

Trust building and entrepreneurial behaviour in a distrusting environment: a longitudinal study from Bangladesh

Abstract

It has been widely argued that trust plays a key role in building entrepreneurial networks and entrepreneurial success. Despite this interest, there are still very few longitudinal empirical studies on trust building. This study shows how nascent entrepreneurs develop trust and entrepreneurial networks in poor rural Bangladeshi environments, and how they use both for entrepreneurial transactions. Data were obtained through longitudinal monitoring, questionnaires and interviews over a two year period. Using the framework of Lewicki *et al.* (1998) that considers trust and distrust to be separate, co-existing dimensions, this study shows how sustainable entrepreneurial relations, requiring interpersonal trust, can evolve in an initially distrusting environment – and explains why this process follows a particular sequence of events. We found that an external trust broker played a crucial role in trust building. Four domains of trust that play a role in entrepreneurial relations were identified, with thresholds in each domain that need to be reached for progress to the next.

Keywords

Trust development; trust building; entrepreneur; entrepreneurship; network; resource constrained setting; poor; developing country; developing countries; trust broker; NGO; domains of trust; trust domain; trust dimension; Bangladesh

Introduction

In their introduction to the 2006 special issue on *Trust of Entrepreneurship, Theory and Practice*, Welter and Smallbone note that “*trust building* is a topic that, surprisingly perhaps, has received little attention in *empirical investigations*” (Welter and Smallbone, 2006, p. 470, italics added). We agree that this is surprising because trust has long been recognized as an important facilitating mechanism in economic exchange. For example, Axelrod (1984) and Granovetter (1985) emphasise the role of trust in reciprocal cooperation and in embedded economic action, respectively. In addition, the importance ascribed to trust is reflected by hundreds of articles on trust in entrepreneurship journals alone (see Welter (2012) for a concise overview). It has been widely argued that trust plays a key role in building entrepreneurial networks (Kohtamäki *et al.*, 2004; Smith and Lohrke, 2008). In this context, trust is able to reduce complexity (Luhmann, 1979), overcome uncertainty and risk (Li, 2012) and lower transaction cost in networks (Howorth and Moro, 2006; Smallbone and Lyon, 2002; Welter, 2012), and has even been labelled as “the precursor to resource acquisition, knowledge combination, and exchange” (Liao and Welsch, 2005, p. 350).

The body of literature on trust in networks can roughly be divided into two streams along the classic macro – micro divide (Bachmann, 2011; Beugelsdijk, 2006; Nooteboom, 2002; Welter, 2012). At a macro level, trust in networks is often referred to as *institutional*,

extended or system trust (Möllering, 2006; Raiser et al., 2001; Welter, 2012) which includes actors like formal organisations and processes like sanctioning mechanisms (legal processes), as well as informal rules and values which govern participation and behaviour of agents in certain business transactions (Welter and Smallbone, 2006). Institutional trust is regarded as essential for market economies to function efficiently as it enables agents to enter into transactions with partners of whom they only have limited knowledge (Raiser, 1999). The second, micro stream relates to *interpersonal* trust which is a prerequisite for entrepreneurial relations. It is concerned with individuals, their set of expectations and ideas about the other with whom they interact, and expectancies about the other's capabilities and benevolence (Lewicki et al., 2006; Luhmann, 1979; Malhotra and Murnighan, 2002; Zucker, 1985).

Despite the interest in trust building, there are still very few empirical longitudinal studies in entrepreneurial settings. A search of the Web of Knowledge¹ on 24 January 2013, seven years after Welter and Smallbone's study (2006), found numerous laboratory studies on the impact of trust on entrepreneurial success (for example, Di Cagno et al., 2010; Kanagaretnam et al., 2010), and studies using general databases to find correlations between trust and aggregate economic performance (Caliendo et al., 2012; Dohmen et al., 2008) and reciprocity (Butler et al., 2009). It only revealed four additional studies focussing to some extent on empirical trust building in relation to entrepreneurship: a study of trust, control and perceived vulnerability in Chinese companies (Tsui-Auch and Möllering, 2009); analysis of inter-firm trust in Turkey (Wasti and Wasti, 2007) and Vietnam (Nguyen and Rose, 2009); and a study of the way in which women's views of trust influence entrepreneurship and career development (Sökjer-Petersen and Thorssell, 2008). While it is generally held that trust develops over time, there is a need for longitudinal studies that also consider context to capture the dynamics and subtleties in the actual *process* of trust building (Mishra and Mishra, 2013). Specifically for entrepreneurship, such studies could build insights into the different forms and bases of trust that are associated with different processes of entrepreneurship development (Li, 2013).

With this paper, we aim to add to the detailed understanding of different forms and bases of trust building by nascent entrepreneurs. We will do so in a challenging context for both entrepreneurship and trust building: the low-trust context (Aminuzzaman et al., 2003; Fukuyama, 1995) of rural Bangladesh. The paper is structured as follows. We will first describe the wider context of rural Bangladesh, followed by the conceptual framework that allows for studying trust in a distrusting environment. This is followed by a more detailed description of the case study and the methodology. Our findings first present a localised concept of trust followed by the data and descriptions of the observed process of trust building. Finally, our findings are discussed and related to theory.

Wider context: rural Bangladesh

Bangladesh is a developing country facing a number of challenges, having an extremely high population density of 1100 people per square km, slow economic growth, and high unemployment (Mabud, 2008). About 80 percent of the population lives in rural areas, where poverty has a higher prevalence than in urban environments, and over three quarters of the households depend heavily on natural resources (USAID, 2012). Like in many other

¹ <http://apps.webofknowledge.com>

developing countries, public efforts to improve household income often fail to reach the poor (World Bank 2003, p.19; Mair & Marti 2009).

Entrepreneurs have often been considered to be actors with better chances of improving livelihoods of the poor, mainly because they are embedded in the local context and have idiosyncratic knowledge of the resource poor environment in which they live (Dixon and Clifford, 2007; Hall et al., 2010; Kolawole and Torimiro, 2005; Seelos and Mair, 2005). Entrepreneurs in Bangladesh operate in a context with high levels of institutional distrust (Aminuzzaman et al., 2003) as a result of, among other factors, widespread corruption (Transparency International, 2012), a police force that does not treat people equally (BBC, 2005), the perception of public institutions as corrupt (Johansson-Stenman et al., 2011) and bribery and manipulation by local elites to extend their control over private and public land (Mair and Marti, 2009). Low interpersonal trust hampers cooperation between individuals and trust relations that do exist are generally confined to families (Aminuzzaman et al., 2003).

Entrepreneurs in this environment also face other barriers, such as low levels of education, no starting capital, few other resources, little or no access to networks, banks, other private institutions or public institutions, and a socially constraining environment (Mair and Marti, 2009; Narayan et al., 2000). Female entrepreneurs face additional problems because they are subject to more restrictive social norms (Mair and Marti, 2009) and they have less access to judicial and police systems (Khan, n.d.; The Lawyers and Jurists, n.d.) than their male counterparts.

Conceptual framework

Accepting that entrepreneurs can build interpersonal trust in a distrusting environment like rural Bangladesh is based on two assumptions. First, it assumes that trust is dynamic and can increase. As trust only exists between people, it suggests that people somehow learn or choose to trust, based on their assessment of the other (Dietz, 2011; Li, 2012). Second, it assumes that trust and distrust can coexist which implies that trust and distrust are not two sides of the same dimension – where trust is seen as the opposite of distrust – but as two separate dimensions.

Lewicki et al. (1998) provide a framework for studying trust along these two dimensions, defining trust “as ‘confident positive expectations regarding another’s conduct,’ whereas distrust is ‘confident negative expectations regarding another’s conduct’ ” (Lewicki et al., 2006, p. 439). In other words, when you trust someone, you have faith that that person will act in line with your interests, or at least not against them. When you distrust someone, you have faith that that person will somehow harm your interests. In this study, we assume that people base their behaviour on their expectations of the other’s trustworthiness, and can decide take a “leap of faith” to indeed render themselves vulnerable to another’s action when they trust them enough and see reason for it (cf., Lewicki et al., 2006; Li, 2012).

Lewicki et al. (2006) further argue that trust represents a continuum, ranging from low trust to high trust, and that distrust is a continuum ranging from low distrust to high distrust. Changes on one continuum do not necessarily influence the other as both dimensions are independent. They consider that situations of high trust can be characterised by hope, faith,

confidence, assurance and initiative while, conversely, situations of low trust can be characterised by no hope, no faith, no confidence, passivity and hesitance. This is different from situations with high distrust, where fear, scepticism, cynicism, weariness, watchfulness and vigilance are found (Figure 1).

<p>High trust <i>Characterised by:</i> Hope Faith Confidence Assurance Initiative</p>	<ul style="list-style-type: none"> - High value congruence - Interdependence promoted - Opportunities pursued - New initiatives <p style="text-align: center;">2</p>	<ul style="list-style-type: none"> - Trust but verify - Relationships highly segmented and bounded - Opportunities pursued and downside risks/vulnerabilities continually monitored <p style="text-align: center;">4</p>
<p>Low trust <i>Characterised by:</i> No hope No faith No confidence Passivity Hesitance</p>	<ul style="list-style-type: none"> - Casual acquaintances - Limited interdependence - Bounded, "arms-length" transactions - Professional courtesy <p style="text-align: center;">1</p>	<ul style="list-style-type: none"> - Undesirable eventualities expected and feared - Harmful motives assumed - Interdependence managed - Preemption. Best offense is good defense - Paranoia <p style="text-align: center;">3</p>
<p>Low distrust <i>Characterised by:</i> No fear Absence of scepticism Absence of cynicism Low Monitoring Nonvigilance</p>		<p>High distrust <i>Characterised by:</i> Fear Scepticism Cynicism Weariness and watchfulness Vigilance</p>

Figure 1: Trust and distrust as separate dimensions (Lewicki et al., 1998, p.445)

Besides postulating the co-existence of trust and distrust, this framework is indicative of different domains of trust (see also Nooteboom, 2002). Within each relationship, people can trust some aspects of the other, but not necessarily all. For example, "one spouse may trust another to take care of the children but not to drive the premium sports car (as past experience has revealed significant inexperience with a stick shift)!" (Lewicki et al., 2006, p. 1003). This idea of different domains of trust means that the question "Do you trust person x?" is not complete, and should rather be formulated as "Do you trust person x to do y?" These different domains of trust, combined with the concepts of trust and distrust as separate dimensions, form the conceptual framework that we will use to interpret our empirical findings.

Case study: The Social Entrepreneurship Leadership Programme

In the rural Bangladeshi context described above, some of the poorest women have learned to become social entrepreneurs, earning income, improving their own situation and helping their fellow villagers as an integrated part of the process. These entrepreneurs report higher income, more status, an extensive entrepreneurial network and other social relations, and a range of entrepreneurial activities (Maas et al., 2014). They did not receive financial resources or loans, but rather coaching, knowledge and skills training provided by PRIDE, a non-governmental organisation (NGO).

PRIDE started as a local initiative in west Bangladesh in 2004. Working in the rural areas of Jessore and Khulna, it focuses on the ultra-poor, people without land, steady income or a reliable resource base. In the Social Entrepreneurial Leadership (SEL) Programme that is the subject of this study, PRIDE trains women² to become social entrepreneurs – not just to ameliorate their own situation, but also to stimulate the development of other ultra-poor (Maas et al., 2014). In the course of one year, the Social Entrepreneurial Leaders (SELs), as the entrepreneurs are called, create their own business networks and teach the members of these networks part of the skill-set and knowledge (in particular on conducting certain entrepreneurial activities) they have learnt from PRIDE.

In the poorest *upazillas* (low level of Bangladeshi administration), 32 villages are selected to take part in the SEL programme each year. In each village, one SEL is sought in consultation with the village leaders. The SELs are selected on certain criteria, of which the most important are some interpersonal skills (must be open to other people and react positively to a neighbour's request for help), the ability to move around in the village (in practice: they have been married for at least 5 years, are widows or above 30 years of age) and good organising skills (judged by, among other things, a clean household). Following local mores, the family of the prospective SEL (husband, mother-in-law) is first asked for permission, after which the woman is asked whether she wants to participate.

After selection, the SELs receive their first training on vegetable and vegetable seed production in groups of 16. Experience has shown that this activity, building on the SELs' existing knowledge, is relatively easy to master and to reproduce. Vegetables and seeds provide food, save money from the household budget and can be a source of income. In the subsequent four months, four more training sessions are held. This cycle of five training sessions is then repeated once, rehearsing the skills and knowledge learned before and going into more detail. During these training sessions, the SELs are also taught to recognise opportunities and act on them.

At the same time as the training sessions, SELs are coached in building their hitherto non-existent entrepreneurial networks and to disseminate what they have learned to others. Continuing the learning process in the field and supported by PRIDE, the SELs go literally from door to door in order to convince other women of the benefits of joining their entrepreneurial networks. These networks serve two goals. First, the SEL creates a market for her produce. Second, she organises a work force for commissioned work like embroidery. As these work orders are usually too large to be fulfilled by a single person, the SELs have to teach others to do embroidery at a level that it can be sold back to the person commissioning the order. The attainment of these goals is dependent upon the SELs activities: the better she teaches her network members, the more success they will have. As the networks grow, the members are organised into groups of about 30 people, with a committee of five that helps the SEL with, for example, calling meetings and distributing work.

² PRIDE started working with both men and women, but all men have dropped out because of a variety of reasons (e.g. other jobs inside or outside of the village). Women usually stay in the villages and close to their homes, and have more time to develop their entrepreneurial activities. For these rather practical reasons, only women are now selected for the SEL programme.

As the examples above show, the people in the SEL's network have different (sometimes parallel) relationships with the entrepreneur: they are both customers (buying seeds) and suppliers of labour (for embroidery). Although these relationships might have differing characteristics in terms of hierarchy and expectations, they are both clear entrepreneurial relations in which opportunities are exploited and profits made. By October 2012, over 100 SELs had been trained and were still expanding their entrepreneurial networks.

Research questions

As we had access to starting entrepreneurs, we could follow the trust building process from the very beginning, studying

- How the trust building process develops over time
- What different forms of trust are involved in the trust building processes, and
- What the nascent entrepreneurs need to do to build trust in an initially distrusting environment

Although these questions focus primarily on interpersonal trust, we will address institutional trust as well, both because of the inherent embeddedness of entrepreneurship in an institutional environment and the involvement of PRIDE as an institution. To ensure the validity of our findings we first need to consider Bangladeshi understandings of the concepts "trust" and "distrust".

Methodology

The authors were involved in developing the SEL approach from 2006 onwards, and have continuously monitored the SELs' progress through field visits, in-depth interviews, and group interviews with PRIDE staff, entrepreneurs, their families and networks, and people in the villages. During 29 in-depth interviews (held in mid-2010) with SELs that started in 2009, it became apparent that trust was important for building networks and creating entrepreneurial opportunities. Based on these experiences, we decided to study the trust building process in detail with the cohort of SELs who started in 2010. Ensuring triangulation, we used six methodologies for data collection: photo voice in connection with a focus group discussion, in-depth individual interviews and group interviews, a questionnaire survey, and longitudinal monitoring with PRIDE staff. We first describe the methods used for understanding the Bangladeshi meaning of trust (Part 1) and subsequently the methodologies used to gather data on trust building (Part 2).

Part 1: Capturing meanings of trust

Recognising that trust is an elusive concept (Gambetta, 1988; Williamson, 1993) with many general and cross-cultural definitions, we first explored the Bangladeshi understanding of the concept. To prevent involuntary imposition of our own ideas, we used the photo voice methodology (Berg, 2004). In October 2010, we distributed disposable cameras to eight PRIDE staff and simply asked them to make photographs of "trust" and "distrust". They took these pictures on their own, or with another colleague. After the photographs had been developed, the first author facilitated a focus group discussion with PRIDE staff to discuss the images. Related images were then grouped, and these groups of pictures were subsequently ranked according to the level of trust they represented. The findings were verified with interviews with SELs that started in 2009.

Part 2: Capturing trust building

While working with the SELs, PRIDE staff monitored the trust building process between the SELs and their networks, capturing longitudinal data from the SELs' start in 2010 until 2012. The authors and PRIDE staff discussed the building of the entrepreneurial networks and trust during visits (on average four times a year) and over e-mail (weekly). These data describe the trust building process from the perspective of a relative outsider and were triangulated by other methodologies, directly involving the SELs or the people in their environments, which are considered next.

In October 2012, four group interviews (5-7 members in each, totalling 23 participants) and 20 individual in-depth interviews were undertaken with SELs who started in 2010. Some 18 group interviews were held, each with 3-7 people from the entrepreneurial networks of the SELs (totalling 85 participants). Interviews were also held with 7 husbands of the SELs and 10 village leaders. The interviews focused on the way trust had developed between the entrepreneurs and their networks. The first author conducted the interviews; a Bangladeshi translator translated them into English. Recording the interviews was not feasible in the local context: the SELs or their husbands feared that the recordings might somehow be used against them. Therefore, notes were taken during the interviews by both the interviewer and the translator, and the interviews were reconstructed afterwards. Some ad verbatim quotes were written down during the interview and, when applicable, used as illustrations in this article.

We also chose to include a trust questionnaire (see Appendix 1), based on Etang *et al.* (2012), to complement our more qualitative research methodologies. It was administered by PRIDE staff when the SELs started (October 2010) and repeated after one (2011) and two years (2012). This questionnaire consisted of 12 questions on a five-point scale. Although trust is generally hard to measure and results reflect respondents' interpretations rather than behaviour (Möllering, 2006), the quantitative findings were used to triangulate our longitudinal data.

Results

Part 1: Understanding trust in Bangladesh

The photo voice methodology illustrated several displays of trusting behaviour, summarised in Table 1. The resulting categories are arbitrarily divided into trusting behaviour with more entrepreneurial content, more private content, or both. The first category of trust behaviour (indicating low trust), for example, listening to each other, had pictures of both people chatting in a village and SELs talking to group members.

The lowest ranking expressions of entrepreneurial trust are consistent with Lewicki *et al.*'s quadrant 1, including professional courtesy, asking for advice (Table 1: Level 2), possibly acting on someone's advice (Table 1: Level 3), but without much confidence or initiative. Similarly, the higher-ranking expressions of trust reflect the values of the second quadrant, expressing strong confidence in the other's behaviour and promoting interdependence by working together (Table 1: Level 4). By entrusting others with money (Table 1: Level 5) or

sensitive information (Table 1: Level 6), people render themselves vulnerable to the other’s behaviour. Parallel to expressions of entrepreneurial trust, trust in the personal realm develops, leading from spending time with a person to inviting someone to your home and, finally, crossing group boundaries (Table1: Level 6).

We also asked PRIDE staff to take photographs of “distrust”. These images were harder to capture; for every 10 photographs of trust, there was one of distrust. Discussions of these images highlighted two things: distrust could either mean not trusting (e.g. not giving money to others) or, consistent with the framework described above, distrusting (e.g. knowing people would not return money when they should). This dual use of the concept “distrust” guided the careful phrasing of questions in the interviews. In the remainder of this article, “distrust” is used, as defined in the framework, as having faith that the other will somehow harm one’s interests

Although the specific expressions of behaviour might have some local characteristics, the general behaviour is consistent with the concept of trust described in the conceptual framework. We therefore conclude that it is legitimate to use existing literature and our framework to study trust building in Bangladesh and to continue with describing the outcomes of trust research in the SEL programme.

Table 1: Low to high trust (1 is low, 6 is high)

Source: Authors

Entrepreneurial trust	Private trust
1. Listening to each other and exchanging views are initial signs of trust. If there is no trust, people will not listen to each other and will not exchange information.	
2. Asking for advice is the next step in trusting people, actively seeking them out for their opinion and allowing them to give their views on a topic of personal interest.	Sitting together and talking is the first personal step in this list. Although they may still talk about business, when they take the time to sit together and talk about mutual interests, there is a degree of personal affection.
3. Using the advice in practice signifies a deeper level of trust, since one does not know whether the information given is accurate and whether it will work out. A related topic is accepting other’s experiences as true , not as made-up or exaggerated stories.	
4. Working together on a specific task indicates trust in the good intentions of each other, a willingness to jointly fulfil certain tasks – where everybody gets their own responsibilities and accountability for a shared goal	
5. Giving responsibilities, tasks, or money to others , expecting that they will fulfil the tasks even when you are not there, and that you will get your money back when you return. Difference with Level 4 is that people relinquish control over their assets or responsibilities without retaining a possibility to check or exert influence.	Inviting someone into one’s home is literally opening up one’s personal sphere to others.
6. Crossing boundaries of religion, caste, or gender by engaging with people from other groups, or by entrusting people with highly sensitive information about one’s life that one feels cannot be discussed, even within the family. Boundary crossing is potentially highly damaging to people’s status when abused or when leaked to other people.	

Part 2: Trust building within the SEL programme

As mentioned above, Bangladeshi society is characterised by low levels of institutional trust. This was confirmed during the interviews. Village leaders and SELs, their families and group members all knew of someone who had fallen victim to fraudulent organisations, people impersonating NGO personnel, and corrupt staff of legitimate NGOs. The distrust created by these experiences was reflected in the answers to our question “Did you trust PRIDE from the beginning?” Many people distrusted PRIDE to start with, as one village leader explains: “They came suddenly into the village and we could not trust them. Many NGO people come here and cheat people.” Although other village leaders were less distrusting, a general high level of institutional distrust and low institutional trust (quadrant 3 in the framework) was the starting situation facing PRIDE and the SEL programme.

Stage 1: PRIDE builds trust among villagers and participants

PRIDE had to show its good intentions by visiting the villages many times. Villagers saw the investment in time by the NGO as important evidence of its intentions because, as one village leader said, “without proof we can’t trust.” For one SEL, it took nine visits to convince her that PRIDE had good intentions. One husband explained: “Nobody trusts anybody at first sight.” Before he supported his wife in working with PRIDE, he checked out the training venue (that had been purposely located close to the villages) and asked the people working there what they knew about PRIDE, and whether the organisation could be trusted. Several SELs reminisced that their husbands accompanied them to the first training session to verify that their wives would, indeed, be following a training session, and that nothing that harmed their interests would be discussed.

In addition to the investment of time and effort in on-going visits, PRIDE used other tools to improve their apparent trustworthiness. They had a field office and a training centre close-by, with verifiable training materials. They talked with everybody in the village who wanted to know about them, using the same friendly way to address people regardless of their status, providing advice where they could, taking time to address people’s worries and asking questions to show their interest in people. Sometimes the village leaders helped to build trust in PRIDE, because they contacted people in other villages where PRIDE had worked to check PRIDE’s credentials. In their turn, they told the SELs and their families that it was safe to start working with the NGO. Engaging the SELs in the training, asking for their opinions and input, was testimony to PRIDE’s interest in the entrepreneurs-to-be. Inviting SELs who previously participated in the programme to the training sessions also provided further proof for their trustworthiness.

However, some participants were still wary. One SEL recalls: “After the poultry training [4 months into the programme], I realised my vegetables would not be taken away.” These realisations helped in developing trust, further stimulated by seeing the staff actually work with the villagers in their homesteads. During the time of the interviews, two years after PRIDE started their work, even male PRIDE staff could visit the homesteads of the women when their husbands were absent.

Stage 2: The SELs gain interpersonal trust from group members

When the SELs started to organise their networks, they did not face the barrier of being unknown to the women they approached because they were often relatives (in-laws,

cousins, brother's wife's sister, etc.). They were regarded as good people. Despite this, when the SEL first came to prospective members with the idea of forming groups or engaging in entrepreneurial relationships, they were, without exception, not trusted. This apparent contradiction can be explained by the theoretical assumption we adapted, that there are several domains of trust. Our data findings point to the existence of four such domains (Figure 2) which are explained using vegetable and seed production as an example. Our data on emerging trust are categorised in these four domains in order to better explain the differences between the domains and how they follow each other over time.

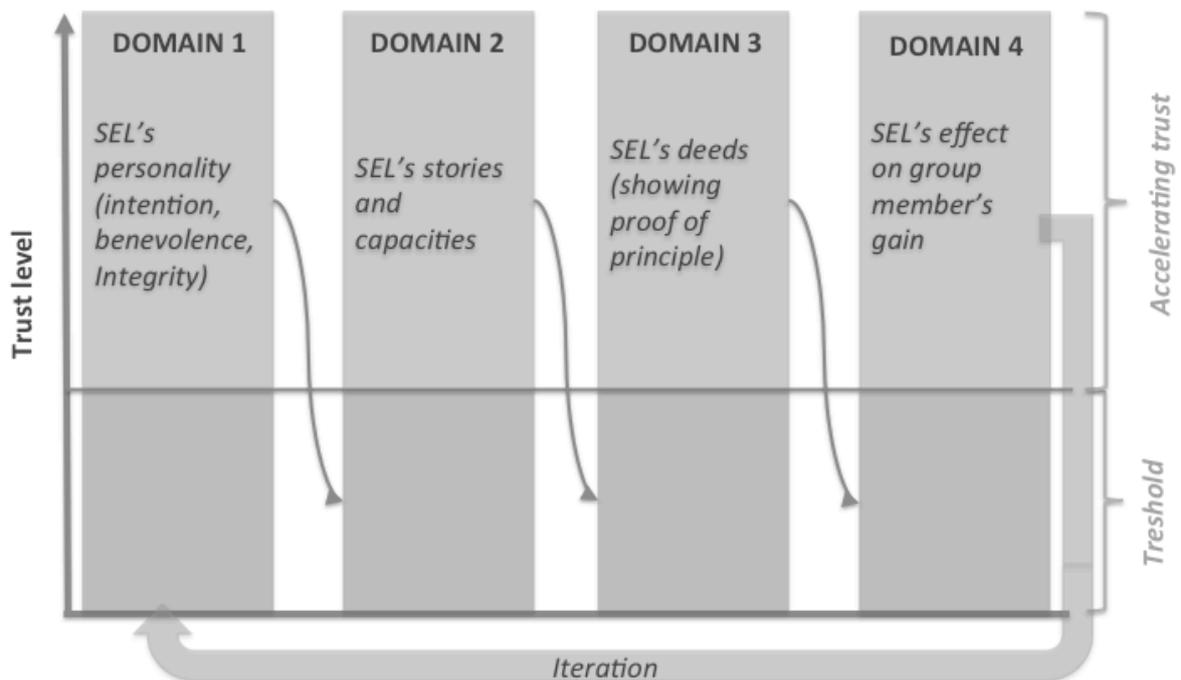


Figure 2: Domains of trust

Domain 1

The first network members were known to the SEL, some were even family, and they trusted her as a person. However, some people temporarily felt that the SEL became less trustworthy because she started working with an NGO. In the first weeks, people gossiped about some SELs, wondering why she would want to work with outsiders that cannot immediately be trusted, and some even feared that they might suffer in some way from the SEL's involvement with an NGO. A number of people were convinced that "negative things" would happen to the SEL. As these negative things did not materialise and the SEL remained the same friendly person that she had been before, trust in her was re-instated. This certain threshold level of trust in the personal domain was needed to gain people's willingness to both listen to her and to be open to her ideas. This level of trust in the SEL's personality was sufficient reason to proceed to the second domain (the thin arrows in Figure 2).

Domain 2

How could the SEL suddenly know about growing vegetables, doing beautiful embroidery or even vaccinating poultry? How could she have mastered the capacity, the knowledge, or the skills, as she had never done any of these things before? The group members were very clear

in their judgement: “We cannot trust these stories in the beginning because we don’t know whether there is any truth to it.”

PRIDE was able to help the SELs in their initial network development. Although PRIDE still faced high distrust, it had also built trust during the repeated visits to the villages and was seen as having educated and skilled staff. PRIDE was better able to explain the programme than the SELs and people saw them as the source of the new ideas and knowledge. In this position, they were able to help the SEL in her interactions with group members, as one SEL explained: “People saw that [I am] capable of working with an NGO.” The presence of PRIDE lent credibility to the SELs’ capabilities: it proved that she knew how to talk to NGOs and how to work with them. In an environment where poor people shy away from engaging with organisations, this is a significant achievement. And if the SEL has acquired skills to work with an NGO, she might also have the capabilities for more effective vegetable production. SELs expanded this initial trust in their capacities by repeatedly visiting the houses of prospective members (initially accompanied by PRIDE), talking about the ideas and disseminating the knowledge she herself had obtained.

After the first step of convincing a small group of people of the viability of the ideas and the newly acquired capabilities of the SEL, getting people to have a group meeting was another challenge. For many, it was unprecedented and they could not see the value. In addition, the SEL herself was inexperienced. Group members’ trust in PRIDE’s knowledge helped the SEL during her first meetings. With PRIDE staff present, the SEL would start the meetings, welcoming people and explaining what she wanted to do. Importantly, she asked others for their input and showed interest in their challenges and ideas, reinforcing the trust in her as a person and demonstrating her skills in conducting these meetings. As one group member put it: “I knew her before but we became closer during the meetings.” Having seen her capabilities in working with an NGO, displays of her knowledge and leadership of group meetings, the members accepted the possibility that she might have the knowledge to produce seeds and vegetables. The SEL reached the threshold of trust in the second domain when the members became willing to let her show that she could do what she claimed.

Domain 3

Trust between the entrepreneur and the group members was then further enhanced by the ‘proof of principle’: the verifiable success of the SELs’ vegetable project. She planted vegetables in beds, tended them and obtained higher production levels than she or her neighbours had ever had before. Although most of the women in the village had some experience with vegetables, they did not tend them because they had never previously seen any correlation with higher production. With this success, the SEL proved that she could deliver on her promise, reaching the threshold in the third domain. As one group member remarked about members who joined later: “They trusted her and it was true because they could see the seeds’ results.”

Domain 4

With the proof of principle established, people were willing to try these new activities and see if they could obtain higher production themselves. They still needed convincing that the SEL would teach them, and they were still hesitant to buy seeds. To overcome the latter barrier, the SEL gave them seeds, agreeing to have them returned with interest after the

group members' harvest. The SEL's assistance, and the assurance of PRIDE that they would receive support, was essential as several group members explained: "We see many rich people doing profitable activities, but they cannot explain to us what they do. We do not know how to do it, so it is of no use." Convinced of the pledged help, people started their own activities. It was only after the group members had produced vegetables and seeds themselves that the SEL passed the threshold level in the fourth domain. An exogenous stimulant of trust came from an unexpected side: changes within households, incited by the profits group members made, helped in increasing trust in the SEL: "When we did more activities, the relationship with our husbands improved and we trusted [*the SEL*] more." The ever-present household stress of enough money for food became less severe because the women produced food and made money that added to the household budget. The improved husband-wife relationship affirmed that working with the SEL brought beneficial results.

Iteration and expanding trust relations

When the SEL taught her group members to grow vegetables and produce seed, she also provided them with the opportunity to create their own vegetable seed and, thus, destroyed her own vegetable market. This led to an increased trust in the benevolence of the SEL (domain 1) and started the second iterative cycle of trust building (the arrow titled 'Iteration' in Figure 2). As the vegetable market is limited, other income generating activities are deployed by the SEL, such as vaccinating her group members' poultry. For this second activity, reaching the threshold in all four domains of trust is accomplished faster.

In the first two domains, thresholds had been already been reached with the seed activity, and the SEL had proved trustworthy and benevolent beyond the first threshold level. In domains 2 to 4, trust was higher than it was during the first activity and thresholds are reached sooner, although people remain vigilant. For every subsequent activity that requires group members' trust in the SEL, the process goes faster. The iteration of small steps in the trust building process reduces the risks involved in each step and strengthens connections between people, giving rise to what Sztompka describes as a "benign loop of evocated trustworthiness and reciprocated trust" (Sztompka, 2006, p. 912).

Simultaneously, the fame of the SEL spread through the village. More people saw the vegetable beds in their neighbours' homesteads and heard about the profits made with poultry rearing. They started approaching people in the network and the SEL directly, curious to find out how they could benefit too.

In addition, trust evolved in two other relations. First, the SELs needed to extend their network outside their villages to sell produce in markets and to secure work orders for other activities, such as embroidery. But the SELs were wary of other organisations, afraid that contacting them might somehow damage their reputation or that they would be cheated. These organisations, in turn, found it hard to believe that they could get an agreed quantity of quality product on time from the SELs. In this impasse, PRIDE had a crucial role as a trust broker. They introduced SELs to organisations in their network, assuring them that it was safe to talk to the organisations they had selected. Prospective business partners were supplied with examples of work done, together with PRIDE's testimony of the SELs' trustworthiness in doing business. In this way, entrepreneurial relations with mainly small business organisations were initiated. Distributing a work order for embroidery represents

the other new trust relation. In this case, the SEL has to trust the members to deliver a certain quality on time. Before distributing tasks, she will naturally choose those people whose capacities she trusts most, but after the division of tasks within her network, she has no means to enforce timely delivery of the required quality and she needs to rely on and trust her network members.

As the networks grow and people have more meetings, the group members get to know each other better and start helping each other, creating more interpersonal relations and trust within the networks. People become organised in groups of 30 and each group has a 'Committee' of five people. The committee members are delegated tasks by the SELs, for example to call meetings, distribute work orders for embroidery, and distribute seeds. Again, SEL needs to trust the people in her committee. The other network members trust the committee both by proxy (they trust the SEL and know the SEL appointed the committee members), and because the network members have developed mutual trust over time.

From this point onwards, the networks serve a third goal (next to being a market and a supply of labour): they become a place for socialising as the women find it enjoyable to work together, not just on entrepreneurial activities, but also to sit together to do household tasks. Stronger or 'thick' trust (Kavanaugh et al., 2005) develops and paves the way for more widespread and larger entrepreneurial opportunities. These networks of thick trust relations provide a safe environment for generating new knowledge and ideas, which is essential for new venture creation. This is demonstrated six months into the programme, when more ambitious entrepreneurial opportunities, such as joint fish production, pooling money for a rotating savings fund, and joint land lease and vegetable production, are created. In these activities, participants are more interdependent and have a common goal.

When starting these joint activities, the cycle across the four domains slows down because of the higher ambition levels: people talk more about the way they will work together and decide who is trustworthy enough to be involved in these larger projects. None of the group members could have started these ambitious projects without the positive experiences they have had with the SEL and other members. In addition to the entrepreneurial activities identified by PRIDE, new opportunities were created in the networks, including flower cultivation and the production of baby food, baskets and snacks. The networks were further used in other sectors of society: two SELs have run for elections (and came second); and several cases were reported where one of the members used the network to get the police or local administration to take their problems seriously.

Results from the questionnaire support the findings from the interviews and monitoring, indicate that SELs' trust in neighbours and villagers increased during the study (**Error! Reference source not found.**, with abbreviated questions; full questions in Appendix 1 – Questionnaire for SELs). Despite the small size (n=24), the results are consistent across the SEL population and we therefore do take the outcomes as indicators for trust building among SELs. Comparing the results for different questions, it is striking that while the general score for trust has risen (Q1–Q4 and Q12-neighbour, shop keeper), scores for trusting strangers (Q10) and the expectation of having a lost bag returned (Q9) have declined. A possible explanation would be that the SEL's discriminating abilities for both people and circumstances increased. That could also be an explanation for the increased

trust in NGOs (Q12-NGOs), as opposed to the decreased trust in local administration (Q12-local administration). Lastly, in the 2012 results we found that trust in the interviewer (Q12-PRIDE interviewer who normally worked elsewhere) scored lower than trust in the more familiar staff (Q12-regular PRIDE staff). Both people work for PRIDE, an organisation that the SELs have known and trusted for two years, but the scores differ a full point. This implies that while trust in some institutions (Q12-NGO, Q12-local shop keeper and Q12-PRIDE interviewer) has increased, interpersonal trust has grown faster and cannot simply be transferred to another member of the same organisation. In other words, personal trust is not directly delegated to the institution for which an individual is working.

Table 2: Differences in the SELs trust (N=24): 5=a lot, agree; 1= very little, disagree

No	Subject	2010	2011	2012	Result
Q1	People in this village can be trusted	3,4	3,9	4,3	<i>up</i>
Q2	People in <i>the nearest village</i> can be trusted	2,5	2,9	3,3	<i>up</i>
Q3	Generally speaking, most people can be trusted	2,8	3,6	3,2	<i>up</i>
Q4	Willing to lend bicycle to someone in this village	3,9	4,2	4,5	<i>up</i>
Q5	Willing to lend seed to someone from <i>nearest village</i>	2,7	2,2	3,0	<i>inconsistent</i>
Q6	Willing to help others	4,0	3,9	4,7	<i>up</i>
Q7	Others willing to help you	3,5	3,7	4,3	<i>up</i>
Q8	Neighbour would be willing to lend X	3,8	4,5	4,5	<i>up</i>
Q9	Return lost bag from <i>nearest village</i>	1,4	1,2	1,2	<i>down</i>
Q10	Do you trust strangers	2,0	1,7	1,5	<i>down</i>
Q11	Is it better to be cautious with strangers	4,5	4,3	4,8	<i>similar</i>
Q12	How much do you trust				
	-self	4,7	4,9	5,0	<i>up</i>
	-husband	4,0	4,1	4,3	<i>up</i>
	-father	4,4	5,0	5,0	<i>up</i>
	-mother	4,6	4,9	4,8	<i>similar</i>
	-children	4,2	4,3	4,0	<i>similar</i>
	-neighbour	3,1	3,2	3,7	<i>up</i>
	-NGOs	2,6	3,0	3,1	<i>up</i>
	-local shop keeper	3,0	3,2	3,4	<i>up</i>
	-local administration	2,7	2,2	2,3	<i>down</i>
	-PRIDE Interviewer	2,7	3,7	3,5	<i>up</i>
	-regular PRIDE staff ³	-	-	4,5	

Discussion and implications for theory

Before discussing our findings and sketching some possible implications for theory and practical applications, we want to point out that the implications of this study are limited in terms of environment (rural Bangladesh) and field of application (nascent social

³ This question was added in the 2012 evaluation

entrepreneurship). As a consequence, our findings cannot be directly transferred to other areas. Another caveat applies to the data presented in table 2. The differences in trust scores presented there could, theoretically, be caused by other events than the SEL programme such changes in local politics or other local events, despite the fact that we sought and found no evidence for such events during continuous monitoring and contact with PRIDE staff. For this reason, we are confident that the observed effects are the consequence of the PRIDE programme and can serve as input for our discussion. Nevertheless, promising future research might be strengthened by including a control group which might also help in identifying whether trust of nascent entrepreneurs intrinsically differs from that of the general population.

Despite these reservations, our findings add to theory in several ways. First, they provide detailed insights into the process of trust development among entrepreneurs in the context of rural Bangladesh. In this low-trust environment, the entrepreneur needs to start building trust in face to face relations. This process of building interpersonal trust follows a specific sequence through four different domains (related to the entrepreneur's personality, capacity, deeds, and effect on others) and is linked to specific entrepreneurial activity, such as seed production. In each of these domains, a certain threshold trust needs to be established before trust building can proceed to the next domain. We saw that particularly the start-up phase, when no entrepreneurial successes had yet been realised, the SELs needed to spend considerable amounts of time and energy on initiating the trust building process. During the development of later entrepreneurial activities, the trust building process is iterated, each time building on trust that has been built in earlier cycles and each time proceeding a little faster (identified as "accelerating trust" in Figure 2).

Our findings further indicate that the NGO played a crucial intermediary role in the trust building process by providing the SELs with credibility. Although the SELs were trusted as people (domain 1), they faced great difficulties in convincing network members of their newly acquired skills and capacities. The role of PRIDE was particularly essential in the second domain, depicted in **Error! Reference source not found.** PRIDE, in the role of trust broker, also facilitated the trust building process in the village networks and bridged gaps between the nascent entrepreneur and business organisations outside of the village. These findings refine existing theoretical notions that NGOs can be important in entrepreneurial development (Lee and Phan, 2008; Puffer et al., 2010), pinpointing exact phases in the entrepreneurial development process in which the NGO can play a crucial role and indicating what needs to be delivered to help the nascent entrepreneur along: to help build the entrepreneurs' credibility in the start-up phase. Interestingly, the finding that an external NGO helps in trust building is akin to recent findings in the field of organisational trust building in more regulated corporate environments: Mishra and Mishra (2013) argue, for example, that "institutional influences"⁴ (2013, p. 61) that reduce uncertainty and vulnerability play an indispensable role in the trust building process between leaders and followers.

⁴ Which they interpret as organizational regulations and mechanisms "less subject to leader influence" (Mishra and Mishra 2013, p.61) that reduce an employee's uncertainty.

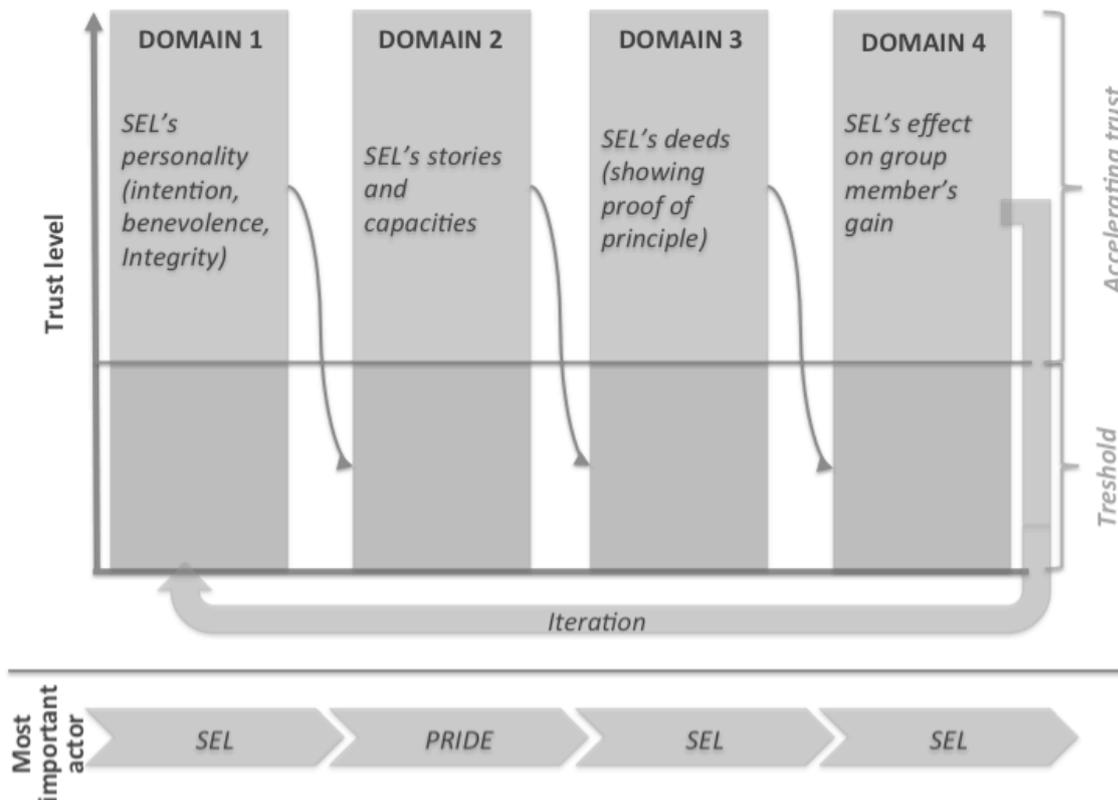


Figure 3: Most important actors in reaching thresholds in trust domains

With regard to the further process of trust building after the start-up phase, we found that the entrepreneurial trust building process continues to go through its iterative cycles and at a certain moment is strengthened by the parallel process of trust development among the members of the entrepreneurial networks. After that, trust relations become more complex for two reasons: first, a different 'direction' of trust starts to develop because the SEL has to start trusting the people from their network and other suppliers and, second, the emergence of a positive reputation of the SEL. Describing this growing complexity of trust relations goes beyond the scope of this article, but we did observe that the usefulness of the external actor in trust building shifts towards making connections to larger businesses further away. These observations carry implications for future programmes to stimulate nascent entrepreneurship in settings like rural Bangladesh. NGOs need to be embedded in the communities in which they operate, and first need to invest in building trust for themselves. If such initiatives would operate from a distance, they might reach entrepreneurs who are past their start-up phase, but would miss the larger amount of potential entrepreneurs who want to start, but are alone unable to build trust in domain 2.

Our findings also have implications for the way in which trust is measured. As Bachmann (2001) and others have already indicated, trust games built on Axelrod's (1984) game theory assume that actors are exclusively driven by calculation. As we have shown, this calculation is only made in domain 4. By implication, trust games (that include no knowledge of the other actors involved, nor their ideas or capabilities or capacities to deliver) measure an individual's propensity to take financial risks rather than the trust an actor has in other people. Questionnaires suffer less from this bias because when people are asked whether another person or group can be trusted, they will think of that person or group, bringing

their personal characteristics into the equation. However, further development of these questionnaires to include questions on all four domains would make it possible to measure actual interpersonal trust and to indicate at which domain trust is highest or lowest, thus improving the chance for effective interventions in trust building.

Lastly, we want to compare our findings with Bachmann's recent propositions namely that *"advanced socio-economic systems can hardly rely primarily on interaction-based forms of trust. [...] It requires repeated face-to-face contacts, is usually very time-consuming to generate and thus, often not very efficient. From our perspective, institutional-based trust appears as a vital form of trust, indispensable in most business relationships, especially in the developed complex business systems"* (Bachmann, 2011, p. 206). These diametrically opposed findings further underline the need to take environment into account when studying the development of trust processes. Indeed, in the subsistence marketplaces of low trust environments like Bangladesh, interpersonal trust is essential because institutional trust is absent and institutional distrust is high. These findings are analogous to Viswanathan's (2007) study of subsistence marketplaces in south India. On the other side of the spectrum, in the business environments that Bachmann describes, there are plenty of institutional mechanisms to ensure system's trust. However, even in highly regulated environments, we hypothesize that when studying trust building processes in nascent entrepreneurship, *interpersonal trust* is initially more important, because the institutional mechanisms cannot anticipate a *new* entrepreneurial service or product.

Nascent entrepreneurship presents a situation in which at least part of the context is subject to change. Deciding to trust a new entrepreneur requires a new cycle of trust building, a new assessment of the person, her ideas and capabilities and a potential return on investment. In addition to the institutional context, the entrepreneurial activity needs to be taken into account to adequately describe the process of trust building. We therefore boldly hypothesize that for venture capitalists or other actors deciding to engage with an innovative entrepreneur, our model might be more applicable, even in advanced socio-economic systems, than the model relying on system's trust.

References

- Aminuzzaman, S., Baldersheim, H. and Jamil, I. (2003), "Talking back! Empowerment and mobile phones in rural Bangladesh: a study of the village phone scheme of Grameen Bank", *Contemporary South Asia*, Vol. 12 No. 3, pp. 327–348.
- Axelrod, R. (1984), *Evolution of Cooperation*, Basic Books, New York.
- Bachmann, R. (2001), "Trust, Power and Control in Trans-Organizational Relations", *Organization Studies*, Vol. 22 No. 2, pp. 337–365.
- Bachmann, R. (2011), "At the crossroads: Future directions in trust research", *Journal of Trust Research*, Vol. 1 No. 2, pp. 203–213.
- BBC. (2005), "The Pulse of Bangladesh", available at: http://news.bbc.co.uk/2/shared/spl/hi/picture_gallery/05/south_asia_bangladesh_survey/html/1.stm (accessed 28 January 2013).
- Berg, B.L. (2004), *Qualitative Research Methods for the Social Sciences*, California State University, Long Beach, pp. 204–208.
- Beugelsdijk, S. (2006), "A note on the theory and measurement of trust in explaining differences in economic growth", *Cambridge Journal of Economics*, Vol. 30 No. 3, pp. 371–387.
- Butler, J., Giuliano, P. and Guiso, L. (2009), "The Right Amount of Trust", Bonn, available at: <http://ftp.iza.org/dp4416.pdf>.
- Di Cagno, D. and Sciubba, E. (2010), "Trust, trustworthiness and social networks: Playing a trust game when networks are formed in the lab", *Journal of Economic Behavior & Organization*, Elsevier B.V., Vol. 75 No. 2, pp. 156–167.
- Caliendo, M., Fossen, F. and Kritikos, A. (2012), "Trust, positive reciprocity, and negative reciprocity: Do these traits impact entrepreneurial dynamics?", *Journal of Economic Psychology*, Elsevier B.V., Vol. 33 No. 2, pp. 394–409.
- Dietz, G. (2011), "Going back to the source: Why do people trust each other?", *Journal of Trust Research*, Vol. 1 No. 2, pp. 215–222.
- Dixon, S.E.A. and Clifford, A. (2007), "Ecopreneurship – a new approach to managing the triple bottom line", *Journal of Organizational Change Management*, Vol. 20 No. 3, pp. 326–345.
- Dohmen, T., Falk, A., Huffman, D. and Sunde, U. (2008), "Representative Trust and Reciprocity: Prevalence and Determinants", *Economic Inquiry*, Vol. 46 No. 1, pp. 84–90.
- Etang, A., Fielding, D. and Knowles, S. (2012), "Are Survey Measures of Trust Correlated with Experimental Trust? Evidence from Cameroon", *Journal of Development Studies*, Vol. 48 No. 12, pp. 1813–1827.
- Fukuyama, F. (1995), *Trust: The Social Virtues and the Creation of Prosperity*, Free Press Paperbacks, New York.
- Gambetta, D. (1988), *Trust: Making And Breaking Cooperative Relations*, (Gambetta, D.,Ed.), Basil Blackwell, Oxford.
- Granovetter, M.S. (1985), "Economic Action and Social Structure: The Problem of Embeddedness", *The American Journal of sociology*, Vol. 91 No. 3, pp. 481–510.
- Hall, J.K., Daneke, G. a. and Lenox, M.J. (2010), "Sustainable development and entrepreneurship: Past contributions and future directions", *Journal of Business Venturing*, Elsevier Inc., Vol. 25 No. 5, pp. 439–448.
- Howorth, C. and Moro, A. (2006), "Trust within Entrepreneur Bank Relationships: Insights from Italy", *Entrepreneurship Theory and Practice*, Vol. 30 No. 4, pp. 495–517.

- Johansson-Stenman, O., Mahmud, M. and Martinsson, P. (2011), "Trust, trust games and stated trust: Evidence from rural Bangladesh", *Journal of Economic Behavior & Organization*, doi:10.1016/j.jebo.2011.06.022.
- Kanagaretnam, K., Mestelman, S., Nainar, S.M.K. and Shehata, M. (2010), "Trust and reciprocity with transparency and repeated interactions", *Journal of Business Research*, Elsevier Inc., Vol. 63 No. 3, pp. 241–247.
- Kavanaugh, A.L., Reese, D.D., Carroll, J.M. and Rosson, M.B. (2005), "Weak Ties in Networked Communities", *The Information Society*, Vol. 21 No. 2, pp. 119–131.
- Khan, Z.I. (n.d.). "Eve-teasing in Bangladesh: 90% of Young Girls are Abused or Bullied", available at: http://www.dispatchesinternational.org/index.php?option=com_content&view=article&id=174:eve-teasing-in-bangladesh-90-of-young-girls-are-abused-or-bullied&catid=44:bangladesh&Itemid=58 (accessed 26 January 2013).
- Kohtamäki, M., Kekäle, T. and Viitala, R. (2004), "Trust and Innovation: from Spin-Off Idea to Stock Exchange", *Creativity and Innovation Management*, Vol. 13 No. 2, pp. 75–88.
- Kolawole, O. and Torimiro, D. (2005), "Participatory Rural Entrepreneurship Development for Grassroots Transformation: A Factor Analysis", *Journal of Human Ecology*, Vol. 18 No. 3, pp. 193–198.
- Lee, S.H. and Phan, P. (2008), "Initial thoughts on a model of rural entrepreneurship in developing countries", *World Entrepreneurship Forum 2008 Edition*.
- Lewicki, R.J., McAllister, D.J. and Bies, R.J. (1998), "Trust and Distrust: New Relationships and Realities", *The Academy of Management Review*, Vol. 23 No. 3, p. 438.
- Lewicki, R.J., Tomlinson, E.C. and Gillespie, N. (2006), "Models of Interpersonal Trust Development: Theoretical Approaches, Empirical Evidence, and Future Directions", *Journal of Management*, Vol. 32 No. 6, pp. 991–1022.
- Li, P.P. (2012), "When trust matters the most: The imperatives for contextualising trust research", *Journal of Trust Research*, Vol. 2 No. 2, pp. 101–106.
- Li, P.P. (2013), "Entrepreneurship as a new context for trust research", *Journal of Trust Research*, Vol. 3 No. 1, pp. 1–10.
- Liao, J. and Welsch, H. (2005), "Roles of Social Capital in Venture Creation: Key Dimensions and Research Implications", *Journal of Small Business Management*, Vol. 43 No. 4, pp. 345–362.
- Luhmann, N. (1979), *Trust and Power*, Wiley, Chichester.
- Maas, J., Seferiadis, A.A., Bunders, J.F.G. and Zweekhorst, M.B.M. (2014), "Social Entrepreneurial Leadership: creating opportunities for autonomy", *Johns Hopkins Research Series on Social Entrepreneurship*.
- Mabud, M.A. (2008), "Bangladesh Population: Prospects and Problems", Dhaka.
- Mair, J. and Marti, I. (2009), "Entrepreneurship in and around institutional voids: A case study from Bangladesh", *Journal of Business Venturing*, Elsevier Inc., Vol. 24 No. 5, pp. 419–435.
- Malhotra, D. and Murnighan, J.K. (2002), "The Effects of Contracts on Interpersonal Trust", *Administrative Science Quarterly*, Vol. 47 No. 3, p. 534.
- Mishra, A.K. and Mishra, K.E. (2013), "The research on trust in leadership: The need for context", *Journal of Trust Research*, Vol. 3 No. 1, pp. 59–69.
- Möllering, G. (2006), "Trust, institutions, agency: towards a neoinstitutional theory of trust", in Bachmann, R. and Zaheer, A. (Eds.), *Handbook of Trust Research*, Edward Elgar, Cheltenham, UK.
- Narayan, D., Chambers, R., Shah, M.K. and Petesch, P. (2000), *Voices of the Poor - Crying Out for Change*, Oxford University Press, New York.

- Nguyen, T. V. and Rose, J. (2009), "Building trust - Evidence from Vietnamese entrepreneurs", *Journal of Business Venturing*, Elsevier Inc., Vol. 24 No. 2, pp. 165–182.
- Nooteboom, B. (2002), *Trust - Forms, Foundations, Functions, Failures and Figures*, Edward Elgar Publishing Limited, Cheltenham, UK.
- Puffer, S.M., McCarthy, D.J. and Boisot, M. (2010), "Entrepreneurship in Russia and China: The Impact of Formal Institutional Voids", *Entrepreneurship Theory and Practice*, Vol. 34 No. 3, pp. 441–467.
- Raiser, M. (1999), "Trust in transition", *EBRD - Working papers*, European Bank for Reconstruction and Development.
- Raiser, M., Haerpfer, C., Nowotny, T. and Wallace, C. (2001), "Social capital in transition", *EBRD - Working papers*, European Bank for Reconstruction and Development.
- Rousseau, D.M., Sitkin, S.B., Burt, R.S. and Camerer, C. (1998), "Introduction to Special Topic Forum: Not so Different after All: A Cross-Discipline View of Trust", *The Academy of Management Review*, Vol. 23 No. 3, pp. 393–404.
- Seelos, C. and Mair, J. (2005), "Social entrepreneurship: Creating new business models to serve the poor", *Business Horizons*, Vol. 48 No. 3, pp. 241–246.
- Shapiro, D.L., Sheppard, B.H. and Cheraskin, L. (1992), "Business on a Handshake", *Negotiation Journal*, Vol. 8 No. 4, pp. 365–377.
- Smallbone, D. and Lyon, F. (2002), "A Note on Trust, Networks, Social Capital and Entrepreneurial Behaviour", in Höhmann, H.-H. and Welter, F. (Eds.), *Entrepreneurial Strategies and Trust: Structure and Evolution of Entrepreneurial Behavioural Patterns in East and West European Environments*, Forschungsstelle Osteuropa, Bremen, pp. 19–24.
- Smith, D.A. and Lohrke, F.T. (2008), "Entrepreneurial network development: Trusting in the process", *Journal of Business Research*, Vol. 61 No. 4, pp. 315–322.
- Sökjer-Petersen, M. and Thorssell, J. (2008), "Women's View of Trust and its Influence on Entrepreneurship and Career Development", *Nordic Psychology*, Vol. 60 No. 2, pp. 114–128.
- Sztompka, P. (2006), "New Perspectives on Trust", *American Journal of Sociology*, Vol. 112 No. 3, pp. 905–919.
- The Lawyers and Jurists. (n.d.). "Eve Teasing is a very common social problem", available at: <http://www.lawyersjurists.com/resource/articles-and-assignment/eve-teasing-is-very-common-social-problem-and-every-day-women-come-across-some-form-of-eve-teasing-in-this-case-do-you-think-that-women-should-be-empowered-to-fight-back-due-to-end-this-evil-act-3/> (accessed 26 January 2013).
- Transparency International. (2012), "Corruption Index", available at: <http://cpi.transparency.org/cpi2012/results/#myAnchor1> (accessed 22 December 2012).
- Tsui-Auch, L.S. and Möllering, G. (2009), "Wary managers: Unfavorable environments, perceived vulnerability, and the development of trust in foreign enterprises in China", *Journal of International Business Studies*, Vol. 41 No. 6, pp. 1016–1035.
- USAID. (2012), "Bangladesh Has Rich But Dwindling Biodiversity", available at: <http://www.usaid.gov/bd/programs/environ.html> (accessed 24 April 2012).
- Viswanathan, M. (2007), "Understanding product and market interactions in subsistence marketplaces: a study in south India", in Rosa, J.A. and Viswanathan, M. (Eds.), *Product and Market Development for Subsistence Marketplaces (Advances in International Management, Volume 20)*, Emerald Group Publishing Limited, Vol. 20, pp. 21–57.
- Wasti, S.N. and Wasti, S.A. (2007), "Trust in buyer–supplier relations: the case of the Turkish automotive industry", *Journal of International Business Studies*, Vol. 39 No. 1, pp. 118–131.

Welter, F. (2012), "All you need is trust? A critical review of the trust and entrepreneurship literature", *International Small Business Journal*, Vol. 30 No. 3, pp. 193–212.

Welter, F. and Smallbone, D. (2006), "Exploring the Role of Trust in Entrepreneurial Activity", *Entrepreneurship Theory and Practice*, pp. 465–475.

Williamson, O.E. (1993), "Calculativeness, trust, and economic organization", *Journal of Law & Economics*, Vol. 36, pp. 453–486.

Zucker, L.G. (1985), "Production of Trust: Institutional Sources of Economic Structure, 1840 to 1920", *Working Paper Series*, Department of Sociology, University of California, Los Angeles.

Appendix 1 – Questionnaire for SELs

1. People who live in this village can be trusted.
2. People who live in *the nearest village* can be trusted.
3. Generally speaking, most people can be trusted.
4. You would be willing to lend your bicycle to someone else in this village
5. You would be willing to lend vegetables/rice/oil/seed to someone from *the nearest village*.
6. If other villagers need your help during harvest seasons, you would be willing to help them.
7. Assuming that you help others harvest their crops, they would help you harvest your crops when you need help.
8. Suppose your bucket got broken and you need to fetch water before the next market day. Your neighbour would be willing to lend you theirs.
9. You would expect to get your bag returned (with nothing missing) if you lost it in the street in *the nearest village*.
10. How much do you trust strangers you meet for the first time.
11. When dealing with strangers, it's better to be cautious before trusting them.
12. How much do you trust
 - Self
 - Husband
 - Father
 - Mother
 - Children
 - Neighbour
 - NGOs
 - Local shop keeper
 - local administration
 - Interviewer
 - Your regular pride staff

The question followed a five point scale:

1= Totally disagree, disagree very much / not at all

2= Disagree / not much

3= Neutral

4= Agree / fair amount

5= Totally agree, agree very much / a lot

"*The nearest village*" was replaced with the name of the nearest village, adapted the place of interview.

