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Emotions, culture intelligence, and mutual trust in technology business relationships

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ABSTRACT

Both scholars and practitioners highlight the critical role of mutual trust in cross-border technology business relationships. Yet the alliance literature has overlooked the role of emotions and cultural intelligence in developing mutual trust. In a cross-sectional survey of 210 technology business relationships, we find that both a partner's *expressing* and *evoking emotional states* are positively associated with mutual trust. We also observe that while *interaction with cultural intelligence* strengthens the relationship of expressing emotional states with mutual trust, *awareness of cultural intelligence* weakens it. In addition, awareness of cultural intelligence positively moderates the link between evoking emotional states and mutual trust but negatively conditions the link between expressing emotional states and mutual trust. These findings highlight the importance of emotions as organizational capabilities that can help create an exchange environment characterized by open communication and confidence that partners will meet agreed-on obligations.

1. Introduction

Business relationships have become increasingly prevalent between international channel partners. However, approximately 50% of them underperform, generating managerial dissatisfaction and incurring substantial losses (e.g., financial investments) (Grandinetti, 2017b; Kowalski et al., 2021b). Cross-border partnership governance has become a critical management capability to avoid underperformance. To this point, scholars have embraced the view that mutual trust is critical to governing such multifaceted relationships, particularly in international contexts (e.g., Kowalski et al., 2021b; Liu et al., 2018b; Poppo and Zenger, 2002b). *Mutual trust,* or the confidence that each business partner will carry out its responsibilities as expected (Lavie et al., 2012b), facilitates open communication and task coordination without the need for enforcement through formal governance mechanisms (Patnaik et al., 2020b; Poppo and Zenger, 2002b). The literature on mutual trust is extensive and diverse, and the use of interdisciplinary research designs has made it rather sophisticated (Chabowski et al., 2017b). Despite the substantial scholarly attention devoted to mutual

trust, however, our review of the alliance literature reveals two important research gaps that we aim to close.

First, while the literature assumes that partners' emotions or feelings can serve as trust-building mechanisms (Boersma et al., 2003b), as Table 1 shows, no empirical study has investigated how emotions can assist business partners in forming mutual trust. Emotional capability theory proposes that partners' emotions—or, more specifically, the ability to recognize, distinguish, monitor, and attend to their emotions—can bifurcate into two types: self-directed *expressing emotional states* and other-directed *evoking emotional states* (Akgün et al., 2009b; Huy, 1999b). A partner's expressing emotional state refers to its ability to understand the counterpart's emotions or feelings and respond by exhibiting empathy, sympathy, and love (Huy, 1999b). A partner's evoking emotional state captures its ability to elicit hope, authentic feelings, and fun while working with its counterpart (Huy, 1999b). In this study, we propose that by expressing and evoking emotions, business partners signal trustworthiness, which in turn facilitates the development of mutual trust (Kowalski et al., 2021b; Williams, 2007b).

Second, international firms are both cross-border and cross-cultural

Table 1
Empirical research on determinants of trust in interfirm relationships.

Study	Study context	Theoretical perspective	Determinants of trust considered	Explanatory mechanisms		Aspects of trust considered	Study findings
				Moderators	Mediators		
Dyer and Chu (2000b)	Survey of 453 supplier–automaker relationships in the United States, Japan, and Korea	Social embeddedness	Duration; face-to-face interaction; continuity of the relationship; automaker assistance to the supplier; stock ownership	N/T	N/T	Trust in the buyer	• Direct effects (+/ ns/ +/+/ns): different effects are observed across countries.
Nicholson et al. (2001b)	Survey of 238 buyer–supplier channels relationships in agricultural machinery	Social identity	Interpersonal liking; similarity of business values; frequency of personal interaction	N/T	N/T	Trust in supplier	• Direct effects (+/+/+)
Rodríguez and Wilson (2002b)	Survey of 84 U.S.–Mexican strategic alliances in consumer, industrial, and services sectors	Social exchange	Structural bonding; social bonding	N/T	N/T	Trust in alliance partner	• Direct effects (+/ +)
Gao et al. (2005b)	Survey of 432 U.S.-based buyer–supplier relationships in manufacturing	Relational	Supplier commitment; supplier trust; supplier dependence	N/T	N/T	Buyer's trust in a supplier	• Direct effects (+/+/ns)
Suh and Kwon (2006b)	Survey of 170 U.S.-based supplier–buyer relationships in various industries	Transaction cost analysis	Partner's asset specificity; respondent's asset; specificity	Respondent and partner replaceability	N/T	Calculative trust	Direct effects (+/−) are moderated by the respondent's replaceability (−) and the partner's replaceability (ns).
Bstieler and Hemmert (2008b)	Survey of 100 of South Korea–Austria R&D partnerships in new product development	Trust-based theory	Quality of communication; fairness; unresolved conflict; national culture	National culture	N/T	Trust in partner	• Direct effects (+/+/−/−) are moderated by national culture (−/ns/+).
Poppo et al. (2008)	Survey of 137 manufacturer–supplier relationships in electric and electronic, textile, furniture, and fabricated metal product industries	Transaction cost economics	Expectation of continuity; prior exchange history	Prior exchange history	N/T	Mutual trust	• Direct effects (+/−) are moderated by prior exchange history (+).
Robson et al. (2008b)	Survey of 177 U.K.–foreign partner (e.g., European Union, United States, the Far East) international strategic alliances in services and manufacturing	Interfirm rivalry; Managerial complexity	Distributive fairness; partner similarity	N/T	N/T	Trust in alliance partner	• Direct effects (+/+)
Kwon (2008b)	Survey of 94 Korean–foreign partner (i.e., United States, European Union, and Japanese) international joint venture partnerships	Social exchange theory	Strategic bond; complementarity; compatibility; fairness; flexibility; two-way communication; partner's nationality; competitive relationship	N/T	N/T	Mutual trust	• Direct effect (+/+/+/ns/ +/+/ns/+)
Wasti and Wasti (2008b)	Survey of 106 Turkish-based buyer–supplier relationships in automotive industry	Social embeddedness	Initial support; informal commitment; Just in time operations	N/T	N/T	Trust in the buyer	• Direct effects (ns/+/+)
Homburg et al. (2009b)	Survey of U.S.–Germany international business relationships in chemical, mechanical, and electrical industries	Transaction cost; resource dependence; relational contracting	Transnationality of buyer–supplier relationship; national culture of buyer firm	N/T	N/T	Trust in the supplier	• Direct effects (−/−)
Nielsen and Nielsen (2009b)	Survey of 119 Danish–foreign partner (e.g., European Union, United States, China) international strategic alliances in low−/high-tech manufacturing and retail sectors	Knowledge-based, organizational learning, social capital	Collaborative know-how; knowledge protectiveness	N/T	N/T	Mutual trust	• Direct effects (+/−)
Katsikeas et al. (2009b)	Survey of 214 importer (e.g., European Union, United States, the Far East) and foreign manufacturer (e.g., European Union, United States, the Far East) international exchange relationships in textiles, paper products, chemicals, and machinery	Transaction cost	Internal uncertainty; external uncertainty; interfirm psychic distance; transaction specific assets; opportunism	N/T	N/T	Trust in the supplier	• Direct effects (−/ns/ −/+/−)
Ketkar et al., 2012b	Survey of 210 Brazilian–U.S. buyer–supplier relationships	Social exchange theory	Individualism; face-to-face communication	N/T	N/T	Trust in supplier	• Direct effect (+/ +)
			Opportunism		N/T	Trust in the exporter	

Table 1 (*continued*)

Study	Study context	Theoretical perspective	Determinants of trust considered	Explanatory mechanisms		Aspects of trust considered	Study findings
				Moderators	Mediators		
Barnes et al. (2010b)	Survey of 202 Hong Kong–foreign partner (e.g., United States, Canada, United Kingdom) interorganizational relationships in various trading activities	Transaction cost; relational exchange		Relationship initiation			• Direct effect (−) is moderated by relationship initiation (+).
Jiang et al. (2011b)	Survey of 216 Chinese–foreign/domestic partner business relationships in consumer products, manufacturing, pharmaceutical, and information technology (IT)	Social identity	Cultural similarity; firm size; firm age	N/T	N/T	Trust in the partner	• Direct effect (+/−/ +)
Johnston et al. (2012b)	Survey of 150 Taiwan–foreign partner (e.g., United States, Japan, China) importer–exporter relationships	Social penetration	Communication frequency; bidirectional communication	N/T	N/T	Trust in the supplier	• Direct effect (+/+)
Jain et al. (2014b)	Survey of 218 Taiwanese-based supplier–retailer relationships in the high-tech sector	Resource-based view	Coercive power; noncoercive power	Affective and calculative commitment	N/T	Trust in supplier	• Direct effects (−/+) are moderated by affective commitment (+) and calculative commitment (−).
Altinay et al. (2014b)	Survey of 200 Turkish-based franchisee–franchisor relationships in Textiles, food and entertainment, IT, and household appliances	Power-dependence; International business; Social exchange	Role performance; cultural sensitivity	N/T	Communication	Franchisee's trust in franchisor	• Directs effects (+/+) are mediated by communication (+/+).
Leonidou et al. (2014b)	Content analysis of 76 empirical studies published in marketing, management, and general business literature streams	N/A	Opportunism; conflict; communication; cultural distance; adaptation	N/T	N/T	Trust in alliance partner	• Direct effects (−/−/+/−/+)
De Pablo González et al. (2014b)	Survey of 52 Spanish-based cooperation agreements in agro-food industry	Not specified	Partner's reputation; past partnering experience	N/T	N/T	Trust in the partner	• Direct effects (+/+)
Saleh et al. (2014a)	Survey of 224 Bangladeshi–foreign partner buyer–supplier relationships	Resource-based view	Cultural similarity; communication; opportunism; sustainable competitive advantage	N/T	N/T	Trust in supplier	• Direct effects (+/+/−/+)
Saleh et al. (2014b)	Survey of 238 Bangladesh–foreign partner importer–exporter relationships	Transaction cost; internationalization process	Knowledge and experience; opportunism	N/T	N/T	Importer's trust	• Direct effect (+/+/−)
Barnes et al. (2015b)	Survey of 202 Hong Kong–foreign partner (e.g., United States, Canada, United Kingdom) interorganizational relationships in various trading activities	Social exchange	Sijiao; Xinyong; Ganqing	Relationship age; importer size; foreign supplier origin; relationship initiation	N/T	Trust in the exporter	• Direct effects (+/ +/+) • Moderation effects of relationship age (+/+/+) • Moderation effects of importer size (+/+/ ns) • Moderation effects of foreign supplier origin (+/+/+) • Moderation effects of relationship initiation (+/+/ns)
Schilke and Cook (2015b)	Survey of 171 dyadic German-based R&D alliances in machinery, chemicals, motor vehicles, electronics, and information technology	Trust-based theory	Contractual safeguards; organizational culture	N/T	N/T	Trustworthiness of alliance partner	• Direct effects (+/+)
Hewett and Krasnikov (2016b)	Survey of 282 Russian buyer–foreign partner manufacturer relationships in the pharmaceutical sector	Resource-based view	Investments in market-based assets	Cultural distance	N/T	Trust in the partner	• The direct effect is moderated by cultural distance (−).
Poppo et al. (2016)		Transaction cost	Buyer asset specificity; supplier asset specificity; supply market	N/T	N/T		

Table 1 (*continued*)

Study	Study context	Theoretical perspective	Determinants of trust considered	Explanatory mechanisms		Aspects of trust considered	Study findings
				Moderators	Mediators		
	Survey of 211 Chinese-based buyer–supplier relationships in manufacturing food, plastics, and electronics		uncertainty; behavioral uncertainty; past experience; guanxi importance			Mutual calculative trust: Mutual relational trust	• Direct effects on calculative trust (ns/ns/−/+/+/+) • Direct effects on relational trust (+/+/+/-/+/+)
Bstieler et al. (2017b)	Survey of 315 dyadic South Korean-based university-industry research collaboration in microelectronics, software, and biotechnology	Process theory	Demographic similarity; reciprocal communication; decision process similarity	Relationship maturity	N/T	Mutual trust	• Directs effect (ns/+/+) are moderated by (ns/+/ns).
Khalid and Ali (2017b)	Survey of 89 Nordic–foreign partner (i.e., Asia, America, and European Union) international joint ventures	Transaction cost theory Social exchange theory	Past experience; partner reputation; communication; cultural sensitivity; expected longevity; balanced interdependence and ownership; resource complementarity	N/T	N/T	Trust in partners	• Direct effects (ns/+/+/+/+/ns/ns/+)
McEvily et al. (2017b)	Survey of 164 dyadic buyer–supplier exchange relationships in manufacturing	Social capital	Supplier exchange hazards; buyer exchange hazards; power imbalance	N/T	N/T	Buyer trust in supplier	• Direct effects (+/−/+)
Liu et al. (2018b)	Survey of 202 buyer (e.g., Taiwan, North America, European Union) and seller (e.g., Taiwan, North America, European Union) partnerships in IT and electronics	Social exchange	Achieving goodwill reciprocity; violating equivalence reciprocity	Relationship duration	N/T	Trust in the seller	• Direct effects (+/ns) are moderated by relationship duration (ns/−).
Yuan et al. (2018b)	Survey of 231 China-based third-party logistics providers and their partners	Dynamic capability	Learning orientation	N/T	N/T	Trust in supplier	• Direct effect (+)
Robson et al. (2019b)	Survey of 557 German/Austrian–foreign partner (e.g., European Union, North America, Southeast Asia) international strategic alliances in manufacturing and services industries	Resource-based and embeddedness	Search capability; formulation capability; management capability; international alliance experience; resource complementarity	N/T	N/T	Trust in the partner	• Direct effects (ns/ns/+/ns/+)
Kwok et al. (2019b)	Survey of 205 Chinese–foreign partner (i.e., United States and Hong Kong) equity-based joint ventures	Resource dependency theory Social capital theory	Information exchange	Environmental uncertainty		Mutual trust	• Direct effect (+) is moderated by environmental uncertainty (−)
Shen et al. (2019b)	Survey of 308 China-based buyer–supplier relationships in IT service; scenario-based experiment with 86 senior managers	Contracting theory	Safeguarding contract design capability; coordinating contract design capability	Dependence advantage (DA)	N/T	Goodwill trust in the buyer; competence trust in the buyer	• Direct effects (+/+) are moderated by dependence advantage (−/−Direct effects (+/+) are moderated by DA (+/+).
Irún et al. (2020b)	Survey of 180 agents involved in public–private partnership projects in China	Social exchange theory	Relationship management tasks	N/T	N/T	Interorganizational trust	• Direct effect (+)
Servajean-Hilst et al. (2021b)	Taxonomic analysis of 160 cross-industry vertical innovation partnerships	Transaction cost theory and relational views	Vertical innovation partnerships	N/T	N/T	Trust	• Direct effect (+)

Notes: R&D = research and development; N/A = not applicable; N/T = not tested; (+) = positive relationship, (−) = negative relationship, (ns) = nonsignificant relationship.

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entities. Cultural differences have a profound impact on how partners think and communicate. Such differences can impede the development of a clear understanding of the partner's behavior and motivations (Haarhaus and Liening, 2020b; Patnaik et al., 2020b). Partners' ability to learn and apply cultural know-how (hereinafter referred to as "cultural intelligence") is often considered a key resource to successfully operate in culturally heterogeneous contexts (Caputo et al., 2018b; Earley and Peterson, 2004b; Haarhaus and Liening, 2020b; Wiprächtiger et al., 2019b). Yet the alliance literature lacks knowledge on how cultural intelligence can condition the development of mutual trust (see Table 1). Cultural intelligence theory suggests that cultural intelligence can take two forms (Ang et al., 2007b): *awareness of cultural intelligence*, or the knowledge and understanding of cultural differences among partners (Ang et al., 2007b), and *interaction with cultural intelligence*, or the ability to adapt and act on the basis of knowledge of a partner's culture (Ang et al., 2007b). Thus, we aim to examine how cultural intelligence moderates the effects of expressing and evoking emotions on mutual trust. This is important because of the significant investments partners allocate to learning cultural intelligence.

In response to the gaps identified, we address two research questions. How do a partner's expressing and evoking emotional states affect mutual trust? and How do a partner's awareness of and interaction with cultural intelligence condition the effect of its expressing and evoking emotional states on mutual trust? We answer these questions using a survey of 210 technology business relationships between Chinese manufacturers and foreign partners.

Our study makes three contributions to the alliance literature. First, it unveils the effect of partners' emotional states on mutual trust. Prior work suggests that partners' ability to recognize, distinguish, monitor, and attend to their emotions or feelings can serve as trust-building mechanisms (Boersma et al., 2003b); yet research has paid scant attention to investigating such effects (see Table 1). Our findings indicate that a partner's expressing and evoking emotional states are strong predictors of mutual trust in international partnerships.

Second, alliance scholars have not only acknowledged that cultural differences can mitigate partners' actions and efforts to develop mutual trust (e.g., Hewett and Krasnikov, 2016b; Kowalski et al., 2021b) but also recognized the role of cultural intelligence in affecting negotiation, power-based behaviors, and conflict management styles (Caputo et al., 2018b; Caputo et al., 2019b; Murphy et al., 2019b; Wiprächtiger et al., 2019b). However, to our knowledge, research has made no attempt to examine the moderating role of a partner's awareness of and interaction with cultural intelligence in facilitating or hindering efforts to build mutual trust in cross-border contexts. Our study contributes to the literature on trust by empirically showing the critical contingent effects of a partner's awareness of and interaction with cultural intelligence on the links between expressing and evoking emotions and mutual trust. We find that both awareness of and interaction with cultural intelligence moderate (negatively and positively, respectively) the path from expressing emotional states to mutual trust. We also show that awareness of cultural intelligence positively moderates the link between evoking emotional states and mutual trust.

Third, our study helps improve managerial understanding of how to control emotions and apply cultural knowledge to mutual trust. Specifically, we recommend that managers sustain the display and understanding of emotions, as doing so is ideal for building mutual trust. At the same time, managers can benefit from awareness of and interaction with cultural intelligence while operating in unfamiliar cultural, legal, and economic environments. We argue that coupling the ability to attend to emotions with the ability to apply cultural knowledge can help managers create a working environment characterized by open communications and confidence that each exchange partner will meet their agreed-on obligations. Managers can navigate unfamiliar cultures and boost the development of strong mutual trust by implementing practices (e.g., training classes on different cultural aspects) that (1) increase understanding of the partner's culture and (2) bridge cultural gaps with

communications skills (verbal and nonverbal).

2. Theory and hypotheses development

Firms are increasingly forming cross-border business alliances to succeed in a highly competitive and frequently changing global marketplace. Mutual trust is considered a key factor in enhancing the performance of such alliances (Boersma et al., 2003b; Kowalski et al., 2021b; Kwok et al., 2019b; Patnaik et al., 2020b). Our review of the literature (see Table 1) shows that (1) scholars have devoted significant attention to investigating various drivers of trust from different theoretical perspectives, (2) understanding of the underlying mechanisms through which mutual trust develops is limited, and (3) many cross-border business alliances engender managerial dissatisfaction and poor performance.

Because underperformance/failure in business relationships is often linked to the lack of trust and cultural differences between international partners, it is necessary to broaden and deepen the understanding of trust formation using alternative but complementary theoretical lenses such as emotional capability and cultural intelligence theories. Such theoretical lenses can illuminate how emotions affect mutual trust under the conditions of cultural intelligence. Indeed, Table 1 shows that alliance scholars have accounted for cultural differences between partners (e.g., Bstieler and Hemmert, 2008b; Hewett and Krasnikov, 2016b); yet the effects of awareness of and interaction with cultural intelligence remain unknown.

Emotional capability theory proposes that an emotionally capable firm is able to "perceive, understand, monitor, regulate, and use its members' emotions and manifest them in the organization's routines and structures" (Huy, 1999b, p. 325). In other words, a firm's ability to successfully orient itself to a plethora of emotions is what makes it emotionally capable. Research has shown that emotional capability has a positive impact on several firm-level outcomes, such as team performance and product innovativeness (Barbuto and Burbach, 2006b; Zehir et al., 2017b), firm innovativeness (Akgün et al., 2009b), and market success (Akgün et al., 2011b). Drawing on emotional capability theory (e.g., Akgün et al., 2009b, 2011b; Zehir et al., 2017b), we argue that partners' ability to manage their emotions can affect the development of mutual trust.

Emotional capability theory stipulates that two groups of emotional dynamics represent a behavioral aspect of emotional capability (Mayer et al., 2004b). Emotional dynamics reflected in expressing emotional states are directed toward the focal partner, while those responsible for evoking emotional states are directed toward the counterpart (Huy, 1999b, 2005b). Self-directed emotional dynamics of experiencing, reconciling, and identifying are accountable for expressing emotional states of empathy, sympathy, and love; in other words, they help a firm understand and re-experience the feelings of the partner firm, bring together two seemingly opposing values in the organization, and develop an attachment to salient and meaningful organizational characteristics (Akgün et al., 2011b; Huy, 1999b). Through the emotional dynamics of experiencing, reconciling, and identifying, a firm can understand the feelings of its counterpart and re-experience those in the organization.

The counterpart-directed dynamics of encouragement, displaying freedom, and playfulness are associated with evoking emotional states of hope, authentic feelings, and fun—that is, the ability to instill hope, facilitate a wide variety of genuine emotions that can be displayed in the organization, and create a working environment that encourages experimentation but tolerates mistakes during any action (Akgün et al., 2011b; Huy, 1999b). Through encouragement, displays of freedom, and a playfulness dynamic, a firm can breed hope, facilitate a variety of authentic positive emotions felt and displayed when dealing with a partner firm, and create a working context that boosts creativity and tolerates mistakes (Huy, 1999b, 2005b). Emotionally capable firms are likely to improve their communication and rapport with their partners

and, in turn, build mutual trust (Williams, 2007b), which is an essential prerequisite for successful long-term partnerships.

Despite their vital importance in alliance partnerships (Miao et al., 2017b; Schutte et al., 2001b), research on emotional capabilities has not focused on the knowledge and skills required to navigate diverse cultural contexts. While understanding emotions and acting on them is associated with optimal firm functioning and performance (Zeidner et al., 2004b), specific environmental settings are prone to condition business outcomes of emotionally capable organizations (Earley and Ang, 2003b). For example, the emotional capability of firms that deal with international partners is likely to be affected by certain features of their respective cultures, which need to be acknowledged and reflected on (Wang et al., 2014b). For a firm working with a foreign partner, the ability to recognize cultural differences, adapt its actions accordingly (Jia et al., 2016b), and effectively express and/or evoke emotional states is likely to increase the potential for a successful relationship.

Cultural intelligence is the ability to gather information about, interpret, and behaviorally adapt to cultural contexts (Earley and Ang, 2003b)—in other words, a firm's ability to function effectively in situations characterized by cultural diversity (Earley and Mosakowski, 2005b). Cultural intelligence includes four key components: meta-cognitive and cognitive components are reflected in awareness of cultural intelligence, while motivational and behavioral components are reflected in interaction with cultural intelligence (Ang et al., 2007b). Awareness of and interaction with cultural intelligence represent vital skills for firms working in culturally diverse contexts. We draw on both emotional capability theory (Huy, 1999b) and cultural intelligence theory (Earley and Ang, 2003b) to examine the critical roles of awareness of and interaction with cultural intelligence in conditioning the effect of expressing or evoking emotional states on mutual trust between partners. Our conceptual model (see Fig. 1) shows that the links between expressing and evoking emotional states and mutual trust are contingent on awareness of and interaction with cultural intelligence.

2.1. The role of a partner's expressing and evoking emotional states

We posit that expressing and evoking emotional states can foster the development of mutual trust. Expressing and evoking a variety of positive emotions through interactions with the partner firm promote healthy and lasting relationships. Being able to relate to a partner on an emotional level and understand and act in line with the partner's emotions is an antecedent of developing mutual trust. Because emotionally capable firms excel in their capacity to process and use information to perform effectively in relation to their partners (Cartwright and Pappas, 2007b), this ability makes them more trustworthy.

In particular, expressing emotions enhances cooperative behavior, improves communication among partners, and reduces conflicts (Akgün et al., 2011b; Heaphy, 2017b). By contrast, suppressing emotions tends to consume cognitive resources, negatively affecting performance. A working environment in which business partners do not need to keep their emotions hidden and can freely express them without fear of criticism promotes productive social interactions. Expressing emotional states also facilitates feelings of togetherness and emotional support when forming emotional attachments based on reciprocated care and trustworthiness (Massey and Kyriazis, 2007b); such expression is thus conducive to mutual trust. Being able to clearly and explicitly express its true feelings and emotions to a business counterpart helps a firm foster a working environment that effectively shapes the belief that the partner is reliable. Such positive beliefs in the partner can enhance mutual trust.

Similarly, the ability to evoke emotions can boost confidence in the business partner (Williams, 2007b). The logic is that evoking emotions can create feelings of welcomeness and hope. Evoking positive emotions in the partner triggers hope that the partnership will be mutually beneficial and provides reassurance. Thus, an emotionally evoked partner is likely to put extra effort into cultivating similar feelings in the counterpart, and as such, evoking emotions is likely to encourage frequent and more effective interactions between business partners, which subsequently facilitate the development of mutual trust and reciprocity. Partnerships in which firms understand each other, reciprocate, and evoke emotions of hope, fun, and excitement are likely to enhance mutual trust. Thus, we posit the following:

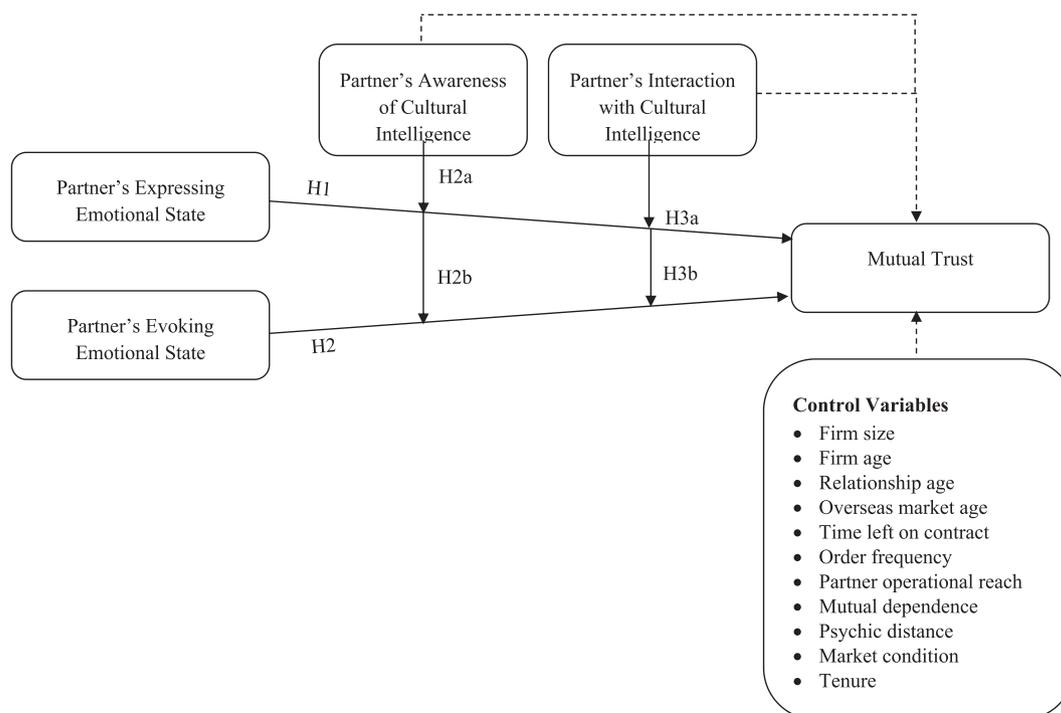**H1a**. A partner's expressing emotional state is positively related to mutual trust.

Fig. 1. Conceptual framework.

H1b. A partner's evoking emotional state is positively related to mutual trust.

2.2. The role of awareness and interaction in cultural intelligence

Culture is an essential and complex antecedent to behaviors and actions, and it influences cognitive processes and the formation of perceptions and attitudes (Abbasi et al., 2021b; Tse et al., 1988). National culture encompasses a set of shared values and beliefs held by citizens of a country (Bogatyreva et al., 2019b; Tian et al., 2018b) and, as such, can affect firms in several ways. For example, national culture may involve research-and-development expenditure, managerial values and decision making (Ralston et al., 1997b), human resource management (Aycan et al., 2009), corporate social responsibility beliefs and practices (Halkos and Skouloudis, 2017b), overall business performance (Kessapidou and Varsakelis, 2002b), and growth (Boubakri and Saffar, 2016b). National culture also assumes a central role in effective interfirm communication (Li et al., 2001b; López-Duarte et al., 2016b). Research has shown that firms from different national cultures differ in their perceptions and interpretations of the actions taken to manage relationships (Li et al., 2001b; Majidi, 2007b).

China represents a unique and rich cultural context characterized by various distinguishing factors and traits known to affect business-related outcomes, including the concept of "face" (Leung and Chan, 2001b), profoundly rooted *guanxi* (exclusive business networks and relationships; Fan, 2002b; Yen et al., 2011b), and the role of change and paradox (Chen, 2008b). The relationships between Chinese firms and their international partners are also shaped by their cultural characteristics. Notably, for these international relationships to work and enhance mutual trust in the alliance, focal firms are likely to put considerable effort in staying aware of the cultural differences and acting on them by adapting their behavior when expressing and evoking certain emotional states. For a Chinese firm working with a foreign partner, the ability to recognize cultural differences and adapt its actions (Jia et al., 2016b), while effectively expressing and/or evoking certain emotional states, is likely to boost the strength of the relationship.

We argue that the impact of expressing and evoking emotional states on mutual trust is contingent on both awareness of and interaction with cultural intelligence. Specifically, awareness of cultural intelligence represents the ability to perceive differences between cultures and be mindful of adjustments that need to be made in cross-cultural settings (Rosenauer et al., 2016b). It also reflects the capability to acquire and understand cultural knowledge and a general level of knowledge about a culture (Malek and Budhwar, 2013b). When partners can comprehend and appraise the cultural differences of those they interact with, they can perform better (Bücker et al., 2014; Gabel et al., 2005b). Given their cultural context (Leung, 2008b), we expect Chinese firms to differ considerably from their foreign partners in terms of communication and dealing with emotional states. While cultural differences are likely to affect their business interactions, acknowledging them becomes an essential enabler of trust-based relationships. That is, being aware of a business partner's specific culture enables the focal partner to better adjust its emotions in line with what is culturally acceptable by the partner. When the focal firm is aware of cultural differences, it becomes a more efficient partner in helping to create a feeling of togetherness and in managing emotions, which mutual trust. Under such conditions, we expect the influence of expressing and evoking emotional states on mutual trust to be stronger, especially considering the cultural differences between Chinese firms and their foreign partners.

Similarly, interaction with cultural intelligence reflects the regulation of emotions and behavior adaptation in cross-cultural interactions (Malek and Budhwar, 2013b). In particular, interaction with cultural intelligence demonstrates the capability to direct energy toward learning about and functioning in cross-cultural contexts and to exhibit appropriate actions in culturally diverse interactions. Interaction with cultural intelligence allows for specific cultural-related behaviors

pertinent to coping in a new cultural setting (Crowne, 2009b; Jia et al., 2016b). Chinese firms working with international business partners are likely to make efforts to regulate emotions and actions to cope with substantial cultural differences in such alliances (Dong and Glaister, 2007b). Thus, a certain level of adjustment in communication style and behavior is likely to ensure continuity and strength of these business relationships. The adjustment of communication styles in cross-cultural interactions, coupled with the effective regulation of emotions, is likely to enhance the quality of interactions between partners and promote mutual understanding and coordination of activities. In turn, improving partner interactions and coordination can breed mutual trust.

Applying this logic, we argue that similar to having knowledge and being aware of cultural differences, acting on this knowledge can increase the positive outcomes of expressing and evoking emotional states, thus reinforcing their effects on mutual trust. Formally, we posit the following:

H2. A partner's awareness of cultural intelligence positively affects the relationships between (a) the partner's expressing emotional state and (b) the partner's evoking emotional state and mutual trust.

H3. A partner's interaction with cultural intelligence positively affects the relationships between (a) the partner's expressing emotional state and (b) the partner's evoking emotional state and mutual trust.

3. Methodology

3.1. Research setting, sampling, and data collection

This study uses a cross-sectional survey. Our sample came from Chinese technology manufacturers. China is an ideal setting to test our hypotheses because outsourcing to a manufacturer in a developing country such as China has become routine in Western economies such as the United States, Australia, and Europe (Lai et al., 2008b). China has experienced a sharp increase in outsourcing alliances that has contributed to the dramatic expansion of its economy, which has experienced an annual gross domestic product (GDP) growth rate of 7% (Yuan et al., 2018b). To capitalize on this tremendous growth, China introduced the "Made in China 2025" blueprint as part of a government strategic plan to push the manufacturing sector toward a more value-added production model and transform local manufacturing firms into manufacturing superpowers to compete in global markets effectively. China's thriving manufacturing sector and its exporting-led economy have doubled the country's GDP per capita in just 15 years after joining the World Trade Organization, an achievement that took almost 150 years for the industrialized United Kingdom. In line with prior work (e.g., Yuan et al., 2018b), we selected our study sample from areas where manufacturing activities are dominant (e.g., Guangdong, Beijing, Tianjin, Shanghai). We used the Chinese Enterprise Yellow Page, which includes details on firms' locations, contacts, number of employees, and years since established, to randomly select 1000 technology manufacturers.

We contacted potential informants via email or telephone to assess their eligibility and willingness to participate in the study. Only senior managers directly responsible for the operations and management of at least one ongoing business relationship were asked to complete the online survey. In total, 685 informants agreed to take part in our study. Key informants gave answers about a specific international business relationship with which they were familiar. We adopt the perspective of a focal firm in terms of emotional states, cultural intelligence, and trust. The final sample included 210 international business relationships between Chinese manufacturers and foreign distributors, operating in the information technology ($n = 58$; 27.62%), electronics ($n = 50$; 23.81%), mechanical ($n = 29$; 13.81%), pharma ($n = 24$; 11.43%), apparel ($n = 26$; 12.38%), and chemical ($n = 23$; 10.95%) industries with the scope of developing cutting-edge technology. The average age of these firms was 15.84 years. All informants were senior managers with more than two years of experience managing international business relationships. Thus,

informants were sufficiently knowledgeable and confident in answering the survey questions. Detailed characteristics of our sample appear in Table 2.

We designed the survey in English. We then asked an independent professional translator to translate it into Chinese and another independent translator to back-translate it into English to ensure conceptual equivalence (Poppo and Zhou, 2014b; Zhou and Wu, 2010b). To confirm our measurement scales' content and face validity, we conducted pre-study interviews with five senior managers in China and seven senior academics familiar with international business relationships. Furthermore, we pretested the questionnaire with 30 eligible informants (excluded from the main study). The pilot study did not show any issues with item ambiguity or clarity of instructions.

3.2. Measures

We extensively reviewed the literature to select valid and reliable multi-item measures (all using Likert scales, 1 = strongly disagree, 7 = strongly agree) for the study constructs. We took the measurement scales from existing work but adapted them to our study's context. We assessed mutual trust using four items from Lavie et al. (2012b). We conceptualized the emotional dynamics of expressing and evoking emotional states following Huy's (1999b) theoretical work. Expressing emotional states captures the dynamics of experiencing, reconciling, and identifying with six items, and evoking emotional states captures encouragement, displays of freedom, and playfulness aspects of the emotional intelligence with six items. We adapted the scales for each of these dimensions from Akgün et al. (2009b) and Akgün et al. (2011b). We measured awareness of cultural intelligence using four items and

Table 2
Detailed sample characteristics.

Informant's position	
President/vice president (18)	8.57%
Chief executive officer (50)	23.81%
Director/associate director (16)	7.62%
Sales manager (46)	21.90%
Project manager (13)	6.19%
Production manager (26)	12.38%
Business developer (41)	19.53%
Average number of years in this position	9.19 years
Firm's number of employees	
<25	3.33%
26–50	9.04%
51–100	18.09%
101–250	22.38%
251–500	32.38%
501–1000	12.38%
>1000	2.40%
Average firm age	15.84 years
Average years present in overseas market	8.86 years
Average years of relationship with identified international distributor	5.66 years
Average years left on the contract with identified international distributor	2.71 years
Frequency of receiving order from identified international distributor	
More than 2 times a day	1.43%
Once a day	1.43%
1–5 times a week	12.86%
2–3 times a week	27.14%
Once a month	24.29%
5–10 times a year	16.19%
2–4 times a year	14.29%
Once a year	2.37%
Number of international distributors located in:	
Asia (other than China)	48
North America	55
South America	14
Europe	81
Oceania	12

interaction with cultural intelligence using five items adapted from Ang et al. (2007b) and Malek and Budhwar (2013b).

3.3. Control variables

We included several control variables to account for additional determinants of mutual trust and to control for different potential sources of heterogeneity. We paid close attention to different levels at which such control was necessary. First, at the firm level, we captured firm size, measured by the number of full-time employees working in the company; firm age, which tapped the number of years the company had been established; and overseas market age, measured by the number of years the focal firm was present in the international market. Presence in an international market enables a focal firm to learn more about cultural differences and specific details of culture in the foreign market. Given our research focus, we also assessed the degree to which Chinese manufacturers had built trust with international distributors located outside China.

Second, in line with transaction cost economics, we controlled for transaction attributes. In particular, we controlled for a partner's operational reach, measured as the level at which the international partner (i.e., distributor) operates (i.e., regional, national, or global). We also controlled for relationship age, which captures the number of years the focal firm had been doing business with the identified international partner. In addition, we controlled for the time left in the contract, which captures the number of years/months left until termination of the current contract with the identified international partner.

Third, to ensure that we could accurately capture our main effects (i.e., the influence of emotional intelligence on trust formation), we also controlled for mutual dependence, or the extent to which both parties are dependent on each other (Fang et al., 2008b). We controlled for dependence because business relationships are naturally prone to power asymmetry due to contrasts in size and scope of business. Furthermore, we controlled for order frequency, which captures how often the international partner placed orders.

Fourth, because we are also interested in cultural differences and the role of cultural intelligence in the emotion–trust relationship, we controlled for psychic distance by asking informants to indicate the degree to which their home country differed from or was similar to the country in which the identified international partner operated. At the industry level, we tapped the extent to which market conditions were favorable for the partnership (e.g., strong buyer demand) (Lavie et al., 2012b). Finally, we controlled for the informant's experience by tenure (i.e., informants' experience with the firm).

4. Analysis and results

4.1. Measure validation

We ran a confirmatory factor analysis in EQS using the elliptical reweighted least squares estimation procedure for the main study constructs. This procedure permits unbiased estimates for multivariate normal and nonnormal data (Sharma et al., 1989b). As Table 3 shows, the goodness-of-fit indices exhibit a satisfactory fit to the data. Factor loadings for the study variables exceed 0.66 and are significant at the 1% level. These results show that the measurement scales have satisfactory convergent validity. Following Anderson and Gerbing's (1988b) suggestions, we assessed construct validity and reliability. Composite reliability scores were satisfactory, ranging from 0.81 to 0.87, and the average variance extracted (AVE) for each variable was equal to or higher than the cutoff of 0.50 (Fornell and Larcker, 1981b). The AVEs, means, and standard deviations appear in Table 4, along with correlations among the study constructs.

We determined whether the AVE for each variable was greater than its highest shared variance with other constructs (Fornell and Larcker, 1981b). The results of this test show that the shared variance of each

Table 3
Measurement model results.

Factor and items	SL	t-Value
Partner's expressing emotional state (CR = 0.87)		
People in our firm have the ability to understand others' feelings.	0.76	11.68
People in our firm experience appropriate emotions in response to others' feelings.	0.74	11.42
Our firm has the ability to bring together two seemingly opposing values people feel strongly about.	0.75	11.90
People in our firm can jointly develop a meaningful bridge between their various emotions.	0.68	10.24
Members of our firm express their deep attachment to the important organizational characteristics such as values and beliefs.	0.71	11.02
Members of our firm stay together because there are mutual benefits: among the most important of those are the emotional bonds that develop over time in relation to self-identified and shared organizational characteristics.	0.70	10.81
Partner's evoking emotional state (CR = 0.87)		
Our firm has an ability to instill hope among all of its employees.	0.66	10.08
Managers in our firm encourage enthusiasm.	0.75	11.90
Our firm never tries to maintain order through emotional underpinnings such as fear, guilt, and embarrassment.	0.67	10.12
Learning and exploration of the alternatives are encouraged in our firm.	0.77	11.95
Our firm tolerates mistakes of people who take initiatives.	0.80	12.19
In our firm, a safe and protective work environment is created to test new organizational identities (such as new process, ideas) without forcing decisions too quickly.	0.68	10.24
Partner's awareness of cultural intelligence (CR = 0.83)		
When dealing with this international partner, our top management team involved are conscious of cultural knowledge used when interacting with this international partner.	0.76	11.96
When dealing with this international partner, our top management team involved certainly can deal with the stresses involved in adjustment.	0.74	11.42
When dealing with this international partner, our top management team involved know the legal and economic systems of other cultures.	0.71	11.01
When dealing with this international partner, our top management team involved know the cultural values and religious beliefs of other cultures.	0.75	11.89
Partner's interaction with cultural intelligence (CR = 0.86)		
When dealing with this international partner, our top management team involved can use pause and silence to suit different culture.	0.71	11.01
When dealing with this international partner, our top management team involved can vary their pace of speaking when the different culture requires it.	0.72	11.15
When dealing with this international partner, our top management team involved can vary their facial expressions when the different culture requires it.	0.79	12.03
When dealing with this international partner, our top management team involved can change their verbal requirements as required by the different culture.	0.74	11.43
When dealing with this international partner, our top management team involved can change their non-verbal behavior as required by the different culture.	0.72	11.16
Mutual trust (CR = 0.81)		
The relationship between our company and our most important international partner is characterized by mutual trust.	0.74	11.43
The relationship between our company and our most important international partner is characterized by open communication about all relationship-related issues.	0.70	10.80
The relationship between our company and our most important international partner is characterized by confidence that each party will meet its obligations.	0.72	11.17
The relationship between our company and our most important international partner is characterized by our two firms carry out their duties as promised (saying what they are going to do and then doing it).	0.72	11.18

Fit index: $\chi^2 = 392.11$ ($df = 265$, $p = 0.00$), comparative fit index = 0.98, incremental fit index = 0.98, nonnormed fit index = 0.97, root mean square error of approximation = 0.04, and standardized root mean square residual = 0.04.
Note: SL = standardized loading.

possible construct pair is smaller than the corresponding AVEs. These results indicate good discriminant validity between theoretically different constructs (see Table 4). Self-directed expressing and other-directed evoking emotional states reflect two sub-dimensions of emotional intelligence; as such, we expect a higher correlation between these two constructs.

4.2. Measurement bias

We applied MacKenzie and Podsakoff's (2012b) guidelines to minimize common method bias (CMB) in the data. First, we ensured that informants had adequate experience with the different aspects examined in the study and assured their anonymity. We reverse-coded some statements and avoided double-barreled, complex, and abstract items. Second, we used the correlation-based marker variable technique to identify the presence of CMB (Podsakoff et al., 2012b). We deployed a marker variable (i.e., competitive intensity) deemed to show no link with at least one of the study variables (e.g., evoking emotional states). The presence of CMB is identified by observing the correlation values between the marker variable and other variables in the model. Table 4 shows a low correlation between the marker variable and the other unrelated variable ($r = 0.01$). We used this correlation to calculate a CMB-corrected matrix and estimate a marker measurement model (see Malhotra et al., 2006b). We then ran a chi-square difference test between this model and our original measurement model and observed no deterioration in fit. These tests suggest that the study's findings are not affected by CMB. Finally, we ensured that informants could complete the survey in multiple web sessions to reduce nonresponse issues. We also ran a t-test analysis to compare late and early responses to the survey questions. We observed no significant differences ($p < 0.05$). Thus, nonresponse bias is not an issue in our study.

4.3. Hypotheses testing

In our proposed model, both expressing and evoking emotional states are likely to be endogenous. Endogeneity happens when a predictor variable (in our case, the two types of emotional states) is correlated with the error term of the dependent variable (in our case, trust). In this case, our two predictors are likely to explain both trust and the error term for trust. In our conceptualization, awareness of and interaction with cultural intelligence are likely to influence the level of expressed or evoked emotional states. From a theoretical standpoint, managers with a high awareness of different cultural settings are more likely to manage their emotional states better. In other words, the moderators likely have a direct impact on the independent variables. Still, freeing the independent variable from the influence of the moderator before testing the hypotheses is important. We followed Zaefarian et al. (2017b) to address endogeneity and implemented the three-stage least squares (3SLS) approach. In this approach, we need to partial out the impact of both awareness of and interaction with cultural intelligence on our independent variables (i.e., free the independent variables from the effects of the moderators). This is typically referred to as the residual-based 3SLS approach (Cuypers et al., 2017b; Poppo et al., 2016; Zhou and Li, 2012b).

In the first stage, we regress each of our two independent variables on our two moderators and save the residuals:

(1) Expressing emotional states $= \beta_0 + \beta_1$ (awareness of cultural intelligence) $+ \beta_2$ (interaction with cultural intelligence) $+ \beta_{Controls}$ (controls) $+ \zeta$,

(2) Evoking emotional states $= \beta_0 + \beta_1$ (awareness of cultural intelligence) $+ \beta_2$ (interaction with cultural intelligence) $+ \beta_{Controls}$ (controls) $+ \zeta$.

These residuals are part of the independent variables that were not explained by the moderators; thus, they are free from the effect of

Table 4
Correlations, descriptive statistics, and reliability measures.

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Partner's expressing ES	**0.52**																		
2. Partner's evoking ES	0.71**	**0.52**																	
3. Partner's awareness CI	0.67**	0.66**	**0.55**																
4. Partner's interaction CI	0.69**	0.67**	0.71**	**0.54**															
5. Mutual trust	0.61**	0.57**	0.58**	0.57**	**0.52**														
6. Firm size	0.08	0.04	0.04	0.02	0.03	**NA**													
7. Firm age	0.14*	0.10	0.18**	0.16*	0.16*	0.34**	**NA**												
8. Relationship age	0.12	0.12	0.13	0.04	0.09	0.29**	0.37**	**NA**											
9. Overseas market age	0.15*	0.11	0.16*	0.17*	0.20**	0.34**	0.66**	0.55**	**NA**										
10. Time left on contract	0.05	0.07	−0.01	−0.02	0.02	0.21**	0.01	0.39**	0.24**	**NA**									
11. Order frequency	−0.01	−0.03	−0.04	0.01	0.06	−0.13	0.06	−0.24**	−0.07	−0.13	**NA**								
12. Partner operation: regional	−0.01	0.03	−0.11	−0.03	−0.07	−0.16*	0.01	−0.25**	−0.03	−0.13	0.21**	**NA**							
13. Partner operation: national	−0.13	−0.13	−0.13	−0.07	−0.10	−0.11	0.02	−0.01	−0.07	−0.01	−0.02	−0.41**	**NA**						
14. Partner operation: global	0.13	0.10	0.21**	0.10	0.16*	0.24**	−0.03	0.22**	0.09	0.12	−0.16*	−0.46**	−0.62**	**NA**					
15. Mutual dependence	0.46**	0.42**	0.41**	0.41**	0.47**	0.00	0.12	0.13	0.19**	0.05	−0.04	−0.13	−0.01	0.12	**NA**				
16. Psychic distance	0.04	0.10	0.05	0.00	−0.02	0.16*	0.05	0.21**	0.05	0.16*	−0.24**	−0.12	0.07	0.03	0.05	**NA**			
17. Market condition	0.38**	0.40**	0.37**	0.34**	0.33**	0.04	0.07	0.10	0.09	−0.02	−0.11	−0.07	−0.03	0.09	0.35**	0.15*	**NA**		
18. Tenure	0.16*	0.07	0.08	0.12	0.16*	0.05	0.56**	0.26**	0.46**	0.07	0.11	0.15*	0.06	−0.18**	0.15*	−0.08	0.05	**NA**	
19. Competitive intensity[a]	−0.03	−0.06	−0.01	0.02	0.03	−0.03	−0.03	−0.13	0.02	−0.16*	0.13	0.07	−0.05	−0.01	−0.11	−0.38**	−0.16*	0.08	**NA**
M	5.75	5.76	5.87	5.81	5.99	5.18	15.84	5.66	8.86	2.71	4.89	0.23	0.35	0.41	5.69	3.86	5.59	9.19	3.77
SD	0.60	0.63	0.61	0.62	0.58	1.36	7.89	3.12	4.61	1.19	1.44	0.42	0.48	0.49	1.01	1.50	0.93	4.51	1.56

Notes: CI = cultural intelligence; ES = emotional state; bold numbers on the diagonal are the AVEs. NA = not applicable.

** Correlation significant at the 1% level (two-tailed).

* Correlation significant at the 5% level (two-tailed).

[a] Marker variable used for method bias procedures; − = not estimated.

moderators and can be safely replaced with the main independent variables in testing our hypotheses. We replaced the original values for our independent variables with the residuals. In the second stage, we regressed our dependent variable (mutual trust) on the obtained residuals for both expressing and evoking emotional states and the control variables. In the third stage, we added the four interaction terms to our regression model (see Table 5).

The results show that both expressing emotional states ($b = 0.13$, SE $= 0.09$, $p = 0.03$) and evoking emotional states ($b = 0.13$, SE $= 0.08$, $p =$

Table 5
Empirical model results.

Dependent variable	Trust					
	Model 1		Model 2		Model 3	
Control variables						
Firm size	−0.01 (0.03)	*0.87*	−0.01 (0.02)	*0.87*	−0.01 (0.02)	*0.81*
Firm age	0.06 (0.01)	*0.51*	0.01 (0.01)	*0.88*	−0.01 (0.01)	*0.91*
Relationship age	−0.06 (0.01)	*0.15*	−0.06 (0.01)	*0.39*	−0.04 (0.01)	*0.61*
Overseas market age	0.10 (0.01)	*0.29*	0.12 (0.01)	*0.14*	0.13 (0.01)	*0.09*
Time left on contract	0.02 (0.03)	*0.72*	0.03 (0.03)	*0.66*	0.00 (0.03)	*0.99*
Order frequency	0.08 (0.03)	*0.23*	0.05 (0.02)	*0.39*	0.06 (0.02)	*0.25*
Partner operation: regional	−0.09 (0.10)	*0.22*	−0.06 (0.09)	*0.31*	−0.06 (0.09)	*0.37*
Partner operation: national	−0.14 (0.08)	*0.04*	−0.05 (0.07)	*0.36*	−0.05 (0.07)	*0.38*
Mutual dependence	0.36 (0.04)	*0.00*	0.21 (0.03)	*0.00*	0.20 (0.03)	*0.00*
Psychic distance	−0.04 (0.02)	*0.54*	−0.05 (0.02)	*0.35*	−0.05 (0.02)	*0.38*
Market condition	0.22 (0.04)	*0.00*	0.07 (0.04)	*0.24*	0.07 (0.04)	*0.21*
Tenure	0.04 (0.01)	*0.62*	0.02 (0.01)	*0.74*	0.01 (0.01)	*0.86*
Direct effects						
Partner's expressing emotional state (Ex)			0.16 (0.08)	*0.01*	0.13 (0.09)	*0.03*
Partner's evoking emotional state (Ev)			0.10 (0.08)	*0.09*	0.13 (0.08)	*0.03*
Partner's awareness of cultural intelligence (Aw)			0.27 (0.07)	*0.00*	0.26 (0.07)	*0.00*
Partner's interaction with cultural intelligence (In)			0.24 (0.07)	*0.00*	0.27 (0.07)	*0.00*
Interaction effects						
Ex × Aw					−0.21 (0.22)	*0.03*
Ex × In					0.18 (0.23)	*0.04*
Ev × Aw					0.18 (0.19)	*0.04*
Ev × In					−0.14 (0.18)	*0.10*
F	7.15		12.58		10.56	
R²	0.31		0.51		0.53	
Highest VIF	2.41		2.48		3.37	

Notes: $n = 210$; two-tailed tests; standard errors are in parentheses; *p*-values are in *italics*. VIF = variance inflation factor.

0.03) are positively related to mutual trust.[1] These results confirm H1a and H1b, respectively. Furthermore, the results show that the direct effect of expressing emotional states changes under different conditions of awareness of cultural intelligence ($b = -0.21$, SE $= 0.22$, $p = 0.03$) and interaction with cultural intelligence ($b = 0.18$, SE $= 0.23$, $p = 0.04$). These results do not provide support for H2a but do uphold H3a. Likewise, the direct effect of an evoking emotional state changes under different conditions of awareness of cultural intelligence ($b = 0.18$, SE $= 0.19$, $p = 0.04$) and interaction with cultural intelligence ($b = -0.14$, SE $= 0.18$, $p = 0.10$). These results confirm H2b but not H3b. The R-square for our model is 0.53 (see Table 5).

We plot the moderation effects in Fig. 2. The plots confirm that awareness of cultural intelligence weakens the relationship between expressing emotional states and mutual trust while interaction with cultural intelligence strengthens it. Split-group, median-based analysis demonstrates that the expressing emotional states–mutual trust link is positive at low levels of awareness of cultural intelligence ($b = 0.30$, $t = 2.87$, $p < 0.05$) while the relationship is nonsignificant at high levels of awareness of cultural intelligence ($b = 0.19$, $t = 1.43$, $p > 0.10$). This result reflects the dysfunctional effects of awareness of cultural intelligence as its levels increase. Furthermore, our analysis indicates that for both low ($b = 0.31$, $t = 2.75$, $p < 0.05$) and high ($b = 0.24$, $t = 1.96$, $p < 0.05$) levels of interaction with cultural intelligence, expressing emotional states is positively related to mutual trust. Finally, awareness of cultural intelligence further strengthens the relationship between evoking emotional states and mutual trust. The results of the split-group analysis show that for low levels of awareness of cultural intelligence, evoking emotional states is not significantly related to mutual trust ($b = 0.17$, $t = 1.86$, $p > 0.05$) while for high levels of awareness of cultural intelligence, evoking emotional states is positively related to mutual trust ($b = 0.24$, $t = 1.94$, $p = 0.05$). The results also show significant direct effects of awareness of ($b = 0.26$, SE $= 0.07$, $p = 0.00$) and interaction with ($b = 0.27$, SE $= 0.07$, $p = 0.00$) cultural intelligence on mutual trust. These results are robust to the inclusion or exclusion of the control variables (see Table 5).

5. Discussion

5.1. Theoretical contributions

The literature widely recognizes the critical importance of developing mutual trust in business relationships. However, research on how and when emotional intelligence drives the development of trust is limited. Our study extends the literature on mutual trust, using insights from emotional capability theory (Huy, 1999b; Mayer et al., 2004b), by showing the impact of emotions (expressing and evoking) on mutual trust. Furthermore, against a backdrop of scant work on the conditions under which mutual trust develops (see Table 1), we drew on cultural intelligence (Ang et al., 2007b; Murphy et al., 2019b) and trust-based perspectives (e.g., Morgan and Hunt, 1994b) to show when awareness of and interaction with cultural intelligence affect the links between expressing and evoking emotional states and mutual trust.

Our study indicates that when partner firms freely express and understand each other's emotions and feelings, their relationship is more likely to be characterized by mutual trust and confidence that each party will meet its obligations and promises. Similarly, we demonstrate that the ability to evoke positive emotions can facilitate the development of mutual trust. We show that business relationships characterized by an environment that encourages partners to freely express a full range of

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[1] We also checked for the interaction between expressing emotional states and evoking emotional states by adding the interaction term to our full model. We found no significant results (β $= -0.026$, $p > 0.05$). However, when these two emotional states are added together, the synergic effect is much stronger than both these two types of emotional states alone (β $= 0.49$, $p < 0.01$).

A: Partner's awareness of cultural intelligence and partner's expressing emotional state
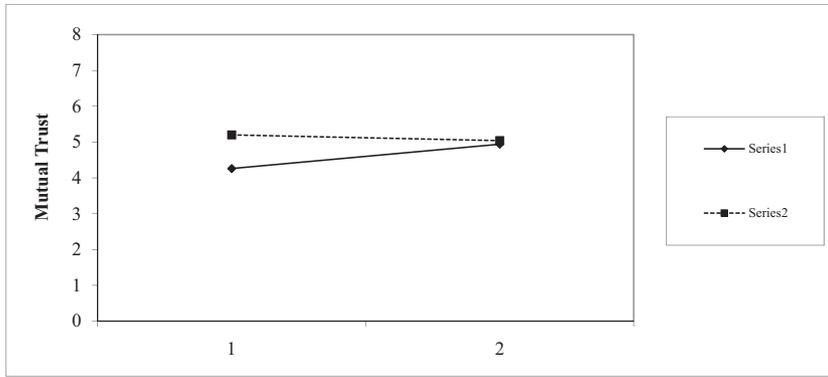
B: Partner's awareness of cultural intelligence and partner's evoking emotional state
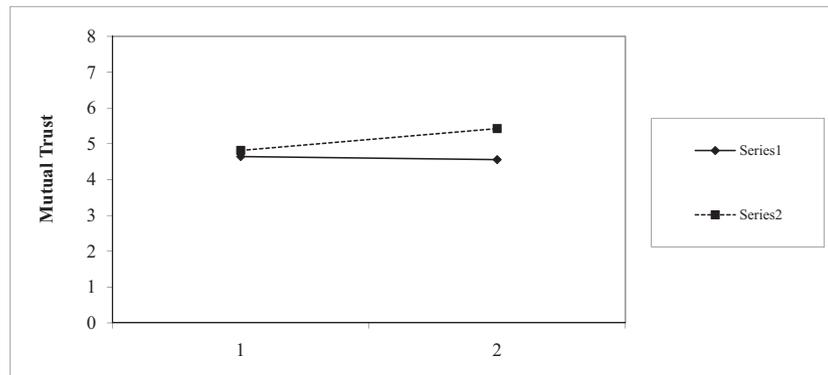
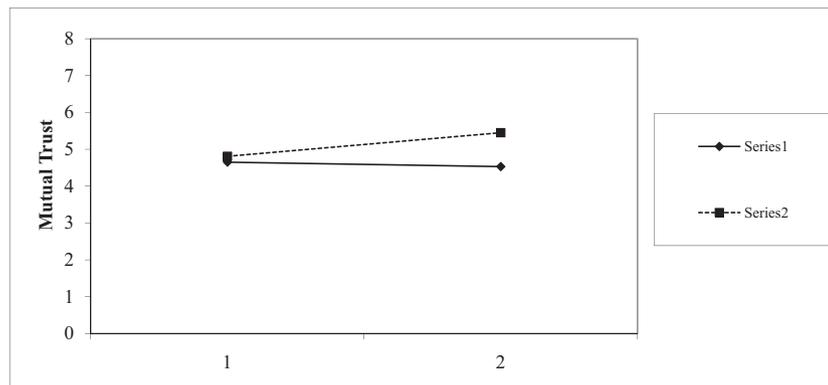C. Partner's interaction with cultural intelligence and partner's expressing emotional state

Fig. 2. Moderation effects.
A: Partner's awareness of cultural intelligence and partner's expressing emotional state
B: Partner's awareness of cultural intelligence and partner's evoking emotional state
C: Partner's interaction with cultural intelligence and partner's expressing emotional state.

emotions without fear of reprisal prompt the development of mutual trust. Our study extends emotional capability theory (Huy, 1999b) by empirically showing the key role of expressing and evoking emotional states in building mutual trust in international partnerships. These findings conform to the logic that the ability to regulate and perceive emotions facilitates the development of solid business relationships (e. g., Smith et al., 2008b; Zeidner and Kaluda, 2008b), even for culturally different partner firms.

The study's findings also reveal that mutual trust is likely to develop when partner firms can adjust their behaviors (i.e., interaction with cultural intelligence) to different cultural conditions and maintain their expressed emotions while appreciating those of their counterpart. This is particularly important when partners are from different cultural contexts. In such cases, partners need to adjust their behavior while expressing their emotions to build a trusting relationship. In the same vein, we show that mutual trust is more likely to develop when partner firms couple cultural knowledge with the ability to evoke emotions.

These findings reflect the logic that understanding, interpreting, and adapting to different cultural contexts can boost the trust-building mechanism through expressing and evoking emotions (Earley and Mosakowski, 2005b; Murphy et al., 2019b; Wiprächtiger et al., 2019b).

Our study also implies that mutual trust among partners may not flourish when partner firms combine cultural knowledge with openness in expressing emotions. This finding reflects the logic that specific emotional dynamics can have detrimental side effects in certain cultural circumstances (Huy, 1999b). Under conditions of high awareness of cultural intelligence, expressing emotional states negatively influences mutual trust because business partners involved in international collaborations may become more conscious of and anxious about their working behavior, practices, and communication. Such anxiety might lead to overthinking and harmful consequences. For example, a Chinese partner that is highly aware of cultural differences might express its emotions in a way that seems constrained or awkward and, as a result, untrustworthy to its partner. Alternatively, knowledge resulting from a

high level of cultural intelligence awareness may lead to overconfidence when dealing with an international partner. As such, under high levels of awareness, a Chinese partner might miss important cues and thus might not be able to work effectively with a foreign counterpart, which ultimately decreases trust.

Finally, we find that interaction with cultural intelligence does not condition the impact of evoking emotional capability on mutual trust. One explanation for why adapting behaviors to evoke emotions in an international counterpart does not improve mutual trust may be linked to the practicality of cultural intelligence interaction. The effectiveness of adapting behaviors when interacting with a culturally different partner is more evident with expressing emotions than evoking them in the partner. In other words, the nature of culture intelligence interaction is more behavioral than cognitive (Ang et al., 2007b). Thus, firms can apply it more effectively when expressing their emotions.

5.2. Managerial implications

Extant literature highlights the importance of emotions in organizations (Akgün et al., 2009b). Our study confirms that the emotional life of an organization extends well beyond the boundaries of the firm itself to international partnerships (i.e., across firms). Managers should be aware of expressing and evoking emotional states in their organizations and interacting with cross-border partners. In this regard, managers should create a working environment that facilitates and encourages the display of authentic emotions and an understanding of the partner's emotional norms. Doing so will help develop mutual trust, which is the building block of long-term healthy business relationships.

Expressing and evoking emotions embody unique organizational capabilities that can be used to infuse joy and foster dialogue and interaction between international partners. Partner firms must constantly read each other's emotions to detect and overcome any negative ones and instill positive feelings without fear of reprisal. In cross-border business alliances, the ability to read an exchange partner's signals is critical for managing negativity and conflict that might otherwise jeopardize the partnership.

Furthermore, awareness of and interaction with cultural intelligence are organizational capabilities that can help managers deal effectively with international partners, particularly when interacting in unfamiliar cultural, legal, or economic environments. In certain circumstances, coupling organizational emotional intelligence with cultural intelligence will help partners create a working environment characterized by open communications and confidence that each exchange partner will meet its agreed-on obligations.

Given the importance of understanding differences in various cultural contexts and partners' need to adapt their operations and behaviors accordingly, we advise firms operating in diverse international (e.g., Chinese) contexts to implement culture design training, workshops, and consulting programs that increase and facilitate international collaboration.

5.3. Limitations and future research directions

Inevitably, our study has several limitations. First, its cross-sectional nature reduces the ability to make causal inferences from the data analysis. Future studies would benefit from applying a longitudinal design to examine how the effects of emotional and cultural intelligence capabilities on trust and sustaining an exchange partnership unfold over time. Second, we conducted our study in one geographic setting (i.e., Chinese manufacturers and their relationship with an international distributor), which somewhat limits our generalizability. Therefore, it would be beneficial to examine the role of positive and/or negative emotions in building trust in different contexts. Third, the direct effects of emotional dynamics and the conditioning effects of awareness of and interaction with cultural intelligence might differ depending on the partnership stage. Researchers might try to distinguish the results

between newly formed and mature partnerships and more versus less formalized ones. We also acknowledge that other emotional states (e.g., joy, anger) may affect mutual trust. Investigating additional forms of psychological arousal that may affect trust-building activities would be a valuable focus for future empirical inquiry. Research might also consider temporary emotional states and moods and examine their varying roles in affecting mutual trust. To this end, future studies could examine whether and how chronic versus acute emotional states and the frequency of change in emotional states damage relationships or even result in relationship termination. Exploring emotional and psychological factors that positively or negatively affect the level of trust in exchange relationships can help managers more effectively manage their partnerships.

5.4. Concluding remarks

In this article, we elaborated on how expressing and evoking emotional states differentially affect the formation of mutual trust between partner firms. Drawing from literature on emotional capability, we theoretically argue and provide empirical evidence that free expression, evocation, and shared understanding of each partner's emotions can help build stronger partnerships based on trust. Moreover, our findings corroborate the notion that emotional intelligence works even better when coupled with cultural insights. It is important to note that we have only begun to uncover how the interplay of emotional states and cultural insights can help develop mutual trust in partnerships; we encourage additional work. While the recipe for successful and healthy interfirm relationships seems to depend on the freedom to induce and express myriad emotions and on the possession of cultural intelligence to understand a partner's actions and reactions quickly, further research is necessary to establish what other ingredients play an important role in developing mutual trust on their own or through their influence on emotional and cultural capabilities.

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