Outsourcing Relationships Between Firms and Their Training Providers: The Role of Trust

Thomas W. Gainey, Brian S. Klaas

Firms increasingly use external vendors to provide training for their employees. And because trust has been found to be essential in successful interfirm relationships, this study identified a number of factors thought to be associated with both self-interested trust and socially oriented trust between firms and their training suppliers. Using data obtained from 323 organizations, regression analysis suggests that idiosyncratic training, program uncertainty, vendor dependency, contractual specificity, and communication accuracy and frequency were significantly related to higher levels of trust in outsourcing relationships.

Outsourcing human resource (HR) activities traditionally performed in-house is becoming increasingly common (Lepak & Snell, 1998). In fact, research suggests that 93 percent of HR departments outsource at least some of their work (Greer, Youngblood, & Grey, 1999). And while a number of HR activities have been targeted for outsourcing, training is one functional area where outsourcing is especially prevalent (Bassi, Cheney, & Van Buren, 1997). However, although organizations spend more than $54 billion each year on the design and delivery of training (Industry Report, 2000) and given that training and development activities are often linked to strategic issues within the firm (Huselid, Jackson, & Schuler, 1997; Wright & Snell, 1998), little research has examined outsourcing in this important HR area.

Anecdotal evidence suggests wide variation across firms in the degree to which the outsourcing of training has yielded the desired results (Kaeter, 1995; Baker, 1996; Laabs, 1993). And while limited empirical research exists within the HR literature to help practitioners understand conditions that tend to lead to more positive outcomes, the outsourcing literature in general provides some

guidance. In particular, the trust that develops between firms and their suppliers consistently emerges as an important factor in successful outsourcing relationships (Adler, 2003; Child, 2001). In fact, a lack of trust has been identified as the major cause for failure across a number of outsourcing contexts (Niederkofler, 1991; Moore, 1998; Logan, 2000). Some researchers even argue that trust between partners is the essential element in successful interfirm relations (Zeffane, 1995).

Given that trust has proven to be such an important factor in interfirm successes (Child, 2001; Swan, Trawick, Rink, & Roberts, 1988; Zaheer, McEvily, & Perrone, 1998) and that trust is an area that can be developed and nurtured by management (Zeffane, 1995), this study sought to identify factors that are necessary to building and maintaining trusting relations with training vendors.

Theory and Hypotheses

Trust is commonly described as an expectation that another party will not act in an opportunistic manner (Bradach & Eccles, 1989). Implicit in this definition is the element of choice. Luhmann (1988) contends that if there is no choice and one must simply surrender to the more powerful or influential partner, the belief that one will not act opportunistically is simply a matter of hope, not trust. Thus, trust requires a conscious decision to reveal a certain degree of vulnerability to another party (Nooteboom, 1996).

A review of the literature reveals that trust can assume many different forms and may be affected by a number of factors within the context of interpersonal relations (Kramer, 1996). Indeed, a number of researchers have proposed different dimensions of trust and have attached a variety of labels to identify them (Gulati, 1995; Lyons & Mehta, 1997; Nooteboom, 1996). However, within the literature, two basic types of trust have consistently been identified: self-interested trust and socially oriented trust.

Self-interested trust is described as having basic economic underpinnings where the costs and benefits of behaving trustworthy are calculative and measurable (Dasgupta, 1988). Therefore, there are incentives to behave in a trustworthy manner because the possible negative consequences of opportunistic behavior far exceed any potential benefits (Lyons & Mehta, 1997). Thus, organizations can be relied on only to the extent to which they feel their behavior will somehow have a direct impact on future returns (Sheppard & Tuchinsky, 1996). For instance, in outsourcing relationships, it is possible that deceit on the part of the vendor could lead to a damaged reputation or loss of future business. Thus, for self-interested trust, the propensity to trust might be equated to an impersonal cost-benefit decision.

Whereas self-interested trust denotes more of a short-term, impersonal orientation, socially oriented trust focuses more on the ongoing social factors in

a relationship. That is, partners can be expected to refrain from opportunism because of established norms of behavior or a sense of duty, personal loyalty, and devotion to the other (Lyons & Mehta, 1997). At this stage, parties develop strong norms about how activities will be handled, clear expectations regarding performance levels, and the ability to accurately predict each other's behavior. As they gain experience with one another, they develop a higher level of confidence in each other's ability to perform in a consistent, professional manner. Interestingly, unlike self-interested trust, socially oriented trust provides some leeway in relationships. For instance, if a party engages in a questionable activity and is able to provide a reasonable explanation for the behavior, the other party is more likely to disregard the incident and continue with the relationship.

In summary, trust might best be envisioned as an evolutionary process that develops as it progresses from its self-interested stage to its more advanced socially oriented stage. In fact, Lewicki and Bunker (1996) equate trust building to gardening. They suggest that as you till the soil each year, you come to understand which vegetables grow in the sandy sections and which in the moist sections. Similarly, socially oriented trust evolves only after parties cultivate their knowledge of each other by observing behaviors over time. In this study, we draw on the trust literature to suggest a number of factors that are potentially related to both self-interested and socially oriented trust between firms and their external training providers.

Idiosyncratic Training. Certain programs are outsourced that might be considered off-the-shelf training. That is, a training vendor might design a program and then deliver it, with few changes, to numerous customers. While this training will likely not result in a competitive advantage for a firm, neither does it significantly increase the potential for opportunistic actions by either party. Vendors are able to spread their costs over many customers, and firms typically experience lower costs due to economies of scale.

Alternatively, when training is idiosyncratic, or tailored to a particular firm, the customer or the vendor, or both parties, will likely be required to invest resources to design and deliver the training. However, because the training is of little value in other contexts, it is of great interest to the party (or parties) that has (have) invested the resources that the relationship continues. Therefore, while primarily economically motivated, parties who have made substantial investments often behave in a trustworthy manner to ensure long-term associations with their trading partners (Lewicki & Bunker, 1996). It is also possible that seemingly altruistic behaviors and amiable actions that are exhibited to ensure continued relations may be positively received and reciprocated by the other party, thus forming the basis for more socially oriented trust (Lewicki & Bunker, 1996). Therefore, idiosyncratic training will lead to higher levels of both self-interested and socially-oriented trust:

HYPOTHESIS 1. *There will be a positive relationship between the degree to which a firm is outsourcing idiosyncratic training and the level of both self-interested and socially oriented trust with that firm's training vendors.*

Program Uncertainty. Many training suppliers offer standard programs. They have been designed and are delivered in such a way that each customer that purchases the service essentially receives the same materials and instruction. Here, the requirements and expectations are well known by both parties, the content and costs can generally be agreed on in advance by each party, and the results of the training can often be assessed through standardized exams or improvements in various performance measures.

With other training programs, vendors must often be granted a certain latitude in either the design or the delivery of training, or, in other cases, it may be difficult to objectively evaluate the overall impact of the training. Here, the uncertainty creates the potential for opportunistic behavior by the vendor, and it is likely that firms will view vendors who have substantial discretion with skepticism (Williamson, 1975). Therefore, where there is substantial uncertainty related to the design and delivery of training, not only will lower levels of self-interested trust be observed, but the ambiguity makes it more difficult for socially oriented trust to form and evolve.

HYPOTHESIS 2. *There will be a negative relationship between the degree to which the design and delivery of training is uncertain and the level of both self-interested and socially oriented trust with that firm's training vendors.*

Vendor Dependency. Due to a small market base, substantial investments, or limited resources, it is possible for training vendors to become overly reliant on one particular customer. When this occurs, it is likely that the supplier will recognize that the potential benefits of acting in a trustworthy manner far exceed the benefits of acting in a self-interested way (Lyons & Mehta, 1997; Ring & Van de Ven, 1992). Therefore, vendors might be inclined to be more accommodating to customers (Nooteboom, 1996) and to demonstrate high levels of commitment to a customer's values and beliefs (Lewicki & Bunker, 1996), both foundations on which socially oriented trust is established (Kramer, 1993). Thus, while these actions may initially be purely economically motivated and increase self-interested trust, higher levels of socially oriented trust may ultimately result as well:

HYPOTHESIS 3. *There will be a positive relationship between the degree to which vendors are dependent on a firm's business and the level of both self-interested and socially oriented trust with that firm's training vendors.*

Outsourcing Knowledge, Skills, and Abilities. As managers gain experience in dealing with outside vendors, they will develop and refine their outsourcing-related knowledge, skills, and abilities (KSAs) (Borthick, 2001). Specifically, they should become more adept at identifying competent training vendors, negotiating mutually advantageous agreements, and evaluating vendors' effectiveness (Harkins, Brown, & Sullivan, 1995; Takeishi, 2001). Thus, where both the customer and the vendor possess relatively clear understandings about training needs and expected results, the potential for opportunistic behavior substantially decreases, resulting in the potential for higher levels of self-interested trust. In addition, this mutual understanding creates a favorable environment in which socially oriented trusting relations can be established and maintained.

HYPOTHESIS 4. *There will be a positive relationship between the degree to which those in a firm possess outsourcing-related KSAs and the level of both self-interested and socially oriented trust with that firm's training vendors.*

Contractual Specificity. Typically, when training is outsourced, an agreement is signed between the customer and the vendor. For standard off-the-shelf training, the contractual agreement may simply outline the date, time, and cost of the training. In these cases, there is little room for disagreement or for one party to behave in a self-interested way. Therefore, one might expect higher levels of self-interested trust to develop.

Conversely, when training becomes more involved or is tailored to a particular customer, the potential for misunderstandings and self-serving actions increases. In turn, the ability to establish trusting relations is greatly reduced because parties must devote greater efforts and resources to protecting their interests. However, contractual agreements may act to mitigate these unfavorable conditions. Specifically, where contracts have undergone sufficient development, negotiation, and review (Aubert, Rivard, & Patry, 1996; Shelanski & Klein, 1995), customers and vendors can be relatively confident that each party will meet the obligations set forth in the formal agreement. Thus, efforts can be directed toward building relationships rather than monitoring the other party's behavior, resulting in higher levels of socially oriented trust:

HYPOTHESIS 5. *There will be a positive relationship between the degree to which a firm's outsourcing contracts contain detailed specifications and the level of both self-interested and socially oriented trust with that firm's training vendors.*

Communication Accuracy and Frequency. The linkage between communication behaviors and trust has received considerable attention from organizational researchers (Anderson & Weitz, 1989; Mishra, 1996). In general, it is believed that accurate and frequent communication is essential to building

levels of trust in interfirm alliances (Shapiro, Sheppard, & Cheraskin, 1992; Anderson, Lodish, & Weitz, 1987). Certainly, precise and regular communication between the firm and its training supplier greatly reduces opportunities for one party to take advantage of the other, resulting in higher levels of self-interested trust. However, it might be socially oriented trust that is most affected by accurate and frequent exchanges.

For trust to evolve to higher forms, it is essential that the quality of information provided by each party be preserved (Daft & Lengel, 1986; Devlin & Bleackley, 1988). If customers and vendors fail to establish communication processes that permit the accurate exchange of messages or if they conceal important information, there is reasonable doubt that trusting relations will emerge. In addition, when parties regularly exchange information about their basic processes, capabilities, and ambitions, not only do they reduce the potential for misunderstandings and ambiguity, they also begin to develop intense, meaningful relationships. This insight and knowledge provide an important basis for socially oriented trust to evolve (McAllister, 1995):

HYPOTHESIS 6. *There will be a positive relationship between the accuracy with which a firm communicates with its training vendors and the level of both self-interest and socially oriented trust with that firm's training vendors.*

HYPOTHESIS 7. *There will be a positive relationship between the frequency with which a firm communicates with its training vendors and the level of both self-interested and socially oriented trust with that firm's training vendors.*

Methods

Here we look at the sample and the measures used in this study.

Sample. The sample for this study was obtained from the membership list of the American Society for Training and Development (ASTD). All ASTD members in the United States who identified themselves as either training managers or training directors were selected to participate. All of these 1,361 individuals were mailed a survey designed to assess attributes of their training programs, characteristics of their firm, features of their contractual agreements, and the nature of the relationship with their training suppliers. We elected to use only training managers and directors in this study because we felt that they would be the most likely individuals within an organization to have the necessary insights and information regarding their firm's training activities to respond to our survey. Although the ASTD membership list had a variety of additional job titles listed (including consultants and educators), we did not think that these job titles indicated that they would be responsible for training within their firms.

Prior to the mailing, the survey was examined by three outside faculty members and three HR professionals to ensure that the items in it were reasonable and did not ask the participants overly intrusive questions or present any ethical dilemmas. Respondents were asked to mail the surveys directly back to the researchers in an enclosed business-reply envelope and were guaranteed that all data would be kept in strict confidence.

Although all ASTD members who identified themselves as training managers or training directors were included in this sample, we asked individuals to complete and return the survey only if their organization outsourced some or all of the design and delivery of their training and if they were the individuals responsible for managing these outsourcing relationships. This was necessary because only firms that actually had outsourcing experience could complete the survey items and because we realized that individuals other than the training professionals might be responsible for obtaining and monitoring outside suppliers who provided training-related services to the organization.

Respondents returned 323 of the 1,361 surveys, resulting in a response rate of 24 percent. However, it is likely that at least some of the 1,361 training professionals who were mailed the survey declined to participate either because their firm did not outsource any of its training or because the training professional was not the individual responsible for managing the outsourcing relationship with external suppliers.

To determine if there was a nonresponse bias, as a result of the restrictions we placed on participants, we then compared the 323 respondents to the 1,361 training professionals who were initially mailed surveys on the basis of their industry classification. We used industry classification because this was the only variable that we had for both respondents and the overall sample. To test for nonresponse bias, we compared (using a *t*-test) the percentage of respondents in a particular industry to the percentage of the overall sample in that same industry across the following industrial classifications: manufacturing, food, health, financial, transportation, utilities, hospitality, and retail. No significant differences were observed between respondents and the overall sample in any of the industry classifications. Thus, at least in terms of industry classification, no response bias was observed.

Measures. Because there has been little empirical work dealing specifically with outsourced training, existing measures for the variables in this study were not available. Instead, measures were developed by modifying items from related areas and developing new items.

To establish the validity of the constructs, the individual survey items were subjected to an exploratory factor analysis. The article appendix presents the measures, their component items, and the results of the factor analysis.

Dependent Variables. In the literature, trust has been conceptualized at a variety of levels (Rousseau, Sitkin, Burt, & Camerer, 1998). For instance,

empirical research has examined trust at the individual level (McCauley & Kuhnert, 1992), the team level (Webber, 2002), and the organizational level of analysis (Zaheer et al., 1998). In this study, three items were used to assess both Self-Interested Trust (alpha = .70) and Socially Oriented Trust (alpha = .84) at the organizational level. The items used to measure self-interested trust were designed to determine the extent to which training suppliers had acted in self-serving ways, whereas the socially oriented trust items focused on the extent to which there was a sense of loyalty and responsibility in the relationship.

Independent Variables. I Training managers responded to a number of items pertaining to the nature of their training programs. The degree to which training was tailored to their organization was assessed using three items (Idiosyncratic Training, alpha = .73). The degree to which training suppliers had substantial latitude in designing and delivering the training was also measured using three items (Program Uncertainty, alpha = .80).

Using four items, training managers were asked to consider the degree to which their training suppliers were dependent on them for business (Vendor Dependency, alpha = .86), the degree to which managers in their own firm had acquired outsourcing-related KSAs (Outsourcing KSAs, alpha = .83), and characteristics of their contractual agreements with training vendors (Contractual Specificity, alpha = .87).

Finally, the accuracy and frequency of communication with training vendors were measured with two items (Communication Accuracy, alpha = .88) and three items (Communication Frequency, alpha = .93), respectively.

Control Variable. Given the organizational-level nature of this study, we also asked about the number of individuals employed by the firm. It is possible that the size of the firm might influence the number and types of training programs used and thus the nature of the relationship between organizations and their outside training providers.

Data Analysis. Multiple regression analysis was used to test the proposed relationships in this study. Specifically, two models were tested. In the first model, Self-Interested Trust served as the dependent variable, and in the second model, Socially Oriented Trust was the dependent measure.

Results

Table 1 reports the means and standard deviations as well as the correlation matrix for the variables. There are several significant correlations among the independent variables. Thus, we formally tested for the presence of multicollinearity by examining the variance inflation factor (VIF) for each independent variable. Any VIF value over 10.0 normally indicates that multicollinearity may be unduly affecting the least-squares estimates (Neter, Wasserman, & Kutner, 1990). Our largest VIF was 1.71, suggesting that multicollinearity was not a problem.

Table 1. Descriptive Statistics and Correlations

	Mean	SD	1	2	3	4	5	6	7	8	9
1. Self-Interested Trust	3.26	.76									
2. Socially Oriented Trust	3.36	.70	.46**								
3. Idiosyncratic Training	3.02	.82	.21**	.26**							
4. Program Uncertainty	2.39	.71	−.30**	−.20**	−.03						
5. Vendor Dependency	2.74	.79	.02	.21**	.23**	.14*					
6. Outsourcing KSAs	2.81	.83	.18**	.31**	.21**	−.10	.12*				
7. Contractual Specificity	3.37	.81	.38**	.36**	.27**	−.33**	.02	.29**			
8. Communication Accuracy	3.78	.58	.28**	.51**	.05	−.19**	.08	.25**	.27**		
9. Communication Frequency	3.23	.93	.29**	.59**	.32**	−.09	.22**	.44**	.36**	.45**	
10. Firm Size	2,336	6,199	−.04	−.01	.09	.02	.00	.03	.03	−.04	.06

Note: N ranges from 324 to 329.

*p < .05. **p < .01.

Table 2 presents the regression equations. The results show that the Self-Interested Trust model had an R^2 of .22 and that the Socially Oriented Trust model had an R^2 of .47. The F values for both equations are statistically significant ($p < .01$). In addition, the estimations for these models reveal support for a majority of the hypothesized relationships.

In hypothesis 1, we predicted that more idiosyncratic training would be positively associated with the dependent measures. While the coefficient for Idiosyncratic Training was significantly related ($p < .01$) to Self-Interested Trust, the relationship between Idiosyncratic Training and Socially Oriented Trust was not significant.

Hypothesis 2 suggested that as uncertainty associated with the design and delivery of training increased, the development of trust would be inhibited. As proposed, Program Uncertainty was negatively and significantly related to both Self-Interest Trust ($p < .01$) and Socially Oriented Trust ($p < .05$).

We predicted in hypothesis 3 that the more reliant vendors were on the firm, the more likely it was that trusting relations would emerge. Results showed that the coefficient for Vendor Dependency was neither significantly related to Self-Interested Trust, nor in the predicted direction. However, Vendor Dependency was significantly related to Socially Oriented Trust ($p < .05$).

Hypothesis 4 suggested that higher levels of outsourcing-related KSAs would be associated with higher levels of trust. But Outsourcing KSAs was not significantly related to either Self-Interested Trust or Socially Oriented Trust.

Table 2. Regression Analyses

Dependent Variables	Self-Interested Trust		Socially Oriented Trust	
	b^a	SE	b^a	SE
Independent variables				
Hypothesis 1: Idiosyncratic Training	.11*	.05	.08	.04
Hypothesis 2: Program Uncertainty	−.17**	.06	−.09*	.05
Hypothesis 3: Vendor Dependency	−.01	.05	.09*	.04
Hypothesis 4: Outsourcing KSAs	−.01	.05	.02	.04
Hypothesis 5: Contractual Specificity	.22**	.06	.09*	.04
Hypothesis 6: Communication Accuracy	.11*	.08	.27**	.06
Hypothesis 7: Communication Frequency	.12*	.06	.39**	.04
Control variable				
Firm size	−.05	.00	−.03	.00
R^2	.22		.47	
F	10.42		31.76	
N	297		297	

[a]Standardized beta coefficients.

*$p < .05$. **$p < .01$.

Hypothesis 5 proposed that more detailed contractual arrangements would be associated with higher levels of trust between firms and their external training suppliers. The significant and positive relationship between Contractual Specificity and Self-Interested Trust ($p < .01$) and between Contractual Specificity and Socially Oriented Trust ($p < .05$) lends support to this prediction.

As predicted in hypothesis 6, a positive and significant ($p < .01$) relationship was also found between Communication Accuracy and Self-Interested Trust ($p < .05$) and between Communication Accuracy and Socially Oriented Trust ($p < .01$).

In hypothesis 7, Communication Frequency and Self-Interested Trust ($p < .05$) were positively and significantly related. There was also a significant positive relationship between Communication Frequency and Socially Oriented Trust ($p < .01$).

Finally, our control variable, Firm Size, was not significantly related to either Self-Interested Trust or Socially Oriented Trust.

Conclusion

Overall, the results provide substantial support for the hypotheses offered in this study. Of the seven relationships proposed, four were fully supported, and two others received partial support.

As expected, we found that idiosyncratic training was positively related to higher levels of self-interested trust. Where training is tailored to a particular firm, it is likely that one party has invested significant resources to provide the training. Because it is in their best economic interest that the relationship continues, it might be anticipated that the firms investing these resources will make efforts to behave in a trustworthy manner. Contrary to expectations, the proposed relationship between idiosyncratic training and socially oriented trust was not significant. We had anticipated that as one party behaved in a trustworthy manner, even though the behavior was economically motivated, a foundation would be laid for higher levels of trust to evolve. This relationship was not observed.

Where substantial uncertainty existed in the design or delivery of training, we found that levels of both self-interested trust and socially oriented trust between firms and their suppliers were lower. These lower levels of trust likely resulted because of the greater potential for opportunistic behavior. Here, firms may have found that they had to direct their energies toward monitoring suppliers instead of building relationships.

The hypothesized relationship between vendor dependency and trust was partially supported. It was anticipated that where training managers perceived that their suppliers were dependent on them for business that higher levels of trust would be observed. Specifically, we believed that higher levels of trust would be reported because training vendors would make deliberate attempts

to please their customers and that these positive actions might provide a basis for trust to emerge. While results demonstrated a significant relationship between vendor dependency and socially oriented trust, the expected relationship between vendor dependency and self-interested trust was not supported by the data. It is possible that respondents, at least in the short term, perceived seemingly altruistic actions as simply self-serving behaviors on the part of these vendors to protect their own interests and so were not inclined to believe that the training suppliers were actually demonstrating a commitment to the respondent firms.

Results also showed a positive relationship between contractual specificity and both self-interested and socially oriented trust. It is likely that more detailed contracts, where the responsibilities of each party and performance expectations were clearly defined, helped to mitigate the impact of opportunistic behaviors. This, in turn, was beneficial in both forming the basis for trusting relations and helping trust grow to higher levels.

We also found that where there was accurate and frequent communication between firms and their training suppliers, higher levels of trust emerged. Where respondents reported more accurate and frequent communication behaviors, it is likely that firms and training providers had a clearer understanding of each others' needs and capabilities and shared a sense of loyalty and responsibility for each other.

Finally, it should be noted that the expected relationship between a firm's outsourcing KSAs and trust was not supported. We anticipated that where a firm had experience in outsourcing, the potential for opportunistic behavior would be lower and trusting relations would emerge and evolve. However, a firm's experience level in dealing with outside suppliers was not significantly related to either self-interested trust or socially oriented trust. Although it is not entirely clear why this result was observed, it is possible that because of unfavorable experiences with previous outsourcing providers, training managers were more skeptical of external vendors and were reluctant to form trusting relations.

Limitations of the Study. Although this study represents an important first step in understanding aspects of the customer-vendor relationship where training is outsourced, it contains several limitations that should be addressed in future research. First, we collected data on the dependent and independent measures from the same key informant. The training manager is likely the individual best positioned to provide data on the variables in this study, but it is possible that a general response bias is affecting the results or that another person inside the firm might have had better information with which to respond to certain survey items. Future research might benefit from designs that avoid collecting all measures from the same key informant. For example, it may be possible to collect data from both the customer and the external training vendor.

Second, our sample was limited to ASTD members who had listed their job title as training manager or training director. Our concern was that by including additional job titles, we would survey individuals who would likely not have direct responsibility for the training function at their organization. However, by not selecting a random sample of individuals from the ASTD member listing, we have limited the extent to which the results can be generalized to other contexts.

Third, because this study was limited to firms that both had a training manager and were involved in outsourcing at least some of their training, it is possible that firms too small to employ training specialists were excluded. Thus, it may not be possible to generalize the findings in this research to these firms.

Fourth, our study asked respondents to comment on their training programs in general and did not focus on particular aspects of training. Future research that examines certain steps of the training process (for example, needs assessment or design of training) or focuses on particular types of training (for example, on-line or simulation) might prove beneficial.

Finally, these results are based on a cross-sectional survey. Thus, our ability to draw causal inferences is limited. Future research might well benefit from longitudinal designs that allow for causal inferences.

Practical Implications. Firms increasingly rely on training vendors not only because of the cost savings often attributed to outsourcing, but also because of training suppliers' specialized expertise. However, firms must also realize that by entrusting their training needs to an outside party, they assume certain risks. For instance, training is often closely linked to a firm's ability to maintain a competitive advantage (Huselid et al., 1997; Wright & Snell, 1998). Thus, the practice of outsourcing training can potentially result in undesirable long-term consequences. For instance, where firms do not have amiable, trusting relations with their training vendors, these suppliers may be more inclined to engage in opportunistic behaviors that ultimately prove detrimental to the client (for example, revealing important aspects of an organization's training programs to other customers).

Unfortunately, the literature offers few guidelines to training managers on how best to establish, and then maintain, trusting relationships with their training vendors. This is problematic not only because of the reduced risk of opportunistic actions where trust exists, but also because previous interfirm research has established the important role of trust in generating additional positive outcomes (Child, 2001; Swan et al., 1988; Zaheer et al., 1998). Thus, this study represents an important first step in identifying factors that are significantly related to the levels of both self-interested trust and socially oriented trust between firms and their external training providers.

Based on our analysis and applicable theory, this study suggests that attempts to eliminate uncertainties related to the design and delivery of training programs are essential in increasing levels of self-interested trust. Results suggest that accurate and frequent communication between firms and their training suppliers is useful toward achieving this objective. However, complete and detailed contractual agreements were found to be a particularly important mechanism in mitigating these uncertainties.

In addition, results indicate that managers should not immediately disregard outsourcing when dealing with specialized training needs. This is not to suggest that training managers outsource training that may represent a sustainable competitive advantage for their firms. However, our findings indicate that where specialized training is outsourced, higher levels of self-interested trust are possible. In fact, where investments are made by a firm or a vendor to provide firm-specific training, the firm or vendor may engage in seemingly unselfish behaviors designed to ensure that the relationship continues.

Results also demonstrated significant levels of association between factors in this study and more evolved forms of socially oriented trust. As with self-interested trust, uncertainty with the design and delivery of training reduced levels of socially oriented trust. In addition, detailed contractual agreements helped to mitigate the impact of uncertainty. However, it was positive communication behaviors that were found to be most influential.

Specifically, we found that managers reporting more accurate and frequent exchanges with their training vendors also enjoyed higher levels of socially oriented trust. When firms and training vendors interact on a regular basis and are open in their exchanges regarding training issues, suppliers are able to use their resources in a way that ensures training programs are designed and delivered to best meet the needs of their clients. In time, client firms and suppliers come to understand each other better and develop a sense of loyalty and responsibility to each other.

In summary, this study offers important insights into how levels of trust are influenced by factors involved in outsourcing training activities to external providers. Specifically, the study suggests that certain factors are more important in establishing self-interested trust and that others might be crucial in helping trust evolve to more socially oriented forms.

Appendix: Questionnaire Items and Factor Loadings

Scale and Item		Factor								
		1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
Self-Interested Trust										
Our outside training suppliers . . .										
1. have acted in self-serving ways. (R)		.43								
2. have never taken advantage of us.		.64								
3. have always looked after our best interests.		.66								
Socially Oriented Trust										
Managers in our firm and our outside training suppliers . . .										
1. understand each others' behaviors well.[a]			.61							
2. share a sense of loyalty to one another.			.60							
3. feel a sense of responsibility to each other.[a]			.59							
Idiosyncratic Training										
The training provided to us by outside suppliers . . .										
1. would have to be significantly changed if it were to be used in other contexts.				.62						
2. is specifically designed to meet our needs.[b]				.62						
3. is off-the-shelf training that could be used by many other businesses. (R)				.68						
Program Uncertainty										
Our outside training suppliers . . .										
1. work in a way that is difficult for us to monitor.					.45					
2. could be deceptive in their business dealings without us finding out.					.88					
3. could take advantage of us without us knowing it.					.86					
Vendor Dependency										
Our outside training suppliers . . .										
1. rely on our business to remain profitable.[a]						.80				
2. depend on our business for continued success.[b]						.83				
3. cannot afford to lose us as a customer.						.77				
4. depend on us more than we do on them.						.68				

(Continued)

Appendix (Continued)

Scale and Item				Factor					
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
Outsourcing KSAs									
The managers here who work with outside training suppliers . . .									
1. have worked with many different training suppliers.						.70			
2. have a lot of experience dealing with vendors in the training area.						.79			
3. are able to spend a lot of time monitoring these suppliers' performance.						.77			
4. devote a great deal of time evaluating the performance of these suppliers.						.68			
Contractual Specificity									
The agreements with our outside training suppliers . . .									
1. are as complete as possible.[a]							.77		
2. clearly outline the responsibilities of each party.[b]							.84		
3. provide clear descriptions of required performance levels.[b]							.70		
4. are specific and detailed.[b]							.74		
Communication Accuracy									
Managers in our firm and our outside training suppliers . . .									
1. trust that the information they receive from each other is correct.[c]								.78	
2. feel confident that the information they exchange is reliable.[c]								.76	
Communication Frequency									
Managers in our firm and our outside training suppliers . . .									
1. talk to each other often.									.83
2. communicate frequently.									.85
3. exchange information in a timely manner.[c]									.65
Eigenvalues	1.67	1.48	1.52	1.91	2.57	2.38	2.81	1.62	2.33

Note: All items were measured on a five-point Likert-type scale where possible responses ranged from Strongly Disagree (1) to Strongly Agree (5). Factor loadings lower than .40 have been excluded from the table. R 5 reverse coded.

[a]Item based on Klaas, McClendon, and Gainey (2000).

[b]Item based on Nooteboom, Berger, and Noorderhaven (1997).

[c]Item based on Mohr and Spekman (1994).

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Thomas W. Gainey is associate professor in the Department of Management, Richards College of Business, at the State University of West Georgia in Carrollton.

Brian S. Klaas is professor of management and chair of the Management Department at the Darla Moore School of Business at the University of South Carolina in Columbia.