

The effects of various forms of inter-organizational trust on competitiveness

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Abstract

CIOPS (Cognitive Inter-organizational Production System) is an agent-based simulation model integrating structural and cognitive aspects of industry competitiveness. The model links firms profitability to the quality of their suppliers, thus firms purpose is to manage their cognitive space in order to find out the best supplier. This work analyses performance of firms using different decision making patterns which define the way clients select their suppliers. Four decision making patterns are observed: when firms make decisions using only their own past experiences, when they consider also others' experiences, when they rely on reputations assigned to suppliers, and finally when they make decision randomly. Results show that decision making patterns based on others' experiences and reputation are more profitable but that they are extremely sensitive to opportunist behaviours.

Keywords

agent-based models, decision making processes, industry profitability, reputation, trust.