

Transferor–Transferee Dynamics in Craft Businesses: The Role of Trust in Shaping the Dyadic Relationship

Abstract

Craft business transfers represent a major economic, social, and heritage-related challenge across many countries. Deeply embedded in their local territories and carrying significant intangible know-how, these businesses are increasingly confronted with succession difficulties stemming from owners' ageing, a shrinking pool of successors, and the weakening of intra-family transfers. While entrepreneurship research widely acknowledges the importance of interpersonal trust in business transfer processes, few studies examine in depth how trust dynamically unfolds in the specific context of craft businesses, where individual identity, organizational identity, and the transferred legacy are tightly intertwined.

This study adopts an exploratory qualitative approach to investigate how interpersonal trust is built, evolves, becomes fragile, and is regulated between transferors and transferees throughout the craft business transfer process. It mobilizes an integrative framework of trust that combines perceived partner trustworthiness, acceptance of vulnerability (trust), and enacted risk-taking (behavioral trust), and applies it to the key phases of business transfer (preparation, agreement, transition, and post-transfer management). The empirical material is based on twenty semi-structured interviews with transferors and transferees involved in fifteen craft business transfers across four contrasting national contexts (Brazil, France, Lebanon, and Togo), enabling a strict and symmetric cross-country comparison.

Preliminary findings highlight the deeply processual and contextual nature of trust in craft business transfers. Trust does not reduce to a one-off cognitive assessment of the transferee's reliability, nor to a mere uncertainty-reduction mechanism. Instead, it unfolds as an evolving relational dynamic shaped by reciprocal expectations, shared experiences, asymmetric risk-taking, and in some cases, ruptures followed by attempts at repair. The cross-country comparison further suggests that, depending on the degree of institutional formalization and the salience of family and community networks, trust may operate either as an embedded relational mechanism or as a complement to, and at times a substitute for, formal governance arrangements.

This research contributes to the literature on business transfers and interpersonal trust by offering an integrative, dynamic, and contextualized account of trust mechanisms in craft business transfers. It also provides managerial implications for transferors, transferees, and support organizations by underscoring the need to address the relational dimension of transfers beyond legal and financial approaches.

2. Research objectives

a. Context

Craft businesses constitute an essential component of the economic and social fabric of many countries. They contribute to local development, job creation, and the preservation of know-how that is often transmitted across generations (Julien and Marchesnay 1988; Perrin 2020). Yet, the continuity of many craft organizations is increasingly threatened by structural succession challenges. Owners' ageing, younger generations' declining interest in craft occupations, and the inadequacy of public support mechanisms weaken transfer processes (Tessier-Dargent and Deschamps 2020).

These challenges manifest differently across the national contexts examined. In France, despite a structured institutional environment and relatively developed support schemes, craft business transfers remain risky, with a substantial failure rate among transferred firms. In Lebanon, craft businesses play a central role in the economy and cultural heritage, yet chronic political and financial instability undermines transfers in the near absence of public support (Fahed-Sreih and Pistrui 2012; Khalifé and de Montmorillon 2021). In Brazil, a largely informal craft sector rests on traditional practices and strong community embeddedness but suffers from a lack of coordinated public policies (Silva 2025). In Togo, craft activity represents a key economic and social pillar, particularly in rural areas, where robust institutional frameworks are often lacking (Hetcheli 2010).

In contexts characterized by uncertainty and the relative weakness of formal governance mechanisms, interpersonal trust becomes a decisive factor shaping decisions to transfer or take over a craft business and a critical lever for successful transfers. Trust is fundamentally interpersonal between transferor and transferee because, in craft businesses, organizational identity, individual identity, and craft know-how are deeply intertwined and culturally embedded (Sasaki, Nummela, and Ravasi 2021). Interpersonal trust becomes even more crucial given the need to circulate tacit knowledge and to secure the transferee's anchoring in the business (Cadieux and Brouard 2008).

Recent research further stresses that trust dynamics play a central role in transfer outcomes, whether transfers are internal or external. In their semi-systematic review of the literature on family-external successions, Duetsch and Oestreich (2025) show that transfers to non-family transferees have expanded in response to the declining number of potential heirs, and they identify specific challenges related to legitimacy, identity continuity, and the construction of trust relationships among transferors, successors, and teams. They also highlight the need for entrepreneurial approaches that integrate risk-taking, learning, and cooperation as levers for success in transfers outside the family sphere.

From a power perspective, Muskat and Zehrer (2017) argue that interpersonal trust is a necessary condition for knowledge transfer during internal successions in small family businesses. Their work suggests that balanced power relations facilitate the sharing of tacit knowledge across generations and the continuity of values and practices, whereas power imbalances or a lack of trust can hinder transfer processes.

Taken together, these recent contributions confirm the relevance of examining craft business transfers through the lens of trust: trust operates simultaneously as a mechanism of legitimation, a safeguard for knowledge transfer, and a driver of identity consolidation. In craft businesses, where the owner's personality often merges with that of the organization, the trust relationship between transferor and transferee constitutes a cornerstone of the project's economic and symbolic sustainability.

b. Initial research question and central argument

The central research question guiding this study is: how is interpersonal trust built, how does it evolve, and how is it regulated between transferors and transferees throughout the craft business transfer process, and how do these dynamics vary across national and institutional contexts?

The core argument is that interpersonal trust is a dynamic and multidimensional process that structures all phases of the transfer, and that its mechanisms of formation, rupture, and repair differ across institutional and cultural contexts, without being reducible to simplistic culturalist explanations.

c. Problem statement and specific research objectives

Research on business transfer has long emphasized the importance of relational factors in successful succession, highlighting the central role of trust among stakeholders. However, this work often treats trust as a stabilized construct, mobilized primarily to explain coordination and uncertainty reduction, without fully capturing its dynamic and evolving nature over the course of the transfer process.

When applied to craft businesses, the existing literature on business transfer and trust reveals several limitations. First, trust is frequently approached in a unidimensional way, mainly through the lens of the transferee's perceived trustworthiness (Mayer et al. 1995; Schoorman et al. 2007). Second, the risks borne by the transferee, the transferor's perceptions of vulnerability, and the relational dynamics of trust across time are rarely examined jointly. Finally, comparative analyses that account for contextual variations remain limited (Van Loon 2002; Bernhard et al. 2020).

In this vein, several studies have shown that trust constitutes a key explanatory factor for continuity and performance in family businesses by facilitating intergenerational cooperation, relational stability, and coordinated risk-taking during succession (Mayer et al. 1995). Yet these analyses remain largely focused on family transfers and devote limited attention to the specificities of craft businesses, particularly the entanglement of individual, organizational, and patrimonial identities, as well as the informal relational dynamics that structure interactions between transferor and transferee.

In response to these gaps, this research pursues three specific objectives: (1) to adopt an integrative approach to interpersonal trust that distinguishes perceived trustworthiness, acceptance of vulnerability (trust), and enacted risk-taking (behavioral trust); (2) to analyze the dynamics of trust across the main phases of the craft business transfer process; and (3) to compare trust mechanisms observed in four contrasting national contexts in order to enrich the theoretical and empirical understanding of craft business transfers.

3. Methodology

a. Description of the research methods used

This study adopts an exploratory qualitative design, justified by the still limited documentation of trust dynamics in craft business transfers and by the need to capture the complexity of interpersonal relationships between transferors and transferees (Miles et al. 2019). A qualitative approach makes it possible to access actors' perceptions, emotions, and interpretations, key elements for understanding the mechanisms through which trust is constructed and enacted.

The analysis follows a process perspective, treating trust as an evolving phenomenon that unfolds over time through interaction (Lewicki and Bunker 1996; Luhmann 1979).

b. Data collection instruments

Data were collected primarily through semi-structured interviews. Two distinct interview guides were developed, one for transferors and one for transferees. These guides were built around an analytical matrix crossing the core dimensions of trust (perceived trustworthiness, acceptance of vulnerability, and enacted risk-taking) with the phases of the transfer process (preparation, agreement, transition, and management).

Interviews were complemented by direct observations conducted during site visits and by the analysis of secondary materials (internal documents, websites, media reports), following a triangulation logic intended to strengthen the credibility of the findings (Yin 1994).

c. Sample or population studied

The sample comprises fifteen craft business transfer case studies across four countries: Lebanon (nine cases), France (two cases), Togo (two cases), and Brazil (two cases). Twenty interviews were conducted with transferors and transferees, and some cases included paired interviews within the dyad. Sampling was purposive in order to ensure diversity in situations (type of transfer, stage in the process, actor profiles, and sectors of activity).

Strict ethical considerations were observed to ensure participants' confidentiality and informed consent, including the anonymization of sensitive cases and adherence to established principles of qualitative research ethics (Israel and Hay 2006).

4. Preliminary results and discussion

a. Main findings

Preliminary findings show that interpersonal trust plays a central role across all stages of the transfer process, albeit in forms and intensities that vary over time and across contexts.

Preparation phase. Across the four contexts studied, initial trust is primarily grounded in the partner's perceived trustworthiness. However, the sources of this perceived trustworthiness differ. In France, it is largely based on professional and formal signals (training, experience, professional reputation). In Lebanon and Togo, perceived trustworthiness is strongly embedded in family and community networks, whereas in Brazil it relies more on local reputation and informal experience.

This diversity underscores the contextual nature of trust-building mechanisms (Mayer et al. 1995; Hardin 2006).

Agreement phase. The negotiation and formalization of the transfer heighten the importance of accepting vulnerability. In strongly institutionalized contexts, such as France, contractual arrangements partially frame this vulnerability. By contrast, in the Lebanese, Togolese, and Brazilian contexts, relational trust plays a compensatory role in response to the insufficiency of formal mechanisms, simultaneously increasing potential gains and perceived risks.

Transition phase. This phase emerges as the most critical across all countries studied. Temporary co-presence between transferor and transferee puts established trust to the test. Preliminary findings suggest that enacted risk-taking is often asymmetric: the transferor fears the loss of intangible patrimony, while the transferee fears the transferor's disengagement or unfair competitive behavior. These tensions are observed across the four countries, but their intensity varies with the degree of institutional formalization.

During this phase, the trust relationship is also shaped by a strong identity tension for the transferor, who is torn between the desire to preserve continuity in the craft legacy and the need to accept a symbolic rupture associated with the effective transfer of power and know-how. This tension, highlighted in work specifically focused on craft business takeovers, constitutes a central element of the transition experience and durably influences the quality of the relationship between the actors (Picard 2009).

Post-transfer management phase. Trust stabilization depends on the fulfillment of commitments and on the transferee's capacity to appropriate the business. In some cases, trust ruptures occur, driven by perceptions of betrayal or misunderstandings. The repair mechanisms observed (communication, justification, third-party mediation) vary across contexts, confirming the bilateral and processual nature of trust repair (Lewicki and Bunker 1996; Sharma et al. 2023).

b. Theoretical and practical implications

From a theoretical standpoint, these findings confirm the relevance of an integrative and dynamic approach to trust in craft business transfers. They show that trust cannot be understood independently of institutional context and of the phases of the transfer process. From a practical standpoint, they underscore the importance of relational support for transfers, complementary to legal and financial arrangements, and the need to raise actors' awareness of the asymmetric risks borne by both parties.

5. Research contributions and implications

a. Main conclusions

This research shows that the success of craft business transfers depends largely on the quality and evolution of interpersonal trust between transferors and transferees. Trust emerges as a fragile, reversible, and deeply contextualized process that structures all phases of the transfer.

b. Contributions to the field

The study contributes to entrepreneurship and small business research by proposing an integrative analytical framework of trust applied to craft business takeovers. It deepens our understanding of relational dynamics in small firms and opens avenues for future comparative and longitudinal research, particularly on how institutional contexts shape the governance of business transfers.

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