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Is Trust Necessary in Supply Chain Networks?

- first impressions of Hungarian examples

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Consumers need for 'New quality'

Vertical coordination



Need for vertical cooperation

Supply chain networks



Importance of cooperative interfirm relationships

Role of trust



Example of Hungary

Lack of trust

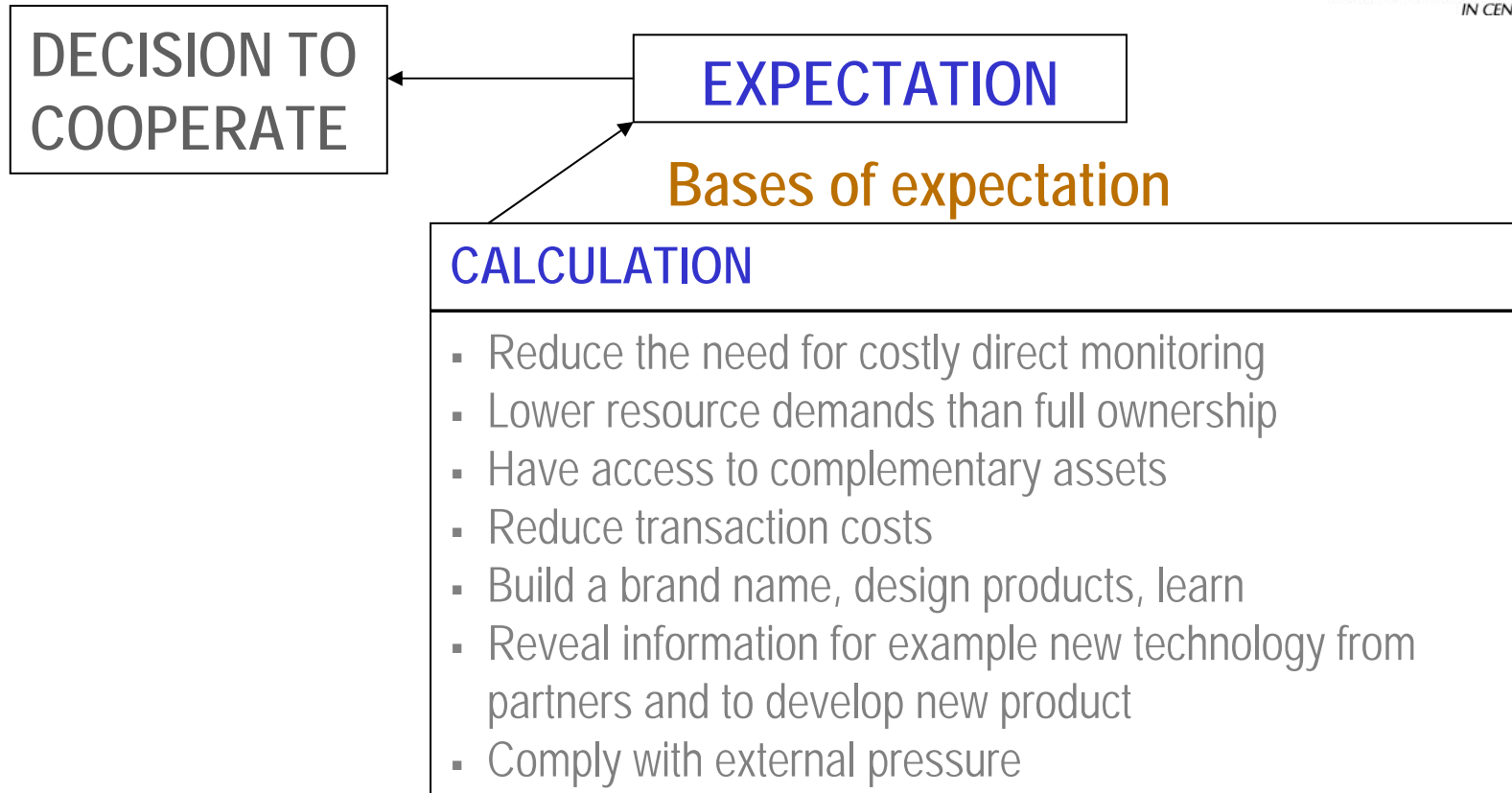
Is trust the only influencing factor of a successful cooperation?

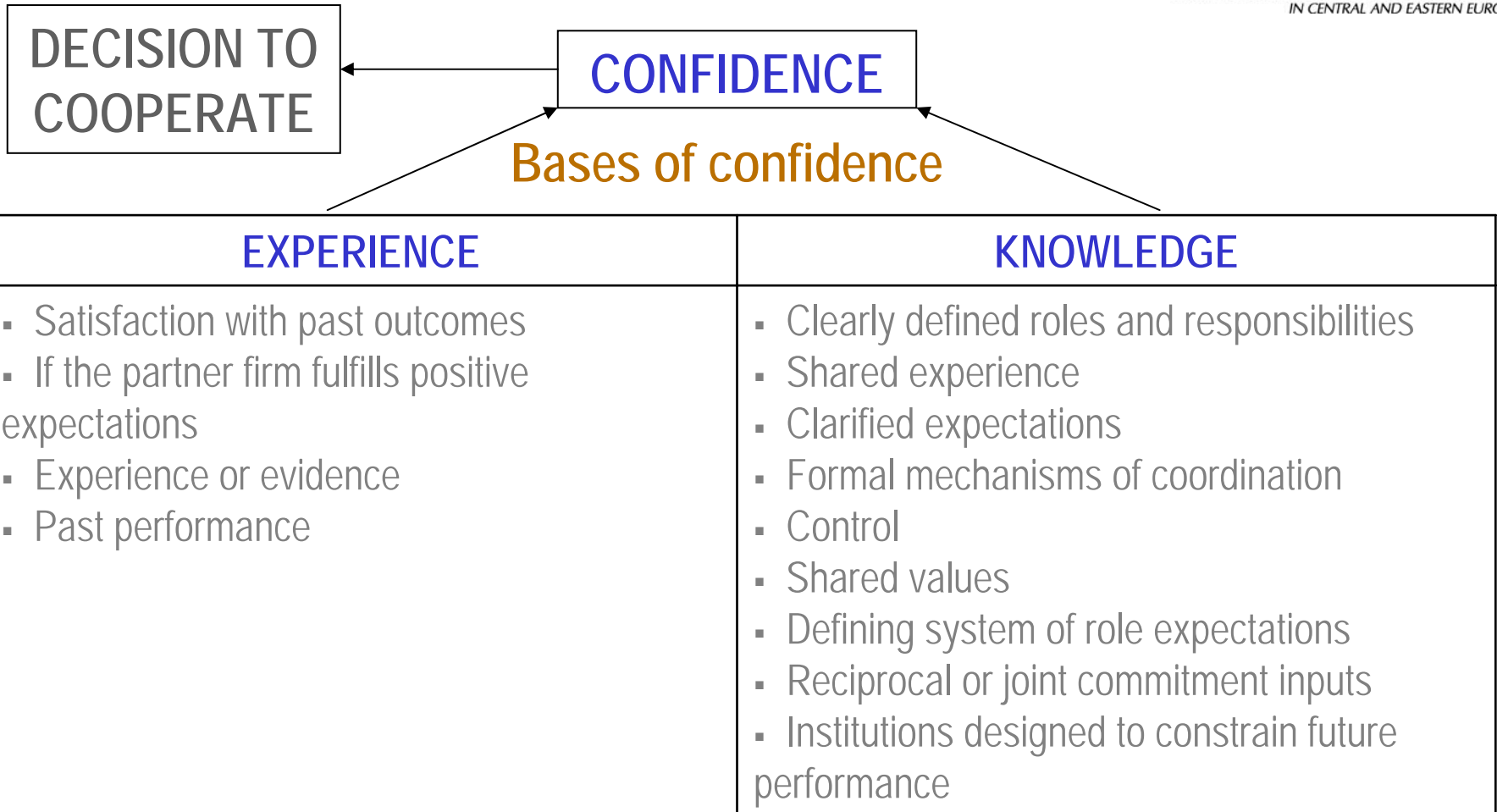


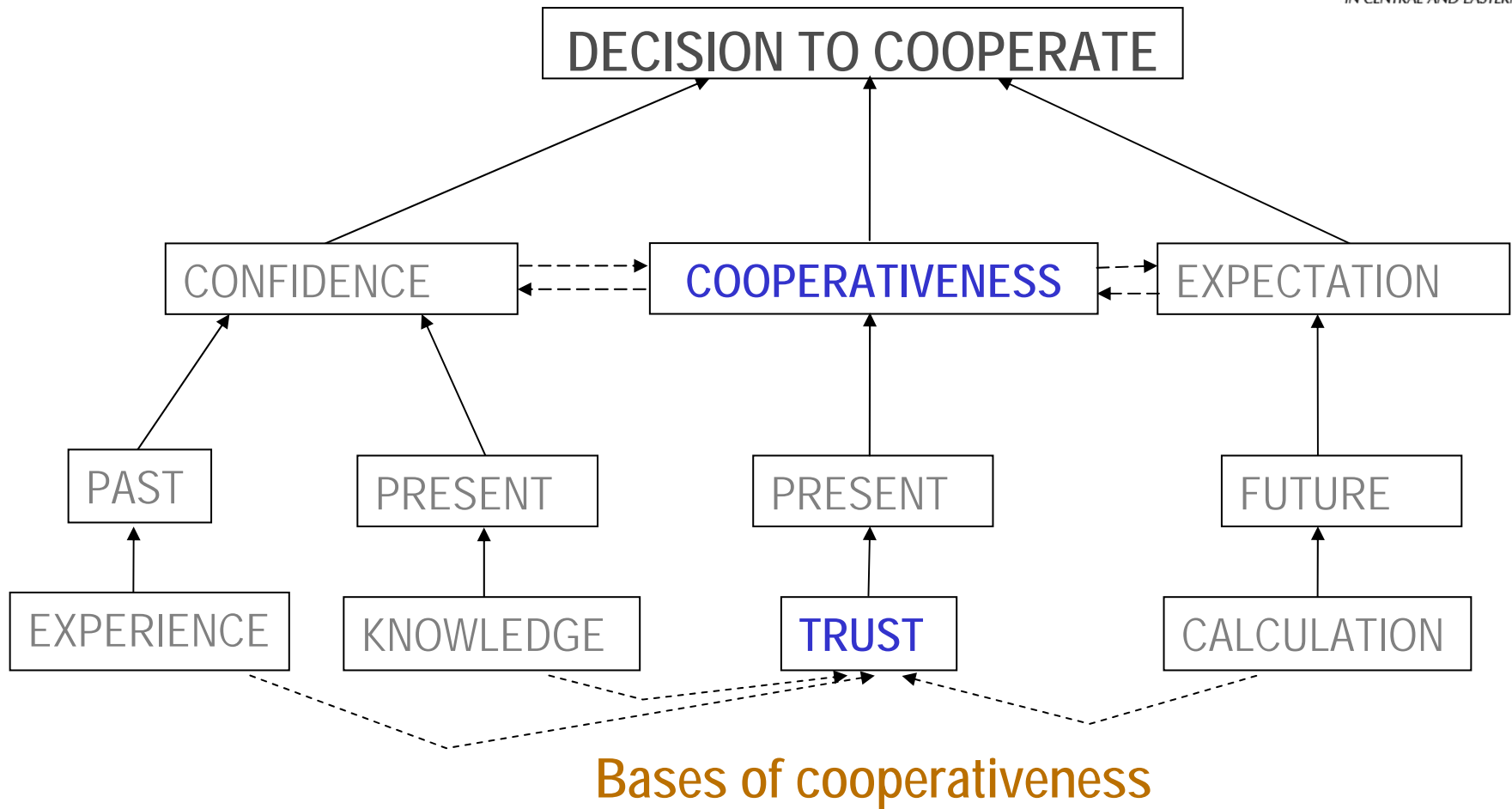
Investigation on influencing factors of the decision to cooperate

- expectation
- confidence
- cooperativeness
- trust

Preliminary work - based on literature review







	Confidence		Cooperativeness	Expectation
	Based on Experience	Based on Knowledge		
AVIUM Agricultural Cooperative and AVIUM 2000 Poultry Processing Cooperative	<ul style="list-style-type: none"> Members all knew each other through professionally and enjoyed good personal relationships 	<ul style="list-style-type: none"> Integrity of the president and his personal and professional connections Restricted circle of management controls 	Mutual trust and interest	<ul style="list-style-type: none"> More favorable producer prices Sales security Reduction of transaction costs
Mórákert Cooperative		<ul style="list-style-type: none"> Filter rules Strict coordination of quality and quantity of products. The ability of cooperative leaders 	Trust in leader	<ul style="list-style-type: none"> Reduction of transaction costs Solve the problems from incomplete pricing mechanisms
Hajdú Gazdák Cooperative	<ul style="list-style-type: none"> In producing In knowledge about other people especially about the leader 	Communication	Trust between members and the leader	<ul style="list-style-type: none"> Reduction of transaction costs

Increasing need for cooperation in the recent agri-food business

Investigation on key elements in the decision to cooperate -> expectation, confidence, cooperativeness, trust

Elaborating case studies about Hungarian cooperatives, conducted by Juhász and Kürthy (2006), Bakucs et al. (2007), Forgács (2008)

- Main expectations -> to secure the market and to decrease transaction costs
- Significant confidence level of members -> based on their experience with other members and/or the leader, on the clear rules, and on knowledge about members' mutual interest
- Trust in the leader of the cooperatives can be integrated into cooperativeness of the members

Thank you for your attention!