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DOI: 10.2478/orga-2020-0007

The Relationship between Control over a Deal and Cognitive-Based Trust in an International Business Partnership

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Background and purpose: Trust is embedded into the national culture. It is a tool that helps create strategic partnerships and facilitates deals that carry certain risks. Cultural differences and norms can affect business relations, but more often focus is on the obvious differences. Although trust in a business partner may be due to non-obvious differences, for example, which part of the deal the partner wants to control himself and which part of the deal he wants to give to the partner to control. If the difference between the real and desired levels of the partner's control over the deal is large, then is trust possible, especially in intercultural business relations?
Objective: One aim of our study is to find out whether trust may be considered as moderator of control in a business deal. In other words, if the level of trust in a business partner is higher, are the partners more open to sharing their control over the deal with each other? The other aim is to identify the links between these indicators (trust and control) in business partnerships of partners from different cultures.
Design/Methodology/Approach: The study investigated the answers of 103 Slovenian and 124 Russian business partners. The Organizational Trust Inventory (OTI) and the 5-items questionnaire on control over deal were used to collect data. Descriptive and inferential statistics were used to process the data collected.
Results: The probability that the business partner will not fulfil their obligations in the deal negatively relates to the level of trust. The difference between degree of desired control and degree of control negatively relates to the level of trust.
Conclusion: As our results showed, trust cannot be considered as a strong moderator of control between partners. In response to greater trust, the respondents only agree to increase their partner's control, but are not willing to reduce their own. Moreover, this finding is stronger in the group of Russian partners than in the Slovenian ones.

Keywords: *Trust, Business Relationships, Business Partner, Control Over Deal, Obligations, Slovenia, Russia*

1 Introduction

Trust is a tool that helps create strategic partnerships and facilitates deals that carry certain risks. Therefore, it gains a more and more popularity form of collaborative capital (Jost, Dawson, & Shaw, 2005), and the greater is the level of uncertainty, the trust is greater needed. Through the processes of economic globalization, the principle of interaction between independent economic entities: "We will win more together" has emerged (Smolyar, 2017). As a result, the trust between business partners becomes crucial and is particularly acute in relations in small and medium businesses.

This study was motivated by a desire to study the factors that influence the degree of control over cross-cultural deals between foreign business partners, when different levels of trust exist between the partners. Examining these factors is crucial, because prior research suggests that con-

Received: September 29, 2019; revised: March 13, 2020; accepted: March 18, 2020

trol and trust allow businesses to overcome such obstacles as uncertainty and interdependency in business relations (e.g. Mohr & Puck, 2010).

Trust was studied across cultures (e.g. Fukuyama, 1995) and the researchers found several associations between trust and cultural differences. Demographic differences, in particular nationality, are the reason for lowering the level of trust in international communications (Glaeser, Laibson, Scheinkman, & Soutter, 2000). Trust is threatened by disparate understandings (Berge, 2018) and it operates at multiple levels to predict members' performance regarding the generation of income from business referrals (Becerra, Lunnan, & Huemer, 2008; Gupta, Ho, Pollack, & Lai, 2016). As Svensson (2001) argued, to truly understand the trust between two actors (in a marketing channel) beyond the dyadic business relationship, a generic model of the synchronized trust chain concept should be used. Shazi, Gillespie, and Steen (2015) underlined, that trust is implied to have a greater role when organizational borders are greater.

Actually, the problem today is that relations between states lead to decisions that affect the economic interaction and development of international business partnership. On the one hand, there is the issue of the crisis of trust between Russian and European business partners in the situation of economic sanctions aimed at Russia. On the other hand, for the past 30 years (known as the perestroika period), Russians have lived in a situation of extreme instability of value orientations, which has led to the confrontation between two business cultures – a culture that inherited the Soviet management practices and a culture built on the European model of management and cooperation (Sinchuk, 2016). That is why the identification of dependencies of the state of trust in international business, as well as the study of the factors of building trust in the international business environment after perestroika is relevant (Baykov, 2018).

External constraints affect organizations whose survival largely depends on the environment (Pfeffer & Salancik, 2003). However, if organizations can try to change their environment politically, entrepreneurs can only influence partnerships to control or absorb uncertainty about the transaction. At the same time, partners from different countries find themselves in different conditions. Those who came to the country to develop their business here get more risks and uncertainties than those who live in this country, are well aware and adapted to the environment. Thus, the views of entrepreneurs on a deal with a partner from another country are determined by culture, social experience, and whether the deal is in a new or habitual business environment. These factors set the level of uncertainty in the search for a balance between trust in the partner and control over their deal.

Our interest was to compare two countries from the same region with similar but different cultural roots – Russians and Slovenians are united by common Slavic roots, there is a common language culture and in many ways behaviour – that cooperate intensively in the business field; comparing the foreign trade of the two countries, the number of importers and exporters in the Russian Federation and Slovenia has increased in the last ten years, from 441 Slovenian exporters to the Russian Federation in 2008 to 599 in 2016, and from 198 Russian exporters to Slovenia in 2008 to 301 in 2016 (SURS, 2018). Nevertheless, only a few studies concerning Russian-Slovenian partnerships have been published, and most focus on social and cultural differences between Slovenians and Russians (e.g., Pajnkihar, Vrbnjak, Kasimovskaya, Watson, & Stiglic, 2019), rather than the features of their collaboration. We believe that with such a comparison group it is possible to single out the most significant regularities, since only the most significant differences can appear on closed samples in different parameters.

In the current study we examine trust in business partnerships as a predictor, and in line with Das and Teng (2002), we consider control over a deal as a regulatory process made the partner's pursuit of mutually compatible interests more predictable. Following Stroh and Balakshin (2015), we consider a business partnership as a social interaction of economically independent subjects, and as efforts of business partners to achieve their joint business interests. The main idea of our study is to reveal the relationship between trust and its consequences - an assessment of the probability that the partner will not fulfil the obligations of the deal and dimensions of control over the deal. The aim of the study is to identify the links between these indicators in a business partnership with partners from two cultures.

2 Theoretical Framework and Hypotheses

2.1 Cognitive- and affect-based Trust

In business relationships trust was studied as a predictor, e.g. in a team's activity (Schaubroeck, Lam, & Peng, 2011), as moderator of the relationship between organizational climate and knowledge donating among alliances sharing tacit knowledge (Becerra et al., 2008). Trust has both cognitive- and affect-based dimensions (Johnson & Grayson, 2005). Both processes play essential roles in the development of trust in interpersonal exchanges (Lu, Kong, Ferrin, & Dirks, 2017; Morrow Jr, Hansen, & Pearson, 2004); in the relationship between network ties (strong and weak ties) and entrepreneurial opportunity discovery and exploitation (Ren et al., 2016). Both types of trust are essential and are independently significant predictors, e.g. of complex knowledge-sharing (Chowdhury, 2005).

Nevertheless, it should be recognized that some research did not find strong relations between trust and the

efficiency of decision-making, e.g., negotiating effectiveness was associated with the quantity of information shared but not with trust (e.g. Mohr & Puck, 2010). Such studies therefore created a contradiction in the understanding of trust in business relations; Endress (2004), for example, believes that trust is often considered one-sided, as merely reflexive, and the cognitive component of this concept is exaggerated.

Affect-based trust is based on emotional ties between partners and often tends to go beyond the business or professional relationship or prior knowledge of performance. It has been shown that affect-based trust is important to managers to support relationships with customers and suppliers (Akrout, Diallo, Akrout, & Chandon, 2016), as well as with subordinates in private companies (Maharani & Riantoputra, 2018). On the other hand, cognitive trust occurs when a person makes a conscious decision to trust based on the best knowledge they possess. This pertained to performance and accomplishments through direct dealings with a partner and based on cognitive reasoning (McAllister, 1995).

In strategic decision-making teams, cognition-based trust is far more important than affect-based trust as a moderator in the relationship between conflict and outcomes (Parayitam & Dooley, 2009; Sohaib & Kang, 2015; Sohaib, Kang, & Nurunnabi, 2019). Cognitive-based trust in a business relationship relies on a conscious evaluation of the partner's ability to carry out their obligations in a deal. Cognitive trust is often based on the repeated interactions of parties (Hite, 2005), the proven reliability of an individual (Lewis & Weigert, 1985), weighing the evidence embedded in the attributes of the transaction and the characteristics of the other parties to the transaction (Morrow et al., 2004), and has connects with task-oriented aspects of work (Yang, Mossholder, & Peng, 2009). At the same time, too much trust is as bad as too little, and in both cases solutions are far from optimal (Jeffries & Reed, 2000).

2.2 Trust in Business Relations as a Probabilistic Choice

Trust is especially valuable in a business partnership because partners have to rely on each other and themselves remain vulnerable to the partners' actions (Gur & Alayoğlu, 2017). Only recently, have researchers begun to pay attention not only to success factors, but also to the difficulties of a business partnership (Berge, 2018; Castaldo, Premazzi, & Zerbini, 2010). For most business deals, it is impossible to monitor every detail, and trust is present in almost every transaction (Davis, Schoorman, Mayer, & Tan, 2000; Minina & Ganskau, 2008). In a competitive environment the business interactions are inevitably accompanied by a willingness to be vulnerable to a partner (Mayer, Davis, & Schoorman, 1995). Under such conditions, the subject's trust can be seen as a willingness to rely on the actions of the partner and willingness to be vulnerable to contractual and social obligations with the expectation of continued cooperation (Edkins & Smyth, 2006). Among studies focused on the relation between trust and fulfilment of obligation it was found, when trust is high, that apparently employees tend to feel that their psychological contracts are being fulfilled by their organization regardless of psychological contract type (Kraft & Kwantes, 2013). Trust between business partners assumes that they rely on each other and thus put themselves at risk of being vulnerable in a situation of not keeping commitments. In turn, the risk assessment is always connected to the assessment of the probability of the partner fulfilling the obligations under the deal. Thus, in our opinion, trust is associated with an assessment of the likelihood of the partner fulfilling their obligations. This allows us to formulate the following hypothesis.

Hypothesis 1: The probability that a partner fulfils its obligations in a deal is positively related to trust

2.3 Connection Between Control and Cognitive-based Trust in Business Partnership

Cognitive-based trust may be recognized as a way to reduce the level of uncertainty of a partner's cooperative behaviour and increase the predictability of their satisfactory performance. The other reason for decision-making is an opportunity to control the deal – specifically not just the subject's opportunity, but the partner's opportunity as well. Hence, the relations between trust and control needs clarification, especially in the decision-making context. As Das and Teng argued, trust and control operate in a parallel fashion, supplementing each other as the key sources of partner cooperation; control mechanisms have an impact on trust level and the trust level moderates the effect of control mechanisms in determining the control level (Das & Teng, 2001). Both formal and informal control were explored as ways to generate competence trust and intentional trust (Hyder, Chowdhury, & Sundström, 2017), and a combination of formal control and trust, which give rise to high project performance, was studied (Ning, 2017).

Control is a crucial impact factor in partnerships (Beamish, 2013), and cognition-based trust is linked to the unique and interactive relationships between contractual control, the propensity to trust and affect-based trust (Lu & Yan, 2016). But trust might not be seen as a reason not to use objective control. The trust-control relationship is described as either substitutive or complementary (Alpenberg & Scarbrough, 2018; Kalkman & Waard, 2017), and one of the principles – trust or control – would come to dominate as a result of the firm's assessment of the likelihood of opportunistic behaviour by the partner (McEvily,

Perrone, & Zaheer, 2003). The lack of transparency and openness is not a reason not to trust the company or the team. Therefore, there is no clear understanding of how trust and control relate to each other yet. Moreover, control is mostly considered as subject's control over a deal, but not as the willingness of subject to share control with a partner (e.g., Franklin & Marshall, 2019). Because researchers have paid more attention to the dependence between the level of control and level of trust in a partner rather than to sharing of control between partners (e.g., Graça & Barry, 2019), the topic of this study is relatively new.

We agree that the nature of trust and control should be considered as integrated but at the same time parallel concepts. We should pay attention not only to a subject's control over a deal, but also to the subject's preferences for their partner's control. There is a high probability that trust as an attitude to the partner must affect not so much the control from the subject's point of view, but rather their attitude to the extent to which the subject is ready to allow the partner to control the transaction. The question "How much can I trust my business partner, that they will fulfil their obligations?" appears due to perceived uncertainty and the desire to streamline the process of business cooperation. It is highly likely that the level of desired control over the deal is reduced due to the trust in the business partner, but increases in conditions of uncertainty and risk. Thus, hypothetically the subject's trust in their business partner and degree of desired control over the deal should be interrelated. In addition, it is permissible to assume that the subject considers it important to what extent their partner controls their part of the deal. The importance of all dimensions of control increases in a business environment with risk and uncertainty. Based on these arguments, we hypothesize that there are some relations between the dimensions of control and trust.

Hypothesis 2. The difference between a degree of desired control and degree of real control negatively relates to the level of trust.

Hypothesis 3. The partner's control over the deal relates positively to both types of desired control.

2.4 Trust Between Business Partners from Different Countries

The culture of trust is based on mutual moral obligations, social norms and standardized expectations of the behaviour of other people, and cannot be studied in isolation from the environment. Trust, as confidence or social context, is not an entity divorced from the nature and conditions of interaction. If business relations develop between partners from different countries, then trust is due to different points of view on life and the previous experience of each side (Gustaffson, 2008). As Bidault et al. argued, demographic factors are related to the propensity to rely on trust, and that across nationalities, the sensitivity to partner interaction is a factor affecting trust. The culture of trust is based on mutual moral obligations, social norms and standardized expectations of the behaviour of other people, and cannot be studied in isolation from the environment. The willingness to rely on trust is not entirely determined by the terms of the transaction (Bidault, de la Torre, & Zanakis, 2009).

Studies show that cultural differences among project teams can cause conflict, misunderstanding, and reduced project performance (Ajmal, Helo, & Kassem, 2017). Besides, high distance between business partners can lead them to have unrealistically high expectations of partner performance (Couper, Reuber, & Prashantham, 2019). When collaborating with Russians, westerners prefer to use their own "familiar ways" of doing business. At the same time, researchers on east-west business partnerships indicate that affect-based trust is much stronger and more durable than cognitive- or institutionally-based trust for Russians (Ayios, 2018), and Russian managers willingness to establish personal relationships is important in this context (Weck & Ivanova, 2013). On the other hand, explicit competencies, have significant impacts on the international team members' trust (Wang & Zhang, 2019).

As Ayios mentioned, trust is closely related to the context of social norms and obligations, factors that will be under threat at least in the initial stages of a cross-border alliance (Ayios, 2018). Therefore, because cultural issues are rather sensitive, the trust-building process among international project stakeholders and business partners should be investigated more carefully.

2.5 Cultural Traits of Slovenian and Russian Managers and their Business

The Russian Federation (Росси́йская Федера́ция, Rossiyskaya Federatsiya), commonly known as Russia (Rossiya), is a transcontinental country extending over much of northern Eurasia (Asia and Europe). The largest country in the world by land area, Russia has the world's ninth-largest population – 146 million people. As a recent study using the Hofstede model showed, there are differences between interdisciplinary professional groups in Russia. A large difference between Russian entrepreneurs and top managers of large companies was revealed in the Avoidance of Uncertainty index: entrepreneurs are more tolerant of uncertainty than top managers. The power distance is higher among workers and officials and relatively low among specialists. A high level of individualism is identified among sales workers. (Latova, 2017). Another study showed that Russians do not live to work, but work to live, do not separate work from leisure, and highly value interesting work. In the last decade, self-esteem has become more important

for Russians than the opinions of others, and they are more focused on business qualities and professionalism than personal qualities (Avios, 2018; Emelyanovich, 2014).

Slovenia is one of the smallest countries of the European Union (20,273 km2; SURS, 2016) with a population of just over two million (2,063,371) (Statistični urad Republike Slovenije [SURS], 2016). It is increasingly open to foreigners, both migrants and tourists, and a consequence of this is growing contact between Slovenians and other cultures. A systematic cross-cultural study (Hofstede, 2001) shows that Slovenians score highly in the power distance dimension. They accept a hierarchical order in which everybody has a place and which needs no further justification. Slovenia could be described as a feminine society, with preferences for cooperation, modesty, caring for the weak and a good quality of life. People living in this country have a high preference for avoiding uncertainty, their daily behaviour is perceived as very well-organized and hard-working, and precision and punctuality are the norms. Security is a crucial element in individual motivation.

According to Hofstede (2011), uncertainty avoidance is a tendency to react in a certain way to situations that are perceived as uncertain, i.e. situations that cannot be adequately structured or categorized due to lack of information. It can be assumed that a partnership between entrepreneurs from different cultures and the activities between them are seen as uncertain due to lack of information. The behavioural component is manifested here in strengthening control over the situation and the people involved in it. In Hofstede et al. (2010), the uncertainty avoidance score tends to be a little higher in Russia than in Slovenia. Thus, it can be presumed that the problem of the correlation of control and trust is also reinforced by the distinct tendency of Russian and Slovenian entrepreneurs to avoid uncertainty. Russians show a higher long-term orientation score (Hofstede, 2001), which may be connected with a more pragmatic approach; they maintain traditions and norms, and truth depends very much on situation, context and time.

Due to the different cultural features of Slovenians (for whom precision and punctuality are the norms) and Russians (they maintain traditions and norms, truth depends very much on situation, context and time.), there will be significant differences between Russian and Slovenian entrepreneurs' attitudes to control over a deal. Therefore, based on these cultural differences, we propose the final hypothesis.

Hypothesis 4: The relation between the level of trust and level of control over a deal will be stronger in the Slovenian sample than in the Russian one.

3 Method

3.1 Participants and Procedure

We invited 143 Slovenians and 161 Russians working for European companies which have an established Slovenian-Russian business partnership with locations in Slovenia by e-mail to fill in an online questionnaire. The questionnaire was presented in two languages – Slovenians filled in the Slovenian version of the questionnaire, and Russians filled in the Russian version. A total of 103 Slovenians and 124 Russians responded. If respondents did not answer every question of the online questionnaire, they were removed from our sample, leaving a total of 103 Slovenians (63 males and 40 females) and 114 Russians (44 males and 70 females).

The online self-reported survey battery was sent to all of the employees of the individual organizations, while their participation was anonymous and voluntary. The survey battery was administered in line with Slovenian law (Personal Data Protection Act 2004-01-3836 and subsequent amendments) and the ethical standards for research approved by the Ethics Committee at the Faculty of Arts, University of Ljubljana (Slovenia). The consent of the participants was obtained by virtue of survey completion. The participants were told also that they could withdraw from the study at any time and that there would not be paid for participating.

3.2 Measures

The survey included questions about demographics (age and gender served as the control variables) and scale items as described below.

Independent variables. There were two independent variables in our study: (1) nationality (Slovenian and Russian) and (2) level of trust in the partner in a business relationship. Respondents' level of trust was assessed using an adapted 12-item scale *The Organizational Trust Inventory* (OTI, short version; Cummings & Bromiley, 1996) including six direct questions and six reverse scored questions. OTI has been used in other cultural contexts, where its validity was also confirmed, especially the short form of the scale (Aydan & Kaya, 2018). It can be used to evaluate trust regarding not only employees, but also suppliers and clients (Vidotto, Vicentini, Argentero, & Bromiley, 2008). Each of three trust dimensions (keep commitments, negotiate honestly, avoids taking excessive advantage) was assessed with four items. For the purpose of our study, some words in the items have been replaced. The scale items are presented in the Appendix section. For instance, we used "I think my Russian (Slovenian) partner tells the truth in negotiations" instead of "We think the people in ____ tell the truth in negotiations". The respondents indicated on

a scale ranging from 1 (strongly disagree) to 7 (strongly agree) how deeply they trust their business partner. Reliability analysis revealed that the internal consistencies (Cronbach's alphas) of all dimensions were acceptable ($\alpha > .618$) to good ($\alpha > .845$), and the OTI is appropriate for further scientific use and development ($\alpha > .840$).

Dependent variables. There were five dependent variables in our study. The first variable is the *probability that the partner will not fulfil their obligations in the deal* (DV1) assessed with the question "Please indicate the probability that the partner will not fulfil their obligations in the deal". Participants indicated their agreement with items on a scale ranging from 0 (Most likely the partner will fulfil their obligations) to 1 (Most likely the partner will not fulfil their obligations). Since we were trying to measure the probability, the answers of the subjects could be in the range from 0 to 1 on a continuous scale; for a question sensitivity we divided the scale into 11 divisions: 0; 0.1; 0.2; 0.3; ...; 0.9; 1. When processing the responses divisional units were converted to percentages, as seen in Table 2.

The other variables were four measures of control developed by the authors. To identify those variables we interviewed five participants and then analysed the structure of control over the deal from our participant's point of view (Table 1):

- *Participant's level of control over a deal* (DV2) was measured by asking participants what percentage of control over the deal's key factors pertain to them and what percentage pertains to the partner. The question was "Please indicate what degree of control over the deal's key factors pertains to you". Participants indicated their answers on a scale ranging from 10% (Only 10% of key factors of a deal are under my control) to 100% (All key factors of a deal are under my control).
- *Participant's desired control over a deal* (DV3) was measured with the question "Please indicate what degree of control over the deal's key factors do you wish to pertain to you." Participants indicated their answers on a scale ranging from 10% (I wish only 10% of key factors of the deal be under my control) to 100% (I wish all key factors of the deal be under my control).
- *The partner's control over a deal* (DV4) was measured by asking participants what percentage of control over the deal's key factors pertains to the partner with the question "Please indicate what degree of control over the deal's key factors pertains to your partner". Participants indicated their answers on a scale ranging from 10% (Only 10% of key factors of a deal are under partner's control) to 100% (All key factors of a deal are under partner's control).
- *Desired partner's control over a deal* (DV5) means how much control over a deal our participant desires to deliver to the partner. It was measured by asking participants what percentage of control over the deal's key factors' they wish to pertain to the partner. The question was "Please indicate what degree of control over the deal's key factors do you wish to pertain to your partner". Participants indicated their answers on a scale ranging from 10% (I wish only 10% of key factors of the deal to be under the partner's control) to 100% (I wish all key factors of the deal to be under the partner's control). Cronbach's alpha was .72 for both (partner's and desired partner's) degrees of control.

The questionnaire for control over deals was tested in the study. Due to its specific nature, the definition of its reliability is to be evaluated in the future.

Table 1: Dependent variables (dv) of the control over deal

WHO CONTROLS THE DEAL	CONTROL OVER DEAL	
	REAL	DESIRED
PARTICIPANT	DV2 (as participant desired)	DV3 (as participant perceives)
HIS/HER PARTNER	DV4 (as participant desired)	DV5 (as s participant perceives)

4 Results

The average age of the Slovenian respondents was 41.9 (SD = 9.6) and of the Russians was 38.8 (SD = 28.1). A total of 93 Slovenian and 112 Russian respondents had a bachelor's or master's degree, and only 10 Slovenian and two Russian respondents had received a vocational or professional education. Of the total, 56 Slovenian and 32 Russian respondents worked in managerial positions, 25 Slovenians and 61 Russians were entrepreneurs, and 48 Slovenians and 38 Russians were employees. Although there was some variation in the sample with regard to the positions held, the respondents were mostly educated professionals.

No significant correlations were found between demographic variables (gender, age) and trust dimensions (Table 2). Moreover, controlling for these demographic variables in our further analysis did not significantly affect our study results. The probability that the partner will not fulfil their obligations in the deal was negatively related to the general level of trust ($r = -.414$, $p \leq .01$), indicating that participants reported more probability of a partner's breach of obligations if their trust in the partner is less. Our first findings indicate that Hypothesis 1 is strongly supported ($r = .349$, $p \leq .01$).

Desired control over a deal: Cronbach's alpha was .67 for both (subject's and subject's desired) degrees of control. Partner's desired control over a deal: Cronbach's alpha was .72 for both (partner's and partner's desired) degrees of control.

The difference between the degree of desired control and degree of control was negatively related to the level of trust ($r = -.285$, $p \leq .01$), indicating that participants reported more difference between the degree of desired control and degree of actual control if their trust in the partner was lower. Thus, Hypothesis 2 is also strongly supported.

Table 6: Main Configuration Management Concepts Found

Variables	*M*	*SD*	1	2	3	4	5	6	7	8	9	10	11
1. Gender			1										
2. Age	40.9	10.3	-.219**										
3. Probability that partner will not fulfil obligations	33.7	26.7	.038	-.063									
4. Degree of control	63.3	20.3	.092	-.011	.083								
5. Degree of partner's control	56.9	21.7	.148*	-.017	.052	.080							
6. Degree of desired control	63.4	20.9	.043	.094	.070	.506**	.112						
7. Degree of partner's desired control	54.7	23.0	.108	-.001	.101	.239**	.577**	.069					
8. Difference between degree of desired control and degree of control	10.0	14.6	-.068	.061	.075	-.285**	.140	.314**	-.167*				
9. General level of trust	59.2	11.2	.115	.080	-.414**	-.026	.114	-.040	.005	-.225**			
10. Keeping commitments	20.6	4.2	.114	.078	-.396**	-.032	.116	.011	-.050	-.188*	.912**		
11. Negotiating honestly	20.3	4.3	.114	.081	-.349**	.005	.160*	-.020	.052	-.223**	.884**	.816**	
12. Not taking excessive advantage	18.4	4.8	.054	.027	-.343**	-.003	.030	-.079	.054	-.204*	.793**	.576**	.528**

Note: * $p < .05$ ** $p < .01$

To test the hypotheses, we compared the variables of the Slovenian group to those of the Russians (Table 3). Analysis of the differences between the Slovenian and Russian samples showed that Russian partners estimate the likelihood that the partner will not fulfil promises in the deal to be significantly higher (M = 38.8,) than in the Slovenian group (M = 33.7; U = 4597; p = 0.008). There were no differences in the groups of Slovenians and Russians concerning how they assessed the level of their control over the deal (M = 63.3, SD = 20.3) and how they wanted (desired) to control the deal (M = 63.4; SD = 20.9). However, the differences were manifested in the level of the partner's control over the deal. Russians recognize more partner control (M = 61.2, SD = 21.6) than Slovenian participants do (M = 56.9, SD = 21.7). Differences are also found in the desired control over the deal. For Russians, the desired partner's control (M = 60.1, SD = 23.5) was significantly higher than what the Slovenians (M = 54.7, SD = 23.0) prefer as the desired partner's control over the deal.

Table 3: Descriptive statistics of comparison of Slovenians and Russians, according to the Mann-Whitney criterion ($N_{Slovenian}$=103; $N_{Russian}$=114)

Measures	Nationality	*M*	*SD*	*Mann Whitney U*	*p*
Age	Slo	40.9	10.3	5056.2	0.096
	Rus	40.0	10.8		
Probability that partner will not fulfil obligations	Slo	33.7	26.7	4597.5	0.008**
	Rus	38.8	28.1		
Degree of control	Slo	63.3	20.3	5245.9	0.210
	Rus	65.0	22.5		
Degree of partner's control	Slo	56.9	21.7	4312.3	0.001**
	Rus	61.2	21.6		
Degree of desired control	Slo	63.4	20.9	5476.0	0.454
	Rus	62.8	22.7		
Degree of partner's desired control	Slo	54.7	23.0	4032.2	0.000**
	Rus	60.1	23.5		
Difference between degree of desired control and degree of control	Slo	10.0	14.6	2422.0	0.574
	Rus	8.8	14.0		
General level of trust	Slo	59.2	11.2	5225.7	0.161
	Rus	58.2	11.8		
Keeping commitments	Slo	21.2	3.8	4887.5	0.033*
	Rus	20.0	4.5		
Negotiating honestly	Slo	20.3	4.1	5632.5	0.604
	Rus	20.2	4.4		
Not taking excessive advantage	Slo	18.4	4.8	5417.5	0.325
	Rus	18.0	4.6		

Note: * p < .05 ** p < .01

Figures 1 and 2 illustrate the degree of control for both partners in two contrasting groups with low and high trust in the partner. Two samples (Slovenes and Russians) are presented on Figures 1 and 2, those with below and above average trust, and for each the degree of their own control and that of their partner are shown. Having identified the differences between the groups of Slovenian and Russian participants in terms of how they perceive their and their partners' control, we assumed that trust-control relations can be manifested as follows: the lower the level of trust in the partner, the higher the control should be over the transaction and less should be left to the control of the partner. However, this dependence was found only in the group of Russians (Figure 1). In the group of Slovenians, only the control recognized for the partner was associated with trust, while their own control remains constant regardless of the level of trust in the partner (Figure 2). As shown in Figure 1, there is a cross-level interaction between the degree of one's own control and degree of one's partner's control with different levels of trust in the Russian sample. We can thus conclude, that in the Russian sample the willingness to give more control to the partner is more strongly tied to the level of trust than their willingness to reduce their own control over the transaction. More specifically, the key point is the difference between the subject's and their partner's control: in a group with a low level of trust, the subject's own control is much higher than the partner control, and in a group with a high level of trust both the subject's and partner's levels of control are almost the same.

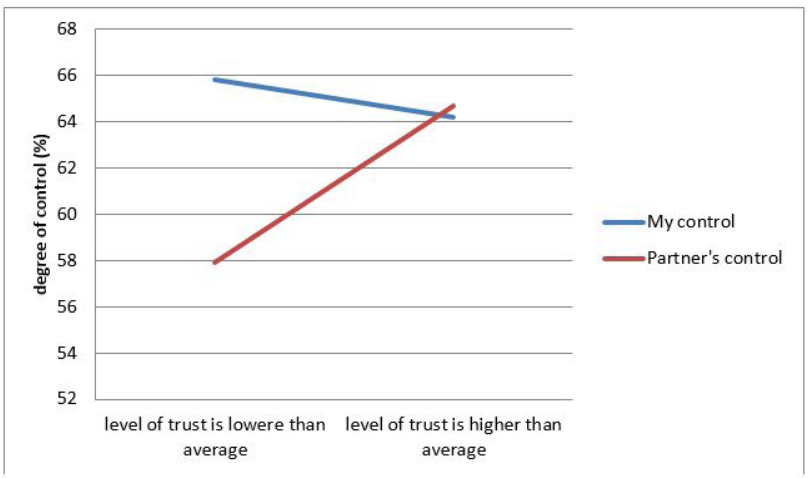


Figure 1: Degree of control and degree of partner's control with different levels of trust in the Russian sample

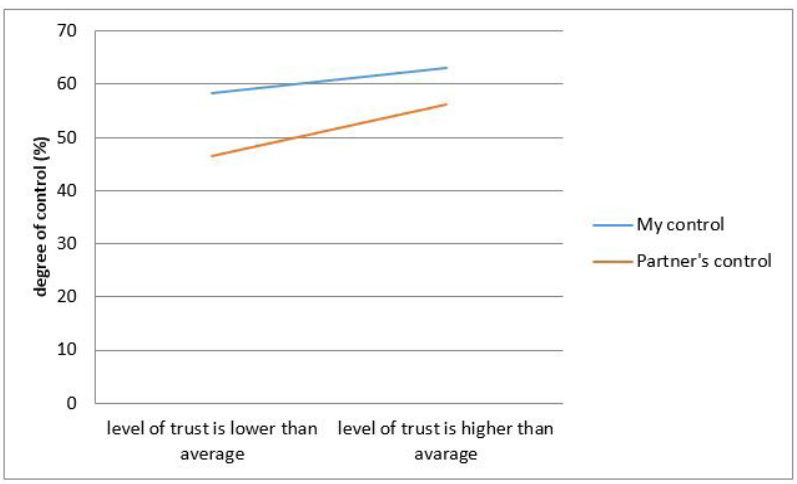


Figure 1: Degree of control and degree of partner's control with different levels of trust in the Slovenian sample

As can be seen in Figure 2, there is no inter-level interaction between the degree of the subject's control and the degree of the partner's control with different levels of trust in the Slovenian sample. In this, the respondents' control over the deal and their agreement with the level of control their partners have is related to the level of trust to a greater extent than in Russian sample. Both the subject's and partner's level of control are equally expressed in groups with high and low levels of trust. The differences are manifested only in relation to groups with different levels of trust – the level of trust increases when the degree of control is lower.

To test *Hypothesis 3*, regression analysis (Table 4) was used to find out which factors have the strongest impact on all variables associated with control ("the level of my control over the deal" and "the desired level of my control over the deal", "the level of control over the deal by the partner" and "the desired level of control by the partner over the deal"). It was useful to compare the degree of influence on these variables of the factors investigated by us and, in the case of an identified link, to find out whether the moderator of trust is such a link.

The variance analysis of these regression models showed the validity of the influence of the set of independent variables (a) nationality and specifics of doing business (in your country, or another), (b) probability that partner will not fulfil their obligations, (c) partner's control and level of trust on the dependent variable desired partner's control ($F = 22.8$; $p < .01$), while the regression model of dependence of the desired partner's control on the set of the same independent variables was not reliable. We found that none of the factors we are considering affects control over the deal: neither the likelihood of a breach of the transaction, nor the partner's control, nor nationality (Slovenians and Russians) nor the specifics of doing business (in your country, or another). According to these results, trust cannot be considered a moderator. Only the partner's control significantly affects the level of desired respondent's control and desired partner's control (strong influence). Hence, Hypothesis 3 was supported only in its first part.

It is therefore not the respondent's control but the partner's control that impacts the desired respondents' levels of control over a deal, i.e. control that respondents want to have themselves and control which respondents want to give to their partners. According to the results, the significant influence of the factors (a) nationality (Slovenians and Russians), (b) the peculiarities of doing business (in one's own country or another) on the desired partner control should also be discussed. However, we did not distinguish these two factors in this study, so they should be carefully examined in the future. Thus, Hypothesis 4 was supported only partly.

Table 4: Regression analysis predicting degrees of control

Variable	Desired level of control			Desired level of partner's control		
	B	*SD*	β	*B*	*SD*	β
Constant	51.394	11.491		13.138	10.406	
Nationality	-2.896	2.966	-.069	5.441	2.685	.118*
Age	.210	.140	.103	.001	.127	.000
Probability that partner will not fulfil obligations	.065	.058	.084	.078	.052	.090
Degree of partner's control	.134	.068	.139*	.573	.062	.540**
General level of trust	-.034	.137	-.019	-.035	.124	-.017
R^2	.039			.353		
F	1.7			22.8**		

Note: N = 217. * $p < .05$, ** $p < .01$

5 Discussion

Based on the findings we can conclude that Hypotheses 1 and 2 are strongly supported, and thus the results demonstrate that trust in Russian-Slovenian business relationships is cognitively and not emotionally based. Before making a decision to trust or not trust an international business partner, a business person will take into account the probability that their partner will or will not fulfil their obligations in a deal. If this probability is lower, then the level of trust is higher. The cognitive basis of trust is also demonstrated by the results concerning the difference between the subject's desired level of control and their actual degree of control over a deal with a foreign partner. In our study, this difference is negatively related to the level of trust.

At the same time, Hypotheses 3 and 4 were only partially supported. We suggested that the partner's control of the deal is positively related to both types of desired control, or, in other words, the subject's control of the deal determines how much control the subject wants to have and how much they want to give the partner. If the subject's control is lower, then level of control desired is higher while the level of control desired for the partner is lower. At the same time, this connection is always due to the relationship between people and, in particular, the trust that exists between then. But our results did not show a direct connection between trust and the level of desired control over a deal. We found that trust only affects the subject's willingness to allow their partner to have more control, rather than making the subject more willing to reduce their own control over the deal.

As mentioned above in our theoretical analysis, the trust-control relationship is described either as substitutive or complementary (Kalkman & Waard, 2017; Alpenberg & Scarbrough, 2018). Our results support the view that trust and control are more complementary to each other than substitutive. A previous study underlined that a combination of formal control and trust gives rise to high project performance (Ning, 2017), and our findings suggest this is also reasonable for international business projects.

As Sohaib and Kang (2015) suggested, turning to a comparison between the answers received from the Slovenian and Russian samples, Russian businessmen focus more attention not on building relationships of trust at the stage of establishing contacts (Avios, 2018), but on the future opportunity to influence the course of the partnership. Control over the actions of a partner in future cooperation for Russian entrepreneurs is more important than the step-by-step establishment of trust at the beginning of cooperation. The Russian managers report a higher degree of partner's control and also the desire for more partner's control than Slovenians, which is in line with Hofstede's findings (2001) – based on the masculinity dimension Slovenians are more feminine oriented compared to Russians, Slovenians' dominant value is caring for others and quality of life, but Russians, in relation to the high power distance score, accept dominant behaviour when it comes from an authority, but is not appreciated among peers. Slovenians' managers express less need for control in their international business. It turns out that the respondents are much more willing to regulate or influence the level of the partner's control over the deal in accordance with their desires (desired partner's control), but their ideal control for them is not so variable (respondent's desired control). As a result, we can underline that the rule "trust, but verify" is in force. Hence, the role of trust in a business partnership, especially in the process leading to the deal, is not so important in itself, but is important only in conjunction with other factors, and thus while the findings agree with those of other studies that note trust is important for business, we found that control is more important.

5.1 Practical Implications

This study contributes to three important domains of research: international business partnership; trust in global business relations; and control over a deal between partners, one of whom conducts business in this country, while the other is from a foreign country and runs their business here.

As our results showed, there is no strong relation between trust in the partner and control over the deal. Therefore, the degree of control over the deal should be seriously acknowledged at all levels of trust in the partner. More specifically, partners should reserve some time to discuss what degree of control they prefer to have and are ready to share with each other. They also should find a balance between their desired and possible degrees of control over a deal. They should not believe that if their partners trust them then this means they are open to reducing their level of control over a deal. This is especially important for international partnerships, where the partners belong to different cultures, or cooperate in situations where one of the partners has just started their business in another country. Our finding that there are no strong differences between most of the variables in the Russian and Slovenian samples is actually good news. This implies that such partners might pay more attention to the control measures of a deal, rather than their partner's nationality. It seems that the most important thing is to negotiate measures and degrees of control over the deal, and especially to consider both partners' expectations concerning what exactly they want from each other's controlling actions.

The results of the present study on the psychological mechanisms of trust and control can benefit the international partnerships developed between entrepreneurs from different countries. In addition, the practical implications of our study's findings might be extended beyond this uncertain situation to one when business partners already

have high levels of trust in each other. This is because we found with regard to the determinants of control over deals that business partners not only strive to build trust, but also to negotiate honestly about having mutually satisfying levels control over their cooperation.

As Russians often say, "Trust the partner, but verify". The significance of this statement for Russian and Slovenian cultures becomes more evident in the context of our study: trust in a partner does not remove control over cooperation, or in other words, "one should not trust a partner absolutely". Thus, finding a balance between trust and control over deals may be recognized as a challenge to both business partners, especially if they have different cultural backgrounds. The current study and the results presented here are helpful in analysing and understanding the control preferences of business partners, and can help in identifying why things worked well or went badly in a business relationship. In a broader context, our results may be applied in training programs aimed at developing such managerial competences as business negotiation skills and strategic thinking.

5.2 Limitations and Future Research

This study has some limitations that should be discussed. A first limitation concerns the fact that we were not able to include information on participants' professional field and the duration of business cooperation between Slovenian and Russian business partners. A second potential limitation relates to the generalizability of our results. The sample of our study mainly consisted of highly educated respondents, which may restrict the generalizability of our findings to less educated people. Future research may investigate whether our results are also found among less educated people. The third limitation of our study is that it relies on single source data, which raises some concerns about common method variance (Podsakoff et al., 2003). Because our study focused on attitudes and behaviour within the person, we were bound to self-report measures. The sample is selective in that participants are engaged in successfully developing Slovenian-Russian business relationships, mostly in Slovenia. However, a more objective investigation would need all participants to interact with each other with different business results. Therefore, we could not use an experimental design with a control group of partners who have unsuccessful experiences of Russian-Slovenian business partnership. As a consequence, our sample is not entirely representative of the general population. Rather, we are interested in examining the mediators by which a business partnership affects when partners are inclined to pursue less or more control over the deal.

Although our participants came from a convenient sample, the sample has its strength in its heterogeneity regarding the experience of Slovenian-Russian business partnerships and types of business, which allows for greater generalizability of our findings. Because the topic of this study is relatively new, we only focused on establishing a link between trust in the partner and probability of the partner's fulfilment of obligations, and trust in the partner and measures of control over a deal. Now that this association has been established in this study, future research should replicate our findings and measure the process by which levels of trust in the partner affect the degrees of control over a deal. We suggested that trust negatively affects the probability that the partner will not fulfil their obligations in the deal. We also assumed that persons may estimate this probability and establish the degree of control over the deal depending on the trust in the partner. Future research should test these and possible other explanations when studying relationships between trust and control in other cultures.

Finally, future studies could also pay attention to interpersonal relationships between business partners and how these affect the control over the deal. For example, perceptions of business partners' similarity may support the development of coherence and balance in control over the deal. Persons may perceive some of their partners as more trustworthy and capable, and therefore delegate them more control over the deal. These interpersonal factors together with the perception of probability that the partner will not fulfil their obligations could be further explored.

Future research is needed, however, in order to investigate whether control over a deal may be operationalized and used to measure not trust in the partner, but mutual trust between partners. Additionally, future research should pay more attention to intercultural differences, for example, with respect to different countries' experiences of a market economy.

6 Conclusion

Although additional study is needed, some important contributions to research concerning trust-control relations between international (Russian-Slovenian) partners have been made with this work. First, this study has empirically highlighted the importance of distinguishing between the subject's control over a deal and their preferences concerning their partner's control over the deal, independently of the level of trust the subject has in their partner. Both dimensions of control over the deal appear to be about equally important for a business partnership. Second, this article contributes to trust theory in general and in trust-control relations research in particular by testing how trust in a business partner acts as moderator for sharing control over a deal between the subject and their business partner. Cultural factors which can be understood as a resource in a cross-cultural business interaction framework were tested in order to understand what affects the relation between business partners from different cultures. The results

showed only slight differences, which may be an indication that there could be more similarities than differences in the effects of the culture. However, there was an indication that cultural dependence may be more relevant for the effects of the subject's control over the deal than for those of their partner's control. Nevertheless, especially when considering more complex relations such as moderating effects, it is important to continue investigating both dimensions of control over a deal in future research.

The similarities and slight differences identified in present study add insight into the distinctions between the two control dimensions and conceptual model of trust as a predictor for assigning the appropriate levels of control in business relationships. The results indicate that the level of trust in a business partner may not necessarily increase the positive effect of the level of control over the deal. Instead, such forms of dependence could represent ways of coping with an uncertain situation in order to better protect the partnership. Even though the results were not in agreement with all of the hypotheses of the present study, they indicate that the relationship between trust in a business partnership, sharing control between partners, and cultural identity is important to take into account in business trust research. Moreover, the generally positive association between managers' trust and control may be related to how much the partners are interested in the focal deal. The present study thus points to some important areas for future research to explore.

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Appendix: The adapted version of The Organizational Trust Inventory (Cummings & Bromiley, 1996)

Dimensions	Items
Keeping commitments	In my opinion, my *Russian (Slovenian)* business partner is reliable.
	I feel that my *Russian (Slovenian)* business partner will keep his(her) word.
	In my opinion, my *Russian (Slovenian)* business partner does not mislead me.
	I feel that my *Russian (Slovenian)* business partner tries to get out of his(her) commitments.
Negotiating honestly	I think my *Russian (Slovenian)* business partner tells the truth in negotiations.
	I feel that my *Russian (Slovenian)* business partner meets its negotiated obligations to our deal.
	I feel that my *Russian (Slovenian)* business partner negotiates with me honestly.
	I feel that my *Russian (Slovenian)* business partner negotiates joint expectations fairly.
Avoiding taking excessive advantage	I think that that my *Russian (Slovenian)* business partner tries to get the upper hand.
	I think that that my *Russian (Slovenian)* business partner succeed by stepping on other people.
	I think that my *Russian (Slovenian)* business partner takes advantage of our problems.
	I think that my *Russian (Slovenian)* business partner takes advantage of people who are vulnerable.