



Trust Relationships within the Field of Logistics Networks:
Balance between trust and security
Case of CIT R AAE SMO department in SLC

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Bachelor's Thesis of the Degree Programme in Business Management

Bachelor Degree of Business Administration

TORNIO 2012

ACKNOWLEDGEMENT

I would like to thank my supervisor Esa Jauhola from the Kemi-Tornio University of Applied Sciences, and my supervisor Shouxin Wang from the case company, for their valuable advices and supports which they have given to me in my Thesis work. I would also like to thank my teachers Hans Zwaga and Pirjo Alatalo, for their encouragements and guidance.

Moreover, I would like to express my appreciation to my mates, for their persistent love and care. Eventually, my deepest thanks go to my family members, for their everlasting love, understanding, and supports.

ABSTRACT

KEMI-TORNIO UNIVERSITY OF APPLIED SCIENCES

Degree programme:	Business Management
Writer:	Wang, Juetong
Thesis title:	Trust Relationships within the Field of Logistics Networks: Balance between trust and security Case of CIT R AAE SMO department in SLC
Pages (of which appendices):	63(7)
Date:	20.11.2012
Thesis instructor:	Jauhola, Esa
<p>This research aims to analyze how and why to build trust relationships in the field of logistics networks. The objectives of this research include, firstly, to find out how trust relationships can be built in the field of logistics networks in the case company called SLC. The second objective is to discuss how the balance between trust and security is created in the field of logistics networks, and thirdly, to find out why it is important to discuss the balance between trust and security in the field of logistics networks. This research was commissioned by a business solution manager in the CIT R AAE SMO department in SLC.</p> <p>I studied previous research and literature on the concept of trust, trust building, and KAM relationship for the theoretical discussions of this Thesis work. This research gathered these related sources in order to find out what is needed in trust relationships for either the business partners or the organization based on the concept of trust building embedded in relationships, and how to implement KAM relationship in the workplace when building trust relationships.</p> <p>This qualitative research was conducted as a single case study for the case company called SLC. This research draws from explanatory research approach. In addition, I used relevant Internet documentations provided by this case company for the analyses in this research. This research derives from previous research, literature, and my working experience as an intern in the case company. Moreover, I interviewed the business solution manager, in order to analyze the practical perspectives about trust building in relation to the theoretical discussions. On the basis of the objectives, explanatory research was chosen for the sake of providing an insight into the current logistics networks environment in SLC, which was relevant for the analyses of this research.</p> <p>With the help of the theoretical discussions and the in-depth interview, this research results indicated the importance of building trust relationships in the field of logistics networks, specifically in China. The results of the research are valuable for the case company. The outcomes of this research pointed out that balancing between trust and security to a certain positive direction leads to building trust relationships in the context of logistics networks environments. On the basis of this research finding, it can be recommended that the case company could speed up strengthening the intensity of trust, in order to create and co-create superior customer value. Thereby, this research emphasizes that building trust relationships has impact on the cost structure framework, and leads to fulfilling time-reduction and cost-reduction.</p>	
Keywords: trust, trust relationships, logistics networks, security, CIT R AAE SMO department, SLC.	

ABBREVIATIONS

CIT RAAE SMO	Corporate Information Technology Relationship with Asia Australia Middle East Service Management Organization
KAM	Key Account Management
NEA CIT	North East Asia Corporate Information Technology
SLC	Siemens Ltd., China

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ABBREVIATIONS

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1 INTRODUCTION

Building trust relationships seems to continuously attract business partners' eyes in the contemporary society. In regard to this research, based upon a widespread belief from the viewpoint of businesspeople, holding positive trust relationships would potentially support and promote further business collaboration between business partners. (Schumacher 2006; Gambetta 2000; Blomqvist 1997.) Hence, I focus upon illustrating both scientific and practical results of building trust relationships in the field of logistics networks. However, to achieve close trust relationships with business partners is not as easy as business partners hope to an extent during the business cooperation period. Basically, in real-life business environments, building trust relationships appears to be impacted by implementing every detailed business cooperation decision-making during the business development processes. Allegedly, to be an experienced business person, he or she might spend quite a long time to explore and perceive how to build trust relationships with the business partners. (Blomqvist 1997.) This fundamental meaning of achieving trust building can be understood that the in-depth business collaboration with the business partners is affected by the speed of trust, i.e. the time taken to create trust, during the processes of developing business. Therefore, the aim of my Thesis work is to analyze how and why to build trust relationships in the context of logistics networks environment based upon the case company's practical experience. At the same time, this aim motivates me to develop and display a university student's preparedness to apply useful knowledge, skills, and competences to reflect this empirical research on related scientific sources.

My research focuses on finding out how to build trust relationships in the field of logistics networks for the Corporate Information Technology Relationship with Asia Australia Middle East Service Management Organization (henceforth the official abbreviation CIT R AAE SMO) department in Siemens Ltd., China (henceforth SLC). These trust relationships will be illustrated based on how the CIT R AAE SMO department in SLC creates and co-creates value in their everyday business connected with building key partnerships. This research is to find out, firstly, if there is a decrease in the need to pay attention to the security when trust relationships are strengthened, secondly, if there is a connection between trust and cost-reduction, and thirdly, if this connection will lead to driving sustainable competitive advantage in the workplace

when this connection promotes security decreasing when trust relationships are strengthened.

1.1 Motivation and background

Considering the importance of trust building, it is a part of business partners' everyday lives. Building trust relationships appears to have impact on the operations of major fields, such as business, industry, and healthcare. In these fields, particularly from the point of view of this research, the efficiency and effectiveness of the trust relationships are as vivid as one's life. The business partners' properties are at risk if trust vanished or even more than seriously was breached. Thereby, when the result gained from the business cooperation period is profitable, both the business partners and the organization might be proud of holding unbreakable trust relationships. Nevertheless, not all of the trust relationships in these fields are a matter of business. In most cases, the aim of building trust relationships is for gaining trustworthiness. This research covers trust relationships involving the balance between trust and security based on given detailed information in the context of logistics networks environment. In the framework of this research, the theoretical discussions of building trust relationships do not cover the other fields besides business.

This research is commissioned by a business solution manager in the CIT R AAE SMO department in SLC. The main benefactor for the outcomes of this research is the case company. According to the case company's point of view, the case company's requirements in this research include finding out causal relations between trust building embedded in relationships and cost-reduction in the field of logistics networks. I searched related sources to support this empirical research about how and why to build trust relationships in the field of logistics networks. Therefore, it would be beneficial for the case company to understand that trust relationships between the business partners influence business orientations in the business cooperation period. At the same time, the case company could perceive the connection between trust and cost-reduction.

This research is also based on my practical working experience in the North East Asia Corporate Information Technology (henceforth the official abbreviation NEA CIT) department in this case company from May to October in 2011. During my practical

training, my main working responsibility was to assist the project manager's routine work, and the project manager was Chen Sun. I perceived that to be trustworthy is the basis of building long-lasting relationships. My previous working experience supported this research that is intertwined with my discussions and observations in the NEA CIT department in SLC, i.e. how the on-going relationships were managed in the NEA CIT department in SLC. In my experience, trust relationships in the field of logistics networks could become one of the most important intangible determinants to influence future business cooperation atmosphere between the business partners. Such influence is also suggested by previous research (Schumacher 2006, 260). According to Schumacher (2006, 260), the level of trust is greater between cooperation partners. Because I did my practical training in this case company, my previous working experience as an intern in the NEA CIT department in SLC motivates me in conducting this research. As I was specifically interested in researching how the balance between trust and security is created in the case company, I interviewed a business solution manager in the CIT R AAE SMO department in the case company. I draw from previous research and literature, including books, articles, and journals, in order to discuss and analyze how this empirical research reflects on these related sources. In addition, this research is also based upon some case company's Internet documentations. In conclusion, this research is also valuable in terms of the context, because trust relationships have not been widely researched from the logistics networks standpoint in China.

1.2 Objectives

The objectives of my research are, firstly, to find out how trust relationships can be built in the field of logistics networks in the case company called SLC. The second objective is to discuss how the balance between trust and security is created in the field of logistics networks, and thirdly, to find out why it is important to discuss the balance between trust and security in the field of logistics networks.

According to Hardin (2006, 15), trust needs to be taken into account while operating business through the Internet in today's business world. However, Hardin (2006, 15) perceives that the on-going relationships might be built in difficulty, because the standard of trust influences relationships building. Moreover, Woodburn and McDonald (2011, 53) stress that the management of relationships relates to key account

management (henceforth KAM) relationship. This KAM relationship is necessitated by fulfilling the management requirement, which can assist to reach a certain level of relationships. According to the SIEMENS CIT and SEC & CR Information Security Awareness Program information (Siemens 2011), Information Security is to guarantee the confidentiality, integrity, availability, and non-repudiability of significant internal corporate information (Siemens 2011). Based on the point of view of Hardin (2006), Woodburn et al. (2011), and the nature of information security in SLC, I want to further focus in this research upon how trust relationships influence the security awareness management for the CIT R AAE SMO department in SLC, and how the CIT R AAE SMO department in SLC builds trust relationships. In accordance with the third objective of this research, enhanced understanding about the working function and the business development processes of SLC in everyday business cooperation period can be analyzed, i.e. the contract negotiation process based on the project management theory of SLC. Therefore, based upon these perspectives discussed above, I can analyze the main objectives of my Thesis work from the point of view of both scientific field and practical field.

1.3 Knowledge base

My knowledge base draws from related research and literature. The main topic of this research is focusing on building trust relationships in the field of logistics networks for the CIT R AAE SMO department in SLC. Thereby, balancing between trust and security for the sake of building trust relationships is dealt with in my Thesis work.

As was discussed in the previous sub-chapter, the objectives of my Thesis work are to analyze how trust relationships can be built in the field of logistics networks in the case company called SLC, to discuss how the balance between trust and security is created in the field of logistics networks, and to study why it is important to discuss the balance between trust and security in the context of logistics networks environment. Therefore, the core concept of my Thesis work is the concept of 'trust' (henceforth without emphasis). There is a multitude of definitions explaining the meanings of the concept of trust. In the scientific field, the concept of trust could be summarized as the moral commitment, which is much more necessary than being reliable from the standpoint of both the business partners and the organization in the workplace (Hardin 2006, 25). In

other words, this concept can be understood in the way that trust should be framed as the morality of trustworthiness for either the business partners or the organization as was discussed above, because the focus on trust is the basis for in-depth trust building. Therefore, the initial condition for building trust relationships is to learn how to maintain everlasting trust building. This conceptualization will be discussed further in Sub-chapter 3.1.

Another concept that needs to be defined is the concept of ‘trust building’ (henceforth without emphasis) embedded in relationships. Similarly to the concept of trust, there is a variety of different approaches to how trust building embedded in relationships is perceived. Trust building in the context of logistics networks environment reflects the result of effective fundamentals of trust both within and between organizations. The purpose of trust building is to seek the integrated vision of security awareness environment in the future (Hill 2005, 4). This perspective is drawn from as a fundamental idea in a source named *Trust Within and Between Organizations* by Hill (2005). While Hill’s (2005) perspectives are slightly different from Hardin’s (2006) in the way of pointing out the importance of maintaining trust building embedded in relationships from the standpoint of the organizations, Hardin (2006, 25) defines trust as entailing the morality of being trustworthy. Therefore, I can further research the connection between trust and security for the CIT R AAE SMO department in SLC, because I study if this connection lessens the need for emphasizing the security when trust relationships are strengthened.

From the point of view of relationship and integration in the context of logistics networks environment, the relationship may be defined as, e.g. “the cross organisational interaction and exchange between the participating members of the supply chain” (Lu 2011, 94). Moreover, the relationship is defined as “a form of interaction and exchange. A specific relationship is measured by the contents of the exchange.” (Lu 2011, 94.) In contrast to the viewpoint suggested by Hardin (2006) and Hill (2005), Lu (2011, 94) perceives that the integration between the business partners could assist achieving further business cooperation atmosphere, specifically in China. In the light of Lu’s (2011, 94) perceptions, this integration can be considered as building trust relationships. On the basis of the suggestions above, it can be concluded that every business model for the organization operates its own specific cost structure framework in the workplace, which is composed of different actions, such as key resources, key activities, and key

partnerships. Hence, the link between these actions and how these actions can be categorized in SLC in the context of logistics networks environment is analyzed further in Sub-chapter 3.3. Simultaneously, if trust relationships impact on the specific cost structure framework, the question if cost-reduction is as an indicator of building trust relationships in the field of logistics networks is analyzed further in Sub-chapter 4.1, for the purpose of building trust capital as a sustainable competitive advantage in the workplace.

1.4 Siemens Ltd., China

The case company of SLC is a subsidiary company which is controlled by the parent company of Siemens AG. The CIT R AAE SMO department belongs to SLC. Hence, this department's working responsibility is directly instructed by SLC. As for the background information for Siemens AG, the headquarters are located in Germany both in the city of Munich and Berlin. Siemens AG was founded in 1847. Hitherto, Siemens AG has already operated business into the scale of multicultural business cooperation atmosphere with the world largest provider of environmental technology. Therefore, Siemens AG generated potential income for the products of green and the creative solutions for the entire business model generation. By online information from the official website in SLC, Siemens AG commenced to deliver the footprint in China dating back to 1872, due to constantly expanding the scale of worldwide business for promoting global business cooperation atmosphere (Siemens in China 2012, 1).

Because of applying environmental portfolio and innovative solutions adjusted to the local circumstance, SLC is committed to contributing to the sustainable development and modernization in China since exploiting the overseas marketplaces (Siemens in China 2012, 1). SLC witnesses the change for operating business in China. Up to now, SLC has established business in the majority of areas in China. Therefore, SLC could effectively receive the active and valuable responds from the clients' perspective, for the sake of fulfilling the targeted customers' further expectation.

1.5 Research methodology

This qualitative research was conducted as a single case study for the case company called SLC. This research draws from the explanatory research approach. Data was collected by conducting an in-depth interview with the business solution manager in the case company. In addition, document analysis was used to find answers to the research questions and to achieve the objectives, particularly to interpret the secondary sources. These research questions will be further given in Sub-chapter 2.1.

This research derives from previous research, literature, and my working experience as an intern in the case company. Accordingly, the analysis of this empirical research is reflected on the previous research and literature. I can rely on this knowledge gained from my working experience, in order to provide valuable information for conducting this research. Hence, a detailed discussion of the research process and the choices of the research methodology will be provided in Sub-chapter 2.2.

1.6 Structure of the Thesis work

The Thesis work is divided into five chapters. The research questions and research methodology are discussed in Chapter 2, as well as some limitations of this research. An introduction to the bases of building trust relationships in the field of logistics networks is given in Chapters 3, for the sake of giving perspectives on implementing the role of KAM relationship in the context of logistics networks environment. Chapter 4 proposes the ways of how and why to discuss the balance between trust and security among the three main phases following different time stages, i.e. transaction, cooperation, and collaboration, which are being presented as the primary outcome of this research. Finally, Chapter 5 presents the discussions and conclusions for the outcomes of my Thesis work, and suggests for further research direction.

2 RESEARCH QUESTIONS AND RESEARCH METHODOLOGY

The three main research questions of my Thesis work are discussed below, together with the related research methodology used in this research. Furthermore, some limitations in this research are presented below interlinked with discussions of research reliability and research validity.

2.1 Research questions

The three main research questions are addressed in this Thesis work to achieve the objectives of this research by finding answers to the research questions. As was discussed in Sub-chapter 1.2, the objectives of this research include, firstly, to find out how trust relationships can be built in the field of logistics networks in the case company called SLC. The second objective is to discuss how the balance between trust and security is created in the field of logistics networks, and thirdly, to find out why it is important to discuss the balance between trust and security in the field of logistics networks. Below, the steps necessary to answer them are also detailed.

1. How can trust be built in the context of logistics networks environment for the CIT R AAE SMO department in SLC?

To better illustrate why either the specific key account manager or the organization endeavour to perceiving trust in the field of logistics networks, the fundamental reasons of these three possibilities will be analyzed. Firstly, the case company's business partners might be familiar with each other, because perceiving trust is needed in the context of logistics networks environment. Secondly, trust might assist both the key account manager and the organization to act consistently, because this consistency is a condition for building trust relationships. Thirdly, trust building might be a suitable approach to increase understanding about the working function and the business development processes of SLC in everyday business cooperation period, because the case company's business partners emphasized that perceiving trust in the field of logistics networks. In my Thesis work, I introduce a definition that is followed throughout this research: I define trust as an instrument to influence decreasing the need to pay attention to the level of security in the workplace. Furthermore, this need to pay

attention to the level of security decreasing will lead to cost-reduction in the business cooperation period.

2. How does the KAM relationship influence building trust relationships in the field of logistics networks?

Because the management process of building trust relationships relates to the concept of KAM relationship (Woodburn & McDonald 2011, 53), this research question aims to find out that what is needed in trust relationships for either the business partners or the organization based on the concept of KAM relationship, and how to implement KAM relationship in the workplace when building trust relationships. Therefore, this research question will take a step forward into a possibility that managing KAM relationship will be the outcome of building trust relationships in the field of logistics networks, for the sake of better creating and co-creating value, especially for the superior customer value.

3. How do trust relationships impact on the cost structure framework in the field of logistics networks?

An analysis if cost-reduction in the workplace resulting from trust relationships in the context of logistics networks environment is made. Moreover, this further analysis includes finding out if the connection between trust and cost-reduction leads to building sustainable competitive advantage in the workplace for the CIT R AAE SMO department in SLC, and if this connection promotes decreasing the need to pay attention to the security when trust relationships are strengthened. This analysis is also the case company's requirements. Thereby, this research question aims to find out if cost-reduction will lead to benefit for either the business partners or the organization in the context of logistics networks environment, i.e. the benefit showing goodwill. Furthermore, this research question will be given to analyze the reasons why trust relationships influence the necessity of security management between the business partners for the CIT R AAE SMO department in SLC. These drivers of security will be discussed in detail in Sub-chapter 4.2, and this analysis allows explaining these reasons.

2.2 Research process and research method

As was discussed in Sub-chapter 1.3, the main topic of my research is focusing on building trust relationships in the field of logistics networks for the CIT R AAE SMO department in SLC. The research process began at signing a commission agreement with this case company. Therefore, to help in understanding and explaining the research findings, my Thesis work involves explanatory research based on analyzing relevant secondary sources. The theoretical framework of this research was gathered from previous research and literature, which is drawn from through the entire research process.

According to Bulmer (1986, 66), the purpose of methodological approach of explanatory research is to explain “account for patterns in observed social phenomena, attitudes, behaviour, social relationships, social processes or social structures” (cited in Blaikie 2009, 71). Blaikie (2009, 71) emphasizes that the explanatory research approach usually narrows down less the focus than the descriptive research approach, and should directly and clearly state the research questions. Structuring of theoretical assumptions is needed, and definitions of the core concepts are required. (Blaikie 2009, 71.) Hence, using the explanatory research approach is relevant for my Thesis work, because an elaborate analysis of the detailed phenomenon is provided by explaining how and why building trust relationships will conduct a connection change between trust and security among three main phases following different time stages. Therefore, the beginnings of an explanation are provided by enriching detailed description on four conditions for building trust relationships. Moreover, the necessary factor for deciding on this research approach is the fact that doing explanatory research provided an insight into the current logistics networks environment in the CIT R AAE SMO department in SLC. The necessities of building trust relationships were illustrated by defining the core concepts of trust and trust building embedded in relationships in this research.

Furthermore, because of this research topic, data for this qualitative research was collected by arranging a time for an in-depth interview with a business solution manager in the CIT R AAE SMO department in SLC. According to Blaikie (2010, 207), to collect qualitative data by using some forms of unstructured or semi-structured interviewing, and in-depth interviews, are often conducted in the contemporary social sciences. The qualitative interview, especially for the form of in-depth interview, can get close to the meanings and interpretations of the research. (Blaikie 2010, 207.) Due to the nature of this research, this research involves an inductive research process for

interpreting understanding about building trust relationships in the field of logistics networks in this case company. Methodologically, this research is also based on one interviewee's subjective opinions in working experience and knowledge when the information was acquired and further analyzed. The interviewee was mostly asked prepared questions. As was justified above, this research used a semi-structured interview method. To start with, the interviewee was given some general questions about how and why to build trust relationships in the context of logistics networks environment. Following the general questions, the theme of KAM relationship role was inquired through specific questions focusing on this role. The questions in English were sent to the interviewee before the interview. This in-depth interview was conducted in Chinese, in the cause of avoiding the misunderstanding in language, because working across different language adds an aspect of interpretation. During the interview, I wrote down notes, and the interview was recorded. After receiving the acceptance of the transcript in English by the interviewee, this interview was transcribed in this Thesis work. As was agreed with the case company representative, I do not reveal any confidential information in this research concerning this in-depth interview and the case company's Internet documentations.

Concerning about potential distortion in interview (Kvale & Brinkmann 2009, 166), as an interviewer, I briefly practiced to cite my perspectives exactly as worded in questions to the interviewee. Moreover, I used procedures to control the entire interview process when the interviewee answered in a different way from the question. This procedure cannot totally ensure against the bias between the answers from the interviewee and the questions from the interviewer. However, using this control procedure can partly assist to reduce some interview distortion. Moreover, when I transcribed the interview in English, I was alert in view of the word choices. Hence, the answers can be interpreted in a reliable way because of this concern. In addition, the interviewee's misunderstanding in question was minimized by using the following expression when requesting for clarifications.

“Your point is really important. Would you please further explain that in more detail?”

“I would like to say that thank you so much for expressing your point. Would you please give me an example of a different situation?”

According to Collis and Hussey (2009, 74), case study used as a research method in the contemporary social sciences is associated with the interpretivism research paradigm. In

this research, case study is used as the research method to achieve the objectives. According to Yin (2009, 18), “A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.” Hence, the case study research method allows the researcher to gain a deeper understanding of building trust relationships in the field of logistics networks in the case company. According to Greener (2008, 81), case study involves more than one way to derive data under the research. Case study may include other data collection techniques to offer information. In this research, the research techniques used to find answers to the research questions and to achieve the objectives are document analysis, particularly to interpret the secondary sources, and an interview. These research techniques are necessary to achieve the objectives, because the data that collected from related research, literature, and the in-depth interview were integrated to assist in analyzing in this research. For instance, the changing business cooperation atmosphere in the CIT R AAE SMO department in SLC was analyzed through discussing the balance between trust and security. Moreover, these gathered data were used to interpret the empirical findings about trust relationships result in a tendency towards balancing between trust and security. Thereby, this research process decision-making was relied on previous research and literature about defining the concepts of trust and trust building embedded in relationships as the basic condition for explaining how to build trust relationships between the business partners and the organization.

2.3 Limitations

I conducted one in-depth interview with a business solution manager in the CIT R AAE SMO department in SLC for this research. Conducting one in-depth interview for this research may be regarded as a shortcoming. However, the interview with the business solution manager provided insightful information for fulfilling the objectives of this research. I have reasons to believe that this interview reflected on the theoretical discussions about building trust relationships in the field of logistics networks. Thereby, the interpretation from this interview in this research is reliable. Additionally, I rely on the interviewee’s cooperativeness and honesty. In addition, previous research and literature that this research derives from is extensive. Hence, these related sources are reasoned. In addition, one of the reasons to conduct this research in the case company is

because I carried out my practical training in this case company. Through this traineeship, I gained knowledge. Hence, I can rely on this knowledge gained from my working experience, in order to provide useful information for conducting this research. Furthermore, to conduct this research is necessary to give further insights for the case company into the concepts of trust and trust building embedded in relationships, for the purpose of interpreting building trust relationships in the field of logistics networks. Hence, this empirical research was conducted according to the case company's requirements. To a certain extent, one limitation in this single case study derives from the choice of researching only in the context of logistics networks environment. However, previous research is scarce with the focus on this research topic in the field of logistic networks, specifically in China, and therefore, this research can be regarded as important.

As this research is a single case study conducted for SLC, the outcomes of this research cannot be generalized as the basis for the other business models. However, according to this research, understanding trust building would be valuable for both the business partners and the case company, if building trust relationships were regarded as a mature mechanism for promoting business collaboration atmosphere. Because of this reason, it is possible for other organizations to do similar research about building trust relationships. As was discussed in Chapter 1, this research applies the case company's practical experience, in order to explain the balance between trust and security through managing sufficient time, money, and human resources. This balancing would be provided for the case company as an agile way to perfectly conduct trust building in the workplace.

In regard to this research reliability, Collis and Hussey (2009, 64) perceive that "reliability is concerned with the findings of the research and is one aspect of the credibility of findings; the other is validity". The insightful perspectives were derived from the business solution manager's valuable working experience and knowledge. Therefore, it is necessary to point out that the reliability of this research is partly of subjective degree. Because the overall knowledge base is acquired from related research and literature, triangulation in theory is pertinently used in this research when concerning this research reliability, for the purpose of interpreting and explaining multiple perspectives in the degree of consistency.

In regard to this research validity, Collis and Hussey (2009, 64) point out that “Validity is the extent to which the research findings accurately reflect the phenomena under study”. Even though the data were collected and analyzed based on the current business model in the CIT R AAE SMO department in SLC, particularly the empirical research about building trust relationships in the context of logistics networks environment was conducted through one in-depth interview. Thereby, this research validity is dependent on the accuracy of guiding data collection and analysis from this empirical research.

To summarize, this research relies on different data, and it is helpful to strengthen research validity. Moreover, triangulation in theory was used to increase research reliability, even though this research was conducted as a single case study.

3 BUILDING TRUST RELATIONSHIPS IN THE FIELD OF LOGISTICS NETWORKS

The utility of building trust relationships in the field of logistics networks is analyzed first, for the purpose of enhancing business cooperation atmosphere between the business partners. Therefore, the first section elaborates the discussion of the concepts of trust and trust building embedded in relationships. The second section presents the four different conditions for building trust relationships in the field of logistics networks, for the purpose of answering the first research question. Finally, the third section gives an insight into the importance of managing KAM relationship for trust building, and the implication of how does the KAM relationship influence building trust relationships in the context of logistics networks environment, for the purpose of answering the second research question.

3.1 Trust and trust building – conceptualization

As was discussed in Sub-chapter 1.3, there stand two principal concepts that primarily build the starting point for the theoretical framework of my Thesis work, i.e. trust and trust building. The core concept of trust is discussed first, followed by the discussions of the concept of trust building embedded in relationships.

In regard to the definition of trust, the concept of trust has been defined by different researchers from different disciplines. Fukuyama (1996, 43) stresses that trust is appraised as one of the important criteria in social virtues. According to Fukuyama (1996, 43), while some social virtues can be expressed lonely by individuals, particularly, the reciprocal trust appears only under a social environment. The perspective by Fukuyama (1996, 48) illustrates that individual virtues can be cultivated from growing under a high degree of social environment. In contrast to individual virtues, the social virtues become the prerequisite for the development of individual virtues. Based upon the comparison, the idea of trust in social virtues focuses on acquiring how to enrich trust building in social environment. (Fukuyama 1996, 48.) This concept can be understood that the preliminary link between the static concept of trust and trust building is to display trust relationships under a social environment. During the interview conducted with a business solution manager in SLC, the

interviewee pointed out that trust acts on the premise of trust building in the workplace. Trust relationships begin to be created, when the business partners start to work on trust building. This point is supported by Fukuyama's (1996, 26) perceptions, i.e. trust arises from cooperative behaviour in society. Essentially, from the point of view of answering the first research question, in real-life business environments, applying the meaning of trust through the path in practice should follow by perceiving trust in the on-going relationships. In conclusion, comprehending the concept of trust is necessary for grasping the importance of building trust relationships in the field of logistics networks from the long term business cooperation perspective.

In regard to the concept of trust building, during the interview, the interviewee pointed out that trust building with the logistics suppliers promoted the CIT R AAE SMO department in SLC running the project case during the business development processes. This point is supported by Covey's (2008) understandings. According to the Personnel Cabinet Leadership Institute's (2009, 1) summary of Covey's (2008) points of view, there exist four obvious advantages for trust building, which prove the reasons why building trust relationships could sustain business development processes. Firstly, trust is much more important than vision. Secondly, trust is much more important than strategy. Thirdly, trust is more important than systems and structure. Fourthly, trust is more important than skills. (Personnel Cabinet Leadership Institute 2009, 1.) This concept can be understood that trust building is advantageous in the organization. For instance, because even if the case company's business partners have an illuminative future plan, business orientation with high cost could still prevent the organization from attaining profitability from the long term business cooperation perspective. From the point of view of answering the third research question, I interpret that cost-reduction is an indicator of trust building. This conceptualization will be discussed in detail in Subchapter 4.1.

Furthermore, the summary by the Personnel Cabinet Leadership Institute (2009, 4) emphasizes the standpoint by Covey (2008) about some misunderstanding for trust building under the viewpoint in favourite myth and the viewpoint in real-life business environments. This standpoint can be interpreted to indicate here that trust building is necessary for both the business partners and the organization to discuss the balance between trust and security. For instance, due to sharing pertinent business secrets with the business partners, some businesspeople think that building trust relationships will

become risky. However, developing business cooperation atmosphere cannot drive without highlighting the importance of building trust relationships, because without trust building is a greater risk in practice than generating trust. Businesspeople should trust each other. Hence, the organization will counter less risk with establishing trust relationships in real-life business environments.

During the interview, the interviewee emphasized that the further in-depth business cooperation atmosphere seems to last long due to trust building. This emphasis is supported by Fukuyama's (1996) findings. Fukuyama (1996, 27) stresses that businesspeople are operating according to the same ethical norms as businesspeople trust each other, and running business costs less. By contrast, businesspeople who distrust others will result in ending up the further business cooperation period, because the high-trust degree will allow to emerge a widespread social relationships, which can be about to create trust building in the organization. In the light of Fukuyama's (1996, 27) viewpoints, when the business partners would like to believe that their co-operator is enough trustworthy, implicitly, this situation means the probability that the business partners would consider engaging in further business collaboration. (Fukuyama 1996, 27.) This concept can be interpreted to indicate here that because trust is at a level high enough, this kind of trust performance reflects that the case company's business partners rely upon trust building, and vice versa. Therefore, the higher level of trust that the case company's business partners could engage to behave, the organization could manage to perform the higher likelihood of business collaboration.

In my understanding, the business partners no longer only emphasize the importance of trust building today, because there is no doubt that the prerequisite of trust building is becoming an inevitable business common understanding. Hence, the business partners would rather start to seek for the way to build trust relationships, or the organization are even more eager for stimulating trust relationships with the business partners. In the next section, the profound conditions for building trust relationships in the field of logistics networks will be detailed.

3.2 Conditions for building trust relationships

Based upon the previous theoretical discussions in relation to the empirical findings, it

can be suggested that building trust relationships in the organization has played an indispensable role for the business development processes in the long term business cooperation perspective. Therefore, there stand four profound conditions for building trust relationships in the field of logistics networks concerning for both the business partners and the organization, namely, competency, consistency, commitment, and reputation.

Regarding the practical information gathered from the interview, the business solution manager suggested that trust building embedded in relationships depends on some detailed needs and requirements behind these principal factors, which would surely impact on the result of building trust relationships with the business partners through the whole business development processes for the CIT R AAE SMO department in SLC. Therefore, headlining these conditions for building trust relationships in the field of logistics networks will prove a path through achieving the output of in-depth business collaboration at the end stage from the long term business cooperation perspective.

3.2.1 Competency

Competency as a condition for building trust relationships is seen here as a combination of knowledge, skills, and attitudes. Based upon my previous working experience as an intern in the NEA CIT department in SLC, I draw from this working experience for the interpretation of the competency as a condition for building trust relationships in the field of logistics networks. During my practical training, I had an opportunity to discuss real-life business environments with the project manager and the colleagues. The project manager and the colleagues pointed out that possessing positive attitude assists businesspeople in giving a good impression through their business partners to the business partners' co-operators. At the same time, the business partners begin to create trust on the on-going relationships through possessing the positive attitudes. Therefore, the discussions with the project manager and my colleagues contributes to the understanding of how attitudes becomes one of the important parts of the competency, for the purpose of being a leading condition for building trust relationships in the field of logistics networks.

Drawing from the discussions above, it can be understood that having positive attitudes

seems to be taken into account more as the main competency than having adequate knowledge and capable skills. However, during the interview, the business solution manager emphasized that adequate knowledge and capable skills are the basic conditions for building trust relationships with the business partners in the CIT R AAE SMO department in SLC. This emphasis can be understood that the competency impacts on building trust relationships in the organization. This emphasis is supported by Convey's (2008, 124) understandings. According to Convey (2008, 124), it is necessary for businesspeople to trust themselves, and to deserve trust relationships built with the business partners, because character and competence are built by increasing integrity, improving intent, increasing capability, and improving result. In developing these four cores, the business partners build further credibility, and inspire trust at the same time. Moreover, Convey (2008) stresses that key leadership competency of the organization is to display the ability, skills, and competences, in order to establish, grow, extend, and restore trust with the targeted customers. These points can be understood that trust is inspired from competency during the business cooperation period. Hence, competency is one of the important conditions for building trust relationships in the field of logistics networks.

3.2.2 Consistency

In terms of consistency, as a condition for building trust relationships consistency is interpreted here as referring to consistency of behaviour, especially for behavioural performance. In my opinion, consistency is one of the significant conditions for building trust relationships in the context of logistics networks environment. Because when the business partners start to think about how to build trust relationships, the question about how to behave in the way of trust building is needed. Convey (2008, 126) stresses that establishing trust in the on-going relationships can be enhanced by behavioural performance, and the principle of behaviour is based on the principle of credibility. In addition, according to Convey (2008, 130), behavioural performance in trust building will enable the business partners to enjoy satisfying trust relationships during the business cooperation period. In line with Convey (2008, 126, 130), Wehmeyer, Riemer and Schneider (2001, 10-11) emphasize that perceiving trustworthy is the prerequisite of the cooperative relationships in the organization. Inconsistency of behaviour leads to decreasing in perceived trustworthiness between the business

partners. Hence, consistency of behaviour as one of the antecedents of trustworthy has been identified. Similarly, Krishnan, Martin and Noorderhaven (2006, 910) point out that trust matters performance. The relationships between trust and performance become stronger under strengthening of behavioural uncertainty, and are weaker under environmental uncertainty.

On the basis of the suggestions above (Convey 2008, 126, 130; Wehmeyer & Riemer & Schneider 2001, 10-11; Krishnan & Martin & Noorderhaven 2006, 910), it can be understood that behaving in consistency during the business development processes promotes building trust relationships with the business partners. The misbehaviour in the workplace impacts on trust building with the business partners, because businesspeople have lost his or her trustworthiness. Thereby, the behavioural performance is consistent with the aim of business cooperation in the organization. The consistency of behaviour could reinforce trust building between the business partners in the organization.

3.2.3 Commitment

Commitment as a condition for building trust relationships is understood here as reflecting on credibility to a certain extent, because credibility comes from commitment. In line with Morgan and Hunt's (1994 cited in Kwon & Suh 2005, 27) findings, commitment is defined as one part of the business partners believes that the on-going relationships with the other part of the business partners are indispensable. In other words, these committed business partners remain indefinitely.

According to the business solution manager's practical working experience in SLC, trust needs to be inspired by the business partners in the beginning stage during the business cooperation period. Without considering deeper trust relationships, initially, businesspeople should trust themselves. In other words, businesspeople should make their business partners believable about themselves. Hereafter, the question about if the case company's business partners can trust them need to answer. These suggestions are supported by Convey's (2008, 42), Geyskens et al.'s (1998 cited in Verbeke & Bagozze & Farris 2006, 504), and Kwon and Suh's perceptions. Covey (2008, 42) emphasizes that one can ask oneself questions about if one is believable, and if anyone can trust one.

This is where one learns that being credible is the main way to establish trust. Moreover, according to Covey (2008, 42), for the purpose of establishing and sustaining trust relationships, credibility will increase by developing the four cores, namely, integrity, intent, capability, and results. In addition, according to Geyskens et al. (1998 cited in Verbeke & Bagozze & Farris 2006, 504), trust facilitates the building of commitment in the organization.

On the basis of the suggestions above (Convey 2008, 42; Geyskens et al. 1998 cited in Verbeke & Bagozze & Farris 2006, 504), it can be concluded to indicate that one of the conditions for building trust relationships is derived from sufficiently creating credibility between the business partners. On the one hand, by being truthful means that there is nothing that can discredit the business partners' commitment. On the other hand, the business partners inspire trust by being trustworthy, and this is the way to commitment to the key partnerships in real-life business environments.

Moreover, Verbeke, Bagozze and Farris (2006, 519) point out that trust building gives rise to the commitment. Similarly, Kwon and Suh (2005, 26) emphasizes that the commitment between the business partners is a key success factor in generating trust. Deriving from the suggestions above, this research takes on the position that possessing commitment is the pre-condition for managing trust relationships with the business partners, because trust is strengthened by making a commitment. When trust building accumulates up to a certain expected high level between the business partners, the case company's business partners could build and infuse trust relationships within the entire organization. Therefore, the business partners could point out the importance of commitment as the initial basis for creating and co-creating value of credibility when first establishing trust building. In line with the foundation of trust, commitment is one of the needs and requirements for the organization to generate trust in the workplace. At the same time, the case company's business partners could be in charge of creating and co-creating value of credibility. In other words, building trust relationships with the business partners gives a signal to the organization to make a commitment.

3.2.4 Reputation

In terms of reputation, as a condition for building trust relationships reputation is

perceived here as referring to the benefit showing goodwill. During the interview, the interviewee pointed that the case company is a multicultural corporation possessing a good reputation. This advantage is conducive for the case company to cooperate with the business partners in current worldwide business cooperation atmosphere. Generally, the CIT R AAE SMO department in SLC operates the specific project case with the scheduled logistics suppliers. In addition, Knox (2000 cited in Cranfield School of Management 2000, 182-183) points out that trust is invested by the targeted customers. The reputation is embodied in the brand, because the brand represents the organization. These points can be understood that because the case company has a good reputation, the logistics suppliers brand could be given by the organization, for the purpose of managing the on-going relationships between the specific logistics suppliers and the clients in the organization.

Drawing from these points above (Knox 2000 cited in Cranfield School of Management research 2000, 182-183), reputation is seen as another indispensable condition for building trust relationships with the business partners. In real-life business environments, the organization possessing a positive reputation means bringing and representing a good image for the business partners. This point is supported by Hardin's (2006, 24) findings, i.e. reputation is a predicator of business actions. Good reputation encourages the organization to choose to cooperate with the business partners. In addition, Hardin (2006, 24) suggests that the organization pays heavily for having a good reputation. Once the organization has a good reputation, the organization is likely to maintain this good reputation. In accordance with what was discussed in Sub-sub-chapter 3.2.2, Wehmeyer, Riemer and Schneider (2001, 11) suggest that perceiving trustworthy is the prerequisite of the cooperative relationships in the organization. Reputation has been identified as another antecedent of trustworthy.

On the basis of the suggestions above (Hardin 2006, 24; Wehmeyer & Riemer & Schneider 2001, 11), it can be understood that a good reputation motivates the organization to cooperate with the business partners. In other words, business actions like trust building are stimulated by having a good reputation. If the organization cannot build a good reputation during the business development processes, undoubtedly this kind of poor reputation cannot be restored, because the business partners already lose trust on the organization. Hence, this is the reason why to maintain a good reputation can be seen as an indispensable condition for building trust relationships in the field of

logistics networks, because further trust relationships would be constantly built through maintaining a good reputation during the business cooperation period.

To summarize, on the basis of the discussions above, this research assumes that the four main conditions for building trust relationships in the field of logistics networks are the foundation of building concrete trust blocks between the business partners, i.e. competency, consistency, commitment, and reputation. Trust relationships are reinforced through building these concrete trust blocks. This is also the reason why managing KAM relationship needs to be considered in the organization, because strengthening trust building stimulates building KAM relationship. For the purpose of answering the second research question, this KAM relationship will be discussed in the following sub-chapter.

3.3 KAM relationship

With the concepts of trust and trust building embedded in relationships, and the four conditions for building trust relationships in the field of logistics networks were briefly discussed in Sub-chapter 3.2. The way of applying the existing theories of trust and trust building under the context of the feasible conditions for building trust relationships relates to how to implement the function of KAM relationship. According to McDonald (2000 cited in Cranfield School of Management 2000, 264-265), the origins of the key account management can be found in various disciplines with focusing on the aim of building the on-going relationships with the business partners. Moreover, Verbeke, Bagozze and Farris (2006, 503) emphasize that the key account management process is thought to include in trust building and building on-going relationships with the business partners. These emphases can be understood that managing KAM relationship has an impact on trust building from the long term business cooperation perspective in the business development processes.

In regard to the role of a key account manager, the responsibility for a key account manager is to manage KAM relationship with other key accounts, for the purpose of maintaining the long-lasting relationships with these important key accounts. Generally, these key accounts are called as the clients or the customers. Hence, a key account manager is critical to managing KAM relationship. (Payne 2000 cited in Cranfield

School of Management 2000, 119.) During the interview, the interviewee emphasized that managing the on-going relationships between the specific logistics suppliers and the clients in the different project case is the key to success for the CIT R AAE SMO department in SLC. During the entire processes of developing business, the case company perceives that trust building assists to manage the close relationships between the business partners. On the basis of the emphasis above, it can be understood that managing KAM relationship has an impact on trust building with the case company's business partners, because the specific key account manager takes care of the long-lasting relationships between the business partners. Therefore, developing the long-lasting relationships with these key accounts is the initial stage for the specific key account manager to organize the key account management process in the workplace, because strengthening trust building stimulates the specific key account manager's action. According to the interview, it is likely that the case company has the key account manager to hold the on-going relationships. Hence, the specific key account manager is more responsible for managing the on-going relationships with the business partners than without trust building.

On the basis of the discussions above, this research takes on the position that the specific key account manager could apply the capability of KAM relationship for trust building with the business partners, for the sake of further creating and co-creating value, especially for the superior customer value. During the interview, the interviewee emphasized that the superior customer value creation comes from how the logistics suppliers solve the clients' problem, as well as how they manage to satisfy the clients' needs and requirements in the CIT R AAE SMO department in SLC. This point is supported by McDonald's (2000 cited in Cranfield School of Management 2000, 278) perceptions. McDonald (2000 cited in Cranfield School of Management 2000, 278) maintains that KAM relationship only can be managed in a customer-focused organization. This emphasis can be understood that the necessary process of managing KAM relationship for trust building is to enrich the superior customer value. Therefore, a strong and stable business cooperation atmosphere assists the organization to further create and co-create value, particularly for the superior customer value. In other words, the significance of managing KAM relationship could become the aim of building trust relationships for the organization. From the point of view of answering the second research question, even through holding KAM relationship could promote building trust relationships in the context of logistics networks environment, the business partners

need to encounter the distrust situation that will exist among most of the business cooperation period in the workplace. This risk management in the KAM stage will be further discussed in Sub-sub-chapter 3.3.2.

In conclusion, because building trust relationships is influenced by managing KAM relationship, the aim of trust building is that the business partners believe the one thing of managing KAM relationship could change trust building in the business cooperation period. However, there is no denying that everything has its drawbacks. In the KAM stage, both the advantages and the risk management should be taken into consideration in advance by the business partners. For instance, one of the main risk management in the KAM stage includes business partners' risk. These advantages and the risk management in the KAM stage will be discussed below.

3.3.1 Advantages in the KAM stage

During the interview, the interviewee pointed out that the case company provides versatile specific training for the key account manager to further acquire knowledge, skills, and competences, in order to enable the key account manager to manage the on-going relationships with the business partners. In line with the case company's Internet documentation, the aim of the training for the key account manager is to provide a workshop for the participants to understand the clients' issue, as well as to take actions to address the targeted customers' needs and requirements. The participants will learn to identify key businesspeople who affect the business cooperation decision-making. These empirical findings can be understood that the case company emphasizes the importance of the key account management process, because the on-going relationships with the business partners will be created based upon trust, and the mutual benefits in the KAM stage.

In respect of the advantages in the KAM stage, reaching potential profitability in the KAM stage is an approach for a certain type of organization to fulfil cost-leader as the sustainable competitive advantage from the long term business cooperation perspective. Woodburn et al. (2011, 12) point out that measuring customer behaviour in order to create the superior customer value causes cost account much more than the delivery account. Thereby, planning profitability in the KAM stage must be taken into

consideration within the organization. In addition, according to Woodburn et al. (2011, 1), the suppliers ignore the increased purchasing power from the targeted customers, which lead to potential demands on the business. Hence, these suppliers lose the opportunity to achieve profitability in the KAM stage. In other words, the result can lead to cost increasing while money sacrificing. Deriving from the points above (Woodburn et al. 2011, 12, 1), the discussion can be interpreted to indicate here that the case company's business partners should have a deep understanding of who the key suppliers are, because at this moment the on-going relationships between the suppliers and the targeted customers are connected to each other. These close relationships belong to their corresponding business partners. Hence, it is indispensable for the business partners to connect trust relationships with building key partnerships in the organization, for the purpose of creating and co-creating value, especially for the superior customer value in real-life business environments. To achieve this potential profitability in the KAM stage is in combination with trust relationships maturity.

Drawing from the discussions above, this research assumes that to achieve profitability in the KAM stage in the organization shows to lead to less cost. Because trust building promotes the case company's business partners to build close key partnerships, these key partnerships could attract further business cooperation between the business partners. With holding this kind of close key partnerships, Woodburn et al. (2011, 2) highlight that the targeted customers could influence to build sustainable competitive advantage in the processes of developing business. When the business partners start to manage building key partnerships, trust relationships have been generated. In addition, according to Kwon and Suh (2005, 26), trust is perceived as the cornerstone of the key partnerships in real-life business environments.

On the basis of the suggestions above (Woodburn et al. 2011, 2; Kwon & Suh 2005, 26), it can be concluded that the advantageous of managing KAM relationship is to promote building trust relationships between the business partners, in the form of creating and co-creating value, especially for the superior customer value in real-life business environments. In other words, the value comes from the specific key account manager acts on the key activities when one part of the business partners satisfies the other part of the business partners. Naturally, trust has been built through these key activities.

According to McDonald (2000 cited in Cranfield School of Management 2000, 269),

due to managing KAM relationship between the business partners, the key partnerships agreement extends over perhaps a long time. Moreover, McDonald (2000 cited in Cranfield School of Management 2000, 270) points that the key partnerships agreement has an impact on the longevity of commitment for the organization. The organization will strive to meet the behavioural performance consistently because of the key partnerships. These points can be interpreted to indicate here that managing KAM relationship between the business partners promotes the organization to fulfil consistency and commitment as the conditions for building trust relationships at the same time.

3.3.2 Risk management in the KAM stage

The risk of misunderstanding the KAM stage would lead to falling management for trust building in the organization. Moreover, the risk management in the KAM stage would lead to having some difficulties in managing KAM relationship between the business partners. At the same time, this risk management in the KAM stage is the cause of weakening trust building between the business partners.

According to McDonald (2000 cited in Cranfield School of Management 2000, 270), it is possible for the business partners to end up the on-going relationships, because of the barriers during the business cooperation period. Business partners' risk as the downside of building key partnerships is understood here as considering one of the potential risk management in the KAM stage. During my practical training, I had the opportunities as a listener to join some project case meetings in the NEA CIT department in SLC. The discussions between the project manager and the colleagues pointed out that the security needs to be reconsidered, because the existing business partners' risk would lead to cost-addition in the specific project case. This point is supported by Osterwalder and Pigneur's (2010, 38) and Davies's (2001, 1) perceptions. According to Osterwalder and Pigneur (2010, 38), strategic alliances can be defined as one types of the key partnerships. Similarly, Davies (2001, 1) stresses that the beneficial business mechanism can be described as strategic alliances. However, the inescapable downside of operating strategic alliances for the organization is how to overcome the business partners' risk. However, a good scenario for overcoming this risk is that the business partners' risk is manageable.

Deriving from the suggestions above (Osterwalder & Pigneur 2010, 38; Davies 2001, 1), it can be understood that when the specific key account manager manages the on-going relationships between the business partners, the potential risk management in the KAM stage would exist in the beginning stage during the business cooperation period. The strategic alliances assist the organization to overcome this business partners' risk. Hence, the strategic alliances could be regarded as one of the useful approaches for the organization to develop key partnerships between the business partners. As was discussed in Sub-chapter 3.3, managing KAM relationship has an impact on trust building, because trust relationships motivate the possibility of developing key partnerships between the business partners.

Conclusively, how to avoid the risk management in the KAM stage would determine the way of managing KAM relationship in the organization. At the same time, managing the key partnerships would lead to decreasing the need to pay attention to the use of security in the organization, in order to avoid facing the dilemma of time-addition and cost-addition caused by low-trust during the business cooperation period. For the purpose of answering the third research question, i.e. how do trust relationships impact on the cost structure framework in the field of logistics networks, the balance between trust and security based upon managing the cost structure framework will be explained in the following chapter. In addition, the result of balancing between trust and security for building trust relationships in the field of logistics networks as a way to build sustainable competitive advantage in the organization will be illustrated in Sub-chapter 4.3.

4 BALANCE BETWEEN TRUST AND SECURITY

In the previous chapter, a brief overview of the conceptualization for trust and trust building embedded in relationships was provided. Moreover, the theoretical discussions in relation to the empirical findings concerning the four different conditions for building trust relationships in the field of logistics networks, and KAM relationship were conducted. These analyses give an insight into the importance of trust building between the business partners during the business development processes. Therefore, in this chapter, a detailed analysis of how to achieve the balance between trust and security for building trust relationships is given. For the purpose of this research, the connection between trust and security is illustrated, in order to further explain the outcomes of my Thesis work. Moreover, this chapter goes through the proposition of how to apply the cost structure framework, and why the cost structure framework influences the approach of balancing between trust and security in the context of logistics networks environment.

4.1 Factors linked to cost structure framework

According to Osterwalder and Pigneur (2010, 41), managing a low cost structure framework is important for the organization to calculate how to minimize cost. In addition, Osterwalder and Pigneur (2010, 40) emphasize that after describing key resources, key activities, and key partnerships, the cost can be clearly calculated. Similarly, Huotari and Iivonen (2004, 8) point out that the on-going relationships between the business partners are more important than the occasional businesspeople. Hence, these close relationships between the business partners are more vulnerable than the occasional businesspeople, because the significance of trust building is to maintain long-lasting relationships between the business partners. Moreover, Adler (2001 cited in Hitt & Lee & Yucel 2002, 365) points out that to maintain trust is the trend in the on-going relationships in the organization. According to Sundaramurthy (2008, 91), trust is built, because trust is dynamic. Over the time, sustaining trust is needed.

On the basis of the discussions above (Osterwalder & Pigneur 2010, 41, 40; Huotari & Iivonen 2004, 8; Adler 2001 cited in Hitt & Lee & Yucel 2002, 365; Sundaramurthy 2008, 91), it can be understood that maintaining trust relationships is more valuable than building trust relationships. From the long term business cooperation perspective,

sustaining trust relationships is even more valuable than maintaining trust relationships, because trust building could support managing the close relationships between the business partners. At the same time, this result of trust relationships could support managing a low cost structure framework in the organization.

Despite the obvious advantages of managing a low cost structure framework in the organization, the challenge gained from the cost structure framework would impact on the result of balancing between trust and security for building trust relationships in the field of logistics networks. In accordance with what was discussed in Sub-chapter 3.3, McDonald (2000 cited in Cranfield School of Management 2000, 266) points out that the aim of building KAM relationship with the business partners is to reduce cost (McDonald 2000 cited in Cranfield School of Management 2000, 266). Generally, every business model in the organization operates its own specific cost structure framework in the workplace. In real-life business environments, the description of the business model involves depicting the intersection of the three key factors, i.e. what are the existing key resources, what will be the key activities, and who will be concerned in the key partnerships. (Osterwaoder & Pigneur 2010, 17.) Deriving from the discussions above (McDonald 2000 cited in Cranfield School of Management 2000, 266; Osterwaoder & Pigneur 2010, 17), this research takes on the position that strengthening trust building in the context of logistics networks environment also reflects on how to implement these three key factors in the organization. Setting up a specific cost structure framework is a motivation tool to discuss the balance between trust and security for further business cooperation in business development processes. Moreover, adjusting the three key factors could determine the way to manage a low cost structure framework.

Simultaneously, trust building between the business partners needs sufficient time, money, and human resources. These factors have been pointed out as the parts of key resources in the organization by Osterwlander and Pigneur (2010, 35). According to Osterwlander and Pigneur (2010, 35), the key resources can be categorized into four aspects, namely, physical, intellectual, human, including human resources, and financial, including money. This point can be understood as the reason that fulfilling a low cost structure framework is impacted by managing the key resources, in the cause of building important relationships with the business partners. High-trust leads to spending less time and cost for the organization to operate a specific project case, because trust building with the business partners also confirms that the organization could display the

condition for building trust relationships, and vice versa. As was discussed in Sub-chapter 3.2, the four conditions for building trust relationships include competency, consistency, commitment, and reputation. Hence, cost-reduction is an indicator of building trust relationships in the field of logistics networks. In other words, trust capital promotes the business cooperation atmosphere between the business partners. These research findings will be further analyzed in Sub-sub-chapter 4.3.1.

In conclusion, the different approaches for adjusting the three key factors in the organization were decided upon for managing the cost structure framework for balancing between trust and security. The more time, money, and human resources have been consumed for trust building, the more responsibility that the organization would carry on for profoundly decreasing the need for high security level. This arrangement could bring strength to trust relationships between the business partners. Hence, there are two drivers that can influence the use of security when strengthening trust building between the business partners, namely, the speed of trust, i.e. the time taken to create trust, and trustworthiness, which will be discussed in the following sub-chapter.

4.2 Drivers of security

Considering the influence of the use of security, trust building between the business partners has an impact on decreasing the need to pay attention to the index of security. This trust building embedded in relationships would become the specific approach for the organization to build sustainable competitive advantage in the workplace from the long term business cooperation perspective. During the interview, the interviewee emphasized that trust building between the business partners is constantly accumulated in the case company during the business development processes. The importance of building trust relationships is that the business cooperation atmosphere becomes softer and easier for the business partners than in the beginning stage during the business cooperation period. This emphasis is supported by McDonald's (2000 cited in Cranfield School of Management 2000, 268) findings, i.e. with trust increasing, there is more preparedness for the business partners to share information, such as markets, short term plans and schedules, and internal operating systems. These findings can be perceived to mean that the significant change in trust building has an impact on the on-going relationships between the business partners. The reason is due to decreasing the need for

focusing on security through trust building with the business partners.

On the basis of the discussions above (McDonald 2000 cited in Cranfield School of Management 2000, 268), it can be understood that the specific connection between trust and security comes from the conscious actions of building close relationships with the business partners. At the same time, based upon trust, these kinds of on-going relationships would result in reducing the need for focusing on security. In line with the case company's practical experience in the context of logistics networks environment, decreasing the need to pay attention to the security level indicates strengthening trust from the tangible aspect and the intangible aspect, even though trust is an intangible source. As for the tangible aspect of trust, both the logistics suppliers and the clients could exactly understand what kinds of products are traded, and what kinds of value are created. Hence, the case company's business partners could understand what target will support for the further business cooperation. For instance, the entire business development processes about how to operate business could be comprehended by the case company's business partners. Hence, the case company's business partners could manage knowledge sharing. When the trust relationships become mature, the intangible connection between the business partners will grow. As for the intangible aspect of trust, the case company's business partners could clearly grasp the attitudes' and the behavioural performance's differences in the workplace. These differences could influence the index of security to a certain extent. In accordance with what was discussed in Sub-chapter 3.2, the competency, including attitudes, and the consistency, including behavioural performance, are the important conditions for building trust relationships during the business cooperation period.

4.2.1 The speed of trust

The speed of trust, i.e. the time taken to create trust, as a driver of security is understood here as influencing the use of security when strengthening trust building between the business partners. According to Convey (2008, 13), trust has an impact on the two results, namely, the speed, and the cost. When trust goes down, the speed of trust will also go down, but the cost will go up, on the one hand. On the other hand, when trust goes up, the speed of trust will also go up, but the cost will go down. Moreover, Covey (2008, 3) stresses that the organization highlights the financial success as more valuable

than the process of gaining success. Due to the importance of the purpose in success, the organization would never ignore that nearly the whole financial success comes from the success in the business cooperation period. Basically, trust building between the business partners is one of the ways to support gaining the success in the business cooperation period. Hence, when the organization pursues gaining profitability in financial success, the speed of trust takes place when building on-going relationships with the business partners. These suggestions can be seen to indicate here that the speed of trust building is necessary for the entire organization to purchase, because the speed of trust building would promote the cost going down. This cost-reduction is derived from decreasing the need for focusing on security in the case company's business partners. Hence, the entire processes of developing business would regularly run on the right track. The more speed of trust have been built between the business partners, the lower need for focusing on security needs to maintain.

In my understanding, building trust relationships between the business partners has the opportunity to fulfil the utility being as a double-edged sword. During my practical training, the project manager pointed out that the cost amount in the contract negotiation process based upon the project management theory in SLC would maximally diminish, due to building trust relationships with the business partners. It is not necessary to continue consuming the existing time, money, and human resources, for the sake of taking a step forward into trust building, because the case company's business partners could continue running further business cooperation without highlighting the use of security. In other words, to minimize the index of security refers to opening up the same level of the business secrets between the business partners. In addition, during the interview, the interviewee emphasized that controlling the index of security depends on how many business secrets could be shared between the business partners. During the in-depth business cooperation period, sharing a certain level of the business secrets between the business partners is an unavoidable approach to achieving a lasting business survival approach in real-life business environments. This is the way to maintain relationships with the business partners.

On the basis of the discussions above, this research assumes that there is need to focus on security. Decreasing the need for focusing on security stimulates managing a perfectly cost-reduction midpoint in the cost structure framework. On the one hand, to fulfil the aim of cost-reduction is a way for the organization to win in price decision-

making. On the other hand, this cost-reduction is a way for the case company's business partners to win in understanding. Moreover, the organization could perceive the long-lasting trust relationships between the business partners. For instance, the organization could understand how long a time is needed to spend for the purpose of moving forward a significant step in trust building from the transaction phase to follow into the next cooperation phase, and further into the last collaboration phase. This trust increasing results in managing a low cost structure framework. These research findings will be illustrated further in Sub-chapter 4.3.2.

4.2.2 Trustworthiness

In regard to trustworthiness, as a driver of security trustworthiness is seen as another prerequisite that has an impact on changing the index of security. According to Hardin (2006, 27), in view of trust it can be induced that the business partners can be trusted, if businesspeople perceive that the business partners are trustworthy. Therefore, the business partners will act on trust, because trust enables businesspeople to build trust relationships with their business partners. In accordance with what was analyzed in Sub-sub-chapter 3.2.3, Jauhola (2007, 59) points out Denzin and Lincoln's (1998) perspective that credibility belongs to one of the criteria of trustworthiness. This point can be understood that the credibility in trust building is managed through building the on-going relationships with the close business partners rather than with the occasional businesspeople from the long term business cooperation perspective. Therefore, trustworthiness could be depicted how the business partners perceive credibility in trust building. This driver of security could stimulate decreasing the need for focusing on security when building trust relationships between the business patterns.

Drawing from the discussions above (Hardin 2006, 27; Denzin & Lincoln 1998 cited in Jauhola 2007, 59), this may mean that trust relationships are mutually beneficial for the case company's business partners, even through these trust relationships might be built under circumstances with security controlled. For instance, in a specific project case, having dealings with the case company's business partners can do without thick contract signed, because the case company's business partners trust the case company's trustworthiness. Hence, signing the blank contract could be considered as narrowing the distance between the business partners, because there is more knowledge sharing taking

place when having the close relationships.

Regarding the practical information gathered from the interview, the business solution manager emphasized that in a specific project case, the cost amount should be at the fixed standard during the business cooperation period based upon the traditional sales model and sales channel. However, the current sales model and sales channel during the business cooperation period stand at a transition phase from the fixed amount to the variable amount. Even this situation change brings about the extra unpredictable cost amount existing under a variable standard. Because of the trust built between the business partners, the need to pay attention to the security level could still progressively decrease. This may mean that creating trustworthiness between the business partners could decrease the need to pay attention to the security level. At the same time, this is a way to maximize time-reduction and cost-reduction to a perfectly midpoint, for the purpose of achieving the success of having trust capital in the workplace for the entire organization. Hence, the aim of balancing between trust and security is to first reach this expected zero cost-reduction point. This point will be depicted in Figure 1 in Sub-sub-chapter 4.3.2.

4.3 The purpose of balancing between trust and security

As was discussed in the previous sub-chapter, acquiring anticipated results of balancing between trust and security depends on the two main drivers of security, i.e. the speed of trust, and trustworthiness. According to Osterwalder and Pigneur (2010), every business model in the organization could be illustrated as a specific bundling of businesspeople. Therefore, businesspeople are strongly responsible for the success in their organizations. (Osterwalder & Pigneur 2010.)

In this research, building sustainable competitive advantage in the workplace is the aim of balancing between trust and security for building trust relationships in the field of logistics networks. Thereby, the organization could operate its business with a realistic strategy approach. Decreasing the need to pay attention to the security level will be affected due to building trust relationships between the business partners.

4.3.1 Sustainable competitive advantage

Reaching the platform of the close business cooperation atmosphere depends on how to enrich trust relationships with the business partners. In addition, the superior customer value creation supports these close relationships. Thereby, trust capital and cost-leader could be the result of building sustainable competitive advantage in the workplace.

According to the case company's Internet documentation, SLC divides the project case into two aspects. One aspect is the customer project case, and the other aspect is the company internal project case. As for running a specific project case, time and cost need to be precisely comprehended in detail. Therefore, trust building assists the CIT R AAE SMO department in SLC to use less time and cost to cooperate with the business partners. The case company seldom faces the risk when changing the existing logistics suppliers for a different supplier, because trust ensures the business cooperation period with the regular logistics suppliers at the moment. Hence, trust building leads to reducing time and cost. This emphasis is supported by Lu's (2011, 100) findings, i.e. trust is cultivated from the close relationships. Building trust relationships ensures that businesspeople work efficiency. The discussions can be perceived to mean that the more deep trust relationships between the logistics suppliers and the clients purchase, the more benefits and opportunities for profit enhancement for the case company's business partners receive in real-life business environments. Furthermore, trust relationships result in time-reduction and cost-reduction. The organization could maintain these results as the advantages to drive sustainable competitive advantage in the workplace. By highlighting the importance of building sustainable competitive advantage, the purpose of balancing between trust and security would be perceived in the organization. Trust building during the whole business development processes includes promoting integration between the case company's business partners. Hence, achieving integration between the business partners also enhances the business cooperation atmosphere.

In conclusion, when the case company's business partners perceive the importance of trust relationships, the organization could avoid time-addition and cost-addition in the workplace during the business cooperation period. Hence, trust capital and cost-leader lead to building sustainable competitive advantage during the whole business development processes in the organization.

4.3.2 Outcomes of this research

On the basis of the discussions in Chapter 3 and Chapter 4, the outcomes of this research are given through a figure below. Based upon the in-depth interview and the dialogue with my supervisor, this figure summarizes the analyses from both the theoretical discussions and the empirical findings as a result of my Thesis work. Hence, this figure was created for providing an overview of balancing between trust and security as a model of building trust relationships.

Figure 1 below illustrates the connection between trust and security. The figure was created for the purpose of this research, and it is adapted from Millman and Wilson (1994 cited in McDonald 2000, 265).

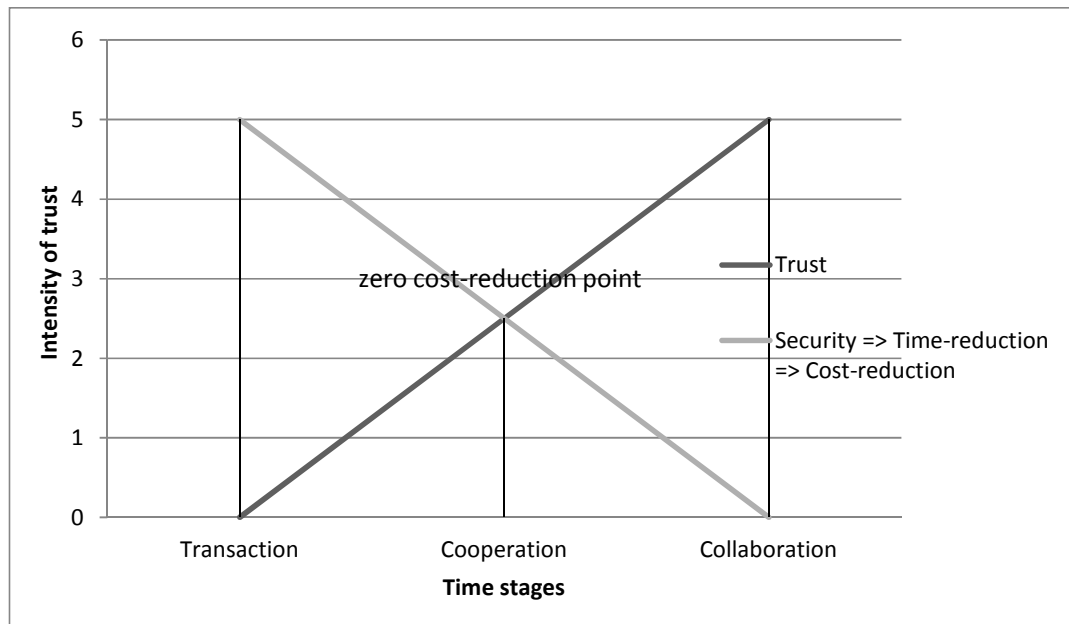


Figure 1. Balance between trust and security

In order to explicitly analyze the connection between trust and security, the figure depicts the intensity of trust in different time stages, i.e. transaction, cooperation, and collaboration. The figure describes the intensity of trust using numerical values on the scale from '0' to '5', which are presented as follows. The numerical value '0' reflects the connection between trust and security at a low level, i.e. low-trust, while the numerical value '5' reflects the connection between trust and security at a high level, i.e. high-trust. The numerical value '1' reflects the connection between trust and security at

quite a low level, while the numerical value '4' reflects the connection between trust and security at quite a high level. The numerical value '2' reflects the connection between trust and security at quite a median level, and the numerical value '3' reflects the connection between trust and security at a median level.

Figure 1 above shows that the level of trust, in comparison with the level of security, has a tendency to be more demanding in terms of building the on-going relationships while the intensity of trust will rise. Simultaneously, the security level will relatively decline. The whole business development processes for the organization are categorized into the three main phases following different time stages, i.e. transaction, cooperation, and collaboration. In the transaction phase, the level of trust is low, and the level of security is high. Hence, the more necessity for the business partners to do is to put action in the need for focusing on security, the less necessity for the business partners to do is to put awareness in the need for the use of security. In the course of time, there will be a rise in trust, and a decline in the need for focusing on security. When the intensity of trust rises to a high level, this means the business cooperation atmosphere crosses through the cooperation phase, and steps into the collaboration phase. In the collaboration phase, the business partners put awareness in the need for the use of security. The addition of this awareness is another signal to present that trust building embedded in relationships is strengthened when there is a decline in the need for focusing on security. This change in trust relationships influences the working function applied in real-life business environments. As was discussed in Sub-sub-chapter 4.2.2, due to trustworthiness, the need for focusing on security reflects on the change in the contract negotiation process. For instance, one of the essential differences in a specific project case is to change from making a detailed thick contract to a simple contract, or using even a blank contract. In line with Williamson's (1985) and Macneil's (1980 cited in Håkansson & Snehota 1995, 369) understanding, the importance of the transaction phase is building close relationships, and contracting begins in the transaction phase. The balance between trust and security has shifted during the entire business development processes. Hence, the purpose of the contract negotiation process in the collaboration phase is for investing action in the need for focusing on security.

However, despite the fact that Figure 1 above shows an upward development of trust, the organization should not always expect that the on-going relationships with the business partners can easily take place as shown in Figure 1, because building trust

relationships is time-consuming in the workplace. Therefore, the line of trust and the line of security are not necessary as linear as shown in this figure. Moreover, trust building and cost-reduction are separated in time, because the decision-making in trust relationships takes place during the business cooperation period due to the fact that it is affected by trust building in the different time stages.

Based on what I introduced as the model of balancing between trust and security during the business development processes, building contractual key partnerships is the first action for trust building between the business partners. For instance, the specific key account manager is in charge of taking the action of addressing the business partners' needs and requirements based upon trust in the transaction phase. Hence, the transaction phase could be considered as the significant period for opening up relationships between the business partners, because the future trust building relies on how to minimize the gap distance between trust and security. (McDonald 2000 cited in Cranfield School of Management 2000) Even though there might still stand a lack of trust with the business partners in the transaction phase, the on-going relationships between the business partners are intensified to each other. In line with the case company's practical experience in the context of logistics networks environment, the clients ask for the needs and requirements from the logistics suppliers in the transaction phase, because the on-going relationships between the business partners are not tight.

As for the cooperation phase, the direction in this phase is to speed up trust building between the business partners. At the same time, the need to pay attention to the use of security will decrease. When the level of trust and the level of security meet at the zero cost-reduction point, this could be considered as indicating the time to manage a positive business orientation during the entire business development processes. In line with Håkansson and Snehota's (1995, 394) understandings, while handling the close relationships with the business partners entails cost, the benefits from these on-going relationships can translate into cost-reduction for the organization (Håkansson & Snehota 1995, 394). When trust building closely accumulates up to a certain expected high level into the collaboration phase, the index of security will continue decreasing. The cost-reduction is derived from decreasing the need to pay attention to the use of security. This decreasing tendency is based upon how long time, how much money, and how much human resources could be provided for the further in-depth business collaboration between the business partners. Hence, trust relationships between the

business partners would become mature and powerful. In line with the case company's practical experience in the context of logistics networks environment, the logistics suppliers would ask for the needs and requirements from the organization in the cooperation phase, because the logistics suppliers would understand the organization's working function in the workplace.

From the long term business cooperation perspective, the final aim of balancing between trust and security for building trust relationships between the business partners is to step into the collaboration phase. Hence, the optimistic thinking for the collaboration phase is that the more trust could be relied upon between the business partners, and lower need for focusing on security in the organization needs to be set up. In the collaboration phase, the specific key account manager could act on behalf of the entire organization. For instance, as for the assignation of a specific project case, normally the detailed business cooperation decision-making should be carried out together within the entire organization. However, in view of building trust relationships with the business partners, the specific key account manager could understand the on-going relationships between the business partners. Therefore, this business cooperation decision-making in the contract negotiation process could be decided by the specific key account manager. To a certain extent, this specific key account manager could manage the on-going relationships between the business partners, in order to further comprehend how to change the action during the different time stages. According to the case company's practical experience in the field of logistics networks, trust building as the motivation tool supports the case company's business partners that do not experience negative ramifications from the change in the specific logistics suppliers.

5 DISCUSSIONS AND CONCLUSIONS

The main research findings were presented in Chapter 4 on the basis of both the theoretical discussions and the empirical findings. The objectives of this research were to analyze how trust relationships can be built in the field of logistics networks in the case company called SLC, to discuss how the balance between trust and security is created in the field of logistics networks, and to study why it is important to discuss the balance between trust and security in the context of logistics networks environment. This chapter deals with discussions and conclusions of this research, which was carried out under the theme of building trust relationships in the field of logistics networks for the balance between trust and security in the case company called SLC. In this chapter, the answers for the three research questions are provided, and suggestions for further research are given.

5.1 Discussions

During the research process, the balance between trust and security for building trust relationships in the context of logistics networks environment was analyzed based upon both the theoretical discussions and the empirical findings. The aim of building trust relationships in the field of logistics networks is that the organization would be willing to make a full effort to bring about high level of trust building between the business partners from the long term business cooperation perspective. Thereby, both the business partners and the organization could understand the reasons why the business cooperation atmosphere needs to be maintained, in order to avoid a sudden breach in trust relationships taking place and caused by uncertainty avoidance. Therefore, the discussions based on how long time, how much money, and how much human resources are spent for trust building between the business partners could be considered as the premise. As a case study research, this Thesis work provides an example of how trust is built in the context of logistics networks environment in the case company called SLC in China. Therefore, this research may add some practical insights into the existing research.

Distinguishing with the function of catalyst for trust building, it seems that trust building cannot be compressed into a short period. The total business development

processes for constantly building concrete trust relationships need sufficient time, money, and human resources. In real-life business environments, trust building between the business partners was properly decided upon in view of how the organization runs the step by step business cooperation decision-making process during the entire business development processes, for the purpose of fulfilling the business partners' needs and requirements. (Håkansson & Snehota 1995; Möllering & Bachmann & Lee 2004; Moorman & Zaltman & Deshpande 1992.) As for the case company, there exist the potential benefits and opportunities to build concrete trust relationships in the context of logistics networks environment for profit enhancement. For instance, if the specific cost structure framework could be managed at a low level, a perfectly cost-reduction midpoint would be calculated from this specific cost structure framework. Hence, the three core factors, i.e. key resources, key activities, and key partnerships, would be directly adjusted during the business development processes.

5.2 Conclusions

Based upon Chapter 3 and Chapter 4 above, this research analyzed the scientific perspectives gathered from related sources, the case company data, and my practical working experience as an intern in the case company. The outcomes of my Thesis work are that balancing between trust and security to a certain positive direction leads to building trust relationships in the field of logistics networks. From what has been discussed above, one may draw the conclusion that achieving trust capital aims at having the opportunity to maintain sustainable competitive advantage in the workplace for the organization. Simultaneously, the advantages for the case company that are achieved by building trust relationships in the context of logistics networks environment would lead to constructing a positive business orientation in the beginning stage during the business cooperation period. These advantages also result in both concrete and influential connection with the business partners at the end stage for the in-depth business collaboration. The organization would be ahead of the other rivals in the marketplace, because the organization takes the initiative in trust building. Hence, the organization would be proactive of building trust relationships between the business partners, in the cause of achieving trust capital and cost-leader as the sustainable competitive advantage. Therefore, trust building is an important approach for the organization to cooperate with the business partners, because to reach high-trust means

the entire organization could build the in-depth business collaboration. Therefore, building a high level of trust in the field of logistics networks is the basis for operating a positive business orientation during the entire business development processes.

Moreover, through implementing business cooperation as the intangible measure, the entire organization would run in the way of efficiency, effectiveness, and relevancy. Due to considering the feasible needs and requirements from the business partners, the case company could manage the conditions for building trust relationships in the field of logistics networks. At the same time, the business partners could determine how to strategically create and co-create value, particularly for the superior customer value in real-life business environments. For instance, trust building would be the strategic approach for the business partners to obtain the superior customer value, because this value creation would come from the success in the satisfactory relationships between the business partners. Hence, a blueprint for balancing between trust and security was presented from the standpoint of achieving trust capital and cost-leader as the sustainable competitive advantage in the workplace. This sustainable competitive advantage enhanced trust building between the business partners in the context of logistics networks environment.

As was discussed in Sub-chapter 2.1, three main research questions were formulated to accomplish this research. Below, the answers for the research questions are presented.

1. How can trust be built in the context of logistics networks environment for the CIT R AAE SMO department in SLC?

As was discussed in Sub-chapter 3.2, trust can be built through managing the four different conditions for building trust relationships in the context of logistics networks environment for the CIT R AAE SMO department in SLC, i.e. competency, consistency, commitment, and reputation. During the interview, the interviewee emphasised that the case company took competency, commitment, and reputation into consideration when operating a specific project case with the case company's business partners. However, the business solution manager did not explicitly point out that the behavioural performance could have an impact on trust building between the specific logistics suppliers and the clients in this case company. Therefore, there is the possibility that the case company may highlight consistency as one of the significant conditions for

building trust relationships in the field of logistics networks. By contrast with the other three conditions, managing consistency of behaviour could assist the case company to reinforce trust building between the case company's business partners in real-life business environments.

2. How does the KAM relationship influence building trust relationships in the field of logistics networks?

As was discussed in Sub-chapter 3.3, KAM relationship influences building trust relationships in the field of logistics networks by enriching the superior customer value creation. Managing KAM relationship is a way to assist the organization to build the long-lasting relationships with the business partners. During the interview, the interviewee emphasized that managing the on-going relationships between the specific logistics suppliers and the clients in the different project case is the key to success for the CIT R AAE SMO department in SLC. However, the business solution manager did not concretely point out that the business partners' risk as a potential risk in the KAM stage could influence the on-going relationships between the business partners in this case company. Thereby, it is necessary for the case company to highlight that the likelihood of the business partners' risk takes place when managing KAM relationship. This potential risk in the KAM stage could influence strengthening trust building between the business partners from the long term business cooperation perspective.

3. How do trust relationships impact on the cost structure framework in the field of logistics networks?

As was discussed in Sub-chapter 4.1 and Sub-chapter 4.2, trust building results in cost-reduction in the field of logistics networks between the business partners. At the same time, cost-reduction is an indicator of building trust relationships in the field of logistics networks. During the interview, the interviewee pointed out that the outcomes of trust building show to lead to both time-reduction and cost-reduction in the case company. Therefore, cost-leader could be as the sustainable competitive advantage for the CIT R AAE SMO department in SLC to gain benefit. For instance, the benefit showing goodwill could lead this case company to maintaining a good reputation, in order to further build trust relationships between the business partners. At the same time, because of these on-going relationships with the business partners, the necessity of

security management between the business partners for the CIT R AAE SMO department in SLC could decline.

5.3 Suggestions for future research

Further research will be needed to make it possible to focus on investigating the impact of trust relationships during the business cooperation period when trust caused by uncertainty avoidance. For instance, it would be possible to discuss the impact of trust relationships on service logic. On the basis of this research, I would also suggest to expand further research in trust building into other new fields, in order to analyze how the business partners build the long-lasting relationships during the business cooperation period.

Deriving from this research, the impact of culture would be also interesting to research, e.g. how trust relationships can be built between Chinese business and other country's business. Moreover, it would be possible to construct the business cooperation period combined with other relationships building at the same time, because value could be co-created between the business partners. Hence, there is the possibility to research how the business partners could use service-dominant logic or goods-dominant logic to consider the needs for the whole organization to reach a high-trust level.

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APPENDIX 1

Appendix 1

1(7)

INTERVIEW WITH SHOUXIN WANG, THE BUSINESS SOLUTION MANAGER,
WAS CONDUCTED ON 10TH AUGUST IN 2012

Interviewer: - How long time do you need to spend, in order to build trust relationships with your business partners in the workplace from your standpoint?

Interviewee: - Firstly, I would like to say that my working position is a business solution manager. My working department belongs to the CIT R AAE SMO department in SLC. The scope of my working responsibility focuses upon resolving project case requirement from the field of internal business. Actually, as for running a specific project case, the importance is that all the business cooperation decision-making in the project case should be feasible. Therefore, our department will consider about how to minimize cost standard in a project case to a maximum extent, because for sure the cost centre will charge the cost for each project case requirement to the relevant department. For instance, even though some of the project will be rejected due to some specific reasons, still the consultant fee will be charged to the relevant department from the cost centre. However, as for operating some special project cases, the cost standard can be charged directly by our department. Based upon this current working situation, SLC has the software system that can assist the department to exactly calculate the total efforts and the cost standard for a project case. Our department use this advanced software system in combination with adequate human resources to monitor each process of developing business. Hence, the project case can run on feasible. Moreover, the feedback software system is also important for our department to remind and check a certain process in a project case that operates on feasible or not. Therefore, as for how long time do I need to spend, in order to build trust relationships with my business partners in the workplace, this depends on the different project case requirements. In general, it is quite a long time to invest trust. However, trust relationships can be built through the long-lasting business cooperation period.

Interviewer: - How much human resources do you need to spend, in order to build trust relationships with your business partners in the workplace from your standpoint?

Interviewee: - As I said earlier, we have adequate human resource to spend, in order to build trust relationships with the business partners in the workplace. Of course, behavioural performance is also important to build trust relationships with the business partners in the workplace. In my opinion, trust acts on the premise of trust building in the workplace. Trust relationships begin to be invested, when the business partners start to work on trust building.

Interviewer: - What kind of conditions for building trust relationships do you think would influence in-depth business collaboration with your business partners?

Interviewee: - Actually, based upon the different project case requirements, I cooperate with the different business partners. Therefore, my working responsibility should also on behalf of the specific change request representative in a project case, for the sake of operating a certain process of developing business in detail. Generally, the project case request from Siemens Global must be solved without any doubt. After this, the reasonable project case can be selected, and handed over to the related logistics suppliers. Basically, one specific logistics supplier should solve the relevant project case in the certain area. Moreover, expect for the change request, the impact analysis will also be considered in a project case. Therefore, in my opinion, valuable working experience, adequate knowledge, skills, and competences are the basic conditions for building trust relationships, because the aim for the project case is fulfilling the clients' need and requirement, as well as trying to avoid complain occurring from the clients.

Interviewer: - How do the three main phases following different time stages, i.e. transaction, cooperation, and collaboration matter trust building in the workplace from your perspective?

Interviewee: - Actually, the more understanding and knowledge sharing between the business partners, the more risks that our department need to face with the business partners. To a certain extent, the more valuable working experience will be shared between the business partners. Therefore, in the beginning stage, as you said earlier as the transaction phase, I think that trust building between the business partners will start from this moment. So, at the end stage, as you said earlier as the collaboration phase, the need for focusing on security decreasing will also support that the business cooperation atmosphere will become concrete when trust building can reach at an expected high level. Based upon my working experience, the importance of building trust relationships is that the business cooperation atmosphere became softer and easier for the business partners than in the beginning stage during the business cooperation period.

Interviewer: - What kind of criteria do you based upon when you choose your business partners, for the sake of building trust relationships?

Interviewee: - As you knew also that SLC is a multicultural corporation with possessing a good reputation. This advantage is conducive for SLC to cooperate with the business partners in current worldwide business cooperation atmosphere. Within the scope of my working responsibility, I would like to point out that I cannot totally decide who I prefer to cooperate with. However, while the extent of the business cooperation period with the business partners accumulates up to an expected high level, the business partners would understand that operating a project case plan should combine with considering real-life business environments, for the sake of avoiding the risk management.

Interviewer: - What kind of purposes do you think you would gain when you build trust relationships with your business partners?

Interviewee: - The main purposes that I would gain when I build trust relationships with the business partners are that considering how to minimize the cost standard from the feedback software system. Feedback is an important way to justify the quality of a specific process of developing business. At the same time, creating feedback is a way to justify the effective of a specific project case in real-life business environments. For instance, the total efforts and the cost standard can be automatically calculated and recorded by the software system. Hence, the time consuming and the time limitation in a project case can be perceived by giving the feedback. These purposes can assist our department to understand the on-going relationships with the business partners.

Interviewer: - How trust influenced by building sustainable competitive advantage when you cooperate with your business partners?

Interviewee: - In the course of time, the business partners will highlight the advantages of building trust relationships between the business partners more than in the beginning stage, based on comprehending real-life working situation. Therefore, this change in the on-going relationships could enhance to build sustainable competitive advantage in the workplace. Therefore, fulfilling the clients' needs and requirements will stimulate the project case requirement becoming rationalization. At the same time, our department will consider how to minimize time and cost as the sustainable competitive advantage during the business development processes.

Interviewer: - Do you think that trust play role in when you cooperate with the business partners in the beginning stage during the business cooperation period?

Interviewee: - Certainly, I think that trust play role in as a significant approach when I cooperate with my business partners in the beginning stage during the business cooperation period. Trust relationships deeply influence the further business collaboration, because the valuable working experience and knowledge could assist to manage in-depth business collaboration. In real-life business environments, trust building promotes that the business partners do not take some ridiculous decision-making into consideration in a project case, because this decision-making will for sure lead to running a project case overloaded in detail.

Interviewer: - Do you think when you build trust relationships with your business partners, the outcomes of trust building would show to lead to both time-reduction and cost-reduction?

Interviewee: - Of course, I believe that when I build trust relationships with my business partners, the outcomes of trust building show to lead to both time-reduction and cost-reduction. Actually, the cost amount should be at the fixed standard during the business cooperation period based upon the traditional sales model and sales channel. However, the current sales model and sales channel during the business cooperation period stand at a transition phase from the fixed amount to the variable amount. Even this situation change brings about the extra unpredictable cost amount existing under a variable standard. Because of trust building between the business partners, the need to pay attention to the security level could still progressively decrease.

Interviewer: - What kind of strengths influences your decision-making when you sign a contract with your business partners as the milestone?

Interviewee: - Basically, the scope of my working responsibility does not involve the process of signing a contract. However, my work will have an end as the milestone when I have decision-making in each process of developing business.

Interviewer: - How does the role of KAM relationship performs in the workplace in your viewpoint?

Interviewee: - Actually, I think that building KAM relationship is important for the business development processes. As for my working responsibility in my department, building KAM relationship is not regarded as a high priority. However, focusing on the customer relationship management is needed when the role of KAM relationship performs in the workplace, because my working responsibility should be in charge of considering the feedback.

Interviewer: - How much important to build KAM relationship in the workplace from your point of view?

Interviewee: - Of course, from my point of view, it is important to build KAM relationship in the workplace. However, as I said earlier, managing KAM relationship is not regarded as a high priority based upon my working responsibility.

Interviewer: - How does a key account manager work when he or she tries to build trust relationships with the business partners?

Interviewee: - As I said earlier, I am a business solution manager in my department. I think that the specific key account manager will consider running the rational business development processes when he or she tries to build trust relationships with the business partners. According to my working experience in the project case, sometimes, the specific person was not enough professional to handle the existing problem. Therefore, the more significant things are that this specific person needs to further acquire knowledge, skills, and competences.

Interviewer: - Does SLC provide a specific training for a key account manager to acquire knowledge, skills, and competences?

Interviewee: - On a regular basis, SLC does endeavour to ensure that different versatile specific training can be provided for the specific key account manager to further acquire knowledge, skills, and competences, in order to enable the key account manager to manage the on-going relationships with the business partners. Basically, most of the training will be informed and provided on the company's Internet. The detailed training information will be published in the form of on-line documentations. So, the specific key account manager could easily understand the aims of the training, for the purpose of choosing to accept the training or not.

Interviewer: - As a business solution manager, what kind of characteristics do you have when you cooperate with the business partners?

Interviewee: - Basically, trying to be a clam and responsible business person is absolutely important when I cooperate with my business partners. Moreover, being a professional, decisively, and cooperative business person is also necessary for me to have voice in decision-making when I cooperate with my business partners.

Interviewer: - How do your business partners act when you create trust in the workplace during the entire time stages?

Interviewee: - When trust is created between the business partners in the workplace, the work efficiency will lead to increasing by multiple times. At the same time, I believe that building trust relationships could enhance the way of communication between the business partners during the business development processes. Moreover, trust building embedded in relationships depends on some detailed needs and requirements behind these principal factors, which would surely impact on the result of building trust relationships with the business partners through the whole business development processes.

Interviewer: - When the specific logistics suppliers will be changed during the business cooperation period?

Interviewee: - Actually, I cannot decide to change the specific logistics suppliers during the business cooperation period. In my opinion, it is possible that the new key account manager are introduces to contract with his or her predecessor, who then will handle over the working responsibility to this new key account manager. Trust building assists our department to use less time and cost to cooperate with the business partners. Our department seldom faces the risk when changing the existing logistics suppliers for a different supplier, because trust ensures the business cooperation period with the regular logistics suppliers at the moment.

Interviewer: - Do you think the superior customer value is created when you build trust relationships with your business partners?

Interviewee: - I think that the superior customer value is created when I build trust relationships with my business partners. The superior customer value creation comes from how the logistics suppliers solve the clients' problem, as well as how they manage to satisfy the clients' needs and requirements.