Determinants of Hungarian negotiators’ trust-level

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Abstract
Trust is considered to be an essential element of effective business relationships. However, it is not easy to build trust as it varies from culture to culture which aspects influence trust-level. Therefore, the purpose of the paper is to discuss the importance of trust in cross-cultural business contexts from Hungarian negotiators’ viewpoint as well as to reveal the factors that determine their trust-level. This provides the originality of the paper, since no research like this has been conducted so far. To achieve this purpose, an assumption was formulated and tested using data deriving from a two-phase research. In the first phase, a questionnaire survey was carried out to assess the importance of trust in cross-cultural business contexts, and then structured interviews were conducted to reveal the determinants of the respondents’ trust-level. The findings show that the factors related to the relationship (e.g. previous experience, duration of the relationship, frequency of the contacts) determine the respondents’ trust-level the most, however, the role of stereotypes is also important. It is also revealed that the potential consequences of the low level of trust include more regulations, more misunderstandings, and changed behaviour and attitude. The paper concludes that even though stereotypes are not the most determining factors, their role is remarkable. The paper also formulates some practical implications, namely that Hungarian negotiators should use stereotypes accurately to avoid behaviours that diminish trust, and foreign businesspeople should be aware of the fact that stereotypes sometimes determine their Hungarian partners’ attitude and trust-level.

Introduction
The past decades have seen the globalisation of business environment. This process has induced the increasing number of business relations between partners coming from different countries and cultures. As a result of this, considerable attention has been focused recently on the investigation of cross-cultural business activities (e.g. Ablonczy-Mihályka, 2014 and 2015; Adler and Aycan, 2018; Adler and Graham, 2017; Merkin, 2017; Tompos, 2015), especially negotiations (e.g. Caputo et al., 2019; Dinkevych et al., 2017; Nádai, 2017; Peleckis et al., 2015). Despite, there are still some aspects of the research into cross-cultural business activities which have remained less explored, especially in Hungary and from a Hungarian viewpoint. One of these aspects is related to trust, i.e. the factors affecting it, the consequences of the lack of it, and its positive effect(s) on cross-cultural business relations.

Therefore, the present paper sets out to examine trust and the factors influencing it in cross-cultural business contexts. In particular, it aims to reveal the factors that affect the trust-level of Hungarian business actors when negotiating with foreign partners, which provides the originality of the paper. The rationale behind the investigation is the growing number of cross-cultural business activities involving Hungary, which necessitates business actors who are able to work with partners whose cultural background is different. However, doing business with foreigners is not easy as besides business aspects, social, political, and cultural ones must be considered, as well. As a consequence of these, trust has been considered an important factor when doing cross-cultural business. Furthermore, according to Covey (2006), trust is the one thing that changes everything, as he points out, low trust is the greatest cost in life.
and in organisations since it creates inter alia interpersonal conflict, win-lose thinking, defensive and protective communication.

The first part of the paper gives a brief overview of trust in general and the factors that may influence it. The second part discusses the methods and results of the research examining the factors determining the trust-level of Hungarian negotiators in cross-cultural business contexts. The research to be discussed in this paper was a two-phase one, thus both the findings of the quantitative part and those of the qualitative part are introduced. Finally, the paper draws up some conclusions related to the determinants of Hungarian negotiators trust-level and makes some practical recommendations to both the Hungarian negotiators and the representatives of companies doing business with Hungarian partners so that the relations could be more effective and the occurring negative effects of the low trust-level could be avoided.

**Literature review**

Trust is a well-researched concept at international level, since researchers in all parts of the world have been investigating the concept of trust for more decades (e.g. Covey, 2006; Doney et al., 1998; Fukuyama, 1995). Yet, it is less explored in Hungary. When highlighting the importance of trust, it is inevitable to mention that trust is a complex, multifaceted concept with many interpretations. According to The Explanatory Dictionary of the Hungarian Language, trust is one’s feeling towards someone whose honesty, resistance, good abilities, intentions, and helpfulness one is persuaded of (Bárczi and Országh, 1962). Similarly, Cummings and Bromiley (1996, p. 303) state that trust is nothing else than “an individual’s or group’s belief that another individual or group makes efforts to uphold commitments, is honest, and does not take advantage given the opportunity”. An analogous, but broader definition was drawn up by Ring and Van de Ven (1992), who identified trust as the reaction of an individual to subjective uncertainty regarding the behaviour of the interaction partner. This concept includes expected as well as uncertain, and thus feared behaviour of the partner. According to another concept, trust is a belief or confidence that one party has about another party’s characteristics that may increase willingness to take risks and ultimately help “solve” the social dilemma (Ferrin et al., 2007).

Based on the above definitions, it is obvious that trust is an issue that may be approached from different viewpoints and can be defined in several ways. Yet, two basic views of the concept of trust can be distinguished, i.e. the faith-based and the risk-based ones, which are reflected in the aforementioned definitions. These two aspects do not contradict each other; however, they focus on diverse issues. According to the faith-based approach, the source of trust is the partners’ faith in each other, thus the partners put faith in each other’s reliability and honesty (Kumar, 1996). Based on this approach, trust is the sum of belief and expectations, and the intention of the partners to behave as expected (Doney et al., 1998). On the contrary, according to the risk-based view, trust is a positive perception of the partner’s behaviour in a way that the partner does not act in an opportunistic way in case of any change of circumstances (Das and Teng, 2004). Thus, trust means that partners voluntarily take risks despite they become vulnerable to the other. This notion is closely related to the theory of transaction costs (Coase, 1937). Factors belonging to transaction costs and influencing trust are relation-specific investments, behavioural uncertainty/replaceability, and exchange of information. Nevertheless, there are some other factors having influence on trust like, for instance, the perceived conflict, the perceived satisfaction, and the business partner’s reputation. These factors derive from social exchange theory, according to which every human relation is determined by the analysis of contributions and advantages (Thibaut and Kelley, 1959).

Regarding the factors that can lead to trust (or distrust) in general, numerous, and sometimes overlapping examples can be found in literature. Out of these, Adler (2001) emphasises the following three factors: familiarity through repeated interaction, calculations based on interests, and values and norms that create predictability and trustworthiness. Besides these, there are, of course, other factors which may influence trust like direct interpersonal contact, reputation, honesty, competence, loyalty, openness (Adler, 2001), communication (Thomas et al., 2009), emotional bonding (Eberl, 2004), stereotypes (Peleckis et al., 2015), and cultural differences (e.g. Finuras, 2019; Fukuyama, 1995).
Despite the diversity of concepts and determinants, researchers agree that trust is an essential element of effective business relationships and can facilitate business relations because one who believes the partner is trustworthy, will develop a higher willingness to risk. It is particularly true when business takes place between partners with different cultural backgrounds. Hofstede (1991) states that culture is nothing else than the mental programming of the mind, therefore different cultures perceive business relations in different ways. This idea is supported by several researchers (e.g. Aulakh and Kotabe, 1996; Doney et al., 1998; Finuras, 2019) who also assume that trust in business relations correlates with national culture. Other researchers (e.g. Hall, 1995; Håkansson and Snehota, 1995) even go beyond this as they state that national culture determines the relationships as well as those behavioural factors that affect the evolution and the level of trust. Consequently, the factors influencing the development and the level of trust vary from culture to culture.

Research methodology

Based on the above, this paper discusses the importance of trust in cross-cultural business contexts from the viewpoint of Hungarian negotiators. The purpose of the paper is, on the one hand, to reveal the determinants of Hungarian negotiators’ trust-level, and on the other, to determine which factors decrease their trust so that the potential consequences of the low level of trust could be illustrated. Considering that the research investigates cross-cultural business relations, its assumption is that it is the cultural stereotypes that influence the trust-level of Hungarian negotiators the most. Consequently, the research to be discussed in this paper was a two-phase research using different methods. In the first phase a quantitative research was carried out to assess, inter alia, the importance of trust in cross-cultural business contexts as well as to find out about the determinants of trust. In the second phase a qualitative research was conducted to reveal, in more details, the factors determining trust and to investigate which factors increase and which ones decrease the level of trust. This way more accurate conclusions can be drawn regarding the determinants of trust as well as their effect on the relations. Nevertheless, the present paper discusses only the factors diminishing trust to highlight the possible consequences of the low level of trust to business relations.

The quantitative part of this research is based on a survey carried out in Hungary among Hungarian business actors frequently working and communicating with partners coming from different cultures. The questionnaire was online and self-administered, and convenience sampling was used to recruit respondents. Therefore, the findings of the research cannot be applied to the whole population, i.e. all Hungarian business actors frequently involved in foreign business relations. The questionnaire investigated the role of stereotypes and trust in corporate relations, consequently it was divided into four parts out of which one contained demographic questions, one referred to the company of the respondent, one investigated trust, and another one examined the role of stereotypes in corporate relations. Among the questions there were rating questions (by means of 5-point scales), close-ended and open-ended ones. The analysis of the responses was carried out by means of descriptive statistics excluding multivariate regression analysis. A total of 204 questionnaires were filled in, however, after data cleansing the responses of 124 could be examined. The respondents’ demographic data are as follows: the questionnaire was filled in by 75 male and 49 female respondents. 15 subjects stated they were in upper managerial positions, 18 were middle managers and 91 were employees. 72 out of the 124 respondents are younger than 35, 49 are aged between 36 and 55, and 3 are older than 55. As for qualifications, 102 respondents hold a bachelor’s or master’s degree, 21 did not take part in tertiary studies, whereas one subject has the title PhD.

The qualitative part of the research is based on structured interviews conducted among some of the respondents of the quantitative part of the research. The interviewees were selected by snowball method, so first the interviewees were selected from the author’s own network, and then other interviewees were ‘snowballed’ by the firstly selected ones. As a result of this method, a total of 33 interviews were conducted. The content of the interviews was examined by the methods of meaning coding, meaning condensation, and meaning interpretation, as described by Kvale (1996). As for the demographic data of the interviewees, it can be said that there were 21 female and 12 male respondents. Three claimed they were in upper managerial positions, 6 were middle managers and 24 were employees. As for age, 18
interviewees are younger than 35, 15 are aged between 36 and 55, and none of them is older than 55. All but one interviewee finished their tertiary studies.

**Findings**

The present paper discusses some results of the third part of the questionnaire survey and those findings of the qualitative research which are related to trust and the factors decreasing its level. Firstly, the importance of trust is introduced from the viewpoint of the respondents, and then the determinants of the responding Hungarian business negotiators’ trust-level are demonstrated. Finally, the factors decreasing the level of trust are examined to highlight the consequences these factors might have with regard to the relation.

The questionnaire survey sought for information about the importance of trust in cross-cultural business contexts and found out that the respondents see trust as a very important factor of business relations. Some of them even went beyond that by stating that trust is not only very important, but, in fact, a key element. The respondents were also invited to tell what trust means to them with the help of an open-ended question. The most common responses included mutual confidence, reliability, fairness, commitment, and unconditional, honest communication. The data deriving from the structured interviews confirm these ideas since none of the interviewees believe that trust is of less importance. When answering the question referring to the meaning of trust, obviously, notions similar to those of the quantitative research were mentioned. It was found out that for the majority of the interviewees (85%) trust means reliability, however, honest communication (36%) also turned out to be an important determinant of trust for them. Besides these, interviewees also reported cooperation, predictability, fairness, responsibility, loyalty, mutuality, less risk, and even punctuality of payment. In general, the responses given suggest that the responding Hungarian negotiators perceive trust from its faith-based view seeing that trust is equivalent to reliability from their viewpoint. Nevertheless, a few responses (e.g. less risk) were related to the risk-based approach of trust.

To determine the factors influencing the trust-level of the respondents, 16 items in the form of attitude statements were used in the questionnaire. Five-point scales (1: fully disagree, 2: disagree, 3: neither agree nor disagree, 4: agree, 5: fully agree) were applied to measure the items. Analysing the responses given, it turned out that communication between the partners (mean: 4.62; standard deviation: 0.57) exerts the greatest influence on the level of trust, after that the duration of the relationship (mean: 4.32; standard deviation: 0.74), and then the frequency of contacts (mean: 4.17; standard deviation: 0.84). These suggest that the style, frequency, and honesty of communication positively affect the development of trust as well as its level. On the other hand, it seems that the more lasting and frequent the relations are, the more the respondents trust their foreign partner. The factors that exert the least influence on the trust-level were found to be the prejudices related to the partner’s country (mean: 2.87; standard deviation: 1.04), the negative stereotypes known about the partner’s country (mean: 2.95; standard deviation: 1.07), and the positive stereotypes known about the partner’s country (mean: 3.14; standard deviation: 1.04). Considering that the standard deviation was high in each case, the median was also examined and proved to be 3 in each case. These results indicate that the respondents are divided in the aspect of the influencing role of stereotypes.

It is also demonstrated by the fact that 34.7% of the respondents agreed to some extent with the influencing role of positive stereotypes, whereas 30.7% agreed somewhat with that of negative stereotypes. As for prejudices, 27.4% agreed to some extent that they have an impact on trust. In view of these findings, it is of particular interest which factors influence trust in general, according to the respondents of the qualitative research. For the present purposes, the responses given to this question were coded and categorised so that they could be compared to those of the questionnaire survey. As a result of this method, the factors that influence the level of trust the most were revealed to be as follows, in order of their importance: previous experience, reliability, stereotypes, news and rumours about the given country/company, the duration of the relationship, and common goals and values. Nevertheless, a few interviewees believe that cultural differences, nationality, reputation, the partner’s personality, cooperation, helpfulness, flexibility, openness, and the first impression also pertain to the determinants in general. When comparing the findings of the quantitative analysis with those of the qualitative one, it can be seen that the determinants are different to some extent, especially if it is taken into consideration that...
honest communication, which is considered to be the most important factor by the respondents of the questionnaire survey, was not even mentioned by the interviewees. Furthermore, the only factor mentioned in both phases of the research is the duration of the relationship. Another interesting result is related to stereotypes which are seen as the least important factor by the respondents of the first research phase, but according to the interviewees, these pertain to the most influencing ones. However, the respondents, in the first phase of the research, were asked to evaluate predetermined alternatives, whereas they responded freely to an open-ended question in the second phase, which may contribute to these differences.

Nevertheless, when the interviewees were invited to talk about the factors that influence their trust-level in their cross-cultural business relations, slightly different results were found again. The vast majority of them (91%) stated that previous experience was the factor that influenced them the most. Besides, communication, reliability, the duration of the relationship, personal acquaintanceship, and stereotypes are those factors that have an impact on the trust-level of a relatively high rate of the respondents. Although there are differences in the data stemming from the two phases of the research, it can be concluded that the respondent Hungarian negotiators attribute the greatest influencing role to factors related somehow to the relationship itself, i.e. previous experience, honest communication with the partner, the duration of the relationship, the partner’s reliability, and the frequency of contacts. Nevertheless, the effect of stereotypes on trust are not negligible either, as the findings, especially those of the second phase indicate it.

To determine the potential consequences of the low level of trust, it was also investigated, within the frames of the interviews, which factors decrease the trust-level of the respondents. It turned out that the previous negative experience (e.g. unkept promises, mistakes, lying, insolvency) decrease the level of trust the most. Nevertheless, inappropriate communication, stereotypes, and the lack of experience were also mentioned as important trust-decreasing factors by most of the interviewees. Nationality, prejudices, envy, and jealousy were found to decrease the level of trust only in case of a few interviewees. Therefore, it can be assumed that if the level of trust is low because of the previous negative experience, it can lead to negative consequences (e.g. more formal regulation of the relationship) to avoid uncertainty, or even the discontinuation of the relationship. The trust-decreasing effect of inappropriate communication may result in more common misunderstandings or defensive communication, which can further decrease the level of trust generating this way a vicious cycle. Stereotypes, once again, were found to be of importance, however, in this case from a negative viewpoint, as it seems that negative stereotypes tend to decrease the trust-level of the interviewees, which may lead to changed behaviour and attitude towards the foreign business partner. Based on these results, it can be stated that cultural stereotypes do have an impact on trust, although not to the greatest extent.

Discussions and conclusions

The present paper investigated the determinants of Hungarian negotiators’ trust-level in cross-cultural business contexts. First, secondary research was conducted, and the importance of trust in business relationships was studied. Having reviewed the literature of trust, it was found out that trust is a concept that is well-researched worldwide but is less explored in Hungary and from a Hungarian aspect. Literature review involved the concept of trust as well as its determinants in general. A relationship between cultural differences and trust was also found. Therefore, conducting primary research on the determinants of the trust-level of business actors of a certain nation/culture is proved to be of importance. Consequently, an empirical research into the determinants of Hungarian negotiators’ trust-level in cross-cultural business contexts is novel and provides the originality of the present paper.

The research presented in this paper had two phases. At first a quantitative survey was conducted, and then a qualitative one. The research findings show that trust is important for the responding Hungarian negotiators in their cross-cultural business relationships. It was also found that the majority of the respondents interpret trust as reliability, mutual confidence, and honest communication. Comparing these results with the literature on the two major approaches of trust (cf. Kumar, 1996; Doney et al., 1998; Das and Teng, 2004), it can be stated that most of the responding Hungarian negotiators perceive trust from its faith-based view, and only a few of them perceive trust from its risk-based view. This result is also in accordance with a national characteristic of Hungary, namely strong uncertainty avoidance (cf.}
Hofstede, 1991), according to which, taking risks voluntarily, thus perceiving trust this way, is absolutely not a typical trait of Hungarians.

When analysing the determinants of the respondents’ trust-level, interesting, but sometimes contradictory results were found (Table 1). On the one hand, different results were found in connection with the most important determinants of trust in general and in cross-cultural business contexts. The findings show that in general previous experience, reliability, and stereotypes affect trust the most. However, when the respondents were invited to talk about the determinants of their trust-level in their cross-cultural business relations, they mentioned different factors. Interestingly, stereotypes were identified as fewer influencing factors, despite they were among the top three determinants of trust in general. Regardless of the differences, these findings are in line with the determinants of trust described by Adler (2001), Thomas et al. (2009) and Peleckis et al. (2015).

On the other hand, slightly different results were found in the two phases of the research regarding the determinants of the respondents’ trust-level in cross-cultural business contexts. The respondents of the first phase stated that honest communication between the partners, the duration of the relationship and the frequency of contacts influenced their trust-level the most. However, in the second phase of the research previous experience, honest communication and reliability were found to have the greatest influence. Thus, intriguingly, honest communication is the only determinant that the respondents of the two phases have in common. It is also interesting that although almost one third of the respondents stated that stereotypes did have an impact on their trust-level to some extent, they did not mention them among the three most important determinants. Nevertheless, these findings suggest that the determinants of trust mostly include factors related to the relationship. These results also show that, in contrast with the assumption of the paper, it is not the stereotypes that affect the trust-level of the responding Hungarian negotiators the most. Therefore, the assumption is rejected. Yet, it must be mentioned that even though they are not the most influencing factors, their relevance is unquestionable since a significant number of the respondents attach importance to them. All in all, it can be concluded that in cross-cultural business contexts the determinants of trust mostly include factors related to the relationship. These results support the previous research findings of both Gesteland (2005) and Szepesi et al. (2009), who found that Hungarians are relationship-oriented, which means that good personal relations are the key for building trust and successful relationships. All these confirm the idea of several researchers (e.g. Hofstede, 1991; Aulakh and Kotabe, 1996; Doney et al., 1998; Finuras, 2019), namely that trust in business relations correlates with national culture.

<table>
<thead>
<tr>
<th>Respondents of the first research phase (N=124)</th>
<th>Determinants of trust in general</th>
<th>Determinants of trust in cross-cultural business contexts</th>
<th>Factors decreasing trust in cross-cultural business contexts</th>
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<tr>
<td>Respondents of the second research phase (N=33)</td>
<td>previous experience reliability stereotypes</td>
<td>previous experience honest communication reliability</td>
<td>previous negative experience improper communication negative stereotypes</td>
</tr>
</tbody>
</table>

Table 1. The most important determinants of Hungarian negotiators’ trust-level

The paper also investigated which factors decrease the level of trust to highlight the possible consequences of the low level of trust (Table 1). It turned out that previous negative experience, improper communication, and stereotypes (obviously negative ones) influence the trust-level of the respondents in the most negative way. These results suggest that the possible outcomes of the low trust-level include, first of all, more regulated relationships to avoid additional negative experience as well as uncertain and feared situations. Secondly, another potential outcome is the growing number of misunderstandings as a result of inappropriate communication, which results in more protective communication. This coincides with the research findings of Covey (2006). Finally, due to negative stereotypes, even changed behaviour
and attitude towards the foreign business partner may occur. In conclusion, it can be stated that the factors decreasing trust-level the most are also related somewhat to the relationship. Interestingly, stereotypes are among the top three contributors to low trust-level, despite they are not among the top three determinants of trust in cross-cultural business relations, according to the respondents. These findings lead to the conclusion that the respondents are influenced to some extent by stereotypes, whether they admit it or not. These results correspond to the research findings of Peleckis et al. (2015), who state that stereotypes do affect trust.

Based on the research findings, it can be concluded that it is the factors related to the relationship itself that have the greatest influence on the trust-level of the responding Hungarian negotiators. Nevertheless, stereotypes are of importance, as well. Therefore, on the one hand, it is recommended that, as Tompos (2014) states, Hungarian business professionals should know and use stereotypes accurately to understand the different perspectives of the foreign partner. This could help avoid a decrease in the level of trust and reach business success. On the other hand, it is suggested for those foreigners who do business with Hungarians that they should be aware of the fact that stereotypes sometimes affect their Hungarian partners’ attitude, so they should act upon with this end in view. Furthermore, both the Hungarian and the foreign business actors are recommended to keep in mind that trust is a mutual concept, thus everyone should be trustworthy, communicate honestly, and try to avoid mistakes in order to have successful and lasting business relationships.

Limitations and direction for future research

This paper, of course, is not without any limitations. First of all, the review of literature has been limited to only those sources which are closely related to the present topic. Therefore, it is believed that future works should include more sources with diverse aspects. The inclusion of sources with other viewpoints would shed more light on the factors influencing trust-level other than those discussed in the present paper. Secondly, the quantitative survey, by being online and self-administered, and the convenience sampling together resulted in a low number of respondents, which did not allow for drawing general conclusions referring to the population. Even though no other sampling method seemed to be appropriate due to the willingness of individuals to take part in surveys, future works should try to apply another method to increase the sample size. The same applies to the qualitative research, i.e. the number of interviewees should be increased to get a broader picture about the determinants of trust. Lastly, for the purposes of the present paper, descriptive statistics were used by means of linear regression, however, in the future multivariate regression analysis should be conducted to investigate the correlations between the variables and to be able to study the concept of trust in a deeper and broader aspect. This leads us to one of the future directions of the research, i.e. to carry out multivariate regression analysis. Another direction should focus on the differences in trust-level related to the country of origin of the foreign business partner. In connection with that the research should investigate, on the one hand, whether Hungarians trust some nations, cultures easier or better than others, and if yes, what is the reason for this. On the other hand, it may as well be investigated whether trust-level is influenced by different factors depending on the partner’s country of origin.

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References


