

# Trust and commitment in horticultural supply chains of small scale business: a case study in east Kalimantan, Indonesia

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## Abstract

Agricultural supply chains in East Kalimantan are characterized by short-term relationships, yet some chains have managed to develop longer term and closer relationships based on trust and commitment. This study aims to examine the main factors that have initiated trust. Thirty one key informants in the chains were interviewed to explore their perspective on trust, commitment and how their business relationships evolved. The study shows that credit payments, where a supplier allows the customer to complete the payment in stages, or after the customer has sold the products, without incurring any interest, was a key factor in initiating trust in new business relationships. The main reason for these types of payments is the large number of small scale businesses which require chain members to be more tolerant of their exchange partners. Although tolerating debtors may seem like a loss, it is the starting point for trust to grow. This paper will discuss the forms of trust and commitment arising from these relationships, the development of trust, commitment and the benefits to members of the chains.