JÖNKÖPING UNIVERSITY
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Trust among Partners in Startups

Master Thesis in General Management

Title: Trust among Partners in Startups
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                     trust, emotion, benevolence, experience.

Purpose

The purpose of this thesis is to understand how trust issues due to personal level trust factors can be mitigated in the early stages of a startup. Trust is considered as essential factor before two or more people start a business together. An untrustworthy partnership will never sustain longer. To do this, the authors investigate how personal level trust factors such as emotion, benevolence and experience affect startup partners.

Methodology

Data was collected from semi-structured interviews from 6 startup companies and analyzed using content analysis method. Different trust issues in young startup companies where analyzed. In addition, how trust issues affect the smooth flow of a startup at its early stages is analyzed.

Findings

The role of emotion, benevolence/goodwill and experience in startup partners where analyzed. Both positive and negative emotions of a person affect the relationships and hence the business operations. Being Benevolent is sometimes over exploited as expectations become more. Experience may or may not be required depending upon the situation and case.

Conclusion

The authors propose a learning model, which shows how an emotionally intelligent partner can contribute to overall development of the company by learning process and then improve performance. Partners should be emotionally stable so that they can be open and transparent towards each other irrespective of their negative emotions. Being open leads to trust creation which in turn leads to sharing and caring at personal level throughout the organization and hence leads to overall performance of the organization.

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1 Introduction

1.1 Background

In the 20th century, one fourth of all the businesses in the United States lasted for a year or less and the average life expectancy of a new business was less than 7 years (Van de Ven, Hudson and Schroeder, 1984). Researchers started analyzing what might have been the reasons behind such short span of businesses. Were these businesses unsuccessful? Were they looking for some favorable outside options? On what point of time were they lagging behind in such promising businesses? Huge investors and large corporations who were willing to invest in these startup businesses need to have a proper background study before they invest. In the recent past, the researchers (Zolin et al., 2011, Strätling et al., 2011, Şengun and Nazli Wasti, 2009, Fink and Kessler, 2010) had been studying the factors that affect unsuccessful businesses, such as capital, poor management, competition, low sales, unexpected growth etc. Out of which trust is a very common factor, which constitutes to the longevity of such entrepreneurial organizations.

Trust among the business partners is an essential component that is most important before they start a venture together. Trust has been considered as an important part of foundation of preliminary or an existing occurrence when people work or do any kind of activity together. The topic of trust has been a main discussion point across a variety of disciplines such as sociology, psychology, philosophy, law, economics, political science and management (Morgan and Hunt 1994; Rousseau et al. 1998; Smith and Barclay 1997; Williamson 1993). There are many studies on trust, yet it is considered indescribable; so it can be considered as a very challenging platform in its different notion. To maintain an effective relationship among partners, trust has been identified as the most critical factor (Child, 2001; Rotter, 1971; Tan & Tan, 2000; Walker, 2001). Castaldo (2007) has been on a long debate on various trust contexts. There are very wide ranges of definitional debates. Fink et al., (2010) evaluated 126 definitions on trust. The English language academic literature tried to understand the meaning of trust in each context in order to interpret it and its related sense (Saunders et al., 2010). Zolin et al (2011) stated that trust is a major and crucial concept while starting and developing a new business and speaks about its importance in various entrepreneurial contexts.

According to Gambetta (1988), trust is the most anticipating at the same time one of the most challenging and 'elusive' concept a person can understand. Höhmann and Malieva (2005) are also of the opinion that trust is something that is difficult to explain conceptually. It is a belief or an expectation that his or her partner will have only good intentions and together will work for a common goal. Partners may take risk in this belief because the other may not have a good intention as he has (Whitener et al., 1998). Blind trust or over-trusting has also been an interesting topic of study in the recent periods. Goel

and Karri (2006) argue that in a new venture creation, over-trusting is considered as an overall risk in order to achieve success. They also argue that entrepreneurs may over-trust in order to gain market resources assuming the risk it has. This emphasizes the need for research in business related trust issues to understand the bright and dark sides of trust.

1.2 Research Problem

There have been few studies on how trust can be created while starting a new business (Liao & Welsch, 2005; Zahra et al., 2006). Moreover, there are not many studies on the trust needed among the partners before they start a new venture. Gartner and Low (1990) argue, "*Organizations emerge when entrepreneurs are successful in achieving an understanding among the trusting parties—potential customers, creditors, suppliers, and other individuals and organizations—that things will work out.*" So to create a trust in the market is very important for entrepreneurs who start a new venture (Aldrich, 2000, p.218). Aldrich also points out that, at the early stages of a startup it is difficult for entrepreneurs to build trust among customers and suppliers. It takes a while to get their attention as a trustworthy person and this happens through the entrepreneur's behavior towards clients, suppliers and customers. Welter and Höhmann (2005) are of the opinion that institutional trust plays major importance than personal trust at the early stages of business growth. Institutional trust refers to the trust in an institution or an organization. This is much important for an organization to establish in an economy. Putnam (2000) is of the opinion that the institutional trust grows depending on the number of people known personally in that institution. On the contrary, in order to develop this institutional trust at first the partners must have a personal trust among them. Personal trust among two or more people does not occur all on a sudden. Zucker (1986) suggests that personal trust among people occurs through "prior exchange", which means that it happens over a process of exchange over a period. It builds up through long relationships when people get to know each other closely.

Studies show that at times when the institutional trust is low, personal trust can replace this institutional trust and apparently get back the institutional trust (Williamson, 1993). It is hard to predict that when a truthful person can turn untrustworthy, it changes over time and so personal trust can gain or lose its usefulness. So the authors believe that the topic of personal trust among partners should be studied in detail with respect to the personal level trust factors. There are no written rules that the partners should follow such guidelines or follow these certain rules in their relationship. It is a belief that they have some moral values and keep a code of conduct within a society (Welter and Smallbone, 2011). Hence, the need for a study of the personal level trust factors is of importance.

1.3 Research Purpose

The purpose of this thesis is to understand how trust issues due to personal level trust factors can be mitigated in the early stages of a startup. In this thesis, the authors study about the personal level trust among two or more startup partners and they focus on the personal level trust factors such as emotion, goodwill/benevolence and experience as mentioned by Welter (2012). By looking into the emotional aspect of a partner, he or she can understand how their behavior can positively or negatively influence their partners, which in turn build up their mutual understanding and trust. It is also important to have a clear understanding about the partner's attitude when they work together, whether entrepreneurs have any personal interest while taking a particular decision. Similarly, they should also know how benevolent his partner is, so that there might not be a situation of hatred or personal revenge among them. Finally, by knowing about the role of an experienced partner, other partners can rely on him in taking a major entrepreneurial decision. According to Sherman (1992), lack of trust among partners is the main reason behind one-third of unsuccessful partnerships. Once trust is lost among partners, it is hard neither to regain it nor to continue the partnership.

The key research questions are:

1. How crucially the personal level trust factors such as emotion, goodwill/ benevolence and experience affects the new start-up partners?
2. What are the effects of negative emotions on start-up partners?
3. How to mitigate trust issues /problems due to personal level trust factors among startup partners?

1.4 Theoretical disposition

The next section is the Theoretical frame of reference where the authors will be narrowing down from a larger topic towards a narrower topic, which in turn leads towards the gaps in the literature. The section following that would be Research Method for this qualitative study, which would provide detail justification for the chosen research design, sample details and the data collection method. The next section is Empirical Results, which includes the results of the empirical study in detail and the analysis of the findings. The following section would be Analysis which will include examining the research questions in terms of the empirical findings based on the data that had been collected. Final section of the thesis involves with the conclusions, limitations, contributions of the study and the references.

2   Theoretical Frame of Reference

This section aims to give an overview on the theoretical framework including relevant theories and definitions related to trust, types of trust that involves in an entrepreneurial environment, factors that improve this kind of trust. The following sub-section gives an overview of trust in general. It evolves around the evolution of trust from the beginning of time to entrepreneurial contexts. This section would also describe one of the theories that helped to study the entrepreneurial trustworthiness. The next two sections revolve around the kinds of trust that ensures partnership longevity, which are Institutional and Personal trust. The final sub section involves the personal trust factors such as emotion, benevolence/ goodwill and experience. In order to ease the flow of the topics the authors have created a simple illustration as given in figure 1.
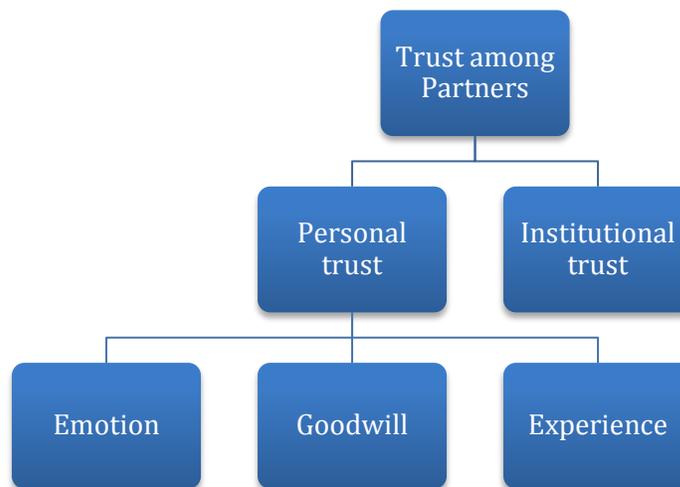
Figure 1: Theoretical frame of reference overview

The literature studies provide theories to develop during the research process. The main source of this secondary data is books, articles and web sources. However, peer reviewed journal articles were considered as the important sources as they are considered in their quality and relevance. Grey literature is also another important source of data collection. These include publications and websites by governmental non-governmental sources. Irrespective of the quality controls, researchers consider internet as both a blessing and a curse (Fink, 2005; Lee, 2000). This is because they further need to assess the quality of the information, which they have accessed and it is time consuming (Fink, 2005). This means that it is easy to get data from books and articles which are already peer reviewed as the as the credibility and accuracy will be better.

An in-depth theoretical study was done in order to understand clearly about the concepts of trust when it comes to business. Various theoretical data were collected from internet

sources such as Google Scholar, Web of Science and Primo. Jönköping University library has also been a key contributor to our theoretical data collection. These sources have provided various books, articles, and digital literatures that are very useful for our research. Key terms such as "Trust", "Trust among partners", and "Trust in Business" have given lots of valuable results and helped us in reflecting upon them throughout our research.

2.1   Institutional trust

Institutional trust is about the trust in institutional environment, which is about the firms and organizations in the legal form of its agreements, norms and standards. Institutional trust is important for well-organized business market because of the high economy characterized by a high level of institutional trust. Johnson and Grayson (2005) stated that to build a good relationship, benevolence play an important role. According to Gartner (1994), when nascent entrepreneurs think about starting a business, they consider external factors much more than the internal factors. Granovetter (1985) suggests that personal trust replaces institutional trust when an individual does not believe in institutions. Institutional trust is mix of both endogenous and exogenous factors. Hudson (2006) argues that as high as institutional trust is, it will increase the performance. Here exogenous are dependent on the individual characteristics. However, it has also been stated that the institutional trust is easily breakable (Hudson, 2006).

There is a lack of information on how institute influence on the institutional trust. There are chances of destruction of trust on the individual level. When a business partner does not fulfill all the requirements of the relationship and does not work as per expectations, doubt occurs and can reduce the faithfulness and destroy the trust. In this partner will not be able to claim because it is not legalized and not standardized. This will break the partnership in business (Kramer and Lewicki, 2010). Trust has been considered foundation of the emotions, past activities and features and it has two aspects: institutional and personal trust and one can even evaluate both together. It is not necessary that the institutional context affect positively on the business partner's relations and behavior.

2.2   Personal trust

Personal trust is the starting phase of a partnership which gives the original facts about the business partners (Zucker, 1986). Personal trust assumes about the partners that they will not behave in a way that will harm the business relationship even if there is no written statement. This means personal trust is independent from government rules, standard or norms, i.e. institutional trust. It is about the value, individual relation and code of conducts. Williamson (1993) has produced several theoretical models on different kind of trust. Williamson tries to distinguish between the personal trust and other trusts. Personal trust involves contexts revolving around non-commercial relations and risks. The measurement of risk can be done in personal trust and commercial trust: both are dependent on

relations. According to Hohmann & Welter (2005), personal trust is not considered very significant for the business growth. Moreover, institution can be considered important, but on the other hand, both are reciprocal to each other. This means institutional trust is established by the personal trust for the business. When entrepreneurs start new businesses, they are more likely affected by the personal circumstances

To build, develop and sustain a trustworthy partnership, social exchange is necessary (Blau, 1964; Holmes, 1981). Individuals who participate in public and social activities are those who are able to maintain a high trust with others and they get a good connection and build high belief among people, which is *interpersonal* trust (Keele, 2007). Lang & Hallmann (2005) argued that individuals could increase trustworthiness if they can handle it with honesty, integrity and performance with the others' prospects. He also added that it increases the chance of sustaining high interpersonal trust in societal view. Interpersonal or personal trust, which has been examined or analyzed by the social exchange theory, is a state of psychology which illustrates wish to admit susceptibility which are based on high hopes with positive prospects or positive behavior about the other person that s/he will do best for the business (Rousseau et al. 1998). It is a kind of relationship, which involves two sides: trustor and party to be trusted which is called trustee. Simply it has been considered that activities cannot be checked in the personal trust (Misztal, 1996).

In terms of trust objects and trust sources, Personal and collective trust join each other. A simple illustration for this is provided in Figure 1. Communities and organizations are based on the collective trust and personal trust helps to build the collective trust. "Collective trust" means, trust of many others together which as same as "institutional trust". However, institutional trust can be considered as both object and source (Nooteboom, 2002). Moreover, an argument about the institutional trust is that it is a combination of both individual and collective trust, which is needed to build an organization (Bachmann and Inkpen, 2011).
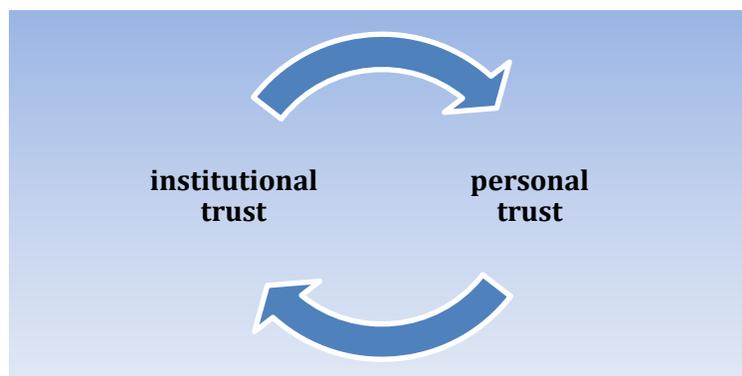
Figure 2: Institutional and Personal trust

2.3 Personal Trust factors

In order to develop the personal trust in a partnership, there are many factors that enables the smooth existence of a startup. In several articles, the researchers point out the simple elements that bind the partnerships. For instance, it could be an emotional binding that helps to connect the partners during the highs and lows of the other. This in turn helps build further friendship between the partners (Greve, 1995). The authors also provide empirical evidence of how such emotional support help in maintaining business relations. Similarly, experience of an individual accounts to improving the personal trust which in turn leads to *industrial trust*. This is further proved by the similarities when sharing learning, knowledge etc., especially among people with common competencies (Bowey and Easton, 2007; Welter et al., 2008). Others include *benevolence* and *goodwill*, which totally depends upon the individuality of the person. It is surprising that there has not been a model to improve these factors, which contribute to personal trust because of partnership in an entrepreneurial contextIn the following sections, the authors present the literature evidences of the importance of these factors, which improve the personal trust. This is explained using a diagrammatic representation in Figure 3 as shown below.
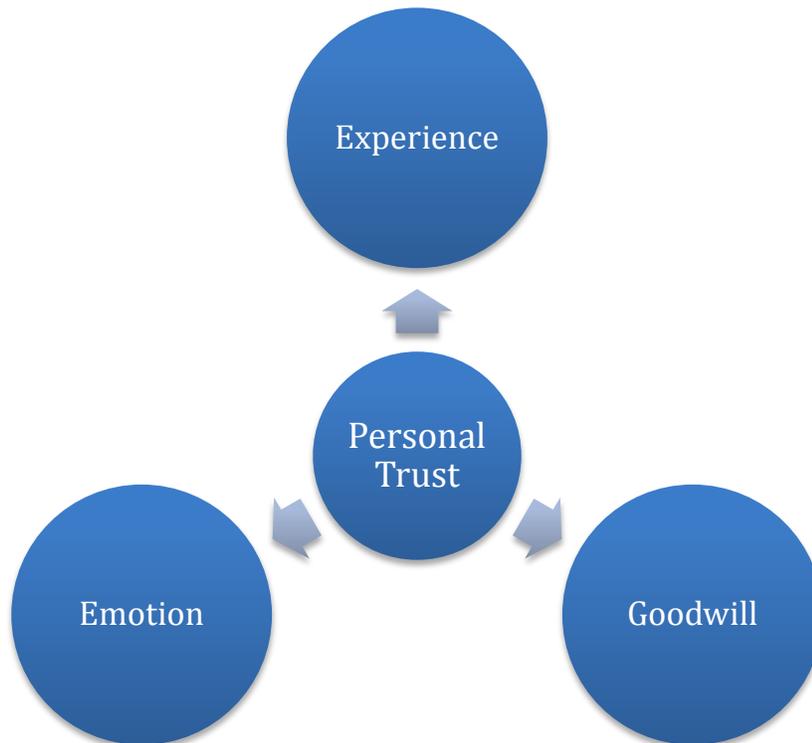
Figure 3: Personal trust factors

2.3.1 Emotion

Most of the previous studies have explored how moods such as positive and negative feelings influenced the decision making process. However, little has been done on the effect of specific emotions such as pride, gratitude, hope etc. (positive emotions) and envy, doubt, guilt etc. (negative emotions). The mood of a person may last for a while, but an emotion is always shorter in duration and they are more intense (Schwarz, 1990; Smith & Ellsworth, 1985). Fear and anger are two negative emotions, but however both these emotions have a different effect on risk management (Lerner and Keltner, 2001). They found out that the people feeling anger are more optimistic in risk management than people feeling fear, even though they both are negative emotions. Some scholars are of the opinion that moods are comparatively less attributed than emotions (Forgas & George, 2001). If two or more people have an interpersonal emotion means that they have a kind of different feeling towards those specific people. This is however different from how a person feels normally (Robbins & DeNisi, 1994). Fichma (2003) postulates that people having interpersonal relations have an emotional attachment. Two people have a positive interpersonal emotion means they have a good cooperation among them, it also prevents the sudden or uncontrolled actions. When one person develops a positive attitude towards the other means, the other will have a willingness to do an extra work to help that person, which further increases the cooperation among them (Williams, 2001). Ouchi, (1979) and Rousseau et al. (1998) points out that strong interpersonal emotion develops a shared identity and more likely, the members consider themselves as a team. Whereas suppose in a context, the negative emotions felt towards a new person at the initial stage in a team felt by another member can lead to lack of trust to that person (Schwarz & Clore, 1988). "Emotions do not grow within us but between us" (Weick, 1995).

2.3.2 Positive Emotion

According to Haidt (2000), there are many favorable outcomes for positive emotions such as 'greater persistence, favorable reactions to others and helping actions'. Positive feelings help people to have a better view of their work environment and keep them happy at work (Wadlinger & Issacowitz, 2006). Positive mood helps people to tackle difficulties, face more challenges and retain success (Diener et al., 2002). People who are cheerful finds failures or obstacles as temporary and will strive hard to come out of it. There are many positive emotions such as joy, gratitude, hope, pride, inspiration, amusement, love, etc., all these emotions are attached with helping people to create a positive atmosphere. Positive interpersonal relationships 'enhance member's willingness to engage in mutually beneficial versus individually rewarded tasks' (Williams, 2001). Moreover, interpersonal trust is developed by interpersonal emotions (Bower, 1981).

2.3.3 Negative Emotion

Negative emotions tend to lose focus away from the roles and duties of a person. Fear, anger, sorrow, grief, disappointment, frustration are some of the main negative emotions.

These emotions are generally difficult to handle and control. The studies on negative emotions are more than that of the studies on positive emotions. People who tend to express negative emotion to others will always try to keep a distance from others and cooperation's with others will be minimum (Bower, 1981). Negative emotions stain the view a person sees other, Schwarz & Clore, 1988. The negative emotions towards a newly assigned team member can moreover lead to distrust and uncertainties among them Schwarz & Clore, 1988. Frijda, 1988; Schwarz & Clore, 1988 are of the opinion that negative emotions towardsds another person may lead to questions in their relationship and then further lead to trust issues among them.

2.3.4 Goodwill

Sako (1992) was an author who studied the relation between goodwill and trust. According to him, goodwill is the mutual expectation or a commitment towards each other. It is the readiness to do something more than what is formally required. In a business context, an enterprise having profit is believed to have goodwill. Business experts say that goodwill really exists, but is in intangible. It cannot be seen like cash, inventory or land and it is something that is gained through trust. According to Story (1980), Goodwill is something that is much more important than capital, inventory, property etc. It is the encouragement and support an organization gets through its constant or habitual customers (Story, 1980). Goodwill was also defined as "the ability to earn more than a normal rate on the assets of a business" (Shannon et al., 1998). An old definition says, "Goodwill is the probability that the old customers will always go to the old place only." Kelly (1998) said that the people working in an enterprise also have something to do with the goodwill of the enterprise. He says that if an old worker is replaced by a new worker, there is no guarantee that the goodwill of the firm can remain as before. This shows the relationship between personal and enterprise goodwill. He also adds that both personal goodwill and enterprise goodwill are necessary for the overall success of a business.

Johnson and Grayson (2005) consider that trust has two facets of competence and benevolence. In buyer supplier relationships competence trust plays a major role but in this context, the role of economic exchange plays vital than pure social exchange. But he believes that in this system the representatives involved are still humans and so trusting behavior occurs at personal level and hence benevolence also plays an important role. He adds that the importance of benevolence is because of the fact that as relationship grows role of benevolence grows along. At the stage of meeting the minimum expectations about a partner's competence and benevolence then mutual support, motivation and personal commitments starts (Johnson and Grayson, 2005). In simple words, goodwill/ benevolence is the belief of a buyer that the supplier will always have a decent behavior and will not do anything that is harmful for the buyer (Doney and cannon, 1997: Ganesan et al., 2010). Benevolence is moreover and emotional attachment it always has a concern about the other party. This concern however develops over time as benevolent. Johnson and Grayson,

2005 says that as this emotional connection grows deeper trust may go beyond a level of knowledge and experience. Benevolence trust is the hope that the other will behave as hoped or expected (Clark, Ellen and Boles, 2010; Doney and Cannon, 1997).

2.3.5 Experience

The term experience means learning. Both firm and the people in it 'experience' over a period of time through a series of events both correct and wrong. And this changes their views, attitudes, expectations and beliefs which will be of use for future. Havila and Wilkinson (2002) say that a relation does not begin and end. The people involved in it will always have some previous learning's and experience with others. At the early stages of a business, when two firms meet for the first time, there wouldn't have been any chances of prior history or interactions with them unless they have been introduced by a mutual acquaintance. At this stage, trust will be more subjective and calculative due to lack of experience. Firms will be using secondary sources to know about the reliability, skills and interest in the relationship with the partner. (Das & Kumar, 2007; Das & Teng, 1996;Lewicki & Bunker, 1995; Ring & Van de Ven, 1994; Shapiro, Sheppard, & Cheraskin, 1992). According to Halliday (2003), initial trust is not built on any concrete experience between two parties, unless they have interacted before. Experience is always intangible and tacit. It can be learned only through mutual interactions, outcome of an action and actual experiences over a period of time (Iyer, 2002). Only when a crisis or a critical situation arises, the experience factor comes on the spotlight.

Partners judge trustworthiness through knowledge and experience, hence the 'experience made during relationships allow trust to take root' (Coriat & Guennif, 1998). Trust and experience has a 'recursive' link between them, trust building is the result of experience, but on the other hand, it can also be the result of trust within relationship; but the strong relationships will only occur when there is experience in it (Coriat & Guennif, 1998). On the contrary, McKnight et al. (1998) argue that a previous experience with trustee is not a major aspect to create trust; it can occur eventually depending on various circumstances. Sometimes trust creates because of the fact that the trustee and the trustor belong to the same community, which is in line with the findings literature regarding 'unwritten rules of conduct' (Dei Ottati, 2004). Depending on the level of experiences, people eventually trust each other while they work together and get to know each other's 'competencies, motivations and sense of fairness'. (Bowey & Easton, 2007; Welter et al., 2008).

3 Research methodology

In this chapter, the authors detail the methods/tools followed to conduct the research. The details regarding the research design, research method, data collection strategy and data analysis used to answer the purpose of the research are detailed within this chapter. As the chapter continues details regarding the overview of company and research ethics are also provided.

3.1 Research Approach

In the late 1960's, researchers such as Deutsch (1973), Garfinkel (1967), Rottor (1967) did various studies on trust on different areas such as trust decision, social interaction and personality & predisposition respectively. Moreover, they have used different methods such as lab experiments by Deutsch, field observation by Garfinkal and scale-based survey by Rottor to interpret and analyze different surfaces of trust. Möllering (2006) was an author who wrote an entire chapter on the processes of how one could study trust and the different approaches of qualitative, quantitative and comparative approaches. Yet it is hard to say that one approach is better than the other: each approach should be considered in its own context. The qualitative approach is of a more open and less structured way of data collection and hence on the process, it may lead to finding out new concepts which were not found in any previous literatures. Whereas on the quantitative approach, the surveys are limited to the predefined set of questions and hence the probabilities of new findings are comparatively lower. As the understanding about the word trust grew, researchers started to view trust in different perspectives. In a psychological state, trust cannot be seen or experienced directly. Secondly as a behavior, trust is something that can be felt by some actions or emotions and thirdly, understanding the concept of trust may vary depending on the situation in which it occurs (Dietz et al., 2010).

The authors are approaching this research with qualitative study in order to be able to give the specific description on the trust's feature among partners in initial venture. The authors found that qualitative study would be relevant for extracting and finding significant result. Here the data can be gathered in flexible manner and has the option to improve while gathering the next data. It is a suitable way to understand the real world dilemma about trust (Cook et. al, 2004 & Kramer, 1996). Secondly, the authors will be highlighting the main personal trust factors like benevolences/ goodwill, emotion and experience. The authors are focusing on the different adjacent of trust such as individual, interpersonal, institutional trust; how they influence each other and how others perceive them as well. Therefore, the above variables are intangible and not measured by numbers. Therefore, the authors believe that qualitative study will be suitable for the research.

3.2   Research method

The goal of the thesis is to find out trust aspects which affects a partnership when they start a venture together or if they are already doing business together. This helps the startup partners to a great extend to keep up a smooth flow within the business relations and hence succeed in their business practices. The authors have focused on how partners perceive each other before starting and when working together. The attention will be on trust attributes of individuals. The authors further present on 'how' interpersonal trust responds in partnership and how other factors of personal trust like benevolences, emotions, goodwill and experience works and even what is the reaction when they mix with each other.

As trust is a psychological factor, the research has been structured in a way that the participants should be able to respond to the interview questions in a way that they do not feel that they are speaking anything bad about their partner. However, the intention of this research is to strengthen the bonds between partners. The interview questions are structured in a way that the first 6-10 questions are not focusing much on personal relationships. As the interview proceeds, gradually the authors have tried to understand deeply about the trust aspects such as, emotion, goodwill/ benevolence and experience.

In order to achieve the goal of the thesis, the authors believe that content analysis approach is ideal for such kind of study. The content analysis method is an approach in which the qualitative data is analyzed and meanings are interpreted (Schreier, 2012). By choosing this method, the data can be reduced to concepts that describes the research phenomenon (Cavanagh,1997; Elo & Kyngas, 2008; Hsieh & Shannon, 2005). Further, categories, concepts, model and conceptual system are also generated (Elo & Kyngas, 2008; Morgan, 1993; Weber, 1990). A qualitative content analysis is used both in an inductive and deductive way. When the data are fragmented or when there are not much data available, the inductive approach can be followed (Lauri & Kyngas, 2005). When the purpose of the analysis is based on previous knowledge and when theory is tested, deductive content analysis is used (Lyngas & Vanhanen, 1999). The first step to a successful content analysis is to collect suitable data and making sense of it. This can be all kinds of data, mainly textual data such as company reports, observational records, interview transcripts and diaries. In an inductive approach, the open coding, creating categories and abstraction are followed (Elo & Kyngas, 2008). This method gives the freedom to the researchers to test theoretical issues to get a better understanding of the data and also helps to get the essence of the of the words into fewer content related categories. The content analysis method uses the terms 'concepts' and 'categories' and finally the researchers gets to choose from them (Kyngas & vanhanen, 1999). Because of the availability of the content which is predetermined, an inductive content analysis approach is being used in this study.

3.3 Data Collection

The data collection process is mainly of two types. The first type of data collection is the primary data collection. This is the data which is collected for the first time, which means that the data is collected directly from participants or individuals. This includes interviews surveys etc. The second one is the secondary data and these data are the ones we get from books articles etc., they are already gathered and interpreted by some other authors (Jacobsen, 2002). In this study, data was gathered both from primary and secondary sources. the primary data to interpret the theory was collected through in-depth interviews.

The aim of this research was to interview all the partners of a startup individually and then to analyze what one partner feels about other and study about their trust worthy relationship. But as the study proceeded, the authors realized that this could create a sense of discomfort among the participants of the same firm. Moreover, the participants were of the opinion that interviews of both/ all the partners in a firm should be taken together. However, this will not be a reliable data when interviews are taken in-group, as one partner will not be able to open up his/her mind in the presence of other. Hence, the authors decided to interview just one partner from each startup. Therefore, in order to achieve the purpose of the research, the data collection instrument that was used semi structured interview which will be elaborated in the following sub section. The section following that will elaborate on the choice of respondents from whom the data was obtained.

3.3.1 Semi-structured interviews

The authors have chosen somewhat individualistic, semi-structured in-depth interviews, which will be personal even from partner to partner. The qualitative interviews are a form of conversations, which are questioning and answering about a certain topic (Lofland and Lofland, 1984). Interviews are a set of structured or semi structured questions that follow a particular purpose, normally they are in-depth study of a particular topic (Charmaz, 2014). These qualitative interviews generally are not only to understand the view of the participant but also to understand why the participant has such views (King, 2004). This research is to study the personal relationship and trust among partners. There are about thirty questions to know about the personal level trust factors such as emotion, intention, benevolence and experience. All the data collected will be accessible only to the interviewers and won't be disclosed to the other partner. All the participants were interviewed separately for 45-60 minutes. Interviews are structured and semi structured questions and the participants were given the freedom to speak however they intend to. The interview was structured in a way that the first 6-10 questions did not contain any

trust related questions or regarding partnership. Instead they were more general and related to the overall business. This method was used so that the participants do not have to straight away speak about trust issues with their partners.

3.3.2   Choice of respondents

The participants for our research are partners in six startup firms in Sweden. The partners were selected through purposive sampling and snowball-sampling methods as the authors already know few of the participants. All the startup firms chosen are between 6 months to 2 years of age. They were not selected based on their sex, age or ethnicity. The authors have tried to get participants from different sectors so that the research is generalized and not focused on a particular sector of startup.   However, majority of the participants were entrepreneurs who develop web-based applications. But still they have differences within them. Two of them are educational app while two others are online service and online magazine. One of the participants runs a food based firm while other is general service based firm.

While selecting the case company's, first preferences were given to the age of the company and whether the company has a partner or not. As the main aim of this paper is to make a strong foundation at the early stages of development of a startup, priority was given to company's which are not well established or are at their early stages. So all the participant companies are established in the last 2 years. The company's C and D have less than 1 year of experience while company F was established before 2 years. The startups are anonymous and therefore are named Company A, Company B, Company C, Company D, Company E & Company F. Majority of the Companies have 2 partners except the company C which has 3 partners. An overview of the respondents are given in the below table. The partners from the respective company who had been interviewed are named as Partner A1, B1, C1, D1, E1, and F1 respectively. A simple overview is shown in the below table.

Table 1: Partner and company description

	Company A	Company B	Company C	Company D	Company E	Company F
Product	Food	Online magazine	Educational App	Online service	service	Entertainment
Partners	2	2	3	2	2	2
Age of company	Less than 1.5 years	Less than 2 years	Less than 1 years	Less than 1 year	Less than 2 years	2 years
Relation with the partner(s)	Friends	Friends	Colleagues	friends	Colleagues	friends
Acquaintance since	10 years	6 years	1-3 years	3 years	4 years	3 years
Partnership since	Founding partner	Founding partner	2 Founding partners	Founding partner	Founding partner	Founding partner
Previous experience	No	No	Yes	For one partner	No	No

3.4 Data Analysis

The data collected were transcribed and then analyzed using the content analysis method. The content analysis method is an open approach to qualitative data analysis. At first the relevant material in order to retrieve the data was selected. This can be done based on the main research questions. The materials selected where then analyzed based on the factors that are needed to answer the research questions. These factors where determined from preexisting theory. They can also be identified and refined during the process of analyzing the materials selected. Content analysis "is an approach that aims at drawing systematic interferences from qualitative data that have been structured by a set of ideas or concepts" (Easterby-Smith et.al 2012). The researchers find the meaning s and relationships of these ideas and concepts which are derived from preexisting theory or from the research question (Hsieh and Shannon, 2005; Flick, 2009). The data collected is reduced to concepts and categories and then the researcher chooses upon what to choose. The authors therefore conclude that content analysis is the appropriate method to proceed with the obtained data which will therefore help build theories revolving that

3.5 Ethical Considerations

As the topic is of trust is a psychological phenomenon, it should be handled with extra care. Since the data collection process was interview based and the partners had to speak about the trustworthiness about each other, it created a sense of confusion and hesitance for the participants. As the participants were not ready to speak of their partners, so the interview process was structured in a way that only one of the partner will be interviewed and that too with the concern of all other partners; but interviewed personally. This research

process is to enhance the trust worthiness among startup partners and so the participation was voluntary. The participants where told about their roles in the research, the potential risk and the overall benefit of the research. The right to be informed is considered as an ethical issue (Blumberg et al., 2011). Moreover, the participants are ensured that the research data, neither the company name, nor the participant name shall be disclosed and only be used for research purpose.

3.6 Trustworthiness

The findings of a research should be trustworthy as possible and the quality of every research study must be expressed in the concept of trustworthiness (Lincoln & Cuba, 1985). Qualitative researchers use the concepts of credibility, transferability, dependability and confirmability (Guba, 1981, Lincoln & Guba, 1985). These concepts should be evident in their research so that they can ensure the quality of the work.

3.6.1 Credibility

Credibility of a research is all about the confidence in the data collected and the analysis process (Polit & Hungler, 1999). Credibility starts with the decision making about the area of study, literature review, focus group and methods to data collection. Participant selection from diverse areas based on experience, age, gender etc. contribute to a richer data in the process of study (Adler &Adler, 1988). The amount of data to be collected and the depth of data is also an important factor contributing to the credibility. The researchers should also ensure that there are no irrelevant data are included and that most relevant data are not excluded. Credibility of the data also focuses on categories and themes. It also judges the similarities within and difference between categories. Credibility is making sure that the data are represented accurately and correctly.

3.6.2 Dependability

Dependability is the degree to which a data change over time and the changes made by the researchers during the analysis process (Lincoln & Guba, 1985). When the data collection process takes more time, there are chances of inconsistency in the data collected. When data is collected over a period, the participants may have new insights and this may not match with the previously collected data (Given & Saumure, 2008). As the environment varies during the process, the research context may evolve and then it cannot be completely understood at a point of time. The research context is hence open to change and the researcher must always keep a note of all the variations and changes. Also there might arise the need for change in methodology like increasing the number of interviews, increasing the codes etc. the dependability of the work is more when the transparency and relevancy is more.

3.6.3 Transferability

Transferability is 'the extent to which research findings can be transferred to other settings or groups' (Polit & Hungler, 1999). The researchers give suggestions about the transferability of the research whereas it is the decision of the reader to decide whether the data are transferable to another context or not. Transferability can be enhanced by the way of presentation of the research findings. Providing a complete understanding of the context studied and answering the research question properly also can increase the chances of transferability. This is where the readers decide whether they should transfer the context or not. The researcher is also responsible to ensure the findings are generalized to a larger group and not particularly focused on a minority group.

3.6.4 Confirmability

Confirmability is the degree to which the data collected are not biased by the researcher. Even though each researcher will have a different perspective; it doesn't mean that the participants perceptions are altered. The researcher must ensure that the meanings what people give to their experiences are correctly studied and validated appropriately. To assure the confirmability, selected participants can be asked to review some of the coding and the assumed meaning making process. This helps the researchers to confirm that the interpretations by the researcher match the perceptions of the participants.

4 Empirical Results

This chapter lists out the empirical results based on the data collected and the results of the content analysis. Key highlights in the respondent's conversations are stated to give more emphasis on the context. The following context details about the respondents interpret trust with regard to Emotion, Good will/benevolence and experience.   The following subsections will describe each of them and the authors would summarize their interpretations and analysis out them.

4.1 Overview of Companies

A brief description of each company are given below. This sub chapter clearly describes the relationships, the need and importance of trust according to different participants. The empirical data obtained regarding the experiences of working with a partner and their notion about why trust is required are described here by their respective startup partners.

4.1.1 Company A

This company has 2 partners and they know each other from the past 10 years. They both together started their business 1.5 years back. They both had the common interest in food industry and so they decided to start a venture together. They had a discussion about this since couple of years and then decided to go for it. The Partner A1 who was interviewed believed that there won't be any trust issues if he ran the business alone. He says that it is always good to run a business with a trustworthy partner. In general, his thoughts about partnership is about dividing the responsibilities among themselves and that it is also good to have someone to discuss with and take a good decision. Since the two partners both had a passion for food, it was easy for him to accept other as his partner.

4.1.2 Company B

This company has two partners and they are acquaintance since last 6 years. They both where friends and decided to start an online magazine 2 years back. They had thought of many startup plans and finally decided to proceed with online magazine after some market studies. Partner B1 who represented believes that trust among business partners is something to be considered very seriously. To run a business smoothly, he says that relationship really matters. To build this relationship, he says that belief in each other is very important. Although he is person who finds it hard to believe in people, whom he doesn't know personally, he had to convince his friend whom he knew very well in starting their venture together as he was not so interested in a startup. But knowing his colleague for the past 6 years made him believe that his partner's abilities and potential in making things happen. The two were equally involved in the development process. The main qualities that partner b1 finds in his colleague which made him trustworthy was his

commitment and moreover they were friends since many years. So, he knows that his colleague can be trusted. Cooperation and mutual understanding had always been the base of our business.

4.1.3 Company C

This is a different case from company's A & B. Company C has 3 partners and out of the 3 only two are the founding partners. The third partner has joined later. The founding partners came up with the idea of Educational App and has started in developing the App. The third partner later joined as he is an acquaintance of 1 of the founding partner for more than 3 years. Partner C1 who volunteered to provide data has faith in both his partners and they work hard towards their vision. Although their business plan was a bit different, they were working hard to develop it. Partners preferred to group together to discuss their new ideas before refining it together. In general, he has a very strong notion about trust and believes that it is very necessary in any business, even if it is in small scale or large scale. Partner C1 also says that trust worthy partners reduces the tensions and risks in business. This aspect appears to be one of the main reasons that the three decided to go for partnership as they can share the responsibilities and divide work among themselves. Partnership helped partner C1 to focus only on the areas, which he was supposed to deal with. Although friendship is the base of their partnership each of them know the other very personally for many years and they have seen his abilities and his weaknesses. The third partner was an acquaintance of the second partner and so they decided to work together as he had genuine interest in their business plan.

4.1.4 Company D

The two partners of this company where classmates and then roommates for 2 years. After their first year of university, they started working together on small website development projects. They both had an interest in digital products and later decided to start a digital agency. Partner D1 who volunteered the authors with their time, refused to accept trust is very necessary for running business, but that it certainly is easier and more efficient to have it. He adds that he is not religious, but he has faith in himself, and in the people he trusts. In the business world it means, that he accepts the opinions and decisions of the people he trusts. Partner D1 insists on making business plans together with his colleague. They always brainstorm among themselves about directions they should move forward. He has had experience in both ways of running a business from his previous ventures. He thinks that a partnership is more hard to get into and to run, but more beneficial for both parties as well. Partner D1 says that without a partner, people can lose the focus and turn into the wrong direction. Remembering his colleague from school days, he had a very good idea of his organizational management skills and he had trusts in him. The business they started was beneficial for both of them, and he doubts if his colleague would have slightest idea of scamming him. Partner D1 went on to do a background research on his colleague to

make sure on his trust worthiness. Regarding the finance, his colleague runs it completely, but he has full access to every transaction. His colleague was also serious towards company's goals. This is one of the partners' common values that helped the two build up the trust between them. Not only does his colleague have many connections in the IT sector which helped them during their initial start, but also that it was easier in terms of finding customers and building relations with them. He says that his colleague's reputation and relationships had helped them a lot. Partner D1 believes that his colleague always wanted the best for the business, and every people working in it.

4.1.5 Company E

This software product company has 2 founding partners. They are colleagues and know each other since last 4 years. They established their company less than 2 years ago with the aim of developing a software product. They both have previous experience in software programming. Partner E1 who choose to provide the authors with data said that it was a challenging job while working with initial plan to start his business. There was a need for a team to develop projects, planning etc. So he decided to approach a colleague whom he thought would be appropriate to start a venture with. It became easier for him while executing a plan as he could share his responsibilities with someone whom he trusts. Partner E1 also believes that trust is very important in business, but finding the right person is the first step towards a successful business and a successful relationship. If a person has the ability to run a business alone, then he adds that it will be best to do it alone as s/he doesn't have to convince or ask for permission from other. As his partner was his colleague from projects related to previous ventures, he had realized his colleague's potentials and abilities. Partner E1 summarizes that his colleague's work experience and sincerity paved way to choose him.

4.1.6 Company F

This startup business has 2 partners, they are childhood friends and decided to open a pub which was a longtime dream for one of the partner. The other partner had previous experience in working in a similar profession. Partner F1 who agreed to provide the authors with the data began that opening a pub was his longtime dream. He was an engineer and he used to work in IT industry. But to start a business of his own was always there in his mind. So he didn't have much to think before starting the pub with his best friend. Since the copartner was his childhood friend and his best friend, he didn't even think of any trust issues with him. Partner F1 definitely believes that trust is an important aspect to be considered in a business. He adds that a trustable partner can solve many of the internal problems in any business. He points out that a single person running the business can make better decisions but he/she could be reckless and moreover great things come out unplanned. Partner F1 believes that it is better to have a partner for a sound advice. The two copartners have common interests and moreover he appeared adamant.

His copartner also had some experiences in running a pub. Partner F1 finds his copartner trustworthy and honest. As they were friends, Partner F1 preferred not to review much about the finance as he did not wish to pry into his copartner's calculation. He has faith in his copartner that he will do it the right way. Since his colleague had some previous experiences with the same business, he had been able to promote their business to a great extent. As they are in direct consumer based industry, they believe that they earn a lot of goodwill through our satisfied customers. They share the responsibilities among us and they both do our parts with maximum effort. They sometimes have different opinions at times, there have been some issues as well.

4.2   Trust interpretations based on personal level trust factors

This subsection speaks about how the 3 personal level trust factors of Emotion, Goodwill/Benevolence and Experience are interpreted.

4.2.1   Emotion

A majority of the respondents were said to have emotionally inclined to their partners because of their long term relationships like friendship. All the partners representing their companies expressed positive emotions like joy, interest, hope, inspiration. They also expressed negative emotions like fear, anger, frustration when it comes to running the business together with them.

When it comes to comes to positive emotion the respondent Partner A1 quotes, "*so I know my partner very personally, moreover I believe that our minds work almost the same way... it is also good to have someone to discuss with and take a good decision.*" This shows the personal relationship in terms of friendship, which has bonded them on the venture. In this view, he recollects the good memories and achievements of his partner by assessing what he has previously achieved. On the other hand, another respondent, partner B1 also cites an instance for negative emotion like anger and frustration as he quotes, "*At times my partner gets nervous and creates pressure on me in making a proper decision... This sometimes makes me annoyed. Therefore, at times I was forced to take some wrong decisions as well. But this hasn't harmed our reputation in market.*" Another respondent Partner C1 says "*if one fails to do his job well or in the right time, it sometimes creates a confusion or affects the smooth flow.*" Partner F1, admitted that he had anger issues personally and that he was working towards controlling it. This further resonates in his cofounder's behavior towards him and the company. He says "*There are times in which his anger has brought us some losses, but I don't blame him fully. Even I react badly in some situations.*"

In general, the authors find mixed emotions that are realized under certain circumstances, but they also believe can be avoided. Although some of these were critical to the reputation of the business, the respondents in general were not willing to open up regarding power,

ownership etc. Based on the several instances from the data collected, the following first order codes represent the respective negative emotion.

Table 2: Negative emotion

Negative emotion	
Fear about the abilities of the partner	
Questioning when facing deadlines	
Fear about losing the investment	Fear
Fear about being judged	
Difficulty in dealing with users	
Unable to come to common solution	
Who works harder	
Deciding on one's idea	Anger
Poor communication	
Unable to meet deadline	
Failure to get investments	
Less resources and larger targets	Frustration
Failures due to lack of analysis and research	

The following instances prove the positive emotions that thrive between partners.

Table 3: Positive emotion

Positive emotion	
Moments of achieving investment	Joy
achieving targets	
Future targets and plans	
Developing strategies	Hope
Means of transparency	
Improve communication	
Milestones achieved	Pride

It is therefore evident from the first order codes that the moments of successes and future prospects lead to positive emotions. However, in an average company the negative emotions appeared to weigh more than the positive emotions contributing to the trust issues. At the same time, we can also see they also believe in frequent communication, a sample instance in which a respondent, partner D1, says is that "*Sometimes when there is a dilemma among us and we both have different opinions, we sit down to discuss. Most of the time it ends up in a mutual understanding* ". Therefore, we can observe the various second order themes with regard to the higher order dimension of emotion.

4.2.2   Goodwill or benevolence

Few respondents expressed ignorance in matters concerning the business tasks as this concerns with the "space" of his/her partners. A majority of the respondents believe not to have a speculative mind while performing the activities with their partners. Goodwill of the

respondents was well observed during moments of exhibition of positive emotions. However, it is also evident that the respondents exhibit the attitude of providing the hope when the other needs the most. Partner A1 says

" *When my partner finds difficulty during pitching, I sometimes try to intervene to help him out*"

As compared to Partner A1 who does not expect equal involvement of copartner, partner B1 says "*I expect my partner to take equal responsibilities as I take and stand up for me in our ups and downs. Regarding the financial matters, I sometimes review it; but not often. My partner is very good in dealing with it... I am sure that my partner will also have the same attitude as mine and will be willing to do an extra work for the overall benefit.*"

It is also clear from the data the partners share the common goal and are also willing to spend their extra time and resources to reach that goal. Partner C1 adds "*Our responsibilities are shared and we have assigned duties among us, which creates a balance...But I strongly believe that he will do his part to the fullest. We both try our best not to mix personal life with professional.* "While some of them have not assigned clear responsibilities among themselves. They work together and help each other as they are still in the starting stage of their venture. Since their friendship has bind them to start the business together, they are also able to able asses the pros and cons of their partners and find possible solutions. Partner E1 quotes "*We see beyond each other's strengths and weaknesses and try to be there for each other when the other needs us the most*". Sometimes the respondents also exhibit a little of reciprocity from their partner. This is observed from the statements that express the expectations. Partner C1 adds a comment as stated below with regard to this, "*I expect my partners to keep the same pace and work hard in moving the business forward. The second partner (colleague since many years) is the one who has the responsibility of finance. During our meetings we have the report regarding the financials and so I don't review it further.*"

Therefore, in general, we can conclude from second order themes such as attributes of one-for-one, reciprocity, sharing time and transparency are aspects of goodwill or benevolence that affects trust in a positive way. It is also sometimes very demanding. This also helps to maintain the equilibrium to reach the common goal of the venture in terms of hope and helpfulness.

4.2.3 Experience

Most of the respondents have found their partners or cofounders who had the previous experience or expertise in the particular arena of business such as entrepreneurship, IT etc. Although Partner A 1 and cofounder seemed to have their first experience in startups, they also had known each for a long time and therefore understanding each other's pros and cons. Partner A1 quotes about his cofounder's experience as follows

"*Regarding the reputation that my partner had brought to the business; last year he made a business plan which could bring more customer attention, which we think was a success to a great extent.*"

Therefore, he had seen him grow and make successes in the business that enhances the amount of trust he had about him previously. Similarly, Partner B1 who is also new to business says about how experience has influenced the trust aspect when in times of business decisions. He says that "*I believe that experience can play major role in business. Since we don't have much experience we have no other choice other than taking decisions ourselves. Sometimes I do let my partner take the decisions when I am not so sure of the situation. I have true faith in him.*"

Partner C1 refused to admit that experience can influence trust, however he did comment on mutual goal of reaching company's goals. He says "*I don't think that previous experience is a must in doing a business, we don't have any previous experiences in any business. But we all have the determination to take it forward. Decisions made by an experienced partner may not always be right. We decide upon majority interest and not based on any seniority or past experiences*". Partner E1 has his copartner who was already experienced in business, and in the IT sector, so at the beginning he could pass that experience onto him and it was a way easier start than doing it alone or both unexperienced. He also adds that in the beginning he had to believe this because he didn't have the experience to tell otherwise. He later on continued to consider decisions made by his partner, and he knows that he can be wrong as well. Partner D1 says that his copartner has good communication skills and with this skill he has brought many new customers for us. He says that good experience is important in business and instead he insists to have a good planning. He refused to accept that experienced people always have the right decisions and sometimes it might go wrong.

The only aspect where he thinks that experience helps in business is all about knowing people, making contacts and maintaining relationships. He says "*If a person can run a business properly, then he will be good in any business.*" A decision made by an experienced partner might be safe, but one should have the will power to take risks as well. He says that experience sometimes hinders risking capability of the other. S/he might not take risks forecasting the chances of any loses. Therefore, authors thus observe that the higher order themes, which appear from of the data regarding experience are impact on success, sales, technology and business decisions.

5 Analysis

This chapter deals with the analysis with the help of the data collected. The aim of this chapter is to produce research findings so that the research questions are answered. The three research questions will be answered in this section by analyzing the empirical data and studied theory.

5.1 Effect of personal level trust factors

This subchapter deals with the analysis of the first research question.

"How crucially the personal level trust factors such as emotion, goodwill/ benevolence and experience affect the new start-up partners?"

This question is analyzed with the help of the personal level trust factors of "emotion", "benevolence" and "experience" as mentioned in the theoretical framework.

From the content analysis performed, it is evident that emotion does have an influence on trust. The respondents whom the authors interrogated expressed both positive and negative emotions. Emotionally intelligent partners are able to manage one's own emotion and also understand what the other is going through. This way the individual is able to avoid conflicts and hence overcome challenges. As seen in the previous section positive emotion have a more positive impact towards trust, negative emotions have a negative impact on trust. Some researchers believe that business process must work logically rather than emotionally. However, since personal trust influences the industrial trust, it can be said to be larger impact on an organization level starting with job performance. Fear, anger and frustration are most common negative emotions that arises in such partnership related companies. This can also impact decision making capabilities of the individuals. This is in in line with several research articles which studies the impact of trust on judgment. (Ucbasaran et al., 2013); (Shepherd, 2003).

Therefore, the role of emotions impacts positively and negatively on the organizational trust. This would further resonate towards other levels/ layers that will be developed in the future. The authors predicted that negative emotions have negative impact on trust in partnership; however, some researchers predict that different types of negative emotions might have positive influence trust as well (Dunn & Schweitzer, 2005). Therefore, the authors conclude that understanding one's own emotion and copartner's emotion is ideal for the health of the organization.

Emotion
- Positive emotion
  - Joy
  - Hope
  - Pride
- Negative emotion
  - Fear
  - Anger
  - Frustration

Benevolence
- One for one
- Reciprocity
- Sharing time, resources
- Transparency

Experience
- Impact on success
- Sales
- Business, IT
- Decion making
- Risk

Figure 4: Personal trust factors based on analysis

Secondly the authors assumed that *benevolence* also impact on personal trust and thereby industrial trust. Although the research was conducted to view the instances of hope and togetherness, the results proved that the factors such as one-for-one, reciprocity, sharing one's time and resources and transparency. One for one is when the individual adopts to help the other realizing the moments that s/he needs him the most. This aspect of being there for the other influences the trustworthiness between partners. Although this is the theme which is expected during the initial phase of the startup, from the empirical data, it is evident that few of the respondents lacked the ability. A majority of the respondents did agree on the fact of being there for the other. Several researchers believe that this improves shared learning capabilities of both individuals and thereby reliability, performance which together improves the job performance (Begley & Boyd, 1987). Sharing of time and resources is another key feature which came up after the analysis in the previous section. It happens both internal and external to the organization. A majority of the respondents agreed to volunteer their time with noncommercial organizations which results in benefits such as marketing, sales, learning and team building. Most of the partners interviewed, agreed on networking and making contacts which provides a larger possibility of company expansion and investments. Partners who try to involve this within and outside the organization tend to more inclined toward trustworthy between each other. Reciprocity is also one of the most important factors which most of the respondents agreed upon. There appears to be mutual expectations between partners which must be realized by other. This is in line with several researchers who also believe that much expectation is to be met for the smooth running of the business. Transparency, which was also a result of the analysis, enables to enhance the trustworthiness between partners. This is achieved by frequent communication and documenting legal data and being fully aware of each other's work rather than providing the "space". Therefore, this is in line with the research.

Almost half of the respondents agreed that experience matters when it comes to running business. However, the remaining half refused, as they believed that success of firm

depends mostly on logic and wit. When experience mostly inclines towards success trust is achieved and when failure happens, the trust diminishes. As shown in the figure 5, the empirical results show the evidence that there is more trustworthiness when working with a copartner that has experience in IT, entrepreneurship/business, sales, marketing. However, the other partners who refused to accept that experience is required believes that it hampers the decision making and moments of taking risk. This is in line with several research articles which says experience has impact on trust (Wilkinson ,2002). However, there are other researchers who think that fast growth requires relevant experience for startups (Oe & Mitsuhashi, 2013).

5.2   The effects of negative emotions

This subchapter deals with the analysis of the second research question.

"What are the effects of negative emotions on startup partners?"

This question is analyzed with the help of the causes that led to the trust issues between the partners. This is entwined with the causes of the negative emotions which was presented in the previous chapter. In this subsection, the authors will elaborate the scenarios which led to the development of these themes.

The startup partners are often driven with the delusion that the copartner will be able to do it at any cost. But often this does not become the case. Although the person could be experienced, the individual is always forced to see his copartner with speculation doubting his abilities. There is always "*I just need to make sure*" for most of the respondents when it comes to matters such as finance. Another moment which is also related to speculation would be when facing the deadlines for milestones. Some of the respondents have faced failures when they were unable to meet the expectations on time. They realize that their target requires more than what was planned. Under such moments, the partners face stress and question each other for the unexpected outcome instead of working on a turnaround. Similar situation also arises when losing investment which in turn arises the moments of being judged. This sometimes results in arguments and shouts which worsens the situation. Sometimes being in the comfort zone is also the cause of such speculations. This is because the copartner does not involve in other areas of business which results in lack of communication.

Anger is the worst outcome of any situation that happens in a business (Cacciotti et al., 2016). This is often associated with power and greed especially during ownership. Sometimes there are moments when the partners think that the copartner does not work enough or when the partners have difficulty in accepting or understanding the other's idea/proposal. Many researchers have quoted such instances such as facing mortgages, losing clients, uncertain future, fear of failure and perceived risk (Arenius & Minniti, 2005);

(Hessels et al., 2011). However, empirical data does not give evidence related to these, power and ownership as this affects the business reputation. The points below summarize the above

Summary of reasons that affect trust between startup partners

1. Conflicting ideas/values
2. Power
3. Greed
4. Lack of communication/transparency
5. Negligent and being in Comfort zone
6. Problems matters more than solutions
7. Unexpected outcomes

5.3   Mitigating trust "issues"

Our third research question was formulated as follows:

"How to mitigate trust issues due to personal level trust factors among startup partners?"

From the empirical data that were available and the analysis previously done, the authors propose a model that could possibly avert such trust issues. From the initial proposition that emotion, benevolence and experience affects the trust, seeing from two perspectives such as *personal* and *institutional* level of trusts, on a personal level Openness and transparency must be inculcated between the startup partners. Openness between startup partners between the several decisions, ideas and values leads to transparency in the several operations such as sales, marketing, IT, management etc. At this point, it is ideal for partners to not to react based on emotions but to become more emotionally intelligent. (Van & Viswesvaran, 2004) This will be transformed and developed across several layers within the organization as the size of it grows. The founders can set as examples for the rest of the employees by improving on their leadership skills. As several layers develop during the development of the organization, collective learning plays the vital. Sharing of knowledge and information between the each other, implores possibility of caring between each other. This improves the trust between each other. In the end, it is ideal for people to focus on job performance overall. This involves developing the company's reputation by building on one's competency and maintaining the stability of the organization as a whole. Thereby focusing on gaining experience in the business operations required. Therefore, learning and performance improves the Institutional trust. The following diagram (figure 5) illustrates the startup growth phases using emotion, benevolence and experience.
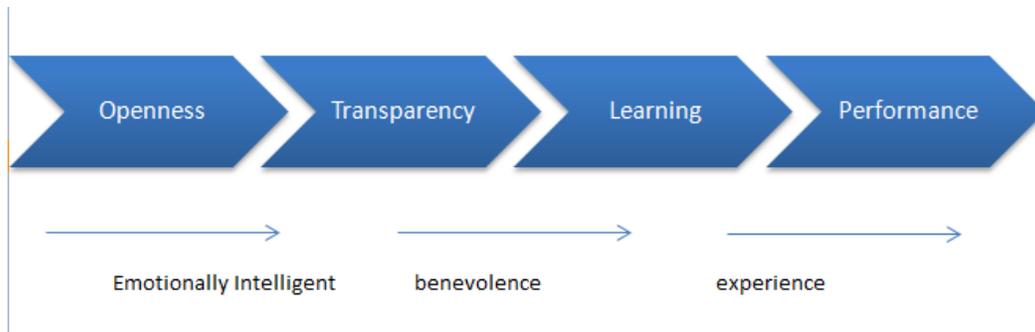
Figure 5: Trust mitigation model

As mentioned in the model proposed, openness leads to transparency among relationships. When relationships are transparent, there is no room for trust issues/problems. Moreover, the chances of building up a strong bond increases. But to be open and create transparency, entrepreneurs should initiate themselves. When one shows openness towards the other, there is a natural tendency for the other to be open as well. This creates transparency throughout all the business related areas and hence starts spreading from the top level to the bottom level as business grows. Which means that when top level management is transparent among themselves, this reflect positively throughout the organization. The entrepreneurs should act as a model for their employees by being open. This leads to a learning platform for the employees towards their colleagues. They share information and interact with coworkers and hence create a positive atmosphere. As they get closer by sharing and gaining knowledge, trust among them increases as well. When colleagues are open to each other, the output they produce will be better. Hence the overall performance of the company increases. Which means personal trust among people can lead to a good market reputation to the organization, i.e. institutional trust.

6 Discussion

This chapter finally concludes with the discussion and conclusion of the research findings. The three research questions are concluded in this section. Further the limitations and future research are also presented in this chapter.

6.1 Conclusion and discussion

The purpose of this thesis is to understand how trust issues due to personal level trust factors can be mitigated in the early stages of a startup. To do this, the authors investigate how personal level trust factors such as emotion, benevolence and experience affect startup partners. The following subchapters will give a deeper understanding of the three research questions by concluding and thereby fulfilling the research purpose.

6.1.1 The effect of personal level trust factors on new startup partners.

The three personal level trust factors of emotion, benevolence and experience have a great impact on relationship building among startup partners. An emotionally stable partner knows how to control his own emotions knowing his/her partner's emotions. This can reduce conflicts among them and will promote a smooth flow among them. Partners should be able control their negative emotions as negative emotions are considered to have a negative impact on trust. Emotions should not affect business processes and instead it should be handled logically. Emotionally unstable partners tend to express negative emotions of fear, anger and frustration; this influences the decision-making capabilities. Whereas positive emotions and an emotionally stable partner will have control over the situations and in turn reduces the chances of a negative occurrence.

One-for-one, reciprocity, sharing ones' time, resources, and transparency are also the proved factors of benevolence along with known instances of hope and togetherness. One-for-one, being for the other at moments when other needs help the most has shown to create trustworthiness. Being for the other in times of a crisis and supporting the other has a positive feeling and promotes trust. Being for other in time of a crisis means facing a difficulty together and this provides an opportunity for shared learning and hence increasing trust among them. Reciprocity is another important aspect to be considered for the smooth flow. Reaching the level of expectance of the other is a way of creating trust. Being transparent and letting access to all information has also proved to create to improve trust relationships. Frequent communication and avoiding communication gap will also be a great aspect of maintaining a trustworthy relation.

Finally, experience may and may not have a great influence in creating trust. trust decreases when the decisions made by an experienced partner goes wrong. Partners tend to expect a lot from an experienced partner, when this expectation are not met, there are chances of losing trust. However, some say that experience in business is not a necessary

factor. As this sometimes hampers the decision making process and can affect in taking a risky decision.

6.1.2 Causes for trust issues among startup partners

Negative emotions play a major role in creating distrust. Partners always have a misunderstanding that the copartners are capable of doing it at any cost. If the copartner is experienced, the partners will have a tendency on relying too much on the other. This sometimes create an unbalance and affect the smooth running when expectations are not met properly. When it comes to finance, there sometimes occur chances of making surety or reviewing the financials. This can also lead to trust issues. Meeting deadlines and forcing to achieve targets are other reasons. When duties are assigned and divided among partners, the expectations of other partners will be always high. When these are not met on time or as expected, trust issues and negative emotions come up. Being in the comfort zone hoping that the other will do is also a situation of distrust. Similarly, lack of communication and not having a basic knowledge in areas which are not related to his/her can create doubtfulness. Partners sometimes won't be able to accept the copartners views and opinions, this may lead to negative emotions such as greed, power and ownership issues.

6.1.3 Mitigating trust issues among startup partners

Mitigating trust issues has been considered as the overall development of the business. By creating openness and transparency in decision making process, sharing ideas and values, trust will be made amongst them. Partners should understand their own and their copartners emotions and should try to be emotionally intelligent. As the company grows, this emotional intelligence should be reflected upon the coworkers as well. This creates a sense of learning emotionally and this makes a learning platform. Sharing of knowledge and information creates possibility of caring among each other and improves trust between them. This open and transparent atmosphere of learning and sharing knowledge leads to the overall performance of the institution.

6.2 Limitation & Future Research

The research was done entirely on Sweden, but the participants were mostly international people having business in Sweden. So the result does not have to do anything particularly with a culture or ethnic group. The study was also not focused on any particular startups, some of the business where related to IT, while some others where a product or an entertainment business. So there are chances of getting a different result while focusing on a certain kind of startup business as the level of attention and commitment is different for different businesses. So the chances of trust issues and reasons may be different while analyzing trust in a particular industry alone.   There are also many other persona level trust factors other than emotion, benevolence/goodwill and experience as mentioned in the theoretical framework. But this study was done focusing on the mentioned trust factors. Moreover, while considering positive and negative emotions, it does not speak

about personal life and work life balance. Emotions that develop due to a personal life issue can also reflect on work life. As most of the participants are friends and colleagues, there are chances of emotions developed in personal life reflecting on their work life. This is an area, which is unexplored as how personal life emotions affect work life of early stage startup partners. Blood relationships and personal relationships among partners is another area, which is not focused in this research. If the partners are siblings or have any other kind of personal relationships, the results may vary as there is more of an emotional attachment and they can be more benevolent to each other. This may reduce or increase the chances of expectations from each other. Experience in business is an area which has to be studied in detail. Some of the participants consider experience as an advantage while some others think experience is totally unnecessary. Some even say that this limits the chances of taking risks and trying luck when experience governs emotions. Thus, further research can be done regarding balance of personal life and work life emotions of startup partners and experience.

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