gollety and Flachec [1] conducted a meta-analysis of fifty-two articles published between 2000 and 2010; the place given to the study of trust by investigators in management science is relatively poor. According to the same study, the issue of trust represents only 2% of all articles under analysis.

Therefore, trust remains nevertheless an outstanding theme in management research both at the individual, organizational and inter-organizational levels.

Literature emphasizes trust as a prerequisite for a successful factor for exchange among business partners. This is also key element in the emergence of all social interactions [2], [3]. So, the role of inter-organizational trust is regarded as a foundation in the exchange relationships [4].

Inter-organizational relationships have developed increasing lying correlation with the growth of trade process in sub-contraction and outsourcing. Therefore, the exchange of information is crucial for the sustainability of the different stakeholders.

Improvements in the development of information technology and information systems are a major change in the exchange relationship between business partners and are presented as the second economic revolution.

The extended enterprise benefits from the opening up of organizational boundaries through these technologies to enhance collaboration with suppliers, customers and partners [5]. The use of information technology and information systems involves a new mode of logistics management as a process that goes beyond the boundaries of a single organization, namely the e-supply chain. However, the lack of trust can lead the partners to not provide information or to doubt in the information provided by a partner [5].

The identification of the role of trust in information sharing between partners of a supply chain constitutes the basic thought of this study. The goal is to determine the role given to trust, if it exists, in the integration of logistics and electronic information sharing in the Moroccan agribusinesses supply chain. To do this, a qualitative survey was conducted on a group of companies in the Souss Massa draa region (Morocco) namely "Fresh Fruit". This is an exploratory target to ensure the internal validity of a more global model to a doctoral research on predictive results of the adoption of the e-logistics in the Moroccan agribusiness.

This three parts report, introduce in a first time, a theoretical framework on the concept of trust as part of individual, organizational and inter-organizational relationships; the second part is a presentation of our research methodology; the third part presents the results following several axes: the place and the types of trust, the indicators and factors of trust, relationship between trust, power and electronic information sharing.

## Theoretical Framework

### 1.1 Trust in Literature

The word confidence comes from the Latin "fide" meaning faith. According to Larousse dictionary, trust (confidence or faith) is action to trust somebody to do something. In Robert dictionary, trust is the insurance and security of the person who relies on someone or something. In theory, there are different definitions of trust since it is multidimensional, multidisciplinary and complex. Arrow defines it as "an important lubricant of the social system." [6]. According to Blandel, trust is primarily a risky bet on the behavior of the other, bet that seeks, paradoxically, to reduce the inherent risk by improving its expectations over time [7]. Trust is willing to be vulnerable in conditions of risk and interdependence [8]. Considering its multidisciplinary, trust concept is treated in the literature by different approaches:

**Economistic approach:** this one sees trust as a calculated risk and a rational and utilitarian act [9].

**Psychological approach:** This approach affects the individual level and the organizational level; it is a relationship or informal, psychological contracts are increasingly substituted for formal legal contracts because the stakeholders trust [2].

**Sociological approach:** gives importance to the constitution of the social network on the market; it replaces the hierarchical relationships through trust in the future.

Based on these approaches, the researcher's investigators also tried to make a typology of trust:

**Individual or calculated trust:** according to this type, the individual is an opportunist being devoid of free from any socializing behavior. It is dominated by its limited rationality associated with information asymmetry or risk of inefficient economic result [9]. Trust is based here on reason and not on feelings.

**Institutional trust:** Lepers defines institutional trust as the expectations that constitute themselves within a community governed by a regular behavior, honest and cooperative, based on commonly shared norms by other members of the community [10]. This type of trust is built by the process of setting and meeting expectations between organizations; it is determined by the status of the organization in the market and reputation. The need to maintain that reputation pushes the organization to fulfill this trust through socialization.

**Interpersonal trust:** It is a confidence that results from good personal relationships between actors, such as loyalty, repeated actions, morals, and values [11]. Mayer et al define it as the deliberate willingness to be vulnerable to the actions of a party based on the expectation that it will fulfill an important action for the party which has confidence, regardless of the ability of the latter to monitor or control the other party [12]. It's a confidence less calculated and its impact on the exchange relationship is greater [13].

Trust can also be addressed according to its degree; indeed Sako has built confidence on three levels [14].

**Contractual trust:** it is rational confidence based on a signed contract.

**Competence trust:** it consists of sharing the values of the professional group and having the ability to respect commitments.

**Goodwill trust:** it is the highest level of confidence, because the contract between the partners is freely opened compared to its clauses. The components that make up goodwill trust have subjective values like the group culture, and morality. Confidence lies on the ability to fulfill the commitments and good will to respect them.

Indeed, confidence is acquired with the systematic repetition of good actions in time. It is a moral and mutual commitment between partners. Confidence is to believe in the behavior of the other through rehearsals of honored commitments.

## 1.2 The e-supply chain

The supply chain is defined as the integration of key business processes and flow of products and information from design to final consumer; it's all the links of the procurement [15]. We distinguish the internal supply chain and the extended supply chain to all customers, suppliers and subcontractors.

The increased competitiveness of the market requires companies to continually integrate within a network. Companies that ignore this challenge risk their sustainability. Indeed, the need to move from a competitive relationship due to increased trade has led companies to recognize the primacy of developing logistics collaboration. The latter requires the sharing of information in real time on the stock, the prices and the movement of goods (traceability). This sharing potential is made possible by the rapid development of information technology and communications.

In fact, the transition to the e-logistics is a competitive advantage and support for business competitiveness. Productivity gains sought by companies are as much of production techniques as of the management of physical and information flows. E-supply chain is a support for alliance between business partners. However, the use of e-business concepts and Web-technology to manage beyond the enterprise also requires trust in order to switch to logic of efficient collaboration [16].

The capital trust is very important in the collaborative relationship; it leads to:

- reducing transaction costs;
- creating added value;
- increasing the organization's innovation capacity [17].

Trust is also a fragile element and can easily be canceled (true resilience). There is a threshold that, once crossed, leads to a sudden break confidence levels [18]. The main purpose of this qualitative exploratory phase is to better explore the role of trust in inter-organizational

Relationship especially for the adoption of the e-supply chain in agribusinesses in Morocco. This qualitative study is conducted in a Moroccan export group of fruits and vegetables: Fresh Fruit

## 2. Study Context and Research Methodology

The studied group is one of the leading export groups in Morocco. Founded in 1998 by groups of exporters of fruits and vegetables, it exports more than 95 000 tons of citrus fruit and 5500 tons of vegetables to international markets such as Europe, North America, Scandinavia and Russia.

The goal of this exploratory research, hence the choice of the qualitative method. "Qualitative methods aim to question in depth from a smaller number of observations. The qualitative approach is part of a comprehensive approach that focuses on intimate knowledge of a phenomenon, the explanation of the cases and the wealth of data [19]. Results allow to properly refining the conceptual and empirical type of doctoral research as the whole. The latter is hypothetic-deductive; this

qualitative stage aims to validate the conceptual and empirical model, as well as items that will take part of our survey, comparing them with the Moroccan food context.

For the section of companies to study, doctoral research focuses on 358 agribusinesses. The choice of the studied companies is dictated by their strategy group and the significant economic performance. They got and still get to the national and international level; this is a fertile field to study the concept of trust in inter-organizational relationships based on e-logistics. Five organizations were interviewed. Five officials were interviewed (3 logistic Managers, 1 deputy Director and a CEO President). The General Confederation of Moroccan Enterprises (CGEM) of Souss Massa Draa helped us to easily get in contact (in touch) with the officials interviewed. We also used the 'snowball technique' by asking the person we interviewed to facilitate the contact with the next interviewee.

Because of the unavailability of the officials, it took us three months to realize the interviews (from April through July 2014). Three interviews were tape recorded with the authorization of the interviewees, two others declined audio recording and we proceeded to direct transcription of their answers. The meetings took place in their offices and they lasted one hour each (with approximate breaks of 15 minutes

for them to deal with their emergencies). The interview guide used is structured in three themes. To develop this tool, we relied on the work of Gavard and Al [20]. We used the semi-structured interviews as the method of information gathering. This method allowed us to collect information based on a predetermined framework while leaving us some flexibility. The "interview guide" is structured on three parts:

- A. *Nature of trust*: Is there a trust with your customers and suppliers? Why and how?
- B. *Factors promoting trust*: what are the factors that push you to trust your partners and that lead them to trust you? What are the criteria that allow your relationship with your partners to be sustainable?
- C. *Monitoring and type of dominant relationship*: how are the decision-making and power in the business network?

### 3. Analysis and Results

We transcribed record on semi-structured interviews. Then we gathered and studied them in a thematic way thanks to the NVIVO 10 software. The results of this process are summarized as follows.

#### 3.1 The Nature of Trust

Trust does exist in inter-business relationships with logistics partners. According to the managers, trust is essential to reduce control costs and monitoring; but that trust is conditioned by the experience of the partner and its ability to meet its commitments. Content analysis allowed us to know that trust exists but essentially rational trust. According to the interviewees, trust has an economic objective linked to the achievement of expected results and is pre-established in the contracts. This trust is established over time through the

achievement of these results. "We are under contracts with our customers abroad, we have to produce specific products; we have no room for error, if, we lose our credibility. That's the definition of confidence: its objectives and results" (Fresh Fruit deputy Director).

Interpersonal aspect is also revealed by the analysis; it is related to the person contacted, specifically to his/her role in the company, his/her charisma, his/her communication and personality. In the region of Souss Massa Draa, the ethnic and cultural particularity is emphasized. In the business world in Morocco, the Amazighs are known to be good and honest businessmen, with a sense of respect for the very

strong commitments. 'Amazighs (chleuhs) are "nya" (good faith) we are bound by blood and friendship we trust them more than the others...according to others the deal is more important". For 'institutional trust', it is mainly related to the reputation of the company in the market, the number of years and experience "we have worked with them for 10 years ... it's almost a big family" (logistics Manager)

#### 3.2 The determinants of trust

The determinants of trust identified in the interview guides are meeting commitments and seriousness in transactions, honest and transparent negotiations, the willingness to share information, good communication with confidentiality of information, in addition to the history and the length of the relationship. The result show up joins the outcome of some researchers, as Koh and al. (2009), about the role of transaction history in building trust [21].

We consider that these determinants are potential explanatory factors to be checked for the information sharing in the e-supply chain logic.

#### 3.3 Control and type of dominant relationship

The type of relationship between the partners in the consortium is a power relationship: dominant-dominated. The group imposes market rules for its members. The members are dependent on the specific group; itself depends on the international market.

### 4. Conclusion

Our exploratory study aimed to deepen our knowledge of inter-organizational trust in Moroccan food context. We also took the managerial teachings. Indeed, confidence is a mechanism to reduce transaction costs and risks. It is very important to generalize it in business network [22]. Furthermore, it is a prerequisite for the exchange of information and communication between business partners.

The widespread confidence increases business innovation and capacity, and decreases resistance to frequent changes. This is important in the adoption of e-supply chain. However, in the case studied, the dominance of the rational confidence explains the dominance of a power relationship (dominant-dominated). The more confidence decreases over the mechanisms of power and authority are increasing. The

companies have to develop their relational capital to succeed in an increasingly changing environment.

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